

HMC Management Board Meeting Minutes
June 8, 2013

Call to Order: Mark Anderson called the meeting to order at 10:00 AM.

Roll Call: Mark Anderson, President; Janet Podell, Vice-President; Dianne DeGood, Secretary; Pat Zazzo, Treasurer; Sherri Anderson, Member at Large. Claudia Ellsworth, Island Manager. [IM]

Mark announced that Board members would be recording the meeting for the purpose of completing the minutes.

Previous HMC Management Board Meeting Minutes: Mark Anderson moved to approve the May 11, 2013 HMC Management Board meeting minutes. Motion carried.

Correspondence: There were 2 items of correspondence:

- A card from a Member thanking Mark Anderson for his dedicated work the past four years
- Email from a Member asking about the Ferry going out for Engine and Transmission replacements

In addition the Board received several emails:

- Email for Member concerning erosion at North Beach
- Email from Member about gas being stolen on the Mainland over the Holiday weekend
- Email from Member asking about the Reserve Study posted online.

Finance: Pat Zazzo reported that the General Assessments are in at 97.62% and the Ferry revenue is at 57.52%. This compares to 63.8% last year's Ferry revenue.

In the bills to be paid under the Water bills, two have been pending for payment by Caseco and these have been paid. Under HMC Managements bills the Sport Court expenses will be coming out the Parks Reserves - \$9,344.14 for GDA Construction and \$1,192.30 for Kramer Excavating. Prior Sport Court bills will also be reimbursed to HMC from the Park's Reserve.

Pat moved to pay the bills for the HMC Management General Fund and HMC Water Department as presented with the exception of the two bills that have been paid by Caseco. With no further discussion the motion carried.

Proposed Budget:

- Mark Anderson stated that the Finance Committee has proposed a Budget for 2013-2014 to the Board. There has been a significant amount of discussion among Board Members to curtail the budget, and the various factors that go into the Budget. The Board Members do not all agree in approving this Budget. Most years the Budget is unanimously approved by the Board and goes immediately to the Membership for a vote. It is vital that we have an approved budget by the next Board meeting in July. Then he asked for comments from each Board Member.
- Dianne reported that she feels that the current raise in Assessments would be a hardship to a lot of Members on fixed incomes, especially with the added Water Assessments. In looking at the budget, there are places where the numbers can be reduced, and recommended that a new budget or a budget presented in another year include a column for the current year's six month actual costs, so that it can be compared to the proposed budget. Board Members get a copy of the Actual Profit and Loss Statements and can compare, but the Membership does not see this and it should be included for everyone to see. For these reasons she is not going to approve the Proposed Budget.
- Pat stated that she would not approve the Proposed Budget for several reasons. With the Ferry Engine and Transmission replacement, we were told that we would see a reduction in fuel and maintenance costs for the Ferry. This savings is not reflected in the Proposed Budget. The sale of the two HMC properties should realize about \$15,000 in revenue which can be added to the Reserves. The Cable Replacement is coming up soon and with only \$5,000 in the Reserves it had to be funded with \$20,000. All of our carryover funds, \$13,000 would go into the Reserves. We will need to contribute significant amounts to the Reserves in the next two years.
- Janet pointed out that a \$105 increase would only amount to \$8.95 per month. The Finance Committee is a very dedicated group of individuals who worked hard at coming up with the Proposed Budget. Some of the costs were reduced. Actual numbers are just a snapshot in time and cannot be compared to proposed numbers. She has attended most of the Finance Committee meetings and saw the diligence that was applied to each and every line item in the budget. We must plan for unknown contingencies such as the recent ramp motor failure at the mainland ferry dock. The the old motor is being rebuilt and we are without a spare motor until that one returns.. However, if previous Boards had not planned for contingencies such as this we would not have had a spare motor at all and the ferry would have been out of service until a new motor was obtained. We as a Board have the fiscal responsibility to maintain the assets of the Association. The Budget was prepared by financial professionals and \$8.95 a month doesn't seem like a

hardship. We are in a critical position because the Boards in the past did not plan for the contingencies. It wasn't until the past 10+ years that Reserve funding was made part of the budget. Planning is very important so she recommended that we approve the Proposed Budget as recommended by the Finance committee.

- Sherri is not a member of the Finance Committee, but attended most of the meetings. She stated that it was tough to come up with the numbers and the Reserves have to be funded gradually every year. But she suggested that there are still adjustments that can be made. Right now the Proposed Budget shows a 6.3% increase over last year and she would like to see it get down to at least a 3% increase. She also suggested to keep the Water Base Fee at \$20 instead of increasing it \$1 to \$21. She had specific ideas on how to cut but would suggest them later when the Board meets with the Finance Committee.
- Mark emphasized that we live on an island, we own and operate our own ferry, we take care of our own roads and we have a new water system. He is not opposed to the \$21 a month base fee for the Water, especially since the Water Budget is separate from the General Assessments. We as Board Members represent everyone on the Island. He said that he has compassion for those on limited incomes who feel they are being forced off. But a big component of the Budget is the contribution to the Reserves. We have to balance how much is in Reserves and how much we will eventually have to pay in Special Assessments. Budgeting over a period of time is the more palliative way to go. Most people aren't saving the money for these added Special Assessments, so it only makes sense to add it gradually over several years to the Reserves.

