

# Committee Reports

## **MEMORANDUM**

TO: Board of Directors  
FR: A&PB  
DA: January 13, 2022  
RE: Committee Report, February 2022

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### **Community Room Renovation**

- Dominion Surveyors was on site Tuesday, December 14 at 9am. They have created the plat/plan map of the area surrounding the Association building. This document is required by the City and will be submitted as part of the construction documents for the renovation.
- We have met with an architect to discuss a scope of work that includes the development and submission of the required construction documents as well as engagement on an as-needed basis to address any issues that may arise during construction.
- We have met with a stone mason to discuss the patio installation. As no City permits are required for the patio installation, we are hopeful that this part of the project can be underway no later than early February. We are working closely with Management to facilitate the purchase of materials and other preparatory work.

### **Specification Review**

- In your Board packet are the revised specifications for replacement front doors and front door hardware. Included with the specifications are a new application form and a new application checklist. Both of these documents are tailored specifically to the associated specification(s). This is the format we plan to use for all specification packages moving forward. We believe this approach is user-friendly while also providing enough detailed information to owners wishing to make changes to their units to, hopefully, mitigate as much as possible any confusion and misinterpretation of the rules.
- The specifications are in both red line form so you can easily see the revisions and in a clean draft with all revisions accepted. Please note, we have added guidelines for Keyless entry hardware, video peepholes, and video doorbells.
- We are currently working on specifications for washer/dryer and dryer vent installations; limited common element patio/deck; and replacement windows.





## Building & Utilities Committee (BUC) Monthly Report

December 2021

12 January 2022

### Summary of BUC activities during the past month:

On 8 December, the Building & Utilities Committee (BUC) held its monthly meeting. During this meeting the BUC members (including our Board Liaison) discussed the draft Threshold Valuation Report amongst ourselves and with those attending (including members of the PFX BoD. The Threshold valuation report and presentation was a major deliverable of phase 1 of the three phase Laundry Room Conversion Study. The meeting also included discussion of the importance of the Project Charter and that we need the BoD to approve it. Jim our Board Liaison shared a summary of questions on the charter. All other issues were tabled for the discussion on the overall Laundry Room study.

On 13 January, the BUC held it's first meeting of the new year and welcomed some new pending members. Of the new members (Sean McEneaney, Thomas Berens, Laura Wheeler, and Erin Weeks), Erin Weeks was able to attend. The remainder plan to attend at our next BUC meeting (26 Jan). This was a productive meeting approving the Threshold Valuation Report, Threshold Valuation Presentation, and Change 1 to the Laundry Room Project Charter. The change was made to clarify the phased approved of the study to the BoD. The BUC also has begun to lay the ground work for phase 2 of the charter (location of the 20 rooms). Last, the BUC reviewed the issue/concern list and is beginning to develop prioritization criteria for that list.

### Summary:

- The BUC approved the 8 December Meeting Minutes for submission to the PFX BoD.
- The BUC approved the Threshold Valuation Report.
- The BUC approved the Threshold Valuation Presentation
- The BUC approved the Laundry Room Conversion Study Project Charter change 1.

For additional details on these meetings, refer to the BUC Meeting Minutes (as submitted)

### Problems encountered / Assistance requested:

None

### Number of members and visitors (by name) at the last BUC meeting:

8 December 2021	13 January 2022
Chuck Lunati (Chair) Elaine Lawler (Recorder) Lydia Riabtsev (Member) Jill McClure (Member) Jim Konkel (Liaison) Dave Bush (Guest/BoD) Patty Clancy (Guest/BoD)	Chuck Lunati (Chair) Lydia Riabtsev (Member / acting recorder) Jill McClure (Member) Erin Weeks (New Member) Jim (Liaison)

*Elaine Lawler (Recorder), Laura Wheeler, Thomas Berens, & Shawn McEneaney could not attend the 13 Jan 22 meeting*

BUC Monthly Report  
December 2021

**Plans for the coming month:**

- Development of Prioritized Issue/Concern List
- Phase 2 of the Laundry Room Conversion Study (Room Location)

**Itemized listing of expenditures (if any):**

None

**Itemized listing of income (if any):**

None

**Recommendations or proposals (if any) with supporting rationale:**

None.

**Other Information:**

None

# Laundry Room Conversion Study Project Charter

November 2021

## Problem Statement:

Parkfairfax (PFX) has until 2023 to make a decision to attempt to continue the status Quo with another vendor or initiate changes in regard to the community's utilization of the current PFX Laundry Rooms due to proposed contract changes by the current vendor. The Building and Utilities Committee (BUC) will evaluate the threshold value of sustainable laundry room machines, trends in regard to current use and to assess alternatives in order to make recommendations to the Board's consideration/implementation.

## Description:

The current Laundry Room Lease Agreement between PFX and Mac-Gray Services Inc., expires on November 5, 2023. Before that lease expires, PFX must evaluate whether or not continuing with the new lease structure with the current vendor is the right decision for the community. If some laundry rooms would need to be converted by adopting the new lease structure, many alternative uses may need to be evaluated, which gives PFX an opportunity to perhaps choose a different or modified use of these rooms over the next decade. Examples for alternatives that the BUC is currently aware of include: renegotiating the lease agreement with the current vendor, bidding out the contract to possibly find an alternative vendor, having PFX choose to purchase and maintain the laundry rooms in-house and maintain the machines as a capital investment, or reduce the footprint of actual laundry rooms and convert some/all Laundry Rooms to other uses such storage rental cages, more bike storage, workshops, mini gyms or yoga rooms, and additional storage for PFX main office.

## Background/Reasons for the Project:

- Initially, the PFX Board had proposed a possible directive to the BUC to evaluate Laundry Room Conversions to Storage Rooms (July Board Meeting).
- Since then, and after the inaugural meeting of the newly reformed BUC, the PFX Board has directed the BUC to evaluate the existing vendor's proposed Lease option to establish a threshold of sustainable laundry room machines without having to pay monthly fees to cover the base income of \$37.50 per machine per month (October Board Meeting).
- There has been a trend toward more units applying for the installation of in unit laundry. At this point the estimate is that at least 75% of the units already have applied for and installed private laundry in their units. The community's Laundry Rooms, Storage Rooms, number of units without a laundry hook-up, and the Laundry Room Lease agreement are linked in a complex relationship and must all be considered. This topic has some history; Per Mr. Scott Buchannon (July Board meeting), "Two years ago the plans for capital improvements included; 160k for Laundry Room Windows/Storage".

## Laundry Room Evaluation 2021

- Several residents (including members of the BUC) have also reported mold issues and lack of ventilation with the storage rooms. This further complicates the examination of conversion in that the mold/ventilation issue may need to be addressed without making storage issues worse. This may be a consideration for prioritization of maintenance and/or conversion.
- Apparently, there is data and previous study efforts:
  - During the 14 Oct 21 BUC meeting, the BUC liaison (Jim) said that last year the PFX portion of profits on the current Laundry Room Lease Agreement was \$25k but that the vendor has proposed changing the terms on renewal in 2023 to require a base rate of \$37.50 per machine per month (Breakeven number) before any profit sharing with PFX would begin. The paperwork the BUC received states that the current lease has the lessor paying PFX 57% of revenue after basic expenses. If PFX received \$25k last year, then the net for profit sharing was roughly \$45k (\$25k is 57% of roughly \$45k). So, if this is accurate, PFX will likely owe the vendor money if the current lease is renegotiated with a new base of \$37.50 per month/per machine (\$93,600 annually).
  - Revenue calculations on Laundry Machines include:  
 $\$45,000 \text{ gross} / 208 \text{ machines} = \$216 \text{ income per machine per year}$   
 $\$216 \text{ machine yearly income} / 12 \text{ months} = \$18 \text{ per machine per month}$   
 $\$18 \text{ machine monthly income is roughly } 10 \text{ loads per machine each month.}$
- Further Facts & Assumptions need to be collected such as:
  - Revenue from "Paid Storage" Room Fees are: \_\_\_\_\_ TBD \_\_\_\_\_
  - Historical Cost of Previous Conversion is: \_\_\_\_\_ TBD \_\_\_\_\_
  - Maintain Costs: \_\_\_\_\_ TBD \_\_\_\_\_
  - Maps of facilities (Laundry Rooms) were requested from Mr. Bush and PFX / they are now available for BUC analysis. Geographic distribution may be considered to the maximum extent possible.
  - The BUC may need to collect other known facts and assumptions associated with this project that include, but are not limited to: surveys, communications, development of demand signals, evaluation of threshold and/or breakeven costs, an estimated income to PFX if some laundry rooms were converted to additional cages for rent, market analysis of the average cost of renting a comparable size unit at public storage competitors in this area, projections on the return on investment for converting laundry rooms to storage cages, collection of storage/Laundry room condition data from PFX and evaluate it, peer-storage vendor baseline cost and revenue, etc. All of these considerations could significantly increase the project duration.

## Project Vision:

### Project Goals & Objectives:

- The goal of the project is to determine the feasibility of Laundry Room Conversion to Storage Rooms. The approach that the Project manager has selected is a cost benefit analysis (CBA) feasibility study. His reference for the approach is the Army's CBA guide ([www.asafm.army.mil](http://www.asafm.army.mil))
- Objectives include:

## Laundry Room Evaluation 2021

- **Objective #1:** Collect initial data; formulate “critical questions; and, formulate facts, assumptions, and constraints”. Gain approval from the Board for additional survey data (if necessary) based on this approach.

- **Objective #2:** Define Alternatives:

> Determine the projected cost and potential risks of maintaining the status quo (Continuing the Current Contract) and the Breakeven (Threshold) of a sustainable laundry machine alternative. The “Threshold Value” is of immediate concern and will be provided to the PFX Board as soon as it is available.

> Define all potential alternatives (e.g. convert all laundry rooms to storage rooms, partial conversion to storage rooms, Conversion to workshops, “mini-gyms”, bike storage, etc.) with general descriptions.

> Eliminate infeasible alternatives and select up to the “top three” most beneficial options.

> Describe second and third order effects (cause and effect) for the selected alternatives.

- **Objective #3:** Develop Cost Estimate for each Alternative

> Define all costs associated with maintaining the status quo capability (e.g. the cost of an alternative contract vs. a capital investment [buy] for machines, etc.)

> Assessment of all laundry rooms and storage room to evaluate current condition and provide and estimated cost to bring all rooms to same level of “acceptability”.

> Breakeven analysis

- **Objective #4:** Identify quantifiable and non-quantifiable benefits

- **Objective #5:** Determine alternative selection criteria (with Board input)

- **Objective #6:** Conduct comparison of alternatives and provide a decision matrix

- **Objective #7:** Prepare a Recommendation.

### High-Level Expected Outcome(s)/ Deliverable(s):

- The BUC will provide the Board with a thorough analysis of all viable options for their consideration. The BUC will also recommend a specific course of action based upon their analysis of all cost and non-cost criteria.

### Project Scope:

The project is intended to inform the PFX Board of Directors with up to three alternatives to address the future of Laundry Rooms. The alternatives are expected to cover the full range of options from maintaining the status quo to a complete divestiture of laundry services and potential repurpose of the facilities. Any viable alternative must be at least resource neutral (a point where cost and revenue would be equal). The project evaluation and recommendation will take less than one year to complete.



## Laundry Room Evaluation 2021

### Affected Business Processes or Systems

- The project may impact (decrease) the availability laundry facilities and/or income.
- The project may derive an increase in storage rooms
- Alternatives may increase cost to Parkfairfax operations, but cost must not exceed expected revenues.

## Stakeholders:

### Affected Parties/ End Users

- At a minimum, Unit owners without laundry hook-ups (washer/dryer) within their unit may be impacted.

### Project Lead & Team

- Project Lead is Chuck Lunati
- BUC members also assisting are TBD
- External team members (contractors, PKFX staff, other committees, etc.) are expected to include the General Manager

## Strategic Roadmap:

### High-level Timeline/Schedule

- BUC estimate this project will take approximately one year to complete. Expected completion date is targeted for the December 2022 Board Meeting.
- This will be a three (3) phase Study:
  1. Determine the Threshold Number of Machines and PFX Preferred Price Per Machine
  2. Determine the Location of the Threshold Number of Machines (Laundry Room) Placement.
  3. Determine the Alternatives for those facilities (Formerly Laundry Rooms)

### Key Milestones

The key milestones may be hard to determine as part of this charter. Anticipated/expected milestones may include some of the following:

- Project Identified (October 2021)
- Project Charter Approved (December 2021)
- Research Started (November 2021)
- Project Approach & Draft Project Plan Started (November 2021)
- Project Plan Approved (January 2022)
- Threshold Value provided to the PFX Board (January 2022)
- Resources /Data Approved (January 2022)
- Obj #1 (Dec 2022)
- Obj #2 (Jan 2022)
- Obj #3 (Mar 2022)
- Obj #4 (May/Jun 2022)

## Laundry Room Evaluation 2021

- Obj #5 (Sep 2022)
- Obj #6 (Oct 2022)
- Obj #7 (Dec 2022)
- Study Complete (Dec 2022)
- Recommendations Presented to Board (Dec 2022)

## Needs & Challenges:

### Needs/Resources for Success

- The BUC will require data from the PFX General Manager, potential survey data (which will process through Board approval channels), and periodic contact and efforts with and from PKFX staff.

### Project Limitations/Boundaries

- The Project is limited to a cost benefit analysis feasibility study and will be primarily focused on Board input.
- The Project is limited to: a determination of a sustainable threshold value, evaluation of a maximum of three alternatives, and a BUC recommendation.
- Data and community input (via surveys) may limit the analysis.

### Risks/Issues Related to the Project

- The risk of the project is increased future contract cost of laundry rooms and decreasing demand/revenue as more and more units install laundry hook-ups in private units. There is also a risk of lost potential income from not making better use of space already owned and maintained by the Association.

## Board Approval & Authority to Proceed

Date approved by Board: \_\_\_\_\_

Modifications / Adjustments stated by Board

# Laundry Machine Threshold Analysis Report

**Problem/Purpose:** The Threshold Analysis is Phase one of a three phase analysis of the Laundry Room Conversion Study.

**PHASE ONE – LAUNDRY ROOM THRESHOLD ANALYSIS STUDY:** In this phase, the Buildings and Utilities Committee (BUC) is using a Threshold Analysis methodology to provide the Parkfairfax (PFX) Board of Directors (BoD) with the answers to the following two questions based on the limited initial information provided to the BUC. The rest of this report provides details relating to how the BUC determined the answers to these two questions.

