

HMC Management Board Meeting Minutes
May 12, 2012

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

Roll Call: Mark Anderson, President; Dianne DeGood, Secretary; Judy Greinke, Treasurer; Pat Zazzo, Member at Large, and Claudia Ellsworth, Island Manager. Gary Wanzong was on an excused absence.

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

Previous HMC Board Meeting Minutes: Mark Anderson moved to approve the April 14, 2012 HMC Management meeting minutes. Motion carried.

Correspondence: There were five items of correspondence:

- Board Candidate Application from Sherri Anderson
- Board Candidate Application from Lita O. Monaghan
- Board Candidate Application from Janet Podell
- Letter from a Member regarding a truck being moved on the mainland side without permission
- Letter from the USDA with Outlay Report #2

Mark explained that there are four candidates running for the three positions on the HMC Board of Directors. Mark Anderson is running for a one year term, since he has been on the Board for three consecutive years. The other candidates; Sherri Anderson, Lita O. Monaghan and Janet Podell are running for two year terms.

Finance:

- Judy reported that most assessments are in and showing a positive balance. There are ten delinquencies and seven are with the attorney, but this does not reflect any that haven't paid for the second half of their assessment. They are not considered delinquent until June 30.
- The Ferry revenue is up to 56%. Members are buying packets of tickets, giving us the funds before they are using them. This has seemed to work very well with the Ferry Crew. As a bonus, it has been a time saver in the office. Our expenses show a high expense for the Docks but this reflects what we paid for on the pilings. That bill was paid by taking funds out of the reserves and putting it into the HMC Management general fund to pay for the expense. Our next budget will identify more line items and hopefully be much clearer. As it appears now, it looks as if the Ferry Docks had a big expenditure.
- In the list of HMC Management bills to be paid we have two additional bills: one bill is to Quigg Brothers for \$277.20 for the sales tax on the additional loop on the Small Boat Dock. We approved the estimate for Quigg Brothers for this last month but did not approve the sales tax. And we got a bill today from Kramer Excavating for \$385.53. That was for work done in connection with Washington Water and water repair.
- The Island Manager stated that last year the Board decided to move all of the insurance renewal dates to the first of May for budgeting purposes. This makes a significant increase in the bills to be paid in May. The good news is that we had a decrease in the insurance of \$1,159.00 because of the improvement on the docks, but our other premiums were unchanged.
- **Judy presented the bills to be paid and moved to pay the HMC Management bills along with the two additional bills presented. With no further discussion the motion carried.**
- For the HMC Water Utility bills, we have added \$8,100 to the Vanguard account for the water reserves. Last month we held back from putting anything into the reserves because of extra bills for the water project and the funds were not reimbursed yet. When we turn in our water project bills, they go through our engineer, then to USDA and then to Key Bank. By then we have already paid our local bills, so they pay the contractor and reimburse HMC. This month we have the \$42,576 reimbursed and it automatically goes into the HMC Management account. Since we have the two accounts we only move the money into the HMC Water Utility account when we need to for the water project. Our hope is that it will end up being additional money to fund our reserves, but we won't know that until the end of September or October.
- **Judy moved that the HMC Water Utility bills be paid and that we transfer the reserve contribution to the Water Utility account. With no further discussion the motion carried.**

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

- There are power poles along the roads because Pen Light is scheduled to be here for two to four weeks installing 3 phase power from the Ferry Dock down East Herron around Maple and down to the well site. It will all be above ground power.
- The County Noxious Weed inspector has been here checking the Tansy Ragwort, but has also found Scotch Broom growing in the Island right of way, which is another noxious weed.
- Island Cleanup: Members have asked about cleanup of 1110, 1112 and 1114 East Herron and that is being cleaned up this weekend. The van parked on HMC right of way has been removed.

Water System Maintenance and Operation:

Under water system maintenance, things are going well. The contractor gave us a lower bid betting that he would not have to install a lot of bedding. So far he has been right. The Resident Inspectors go out and check the compaction and keep a daily log on what is going on. They are documenting and photographing all the details. This documentation is given to the project engineer for his review and then it comes back to the Island for the permanent files in the office.

