

**Ballot Measure**

**July 14, 2012**

## **NOTICE OF SPECIAL MEMBERSHIP MEETING OF HMC MANAGEMENT**

Notice is hereby given that a Special Meeting of the Membership of HMC Management ("HMC") will be held on **Saturday, July 14, 2012** at 12:00 Noon at the HMC Community Building on Herron Island. At the Special Meeting, HMC Membership will vote on Ballot Propositions that are being presented by the HMC Board of Directors as described below.

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### **OFFICIAL BALLOT AND VOTING INSTRUCTIONS**

1. Vote YES to accept the Propositions set forth in this Ballot Package. Vote NO to reject them.
  2. Insert your Ballots in the envelope marked "Ballot" and seal the envelope. Do not put your name on this envelope. Do not place anything other than the Ballots in this envelope.
  3. Place the small envelope marked "Ballot" in the large envelope. **You must sign the large envelope and make sure that your name and address appear on the large envelope. *If your name and signature do not appear on the outside of the large envelope, your vote will not be counted.***
  4. To be considered a Member in Good Standing and have your vote counted, all delinquent charges and assessments must be paid in full before the Ballots are counted.
  5. Please make sure that your name is legible on the outside of the large envelope. If your name cannot be read, your Ballots will not be counted.
  6. Your Ballots must be received in the HMC Office by 12:00 noon, **Saturday, July 14, 2012** to be counted. If you prefer to vote in person, please attend the Special Membership Meeting that will immediately follow the **July 14, 2012** meeting of the HMC Management Board of Directors. The Ballots will be counted at that time.
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### **GENERAL DESCRIPTION OF BALLOT PROPOSITIONS**

1. Shall HMC Management ratify the proposed HMC Management General and Water Budgets for Fiscal Year 2012-13 as presented to the Membership at the June 9, 2012 Board Meeting?
2. Shall HMC Management replace the current ferry engines and transmissions using existing Reserves and a Special Assessment?
3. Shall HMC Management be permitted to sell certain HMC-owned properties?

## **BALLOT PROPOSITION NO. 1**

### **Ballot Regarding Ratification of the HMC Management Budget for Fiscal Year 2012-13**

Pursuant to Article 9 of the Bylaws of HMC Management, the HMC Board of Directors has adopted the HMC Management Budgets for Fiscal Year 2013 (the “Budget”). The HMC Board of Directors now presents that proposed Budget to the Membership for ratification.

A copy of the proposed Budget, including proposed changes to the Fee Schedule, is attached to this Ballot. These documents were published in the May 2012 Beachcomber and presented at the HMC Annual Meeting held on June 9, 2012. A more detailed explanation of this proposed Budget was published in the May 2012 Beachcomber.

Under the proposed Budget, annual general Assessments would change to \$1,672 per Assessable Unit for the Fiscal Year starting October 1, 2012. Water Assessments would continue to be \$20 per month (billed quarterly) per water Connection, with a minimum of one water Connection per Assessable Unit.

The HMC Board of Directors recommends ratification of this Budget to continue supporting our Island operations.

## **BALLOT PROPOSITION NO. 2**

### **Ballot Regarding Replacement of Ferry Engines and Transmissions**

The engines powering the Charlie Wells are the original equipment that was installed when we took delivery of the ferry in 1989. At that time the engines were not new, but were remanufactured (*i.e.*, rebuilt) to accommodate cost considerations faced by the HMC Membership at that time. Since then, HMC has rebuilt these engines many times, at a cost of approximately \$30,000 per rebuild.

The transmissions that are mated to the ferry’s engines were new when they were installed in 2002. The maintenance schedule for these transmissions calls for them to be rebuilt every 10 years, and they are now due to be rebuilt. However, the recent tsunami in Japan destroyed the factory that supplied parts for our transmissions. Without a reliable and responsive source of parts to rebuild or repair our transmissions, any problems with our transmissions could take our ferry out of service for months at a time. Obviously, this is an unacceptable risk.

