

**HMC Management
Island Manager Report
Annual Membership Meeting
June 10, 2006**

Overview

As in the past year, once again Herron Island has seen a lot of real estate action. There are many new owners and quite a bit of construction activity.

Below is a summary of some specific areas of interest:

Ferry operations

- We have two part-time captains available. There is one fill-in position for which we would like to hire a qualified person (100-ton Coast Guard license required).
- We have two part-time deckhands and would like to fill one or two additional spots.
- There has been no turnover of the regular crew since January, 2000.

Ferry terminals (docks)

- There was a ramp motor failure this year, the first in quite a while. A replacement was on hand and ferry service was only briefly interrupted.
- The mainland ferry terminal was inspected by an engineering firm, as required by Pierce County, and it is in generally good condition. The island ferry ramp bulkhead is due to be rebuilt as soon as the contractor is ready, probably in July.

Roads

- Road dust control program continues. We can still use some volunteer truck drivers.
- The watering truck needed considerable brake work recently but that is the first substantial work that it has required since it arrived on the island five years ago.
- Regular maintenance is keeping the roads and drainage in good condition.

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 and radionuclides.
- The new water reservoir was put in service last fall. It is more than three times the capacity of the old one and meets current Health Department reserve capacity and fire code fire flow capacity requirements.
- HMC has nearly finished writing a State-required Small Water System Management Program. When that is completed, HMC intends to apply for a loan with the U.S. Department of Agriculture's rural assistance program in order to upgrade the island's network of water distribution pipes and to install fire hydrants. See "Challenges" below.

Administration

- Once again, it needs to be noted that insurance continues to be 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.

Challenges ahead

- With the new reservoir in place, the replacement of the water distribution system is increasingly important, especially as new water conservation regulations become effective this year. This extensive and expensive project will need to be carefully planned and the methods for paying for it, including potential loans and grants, explored.