The Glen Echo

Newsletter of Fairlington Glen

August 1, 2020

In This Issue

Editor Needed

When Jay Yianilos, the Glen's newsletter since 2012, resigned in June 2020, I volunteered to become acting editor until a replacement can be found. As Glen Treasurer, typically one of the community's busiest officers, I will be unable to put out the quality, comprehensive type of newsletter put out by Jay, My editions will contain only the minimum content required to give notice of important Glen activities, such as the annual meeting schedule and pool events, and to publish the most important official documents, such as the audit and the proposed budget. Other essential information will be provided via the Glen's web site, hand distributed flyers, or Glen alerts (see below for how to sign-up for them). Please contact me if you are interested. It's a great way to become familiar with Glen business, as I discovered when I was editor.

Maynard H. Dixon / Acting Editor

The *Glen Echo* is published monthly. The newsletter is restricted to Glen business, Glen activities, and Glen related personal news about its residents. If you have questions or comments, please e-mail the Acting Editor at: MaynardDixon@verizon.net .

The *Glen Echo* is published online each month on the Glen's website, at https://www.fairlingtonglen.com. To be notified by e-mail when the latest edition is published, with a link to the news-letter, sign up for Glen Alerts via the Glen's website. Your e-mail address will be used only for official Glen business.

Calling All Candidates for Service on Board

This year, the Fairlington Glen Board of Directors will have two seats up for election: a seat with a 3-year term that is currently being held by Glen Treasurer Maynard Dixon, who is planning to run again; and another seat with a 3-year terms that is currently held by Glen Vice President Bill Layer, who is also planning to run again. Anyone who wants to run for these slots is invited to step forward and answer the call to serve your community.

Board members serve three-year terms, and those terms are staggered so that in any given year one or two terms are completed. Candidates simply run for a spot on the Board, not for a specific office such as Treasurer. Immediately after the Annual Meeting, the new Board will hold an organizational meeting to determine its officers for 2021.

The only prerequisite for Board service is that its members must be co-owners. It does help to have some familiarity with Glen fiscal and policy matters. It also helps to have an open mind, a penchant for conflict resolution, a willingness to take responsibility for decisions, and the passion and energy necessary to get the job done.

Service on the Glen Board can be rewarding. You are helping to make lasting, positive changes to our community. You also learn much about how things work in your own unit and the Glen's common areas.

Service on the Glen Board can also be demanding, especially for the Board's major officers. Board members prepare for and attend a two-hour meeting each month. They usually spend, at a minimum, several hours a week on Glen matters, such as studying reports (from management, fellow Board members, and committee chairs) and answering emails (from management and members of the community). An effective Board member will become familiar with the Glen's By-Laws, its Handbook, and its physical plant.

If you are interested in serving your community as a Board member, please contact the Glen President or any other Board member. You will need to complete a one-page candidate profile and declare your intent to run no later than Tuesday, September 1, 2020. The profile form will be posted to our web site. You will also have an opportunity to briefly address the community at our annual Community Forum on Thursday, September 3, 2020. Volunteers are the lifeblood of any community, and now more than ever your community needs you!

Glen Community Forum Scheduled

Please join us at the Glen pool on Thursday, September 3, 2020, at 7:30 pm for the annual Community Forum. The Board will discuss the proposed 2021 budget, included in this month's *Glen Echo,* and answer any questions you may have regarding the budget. This forum also a prime opportunity to hear from and talk with co-owners who are running for the Board in the fall. Please note that the forum is for adults only, as the pool itself will be closed. If it rains that night, we will move the meeting indoors into the nearby maintenance facility.

Crime Prevention Tip from Glen Onsite Manager Vicky Moore

We are fortunate to live in a low crime area, but the vandalism the Glen experienced over the 4th of July weekend reminded us that we should take the security measures that are within our control. One of the easiest ones is use of "dusk until dawn" LED light bulbs in front and rear light fixtures. They are inexpensive and easy to use—all you have to do is install the bulbs and leave light switches in the on position. You do not need to remember to turn the switches on and off! Thieves and vandals prefer to work in the dark. Take small steps to make your property less inviting to them.

Paint Is Not for Pick-Up

As explained in the e-mail exchange below, cans of paint are not to be put-out for pick-up by our trash contractor. Only *empty* cans where all residue is dried, and even then, no empty cans of oil-based paint. Paint may be taken to the Arlington County hazardous materials recycling center off S. Glebe Road.

Capitol Services, our trash contractor did us a favor by taking partially filled paint cans that were put to the curb for special pick-up during the July 4, 2020 holiday.

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On Jul 5, 2020, at 2:03 PM, Maynard Dixon <maynard.dixon@hotmail.com> wrote:

I live in Fairlington Glen and serve on its Board. The Glen has a trash and recycling contract with Capitol. On July 4, special pickup day, a resident put out numerous cans of paint, and I was surprised that the men in the truck took them. A few questions:

1. Do you generally take paints?
2. Do you take them as recyclables?
3. Do you take them on special pickup day?

I will circulate your response to our residents.

From: Capitol Services <customer.service @capitolservicesofvirginia.com>
Sent: Monday, July 6, 2020 3:44:19 PM
To: Maynard Dixon <maynard.dixon@hotmail.com>
Subject: Re: Recycling of paint
We didn't want the neighborhood to look a mess so we took them. But you are correct:
We only take paint cans that are empty and all paint is dried in them.
We don't take oil-based paint bc it could catch on fire.
They are not recyclable.
Residents should take paint can themselves to the county if they are full of paint since it is considered a hazardous material.
Hope this helps and hope you had a great 4th!
Lisa Worrell
Capitol Services of Virginia, Inc.
(703)998-5860

Report from Landscape Committee

Hello Glen Residents:

Hot, hot, Hot! Please continue to water your area including trees! Check those around you and simply put the hose at the base, then change positions a few times.