- 1. Keep the Status Quo:** If the board were to continue service to the community with the same number of machines, is it feasible that PFX could accept the Vendor's proposal that establishes a minimum guaranteed Gross Revenue (GR) of \$37.50 per machine per month (PMPM)? If not, what dollar figure should PFX negotiate for the guaranteed minimum GR-PMPM without having PFX go into the red providing this amenity to the community.
  - *Answer: At 204 machines, \$37.50 is not feasible; maximum figure to consider is \$23.00 GR-PMPM for 204 machines*
- 2. Reduce the Number of Machines on Contract:** If the board were to lower the number of machines on the contract and agree to the Vendor's new minimum revenue of \$37.50 GR-PMPM, how many machines should PFX be consider to keep on contract without going into the red while providing this amenity to the community at a sufficient level?
  - *Answer: 80 machines at \$37.50 GR-PMPM (20 laundry rooms with 4 machines per room)*

## **Background / Initial Information Received for Analysis:**

- **Current Contract:** The current Laundry Room contract provides 204 machines for resident use (Status Quo) and ends in November 2023 (see PFX Admin for a copy).
  - Vendor expenses account for 9.75% of the Gross Revenue.
  - PFX profit share is approximately 57% of the “net” profit.
- **Vendor's Proposal for the Next Contract:** The Vendor's 2023 proposal (see PFX Admin for a copy) includes terms guaranteeing the Vendor \$37.50 Gross Revenue per machine per month (GR-PMPM). Prior discussions with the vendor arrived at a \$37.50 PMPM rate – including previous General Manager and BUC Liaison.
- **Revenue History:** The 3-yr annualized average Gross Revenue per month per machine (GR-PMPM) is \$22.88 GR-PMPM; normalized to a 365-day year for each year. Data provided to the BUC spanned October 2018 through August 2021 (see Annex A).
  - Best Gross Revenue Total (2018-2019) was \$68,466.00 (\$27.04 GR-PMPM); current GR-PMPM is \$19.29 GR-PMPM. (see Annex A)

## Laundry Machine Threshold Analysis Report

- Over at least the last three years (length of data given), there is a declining trend of utilization (see Annex A); this is assumed to be a result of individual units installing washer/dryer hook-ups (which is not currently known). GR- PMPM is expected to be about \$16.00 by 2023 (see Figure 1).

### **Assumptions:**

#### *Unchanged (ceteris paribus):*

1. Demand / Usage trends continue to decline (see Annex A and Figure 1);
2. Vendor expenses continue at the median value of 9.75% of gross monthly income (see Annex A);
3. Contract will maintain a 57% to PFX profit share (Net Revenue) arrangement, and 43% to Vendor profit share of net revenue (from current contract);
4. PFX "Undocumented Expenses" (hot water, electric, room maintenance, property taxes, etc.) are not considered as part of the re-negotiated contract;
5. Net revenue of less than \$23 PMPM minimum is reimbursed from PFX share; and,
6. Changes in the number of machines or price may increase owner propensity to buy/install machines. This change in behavior could lower our number of machine estimate by between 10% and 16% (based upon elasticity for washer purchases and unit ownership).
7. COVID has little impact to daily living activities that involve maintenance of clothing and self, hence it has little impact/influence to utilization.

#### *Initial Assumptions to be Relaxed:*

Assumptions required for valuation determination that may be relaxed for determination of the number of machines; as follows:

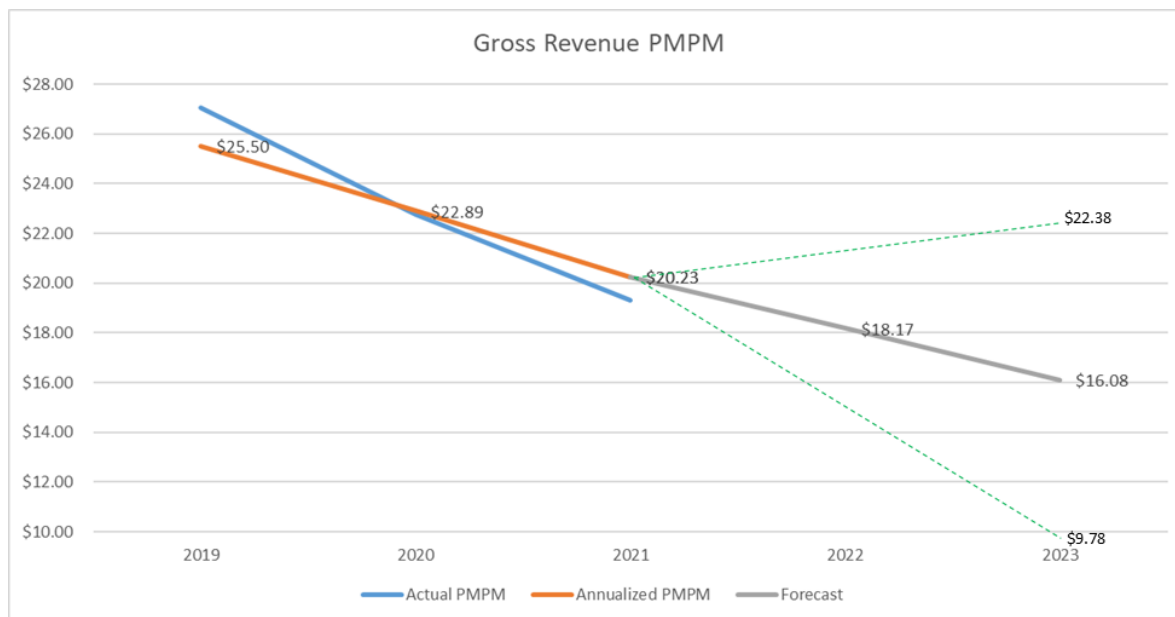
1. PFX maintains the same number (204) of contracted machines (Status Quo Assumption to be relaxed);
2. Initially assume the vendor would be willing to negotiate GR-PMPM rate for determination of valuation and then lock this rate to stated rate of \$37.50 GR-PMPM for determination of machine number.

**Analytical Discussion.** The Analysis begins with an evaluation of GR-PMPM and holds all other assumptions/facts constant (most notably is that we need to arrive at the “prices” if we maintained 204 machines. This initial analysis of pricing is reflected in “Trending (Short term)”, “PFX Balance Sheet Evaluation (Short Term)” and “BATNA” (See Figure 1, Figure 2, and Figure 4). We also provide our expectation of what the next ten years will be in terms of demand GR-PMPM (see Figure 5). The remaining part of the analysis derives the number of machines needed.

**Trending (Short term):** Parkfairfax was able to provide the Building & Utilities Committee (BUC) with three years of data (see annex A). Based upon this data, the current utilization trend is decreasing. The BUC used a combination of three regression methods (linear, power, and polynomial) to arrive at a linear trend for the initial estimate GR-PMPM values based upon utilization. We also provided a

## Laundry Machine Threshold Analysis Report

best case (plus 3 sigma) and worst case (minus 3 sigma) to cover 99.97% of the potential possibilities. These estimates assumed: there was no “stickiness” in trending, no changes in number or location of machines, nor any change in propensity assumptions. Of course, additional data would likely change the outcome and prediction model but we used what was available and given to the BUC. Results were as follows:



**FIGURE 1. TRENDING (SHORT TERM)**

**PFX Balance Sheet Evaluation (Short Term):** If we were to assume a Historical Rate of ~\$23.00 GR-PMPM for 204 machines as our negotiated rate with the Vendor, there is little likelihood of a *negative figure* to the overall PFX balance sheet; however, PFX’s figure could be zero (if a worst case scenario were to occur) perhaps using some or all of PFX’s share of net profit. BUC predicts that the Gross Revenue (and profit) will continue to decline over the next contract (based on declining trend utilization), consistent with the graph above. It is likely that the actual GR- PMPM will be roughly \$16.10 GR-PMPM (estimated demand figure), far below the historical average.

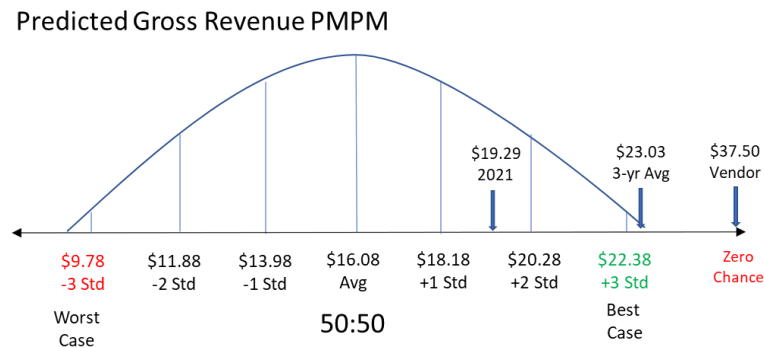
The estimated demand figure (\$16.10) is very close to a zero-balance threshold (no revenue to PFX) if PFX were to accept the Vendor’s conditions of \$37.50 GR-PMPM for the 204 machines as proposed for the 2023 contract. A worst-case scenario reflects a significant loss (negative figure) on the PFX balance sheet under the Vendor proposal as provided in the table below.

	Worst Case	Average	Best Case
Vendor Terms of \$37.50 PMPM	-\$14,010	-\$93	+\$13,825
3-yr Historical Average of \$23.00 PMPM	-\$235	+\$13,683	+\$27,600

**FIGURE 2. PFX BALANCE SHEET EVALUATION (SHORT TERM)**

## Laundry Machine Threshold Analysis Report

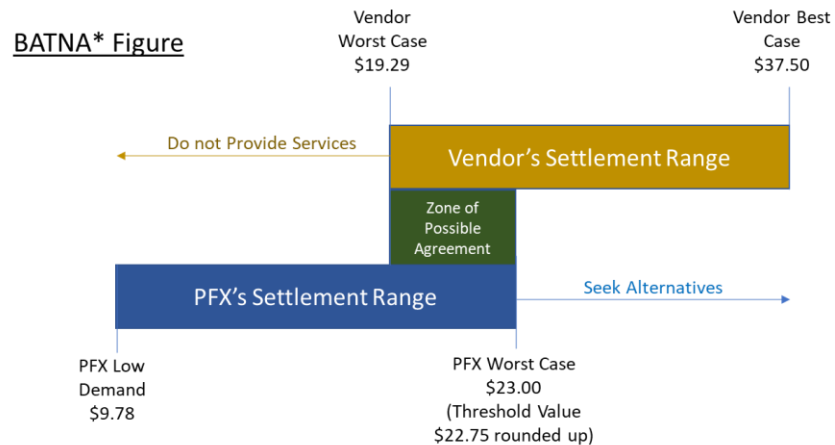
The figures for “worst case”, Average, and Best Case are provided in the figure below. This normal distribution is a graphic representation of the statistical spread of predicted values provided previously in this paper.



**FIGURE 3. PREDICTED GROSS REVENUE PMPM**

**BATNA Evaluation.** BATNA (stands for Best Alternative to a Negotiated Agreement) is defined as the most advantageous alternative that a negotiating party can take if negotiations fail and an agreement cannot be made. It's the point at which we would be better off walking away from a negotiation. The BUC uses this analysis to help determine our zone of negotiation (or Zone of Possible Agreement).

If PFX continued the current contract Status Quo (i.e., with no changes), the Association should negotiate between \$19.29 and \$23.00 GR-PMPM. The Vendor's Settlement Range starts with what he/she are doing the work for now (\$19.29 GR-PMPM) and ends with what they wish to do the work for



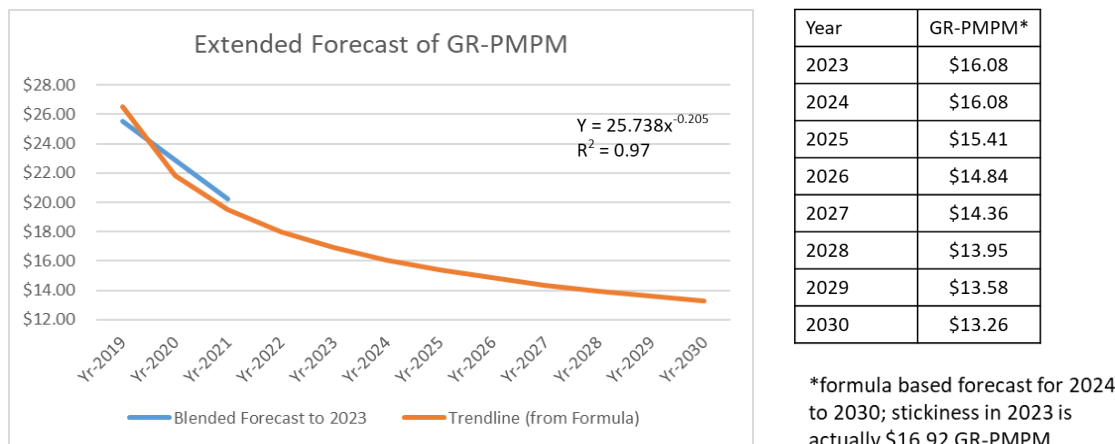
**FIGURE 4. BEST ALTERNATIVE TO A NEGOTIATED AGREEMENT (BATNA)**

(\$37.50 GR-PMPM). Parkfairfax's Settlement Range (see Figure 4) starts with our least demand utilization figure (\$9.78 GR-PMPM) and ends at the highest demand figure (~\$23.00 GR-PMPM). The Zone of Possible Agreement (if we maintained 204 machines) is between \$19.29 and \$23.00 GR-PMPM. Incidentally, the \$23.00 GR-PMPM is also a place where PFX would have almost no chance of a negative figure on the balance sheet if we were to be unsuccessful in negotiation of the \$37.50 – but that's not BATNA analysis purpose, just coincidence.

**Extended Forecast of Demand.** Using the best available data, we have originally provided a rough forecast of demand to arrive at an average expected GR PMPM. Thus, in the short term, we expect the average GR – PMPM to be about \$16.08. However, we needed to extend the forecast out over a

## Laundry Machine Threshold Analysis Report

longer term. This forecast would likely have some stickiness to it (a number of homeowners who will always have a need for laundry facilities because they have not installed a washer/dryer in unit). We elected to use a “power regression to reflect the stickiness. Given this data our forecast provided an average GR –PMPM that is likely about \$13.26 by 2030. The extended forecast and demand are provided below.



**FIGURE 5. EXTENDED FORECAST MODEL**

Number of Machines. Assuming the \$37.50 is non-negotiable but also not dependent on the number of machines, the BUC adjusted the number of machines based upon the various GR-PMPM Rates arrived at earlier in this paper. These included three demand-based numbers (Lowest GR-PMPM, Average GR-PMPM, and Highest GR-PMPM); the 3yr Historical Average; the BATNA; and the Vendor Desired Rate. We then arrived at a machine # adjustment ratio by simply dividing each number by the Vender GR-PMPM.