Dana Gruber, one of the Resident Inspectors, reported on the progress of the water project. She stated that they keep incredible logs and document every piece of pipe in the ground. This tells the engineer how much they have done each day and keeps the contractor from charging for additional pipe. She also thanked the Board for upgrading to 250 psi pipe and showed an example of the pipe they are using, demonstrating how the joints are sealed together. Once the pipe is placed in the ground they make sure there is soft sandy loam on the bottom and on the top, and no sharp rocks in the space. Then a compacting machine is used to compact the dirt around the pipe. Since the water will be coming from the well house at 60 psi it should give significant water pressure at every house. The assemblies are also important. The new valves have an incredible coating and will not rust after 50 years. There will be fire hydrant every 600 to 700 feet, and some at 400 feet.

She reminded Members that there are cones in the middle of the roads. They are important so please do not run over them. She encouraged Members to drive in the center of the road. The sides of the roads will be soft until they get the full compaction completed. If they are working along your roadway, take some extra time to get to work and if you know they are going to be there, move your car down the street ahead of time.

Dana also reported that the crew is outstanding. They enjoy and love to come to the island and we will have an incredible water system when they are done. The second crew will come in this week, so it will take some time for them to get acquainted.

Mike Shettlesworth reported they cut a telephone cable last week, but Century Link's locator was out before and didn't locate all of the lines. There have been water breaks occurring along the way, but they are not the result of the contractor. Jester reported that "the old system is almost impossible to find and when they do, it is very brittle".

Al Moren was at the Island last week and asked lots of questions, and still has an interest in what they are doing. He was happy that we upgraded the pipe.

Water system modifications:

The Board is working on the replacement of well pumps, hydro pneumatic tank, old yard piping, repair of the old pump house and the selection of the meters. See Island Managers report for details.

Mark Anderson explained that the Board has already authorized two changes to the contract: one was for the upgrade in pipe and the second was the installation of a man gate next to the well house.

Dana Gruber commented on a Member's request last month about softening the view of the well house. She stated that another ugly area is the triangular Dolphin Park. It is along West Herron where Maple intersects. She would like to suggest the Board consider moving the statue up to the well site and beautify the well site. There is a red stake in the center of this park for a hydrant. She suggested taking the hydrant out and making the park a traffic circle with gravel.

Mark proposed to the extent possible to relocate the water hydrant to a more reasonable place where it wouldn't be in the way of traffic. He also suggested that we table the discussion on beautifying the well site until we have feedback back from USDA and the project is done. **After further discussion, Mark moved that we investigate relocating the fire hydrant at the dolphin intersection to accommodate future uses of this area and approve that move as long as the cost is no more than \$1,000. After no further discussion, motion carried.**

Fire Department: The fire hydrant at the well site has been restored and is functioning.

Committees:

Water Advisory Committee:

- It is now identified as the Herron Island Water Committee. It is now HIWC mainly because they are a working group of Members. Their Mission Statement and Charter are ready to be presented to the Board for approval. The committee is going through the Water Cross Connection Checklist, to make sure that everyone has complied. This is a requirement of the Sanitary Survey and the Department of Health. Some of the questions Members have were about radiant heat and gray water. The radiant heat only applies if it is directly connected to the water supply. And gray water is usually associated with a mobile home where the sink water is kept in a holding tank. The committee is also working on the fee schedule changes. By September the system should be completed with meters.
- The Finance committee has decided to have a flat rate for water usage for next year, so they can provide the usage to the Members in the event there would be a water leak on the Member's side. The intent is to have all these type of leaks repaired before Members get charged for the water. But billing will start sometime in 2013 after a fee schedule has been completed.
- The committee is also working on a document to publish for the procedures when someone gets a water break. "What do you do if the break is on your side and what do you do if it is on HMC's side?" Definitely call Washington Water if it is on HMC's side. Don't try to fix it on your own.
- They are checking out the radio read meters and have worked with the software person who can modify Quick Books to download the readings and generate the bills. It is an added expense, but the manual read is open for more errors. Each meter will be charged base fee, capital costs and water usage. The only exception would be if the capital costs are paid up front, this charge would be eliminated and the bill would only include the base fee and water usage. All of this will go into the Water Financial Policy.
- A Member asked why the water bills were sent out separately from the assessments. He suggested water bills be sent with the assessments every six months to save on postage. He also suggested we keep the budget as low as we can and keep the island affordable for those who are living on a limited amount of income.
- Getting back to the Water Committee Charter and Mission Statement, Mark agreed to approve it with making two changes. One change would be to strike out "Utility" in Number 2 and Number 3 in the Charter. Number 2 would state "Review of the Water Financial Policy." And Number 3 would state "Response to the Water Member complaints. **Judy Greinke moved that we approve the Herron Island Water Committee Mission Statement and Charter if we make the changes Mark suggested and appoint Judy as Pro Tem chairman. With no further discussion motion carried.**
- The Water Committee is still looking for members. Mark stated that committees are constituted of Members in good standing. Tenants cannot be members of a committee, but are still invited to attend and give their input.

