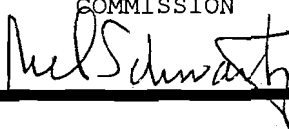


STANDARD PROCEDURES OF THE WASHINGTON SUBURBAN SANITARY COMMISSION

ORIGINATOR	SP NUMBER	APPROVE BY/DATE	EFFECTIVE DATE	PAGE
Joseph P. McNerney Customer Affairs Bureau Director	CUS 98-01 Supersedes CUS 94-06 & CUS 93-02	COMMISSION 	July 1, 1998	1 OF 7
SUBJECT SYSTEM DEVELOPMENT CHARGE LEVY AND COLLECTION				

PURPOSE

- 1.1 To document the levy, collection and deposit of the System Development Charge (SDC) in accordance with Article 29, §6-113 of the Annotated Code of Maryland and WSSC's Resolution No. 98-1555.
- 1.2 Define terms and phrases referencing SDC as commonly used in the issuance of plumbing permits.

DEFINITIONS

- 2.1 Apartment Unit means one of several single family housing units within one building and not specifically classified as a multi-unit dwelling, e.g., individual dwelling units in garden, medium and high-rise type residential buildings.
- 2.2 Base SDC Fee is the WSSC approved dollar charge for a plumbing fixture having a Drainage Fixture Unit Value and/or a Water Supply Fixture Unit Value of one for non-residential properties or residential units with more than five toilets. The Base SDC Fee for residential units with five or fewer toilets is the WSSC approved dollar charge based upon the unit's number of toilets
- 2.3 Drainage Fixture Unit Value is a measure of the probable discharge into the drainage system by a particular plumbing fixture in terms of volume rate of discharge and duration of a single drainage operation and the time period between successive operations.
- 2.4 Dwelling Unit means a single family housing unit used as a residence, including trailers and mobile homes.
- 2.5 Hookup means the joining of a property's on-site water and/or sewer line(s) to the Commission's service connection or the installation of plumbing fixtures in a building served by the Commission's water and/or sewer facilities.
- 2.6 Multi-Unit Dwelling means a building that will accommodate several housing units on a lateral basis; namely, semi-attached houses, row houses or townhouses used as residences.
- 2.7 New Service means:

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- (a) the first-time hook-up of a property to the Commission's water and/or sewer system; or
 - (b) a new connection or increased water meter size for a property, previously or currently served by the Commission, if the new connection or increased meter size is needed because of a change in the use of the property or an increase in demand for service at the property.
- 2.8 Non-Residential Unit is a structure not otherwise defined as a Residential Unit, generally commercial or industrial in nature. Examples may include Shopping Malls, non-Residential Townhouses, Warehouses, Industrial Buildings, Restaurants, Schools, Dormitories, Hospitals, Hotels, Motels, Nursing Homes, Office Buildings, Churches, Theaters and similar commercial or industrial buildings.
- 2.9 Plumbing Permit is the approved instrument, resulting from an application filed by a Registered Master Plumber, which allows for hookup of fixtures or onsite piping to the Commission's water and/or sewer systems.
- 2.10 Property means an improvement(s) or building(s) on a lot or parcel of land containing plumbing fixtures described in terms of Drainage Fixture Unit Values or Water Supply Fixture Unit Values.
- 2.11 Public Sponsored and Affordable Housing means:
- (1) any dwelling unit built or financed under a government program, regulation, or binding agreement that limits for at least 10 years the price or rent charged for the unit in order to make the unit affordable to households earning less than 80% of the area median income, adjusted for family size;
 - (2) any Moderately Priced Dwelling Unit built under Chapter 25A of the Montgomery County Code or Subtitles 13 and 27 of the Prince George's County Code;
 - (3) any Productivity Housing Unit, as defined in Section 25B-17(m) of the Montgomery County Code;
 - (4) any unit in an Opportunity Housing Project built under Sections 56-28 through 56-32 of the Montgomery County Code or Subtitle 13, Division 8, of the Prince George's County Code, which is reserved for occupancy only by persons with low or moderate incomes (as defined in applicable provisions of State and County Law);
 - (5) any dwelling unit constructed pursuant to the Capturing Housing Opportunities in Communities Everywhere (CHOICE) Program in Prince George's County which is reserved for occupancy only by persons with low or moderate incomes (as defined in applicable provisions of State and County Law).
- 2.12 Residential Unit means any housing unit defined in Paragraphs 2.1, 2.4, and 2.6 above used as a residence.

