



The Glen Echo

Newsletter of Fairlington Glen

October 1, 2020

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Editor Needed

When Jay Yianilos, the Glen's newsletter editor 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 is a good 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 newsletter, sign up for Glen Alerts via the Glen's website. Your e-mail address will be used only for official Glen business.

Annual Meeting Mailer Coming – PLEASE Vote Without Delay

By October 8, 2020, we will have mailed the Annual Meeting package to the owner addresses that we have on file. When you get this package, please open it immediately and vote – electronically or by paper proxy. Please do not put the mailer into a pile of papers where it will be forgotten.

We absolutely must make quorum. All sorts of bad things can happen if we cannot, ending with the placement of our residences into receivership.

Our quorum requirement is only a tiny 25% of the owners, yet we sometimes do not find out whether we have made quorum until we are uncomfortably close to the meeting date. We need to do better.

Answers to Questions About Budget Proposed for 2021

A concerned and astute owner asked us to address questions about the proposed budget. The questions, with some number re-formatting for clarity, and the answers appear below. To protect the privacy of the owner, the identity of the owner of the owner does not appear. The answers were prepared by the Glen Treasurer.

- The HOA fee for Interior Clarendon has gone up approximately 20% since 2014. Was 363, proposed 434 in 2021.

Here are the reasons:

1. Inflation. As Jeremy reported, our costs can be expected to rise by at least the general rate of price inflation. Actually, our maintenance related costs have been rising at a faster rate that can be expected in the booming construction sector. A good proxy for this rise is the Turner Construction Cost index, which rose by 17% between 2014 and 2019 (more if 2020 were available). The increase in the health insurance care cost for our employees between 2014 and 2019 has been an even greater 50%.

2. Aging Community. Maintenance costs (apart from replacement costs) are going to rise as a community ages; and, if a community wants to keep looking good, dues will have to be raised to cover these costs. Our initial plant was built in the 1940s, and the improvements added in the mid-1970s conversion are wearing out. Our maintenance work can no longer be supervised by a lone management agent and volunteers; so we had to budget for an onsite manager to assist our Cardinal portfolio manager. Without this expense, the fee increase for 2021 would have been only about 1.8%.

3. Underfunded Reserves. Our 2013 and 2019 reserve studies both found that our reserves are not fully funded (reserves less than accrued depreciation). In the August 2020 newsletter, I discuss the significant benefits of fully funded reserves. The most significant benefit is that it imposes the cost of assets depreciation on all residents who benefit from them -- past, present, and future. In the early years of the Glen, little was added to reserves, even though our assets were wearing out and would eventually have to be replaced. Consequently, our transient residents enjoyed lower dues levels, moved out, and passed-off the cost of replacing our assets onto residents who live here now. For we who live here now, we owe it to future residents to avoid the same mistake. The best way to do this is by slowly moving toward full funding over a long period (say 20 years). This will avoid imposing the cost of assets that we are using-up on future residents.

- **Reserves**

1. Would you clarify where Reserve money is being spent for the new fiscal year?
 - a. Roofs, fencing, parking lots?
 - b. how much is being on each project?

I do not anticipate that 2021 will be a heavy planned expenditure year. We will be doing parking lot work. I also anticipate brick work and replacement of the pole light trench wires and fixtures. We do not have contracts or bids for these projects yet. There will also be the inevitable unplanned spot replacement work, as asset like sewer pipes unexpectedly need to be replaced.

The question, however, may reveal a common misconception about how reserve projects are planned and financed. Reserve projects are planned and budgeted long term, not on a yearly basis. Our assets continue to wear out even if their actual replacement dates are quite a ways into the future. Our reserve study tells us how quickly our assets are wearing out and can provide an approximate date for the end of their useful lives, but it does not purport to tell us when we will actually be doing the work and exactly how much that work will cost. The timing and cost of each project will vary according to the deals that are available, the urgency of the work, and the management resources that can be devoted to the projects. This means that the Board cannot, during year 1, decide that the Glen will be spending a total of \$ _____ on reserve projects and then in year 2 add only that amount to our reserves to cover the cost.