The replacement engines and transmissions would be new and would be expected to cost up to \$200,000 to purchase and install. They would be more fuel efficient than our existing engines and the time between scheduled maintenance would be longer. The new engines would meet current State and Federal clean air regulations, and would be quieter, improving relations with our mainland neighbors. Both the engines and transmissions should be inherently more reliable than our existing equipment. All of these factors would reduce our ferry operating costs going forward and would save us money.

## **BALLOT PROPOSITION NO. 2 (cont'd)**

### ***Improved fuel economy would save money***

Improved fuel economy would be expected to reduce fuel costs per engine hour by 25% to 40%. We currently use about 15,570 gallons of fuel per year. New engines would probably reduce this by 25%, or down to roughly 11,678 gallons of fuel per year. At \$4.00/gal, we would expect to save an estimated \$15,570 per year.

Improved fuel economy would also require us to refuel less often. Our ferry presently consumes about 900 gallons every 3 weeks, and we need to refuel an average of 17.3 times per year. Improved fuel economy would require us to "fill up" less often, probably requiring us to only refuel 13 times a year. At each refueling, we are required to pay for spill response standby costs. By reducing the number of times we are required to refuel in a year, we would expect to save about \$4,300 in spill response standby costs.

### ***Longer time between engine rebuilds would save money***

Our current engines are required to be rebuilt every 12,000 hours of engine time (every three years). The new engines would be required to be rebuilt at a longer interval, every 24,000 hours of engine time (every 6 years). And, the cost of rebuilding the new engines would be the same as rebuilding the older engines. As a result, we could reduce the amount that we have to put into reserves each year for engine maintenance; we currently put \$12,000 into reserves each year for our ferry but, with new engines, that could be reduced to \$6,000 per year.

### ***Additional benefits of installing new engines***

New engines will burn far less engine oil than our existing engines, which would save us money. The new engines will have improved emissions, too, as compared to the existing engines. Also, changing our engines from the current 2 cycle engines to new 4 cycle engines would significantly reduce noise levels. Finally, the new engines are made in the United States and repair parts are readily available.

### ***Replacing the ferry transmissions makes sense***

The ferry transmissions currently in service are scheduled to be rebuilt in 2013. However, the manufacturer of replacement parts for the transmissions has gone out of business and parts are limited or not available at all. In the event of a transmission failure, the ferry could conceivably be out of service for weeks or months before repairs could ever be made.

Replacement of the transmissions should greatly improve the reliability of our ferry and go a long way to ensuring that we have continued uninterrupted ferry service. Because the new transmissions are made in the United States and repair parts are readily available, we would expect shorter downtime for any future repairs. Lastly, replacing the transmissions at the same time as installing new engines is expected to save time and money because of the common work that is required.

The HMC Board of Directors recommends approval of this Ballot Proposition 2.

## **BALLOT PROPOSITION NO. 3**

### **Ballot Regarding Sale of Certain Lots Owned by HMC Management**

Section 2.5 of the HMC Bylaws provides that "[t]he Board shall not sell, transfer or dispose of any real or personal property of the Association with a fair market value of more than Ten Thousand Dollars (\$10,000) without first obtaining the approval of the membership." In 2006, HMC Management enacted a Policy Regarding Sale of HMC-Owned Lots, which further states that "[n]o HMC lot will be sold without a membership vote." Accordingly, this Ballot Proposition seeks advance approval from the Membership for the sale of several properties that are owned by HMC.

The Land Use Committee (LUC) has recommended that the properties listed below be listed as available for sale by HMC and, for each, has recommended a minimum price based on 2012 Assessed Value, the average of the last five years of Assessed Values, and the market value of the properties, as suggested by two real estate managing brokers, one of whom is not an HMC Member. The Board evaluated the recommendations of the LUC, and now proposes that HMC be permitted to sell the properties listed below at the minimum prices shown.