	Demand Based			History Based	Price Based	
	Lowest Predicted GR-PMPM	Average Predicted GR-PMPM	Highest Predicted GR-PMPM	Historical 3yr Average GR-PMPM	BATNA GR-PMPM	Vendor Desired GR-PMPM
Gross Rev PMPM	\$9.78	\$16.08	\$22.38	\$22.88	\$23.00	\$37.50
Status Quo Gross Rev (204 Machines)	\$23,950.86	\$39,371.48	\$54,792.11	\$56,002.28	\$56,304.00	\$91,800.00
Adjusted # Machines Ratio	26.1%	42.9%	59.7%	61.0%	61.3%	100.0%
Number Machines to \$37.50 Rate	53	87	122	124	125	204
Gross Rev to "New Number of Machines	\$23,850.00	\$39,150.00	\$54,900.00	\$55,800.00	\$56,250.00	\$91,800.00

**FIGURE 6. DETERMINATION OF MACHINES BY DEMAND, HISTORY, & PRICE**

The data shows some interesting results. First, we can clearly see based upon demand, that the number of machines (both washers and dryers) should not exceed 122 machines. Historical and BATNA figures also would provide us a conclusion that the number of machines not exceed 125 machines. So, with certainty, the BUC can determine that we can shed at least 40% of our machines – but we’re not done. Given the level of risk of a loss of service, we would not recommend falling below 53 machines. Given potential stickiness, we believe the lowest number to consider should be closer to the average demand figure. Further, the average number (87 machines) may be a good planning figure but doesn’t take into account a potential change in

## Laundry Machine Threshold Analysis Report

behavior due to owner inconvenience. So, we use the lower propensity to change (about 10%) and round the result to 80 machines. Assuming four (4) machines per room, this would be 20 Laundry Rooms in the community. Without further analysis, this is four (4) rooms for each PFX ward.

**Results.** Assuming the extended forecast average GR-PMPM figures are accurate, 80 machines (see Figure 6), and a non-negotiable \$37.50 GR-PMPM Vendor price, PFX can expect a positive balance sheet figure for the Laundry Room Line Item for all future years (see Figure 7). Further, our expectation is that unit owners will still have adequate access to laundry machines if they so choose.

Year	Expected GR-PMPM	Exp. Gross Revenue	Vendor Incidentals	Net Revenue	Vendor's 43%	PFX 57%	Guarentee Impact
2024	\$16.08	\$39,363.84	\$3,837.97	\$35,525.87	\$15,276.12	\$20,249.74	\$20,249.74
2025	\$15.41	\$37,723.68	\$3,678.06	\$34,045.62	\$14,639.62	\$19,406.00	\$19,406.00
2026	\$14.84	\$36,328.32	\$3,542.01	\$32,786.31	\$14,098.11	\$18,688.20	\$18,688.20
2027	\$14.36	\$35,153.28	\$3,427.44	\$31,725.84	\$13,642.11	\$18,083.73	\$17,755.14
2028	\$13.95	\$34,149.60	\$3,329.59	\$30,820.01	\$13,252.61	\$17,567.41	\$16,849.31
2029	\$13.58	\$33,243.84	\$3,241.27	\$30,002.57	\$12,901.10	\$17,101.46	\$16,031.87
2030	\$13.26	\$32,460.48	\$3,164.90	\$29,295.58	\$12,597.10	\$16,698.48	\$15,324.88

**FIGURE 7. BALANCE SHEET IMPACT OF A \$37.50 GR-PMPM GUARENTEE**

### **Recommendations.**

- 1** - If BoD and Vendor agree to decreasing the number of machines and maintaining the \$37.50 GR PMPM rate (assumed as pre-negotiated), attempt to place 80 machines in the service contract across 20 rooms in the community.
- 2** – Approve the BUC Project Charter to evaluate “alternative uses” for the freed space as part of the Laundry Room Conversion Study Project.

**END OF REPORT**

BUC Report  
Dec 2021



## Laundry Machine Threshold Analysis Report

### Annex A – Data

<b>October 2018 - Sept 2019</b>							
Collection Month	Total Machines	Days Between	Gross Collection	Net Collection	Commission Check Date	Check Number	Check Amount
Sep-19	211	21	\$4,716.75	\$2,129.38	10/10/2019	13132853	\$1,207.75
Aug-19	211	44	\$5,768.50	\$5,206.07	9/12/2019	13098340	\$2,965.46
Jul-19	211	68	\$10,032.75	\$9,054.56	8/12/2019	13063709	\$5,158.85
May-19	211	50	\$9,416.75	\$8,498.62	6/12/2019	12988373	\$4,842.46
Mar-19	211	22	\$3,589.25	\$3,239.30	4/12/2019	12912587	\$1,846.40
Feb-19	211	25	\$5,900.00	\$5,153.87	3/13/2019	12877974	\$2,933.96
Jan-19	211	63	\$10,226.50	\$9,229.42	2/12/2019	12843155	\$5,267.77
Nov-18	211	31	\$5,801.75	\$5,236.08	12/13/2018	12766536	\$2,995.57
Oct-18	211	63	\$13,013.75	\$9,968.51	11/13/2018	12729236	\$5,674.05
<b>TOTALS</b>		<b>387</b>	<b>\$68,466.00</b>	<b>\$57,715.81</b>			<b>\$32,892.27</b>
<b>October 2019 - Sept 2020</b>							
Collection Month	Total Machines	Days Between	Gross Collection	Net Collection	Commission Check Date	Check Number	Check Amount
Sep-20	211	26	\$9,369.50	\$6,321.14	10/21/2020	13551838	\$3,597.80
Aug-20	211	78	\$2,269.00	\$2,047.77	9/21/2020	13520209	\$1,167.23
Jun-20	211	64	\$10,343.00	\$9,334.56	7/20/2020	13450883	\$5,312.20
Mar-20	211	48	\$9,235.00	\$8,334.59	4/13/2020	13345799	\$4,748.97
Feb-20	211	35	\$6,223.00	\$5,471.51	3/12/2020	13313301	\$3,115.26
Jan-20	211	28	\$9,893.50				
Dec-19	211	28	\$30.00	\$8,955.96	2/12/2020	13279440	\$5,101.65
Nov-19	211	36	\$7,783.75	\$7,024.83	12/12/2019	13208037	\$4,000.40
Oct-19	211	20	\$2,500.50	\$2,256.70	11/12/2019	13172705	\$1,279.82
<b>TOTALS</b>		<b>363</b>	<b>\$57,647.25</b>	<b>\$49,747.06</b>			<b>\$28,323.33</b>
<b>October 2020 - Aug 2021</b>							
Collection Month	Total Machines	Days Between	Gross Collection	Net Collection	Commission Check Date	Check Number	Check Amount
Sep ???							
Aug-21	211	35	\$6,846.75	\$6,179.19	9/27/2021	13900172	\$3,499.39
Jul-21	211	40	\$929.03	\$838.45	8/20/2021	13868657	\$457.41
Jun-21	211	89	\$12,542.35	\$11,319.47	7/21/2021	13835127	\$6,434.60
Mar-21	211	35	\$5,447.05	\$4,915.96	4/22/2021	13740392	\$2,794.10
Feb-21	211	36	\$4,291.75	\$3,844.10	3/25/2021	13711619	\$2,189.39
Jan-21	211	76	\$11,795.40	\$10,645.35	2/22/2021	13682523	\$6,052.10
Oct-20	211	37	\$6,994.50	\$6,312.54	11/20/2020	13587365	\$3,592.15
<b>TOTALS</b>		<b>348</b>	<b>\$48,846.83</b>	<b>\$44,055.06</b>			<b>\$25,019.14</b>

# Laundry Room Conversion Study 2021

## Threshold Valuation Report

Building & Utilities Committee  
“Buccaneers” Lead the Way!

December 2021

Version 9

1/13/2022

# Agenda

- Purpose
- Background
- Initial Analysis / Committee's Recommendation
- Analytical Discussion
  - Facts and Assumptions
  - Data and Spreadsheets
  - Methods / Scenarios
  - Threshold Value
  - Number of Machines
  - Extended Forecast
  - Comparison of Alternatives
- Recommendation
- Discussion / Questions of Parkfairfax (PFX) Board of Directors (BoD)

# Purpose

- The Board tasked the Building & Utilities Committee (BUC) to provide a Laundry Room Conversion Study
- The Study includes:
  - A Status Quo [Threshold Valuation](#) as part of the Laundry Room Conversion Study
  - Development of analytical based recommendations for up to three Courses of Action (COA)
- This briefing focuses on the results and recommendations of the Threshold Valuation

# Background

- The current Laundry Room contract provides 204 machines for resident use (Status Quo) and ends in November 2023
- The Vendor's 2023 proposal includes terms guaranteeing the Vendor \$37.50 Gross Revenue per machine per month (PMPM)
- The 3-yr Annualized Average Gross Revenue (PMPM) is \$22.88\*
- There is a declining trend of utilization. Gross Revenue PMPM is expected to be about \$16.00 by 2023
- PFX profit share is approximately 57% of the “**net**” profit
- Prior discussions with the vendor arrived at a \$37.50 PMPM rate – including previous General Manager and BUC Liaison

\* Note: The “unadjusted historical average is \$23.03; however, the annualized figure provides uniform basis of comparison.

# Initial Analysis / Committee's Recommendations

- Results:
  - Analysis of the data provided and corresponding assumptions signifies a current **Status Quo Threshold Value of \$22.75 Gross Revenue PMPM with a BATNA of about \$23.00 GR-PMPM**
  - Assuming number of machines is adjustable, recommend **80 machines** as a low-risk threshold.
- Part One Recommendation: Initial Steps that can be taken by the PFX BoD while the BUC completes the Conversion Study
  - ✓ PFX BoD could explore negotiations with current vendor proposing terms not to exceed \$23.00 Gross Revenue PMPM (BATNA) with all other terms continued from the current contract;
  - ✓ PFX BoD could seek bids from **alternate Vendors** for feasibility of terms/optional services/bid rates;
  - ✓ PFX BoD should direct an **audit of the Vendor's expenses** on the current contract.

# Analytical Discussion

## Facts and Assumptions

- Facts:
  - ✓ Historical 3yr average of gross revenue (as reported) is \$58,320.03
  - ✓ Best Case Gross Revenue in the past 3 yrs is \$68,466.00
  - ✓ Average Gross PMPM is currently \$22.88
- Assumptions:
  - ✓ 1. Demand / Usage trends continue to decline
  - ✓ 2. Contract can be re-negotiated to the current 3yr average PMPM (at best) and assumptions above maintained
  - ✓ 3. Net revenue of less than \$23 PMPM minimum is reimbursed from PFX share
  - ✓ 4. Unchanged (ceteris paribus) Assumptions:
    - PFX maintains the same number (204) of contracted machines (Status Quo Assumption)
    - Vendor expenses continue at the median value of 9.75%
    - Contract will maintain a 57% to PFX profit share (Net Revenue) arrangement
    - Contract will maintain a 43% to Vendor profit share of net revenue
    - PFX "Undocumented Expenses" (hot water, electric, room maint, property taxes, etc.) are not considered as part of the re-negotiated contract.

# Analytical Discussion

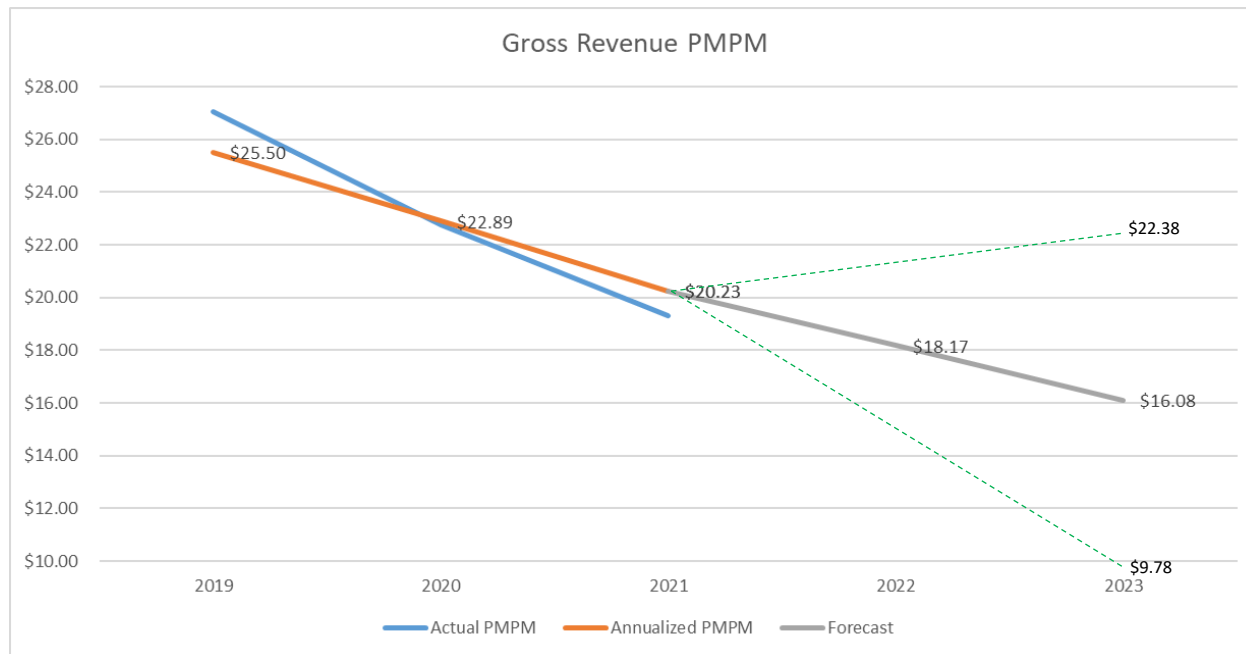
## Data and-Spreadsheets (1 of 3)

- The BUC's examination of the data did raise some questions as to the nature of "vendor expenses" and payment schedule. There were inconsistencies that we worked to smooth the data in order to conduct the analysis.
- This analysis is based on the data provided to the BUC. Including data that would capture the sunk cost of the laundry rooms (electric, hot water, heat, room maintenance, etc.) and conducting an audit of the Vendor's itemized deductions from gross revenue to verify compliance with the terms of the contract, may change the results shown in this presentation.
- Spreadsheets Review
  - Scenario Driven
  - Worst Case, Best Case, Vendor Terms, and Historical Data were all considered
  - Visual results are shown on the next slide