2. Were estimates obtained from 3-4 professionals for each reserve project?

No. The estimates are provided by our reserve study. The actual cost of the projects may turn-out to be more or less than the estimated costs; but, if the reserve study is well done, the overestimates will tend to balance out the underestimates.

a. I am looking for the basis for the budget figures -- for each project mentioned.

You will not find this in the yearly budget. Our budget – the one we approve at the annual meeting – is a budget for operating expense accounts, not actual annual reserve projects. The budget for our reserve expenses is our reserve study – it tells us what we should add to our reserves annually in order to ensure that we are able to replace our depreciable assets at the approximate times that they will have to be replaced.

b. Other Fairlington HOAs get estimates as the basis for projected expenditures.

My understanding is that the other HOA's do things the same way we do, relying on their reserves studies for their long-term reserve expenditures budgets. Our reserve study is likely the best in the area. A while back, Bill Worsley and I examined a few of their reserve studies and concluded that they excluded major depreciable assets. One of the associations did not do a reserve study at all, despite the statutory requirement to do this every 5 years.

3. I don't believe it snowed in the Glen last winter. Where is money that was allocated for snow removal and de-icing supplies being credited back to home owners?

Our budget develops only an estimate of what we think will be required for a hard-to-predict expense like snow removal. Budgets commonly overestimate or underestimate what will actually be spent on the various line items. When there is an overestimate for a particular line item, we do not put the surplus into a special fund to reimburse owners. Instead, overestimates offset underestimates; and, if they are not equal (as they seldom are), the result will be a surplus or a loss. If we find that we have been consistently overestimating or underestimating a line item in our budget, we change our estimates for the succeeding year.

a. It seems included in the total amount of projected operating expenditures, but shouldn't that unused money be piggy banked from last year for use this year?

No. To understand why, suppose we were to underestimate the budget and there was a monster snowstorm. Under your approach, to be consistent, we would have to raise dues retroactively to cover the shortfall.

- b. Are we being charged again for snow removal this year.

We are budgeting for snow removal in 2021 even though there may be no snow in 2021. The budget for snow removal is based on a historical average of prior years. To be safe, we come up with our best estimate of what the cost is most likely to be, and we budget that amount, even though we know that the actual amount spent that year will most certainly turn out to be more or less than the amount budgeted. If our estimation process is accurate, the surpluses will cancel out the deficits over the long term. This approach is sound when we budget for expenses that are influenced by factors that cannot be predicted, such as weather.

● **Proposed 2021 HOA Increase**

1. Other Fairlington HOAs are not increasing their dues: We are in a pandemic. People are losing their homes and jobs, and being affected in many, many critical ways. I agree with those other Boards that this is not the time to raise taxes on people and strongly urge the Glen to work in concert with our neighboring associations to reduce financial burden on owners and residents at this time. The Glen can afford to get all its obligations fulfilled for 2021 without adding undue burden:

- a. **Arbor Board** approved no HOA increase
- b. **Mews Board** approved no HOA increase
- c. **N. Fairlington Board** approved no increase

These have indeed been trying times. Fortunately, our residents, unlike residents of some other areas of our nation, are not, as you say, “losing their homes and jobs”. Our last management report showed that only three owners were behind in their dues, and one of the three was not actually behind in his own payments but owed the Glen for dues that were not paid by the prior owner. Most of our owners are either working (from home if allowed) or retired. About 25% are absentee landlords, who can sell if they get behind.