If a potential buyer makes an offer that is below the minimum approved price, the subject property may not be sold without a special Membership approval vote. In that case, the potential buyer will be required to pay the costs associated with any such Membership vote.

Please note that, when we sell an HMC-owned Lot, we stand to gain in two important ways: 1) HMC receives the sale price, and 2) the sale eliminates HMC's tax and insurance liability for that Lot. Members must be aware, however, that the sale of an HMC-owned Lot may or may not create an additional Assessable Unit, depending on whether the potential buyer owns a Lot that is contiguous to the Lot that is being considered for sale.

The HMC Board of Directors recommends approval of this Ballot Proposition 3 and that HMC Management be permitted to sell certain HMC-owned properties at or above the minimum prices shown below.

### **VOTE ON BALLOT PROPOSITION NO. 1**

Shall the HMC Management Budget for Fiscal Year 2012-13 attached to this Ballot be ratified by the Membership? (check one)

☐

**YES** (For Ballot Proposition No. 1)

☐

**NO** (Against Ballot Proposition No. 1)

### **VOTE ON BALLOT PROPOSITION NO. 2**

Shall HMC purchase new ferry engines and a new ferry transmissions using \$70,500 from Ferry Reserves and \$333.00 per Member by Special Assessment? (check one)

☐

**YES** (For Ballot Proposition No. 2)

☐

**NO** (Against Ballot Proposition No. 2)

### **VOTE ON BALLOT PROPOSITION NO. 3**

Shall HMC Management be permitted to sell the following HMC-owned properties for the prices recommended below?

<b><u>Property Address</u></b>	<b><u>Parcel Number</u></b>	<b><u>Minimum Sale Price</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>
1219 W. Herron Blvd	4450310040	\$3,500.00	<input type="checkbox"/>	<input type="checkbox"/>
1313 W. Herron Blvd	4450301071	\$1,400.00	<input type="checkbox"/>	<input type="checkbox"/>
1318 W. Herron Blvd	4450300190	\$4,000.00	<input type="checkbox"/>	<input type="checkbox"/>
1123 Yew Blvd	4450400402	\$4,000.00	<input type="checkbox"/>	<input type="checkbox"/>
1201 Yew Blvd	4450400401	\$4,000.00	<input type="checkbox"/>	<input type="checkbox"/>
1203 and 1205 Yew Blvd	4450301053	\$7,000.00	<input type="checkbox"/>	<input type="checkbox"/>
315 E. Madrona Blvd	4450500910	\$15,400.00	<input type="checkbox"/>	<input type="checkbox"/>
317 E. Madrona Blvd	4450500900	\$3,000.00	<input type="checkbox"/>	<input type="checkbox"/>
816 E. Madrona Blvd.	4450400200	\$16,000.00	<input type="checkbox"/>	<input type="checkbox"/>
1001 E. Madrona Blvd	4450000620	\$7,500.00	<input type="checkbox"/>	<input type="checkbox"/>
1119 E. Madrona Blvd	4450000350	\$15,400.00	<input type="checkbox"/>	<input type="checkbox"/>

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# HMC Management Budget

## October 2012 through September 2013

	Oct '11 - Sep '12	Oct '12 - Sep '13
<b>Assessable Units</b>	395	394
<b>Units minus delinquents</b>	390	389
Total Income minus Assessments	180,500	881,686
Total Expenses	794,671	881,686
Assessment per member	1,575	1,672
Total Assessments	614,250	650,408