We hope you are seeing some improvement in the landscape!! We have been very busy trimming trees, cleaning out messy beds, etc.

Part of this effort is the benefit of less mosquitoes. It is a process, and the plan is to have the Glen ready for a very busy fall. In addition to seeding for grass, we will be taking out dead trees, grinding stumps, and planting shrubs and perennials. Definitely by spring the Glen will be good to go!

Please help if you can. Evaluate your own beds, front and back. If cleanup is needed, we can assist. Simply email glenlandscaping@gmail.com and let us know.

If you do cleanup, the Trades Center on Taylor St. off Four Mile Run, top of hill, has FREE organic debris bags.

Happy Gardening!
Landscape Committee

Lawn Chairs Now Permitted Pending Poll of Community

As shown in our Handbook, the Glen does not allow items to be placed semi-permanently, or left overnight and unused, in the common areas without a variance. This prohibition applies to lawn chairs left on either the grass outside a unit or on its front porch. The current rule does not proscribe lawn chairs that are temporarily placed in the common areas and then removed after a gathering is over. It proscribes only their being left outside when they are not being used.

There are now several sets of lawn chairs in outright violation of this rule. We have also noticed increased use of lawn chairs that have not been kept out overnight. This situation could be due to increased demand for such use from residents working from home, lack of enforcement on our part, or a shifting attitude toward freer use of the common areas. Whatever the reasons, the Board has resolved to take the issue of lawn chairs to the entire community via voting at the Glen's November 5, 2020 annual meeting. At the annual meeting, co-owners will get their chance to vote on how they want their community to look on the outside, choosing between (1) the more uniform look that has prevailed so far or (2) a relaxation of that uniformity to allow lawn chairs to be placed overnight in front of units during the summer months.

As an experiment that will give residents a taste of how the Glen might look if lawn chairs were left out for extended periods, your Board is suspending the rule against co-owners placing lawn chairs -- and only lawn chairs -- outside in front of their units from now until the end of September.

The Glen, however, will not assume responsibility for theft of the chairs, damage caused by other co-owners, or accidents caused by their improper placement. Moreover, pending a new agreement with our landscape contractor, co-owners leaving chars out will have to deal individually with that contractor if chairs are damaged by lawnmowing crews. Co-owners who are unwilling to accept these terms should keep their chairs in their patios when they are not being used.

Budget and Fees Proposed for 2021

—Maynard H. Dixon, Jr., Treasurer—

At its meeting on July 14, 2020, the Board approved the draft 2021 budget and fee schedule below for submission to Glen co-owners this autumn before the Thursday, November 5, 2020 annual meeting. The recommended budget would be based on a monthly fee increase of 3.3%, in comparison to the 2.5% average yearly rate of increase from 2012-2020.

Any Glen co-owner seeking a detailed, line-by-line explanation of the recommended budget should contact me, at MaynardDixon@verizon.net. The most recent audit report should soon be available on our new web site at https://www.fairlingtonglen.com. A summary of the audit and my comments on it were published in the June 2020 newsletter and should also soon be available on our web site.

New Employee Cost/Normal Trend in Legacy Expenses

In 2021, we began to budget for the onsite manager that we hired outside of the budget for 2020. As explained in greater detail below, the net addition to our budget from our new hire was about $25,100.

Without this net addition for our new onsite manager, the proposed dues increase would have been only about 1.8% The main reason for the more favorable trend in legacy expenses in 2021 is that we expect lower employee medical insurance costs, no more environmental litigation cost, and a flattening of the rate of increase in other costs. This bodes well for the future.

Budget Projection Methods

The easiest to project expenses are: (a) those, such as trash collection, contract landscaping, accounting, management, and pool operations, that are based on contracts that extend over future years; and (b) those that are discretionary, such as the Pool Committee and non-contract landscaping.

Other expenses are more difficult to project because they are not fixed by contracts, but we can still develop reasonable estimates based on known facts. For example, we can project water/sewer expense fairly easily because we know when and how the County will be changing its rates and we have (thanks to Glen volunteer Bill Worsley) accurate data on water consumption usage and trends.

The most difficult to project expenses are those that involve some randomness, especially if the account is new and we have no experience to draw from. The best approach for this category is to budget long-term based on the best data we have. If we do this consistently, we will be more likely to balance the account over time even though individual years will come-in too high or too low. To do this, I have relied on trend lines, or historical averages. For example, I have used this approach for health care costs, certain administrative expenses, and pool repair.

Highlights

The highlights of the budget are discussed below. Figures were left unrounded when they were based on calculations, such as a trend line or an average of prior years.

● **Interest Income**. In budgeting this source of income, conservatism is advised because it is volatile and political pressures are likely to continue to keep interest rates low. The projection of $52,655 is what Morgan

Stanley projects will be earned on our reserves for one year from April 30, 2020 under the reserve level and the investment mix in effect at that time. This projection is conservative because it presumes that, in 2021: (1) investable funds will not increase from their April 30, 2020 level; and (2) the Federal Reserve Board will not be further increasing interest rates to ward-off inflation.

As in prior years, the 2021 budget presumes that the interest earned on our reserves, minus the taxes that we estimate would be paid on the interest, would be invested back into our reserves. Taxes would be excluded so the operating portion of the budget would not subsidize the reserve portion of the budget.