# Analytical Discussion

## Data and-Spreadsheets (2 of 3)



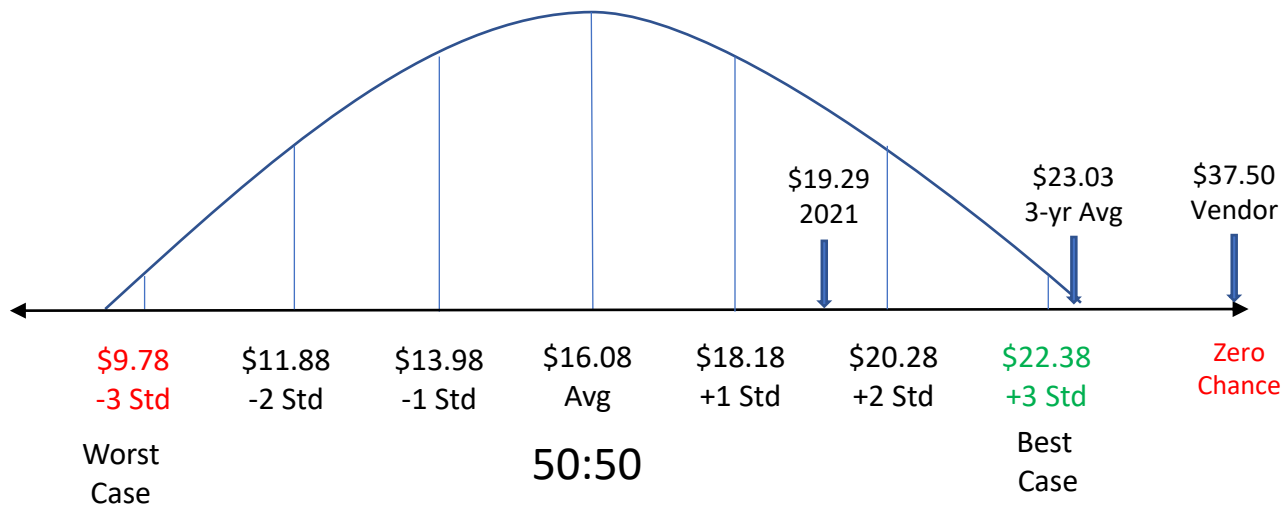
- Annualized data for “apples to apples” comparison
- Decline in utilization is clearly indicated
- Forecast derived from 3 regressions (Linear, Power, and Polynomial)
- Forecast range is wide and more data would support a better forecast

# Analytical Discussion

Data and Spreadsheets (3 of 3)

	Worst Case	Avg	Best Case
Vendor Terms of \$37.50 PMPM	-\$14,010	-\$93	+\$13,825
3-yr Historical Average of \$23.00 PMPM	-\$235	+\$13,683	+\$27,600
Zero Loss Probability at \$22.75 PMPM	+\$3	+\$13,920	\$27,837

## Predicted Gross Revenue PMPM



- **THRESHOLD VALUE IS \$22.75; HOWEVER, HISTORICAL AVERAGE (\$23.00) IS LOW RISK**
- **EXPECTATION IS PFX WILL HAVE POSITIVE REVENUE AT EITHER HISTORICAL OR THRESHOLD VALUE**
- **SIGNIFICANT RISK WITH VENDOR TERMS OF \$37.50 PMPM**

**Bottomline:** Given Trending Analysis forecasts, there is a near zero probability of a “negative balance sheet event” at \$22.75 GR-PMP (assuming 204 machines); anything more begins to increase likelihood of a loss.

# Analytical Discussion

## Methods / Scenarios (1 of 2)

BUC conducted several scenarios to include “worst case, best case, contractor terms, and zero balance case.” Based upon methods used, there are two general Status Quo threshold groups:

### **Status Quo Condition with Acceptance of Contractor Terms:**

- It is very likely (greater than 50% certainty) that the Vendor’s proposed 2023 terms will require PFX to accept a reduced percentage of net profit to maintain the current status
- The Vendor’s proposed minimum \$37.50 PMPM requirement guarantees the Vendor \$36K; this is 64% higher than the 3yr average (Vendor net profit 2019-2021 \$24.8K, \$21.4K, \$19.0K) and directly counter to the predicted utilization. It is 8% higher than the best performance in previous three years.

Dates Used	Annual Gross	Less Incidentals	Net Gross PMPM	Vendor 43%	PFX 57%	Days per year	Avg per month	Avg per machine	Annualized Avg
Oct-18 to Sep-19	\$68,466.00	\$10,750.19	\$57,715.81	\$24,817.80	\$32,898.01	387	\$5,705.50	\$27.97	\$25.50
Oct-19 to Sep-20	\$57,647.25	\$7,900.19	\$49,747.06	\$21,391.24	\$28,355.82	363	\$4,803.94	\$23.55	\$22.89
Oct-20 to Aug 21	\$48,846.83	\$4,791.77	\$44,055.06	\$18,943.68	\$25,111.38	348	\$4,070.57	\$19.95	\$20.23
Avg over 3 yrs	\$58,320.03	\$7,814.05	\$50,505.98	\$21,717.57	\$28,788.41	366	\$4,860.00	NFM	\$22.88

### **Status Quo Condition with Negotiated Terms for Historical Average\*:**

- This evaluation examines an outcome when the next contract is negotiated at a rate of \$23 Gross Revenue PMPM (or the Threshold Value of \$22.75 if achievable).
- Little likelihood (less than 5% probability) that PFX would need to pay the vendor with additional reserves (beyond reductions to PFX’s share of net profit).

*\* Note Historical Average (\$22.88) and Threshold Value (\$22.75) Gross Revenue PMPM produce nearly the same results (within prediction error).*

# Analytical Discussion

## Methods / Scenarios (2 of 2)

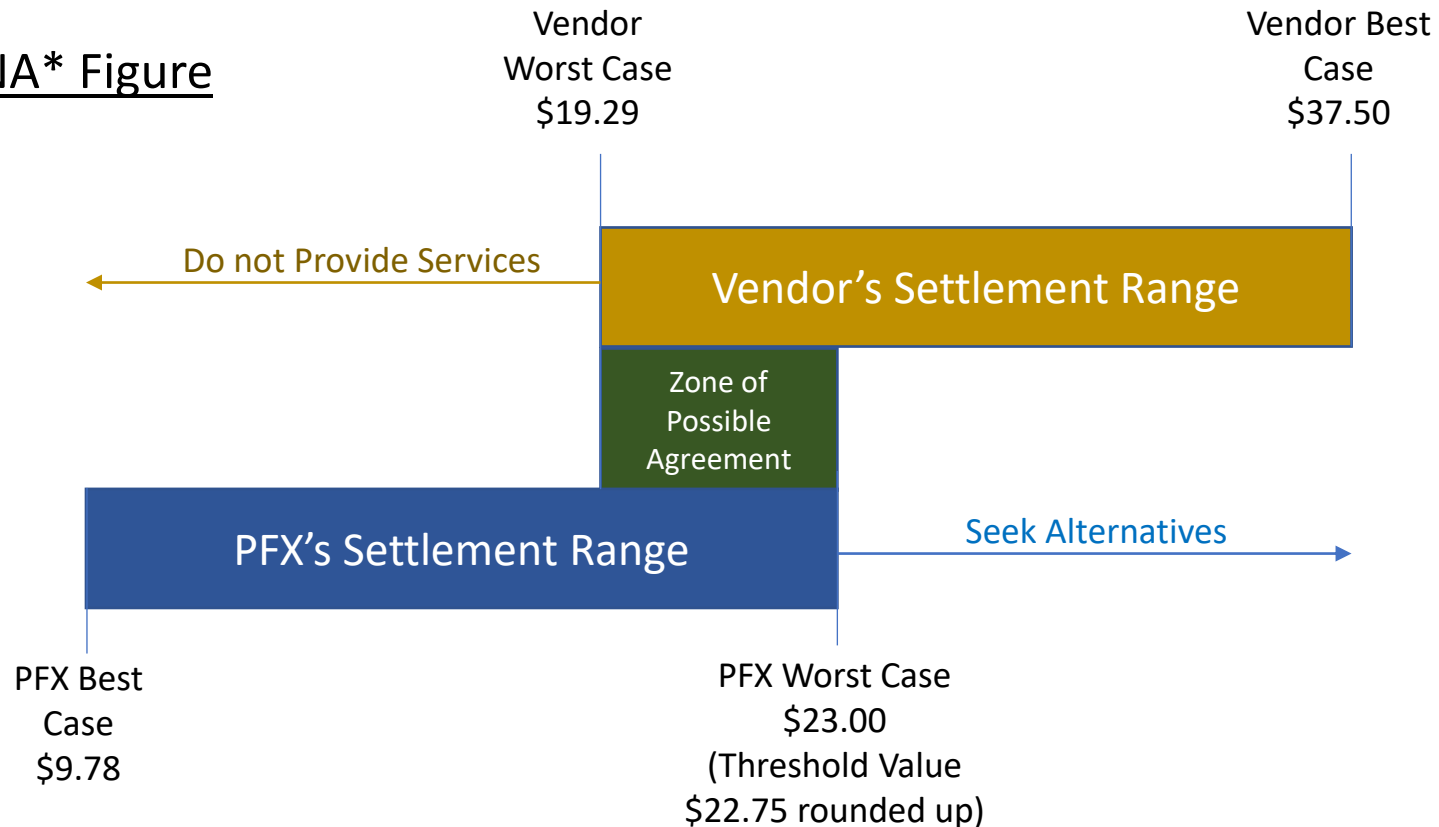
### Discussion:

- Current historical rates of about \$23 PMPM would likely net a small revenue stream even given the current decreasing trends.
- Vendor currently supporting PFX at a reported amount of \$19.29 reflects a “willingness to perform the work at this rate and could be used as a lowest acceptable figure.
- It is likely that the Gross Revenue PMPM will be roughly \$16.10, but below the historical average. This figure (\$16.10) is very close to a zero balance threshold (no revenue to PFX) if PFX were to accept the Vendor’s conditions proposed for the 2023 contract (which we would not recommend). Under the "Acceptance Option" and worse case scenario, PFX will need to pay the contractor about \$14K (net impact is over \$35K less than our current Laundry room income).
- On a Historical Rate of \$22.88 Gross Revenue, there is little likelihood of a detrimental effect to the overall PFX balance sheet other than losing some or all of PFX’s share of net profit. However, at a negotiated rate of \$23 PMPM gross revenue, PFX should still see a positive figure on the balance sheet.
- BUC predicts that the profit will continue to decline over the next contract (based on declining trend utilization) regardless terms discussed above (even threshold value).

# Analytical Discussion

## Threshold Valuation

### BATNA\* Figure



If PFX continues the current contract Status Quo (i.e., with no changes), the Association should negotiate between \$19.29 and \$23.00 Gross Revenue PMPM.

\* Note: BATNA is the "best alternative to a negotiated agreement; if we exceed our BATNA value, we should seek another alternative.

# Analytical Discussion

## Number of Machines

- If the number of Machines is a function of Gross Revenue PMPM, then we can use the predicted trends and our BATNA to find the “right” number of machines.
- Assuming the \$37.50 is non negotiable but also not dependent on the number of machines, the BUC adjusted the number of machines based upon the various Gross Revenue (GR) PMPM Rate.

	Lowest Predicted GR-PMPM	Average Predicted GR-PMPM	Highest Predicted GR-PMPM	Historical 3yr Average GR-PMPM	BATNA GR-PMPM	Vendor Desired GR-PMPM
Gross Rev PMPM	\$9.78	\$16.08	\$22.38	\$22.88	\$23.00	\$37.50
Status Quo Gross Rev (204 Machines)	\$23,950.86	\$39,371.48	\$54,792.11	\$56,002.28	\$56,304.00	\$91,800.00
Adjusted # Machines Ratio	26.1%	42.9%	59.7%	61.0%	61.3%	100.0%
Number Machines to \$37.50 Rate	53	87	122	124	125	204
Gross Rev to "New Number of Machines"	\$23,850.00	\$39,150.00	\$54,900.00	\$55,800.00	\$56,250.00	\$91,800.00

No/Low Risk # Machines Region

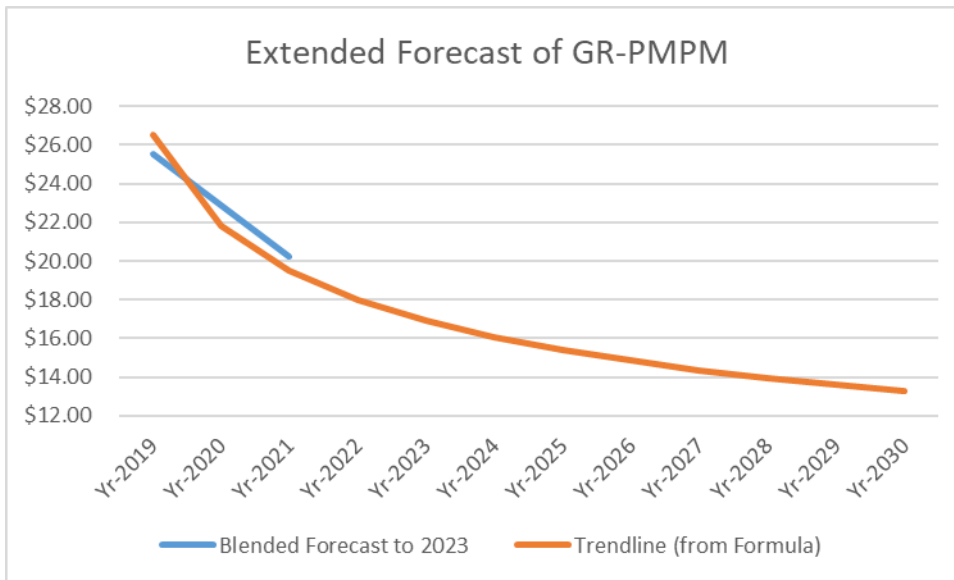
Max # Machines Region

- The number of machines is no less than 53 machines and not greater than 124 machines (Historical Value and Threshold). Given the declining demand trend and the zero risk to the balance sheet, the optimum number of machines should be about 80

# Analytical Analysis

## Extended Demand Forecast

- Using the best available data, we can provide a rough forecast of demand to arrive at an average expected GR PMPM
- Short term, we expect the average GR – PMPM to be about \$16.08
- Longer term, our forecast of the average GR –PMPM will probably be about \$13.26 by 2030.



Year	GR-PMPM*
2023	\$16.08
2024	\$16.08
2025	\$15.41
2026	\$14.84
2027	\$14.36
2028	\$13.95
2029	\$13.58
2030	\$13.26

\*formula based forecast for 2024 to 2030

$$Y = 25.738x^{-0.205}$$

$$R^2 = 0.97$$

# Analytical Analysis

## Comparison of Alternatives

Assuming the predicted **AVERAGE** GR-PMPM and a non-negotiable \$37.50 GR-PMPM Vendor price, PFX can expect:

- A Negative Balance for Laundry Room Line Item for Status Quo (**204 machines**) for all future years.
- For **80 machines**, it is likely that PFX will have a positive balance for the Laundry Room Line Item for all future years.