	Current Budget	Proposed Budget	Percentage of Budget	Cost Per Member
<b>Ordinary Income/Expense</b>				
Income				
Assessments	614,171	650,408		
Ferry Fees	170,000	165,000		
Other Income				
Beachcomber Ads		600		
Renter's Fees, Copy, Fax and Notary		2,000		
Refund of Fees from Intuit/QB		0		
Nsf Fees		200		
Postage		20		
Property Transfer fee		1,000		
Research Office Time Fees		500		
Rules Fine		0		
Interest & Handling (Delinquent Accounts)	4,000	4,558		
Member Credit Card Fees	6,000	1,000		
Other Income		0		
Attorney Collections (see note 7)		10,000		
Total Other Income	10,000	19,878		
Reserve Transfer				
Dock Piles and Dolphins	0.00			
Ramp Inspections - every 2 years	0.00			
Ramp Cable Replacement - every 5 years	0.00			
Ferry Engine Overhaul/replacement (3 years, next 2013)	0.00			
Ramp Painting	0.00			
Community Building Renovations	0.00			
Ferry Replacement	0.00			
Water Truck Replacement	0.00			
Shipyard (2 Years on even years)	0.00	46,000		
Park Reserves	0.00			
Road Reserves	0.00			
Total Reserve Transfer	0.00	46,000		
Interest Earned				
HMC Management Reserves		180		
General Fund		220		
Interest Earned - Other	500	0		
Total Interest Earned	500	400		
Total Income	794,671	881,686		
<b>Gross Income</b>	<b>794,671</b>	<b>881,686</b>		



# HMC Management Budget

## October 2012 through September 2013

Expense	Current Budget	Proposed Budget	Percentage of Budget	Cost Per Member
<b>HMC Regular Operations</b>				
Accountant/Auditor	6,000	6,000		
Reserve Analysis		2,000		
Bad Debt Write Off		0		
Bank Fees	500	350		
Amount of Check that was returned for NSF		0		
Community Building Maintenance	1,000	1,000		
Community Asso. Institute	150	150		
Contract Svcs for Junk Removal	500	500		
Credit Card Fees - Member Payments		1,000		
Emergency Preparedness	500	500		
State and County Taxes	4,500	6,500		
HMC Property Pre-Sale Expense	1,000	200		
Removal of unsafe trees	2,250	2,500		
Insurance (see note 6)				
Directors/Officers Ins	2,600	2,700		
Crime (Break-ins and Theft)	100	460		
5 Million Excess Liability	7,000	10,500		
14 Million Excess Liability		9,500		
<b>Total Insurance</b>	<b>9,700</b>	<b>23,160</b>		
Legal Fees (see note 7)				
Collection Costs	8,000	18,000		
General	9,000	12,000		
<b>Total Legal Fees</b>	<b>17,000</b>	<b>30,000</b>		
Office Equipment	1,500	1,500		
Other				
Education and Training	100	100		
CrystalTech-Web hosting	125	100		
Mileage		200		
Background Checks		200		
Miscellaneous & copier contract	2,455	500		
<b>Total Other</b>	<b>2,680</b>	<b>1,100</b>		
Payroll Expenses	800	1,000		
Pension Administration Ferry Crew	550	550		
Postage				
Box Fee		80		
Stamps & Postage	2,500	2,500		
<b>Total Postage</b>	<b>2,500</b>	<b>2,580</b>		
Printing	2,500	1,000		
Admin Salaries				
Aflac				
Medical Insurance	7,176	10,000		
Retirement	2,072	2,105		
Payroll Taxes	5,912	6,173		
Gross Wages	64,107	67,051		
<b>Total Admin Salaries</b>	<b>79,267</b>	<b>85,329</b>		
Island Security Costs	2,000	500		
Office Supplies	1,200	1,200		
Telephone/Fax	2,500	2,500		
Utilities/Electric	2,600	2,000		
Reserve - Legal (Cap is \$35,000 - Balance is \$34,550)	0	0		
Reserve - Community Building & Sheds (Cap is \$15,000 - Balance is \$0)		1,000		
<b>Total HMC Regular Operations</b>	<b>141,197</b>	<b>174,119</b>	<b>19.75%</b>	<b>\$330</b>