● **Landscape**. Discretionary landscape expenditures, Account 61557 Landscaping Non-Contract would, be increased, from the $37,000 approved for 2020 back to the $41,000 approved for 2019. This would allow more work on neglected perimeter areas and the pruning and removal of large common-area trees that are encroaching on buildings.

Account 61188 Tree service is for landscape expenses that are related to maintenance and reserve projects, such as brush removal to allow room for painting and roof replacement. We are learning that such damage is better repaired by our own trusted landscapers, rather than by contractors who work the repair cost into their bids and leave us to complain about landscape repair work done by an unknown sub-contractor. If the landscape repair exceeds a normally expected level, such as by accidental tree damage, we can usually negotiate some recovery from the contractor.

The budget for this account would remain at the $3,000 approved for 2020. This would allow for some growth from the $2,580.00 that was actually spent in 2019. I do not foresee any large projects in 2021, such as a mass replacement of pole lamps, that would require an increase,

Account 61570 Landscape Replacement was created to allow for random and usually uninsured events, such as storm damage and contractor damage. If such expenses substantially exceed budget, we can draw upon our contingency fund.

The budget for this account would be increased from $3,500 to $4,166. As discussed above, our budgets for volatile accounts like this should avoid undue fluctuation, so we should not assume that the year 2019 is a reliable baseline for what will happen in 2021. On the other hand, we should build some safety into our estimate because do not have enough experience with this account to develop a trend line that would help us to avoid undue fluctuation without unreasonable risk. Here is how I would do this: (1) to avoid undue fluctuation, begin with the average of 2018 and 2019 ($3,077); and (2) for a margin of safety, increase to the average of the $3,077 and the 2019 high of $6,155 = $4,616.

● **Onsite Manager**. Due to a decline in experienced Glen volunteer workers, we cannot continue to manage the Glen without hiring onsite help. The hiring of our new part time on-site manager in 2020 required the addition of a new line item to our accounts for 2021, Account 51137 Management On-Site, with an initial budget of $31,000. This addition required an increase in the budgets for related accounts – the accounts for FICA, Medicare, unemployment insurance, payroll administration, and uniforms. In return, Cardinal Management reduced its management fee by about $13,000 to account for the fact that our onsite manager would be taking over dut1es that were previously performed by Cardinal.

● **Cardinal Management**. Our basic management fee is set under our contract with Cardinal Management Company. Under that contract, the fees are adjusted annually according to changes in the Consumer Price Index for urban workers (CPI-W) for the metropolitan Washington, D.C., area.

For 2021, assume that: (1) our agreement will be renewed in 2021 based on the same CPI-W adjustment formula; and (2) a projected 2021 rate of inflation of 2% will be applied to Cardinal's *reduced* 2020 basic management fee of $65,472. Thus, our estimate for 2021 is [$65,472 (2020 Actual Annualized)][1.02] = $66,781.

● **<u>Management Schedule B</u>**. In 2019, we created a separate account for Cardinal's Management Contract Schedule B fees, which were previously hidden-away in Account 51550 Misc. Administrative. Cardinal's Contract Schedule B fees are charged for per-occurrence items, such as copying and preparation of re-sale packages. The numbers of transactions fluctuate from year to year. The charges have not been fixed under recent contracts, so they are free to vary yearly. Some of them are based on actual per-transaction costs that are beyond Cardinal's control. Others are based on hourly rates charged by Cardinal. Cardinal has reserved the right to change them at will.

In 2021, as in 2020, I projected Contract Schedule B charges using a trend line. The 2021 budget based on the trend line equation would be $9,435.

● **<u>Insurance</u>**. The Account 71050 Insurance projection for 2021 = $86,193, an increase of 8.7% from the $79,279 budgeted for 2020. This is based on our insurance agent's estimate of the premiums that would be charged for the components of our *current* insurance package (no insurance additions or deletions), which, if approved, would apply from October 2020 – October 2021.

We need to keep an eye on this expense. This year, the Board rejected a proposal to increase the deductible on our master policy, after discovering that the decreased premium offered to the Glen would have likely been less than the sum of the increased premiums that our members would have pay their HO6 insurers to compensate for the increased deductible (not to mention the hassle that our members would have gone through to make the changes). The Board also resisted pressure to buy additional insurance to cover technology related liability that was not needed.

● **<u>Painting</u>**. The cycle for 2021 will involve painting the 103 units in Courts 1-4. Begin with the contracted unit cost of the 2020 work in Courts 13-16 = $1,047/unit. This is reasonable because the cost increasing effect of the remaining wood windows in Courts 1-5 would be offset by the cost decreasing effect of the greater number of units. The cost/unit has been rising faster than the general rate of inflation, as the construction sector booms and our paint contractors have been subject to environmental fees. For a safe estimate, assume that this trend will resume in 2021, with an inflationary rate of increase in 2021 = 5% = the 2019 increase in the Turner Construction Cost Index. Thus, our estimate = ($1,047/unit)(103 units)(1.05) = $113,233.

● **<u>Carpentry</u>**. Our carpentry budget includes: (1) court cycled work that is identified by the painters and then contracted out; and (2) spot work that arises out of unexpected damage reported by residents.

For 2021, we propose a budget of $40,589. The work will involve the 103 units in Courts 1-4. For a unit cost estimate for 2021, begin with the average of the costs/unit of the work involved in the last 3 contracts = $298, which seems in line with the steady upward trend since 2015. Thus, the cycled carpentry cost would be ($298/unit)(103 units) = $30,694. According to the Turner construction Cost Index, construction cost increases have been high (5.98% in 2018-2019) but trending downward. After adjusting for construction cost inflation of, say, 5.0%/year in the two years from 2019 to 2021, we get $30,694 (1.05)(1.05) = $33,840. For spot repair work, add another $7,312 (the 2016 - 2019 average for spot repair work), the total = $33,840 + $6,749 = $40,589.