Land Use Committee:

- Kathy Deuster, chairman, reported the Land Use Policy has been reviewed and the goal is to speed up the process of selling HMC Management properties. The main part of the Policy is to list those properties which will be for sale. The other part of the Policy is to publish a minimum bid for each property and take it to the Membership for a vote on a minimum price every year. This would eliminate having the Membership vote each time someone is interested in purchasing a property. There are 11 properties that have been recommended for sale. Kathy presented the list to the Board for approval so that it can be included in the next Membership vote. She also thanked Dallas Amidon, Managing Broker at ReMax and David Morrison, Managing Broker at Key Peninsula Realty for their help in evaluating these properties.
- HMC Management will not pay for a perk test and depending on the minimum price, the closing costs will be very low. Most of these sales will be cash sales. The banks will not lend money on a vacant lot. Most of these properties are owned by HMC Management because they do not perk, and are not suitable for building.
- A Member commented that she heard that one of the Board members was interested in one of the properties and suggested that they exclude themselves in the decision making process so it doesn't cause problems later.

Emergency Preparedness:

A committee meeting is scheduled for 12:30 today. Pat Zazzo and Mike Shettlesworth are working on the Hazard Mitigation Plan.

Parks Committee:

- The Parks Appreciation Day was a success. We had a good turn out of workers and excellent food. Members started working early and work is still going on. They just put in the bright orange float rope for swimming this past week. Benches are being made from the recycled lumber taken off the gangway. The first ones will be made for the baseball players. Some Members anonymously donated part of the Nature Park fence so that the cost wouldn't go over the budget. When they started measuring off the North Beach Fence, they found out the owner next to the park had a septic drain field in that area. Mark suggested that we do more investigating on this property before we go further.
- The volunteers who help with workdays and other activities around the island are very important.
- There has also been some concerns about Members not following the rules down at the dock. Mark explained that it is the Members responsibility to report it. If you observe something like this, say something to the people and remind them that they are breaking the rules. If they continue, then file a rules complaint. The Island Manager suggested that Members can contact the office and sometimes just a letter from the Manager is a softer approach before filing a rules complaint.
- Sherri Anderson, member of the Rules Committee reported that the Rules Committee talked about dock rules and discussed what would be reasonable. She has been watching the boats down at the dock and had planned to talk to the violators. Another Member suggested that we all use just a little common sense when we apply the rules.
- Another Member had a request from two little girls about fixing the Monkey Bars at the Park. It was reported that this was on the list of repairs.

Roads:

- Jack Wells, Chairman, reported that the Roads Committee has worked on a Mission Statement and Charter, but the Board was not prepared to vote on them today. He also reminded Members not to remove anything from the roads for their own beautification. Right now, they are suspending all road repairs until the water construction is completed. The only maintenance taking place is for safety purposes. Charles Smith, took pictures of every property driveway so that Members won't come back and complain that the construction crew did not put it back the way it was.
- The water truck has a blown line and the frame is rusted pretty badly. It was suggested that we take a look at suspending its use and replacing the water truck.

Transportation: Paul Jensen, the relief captain and deck hand has resigned.

Pierce County Wharf Easement Inspection:

We have received two responses to our request for proposal for the routine maintenance of the ferry ramps. American Construction's proposal to replace the two life cables, two deck planks and repair the tower pedestals and clean them is \$16,500; Quigg Bros proposal is in terms of cost per day for equipment, materials and labor.