## HMC Management Budget

### October 2012 through September 2013

	Current Budget	Proposed Budget	Percentage of Budget	Cost Per Member
<b>Piles, Dolphins and Ferry Ramps</b>				
Garbage - Ferry		225		
Insurance - Docks and Piers (see note 8)	14,200	13,200		
Ferry Ramp Generator Maintenance and Fuel		1,000		
Other				
Annual DNR Lease	1,400	500		
Parts and Supplies	1,000	1,000		
Other/Inspection	1,000	1,000		
<b>Total Other</b>	<b>3,400</b>	<b>2,500</b>		
Repairs/Maintenance	5,000	3,000		
Sanikans	2,800	3,000		
Utilities	1,200	1,900		
Reserve Account for Piles, Docks & Ramps	30,000	28,000		
Dock Piles and Ferry Dolphins (Cap is \$768,000 - Balance is \$89,300) \$9,000 allocated this budget cycle				
Ramp Painting (Cap is \$212,000 - Balance is \$0) \$19,000 allocated this budget cycle				
Reserve - Inspection of Ramps (Cap is \$12,000 - Balance is \$0) Required by Pierce County. Not previously budgeted.		6,000		
Reserve - Ramp Cable Replacement (Cap is \$25,000 - Balance is \$0) Recurring 5 year expense cycle previously not budgeted.		5,000		
<b>Total Ferry Docks and Ramps</b>	<b>56,600</b>	<b>63,825</b>	<b>7.24%</b>	<b>\$121</b>
<b>Ferry</b>				
Engine Overhaul				
Equipment	2,500	2,500		
Fuel	90,000	90,000		
Insurance (see note 6)				
Marine Package		19,000		
Vessel Pollution		1,100		
Commercial Package		6,500		
<b>Total Insurance</b>	<b>40,000</b>	<b>26,600</b>		
Repairs	5,000	6,000		
Other				
Rentals for fill in Captains/Deck Hands		500		
Sheds (waiting, oil and school)		300		
Cellphone	600	600		
Drug Testing	600	600		
Inspections and Licensing	1,200	2,300		
Miscellaneous	1,500	2,000		
Tickets & Passes & Stickers		1,100		
Uniforms	1,000	1,200		
Legal Fees - IBU Attorney		500		
<b>Total Other</b>	<b>4,900</b>	<b>9,100</b>		
Passenger Vessel Asso.	400	450		
Routine Maintenance & Supplies	7,000	5,500		
Ferry Salaries & Benefits				
Employee Paid Supplemental Insurance - Reimbursed by Employee		0		
Medical Insurance	33,350	40,000		
Retirement-Employer	14,811	15,545		
Payroll Taxes	22,331	23,721		
Gross Wages	254,190	267,168		
<b>Total Ferry Salaries &amp; Benefits</b>	<b>324,682</b>	<b>346,434</b>		
Ship Yard		92,000		
Supplies, Paper Products, Water	2,000	2,000		
Personal Property & Excise	3,000	3,000		
Reserve - Shipyard (Cap is \$92,000 - Balance is \$35,600)	46,000			
Note 1				