<b>204 Machines (\$91.8K GR Guarentee)</b>							
Year	Expected GR-PMPM	Exp. Gross Revenue	Vendor Incidentals	Net Revenue	Vendor's 43%	PFX 57%	Guarentee Impact
2024	\$16.08	\$39,363.84	\$3,837.97	\$35,525.87	\$15,276.12	\$20,249.74	-\$99.42
2025	\$15.41	\$37,723.68	\$3,678.06	\$34,045.62	\$14,639.62	\$19,406.00	-\$1,579.66
2026	\$14.84	\$36,328.32	\$3,542.01	\$32,786.31	\$14,098.11	\$18,688.20	-\$2,838.98
2027	\$14.36	\$35,153.28	\$3,427.44	\$31,725.84	\$13,642.11	\$18,083.73	-\$3,899.45
2028	\$13.95	\$34,149.60	\$3,329.59	\$30,820.01	\$13,252.61	\$17,567.41	-\$4,805.27
2029	\$13.58	\$33,243.84	\$3,241.27	\$30,002.57	\$12,901.10	\$17,101.46	-\$5,622.72
2030	\$13.26	\$32,460.48	\$3,164.90	\$29,295.58	\$12,597.10	\$16,698.48	-\$6,329.70

<b>80 Machines (\$36.0K GR Guarentee)</b>							
Year	Expected GR-PMPM	Exp. Gross Revenue	Vendor Incidentals	Net Revenue	Vendor's 43%	PFX 57%	Guarentee Impact
2024	\$16.08	\$39,363.84	\$3,837.97	\$35,525.87	\$15,276.12	\$20,249.74	\$20,249.74
2025	\$15.41	\$37,723.68	\$3,678.06	\$34,045.62	\$14,639.62	\$19,406.00	\$19,406.00
2026	\$14.84	\$36,328.32	\$3,542.01	\$32,786.31	\$14,098.11	\$18,688.20	\$18,688.20
2027	\$14.36	\$35,153.28	\$3,427.44	\$31,725.84	\$13,642.11	\$18,083.73	\$17,755.14
2028	\$13.95	\$34,149.60	\$3,329.59	\$30,820.01	\$13,252.61	\$17,567.41	\$16,849.31
2029	\$13.58	\$33,243.84	\$3,241.27	\$30,002.57	\$12,901.10	\$17,101.46	\$16,031.87
2030	\$13.26	\$32,460.48	\$3,164.90	\$29,295.58	\$12,597.10	\$16,698.48	\$15,324.88



# Recommendation

- Attempt to Negotiate the GR PMPM Rate with the vendor between \$19.29 and \$23.00 GR PMPM (BATNA) rate (if no other changes / Status Quo of 204 machines).
- If BoD and Vendor agree to decreasing the number of machines and maintaining the \$37.50 GR PMPM rate (assumed as pre-negotiated), attempt to place between 54 and 80 machines in the service contract, with 80 being considered the optimal number.

# Discussion/Questions

## Sound Bites:

- 80 machine threshold
- Continued trend of declining utilization
- BATNA
- Risk
  - Balance Sheet
  - PFX Resident Patrons
  - Vendor



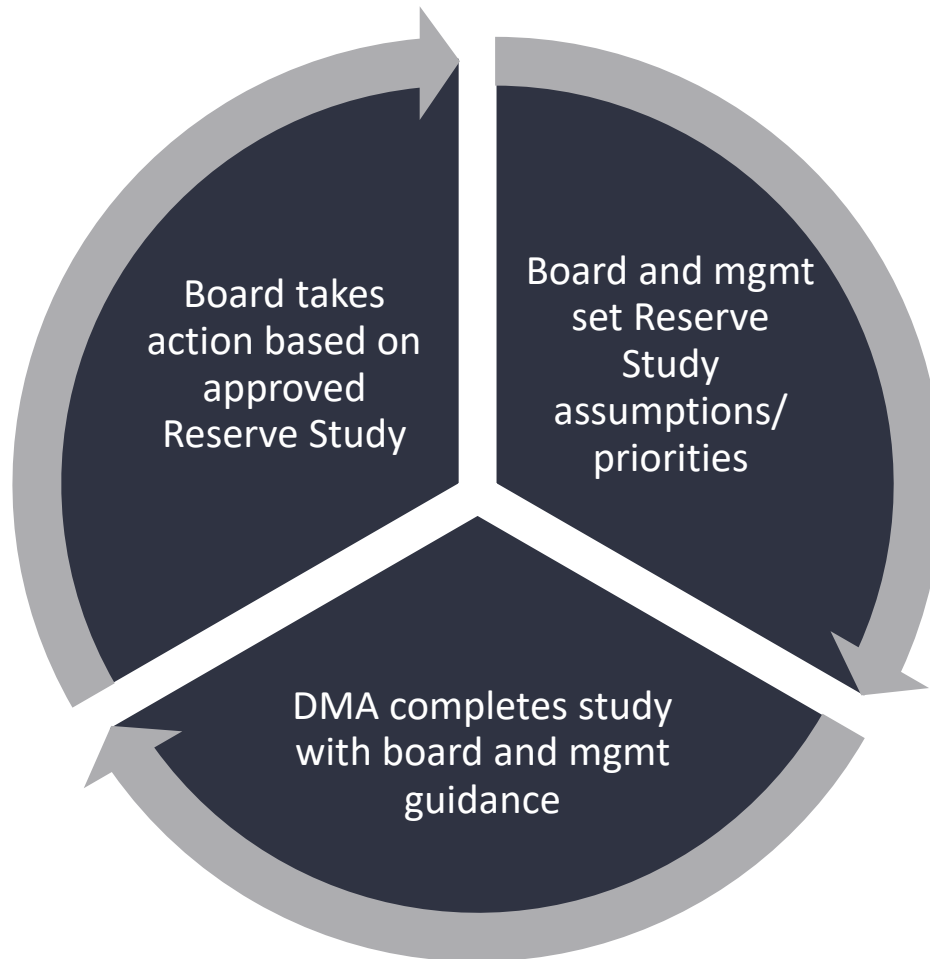


# **FINANCE COMMITTEE REPORT**

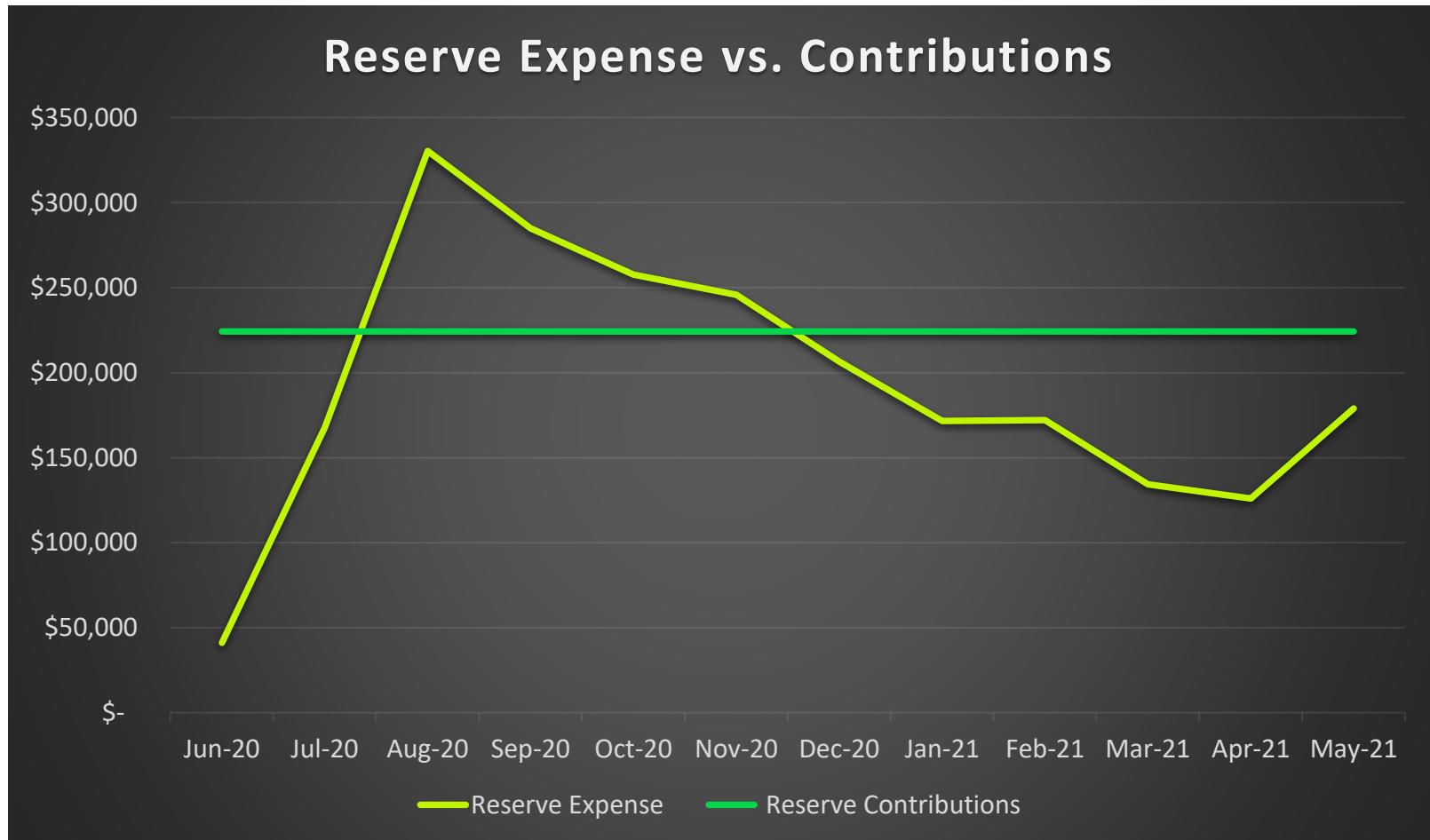
***MEETING THE RESERVE STUDY***

December 2021

# RESERVE STUDY PROCESS

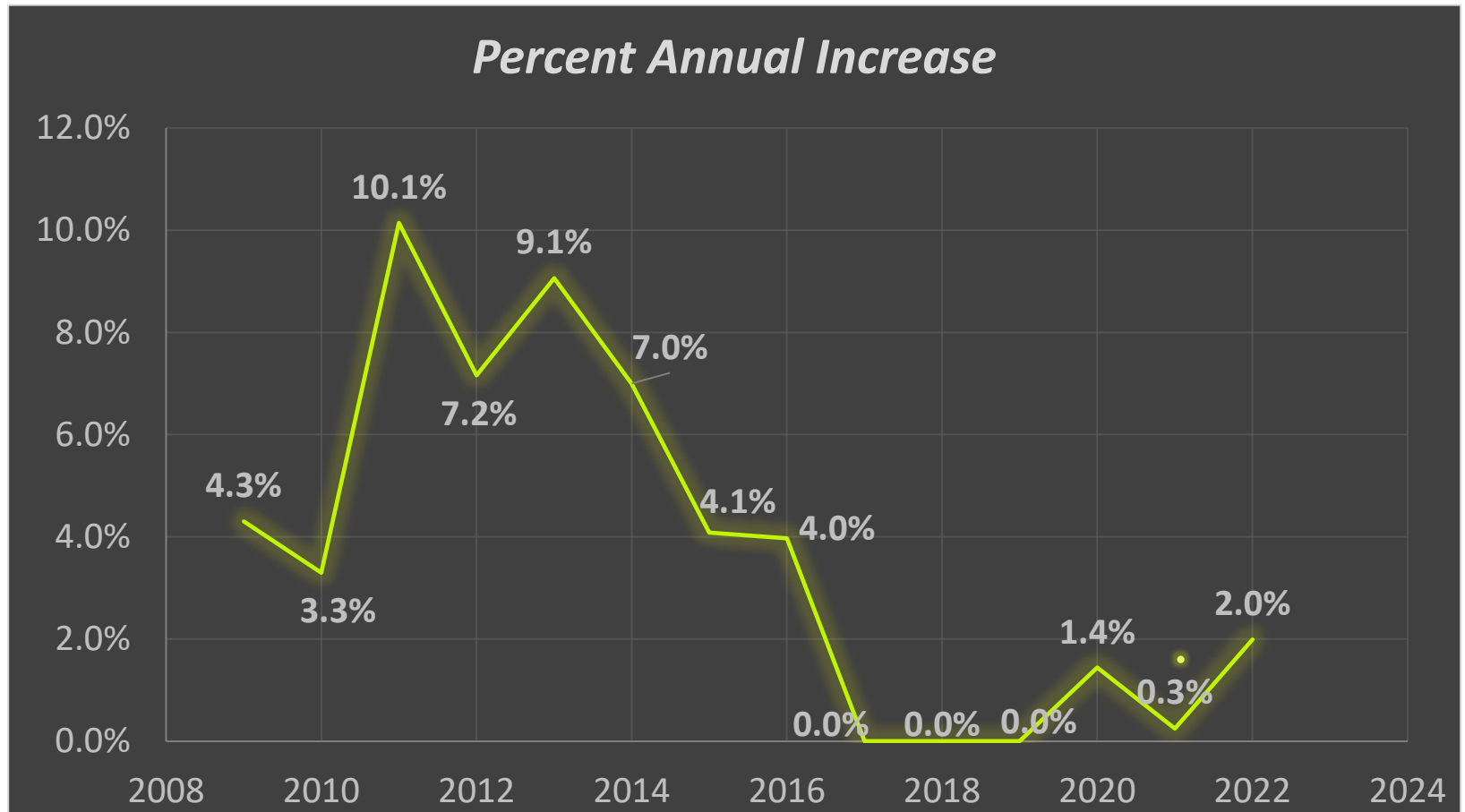


# RESERVE EXPENSES ARE UNEVEN



Current reserve balance is \$3.3M.