We expected carpentry expenses to grow as the community aged, but it has been growing faster than anticipated, because: (1) we have been doing unanticipated catch-up carpentry work and (2) we are now trying to spot needed work before damage results. Our need for catch-up carpentry work is in large part due to our past use of (a) painting contractors whose inadequate surface preparation added to wood rot and (b) carpenters (sometimes subcontractors of the painters) who turned to lower quality wood when hard wood became expensive in prior decades.

Carpentry and painting can be expected to trend downward as the 4-year catch-up cycle that began in 2016 ends and we gradually replace wood with PVC, which never rots or requires painting. Before 2016, there was no systematic, proactive roof, gutter, and carpentry maintenance program. Repairs were made when they were brought to our attention by owners or court representatives. Now, spot roof, gutter, and carpentry work is brought into the same 4-year cycle as the painting cycle, and needed work is systematically identified.

● **Roof Repairs**. For 2021, we propose a budget of $35,071, in comparison to the $31,514 budgeted in 2020, and the $31,073 budgeted for 2019. Roof repairs include (1) proactive, court-cycled work that is identified by our engineering consultant and (2) spot work arising out of unexpected damage reported by residents.

(1) Cycled Spot Work. In the last 2 years, this work fell behind the regularly cycle for paint and carpentry work. In 2021, the cycled roof inspection and work will resume anew with Courts 13-16. If the average cost/inspected unit of our contracted cycled work in 2021 for the 91 units in Courts 13-16 were in line with that of prior years, the cost would be $349. This is probably too high because: (1) a substantial amount of pro-active spot inspection work was done with the first cycled inspection in 2016; and (2) high priority work on some units will have already been done during 2092-2020 in Courts 15 and 16. I estimate that the actual cost/inspected unit is likely to be closer to $280. Thus, 2021 = [$280/unit (2016-2020 average)][85 units][1.05^2 (construction inflation between 2019 and 2021)] = $26,240.

(2) Unplanned Spot Work. If we assumed that the unplanned spot work will accrue to the uncycled remaining 267 Glen units in 2021 at the same average per-unit cost that it accrued to the uncycled remaining units in 2017-2019, the average cost/unit would be $42/unit = [$11,760 (2017) + $4,924 (2018) + $16,226 (2019]/[249 units (2017) + 279 units (2018) + 254 units (2019)]. This seems too high because proactive spot work has been going on since 2016. The actual cost/Glen unit is likely to be closer to $30. Thus, our estimate for 2020 unplanned spot work is [$30/unit (267 uninspected units[1.05^2 (inflation between 2019 and 2021)] = $8,831.

(3) Total Budget. Thus, our estimated total for 2021 = $26,240 (cycled) + $8,831(unplanned) = $ 35,071.

● **Damage Claims**. This account records four types of claims expense (debits): (1) expenses for property damage that is expected to be covered by the Glen's insurance; (2) payments to satisfy co-owner damage claims against the Glen that are not covered by insurance because they are less than the threshold, usually expenses under the Bylaws for the initial clean-up of sewer backups; (3) bills that are paid by the Glen in emergency situations (usually involving plumbing) but that must be reimbursed by the owner because the damage is an owner responsibility; and (4) claims against third parties for expenses that we paid but can be recovered by litigation, such as legal fees.

For 2021, Account 61370 Damage Claims would be budgeted at $9,825, in comparison to the $28,848 budgeted in 2020. The budget for 2021 is substantially lower than for 2020 due to the exclusion of any payments to Whiteford & Taylor for environmental litigation, which settled in July of this year. My estimate = the average of the prior 3 years, with unreimbursed Whiteford & Taylor legal bills excluded as an outlier.

● **Health Insurance**. Account 71070 Employee health insurance cost is budgeted at $29,300, in comparison to the $26,717 budgeted for 2020 and the $26,865 actually spent in 2019.

After our employees became unable to piggyback on Cardinal Management's plan in 2014, we have been providing them with high benefit, small group family coverage from CareFirst Blue Cross. This type of coverage has experienced higher than average rate increases after enactment of the Affordable Care Act in 2009. Examining the annual premium tables provided by Blue Cross, we can see that the cost of this coverage changes with the age of the insured, the number of dependents children under age 26, and the same hard-to-predict regulatory and market considerations that influence medical insurance cost in general.

This year, I abandoned trying to budget this expense by consulting broad-based predictions by government agencies or the historical data measured under various health care indices. Instead, I developed trend lines tracking historical changes in the premiums for: (1) our two employees and their dependents; and (2) what the premiums would have been without their dependents. These lines should capture the effect of age-dependent changes in the premiums, general inflation in the economy, and inflation in regulatory and medical costs that affect all providers. The lines closely fit the data. The slope of the lines shows that the premium is sensitive to the presence of a dependent, which is to be expected. I hope this is an improvement.

In 2021, the Glen will benefit from the fact that the premium paid for each employee will begin to decline when each employee's dependent adult turns age 26. I used the trend line equations to estimate the entire-year 2021 expense for both employees (a) with 1 dependent each ($32,649) and (b) on a self-only basis ($21,207). (Note the big difference.) I then weighted each estimate by the average of the months that the estimates will be in effect *before* (8.5 mos.) and *after* (3.5 mos.) each dependent turns age 26 that year . Thus, our estimate for 2021 = $32,649 (8.5/12) + $21,207 (3.5/12) = $23,126 + $6,185 = $29,300.

