



January 4, 2024

**System Development Charge (SDC) Compliance Audit –
CABIN BRANCH, Part 60
WSSC Project No. DA5636M13, CIP No. W-46.24**

Project # 24-SDC-01

A Report to:

Commissioners:

Chair, Regina Y. Speed-Bost
Vice Chair, T. Eloise Foster
Fausto R. Bayonet
Howard A. Denis
Lynnette D. Espy-Williams
Mark J. Smith

General Manager/CEO:

Kishia L. Powell


Office of the Inspector General


14405 Laurel Place, Suite #300
Laurel, MD 20707
(301) 206-8300




Interoffice Memorandum

TO: CHAIR SPEED-BOST, VICE CHAIR FOSTER
COMMISSIONER BAYONET, COMMISSIONER DENIS,
COMMISSIONER ESPY-WILLIAMS, COMMISSIONER SMITH AND
GENERAL MANAGER POWELL

THRU: JON T. RYMER, INSPECTOR GENERAL 
OFFICE OF THE INSPECTOR GENERAL

THRU: DANA E. WHITING 
DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDIT
OFFICE OF THE INSPECTOR GENERAL

FROM: JAMES A. WALL, JR., SUPERVISORY AUDITOR 
OFFICE OF THE INSPECTOR GENERAL

DATE: JANUARY 4, 2024

SUBJECT: **OFFICE OF THE INSPECTOR GENERAL**
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
CABIN BRANCH MANAGEMENT, LLC C/O WINCHESTER HOMES, INC.
CABIN BRANCH, PART 60
WSSC PROJECT NO. DA5636M13, CIP NO. W-46.24

In accordance with Maryland Annotated Code, Public Utilities Article, (2017 Repl. Vol., 2023 Cum. Supp.), § 25-405(d), and the Washington Suburban Sanitary Commission's (WSSC) Standard Procedure REG-IFSM-EC-2016-004 (Standard Procedure)¹, the Office of the Inspector General (OIG) audited the Cabin Branch Management, LLC c/o Winchester Homes, Inc. (Developer) request for reimbursement of System Development Charges (SDC) for WSSC Project No. DA5636M13, CIP No. W-46.24. Under this contract, the Developer designed and constructed the water extension located in Montgomery County, Maryland. The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards.

On October 10, 2018, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement totaled **\$574,924.52**. Subsequently, the Developer submitted a request for reimbursement of **\$516,745.91**. As a result of this audit, the submitted costs were adjusted to comply with WSSC's Standard Procedure.

¹ WSSC's Standard Procedure REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of WSSC's Code of Regulations (July 1, 2020).

COMMISSIONERS
GENERAL MANAGER POWELL
OFFICE OF THE INSPECTOR GENERAL
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
CABIN BRANCH MANAGEMENT, LLC C/O WINCHESTER HOMES, INC.
CABIN BRANCH, PART 60
PROJECT NO. DA5636M13, CIP NO. W-46.24

PAGE 2

As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined the actual total eligible Qualified Project costs afforded to the Developer are **\$523,334.02**. Accordingly, the Developer is authorized to receive SDC credits and reimbursements up to this amount. Further, this Office recommends that WSSC identifies SDC receipts available for reimbursement quarterly, and processes payments to the Developer as permitted under the WSSC Code of Regulations.

Attachment

cc: Corporate Secretary, (J. M. Montes De Oca)
Chief of Staff, (C. Knight-Lee)
Performance and Accountability Director, (R. Maloney)
Deputy General Manager of Operations, (A. Tesfaye)
Development Services Project Manager, (B. Hall)
Permit Services Section Manager, (L. Tapia)
Development Project Manager, (J-E. Thorsell)

COMMISSIONERS
 GENERAL MANAGER/CEO POWELL
 OFFICE OF THE INSPECTOR GENERAL
 COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
 CABIN BRANCH MANAGEMENT, LLC C/O WINCHESTER HOMES, INC.
 CABIN BRANCH, PART 60
 PROJECT NO. DA5636M13, CIP NO. W-46.24

PAGE 3

Attachment

Summary of Eligible Qualified Project Costs
Contract No. DA5636M13

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Developer	Notes
Design Costs	\$ 136,976.99	(\$19,595.73)	\$ 117,381.26	A
Geo-Tech Costs	\$ 0.00	\$0.00	\$ 0.00	B
Permit Costs	\$ 11,143.72	(\$8,776.42)	\$ 2,367.30	C
WSSC Costs	\$ 33,690.55	\$5,109.00	\$ 38,799.55	D
Construction Costs	\$ 334,934.65	\$0.00	\$ 334,934.65	E
Bond Costs	\$ 0.00	\$8,776.42	\$ 8,776.42	F
Administrative Costs	\$ 0.00	\$17,579.07	\$ 17,579.07	G
Interest Expense	\$ 0.00	\$3,495.77	\$ 3,495.77	H
TOTAL	\$ 516,745.91	\$6,588.11	\$ 523,334.02	

NOTES

- A. The Design Costs were examined, and unsupported costs were eliminated.
- B. The Developer did not submit reimbursement for Geo-Tech Costs.
- C. The Permit Costs were examined, and a portion of the cost was reclassified as bond costs.
- D. The WSSC Costs were examined and adjusted in accordance with WSSC's Standard Procedure.
- E. The Construction Costs were examined, and no adjustments were required.
- F. The Bond Costs were examined. A portion of the cost was inadvertently reported as Permit costs and later reclassified as bond costs.
- G. The Administrative Costs were calculated based on a settlement agreement between WSSC and the Developer dated December 27, 2018.

COMMISSIONERS
GENERAL MANAGER/CEO POWELL
OFFICE OF THE INSPECTOR GENERAL
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
CABIN BRANCH MANAGEMENT, LLC C/O WINCHESTER HOMES, INC.
CABIN BRANCH, PART 60
PROJECT NO. DA5636M13, CIP NO. W-46.24

PAGE 4

- H. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 1.26% over the construction period and we adjusted the interest in accordance with WSSC's Standard Procedure.