Montgomery residents charged twice for multimillion-dollar pumping station

By: Brian Hughes
Examiner Staff Writer
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Developers charged taxpayers an extra $2 million by essentially billing Montgomery County residents twice for the same Germantown wastewater pumping station, according to local government officials who also say those findings were ignored by top brass in County Executive Ike Leggett s administration.

The Washington Suburban Sanitary Commission, the water agency for Montgomery and Prince George s counties, gave $2 million in payments and credits to developers for a wastewater pumping station in the West Germantown Development District a pocket where residents pay additional taxes for improvements in the community.

However, the developers, the Artery Group of Bethesda and Arcola Investment Associates of Hyattsville, already had been paid by the county through bonds ultimately financed by taxpayers in the development district, sources said.
Before paying developers, WSSC officials contacted the county s Finance Department about the double payment but were turned away.

[The county] was fully aware these developers were getting paid by WSSC, said one person familiar with the arrangement. They just didn t care. I can t understand why.

Another source added, Their response was that the developers incurred the cost twice for the work. That makes absolutely no sense.

Stephen Kaufman, an attorney with prominent land-use firm Linowes and Blocher, which represents Artery and Arcola, acknowledged that developers received payments from both the county and WSSC but said it didn t violate county law.

It s essentially just a loan, he said of funds given to developers through the Germantown district. They only followed the rules. All I can tell you is the policies were followed by our clients.

However, the county s inspector general recently started an investigation into the payments.

Budget documents obtained by The Washington Examiner show the county ultimately paid $3.7 million for the pumping station and water main before WSSC devoted roughly $2 million to the same project.

As a result, developers were reimbursed $2 for every $1 spent, critics explained.

Multiple calls to the county s finance department were not returned, but Leggett spokesman Patrick Lacefield told The Examiner in an e-mail, This is not new. It is a policy issue that was discussed in a 2007 council report.

He did not respond to follow-up questions from The Examiner.

That 2007 report by the Office of Legislative Oversight highlighted the potential for duplicate payments made by residents of a development district and other public sources. The report said the Clarksburg Town Center developer, Newland Communities, appeared to ask for payments from both the county and WSSC for a water pipe.

The county never made a second payment for the pipe, and the Clarksburg district has since been eliminated.

The council should consider amending the development district law to expressly preclude the possibility of development district funding of any water or sewer infrastructure item if that item also could be funded through the WSSC s System Development Charge, the report read.

But the council never changed those regulations.

In comparison, WSSC adjusted its procedures so as to not provide payment to the applicant for costs the applicant did not incur or for costs reimbursed to the applicant from other sources.

The West Germantown district includes more than 1,000 single-family houses, townhouses and apartments, and residents are on the hook for nearly $16 million in improvements to the community.

Some say the residents there were failed by county officials.

I can t believe the county put the taxpayers in this situation, one source said.

It s ultimately the county s responsibility to catch and act on this kind of thing.