Reserve Contributions

● **Contingency Reserve**. Our contingency reserve is a part of what our accountant calls our "excess operating funds" (EOF) (contingency + unappropriated members equity). We try to equalize our contingency reserve with the funds in our contingency bank account and to equalize our unappropriated members equity with the funds in our checking operating account.

The auditor recommends that we maintain EOF of from 10-20% of our annual assessments. Our goal should be the upper range of 20%, which would provide a sound buffer against uninsurable disasters, dues revenue drops due to adverse governmental employment developments, and hidden property defects.

At the end of 2019, we fell well short of this goal, with an EOF = $205,483, as shown by the following table sourced to the Audit:

	2019	2018
Account 25620 Reserve/Contingency	125,880.00	146,936.00
Account 20410 Unappropriated Members Equity	111,830.30	111,957.01
Profit (Loss)	(32,227.00)	(29,574.71)
EOF	205,483.30	229,318.30

I recommend against trying to reach our EOF goal entirely by the end of 2021. Our shortfall did not accrue in one year, and it would be unduly burdensome to eliminate it all in one year. A large part of the shortfall would not have occurred without the unexpected legal fees that were incurred to deal with a groundwater pollution issue in a nearby shopping center across from Quaker Lane. In June, the litigation settled, and the Glen will receive $75,000 in legal fee reimbursement. The best strategy is: (1) to continue with the 2020 budget of $8,400 in 2021; (2) to allocate our recovery of legal fees entirely to our contingency reserve; and then (3) to make larger contributions after 2021 until our EOF reaches the desired 20% of assessments

●**Replacement Reserve**. The proposed 2021 budget would increase the scheduled replacement reserve contribution to $648,480 from the $631,955 budgeted in 2020 and 2019. The total contribution to reserves, including a conservatively estimated interest on existing reserves, would be $685,865, a 2.8% increase from the $667,184 budgeted in 2020.

In 2020, despite our need to reduce past funding deficits, we held our contribution steady (at the 2019 levels), with no increase to allow for future inflation, to keep the dues increase below 3%.

In 2021, we can, and should, resume our policy of growing our reserve contributions by about 2.8%/year to cover expected future replacement cost inflation and to make better progress toward erasing the reserve funding deficit that accrued in prior decades when reserve contributions were too low. As explained in greater detail below, the 2021 budget would do this.

Replacement Reserve Funding Needs

The Glen's replacement reserve funding is based on an exceptionally well-designed reserve study. Reserve studies estimate the depreciation that will accrue annually during the years included in the studies, based on estimates of: (1) the remaining useful-lives-to-replacement of the assets being studied (roofs, sewer pipes, etc.); and (2) the future costs of replacing the assets. Remaining useful lives estimated in reserve studies can be updated based on: (1) updated observation of wear and tear; (2) community preferences concerning how long it will tolerate foregoing replacement of assets that are still functioning but looking dilapidated; and (3) timing and project-bunching that will attract the lowest bids. Often overlooked is that depreciation accrues each year, noticed or not, and the amount of depreciation accruing in any given year may or may not equal what is actually spent for replacement in that year.

It is better to err on the upside of reserve funding than the downside. Estimation of useful lives and replacement values of assets like sewer pipes and slate roofs has some art mixed in with the science. While I believe that our 2018 reserve study is the best in the area, there may be understatement in some key areas: (1) it presumes that our Vermont slate roofs will last a full 100 years, rather than the 75 years estimated by the Arbor and the 60-80 years estimated by the Mews; and (2) it is difficult to estimate the huge costs that would be incurred if sewer pipes under buildings had to be replaced without less expensive re-lining or bursting. On the other hand, if we find that we have overestimated replacement needs, the funds will still be available for return to owners or the financing of upgrades.

Full funding of reserves (reserves = accrued depreciation) would greatly benefit the Glen. Full funding would ensure that transient earlier owners do not use-up the Glen's assets and leave their replacement cost to be borne by later owners, who would be faced with the unexpectedly large dues increases, special assessments or borrowing that would be necessary to preserve the quality of life in the Glen in its latter years. Full funding can be a selling point for home buyers. It can act as an insurance policy in the event of natural or man-made disaster. Fully funded reserves also (1) increase our ability to invest funds that may not be needed short-term in less liquid investments offering greater returns and (2) allow the Glen to contract for the batch replacement of assets at a lower unit cost.

The Glen needs to erase the reserve funding deficits of earlier decades and move toward full funding. In the Glen's early decades, fee increases lagged inflation, as less attention was paid to reserves than other matters. Also, the Glen started-out in the 1970's with no reserves donated by the re-developer, roofs that were in worse shape than those in other Fairlington associations, and larger trees that more rapidly degrade sewer laterals. In recent years, the Glen has been playing catch-up, increasing reserve contributions to reduce deferred maintenance, and raising the funds with fee increases rather than by special assessments or borrowing.

The Glen has been making progress toward fully funding its reserves, as shown by the table below:

	Audited Replacement Reserves End of Year.	Accrued Depreciation 2018 Study	Full Funding Percentage 2018 Study	Accrued Depreciation 2013 Study	Full Funding Percentage 2013 study
2015	1,888,332			6,661,857	28.35%
2016	2,286,644			6,890,342	33.19%
2017	2,486,732			7,036,347	35.34%
2018	2,717,615	8,242,927	32.96%	7,241,900	37.53%
2019	2,908,416	8,718,333	33.35%	7,598,808	38.27%

We will not be able to add years 2020 and 2021 to the table above until the audited data become available. We do know, however, that we will move closer to full funding of reserves every year that our gross contribution to reserves during that year exceeds the asset depreciation that takes place during that year + inflationary cost increases on prior year depreciation. The greater the excess, the faster we will overcome past deficits and attain full funding. For 2021, the total budgeted contribution of $685,865 (regular contributions + interest) for 2021would exceed the $601,824 (depreciation + replacement cost inflation) projected by our 2018 reserve study to accrue in 2021, so we would be making progress toward full funding of reserves.

