

**HMC
Island Manager Report
Annual Membership Meeting
June14, 2003**

Overview

Fiscal year 2002-2003 passed quickly and fairly uneventfully. In the context of the many problems and disasters seen around the world recently, uneventful is something for which we can be grateful.

The island has had an Island Manager for over three years now, and enough time has passed to allow an assessment of operations under this system. In my opinion, things have worked out as expected by the Board of Trustees that established the position initially. The Manager position, which is approximately half time, was intended to work closely with both the elected Board and with island volunteers who, among other functions, head up the various committees. In practice, this operates as planned.

Another aspect of the Manager position is providing continuity as Board members complete their obligation and new members are elected. This continuity extends to handling Herron Island business affairs. Over time many personal relationships have been established with individuals in government agencies and with the various vendors and companies with which we do business. When an issue or problem that affects Herron Island arises it is very helpful to be able to make contact with people who are familiar with island staff, and experience has shown that it can make a favorable difference in the disposition of various concerns.

The HMC members who serve on the Board and on committees, and who volunteer for projects, continue to make great contributions to the overall well being of the community. Additionally, the Boosters have made possible a number of improvements over the last couple of years that really show well. They include re-roofing the Pavilion, adding an acoustical drop ceiling in the Community Building, new and much-improved lighting in the building, obtaining a large steel storage container and laying a heavy-duty concrete pad next to the building.

Below is a summary of some specific areas of interest:

Ferry

- Ferry went into dry dock in late September.
- The hull was stripped to bare metal and anti-corrosion and anti-fouling paints applied.
- Both engines were completely rebuilt.
- Both transmissions were replaced with new ones.
- Corrosion in a steering compartment was removed and the compartment repainted.
- A propeller shaft that did not meet Coast Guard standards was replaced with a new, high-quality stainless steel one.
- An old radar unit was replaced with a modern one.
- The ferry is an "inspected passenger vessel" and as such must pass regular Coast Guard inspections, both in dry dock and while on the water. Both of the 2002 inspections were easily passed.

Ferry operations

- Plans are in place to hire a second part-time (fill-in) ferry captain. Several applications from qualified individuals have been received.
- Operations proceeded smoothly throughout the year with no major problems. There has been no crew turnover since January, 2000.

Ramps/piers (docks)

- The ramp mechanisms operated well, with no motor failures since we replaced some failure-prone units.
- The island-side steel ramp structure received new paint.

Roads

- Road dust control program continues. The electric pump station at North Beach is working very well, with the new pump able to fill the water truck in about 15 minutes.
- Road maintenance continues and roads and drainage are generally in good condition. It is planned to repair certain areas most in need of it during this year.

Water

- The island's water supply continues to be excellent. Testing shows that it is very low in nitrates and has very low or non-existent levels of other chemicals. A recent special test, done because of new Federal mandates regarding arsenic, found no detectable level of arsenic in the water.
- The Small Water System Management Program document is nearly complete, and has provided some preliminary numbers for costs to improve the island water system in the future. The Board Treasurer's report covers the financial aspects of this.

Administration

- The Company's insurance and risk management program has again been updated in order to adequately cover the various risks to that HMC is exposed to, as well as covering the maritime operations. Our broker continually looks for the best values available, and costs are being held to levels as low as we can get in the current difficult insurance market. Maritime insurance premium cost was reduced this year by increasing the deductibles on coverage for both the vessel itself (known as hull and machinery coverage) as well on the liability coverage.
- Once again, it needs to be noted that insurance is currently a seller's market and HMC and its members, guests and employees need to do everything in their power to strive for an accident-free environment so that we do not need to file any insurance claims.
- HMC's By-laws updates have been finalized by the Island's attorney and are being readied for members to vote on. The Rules and Regs are also in the process of being updated.

Looking ahead

The Small Water System Management Program will provide a blueprint for maintaining and upgrading the island water system in future years, as well as satisfying Washington State Department of Health requirements. The membership may also want to consider at some point putting a permanent surface on some of the most-used island roads, in order to substantially reduce dust. Oiled, crushed rock (also called oil-and-screened rock) is a reasonably economical way to start such a program.