Also, our association dues are not like “taxes,” where the money that is taxed will be spent on things that do not benefit the people paying the taxes. All of our dues benefit our co-owners one way or another and thereby preserve our property values. You note that 3 of our 6 sister associations have opted for no dues increase; but a good case can be made that the hold-downs will hurt these associations in the long run. While they are in effect, their properties are continuing to depreciate, and replacement costs continue to rise with inflation. Maintenance that is deferred gets more expensive to fix the longer it is postponed. If their dues hold-downs continue, these associations will surely face special assessments or borrowing. Before our neighboring associations stopped posting financial information about themselves on their websites, I discovered that a few of them had imposed special assessments. The Glen has never had to resort to these sources of funding.

We could have held our dues down and still fund maintenance and depreciation – if we had reduced discretionary expenditures like landscape, the pool, and employee health care. When anybody has proposed cutbacks in these areas, the push-back has been great. This year, for example, I briefly floated the idea of not opening the pool due to the COVID problem. -- I'll never do that again .

2. This seems to be driving up our HOA taxes and costs:

- a. It is stated, “The best approach ... is to budget long-term...even though individual years will come-in too high or too low.” **The question here is how the budget is reconciled each year. high or low. If too highly budgeted the following year should require less, correct?**

If we are consistently running surpluses over a span of years, rather than just a single year, we should indeed adjust our dues levels downward. But we have been incurring losses overall since 2015 due to rising maintenance expenses, legal costs, employee medical insurance costs, and lower interest rates on our reserves. So, under your approach, we should be requiring more.

b. "... I have relied on trend lines, or historical averages" ... "I have used this approach for health care costs, certain administrative expenses, and pool repair." **Wouldn't it make sense to get actual data for these costs? These are verifiable costs each year. There's no need for projections and speculation that create increases in HOA dues. I manage a \$52M budget and I get actual costs for the following year's budget.**

Trend lines and historical data are based on verifiable historical costs. If a line closely fits the data, that is evidence of a trend.

c. **Uniform costs? For whom?**

We incur this comparatively small expense because we want our residents to recognize our three employees.

d. **How will Vicky's resignation affect the budget?**

It will not affect the bottom line because we will be hiring a replacement that will cost the same. The replacement will be a Cardinal Management employee rather than (as Vicky was) a Glen employee; so the amount posted to Account 51137 Management On-Site will drop during 2021, and the amount posted to Account 51120 Management Fee will increase. In 2022, the budget will not have line item for Account 51137 Management On-Site.

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

i. **Almost 10K to photocopy documents?**

See the next response.

ii. **Why a trend line to estimate photocopies?**

The \$9,435 is not budgeted for photocopying. It is the budget for Account 51125 Management Schedule B charges, which include a whole slew of special charges imposed by Cardinal Management Company under our contract with them. The best way to budget for this account is by using a trend line. Photocopying is budgeted in Account 51031 Copying/Printing.

iii. **What was the **actual number** of photocopied documents in 2020, and the **actual costs**?**

The actual, audited photocopying expense for 2020 will not be available until next year. The audited expense for 2019 was \$2,341.00. We do not track the number of copies – the cost and effort involved in doing this would not be worthwhile.

Glen Hit by Insurance Cost Spike but Escapes Disaster

When we finalized our budget for insurance cost for 2020, our claims record was (and remains) superb. We knew that there were developing problems with inner city turmoil and COVID; but we had no way to know for sure the extent to which they would affect insurance rates. At that time, our insurance agent estimated that our total insurance cost would rise from its 2019-2020 level of \$81,174 to about \$86,193; and we selected her estimate for our Account 71050 Insurance total budget for 2021.

Nobody could have predicted the huge increases that the larger carriers were attempting to impose on their customers, using the aforementioned problems plus western wildfires as a justification. You can imagine the shock when, in early August, Travelers, the Glen's longtime main-package insurer, demanded a premium that would have increased our \$81,174 total insurance cost by \$57,649 -- to \$138,823. The most likely explanation is that the larger carriers serving high risk areas are attempting to increase the premiums of their low risk clients in order to subsidize the cost of serving their high-risk areas.