Fortunately, the Glen should continue to be able to move gradually toward full funding of reserves without serious annual backsliding. In the absence of financial catastrophe for its residents, the Glen should be able to continue to make reserve contributions that exceed annual depreciation + replacement cost inflation. The movement may be faster in some years than others, but it will most certainly always be in the right direction. According to our 2018 reserve study, the Glen can attain 88.6% funding of its reserves in 20 years from 2018 (the time span of the projection) by maintaining a schedule of annual reserve contributions that exceed annual depreciation. If this seems like a long time, please be aware that the underfunding of reserves was taking place over an even longer time and that other area associations are experiencing the same, and sometimes far worse, problem with underfunded reserves.

Reserve Study Estimates vs. Actual Reserve Expenditures

Reserve studies provide an estimate of what we should add to reserves yearly to be able to replace our assets as they wear out. Over the term covered by a reserve study, underestimates of the replacement costs and useful lives of some assets are likely to be offset by overestimates in others.

But reserve studies are not designed to provide the last word as to when funds will be spent and work will be done. They are not a substitute for the detailed observation of the physical condition of assets and their rate of wear and tear. Nor can they predict changing preferences as to when assets should be replaced simply because they look dilapidated. Thus, the actual expenditures planned for any given year may not mirror the expenditures predicted in our latest reserve study.

Any Glen co-owner seeking a more detailed explanation of the Glen's planned reserve expenditures may contact me at MaynardDixon@verizon.net

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PROPOSED 2021 BUDGET

MANAGEMENT ACCOUNT	ACCOUNT NAME	2019 Balance After Audit	2020 Budget	2021 Budget
	INCOME			
30100	Assessment Income	1,651,296.00	1,698,527	1,754,089
30270	Interest	53,191.72	44,594	52,655
30290	Bad Debt Recovery	0.00	1,482	1,652
30171	Late Fees	1,175.00	1,666	1,612
30190	Pool Income	429.00	325	368
30260	Misc. Income	0.00	80	80
	Subtotal (30171, 30190, 30260)			
	Total Income	**1,706,091.72**	**1,746,674**	**1,810,456**
	ADMINISTRATIVE and MISCELLANEOUS			
51020	Postage	0.00	311	244
51030	Office Expense	2,341.00	1,780	2,071
51031	Copying/Printing	0.00	2,072	1,453
51050	Training & Education	0.00	31	100
51250	Entertainment & Social	203.15	60	100
51500	Misc. Expense	1,752.95	1,945	2,185
51550	Misc. Administrative	4,447.39	4,814	5,232
51110	Auditing, Taxes, and Accounting	7,050.00	7,150	7,250
51090	Legal Fees	12,602.89	17,500	17,500
51092	Legal Fee Reimbursement	(798.00)	(2,625)	(2,450)
51120	Management Fee	77,554.56	79,106	66,781
51125	Management Schedule B	6,875.96	9,435	8,282
51000	Telephone & Related	4,098.85	3,692	4,313
	Total	**116,128.75**	**125,271**	**113,061**
71050	**INSURANCE**	**78,286.37**	**79,279**	**86,193**
	EMPLOYEES			
51137	Management On-Site			30,576
61420	Maintenance Payroll	98,454.39	97,614	101,777
61301	Fed. FICA Tax	5,988.93	6,052	8,206
61308	Fed. Medicare Tax	1,400.66	1,415	1,919
61302	VA Unemployment Tax	17.59	22	175
61303	Fed. Unemployment Tax	83.99	84	168
71070	Group Insurance [Health]	26,864.88	27,617	29,300
61300	Payroll Administration	6,969.27	7,181	9,742

61360	Uniforms	196.10	450	800
61431	Temporary Help	3,100.00	5,500	5,500
	Total Payroll	**143,075.81**	**145,935**	**188,163**
	UTILITIES			
71030	Electricity	9,700.66	10,000	10,100
71010	Water/Sewer	190,194.19	189,679	196,083
	Total Utilities	**199,894.85**	**199,679**	**206,183**
	POOL COMPLEX			
61150	Pool Contract	39,117.00	39,899	41,350
61145	Pool Repair and Maintenance	5,874.96	10,080	8,974
61156	Pool Furniture	1,751.85	1,600	1,750
51258	Pool Committee	2,141.48	2,700	2,500
	Total Pool Complex	**48,885.29**	**54,279**	**54,574**
	LANDSCAPING			
61180	Landscaping Maintenance Contract	69,638.53	69,639	71,110
61188	Tree Service [after 2018 -- work related to maintenance and reserve projects]	2,580.00	3,000	3,000
61557	Landscaping Non-Contract	33,600.80	37,000	41,000
61570	Landscape Replacement [Damage from Contractor Negligence or Weather]	6,154.38	3,500	4,166
	Total Landscaping	**111,973.71**	**113,139**	**119,276**
	REPAIRS & MAINTENANCE			
61310	Exterior Painting	93,823.94	90,270	113,233
61284	Carpentry	57,531.86	30,406	40,589
61200	Property Repairs	24,235.28	32,000	32,000
61460	Roof Repairs	9,729.50	31,514	35,071
61010	Vehicle Expenses	771.70	965	952
61247	Playground Equipment	136.88	10,400	2,000
51106	Professional Fees	52,124.00	34,881	15,227
	Total Repairs & Maintenance	**238,353.16**	**230,436**	**239,072**
61370	**DAMAGE CLAIMS**	**25,538.30**	**28,848**	**9,825**
	SERVICES PROVIDED MAINLY BY CONTRACT			
61240	Exterminator	3,728.00	3,490	3,395
61581	Snow Removal	8,465.94	9,077	9,047
61250	Trash Removal	68,216.08	68,839	68,953