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- 2.13 Residential Applicant means a builder on whose behalf a Registered Master Plumber applies for and receives from the Commission plumbing permits for construction of new residential units.
- 2.14 SDC Sewer Charge is the product of a fixture's Drainage Fixture Unit Value and its associated Base SDC Fee for non-residential properties or dwelling and multi-unit housing units with more than five toilets. For residential properties with five or fewer toilets, the SDC Sewer Charge is the Commission approved drainage portion of the Base SDC Fee.
- 2.15 SDC Water Charge is the product of a fixture's Water Supply Fixture Unit Value and its associated Base SDC Fee for non-residential properties or dwelling and multi-unit housing units with more than five toilets. For residential properties with five or fewer toilets, the SDC Water Charge is the Commission approved water supply portion of the Base SDC Fee.
- 2.16 Sub-District Charge means that charge established by the Commission pursuant to the provisions of §6-103, Article 29, Annotated Code of Maryland.
- 2.17 Toilet means a water closet, as set forth in the WSSD Plumbing and Gasfitting Regulations.
- 2.18 Water Supply Fixture Unit Value is a measure of the probable hydraulic demand on the water supply by a particular plumbing fixture in terms of volume rate of supply and duration of a single supply operation and the time period between successive operations.

GENERAL

- 3.1 SDC is a fee established pursuant to provisions of Article 29, § 6-113 of the Annotated Code of Maryland, to help finance the capital cost of upgrading existing plants and facilities as well as the construction of new capital projects attributable to the addition of new service.
- 3.2 The Base SDC Fee level is established by Commission Resolution representing a formal adoption of the fee level mutually agreed upon by the Montgomery and Prince George's County Councils.
- 3.3 The SDC fee for a non-residential property or a dwelling unit or housing unit within multi-unit dwelling with more than five toilets is determined by the type and number of fixtures, existing and/or proposed, for which hookup to the WSSC's water and/or sewerage system(s) is proposed. The SDC levy is the sum of SDC Water Charges and SDC Sewer Charges, prevailing at the time of application for hook-up, which are associated with the individual fixtures proposed for hookup.
- 3.4 The SDC fee for a residential unit with five or fewer toilets is determined by the number of toilets, existing and/or proposed, for which hookup to the WSSC's water and/or sewerage system(s) is proposed. The SDC levy is the sum

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of SDC Water Charges and SDC Sewer Charges, prevailing at the time of application for hook-up, which are associated with the number of toilets proposed for hookup.

- 3.5 Except as provided by Section 3.9, a property's calculated SDC fee is payable in full and shall accompany the application for plumbing permit for hookup of a property's fixtures to the WSSC system. Any "credit" pursuant to WSSC Standard Procedure CUS 94-03, entitled *SDC DEVELOPER CREDITS AND REIMBURSEMENTS*, may be substituted as payment, on a dollar for dollar basis, as therein described. Collected SDC fees shall be deposited in established revenue accounts and reconciled through the Service Applications & Records Section's remittance-processing system.
- 3.6 When a request is made to add a fixture(s) to a plumbing permit which has been issued under a previous SDC rate structure and which has not received final inspection approval, the additional SDC shall be calculated and collected based upon the fixture unit rate in effect at the time of request, except that the total SDC for a residential unit permit with five or less toilets shall not exceed the current Base SDC fee for such a unit.
- 3.7 When an application is made to add a toilet(s) to an existing dwelling or housing unit within an existing multi-unit dwelling, the resulting permit may be subject to a SDC fee only if the unit was previously assessed a SDC fee or an increase is required in the size of the unit's connection or meter. In either situation, a SDC fee will be actually assessed only if the number of toilets is being increased from one toilet based rate category to the next. For housing units with five or fewer toilets, the SDC fee assessed will be equal to the difference in the SDC base charge currently applicable to the number of existing toilets and that applicable to the total number of existing and proposed toilets. The SDC fee assessed for existing housing units with more than five toilets is the sum of the SDC Base fees at the current SDC rate structure for all added fixtures.
- 3.8 When an application is made to add fixtures to a Non-residential Unit, the resulting permit may be subject to a SDC fee only if the unit was previously assessed a SDC fee or an increase is required in the size of the unit's connection or meter. In either situation, the SDC fee assessed is the sum of the SDC Base fees at the current SDC rate structure for all added fixtures.
- 3.9 A residential applicant who elects to delay paying a portion of the system development charge shall pay one half the charge at the time of filing application for plumbing permit. The remaining one half of the system development charge for each residential unit shall be paid to the Commission within 12 months after the first payment or prior to the transfer of title to the property, whichever occurs first. A residential applicant must provide security for the remaining one half of the system development charge at the time of filing the plumbing permit application in one of the following forms:

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- (a). An irrevocable letter of credit that is automatically renewed from a bank that is rated "C" or better by Thomson BankWatch.
- (b). A financial guaranty bond in a form substantially similar to the form attached here as Appendix "A." The bond shall be executed by the applicant and a corporate bonding company licensed to transact such business in the State of Maryland and named on the current list of "surety companies acceptable on Federal Bonds" as published in the Treasury Department Circular Number 570. The expense of this bond shall be paid by the applicant. If at any time the surety on any such bond is declared bankrupt or loses its right to do business in the State of Maryland or is removed from the list of surety companies accepted on Federal bonds, the applicant shall within ten days after notice from the Commission to do so, substitute an acceptable bond in such forms and sum and signed by such other surety or sureties as may be satisfactory to the Commission.
- (c). For the residential applicant who certifies that he or she applies for four or fewer permits for the construction of residential units within the same calendar year, the General Counsel is hereby authorized to accept other forms of security proposed by the applicant and that in the judgment of the General Counsel will protect the Commission's interests in the same manner as the letter of credit and financial guaranty bond described above.

3.10 Fixtures verified by WSSC inspection prior to removal may result in credits toward SDC in a replacement structure. Following written application by a Registered Master Plumber, Postcard Permit inspections to confirm fixtures prior to removal will be the basis for calculating any SDC credit. No credit

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will be afforded for rough-in piping or fixtures removed prior to inspection. SDC credit under this paragraph may only be obtained by submitting the original Master Plumber's copy of the approved Postcard Permit document at the time of application for hook-up of the replacement or remodeled structure. Credit obtained under this provision may only be used toward the remodeling of the existing structure or the redevelopment of a property from which the original fixtures were removed.

EXEMPTIONS

- 4.1 Additional fixtures installed in a structure or building are exempt from the levy of an SDC fee only if inspection of the initial hookup of the building or structure's plumbing to the WSSC's system(s) was approved under a permit issued as a result of an application filed before July 19, 1993, and the change in fixtures does not require an increase in the property's connection(s) or meter size.
- 4.2 The hook-up of a residential unit which is certified by Montgomery or Prince George's County as being a Public Sponsored or Affordable Housing Unit, as defined by Commission Resolution No. 98-1555, shall be exempted from any SDC fee.
- 4.3 The initial hook-up of a residential unit to the Commission's water and/or sewerage system will be exempted from the levy of any SDC fee if the unit existed and was served by a private well and/or septic system on or before July 16, 1993, and the applicable WSSC water or sewer main was in service or its construction was the subject of "Formal Notice To Proceed" (to the WSSC contractor) on or before the same July 16, 1993.

REFUNDS

- 5.1 In the event a permit to install plumbing fixtures expires or is canceled pursuant to provisions of Section 206.2 of the Plumbing and Gasfitting Regulations, all SDC fees paid in association with the application for plumbing permit to hook-up may be refunded, provided Code Enforcement Section's inspection records confirm that no work covered by the permit has been accomplished. Such refunds will be made to the original SDC payer at the time of application.
- 5.2 SDC payments for fixtures represented on an application, but not installed, may be refunded to the original payer provided a written request for refund is filed with the Service Applications & Records Section prior to a request for final inspection. Upon confirmation by the Code Enforcement Section that the fixtures or related rough-in work referenced in the written request have not been installed, the fixtures will be deleted from the permit database record and SDC refund action will be initiated.
- 5.3 The reimbursement of SDC payments to comply with credit requirements set forth in Article 29, §6-113.(e) of the Annotated Code of Maryland shall be

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accomplished as specified by WSSC Standard Procedure CUS 94-03, entitled *SDC CREDITS AND REIMBURSEMENT*.