Fortunately, just before our September Board meeting, Rockingham, a smaller insurer serving Virginia, submitted a main-package policy bid that increased our total insurance cost to only \$101,549. Rockingham was no doubt able to bid this low because Virginia is a state with fewer of the cost-increasing risks borne by the larger carriers. Even this lower bid will put us \$15,356 over our proposed 2021 Account 71050 Insurance budget of \$86,193; but this increase alone will not throw our overall budget into deficit because we recently discovered that we will be receiving extra income that will exceed the overage in our Account 71050 Insurance budget.

Kudos to Board Secretary Jeremy Wiedemann for not taking Travelers quote as the final word and working with our insurance agent and our property manager to find this alternative.

Log-in to the Glen Annual Meeting

The Glen's 2020 Annual Meeting will be held on Thursday, November 5, 2020, at 7:00 pm. Due to restrictions on meeting in person because of the COVID-19 virus, we will be holding our annual meeting online, using the ZOOM app. Instructions on how to log-in to this meeting will be provided in a meeting package that will be mailed in October.

Because the meeting will be held online, voting will be different than it was in the past, when we could vote in-person, or turn-in proxies, at our meetings in the Fairlington Community Center. This year we will have to vote *before* the day of the online annual meeting. Here is how it will work:

(1) we will first vote online or by proxy by the required deadlines (to be announced in the mailed meeting package); and

(2) then, on November 5, 2020, we may log-in to annual meeting at 7:00 pm to hear the results of the voting and to dialog with each other.

More detailed instructions on how to vote and voting deadlines will be included in the October mailed meeting package.

Poll of Community About Lawn Chairs

As explained in last month's newsletter, the Board has resolved to poll the entire community on whether it wants to allow residents to keep lawn chairs outside their units during the summer months. The poll will be added to the Glen's November 5, 2020 annual meeting mailer. 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.

If our residents vote to proceed with rule relaxation in this matter, the newly elected Board will have to work out the details about style, number of chairs, dates, etc. One of those details may be adding provisions to our landscaping contract to provide for left-out chairs and to pay the landscaper for any added costs connected with them. The new Board would likely appoint a committee to work-out these details, including whether we want to increase our landscaping budget to cover any costs incurred by the presence of chairs during mowing.

As an experiment that will give residents a taste of how the Glen might look if lawn chairs were left out for extended periods, the Board in July suspended 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.

Letter from Landscape Committee

Hello Glen Residents,

Great news...our aeration and seeding are done! We are lucky to have gotten rain the night before, so the soft ground will be ripe for hardy germination. The weather is cool, perfect. Now we need a shower or two to seal the deal. Please water your space if needed. Additional fertilizer will go down late this month.

We have had to take down 3 county trees and several small Glen trees recently. Always sad to lose trees, but necessary, and continual. Most of these will be replaced this fall, along with the addition of shrubs, perennials, etc. We continue to play catchup on pruning.

Please consider displaying mums and then planting!! So cheap, so many colors, so fall.

If you are a red reflector resident, we are counting on YOU to take care of your space. That includes trimming shrubs, cutting back perennials, and weeding. Need help? Please send an email to glenlandscaping@gmail.com.

HAPPY FALL Y'ALL!!!

Landscape Committee

**FAIRLINGTON GLEN CONDOMINIUM
PLANNING CALENDAR 2020**

JANUARY

CMG Contract Auto Renewals 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.com
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. 35 th	703-575-7864	ellenmcdermott@yahoo.com
15 (36)	Mike Hahn	4270 S. 35 th , #A2	703-578-3138	mhahn10262@cs.com
16 (12)	Maynard Dixon	4316 S. 35 th	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	wilregina@verizon.net
Variance	Greg Lukmire	4234 S 35th	703-795-5865	glukmire@verizon.net
Yahoo	Alison Trimble	4280 S 35 th	703-931-7096	alison@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.).*