



February 6, 2024

**System Development Charge (SDC) Compliance Audit –  
Cabin Branch, WWPS  
Project No. CP3326A02**

Project # 21-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

Office of the Inspector General  
14405 Laurel Place, Suite #300  
Laurel, MD 20707  
(301) 206-8300






---


Interoffice Memorandum

IC #20240122-022179

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

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

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

**FROM:** DEE TOK, SUPERVISORY AUDITOR  DS  
OFFICE OF THE INSPECTOR GENERAL

**DATE:** FEBRUARY 6, 2024

**SUBJECT:** **OFFICE OF THE INSPECTOR GENERAL**  
**COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS**  
**CABIN BRANCH MANAGEMENT, LLC**  
**WASTEWATER PUMPING STATION (WWPS)**  
**WSSC PROJECT NO. CP3326A02, CIP NO. S-84.60**

---

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-2016-004<sup>1</sup>, the Office of the Inspector General (OIG) audited the Cabin Branch Management, LLC request for reimbursement of System Development Charges (SDC) for WSSC Project No. CP3326A02, CIP No. S-84-60. Under this contract, Cabin Branch Management designed and constructed a wastewater pumping station located in Clarksburg Election District No.2, in Montgomery County, Maryland. The auditors conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS).

On April 29, 2016, the parties executed the SDC Credit Agreement (Agreement). The SDC Credits under the Agreement were **\$2,851,800.50**. Cabin Branch Management, LLC submitted a request for additional credits to cover the added cost. On January 30, 2020, WSSC approved the requested additional amount of SDC credits with a new credit totaling **\$2,881,338.30**. Subsequently, Cabin Branch Management, LLC submitted a request for reimbursement of **\$3,389,863.35**. As a result of this audit, the submitted costs were adjusted to comply with REG-IFSM-EC-2016-004.

---

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 REG-IFSM-EC-2016-004, codified and superseded by Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

COMMISSIONERS  
GENERAL MANAGER/CEO POWELL  
OFFICE OF THE INSPECTOR GENERAL  
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS  
CABIN BRANCH MANAGEMENT, LLC  
WASTEWATER PUMPING STATION (WWPS)  
WSSC PROJECT NO. CP3326A02, CIP NO. S-84.60  
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 Cabin Branch Management, LLC are **\$2,664,159.76**. Accordingly, Cabin Branch Management, 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)  
Permit Services Section Manager, (L. Tapia)  
Development Services Division Manager, (R. Chicca)  
Development Services Section Manager, (F. Mejias)  
Development Services Project Manager, (A. Villarraga)

**Attachment**

**Summary of Eligible Qualified Project Costs**  
**Contract No. CP3326A02**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To CABIN BRANCH MANAGEMENT LLC	Notes
Design Costs	\$320,755.88	(\$100,535.88)	\$220,220.00	A
Permits and WSSC Costs	342,649.43	(\$42,737.72)	\$299,911.71	B
Administrative Costs	\$200,000.00	(\$73,716.87)	\$126,283.13	C
Interest Expense	\$135,800.02	(\$135,623.90)	\$176.12	D
Construction Costs	\$2,357,258.27	(\$363,689.47)	\$1,993,568.80	E
Bond Costs	\$27,006.00	(\$3,006.00)	\$24,000.00	F
Legal Fees	6,393.75	(6,393.75)	0.00	G
<b>TOTAL</b>	<b>\$3,389,863.35</b>	<b>(\$725,703.59)</b>	<b>\$2,664,159.76</b>	

**NOTES**

- A. The Design Costs were allocated in accordance with Standard Procedure REG-IFSM-EC-2016-004 by limiting the reimbursable amount to the maximum agreed amount of the signed agreement.
- B. The Permit and WSSC Costs were allocated in accordance with Standard Procedure REG-IFSM-EC-2016-004 by limiting the reimbursable amount to the maximum agreed amount of the signed agreement.
- 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 **1.08%** over the construction period.
- E. The Construction Costs were adjusted in accordance with Standard Procedure REG-IFSM-EC-2016-004 and accepted the requested eligible costs.
- F. The Bond Costs were adjusted in accordance with Standard Procedure REG-IFSM-EC-2016-004 and accepted the requested eligible costs.
- G. The Legal Costs were adjusted in accordance with REG-IFSM-EC-2016-004.