He also noted that the Budget does not raise the Ferry fees. If we would raise the Ferry fees for everyone by one dollar, it would decrease the Assessments by \$70. That would seem to be a more equitable approach and would allocate the Ferry Fees to those who use it the most. It is just like the water, if you use more, you pay more. Currently the Ferry Fees cover about 30% of the costs and it should be closer to the 40% level. He suggested that we look hard at increasing the Ferry Fees and hopefully the Ferry costs will go down, getting us closer to the 40%.

He acknowledged that it is expensive compared to living on the Mainland. But what we get on the Island is a bargain, so his position was to adopt the Proposed Budget as presented.

After his remarks, Mark opened the discussion up to the Members for their comments. There were comments on both sides, both to accept the Proposed Budget and to reject the Proposed Budget.

Mark suggested that at the conclusion of this meeting, he would call a recess so the Board could meet with the Finance Committee. He reserved the vote until the Board and Finance Committee could come up with a resolution that could be approved.

New Members: Dallas Amidon introduced our newest Members to the Island, Mike and Diane Thynes.

Administration: See the Island Manager's report for the full report of Administration issues.

The IM thanked the many volunteers for everything they do. Some Members have been working hard at creating new property files for the water meter records, release of lien documents and any other documents related to the property. Other Member are helping to cut the evergreens popping up at the intersections and removing the tansy. She also thanked Deb Kraft for cleaning the Community Building before the meeting and the BOOSTERS for donating and installing the new roll up door in the back of the Community Building.

Tansy Removal: Volunteers have come forward to help with the tansy removal. If you are interested in helping, just take a walk around the Island. Leslie Sanderson has bags for you to use and bring by her home, so that she can dispose of them properly. She will be gone until June 26th, but her neighbor will pick them up if you leave them in her driveway. The tansy inspector will be back on the Island during the week of June 17-21 to check for compliance.

Water System Maintenance and Operations: We made it through Memorial Day weekend without a single call. Some Members are asking about water in the meter boxes, but it will not damage the Meter. Charles Smith reported that the meters we have are meant to operate in adverse conditions.

At the last meeting the Board agreed to negotiate with Northwest Water Systems to help with maintaining our system. NWS was willing to modify the language regarding issuance of water availability letter and issuance of Consumer Confidence Reports. Washington Water Systems has been a good company to work with, but the Water Committee believes there will be some savings to contracting with Northwest Water System.

Mark moved to authorize the Island Manager to execute a one year service agreement with Northwest Water Service, starting September 17, 2013. Motion carried.

We will continue to charge the flat rate next year because we still don't know what the usage will be.

The final grading of the roads will begin Monday, June 10th and continue through June 12th. The barge of gravel is expected to arrive late June 10th or early June 11th. Everyone was reminded to take extra time and caution when they are working on the roads.

The IM reported that they had three obligations to fulfill. First of all they need to repair the roads the same as before the construction as the contractual obligation indicated. This means they will restore the roads from the damage they caused during construction. They will also need to move the dirt out of Nature Park where the dirt was dumped a little too close to the wetland. This will be an HMC expense since HMC authorize the dumping. The last part is to complete some much needed repair on the Single Lane Road.

Charles Smith reported there is a Water Service Request Form available outside the door of the office. If you need help with your water, such as turning off or on, this will be a good way to let the office know. Members were also advised to turn the water off when you leave for long periods. Because of the higher pressure, there have been breaks in the home and the owner didn't know for days, damaging many things inside the home.

Judy Greinke wanted to thank the Water Committee and Board for meeting on May 31st to work on the Water Operations Manual. With everyone's input we are down to the final document, but not quite ready to approve it. The Committee is hoping to have it completed by the next Board meeting. Anything that had to do with Rules was added to the Island Rules document. The Water Financial Policy that is posted online needs to be revised to match the Water Operations Manual.

Fire Department: The Fire District has been contacted about the Ferry going for repair in September. The Fire District has contracted with Anderson Island for emergency service to Herron Island while the "Charlie Wells" is out of service in September.

Land use: HMC has sold one Lot and working on closing the second Lot. Both Lots are contiguous to existing Assessable Units so won't increase the number of Assessable Units. A Deed of Trust still encumbers the second Lot, but this appears to be an oversight of the title company. As soon as there is a clear title, HMC will be closing on that Lot also.

Emergency Preparedness: Pat Zazzo reported there would be no meeting this month or next month because of the Annual Membership meetings.

Parks: The Sport Court is completed and still to come are the basketball backboards and additional landscaping.

We are still working with KPFF regarding the piling stubs at North Beach, hoping that a volunteer with mud boots and a sledge hammer can take them out during a low tide. There are more pilings than you can actually see.

The Erosion occurring at North Beach still needs further assessments and a proposal for action.

