
By: **Prince George's County Delegation and Montgomery County Delegation**

Introduced and read first time: February 11, 2000
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **WSSC - Subdivision Lines - Installation and Construction - Charges**
3 **PG/MC 17-00**

4 FOR the purpose of limiting the charges that the Washington Suburban Sanitary
5 Commission may assess against certain owners and developers who install
6 subdivision lines; prohibiting the Commission from requiring the purchase of
7 certain materials for construction of subdivision lines from certain persons; and
8 generally relating to the installation and construction of subdivision lines in the
9 Washington Suburban Sanitary District.

10 BY repealing and reenacting, with amendments,
11 Article 29 - Washington Suburban Sanitary District
12 Section 3-101.1
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1999 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article 29 - Washington Suburban Sanitary District**

18 3-101.1.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) "Development" means any project for the construction of:

21 (i) Two or more residential dwelling units; or

22 (ii) Any commercial or industrial structure.

23 (3) (i) "Subdivision lines" means all water and sewer pipelines or
24 facilities necessary to provide service to a development, including service connections
25 to individual lots or properties in a development.

1 (ii) "Subdivision lines" does not include pipelines or facilities that
2 constitute "major projects" as defined in § 7-101 of this article.

3 (4) "Health hazard" means an owner-occupied residential property with
4 a failing well or septic system as certified by the State or a local health department.

5 (5) "Authorization for service" means an application by a property owner
6 or developer to the WSSC for water or sewer service that requires the construction of
7 subdivision lines.

8 (6) "Payment security" means security to guarantee payment to the
9 utility contractor, subcontractors, and suppliers that provide labor, materials, or
10 construction equipment for the construction of subdivision lines.

11 (7) "Performance security" means security to guarantee completion of
12 the construction of subdivision lines.

13 (b) Notwithstanding any other provision of law and except as provided in
14 subsections (d) and (e) of this section, all subdivision lines in the sanitary district
15 shall be constructed by the owner or developer of the property at the expense of the
16 owner or developer.

17 (c) (1) Before constructing subdivision lines, the owner or developer of the
18 property shall enter into an agreement with the WSSC:

19 (i) Requiring that the subdivision lines be constructed under plans
20 and specifications submitted to and approved by the WSSC;

21 (ii) Requiring that the owner or developer comply with all
22 applicable laws and requirements for the construction of the subdivision lines;

23 (iii) Providing for the inspection of the subdivision lines by the
24 WSSC before the lines are placed in service;

25 (iv) Requiring the property owner or developer to provide:

26 1. Performance security payable to the WSSC, in an amount
27 acceptable to the WSSC, taking into account potential cost escalation; and

28 2. Payment security payable to the WSSC for the benefit of
29 the utility contractor, subcontractors, and suppliers providing labor, materials, or
30 construction equipment for the construction of the subdivision lines in an amount
31 equal to the amount of the performance security; and

32 (v) Providing that before the subdivision lines are placed in service,
33 the property owner or developer shall provide the WSSC with a release of liens, on a
34 form acceptable to the WSSC, signed by the utility contractor and notarized, stating
35 that the utility contractor, and all subcontractors and suppliers, have been paid.

1 (2) An acceptable form of performance security and payment security
2 under this subsection shall be:

3 (i) A certified check;

4 (ii) A cash deposit;

5 (iii) A certificate of deposit;

6 (iv) An irrevocable letter of credit from a financial institution
7 acceptable to the WSSC and in a form acceptable to the WSSC;

8 (v) A bond executed by a surety company authorized to do business
9 in the State of Maryland; or

10 (vi) Another form of security acceptable to the WSSC.

11 (3) (i) A utility contractor, subcontractor, or supplier providing labor,
12 materials, or equipment for the construction of the subdivision line, that has not been
13 paid, may file a claim against the payment security within 180 days after completion
14 of construction of the subdivision lines (the "claim notice date"), under the procedure
15 required in the payment security. If no procedure is specified in the payment security,
16 the procedure shall be that established by rules and regulations adopted by the
17 WSSC.

18 (ii) Until all claimants have been paid, or the claim notice date has
19 passed and no claims have been made, the WSSC may not release or reduce the
20 amount of the payment security.

21 (4) (I) THE TOTAL OF THE CHARGES THAT THE WSSC MAY ASSESS THE
22 DEVELOPER OR OWNER FOR A DEVELOPMENT UNDER THIS SECTION MAY NOT
23 EXCEED 7.5% OF THE ACTUAL CONTRACT PRICE FOR CONSTRUCTION AND
24 INSTALLATION OF THE SUBDIVISION LINES FOR THE DEVELOPMENT.

25 (II) THE LIMITATION UNDER SUBPARAGRAPH (I) OF THIS
26 PARAGRAPH APPLIES TO ALL DIRECT AND INDIRECT COSTS INCURRED BY THE WSSC
27 CONCERNING CONSTRUCTION OF SUBDIVISION LINES FOR THE DEVELOPMENT,
28 INCLUDING:

29 1. DESIGN AND PLAN REVIEW AND APPROVAL;

30 2. SURVEYING COSTS;

31 3. CONTRACT REVIEW AND APPROVAL;

32 4. PERMIT REVIEW AND APPROVAL;

33 5. INSPECTION AND APPROVAL OF MATERIALS;

34 6. INSPECTION, SUPERVISION, AND APPROVAL OF
35 CONSTRUCTION;

- 1 SECURITY;
2 SECURITY;
3
4
5
7. HANDLING OF PERFORMANCE SECURITY AND PAYMENT
8. REVIEWING AND PROCESSING DOCUMENTATION;
9. OVERHEAD COSTS; AND
10. PERSONNEL COSTS AND BENEFITS.

6 (5) THE WSSC MAY NOT REQUIRE AN OWNER OR DEVELOPER TO
7 PURCHASE MATERIALS FOR SUBDIVISION LINE CONSTRUCTION UNDER THIS
8 SECTION FROM THE WSSC OR FROM A SOURCE DESIGNATED BY THE WSSC.

9 (d) Subject to subsection (e) of this section, the provisions of this section may
10 not apply to:

11 (1) Authorizations for service for which:

12 (i) Application is made with the WSSC on or before June 30, 1999;
13 and

14 (ii) The WSSC enters into a contract for construction of subdivision
15 lines with notice to proceed issued by the WSSC to its contractor on or before June 30,
16 2001; or

17 (2) Authorizations for service for the relief of health hazards.

18 (e) Each part of a multipart authorization for service shall be considered a
19 separate authorization under subsection (d) of this section.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2000.