



March 5, 2024

**System Development Charge (SDC) Compliance Audit –  
Westphalia Town Center, Part 2  
Project No. DA4599D07**

Project # 24-SDC-03

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



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Interoffice Memorandum

IC #20230808-022158

**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  
OFFICE OF THE INSPECTOR GENERAL

A blue ink signature of Jon T. Rymer, enclosed in a blue box with 'DS' in the top right corner.

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

A blue ink signature of Dana E. Whiting, enclosed in a blue box with 'DS' in the top right corner.

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

A blue ink signature of Jane N. Lewis, enclosed in a blue box with 'DS' in the top right corner.

**DATE:** MARCH 5, 2024

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL  
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS  
WALTON DEVELOPMENT AND MANAGEMENT (USA), Inc.  
WESTPHALIA TOWN CENTER, PART 2  
WSSC PROJECT NO. DA4599D07, CIP NO. S-27-08**

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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) Code of Regulations Chapter 5.95<sup>1</sup>, the Office of the Inspector General (OIG) audited the Walton Development and Management (USA), Inc., (Walton) request for reimbursement of System Development Charges (SDC) for WSSC Project No. DA4599D07, CIP No. S-27-08. Under an SDC Credit Agreement (Agreement) entered on December 23, 2021, between the parties, Walton designed and constructed the sewer extension located in Prince George's County, Maryland. The OIG conducted the audit in accordance with Generally Accepted Government Auditing Standards.<sup>2</sup>

The SDC Credits under the Agreement were **\$3,116,967**. Subsequently, Walton submitted a request for reimbursement of **\$3,471,602.88**. As a result of this audit, the submitted costs were adjusted to comply with Chapter 5.95 of the WSSC Code.

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<sup>1</sup> Chapter 5.95 of the WSSC Code of Regulations (July 1, 2020).

<sup>2</sup> US Government Accountability Office's Government Auditing Standards, 2018 Revision, Technical Update (April 2021)

COMMISSIONERS  
GENERAL MANAGER/CEO POWELL  
OFFICE OF THE INSPECTOR GENERAL  
COMPLIANCE AUDIT OF SDC CREDITS AND REIMBURSEMENTS  
WALTON DEVELOPMENT AND MANAGEMENT (USA), Inc.  
WESTPHALIA TOWN CENTER, PART 2  
WSSC PROJECT NO. DA4599D07, CIP NO. S-27-08  
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As reflected in the attached Summary of Eligible Qualified Project Costs, this audit determined that the total eligible Qualified Project costs afforded to Walton are **\$3,310,567.80**. Accordingly, Walton is authorized to receive SDC credits and reimbursements up to this amount. Further, the OIG recommends that WSSC identify SDC receipts available for quarterly reimbursement and process payments to the developer as permitted by the WSSC Code.

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 Division Manager, (R. Chicca)  
Permit Services Section Manager, (L. Tapia)  
Development Design Section Manager, (T. Gingrich)  
Development Services Project Manager, (B. Hall)

**Attachment**

**Summary of Eligible Qualified Project Costs  
Contract No. DA4599D07**

Description	Requested Amount	Office of the Inspector General Adjustment	Amount To WALTON	Notes
Design Costs	\$304,867.38	(\$87,683.74)	\$217,183.64	A
Permits Costs	\$49,345.25	\$ -	\$49,345.25	B
Administrative Costs	\$ -	\$129,041.46	\$129,041.46	C
Interest Expense	\$13,499.22	\$28,552.62	\$42,051.84	D
WSSC Costs	\$ 272,321.90	(\$108,312.90)	\$164,009.00	E
Construction and Bond Costs	\$2,831,569.13	(\$122,632.52)	\$2,708,936.61	F
<b>TOTAL</b>	<b>\$3,471,602.88</b>	<b>(\$161,035.08)</b>	<b>\$3,310,567.80</b>	

**NOTES**

- A. The Design Costs were allocated in accordance with the WSSC Code of Regulations Chapter 5.95 by deducting the non-CIP portion of the invoice amount.
- B. The Permit Costs were allocated in accordance with the WSSC Code of Regulations Chapter 5.95, and the requested eligible costs were accepted.
- C. The Administrative Costs were calculated at **5%** in accordance with the WSSC Code of Regulations Chapter 5.95.
- D. Interest was calculated using WSSC's short-term interest borrowing rate, which was determined to be an annual average rate of **1.38%** over the construction period.
- E. The WSSC Costs were adjusted in accordance with the WSSC Code of Regulations Chapter 5.95 and limited to Attachment A of the signed agreement.
- F. The Construction and Bond Costs were adjusted in accordance with the WSSC Code of Regulations Chapter 5.95, and the requested eligible costs were accepted to the maximum agreed amount of the signed agreement.