Roads: Jack Wells reported that the Barge of gravel will be here next week, either the 11th or 12th of June. The funds will come out of the Roads Reserve and the rest will come out of the current year's budget. Caseco will be coming next Monday to do their work on the roads. It is very important for Members to drive carefully and try to add a little extra time and take alternate routes. The Single Lane Road needs extra work and they plan to use an extra day to work on it.

It will cost approximately \$3000 to do the additional work on East Herron (single lane road), plus \$800 to do the soil removal at Nature Park. Funds for Single Lane Road will come from the Roads budget, and for Nature Park, from the Water Department. By the end of next week the roads should be in good shape. But remember the speed limit is still 15 MPH. Volunteers are needed for driving the water truck. Anyone who is interested can sign up in the office. They will need a valid driver's license on file for insurance purposes.

There will be a work party scheduled for Saturday, June 22nd. Members are asked to meet at the Community Building between 8:30 and 9:00 a.m. More details will be online and in the Beachcomber. A Member was thanked for all the work done at the corner of Maple and Yew. The intersection has a clear view from all directions.

Janet Podell reported that she is keeping track of volunteer hours. Since February, volunteers have saved the Island over \$8,700, based on an internet study that suggests that the average wage for volunteers is \$21.36/hr.. She encouraged everyone to get out and volunteer your time. Many of the things volunteers have accomplished would otherwise have been done by paid professionals and ultimately by the members in their annual assessments. Not only does it bring on Island camaraderie, but also makes Members feel a sense of community when working together toward a common goal.

Rules: The new Herron Island Rules are completed. The Board Members considered all of the comments that were made by Members and included Rules for the new water system. This is the first revision in six years. A summary of the changes are online. The Rules also incorporated a procedural section, which is the second portion of the Rules. Today, we will present the Rules to the Board of Directors for a vote. At that point the Rules that affect everybody will be adopted. There are other Rules that affect the entire Membership. Those Rules will be sent out with the next Ballot.

Mark Anderson moved that the HMC Board of Directors approve the Rules as they have been presented and that they be adopted as of June 2013. Motion carried.

Currently there are three formal Rules complaints, two for speeding and one for fire and noise.

Ferry: We were able to recover the engineering drawings from the engineering firm that designed the 1993 ramp replacement and have provided these to Sargent Engineers. We have also requested an estimate from Landau Associates for shoreline permitting for sanding and painting of the two ferry ramps and approximately how long it will take to get the permits. It has been advised to allow six to nine months for the permit process at a cost of about \$5,000 to \$6,000 for consulting and permit fees.

HMC is now recruiting for two standby deck hands. Anyone who is interested should provide a letter of interest and a resume to humanresources@herronisland.org.

John Farris reported that the Ferry will leave for service on Sunday, September 15th after the noon Ferry runs. He also announced that there is an error on the Low Tide Schedule – “Monday, July 7th should be Sunday, July 7th”.

Over the Memorial Day weekend the Ferry Crew counted 684 cars and 1454 people who came to the Island. He also noted that the weather wasn't that great.

Legal: There are currently 20 delinquencies and seven are at the attorney for action. Many of them are for water bills. Our current rate is at 5%.

The Board is engaged in a legal proceeding in which it would benefit HMC to continue to have Mark Anderson help with resolving this issue. **Janet Podell moved that we take advantage of Mark's help and expertise in resolving this legal issue for the Island. Motion carried.**

B.O.O.S.T.E.R.S.: Janet Podell announced that there would be a Potluck tonight and everyone was invited to attend. She also explained that the door in the back of the Community Building was donated by the BOOSTERS and now they are looking for volunteer painters to finish painting the wall.

Beachcomber: All items must be sent electronically to the Beachcomber editor at beachcomber@herronisland.org no later than 5:00 pm on Wednesday, June 12th. The next Beachcomber will be the June issue.

Rumor control and Membership questions: The Rules were adopted today, and will be on the website.

A Member asked about fireworks for the 4th of July. The HMC Board designated that fireworks will be held only on Thursday, July 4th from dusk until midnight and restricted to the North Beach Park only. (on the beach area- not the parking lot). More details will be in the Beachcomber and online.

New business: **Mark Anderson moved that the HMC Board adopt a policy that when a Committee makes a recommendation to the Board that it be in writing and signed by the Chairman of the Committee. This will give the Board a formally presented document for an official record and the Board can then take official action on it. Motion carried.**

Mark then moved to accept the proposed Budget for 2013-14 as presented by the Finance Committee. For the purpose of recording, Mark Anderson and Janet Podell voted to accept the Budget and Sherri Anderson, Dianne DeGood and Pat Zazzo were opposed. The motion did not pass.

Mark asked the Members of the Finance Committee who were in attendance to meet with the HMC Board Members during the Annual Meeting while the votes are being counted. Hopefully with further discussion between both groups, the proposed budget can be adjusted to permit approval by the Board.

Since there was no further business, Mark Anderson moved to adjourn the meeting. Motion carried.

Respectfully submitted,

Dianne DeGood, Recording Secretary.