- 5.4 A request for full or partial refund of previously remitted SDC which has been denied may be appealed under provisions of Article 29, §6-111 of the Annotated Code of Maryland.

AUTHORITY CLAUSE

The General Counsel certifies that the statutory authority for adoption of this Standard Procedure is Article 29, §§ 6-113 and 9-101 of the Annotated Code of Maryland.

Distribution ListMASTER VOLUME LIST:

General Manager's Office
Internal Audit Office
Secretary's Office
Human Resources Division

Other Distribution:

Commissioner's Office
Administration Branch
Operations Branch
General Counsel's Office
Budget and Financial Planning Office
Construction Bureau
Customer Affairs Bureau
Finance Bureau
Customer Services Division
Financial Operations Division
Regulatory Compliance Division
Code Enforcement Section
General Accounting Section
Service Applications & Records Section

APPENDIX "A"

FINANCIAL GUARANTY BOND

Plumbing Permit Number _____

Bond Number _____

Date Bond Executed _____

KNOW ALL MEN BY THESE PRESENTS:

That _____,
(here insert the legal name of the Applicant)

(here insert the address of the Applicant)

as Principal, hereinafter called "Applicant", and

(here insert the legal name of the Surety)

(here insert the address of the Surety)

as Surety, hereinafter called "Surety", are held and firmly bound unto the WASHINGTON SUBURBAN SANITARY COMMISSION, Laurel, Maryland, a public and governmental corporate agency of the State of Maryland, as Obligee, hereinafter called the "Commission", in the amount of

_____ dollars (\$ _____), being 50 percent of the System Development Charge of the herein-mentioned application, for the payment whereof Applicant and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally.

WHEREAS, the Applicant has applied for a plumbing permit to install fixtures or hookup a residential property to the Commission's water and/or sewerage system(s) under Plumbing Permit No. _____ and has promised to pay the full system development charge within 12

months of the date of the application or prior to the transfer of title to the property, whichever occurs first.

NOW, THEREFORE, the condition of this obligation is such that if the Applicant shall promptly and faithfully pay the system development charge in a timely manner, then this obligation shall be null and void; otherwise, it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Commission.

Whenever Applicant shall be, and declared by Commission to be, in default in payment of the system development charge, the Commission having performed Commission's obligations thereunder, the Surety shall promptly pay the amount owed by the Applicant to the Commission.

Any suit under this bond must be instituted before the expiration of eighteen (18) months from the date payment is due. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Commission or its successors and assigns.

The bond is executed in two (2) counterparts, each of which shall, without proof or accounting for the other counterpart, be deemed an original thereof.

Signed and sealed this _____ day of _____,

ATTEST:

Applicant Name

By: _____
(Title)

(Surety Name)

By: _____
(Title)

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed, or caused to be executed by their duly authorized officials, this performance bond in (_____) copies each of which shall be deemed an original on the date first above written. (The following is applicable if applicant is corporation or incorporated joint venture.)

A Corporation _____

By: _____ Date: _____
(Title)

Attest: _____
Secretary of Corporation

Certificate as to Corporation (Corporate Seal)

I, _____, certify that I am Secretary of the Corporation named as Applicant herein, that _____ who signed this Performance Bond on behalf of the Applicant was then _____ of said Corporation; that I know his signature thereto is genuine; that the Bond was duly signed and sealed in behalf of said Corporation by authority of its governing body, and is within the scope of its corporate powers.

Secretary of Corporation

(The following is applicable if Applicant is individual, partnership or unincorporated joint venture.)

Signed and Sealed in the full names of all partners and all members of Joint Ventures.

_____ (Print)	_____ Name	_____ (Signature)
_____ Address		

_____ (Print)	_____ Name	_____ (Signature)
_____ Address		

(Seal)

_____ (Print)	_____ Name	_____ (Signature)
_____ Address		

(Seal)

_____ (Print)	_____ Name	_____ (Signature)
_____ Address		