Finance Committee:

- The new proposed budget for 2012-2013 will be posted on the web site early next week. The budget went from two pages to six pages because the new budget shows each line item rather than a lump sum for each department. This was done to line it up with the way it is done in Quick Books. They have moved the insurance to each separate department, such as transportation and ferry, rather than all under administrative costs. We will need to do a reserve study in 2013, so a line item was added to cover this for \$2,000. According to the new guidelines, we need to have 10% of our operational expenses into reserves, starting in 2013. Rather than adding it to this budget, we are using this money from the reimbursements from USDA. We have to budget reserves for replacing assets. We are still \$25,000 short in reserves. The Finance Committee has recommended to deposit the USDA reimbursements in one lump sum in October. The Assessments will go up almost \$100. The budget will be posted on line for Member comment until the June meeting, when the Board will approve it for a Membership vote. Basically the Medical insurance is up and the reserves are up. They have also added for inspection of the cables and added a line item for cable replacement. The water budget is included, but they will stay with the flat rate of \$20 a month.
- A Member asked about the 10% in reserves by 2013 and what law states that we have to do this? How does that affect a fiscal year instead of a calendar year? She added that she would like to see this budget reduced because everyone is having to cut other costs.
- Another Member suggested that we look at the contiguous lot situation. Every time someone gets a new contiguous lot, we lose an assessable unit. It might be feasible to grandfather all those current ones in and address any new ones coming up. Every loss of an assessable unit is money the Island loses and the bills aren't going down.

Rules Committee:

John Farris reported that they had another meeting last month and he was chosen Chairman and Sherri Anderson was appointed secretary. They have submitted draft number 10 of the "Rules, Procedures, Policies and Enforcement" in the Board packet. The minutes of the meeting will be sent to the office and filed electronically. **Since it has been recommended that John be the chairman, Mark moved that we accept John Farris as chairman of the Rules Committee. Motion carried.**

B.O.O.S.T.E.R.S : They are having a Booster meeting at 4:30 pm and Potluck at 6:30 pm this evening. Everyone is invited to attend. The flyer for the Memorial Day activities is on line.

Beachcomber: All items are to be sent electronically no later than 5:00 p.m. on Wednesday, May 16th. Also submit items for the calendar to be placed on the website. Judy also proposed that this month, because of the Memorial Day weekend articles, we abide by the 5:00 p.m. deadline on Wednesday.

Rumor Control/Membership Questions:

Mike Shettleworth stated that he heard a rumor that he spent \$500 to rent a welder to work down at North Beach when he could have gotten a free one. When he asked about the free one, the price had gone up to \$125 per day, so he went to AAA Rental and got one for \$90 a day. He did not spend \$500.

Unfinished Business:

- John Farris asked last month about the Ferry captain positions and wondered if anything has been done about having a relief captain who is a resident of the Island. Mark stated that we have been having some email discussion on this and will look into it further. John feels that he is being taken advantage of, because if he gets sick during a weekday, there would be no one to operate the Ferry in an emergency.
- He also asked if the Board had reviewed the "Drug and Alcohol Policy". The Island Manager reported that she has done a re-draft of the policy and will take it up with the Ferry Crew at the next quarterly meeting in June. John asked why one portion addresses only Ferry Employees and not other employees. He suggested it be the same for all employees. The Government mandates certain policies for marine vessels. Mark said that he would check it out and get back with an answer.
- John also presented bids for the mainland parking lot security and they were included in the Board packets. Judy Greinke questioned if anyone had looked into Homeland Security Grants. Gary Wanzong had information of the Grants and Mark suggested we wait until Gary gets back with this information.
- Jack Wells proposed adding two parking spaces down on Ferry Road, for temporary parking (15 minutes) for those picking up the paper, packages, or dropping off passengers. The other spaces should be designated as no longer than 24 hour parking. **Mark moved that the Roads committee have the authority to designate two areas down on Ferry Road for short term parking. Motion carried.** The Island Manager will work with Jack on getting the signs made.
- Mark announced that the Island Burn has been cancelled for May 19th and probably will be not happen in future years.

New Business:

John asked about getting a plan together for Ferry Crew housing for temporary Ferry help. The previous housing used, now has a full time renter. The Island Manager stated that she has a list of homes available.

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

Respectfully submitted,

Dianne DeGood, Recording Secretary