# HMC Management Budget

## October 2012 through September 2013

	Current Budget	Proposed Budget	Percentage of Budget	Cost Per Member
Reserve - Engine Overhaul/Replacment (Cap is \$200,000 - Balance is \$10,000) Note 2	20,000	12,000		
Reserve - Ferry Replacement (Cap is 1,000,000 - Balance is \$0		1,000		
<b>Total Ferry</b>	<b>545,482</b>	<b>596,584</b>	<b>67.66%</b>	<b>\$1,131</b>
<b>Parks</b>				
Maintenance				
Lawn Equipment	2,500	200		
Parks Shed (lawn shed)		0		
Pavilion Building and NB parking		0		
General upkeep including park parking		2,800		
Total Maintenance	2,500	3,000		
Other				
Garbage Pick Up	1,000	600		
Misc		0		
Sanikans	3,300	3,600		
Total Other	4,300	4,200		
Parks Development	2,000	0		
Playground Improvement	500	0		
Parks Salaries				
Payroll Taxes	242	300		
Gross Wages	1,472	2,250		
Total Parks Salaries	1,714	2,550		
Small Boat Dock Floats				
Removal and Installation Equipment Rental - \$1,000 for each rental of equipment		1,000		
Maint & Improvements	500	750		
Total Small Boat Dock	500	1,750		
Supplies & Equipment Repairs	1,600	1,000		
Utilities	650	900		
Reserves - Parks (Cap is \$36,000 - Balance is \$23,700) For new basketball court and riding mower	6,000	4,000		
<b>Total Parks</b>	<b>19,764</b>	<b>17,400</b>	<b>1.97%</b>	<b>\$33</b>
<b>Roads (ferry island/mainland lots)</b>				
Auto Insurance (water truck)	920	850		
Dust Control Truck	1,000	1,700		
Road Maintenance (Work other than gravel roads) (Increased to repair damage to Ferry and gravel roads from water project and trees)	2,000	5,000		
Road & Ditch Labor (labor on gravel roads)	16,000	10,000		
Road & Ditch Materials (used on gravel roads)	8,000	8,000		
Salaries				
Payroll taxes	108	108		
Wages - Tansy Control	600	600		
Total Salaries	708	708		
Reserves - Roads General (Cap is \$50,000 - Balance is \$20,740) (to purchase barge gravel and equipment)	3,000	3,000		
Reserves - Water Truck (Cap is \$30,000 - Balance is \$0		500		
<b>Total Roads</b>	<b>31,628</b>	<b>29,758</b>	<b>3.38%</b>	<b>\$56</b>
<b>Total Expense</b>	<b>794,671</b>	<b>881,686</b>	<b>100.00%</b>	<b>\$1,672</b>

## **HMC Management Budget October 2012 through September 2013**

General note: This budget was generated based on analysis of the last five years of actual expenses. This budget follows the accounting requirements and format used by HMC.

Note 1: Ferry goes into dry dock every two years on the even year

Note 2: New engines go into yard for rebuild every six years. Based on estimated cost of \$72,000 for both engines. Next yard service is 2019.

Note 3: Repayment of HMC funds from Water Project Expenses - 50% goes to new engines, 30% for ramp repainting reserves and 20% for dolphins reserves.

Note 4: Reserve accounts now must total 10% of operating budget per RCW 64.34.010, 64.34.020, 64.34.308, 64.34.380, 64.34.382, 64.34.384, 64.38.010, 64.38.025, 64.38RCW and 2008c115s8.

Note 5: Repayment of HMC funds from the Water Project Expenses plus budgeted reserve contributions will meet the 10% reserve requirement for this budget cycle.

Note 6: Insurance was broken down per actual policy and allocated to appropriate departments for the 2012-2013 budget cycle.

Note 7: Legal fee expense is partially off set by legal fee income. This allows for accounting requirements.

Note 8: Piles, Dolphins and Ferry Ramps insurance dropped in cost due to new piles being installed.

# HMC Management Budget

## October 2012 through September 2013

### HMC WATER

	Oct '11 - Sep 12	Oct '12 - Sep 13
<b>Assessable Units - Note A</b>	395	399
<b>Units minus delinquents</b>	390	394
Base Fee per Member	158.73	155.52
Reserve Fee for Member	83.08	83.76
Assessment per Member - Annual	241.81	239.28
Assessment per member - Monthly	20.00	20.00
Total Assessments - All Members	94,305.00	94,276.00

#### Water

##### Ordinary Income/Expense

Current Budget	Proposed Budget
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##### Income

Base Fees	61,905	61,276
Handling Fee		0
HIWU Interest		0
NSF FEE		0
Water Hook Up fee		0
Water Usage		
Reserves	32,400	33,000

##### USDA Loan Repayment Funds

<b>Total Income</b>	<b>94,305</b>	<b>94,276</b>
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##### Expense