# CONDO ASSESSMENTS



# BASE CASE

YEAR	% assessment increase	% operating budget increase	\$ impact on reserves	Reserve Balance
2022	1.99%	.77	-	\$3.7M
2023	2.0%	.8%	-\$1.0M	\$2.7
2024	2.0%	.8%	-\$1.2	\$1.5
2025	2.0%	.8%	-\$1.4	\$.1
2026	2.0%	.8%	-\$1.7	-\$1.6
2027	2.0%	.8%	-\$1.7	-\$3.3
2028	2.0%	.8%	-\$1.7	-\$5M

## Notes:

- 2% assessment increase was used to reflect the 1.99% increase in FY 2021.
- .8% increase in operating budget was used to reflect the .77% increase in FY 2021



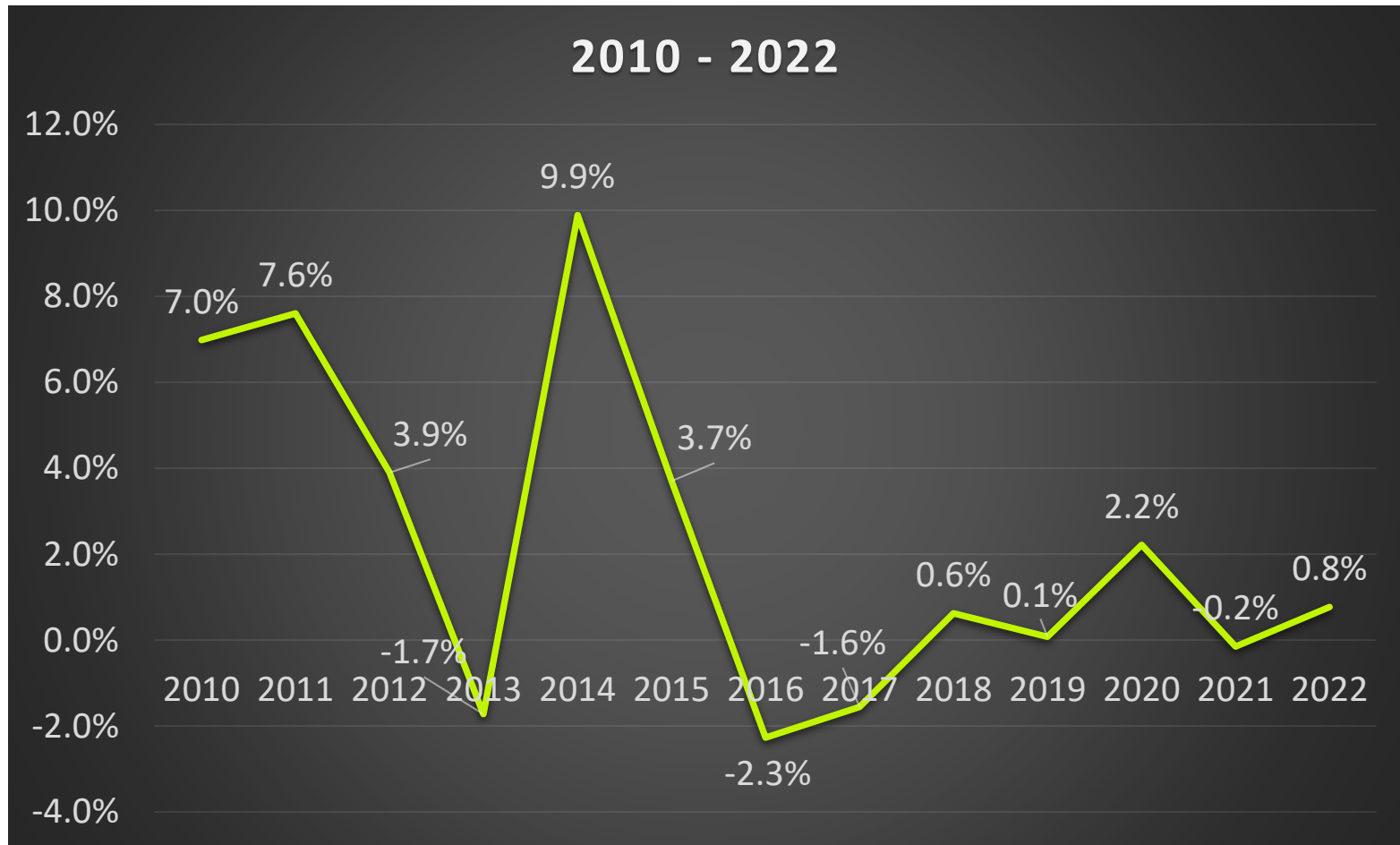
# FILLING THE GAP: THE OPTION MIX

(rough feasibility and value)



- ~~Cut annual operating expense (+)~~
- ~~Accept some level of additional financial risk (+)~~
- ~~Increase or implement user fees for some services (+)~~
- ~~Charge a special assessment (++)~~
- Convert hard assets to liquid assets (sell property, vehicles, equipment, etc.) (++)
- Take on debt (mortgage property, line of credit, etc.) (++)
- Reduce or leverage “owner’s equity” (+)
- Increase the condo monthly assessment (+++)

# CUT ANNUAL OPERATING EXPENSE (+)



# IMPACT OF DEFERRED MAINTENANCE=SPECIAL ASSESSMENT



Auburn Village Condominiums, VA



Champlain Condominium S, Surfside, FL

# INCREASE THE CONDO MONTHLY ASSESSMENT (++++)

## SCENARIO A – **UPDATED IN JANUARY**

<i>Year</i>	<i>Percent Increase</i>	<i>Average Monthly \$ Increase</i>
2023	8.5%	\$39
2024	8.0%	\$40
2025	8.0%	\$43
2026	7.3%	\$42
2027	7.0%	\$44
2028	5.9%	\$39
		<b>\$246</b>

Notes:

- Includes a 3.6% increase in operations expense
- Maintains current balance in the reserve fund.
- Meets the reserve study level of funding

## SCENARIO B – UPDATED IN JANUARY

Decrease owners equity	+\$ .4
Reduce reserve balance	<u>+\$1.7</u>
<i>Impact of actions</i>	+\$2.1M

Notes:      Move from 19% to 14% owners equity  
               Reduce reserve balance from \$3.7M to \$2M

## SCENARIO B – UPDATED IN JANUARY

Prospective assessment increases for Scenario B:

<i>Year</i>	<i>% Increase</i>	<i>Average Monthly \$ Increase</i>
2023	8.0%	\$ 37
2024	8.0%	\$ 40
2025	7.0%	\$ 37
2026	6.0%	\$ 34
2027	6.0%	\$ 36
2028	4.2%	\$ 27
		<b>\$211</b>

Notes:      Increase operating expense by 3.6% annually  
                Fully fund reserves  
                Do not take a line of credit

## SCENARIO C

*High risk, this option is not recommended*

Reduce owners equity	+\$0.4
Reduce reserve balance	+\$2
Take out \$2M line of credit in 2026	+\$2
Pay back 3 of 5 years of line of credit	<u>-\$1.4</u>
	+1.6M

Notes:

- Increase operating expense by 3.2% annually
- Fully fund reserves
- Move from 19% to 14% owners equity
- Reduce reserve balance from \$3.7M to \$1.3M
- Take out a line of credit, \$2M principal, 7.5% interest rate, payback over 5 years
- Do not sell any condo units



# SCENARIO C

*High risk, this option is not recommended*

Prospective assessment increases for Scenario B:

Year	% Annual Increase	Average Monthly \$ Increase
2023	6%	\$ 27
2024	5%	\$ 24
2025	4%	\$ 20
2026	8%	\$ 42
2027	8%	\$ 46
2028	8%	\$ 49
		<b>\$210</b>

Notes:

- Increase operating expense by 3.2% annually
- Fully fund reserves
- Move from 19% to 14% owners equity
- Reduce reserve balance from \$3.7M to \$1.3M
- Take out a line of credit, \$2M principal, 7.5% interest rate, payback over 5 years
- Do not sell any condo units



# MULTI-YEAR BUDGET

To provide stability, growth and transparency **we recommend adopting a multiyear budget**. The budget should provide adequate resources to fund operations, multi-year capital projects and reserves as recommended by DMA.

This long-term budget will inform unit owners of their financial obligations beyond the current one-year horizon.

The budget should grow at a steady pace and the condo assessment should be predictable well in advance.

# BOARD MEMBER RESPONSIBILITIES

- Develop and accomplish a strategy for the future
- Ensure the finances of the association are solid
- Establish, publicize, and enforce policies, rules and penalties
- Hire and supervise the general manager

## DISCUSSION

Questions?

# DISCUSSION

## Appendix

# CONVERT HARD ASSETS TO LIQUID ASSETS (SELL PROPERTY, VEHICLES, EQUIPMENT, ETC.) (++)

## **Sell 5 association-owned condo units:**

Net profit from sales     +\$1.1M

Assumes:

- Sell 1 unit annually, the largest ones first
- No improvements made prior to sale
- Realtor commissions of 5.5% total
- 20% capital gains tax paid on profit
- Does not include the operational expense increase of 4%

# TAKE ON DEBT (MORTGAGE PROPERTY, LINE OF CREDIT, ETC.) (++)

Take out \$2M line of credit in 2026      +\$2.0

Pay back 3 of 5 years of line of credit  
in 2026 – 2028

-\$1.4

+\$ .6

Assumes:

- 7.5% interest rate
- Drawdown of reserves occurs in previous years
- Line of credit is not needed before 2026
- 5-year payback period starts in 2026 (may need to extend this horizon)

# REDUCE OR LEVERAGE “OWNERS EQUITY” (+)

Move funds from owners equity to reserves:      +\$.44M

Assumes:

- Owners equity would reduce from 19% to 14% of operational expenses. This is still within the range of acceptability according to best practices
- No additional spending from owners equity would occur over 5 years
- No capital improvement projects would occur in those 5 years unless there is a positive, short-term cost-benefit
- To maintain maximum flexibility, an actual move of funding from owners equity to reserves would not occur

# POSSIBLE OBJECTIONS

**Some unit owners cannot afford a large increase in assessments. They may be forced to move.**

It is our responsibility to maintain the common element and services in order to provide a safe and sound place to live. By implementing a five-year budget current and prospective owners will understand the financial obligations of owning a unit in Parkfairfax.

**High assessments will depress sales and property values.**

Failing to maintain our property and services **WILL** depress property values and can lead to terrible outcomes. See Auburn Village and Surfside, Florida examples.





# Parkfairfax Condominium Landscape Committee Report January, 2022

## Spruce Island Naming Contest

The Committee will be working with our Board Liaison, Claire Eberwein to come up with a slate of names for discussion. We plan to launch the contest the week of January 17 in the e-mail blast to residents. Submissions will be accepted through March 31 and will be presented to the Board at the April Board Meeting.

## Suggestions for the Parkfairfax Budget

The Committee, during our meeting, discussed several items to be considered by the Board for the upcoming Budget discussions including line items for stormwater remediation, drought planning, invasive plant control, overall landscaping and tree care. A list of suggestions was submitted to the Treasurer for review.

## Stormwater Proposal Review

As noted in the December *Forum*, we are continuing to work with Christopher Consultants on refining their proposal of two test plots in the 700s and 500s that are indicative of many of our stormwater issues in our community. A revised proposal came in after the Board Book, but as of the publishing of this month's Board Book, we are still awaiting some additional information from Christopher Consultants.

## Wooded Areas and Invasive Plants in Parkfairfax

Following the walk with the Board in June, the Committee is assembling a working group to assemble recommendations on how to proceed with care of our woodlands and trees. The working group hopes to have recommendations in time for the Parkfairfax budget process. We have asked Jim McGlone, Urban Forrest Conservationist with the Virginia Department of Forestry and Rod Simmons, Natural Resource Manager with the City of Alexandria to come and take a walk on the property in the wooded areas. Both Rod and Jim are well acquainted with the community and have personal knowledge of the wooded areas here in Parkfairfax.

As noted previously, the impact of invasive plants is wide reaching and has an impact on water quality, biodiversity, wildlife habitat, tree cover, and maintenance of the property. The bottom line is these plants, if not controlled, will significantly impact Parkfairfax budget and curb appeal. An excellent primer on the subject is available at: <https://www.invasive.org/eastern/midatlantic/>

### Parkfairfax Garden Tour and Gardens in the Park Month

We are looking forward to continuing our partnership with the Activities Committee by working with them on the 2022 Garden and Amenities Tour, slated for the first weekend in June. We hope to showcase the beautiful gardens and all of the lovely outdoor amenities the Community offers our residents. This will also kick-off the 2022 Gardens in the Park Month which we are hoping to have some in-person events associated with it this year.

### Parkfairfax Garden Guide

The Garden Guide subgroup is continuing its work with the Garden Guide. The Parkfairfax Garden Guide (last time revised was 2011). We look forward to adding and updating the guide with input from other Committees and the Board of Directors.

### Adopt-a-Tree

Over the past five years of this program almost 200 trees have been planted and offered for adoption. Over 50% were adopted (some were in difficult areas to reach for residents) over 3 dozen trees “graduated” from this program, meaning they are not on a regular schedule to be watered but are still checked on by neighbors from time to time. Parkfairfax staff has been very helpful with delivering water bags for those that request it and coming around with the water truck for those trees that have not been adopted or are in difficult areas for residents to water.

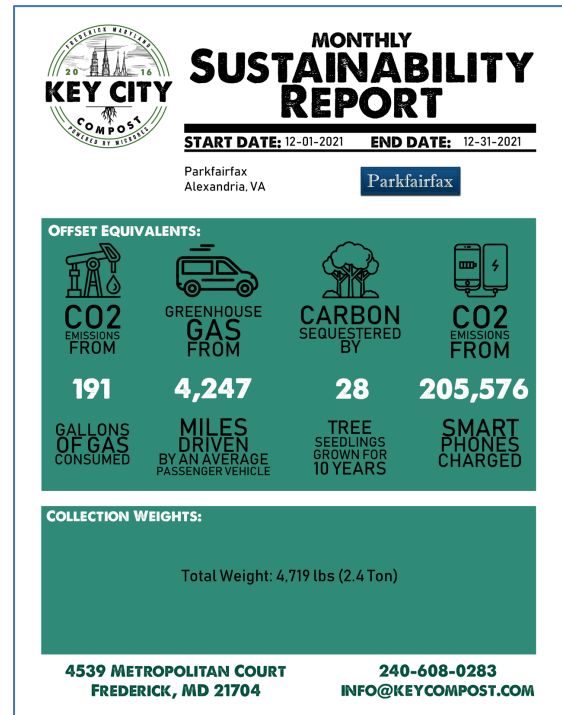
Each year, since 2017 we have matched newly planted trees and neighbors through the Landscape Committee's Adopt-a-Tree Program. This program gives residents a chance to keep an eye on new plantings while facilitating the watering of young or fragile trees. The Summer is a key time for this program, as this is when we are asking the adopters to water and care for their tree.

### Rain Garden/Tot Lot Study

At the urging of our Board Liaison, the Committee will be undertaking a review and study of the Rain Garden and Tot Lot revitalization behind the 100 buildings. The area was the subject of a project two years ago and continues to have lingering issues with mulch flows and water pooling. Stay tuned!

### Compost Program Update

Since September 2020, Parkfairfax has allowed residents to pilot an at-home compost program. To date, we have 100 households participating in this weekly service and our monthly stats are available in the chart (to the right). To date, the program has collected over 8 tons of food scraps that have been diverted from our waste stream and have helped keep the critters from our trash bags!





