



December 28, 2023

**System Development Charge (SDC) Compliance Audit –
Shady Grove, Part 15
Project No. DA5409P12**

Project # 23-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


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
Interoffice Memorandum

IC #20230918-022161

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: JANE N. LEWIS, SUPERVISORY AUDITOR 
OFFICE OF THE INSPECTOR GENERAL

DATE: DECEMBER 28, 2023

SUBJECT: OFFICE OF THE INSPECTOR GENERAL
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
EYA/CSP ASSOCIATES LLC
SHADY GROVE STATION, PART 15
WSSC PROJECT NO. DA5409P12, CIP NO. S-85-21

In accordance with Maryland Code Annotated, Public Utilities Article, (2017 Repl. Vol., 2021 Cum. Supp.), § 25-405(d), and Washington Suburban Sanitary Commission's (WSSC) Standard Procedure REG-IFSM-EC-2016-004¹, the Office of the Inspector General (OIG) audited the EYA/CSP ASSOCIATES LLC (EYA/CSP) request for reimbursement of System Development Charges (SDC) for WSSC Project No. DA5409P12, CIP No. S-85-21. Under this contract, EYA designed and constructed the sewer extension located in Montgomery County, Maryland. The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).

On December 21, 2018, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$6,922,545**. EYA/CSP submitted a request for additional credits to cover the added cost. On March 17, 2021, WSSC approved the requested additional amount of SDC credits of **\$935,892.45**, with a new SDC Credit total in the amount of **\$7,858,437.45**. Subsequently, EYA/CPS submitted a request for reimbursement of **\$7,155,277.63**. As a result of this audit, the submitted costs were adjusted to comply with REG-IFSM-EC-2016-004.

¹ REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

COMMISSIONERS
GENERAL MANAGER POWELL
OFFICE OF THE INSPECTOR GENERAL
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS
EYA/CSP ASSOCIATES LLC, SHADY GROVE STATION, PART 15
WSSC PROJECT NO. DA5409P12, CIP NO. S-85-21
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As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined the actual total eligible Qualified Project costs afforded to EYA/CSP are **\$6,818,211.06**. Accordingly, EYA/CSP ASSOCIATES LLC 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 REG-IFSM-EC-2016-004.

Attachment

cc:

Corporate Secretary, (J. MontesDeOca)
Chief of Staff, (C. Knight-Lee)
Performance and Accountability Director, (R. Maloney)
DGM for Operations, (A. Tesfaye)
Development Services Project Manager, (B. Hall)
Permit Services Section Manager, (L. Tapia)
Development Design Section Manager, (T. Gingrich)
Development Project Manager, (R. Leeth)

Attachment

**Summary of Eligible Qualified Project Costs
Contract No. DA5409P12**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To EYA/CSP ASSOCIATES LLC	Notes
Design Costs	\$472,269.15	(\$326,860.35)	\$145,408.80	A
Permits Costs	\$88,847.06	(\$27,347.06)	\$61,500.00	B
Administrative Costs	\$0.00	\$86,425.00	\$86,425.00	C
Interest Expense	\$0.00	\$6,423.84	\$6,423.84	D
WSSC Costs	\$97,800.12	(\$17,802.00)	\$79,998.12	E
Construction Costs	\$6,380,549.30	(\$0.00)	\$6,380,549.30	F
Bond Costs	\$115,812.00	(\$57,906.00)	\$57,906.00	G
TOTAL	\$7,155,277.63	(\$337,066.57)	\$6,818,211.06	

NOTES

- A. The Design Costs were allocated in accordance with Standard Procedure REG-IFSM-EC-2016-004 by deducting the non-CIP portion of the invoice amount.
- B. The Permit Costs were allocated in accordance with Standard Procedure REG-IFSM-EC-2016-004 by deducting the non-CIP portion of the requested amount.
- C. The Administrative Costs were allocated according to the REG-IFSM-EC-2016-004.
- D. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of .91% over the construction period.
- E. The amount for WSSC Costs was adjusted in accordance with REG-IFSM-EC-2016-004 by deducting the non-CIP portion and ineligible expenses.
- F. The Construction Costs were adjusted in accordance with Standard Procedure REG-IFSM-EC-2016-004 and accepted the requested eligible costs.
- G. The Bond Costs were adjusted in accordance with REG-IFSM-EC-2016-004 by limiting the reimbursable amount to the maximum agreed amount of the signed agreement.