Accountant/Auditor	2,000	1,000
Bad Check		200
BANK FEE		50
Contract Manager - WA Water	15,000	15,000
Insurance	1,794	1,800
Legal	2,000	1,700
Mailings	1,000	1,000
Membership Fees	200	200
Mileage Reimbursement	0	100
Other Expenses		
Excise Tax	1,000	1,000
Miscellaneous	300	400
Permits & License	600	1,000
Water Samples	400	500

<b>Total Other Expenses</b>	<b>2,300</b>	<b>2,900</b>
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Printing		0
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Repairs - Parts	4,000	2,000
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Supplies & Repairs - Contractors	5,500	3,000
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To Water Reserve (Cap is cost of project - Balance is \$52,800)		0
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Utilities	3,500	3,000
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Wages - Administrative and Meter Reading	21,826	24,400
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Taxes	2,267	2,420
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Insurance		1,980
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Pension	518	526
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USDA Loan Repayment		0
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<b>Total Operating Expense</b>	<b>61,905</b>	<b>61,276</b>
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To Water Reserve (Cap is cost of project - Balance is \$52,800)	32,400	33,000
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<b>Total Expense</b>	<b>94,305</b>	<b>94,276</b>
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Note A: Connections is equal to 399 connections minus 5 delinquencies

## 2012/13 HMC and Herron Island Water Fee Schedule

### Monthly Handling Fee for Delinquent Accounts:

For balances of \$60.00 or less	\$15.00
For balances of \$60.01 or more	\$30.00
Interest	1% Monthly or 12% per Annum
Non-Sufficient Funds (NSF)	\$35.00
File Research per hour	\$40.00
Placing and Releasing Liens	HMC Attorney Rates at the time
Lost Vehicle Decal Replacement	\$5.00
Special Ferry Run (per run)	\$175.00
Copies: Black/White each	\$0.20
Color each	\$1.00
FAX – Incoming/Outgoing per page	\$1.00
Renter's Application Fee	\$60.00
Renter's Annual Renewal Fee (billed in full in October)	\$30.00
Beachcomber Ads – per ¼ page	\$20.00
Beachcomber Mailing	\$18.00/year or \$2.00 per issue
Returned Mail	Post Office Rate
Notary Services	\$10.00
Community Center Building Rental + Damage Deposit	\$100.00
<i>(Applies only to private parties – up to \$50.00 refundable). See HMC Rule D-2.</i>	
<i>(Events open to the entire community need Member signature, \$50 deposit; \$50 deposit will be refunded if hall is left clean)</i>	
Property and Water Account Transfer Ownership Fee	\$175.00
Water Availability Letter (Completed by Island Manager)	\$50.00
New (after construction) Water Connection – Installation, Meter and Capital Cost Recovery	
1) Installation and Radio Read Meter Set	\$1,500.00
2) Capital Cost Recovery:	
a. Pay full per Member share of the Water Project cost once USDA loan is finalized, <u>or</u>	
b. Pay total prorated Water Project Cost for financed option from the time when the USDA loan was finalized to date of new connection application.	
The remaining monthly financed charges will be added to water bill until USDA loan is paid in full.	
Water Shut-Off Fee	\$50.00
Water Reconnection Fee	\$50.00
Water Inactive Status/locked after construction	\$50.00
Return Water to Active Status/remove lock	\$50.00

Effective: 10/1/12

## **NOTICE TO ALL HERRON ISLAND WATER CONNECTION OWNERS**

The Water Project Construction is moving right along, in fact, so quickly that we need your response to this information. No reply will mean an Active Connection.

**NOTICE:** The Herron Island Water Department is offering two (2) types of Connections: **Active Connection** or **Inactive Connection**. All Assessable Units are required to have a minimum of one Connection and some Members with contiguous properties have requested additional Connections on Lots within their Assessable Unit. All Connections will automatically be an Active Connection unless written notice is given to the HMC Office on or before July 31, 2012.