	Total Contracts	**80,410.02**	**81,406**	**81,395**
50400	**BAD DEBTS EXPENSE**	**1,258.00**	**3,453**	**3,179**
	INCOME TAX ACCOUNTS			
71140	Income Taxes	**12,137.00**	**9,365**	**15,270**
95000	Provision for Income Taxes			
	TOTAL EXPENSES	**1,055,941.26**	**1,071,090**	**1,116,191**
	RESERVE CONTRIBUTIONS			
90000	Replacement Reserve	631,956.00	631,955	648,480
90005	Replacement Reserve Interest	42,021.46	35,229	37,385
	Contingency Reserve Accounts Used			
90032	--Transfer to Reserves Phase II			
90061	--Contingency Reserve	8,400.00	8,400	8,400
	Total Reserve Contributions	**682,377.46**	**675,584**	**694,265**
	GRAND TOTAL EXPENSES	1,738,318.72	**1,746,674**	**1,810,456**
	BALANCE OF INCOME AND USES OF INCOME **(- DEFICIT)**	**(32,227.00)**	**0**	**0**

PROPOSED FEED SCHEDULE

The fee schedule in the table below is derived by taking the revenue to be raised from assessment income alone in 2021 ($1,754,089), multiplying it by the ownership percentage of each model, dividing by 12, and rounding to the nearest dollar. Due to rounding, the percentage changes in assessments experienced by differing unit types may differ year-to-year from the overall average percentage change (3.3% in 2021), but the differences will not accumulate:

Unit Type	% Ownership	2020	2021
Arlington	.00379	$536	$554
Barcroft (I)	.00243	$344	$355
Barcroft (E)	.00250	$354	$365
Braddock (I)	.00195	$276	$285
Braddock (E)	.00202	$286	$295
Clarendon (I)	.00297	$420	$434
Clarendon (E)	.00304	$430	$444
Dominion	.00351	$497	$513
Edgewood (I)	.00263	$372	$384
Edgewood (E)	.00270	$382	$395

FAIRLINGTON GLEN CONDOMINIUM
PLANNING CALENDAR
2020

JANUARY

CMG Contract Auto Renews	1/01
Fiscal Year Begins	1/01
CMG Closed – New Years'	1/01
Board of Directors Meeting	**1/14**
Obtain Roof/Gutter Spot Maintenance Proposal – Cts. 13-16	
Review Reserve Study items and seek bids	

FEBRUARY

Board of Directors Meeting	**2/11**
Manager Vacation	2/14-17
CMG Closed - President's Day	2/17
Schedule 2nd Quarter Meeting Rooms	
Bid Out Painting Contract – Cts. 13-16	
Begin Audit	

MARCH

Board of Directors Meeting	**3/10**
Begin Pool Season Planning	
Landscape Walk-Thru	
Spring Clean Up Begins	

APRIL

Manager Vacation	4/06-10
Board of Directors Meeting	**4/14**
Invite Legal Counsel to Board Meeting	
Community Clean Up Day	
Inspect Pool Deck and Furniture	
Inspect Pool Whitecoat	
Turf Mowing Begins	
Order Staff Uniform Shirts (Summer)	
Finalize Audit	

MAY

Board of Directors Meeting	**5/12**
Pool Opens	5/23
CMG Closed - Memorial Day	5/25
Inspect Playground Equipment	

JUNE

Pool Party	TBD
Pool Party (Rain Date)	TBD
Board of Directors Meeting	**6/09**

JULY

CMG Closed - Independence Day (Observed)	7/03
Manager Vacation	7/02-07
Board Approves Draft Budget	7/14
Board of Directors Meeting	**7/14**
Smoke Detector Check (B Bldg.)	

AUGUST

Newsletter
-- present 2021 budget
-- call for candidates
-- Announce Community Forum date in September

Board of Directors Meeting	**8/11**
E-mail transmitting letter:	8/20

(1) officially announcing budget by reference to budget in August newsletter; (2) explaining procedure for submitting amendments; and (3) soliciting candidate profiles.

Invite Insurance Agent to September Board Meeting

SEPTEMBER

Newsletter: Annual Meeting Information	
Budget Amendments to President	9/01
Candidate Profiles Due	9/01
Community Forum (at Pool)	9/03
Manager Vacation	9/04-07
CMG Closed - Labor Day	9/07
Board of Directors Meeting	***9/08**
-- Board considers budget amendments, if any	
End of Season Pool Party	TBD
End of Season Pool Party (Rain Date)	TBD
Volunteer Appreciation Night (at Pool)	TBD
Pool Closes	9/27
Insurance Package Expires	9/24
CAY Application Deadline	9/30
Execute Snow Plowing Contract	
Order Staff Uniform Shirts (Winter)	

OCTOBER

Newsletter: Annual Meeting Information	
Vote-Now Comprehensive Meeting Packet	
Mailed NLT	10/08
Manager Vacation	10/9-12
Board of Directors Meeting	***10/13**
10/13	
Winterize Buildings NLT	10/31
Leaf Removal Begins	
Confirm Electronic Voting Arrangements	
Landscape Walk-Thru	
Execute Grounds Contract	

