



January 30, 2024

**System Development Charge (SDC) Compliance Audit –  
Mount Prospect, Part 2  
Project No. DA6302B17**

Project # 23-SDC-04

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


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(301) 206-8300





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Interoffice Memorandum

**TO:** CHAIR SPEED-BOST, VICE CHAIR FOSTER  
COMMISSIONER BAYONET, COMMISSIONER DENIS,  
COMMISSIONER ESPY-WILLIAMS, AND COMMISSIONER SMITH  
GENERAL MANAGER/CEO 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 30, 2024

**SUBJECT:** **OFFICE OF THE INSPECTOR GENERAL**  
**COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS**  
**TOLL MDXI LIMITED PARTNERSHIP**  
**MOUNT PROSPECT, PART 2**  
**PROJECT NO. DA6302B17**

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In accordance with Maryland Annotated Code, Public Utilities Article, (2017 Repl. Vol., 2023 Cum. Supp.), § 25-405(d), and Chapter 5.95, SDC Credits and Reimbursements of the Washington Suburban Sanitary Commission's (WSSC) Code of Regulations<sup>1</sup>, the Office of the Inspector General (OIG) audited Toll MDXI Limited Partnership's (Developer) request for reimbursement of System Development Charges ("SDC") for WSSC Project No. DA6302B17. Under this contract, the Developer designed and constructed the water extension located in the City of Rockville in Montgomery County, Maryland. This project was not included as a part of WSSC's Capital Improvements Program (CIP) because it meets the criteria for local service only. The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards.

On October 31, 2019, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement totaled **\$284,100.32**. Subsequently, the Developer submitted a request for reimbursement of **\$328,101.60**. As a result of this audit, the submitted costs were adjusted to comply with Chapter 5.95 of the WSSC Code.

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 **\$263,699.92**.

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<sup>1</sup> Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020, updated through September 25, 2023).

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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 on a quarterly basis, 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)  
Deputy General Manager of Operations, (A. Tesfaye)  
Performance and Accountability Director, (R. Maloney)  
Development Services Division, (R. Chicca)  
Permit Services Section Manager, (L. Tapia)  
Development Project Manager, (J-E. Thorsell)

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**Attachment**

**Summary of Eligible Qualified Project Costs**  
**Contract No. DA6302B17**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To Developer	Notes
Design Costs	\$ 31,000.00	(\$2,259.96)	\$ 28,740.04	A
Geo-Tech Costs	\$ 0.00	\$0.00	\$ 0.00	B
Permit Costs	\$ 0.00	\$0.00	\$ 0.00	C
WSSC Costs	\$ 23,645.52	\$2,067.48	\$ 25,713.00	D
Construction Costs	\$ 272,372.08	(\$65,110.08)	\$ 207,262.00	E
Bond Costs	\$ 1,084.00	\$0.00	\$ 1,084.00	F
Overhead Costs	\$ 0.00	\$0.00	\$ 0.00	G
Interest Expense	\$ 0.00	\$900.88	\$ 900.88	H
<b>TOTAL</b>	\$ 328,101.60	(\$64,401.68)	\$ 263,699.92	

**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 Developer did not submit reimbursement for Permit Costs.
- D. The WSSC Costs were examined and adjusted in accordance with WSSC's Chapter 5.95.
- E. The Construction Costs were examined and adjusted in accordance with WSSC's Chapter 5.95, which included an additional ten percent (10%) of eligible construction costs over Attachment A.
- F. There was no adjustment warranted for Bond Costs.
- G. The Developer did not submit reimbursement for Overhead Costs.

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- H. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of 0.84% over the construction period and we adjusted the interest in accordance with WSSC's Chapter 5.95.