**CHOICE #1: Active Connection: a tie to the Herron Island Water System with water flow available.**

*Flat rate of \$20 per month continues through Sept. 2013. Rate study and annual expenses will determine charges for fiscal year 2013/2014 and thereafter. Those future water bills will include Base Fee, Reserve Contribution, Metered Water Consumption, and Capital Cost Recovery, if financed.*

**CHOICE #2: Inactive Connection: A tie to the Herron Island Water System with no water flow available and with a lock on the meter.** (Fee will be charged when activated at a future date.)

*Flat rate of \$20 per month continues through Sept. 2013. Rate study and annual expenses will determine water charges for fiscal year 2013/2014 and thereafter. Those future water bills will include Base Fee, Reserve Contribution, and Capital Cost Recovery, if financed.*

**The Base Fee, Reserve Contribution, and Capital Cost Recovery (as applicable) will be billed whether or not there is water use at the property.**

An **Inactive Connection** choice secures meter from unintended use, saves meter reading and calculation time, and offers the Owner a flat rate for the period of time when no water is needed. Please complete and return the form below if you want your Connection(s) to be in Inactive Status. A fee will apply when Connection is put into Active Status and lock is removed.

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**PLACE MY METERED WATER CONNECTION ON "INACTIVE STATUS" No charge if filed by July 31, 2012**

NAME \_\_\_\_\_

HERRON ISLAND ADDRESS \_\_\_\_\_

MAILING ADDRESS \_\_\_\_\_

\_\_\_\_\_

PHONE NUMBERS \_\_\_\_\_

EMAIL ADDRESS \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

*Contact the HMC Office when this Connection is to be put into "Active Connection Status" (Fee will apply).*

**All Water Connections will have an Active Status unless written notice is provided to the HMC Office no later than July 31, 2012 at [HMCOffice@herronisland.org](mailto:HMCOffice@herronisland.org), faxed to (253) 884-5047, or mailed to P.O. Box 904, Lakebay, WA 98349 postmarked no later than July 31, 2012.**

## **Ballot Results**

**July 14, 2012**



## **BALLOT RESULTS JULY 2012**

In this most recent vote by the HMC Membership, 185 valid Ballots were cast. Pursuant to the HMC Management Voting Process that was adopted in February 2011, the Ballots were first counted by two teams of two. In cases where the count of the second team did not match the count of the first team, a third team of two was used to recount these Ballots.

Following the counting and tallying of the votes, the Board President announced the results. Each of the Ballot Propositions was approved by the Membership.

### **Ballot Proposition No. 1 (Ratify Budget):**

Approve: 126  
Disapprove: 60  
Result: **Approved**

### **Ballot Proposition No. 2 (Replace Ferry Engines and Transmissions):**

Approve: 125  
Disapprove: 55  
Result: **Approved**

### **Ballot Proposition No. 3 (Sale of HMC-Owned Lots): All Approved for sale.**

	<b><u>Approve</u></b>	<b><u>Disapprove</u></b>	<b><u>Result</u></b>
1219 W Herron Blvd	144	34	Approved
1313 W Herron Blvd	149	27	Approved
1318 W Herron Blvd	148	29	Approved
1123 Yew Blvd	151	36	Approved
1201 Yew Blvd	152	36	Approved
1203 & 1205 Yew Blvd	152	25	Approved
315 E Madrona Blvd	155	22	Approved
317 E Madrona Blvd	145	29	Approved
816 E Madrona Blvd	151	23	Approved
1001 E Madrona Blvd	150	27	Approved
1119 E Madrona Blvd	144	27	Approved

In some cases, the vote count of the third team did not match the vote count of either the first team or the second team (in other words all three teams came up with different numbers). It was determined by a consensus of the HMC Board that the most conservative method to tally votes in those cases would be to accept the *lowest* number of votes for approval that were recorded by any one team and the *highest* number of votes for disapproval that were recorded by any one team. Even after applying this conservative method to tally votes, all Ballot measures passed and were approved by the Membership.