NOVEMBER

Newsletter: Annual Meeting Information	
Annual Meeting	***11/05**
Mail Assessment Notice & Budget	11/09
Board of Directors Meeting	***11/10**
CMG Closed - Thanksgiving	11/26-27
Leaf Removal Continues	
Adopt FY21 Budget at Annual Meeting	
Staff Health Insurance Renewal	
Process Staff Year End Bonuses	
Process Staff Increases	
Schedule Staff Christmas Luncheon	

DECEMBER

Board of Directors Meeting	***12/08**
Mail Coupons NLT	12/15
CMG Early Closure – Holiday	12/24
CMG Closed – Christmas	12/25
Landscape Contract Expires	12/31
Leaf Removal Ends	

Notes:

- FHA Certification – ID P007339 001, expires 5/8/2021
- Professional inspection of playground equipment every even year in May, not to exceed $500.
- Board Meets the 2nd Tuesday of every month
- Treasurer prepares budget and gives to Board
- Membership must approve budget annually.
- *Meetings pending confirmation of meeting space/subject to change. FCC will only approve reservations 3 months in advance.
- Trash Contract expires 11/30/2022
- Pool Contract expires 12/31/2020

Fairlington Glen Contact List (June 2020)

BOARD OF DIRECTORS: Meets second Tuesday of the month

President	Charlie Robbins	3534 S. Stafford	703-907-9842	cbrobbins63@gmail.com
Vice President	Bill Layer	4110 S. 36th	703-933-9197	wlayer@aol.com
Treasurer	Maynard Dixon	4316 S. 35th	703-379-9786	MaynardDixon@verizon.net
Secretary	Jeremy Wiedemann	4172 S. 36th	323-434-3260	jmwiedemann.fairlington.glen@gmail.co
At Large	TJ Doyle	4134 S. 36th	202-306-5291	tj.doyle.fairlington.glen@gmail.com

COURT REPRESENTATIVES GROUP (CRG): Meets as called

Chairperson	Michael Wells	Court 7ddddddddd		
1 (27 units)	Allison Merhaut		412-996-7518	allison.merhaut@gmail.com
2 (26)	Thora Stanwood	3551 S. Stafford, #A1	703-998-7812	thorastanwood@gmail.com
3 (27)	Daniel Oakley	3561 S. Stafford	704-996-2231	daoakley@gmail.com
4 (23)	Jason Ford	4129 S. 36th	314-495-6525	jkeepgoing@gmail.com
5 (17)	Florence Ferraro	4118 S. 36th, #B2	703-927-6950	fdferraro1@verizon.net
6 (24)	Jeremy Wiedemann	4172 S. 36th	323-434-3260	jmwiedemann.fairlington.glen@gmail.com
7 (16)	Michael Wells	4208 S. 36th	571-429-1018	mike_8453@yahoo.com
8 (16)	Barbara Dean	4206 S. 36th	703-379-1368	mauriceverda807715@yahoo.com
9 (22)	Roxanne Sykes	3513 S. Utah	703-567-4865	roxannesykes@comcast.net
10 (25)	Carol Goodloe	4343 S. 36th	703-379-7260	cagoodloe@comcast.net
11 (22)	**VOLUNTEER NEEDED**			
12 (22)	Lori Derkay	3566 S. Stafford	703-379-2895	lori.derkay@outlook.com
13 (23)	Charlie Robbins	3534 S. Stafford	703-907-9842	cbrobbins63@gmail.com
14 (14)	Ellen McDermott	4206 S. 35th	703-575-7864	ellenmcdermott@yahoo.com
15 (36)	Mike Hahn	4270 S. 35th, #A2	703-578-3138	mhahn10262@cs.com
16 (12)	Maynard Dixon	4316 S. 35th	703-379-9786	maynarddixon@verizon.net

Other Coordinators and Committee Chairs:

Archivist	Maynard Dixon	4316 S. 35th	703-379-9786	maynarddixon@verizon.net
Basketball	Patrick Murray	4144 S. 36th	703-945-5224	pgmurray@att.net
Finance	Maynard Dixon	4316 S. 35th	703-379-9786	maynarddixon@verizon.net
Glen Echo	**VOLUNTEER NEEDED**			
Landscape	Tina Collier	3581 S. Stafford, #A1	864-325-9004	glenlandscaping@gmail.com
Pool (co-chairs)	Lori Derkay	3566 S. Stafford	703-379-2895	lori.derkay@outlook.com
	Carol Goodloe	4343 S. 36th	703-379-7260	cagoodloe@comcast.net
Tennis	Will Smith	3525 S Utah	703-578-1076	willregina@verizon.net
Variance	Greg Lukmire	4234 S 35th	703-795-5865	glukmire@verizon.net
Yahoo	Alison Trimble	4280 S 35th	703-931-7096	alisont@comcast.net
Onsite Staff	María Castro and Nelson Ordoñez		703-820-9567	fairlingtonglenstaff@hotmail.com
Property Manager	Candace Lewis, Cardinal Management Agent		703-565-5244	c.lewis@cardinalmanagementgroup.com
Site Manager	Vicky Moore		703-999-0426	FGLsitemanager@gmail.com

EMERGENCY NUMBER **(after business hours and on weekends and holidays)** **866-370-2989** ***NOTE: The Glen does not retain contractors for, or allow staff to undertake, repairs that are a co-owner responsibility under its Bylaws (such as sink back-ups), absent emergency where the co-owner is unable to act (disabled, out-of-town, etc.).***