# Electric Vehicle (EV) Charging Stations for Parkfairfax

DRAFT

Parkfairfax Transportation and Land Use Committee  
(TLUC)

Bob Gronenberg (Chair)

Chris Kasmak (Lead)



19 January 2022

# Why are we here tonight?

- Present TLUC efforts to date to Board of Directors and community
  - Research
  - Outreach
  - Survey response
- Secure Board approval to transition program implementation to Management





# Goals

- Enhance Parkfairfax reputation as a forward-thinking community
- Respond to inevitable increase in Electric Vehicle (EV) ownership
- Start small, but allow for future expansion as demand increases
- Recover investment in and provide long term sustainability





# Reference points

- Fairlington Villages (North Fairlington) installed 1 dual port EV charging station near their tennis courts on S. Abington St. ~ 5 years ago
- Fairlington Commons (South Fairlington) installed 1 dual port EV charging station on S. Wakefield St. recently with second installation on S. Utah St. planned.
- Fairlington Arbor and Fairlington Glen considering
- Parc East considering
- All in condominium-owned parking areas
- Nearest commercial charging stations at Safeway and Shirlington

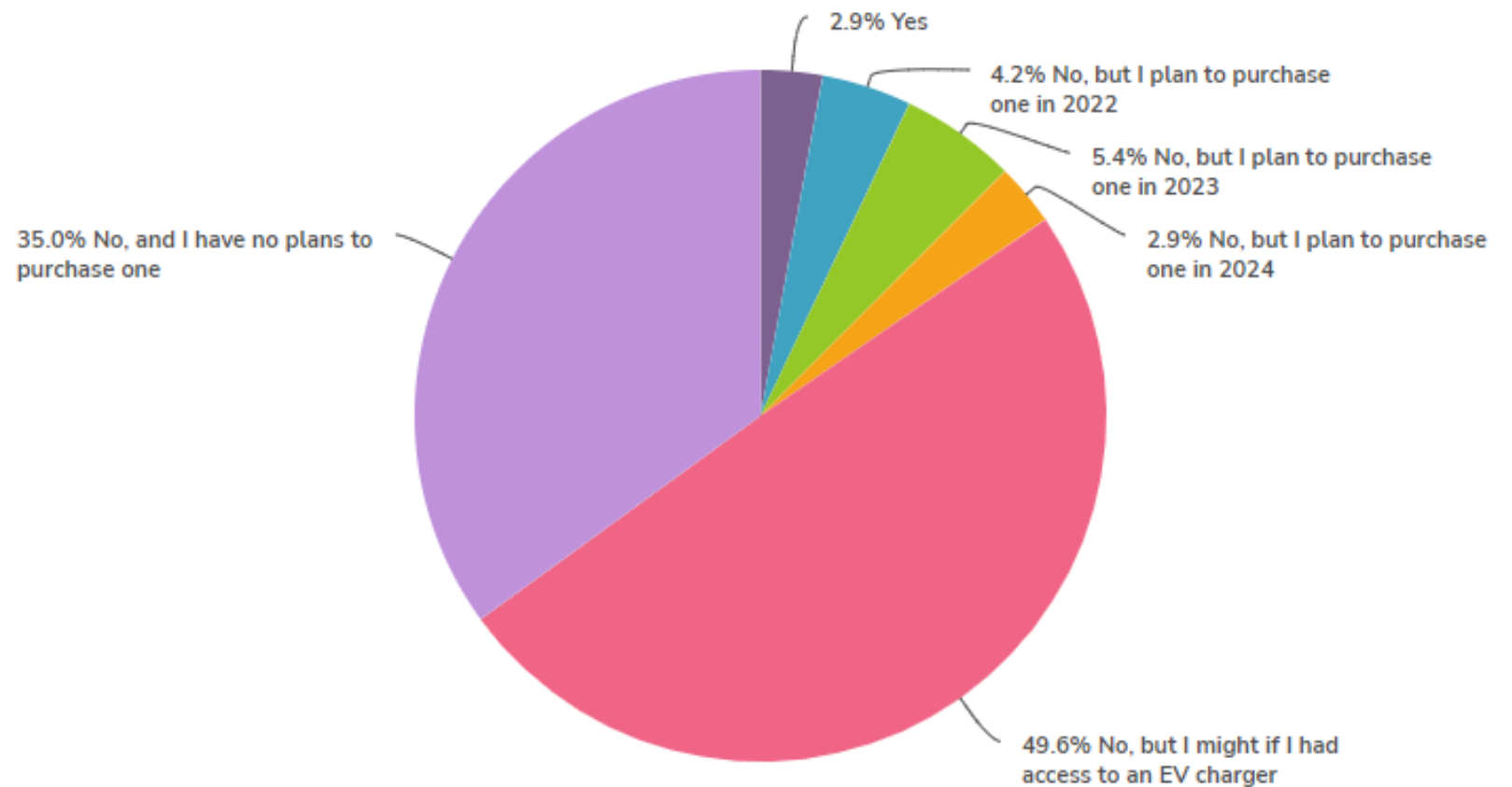
# Community Survey Dec 29-Jan 14

over 300  
Responses

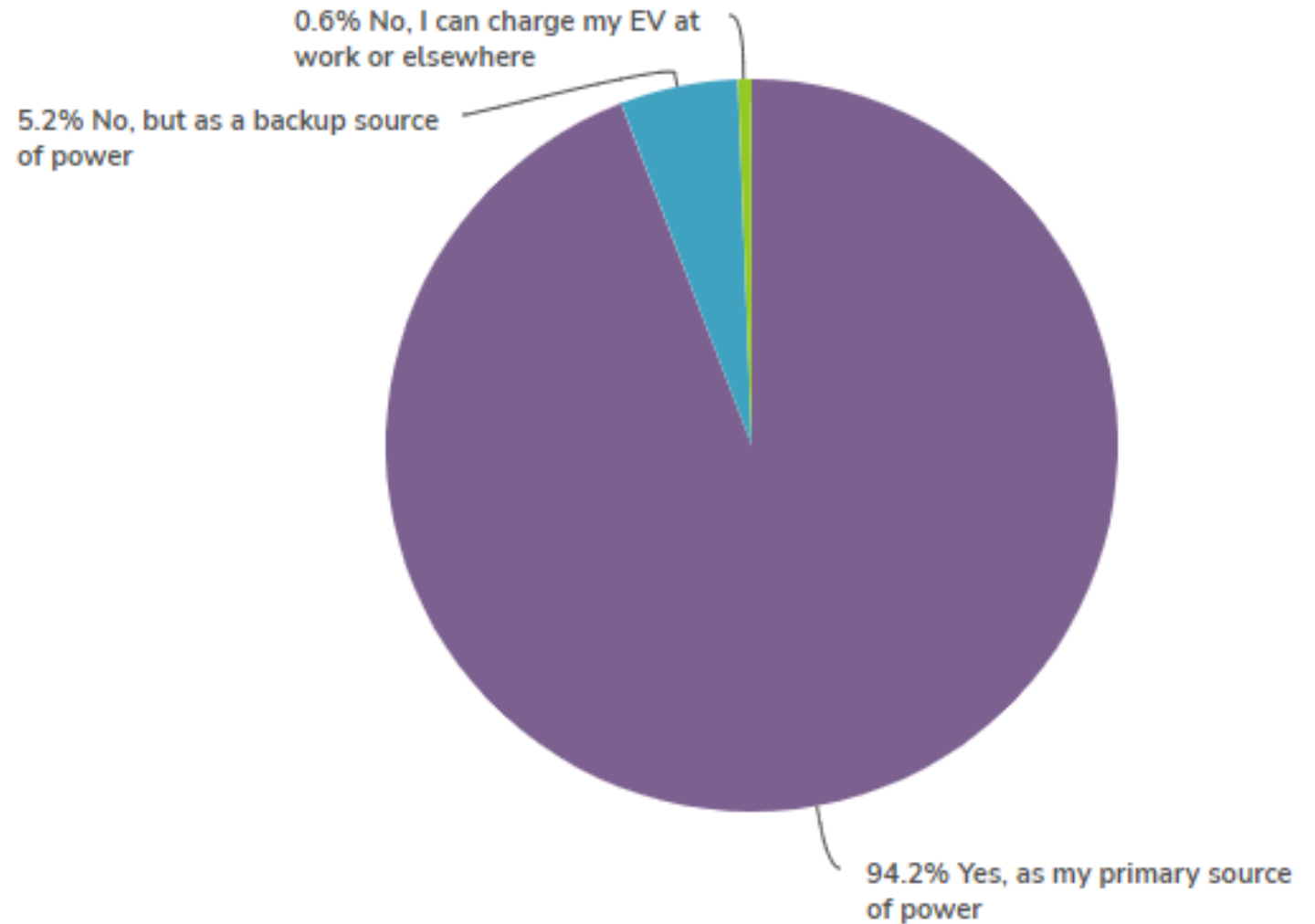
- Largely supportive:
  - Property value increase
  - Valuable amenity
  - Future-proof the community
  - Strong interest in EVs
  - Appreciative of the survey!
- Some concerns:
  - Financial impact
  - Pricing
  - Access
  - “NIMBY”



Do you  
currently  
own an  
electric  
vehicle?



If you  
purchased an  
EV, would you  
use Parkfairfax  
as your  
primary  
source of  
charging?



# Considerations for Parkfairfax

- EV Charging stations must be on condominium property, i.e. parking lots, 4 Lanes, Ravensworth Pl. (3100 block).
- **Proximity to existing power is major cost-driver**
  - Buildings with boiler rooms (formerly electric boilers) are ideal
- Dual EV charging station will occupy two adjacent parking spaces and allow two EVs to be charged simultaneously
  - Level 2 (6-19kw max output) best suited for residential community
- Location factors
  - Proximity to power source
  - Prefer larger parking areas to reduce parking impact
  - Reasonably accessible by residents (only) of all wards, at all altitudes



# Three companies contacted:

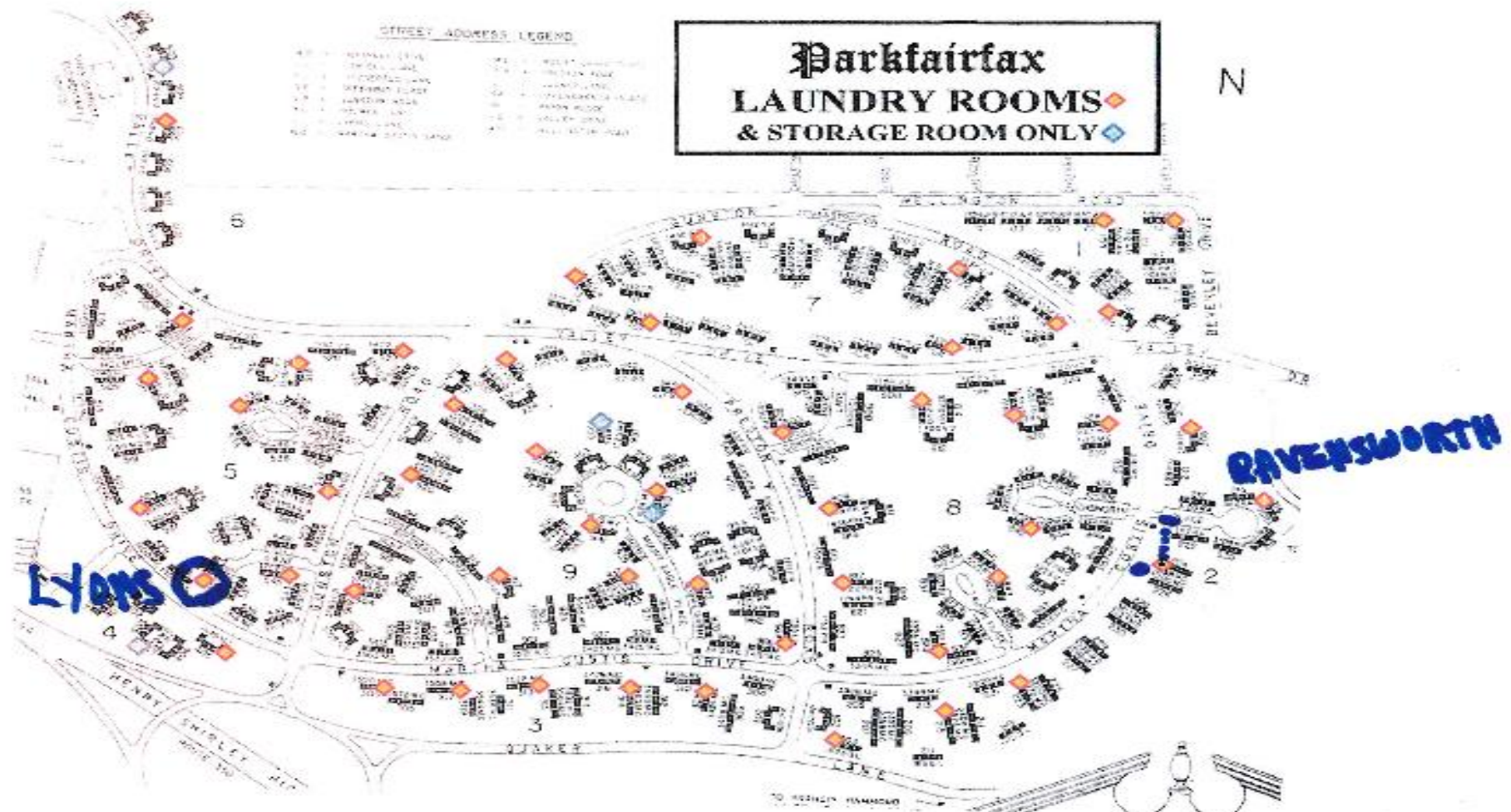
## ChargePoint, Blink, SemaConnect – there are others...

- All 3 companies offer the same basic solutions, with variations:
  - All offer Level 2 AC charging, usually with 6-19 kW max output.
  - Most equipment comes with a 1yr warranty with option to buy extended warranties.
  - Some companies are actively participating in regional grants, such as the Mid-Atlantic electrification partnership.
  - Some companies offer maintenance contracts that include equipment warranty and service.
  - In most cases there is a revenue split on per-KW charging rates. Cost to the customer typically ranges from \$.15 - \$.40 per kWh. EV charge company takes a percentage, PKFX pockets the rest.
  - All companies have proprietary software that remotely monitors and manages stations, tracks usage, and collects payment. NOTE: In most cases there is a cost to this software, paid by PKFX as an annual subscription.
  - All 3 companies offer a "Charge as a Service" model in which PKFX pays a flat fee per charger port and the company handles installation, maintenance and management. Generally the software license is bundled into this as well.
- Anything under 7 kW is generally not worth the effort in the long haul – EV Battery capacity is likely to increase over time.
- "Make ready" costs (ie. prep work, electrical provisioning, etc) varies based on location.
- **Installation cost may be partially offset by grants or rebates, competitively awarded. Important to apply EARLY in 2022 to qualify.**



Based on electric hookup  
Based on terrain (altitude)

Based on terrain (altitude)



# Two Proposed Locations (subject to review)

Each location = two parking spaces served by one dual port charger



Lyons Lane near MC  
(power from Bldg. 535)



3100 blk Ravensworth  
(power from Bldg. 224)



## Next Steps

- Obtain Board approval to proceed and finalize locations
- Management assume responsibility to issue RFP, apply for grants/rebates, evaluate responses and develop implementation plan, including electrical installation
- TLUC happy to assist in an advisory role.



## LICENSE AGREEMENT

This License Agreement ("Agreement") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2021 ("Effective Date") between **PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION**, a Virginia nonstock corporation, ("Licensor") and **THE CITY OF ALEXANDRIA**, a Virginia municipal corporation ("Licensee"). The Licensor and Licensee are sometimes hereinafter separately referred to as "Party" and jointly referred to herein as the "Parties".

**WHEREAS**, Licensor is the sole fee simple owner of the real property and all improvements thereon, located at 3360 Gunston Road, Alexandria, VA 22302 as shown on **Exhibit A** attached hereto (collectively, "Property"); and

**WHEREAS**, Licensee desires to establish, operate, and maintain elements of a self-service bicycle rental system ("Services") on the Property; and

**WHEREAS**, Licensor has agreed to allow Licensee to install, operate, and maintain the bicycle rental docking station that is specified on **Exhibit A** attached hereto ("Docking Station") on that portion of the Property more particularly shown on **Exhibit A** hereto ("Licensed Area"), in accordance with the provisions of this Agreement.

**NOW, THEREFORE**, in consideration of the promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Section 1 License.** The term "User(s)" is defined to include Licensee and all of Licensee's officers, employees, agents, contractors, customers, guests, invitees, successors, and assigns. Licensor acknowledges and agrees that any member of the public at large may become a User simply by using any of the Services and that each User must be allowed full access to the Licensed Area, in connection with using any of the Services. Licensor does hereby grant the following non-exclusive licenses (collectively, "License"): (i) to Licensee and its successors and assigns: the right and license to construct, install, upgrade, alter, expand, renew, maintain, repair, replace, remove, relocate, and use the Docking Station and all related bicycles and other equipment within the Licensed Area, and to use and enjoy all rights appurtenant thereto, including the right to enter the Property as may be reasonable and appropriate to exercise all License rights and the right to remove all obstructions as Licensee may deem necessary; (ii) to all Users: the right and license to enter and use the Licensed Area in connection with using any of the Services, which may include using the Docking Station or any related bicycles or other equipment within the Licensed Area; and (iii) to Licensee and its successors and assigns: the right and license to enter the Property to enjoy, undertake, or perform any of Licensee's rights or obligations arising under this Agreement. The Licensed Area shall be used only for the Docking Station and other purposes related to the License or the Services, and Licensor must not block or impair any User's full and ready access to the Docking Station (24 hours per day, 365 days per year) or otherwise materially interfere with or alter any User's use or enjoyment thereof.

**Section 2 Fee.** Licensee and all other Users have no obligation to pay any fee or rent with respect to the License or this Agreement.

**Section 3 Term and Termination.** This license shall commence on the Effective Date. Either Party may terminate this Agreement by providing the non-terminating Party with a written termination notice at least 180 days before the termination date specified in such notice.

**Section 4 Insurance.** Licensee's self-insurance program will provide liability coverage for claims, suits or actions arising from injuries to persons and property sustained in connection with the improvements made to the Licensed Area throughout the duration of this Agreement.

Notice of claims, suits or actions brought on account of any injury or damages sustained to any person, or to the property of any person as a result of Licensee's installation, operation, or maintenance of the Docking Station and related equipment or other performance under this Agreement should be directed to Office of the City Attorney, Attention Joanna Anderson, 301 King Street, Suite 1300, Alexandria, VA 22314.

**Section 5 Site Preparation.** At no cost or expense to Licensor, Licensee is fully responsible for obtaining all permits and for preparing the Licensed Area for the installation of the Docking Station.

**Section 6 Station Installation and Removal.** Licensee shall install and remove the Docking Station at its sole cost and expense.

**Section 7 Maintenance.** Licensee, at its sole cost and expense, shall: (i) maintain the Docking Station in good condition; and (ii) communicate as necessary with Users and other third parties, including responding to User inquiries. Licensor has no authority to communicate with anyone on Licensee's behalf.

**Section 8 Surrender.** Within sixty (60) days after the date of termination by either Party, Licensee must remove the Docking Station and all related bicycles and other equipment from the Licensed Area, and must restore the Licensed Area as near as is practicable to the condition it was in upon the Effective Date, ordinary wear and tear excepted.

**Section 9 Disputes.** This Agreement is governed by, and must be construed and enforced in accordance with, the laws of the Commonwealth of Virginia. For every dispute regarding this Agreement: (i) each Party shall pay its own attorney fees (whether incurred at trial, on appeal, or otherwise) incurred in resolving or settling the dispute; (ii) each Party consents to the jurisdiction of the Commonwealth of Virginia, and avers that such courts have personal jurisdiction over each Party; (iii) venue must be in the Circuit Court of Alexandria, Virginia. All rights and remedies are cumulative and nonexclusive.

**Section 10 Final Agreement.** This Agreement contains the complete, final, and entire integrated agreement between the parties with respect to its subject matter and supersedes all other agreements relating thereto. Any amendment to this Agreement must be in writing and signed by all parties.

**Section 11 Representations.** Each Party represents and warrants to the other Party that: (i) it has the legal power and authority to enter into this Agreement and to undertake and perform all of its duties and obligations hereunder; (ii) there is no contract or other legal obligation that prevents it from entering into this Agreement or from undertaking or performing all of its duties

and obligations hereunder; and (iii) this Agreement is its legally binding and fully enforceable agreement.

**Section 12 Notices.** All notices and other communications provided hereunder must be in writing and are deemed given: (i) at the time of hand-delivery; (ii) the day after sending by a nationally recognized overnight delivery service (with confirmation of transmission); or (iii) 3 days after sending by certified mail (return receipt requested). All notices shall be sent to the following addresses:

IF TO LICENSOR:                   <INSERT NOTICE CONTACT>

IF TO LICENSEE:               The City of Alexandria, Virginia  
301 King Street  
Alexandria, VA 22314  
Attn: City Manager

With a copy to:               City Attorney  
The City of Alexandria, Virginia  
301 King Street, Suite 1300  
Alexandria, VA 22314

**Section 13 Counterparts.** This Agreement may be executed in original counterparts, where all counterparts taken together create the binding Agreement.

**Section 14 No Waiver of Sovereign Immunity.** Nothing in this Agreement, nor any action taken by any of the Parties pursuant to this Agreement, nor any document or documents that arise out of this Agreement, shall constitute or be construed as a waiver of the sovereign immunity of the City, including its elected and appointed officials, officers, and employees.

**Section 15 No Rights in Third Parties.** The Parties agree that no provision of this Agreement shall create in the public, or in any person or entity other than the Parties, any right as a third party beneficiary hereunder, or authorize any person or entity, not a party hereto, to maintain any action for personal injury, property damage, or breach of contract pursuant to the terms of this Agreement or otherwise.

**Section 16 Appropriation of Funds.** All of the Licensee's obligations under this Agreement are subject to appropriation of funds by the City Council, for the specific purpose of satisfying the payment and performance of such obligations. If funds are not appropriated for the specific purposes of satisfying the obligations of the Licensee, at the beginning of any one of the City's fiscal years during the Term, then this Agreement shall become null and void and shall terminate on the last day of the City's fiscal year for which appropriations were received for such purpose, without any termination fee or other liability whatsoever to the Licensee. The Parties agree that, notwithstanding any provision in this Agreement to the contrary, this section shall supersede any

and all obligations imposed by any other provisions of this Agreement. No subsequent amendment to this License shall abrogate, diminish, or compromise the full legal effect or implication of this section.

**Section 17 Role of City.** Execution of this Agreement on behalf of the City shall not constitute the granting of governmental approval to the Licensor for any governmental approval or consent required to be obtained by the Licensor. Nothing in this Agreement shall be construed to waive any of the City's powers, rights, or obligations as a governing authority or local governmental body, including, but not limited to, its police powers, right to grant or deny permits, right to collect taxes or fees, or any other power, right or obligation whatsoever.

**Section 18 No Indemnification or Hold Harmless.** Notwithstanding any other term or provision of this Agreement to the contrary, the Licensee shall have no obligation to explicitly or implicitly indemnify or hold harmless the Licensor or any third party or parties from any liability whatsoever.

**Section 19 No Partnership, Joint Venture, Lease, or Easement.** The Parties hereby agree that nothing contained in this Agreement shall be deemed or construed as creating a partnership, joint venture, a landlord and tenant relationship, or an easement interest in any portion of the Licensed Area.

**Section 20 Severability.** If any of the terms and conditions in this Agreement are, at any time during the Term or any extension thereof, held by any court of competent jurisdiction to be invalid or unenforceable, then such terms and conditions shall be severed from the remainder of this Agreement, and such severance shall not affect the enforceability of the remaining terms and conditions in accordance with the intent of this Agreement.

The parties execute this Agreement as of the Effective Date.

WITNESS the following signature(s):

**[The signatures appear on the following pages.]**

LICENSOR:

**<Signatory>**

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Print Title:\_\_\_\_\_

COMMONWEALTH OF VIRGINIA

CITY of Alexandria

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of 2022, by  
\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, a  
<STATE> <BUSINESS TYPE> that is registered to do business in Virginia, Licensor.

Notary Public:\_\_\_\_\_

My Commission Expires:\_\_\_\_\_

LICENSEE:

Accepted this \_\_\_\_\_ day of 2022, on behalf of the City of Alexandria, Virginia.

By: \_\_\_\_\_  
For the City of Alexandria, Virginia

Name:

Title:

COMMONWEALTH OF VIRGINIA  
CITY OF ALEXANDRIA, to-wit:

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, on behalf of the CITY OF ALEXANDRIA, VIRGINIA, a municipal corporation, Licensee.

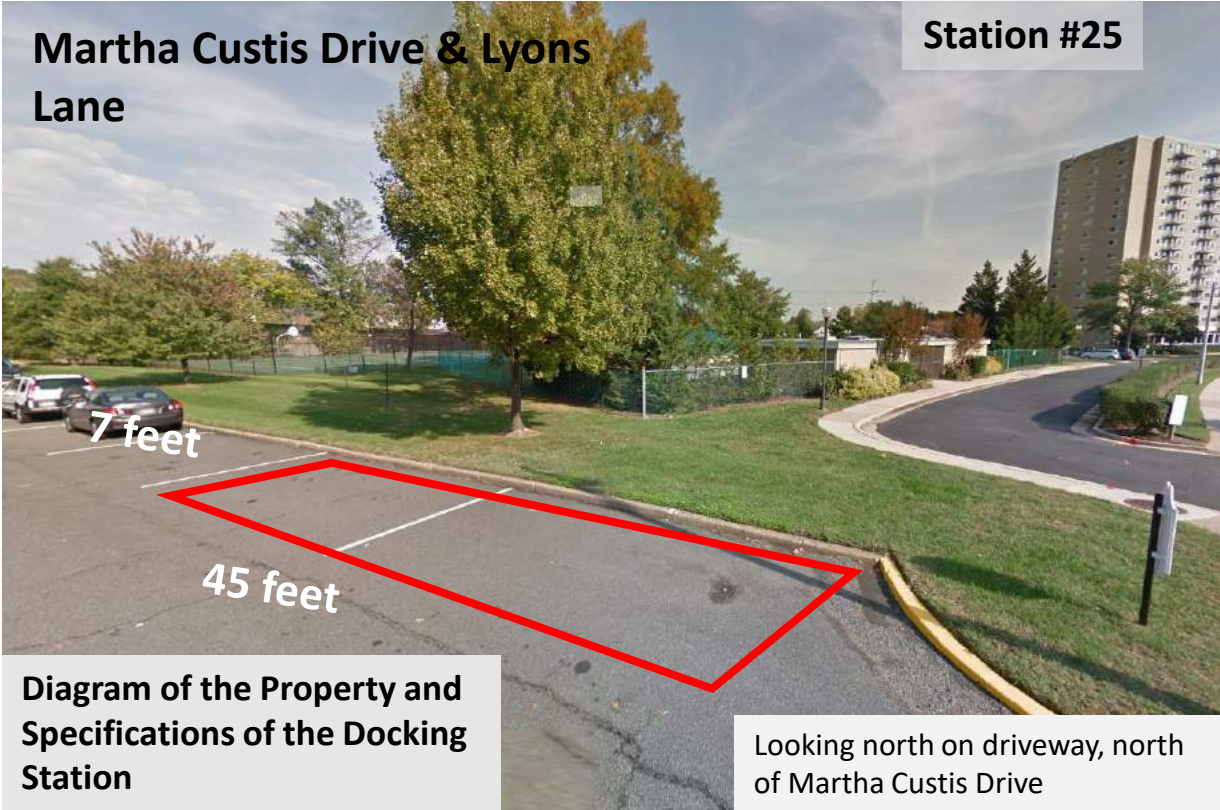
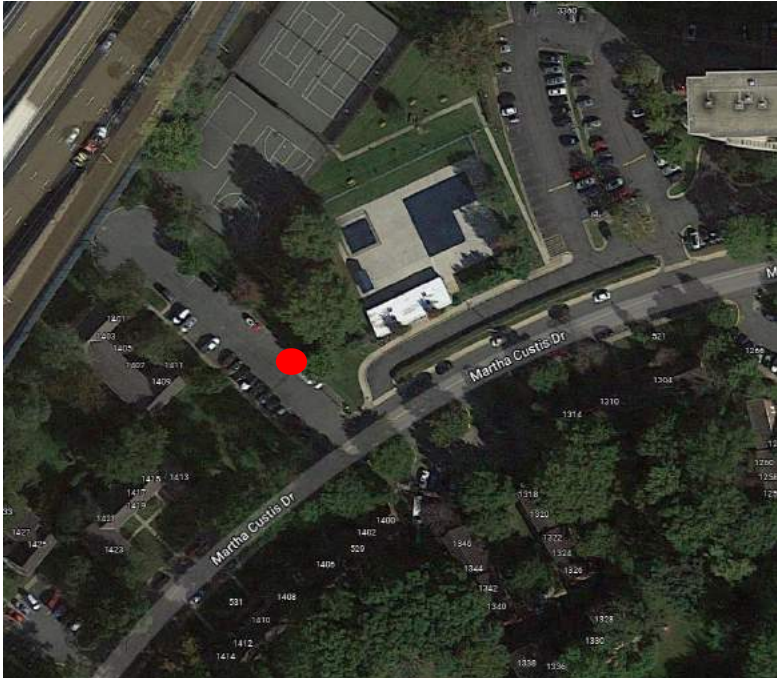



Notary Public: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

APPROVED AS TO FORM: \_\_\_\_\_  
SENIOR ASSISTANT CITY ATTORNEY

**EXHIBIT A**  
**DIAGRAM OF THE PROPERTY AND**  
**SPECIFICATIONS OF THE DOCKING STATION AND VICINITY MAP OF**  
**LICENSED AREA**



Exhibit A – Diagram of the Property, Specifications of the Docking Station, and Vicinity Map of Licensed Area

<div><div><div>Martha Custis Drive &amp; Lyons Lane</div><div><div><div>Station #25</div><div></div></div></div><div><div>Diagram of the Property and Specifications of the Docking Station</div><div>Looking north on driveway, north of Martha Custis Drive</div></div></div></div>			<div><div></div><div>Vicinity Map Of Licensed Area:</div></div>
<p>Notes: No concrete pad needed. To be located on Parkfairfax Condominiums (private property).</p> <ol style="list-style-type: none"><li>1. Station funded by VDOT and so would need to submit to VDOT documentation of a license agreement between the City and Parkfairfax Condominiums (VDOT re-approval could take several months, up to a year).</li></ol>			<div>Station Size and Configuration: 45' x 7' (15 docks)</div> <div>Signage Needs: Map to be included</div>
			Date Submitted: