

Ballot Measure

August 13, 2011

NOTICE OF SPECIAL MEMBERSHIP MEETING OF HMC MANAGEMENT

Notice is hereby given pursuant to Article 4 of the Bylaws of HMC Management that a Special Meeting of the Membership will be held on Saturday, August 13, 2011 at 12:00 Noon at the HMC Community Building on Herron Island. At the Special Meeting, the Membership will vote on two (2) Ballot Propositions that have been presented by the HMC Board of Directors as described below.

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, August 13, 2011 to be counted. If you prefer to vote in person, please attend the Special Membership Meeting that will immediately follow the August 13, 2011 meeting of the HMC Board. The Ballots will be counted at that time.
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BALLOT PROPOSITIONS

1. Shall HMC Management adopt the proposed Ferry Trip Ticket Plan as proposed to the Membership at the July 9, 2011 Board Meeting?
2. Shall HMC Management finance major infrastructure repairs
 - primarily through special assessments;
 - through a combination of special assessments and increases to reserve accounts; or
 - primarily through increases to reserve accounts;as proposed to the Membership at the July 9, 2011 Board Meeting?

BALLOT PROPOSITION NO. 1

HMC Management Ballot Regarding 2011-2012 Ferry Trip Ticket Proposal

Pursuant to Article 9 of the Bylaws of HMC Management, the Board of Directors now presents a new Ferry Trip Ticket Plan and new Ferry Fee Rate Schedule for 2011-2012 to the Membership for approval. The proposed Ferry Trip Ticket Plan and proposed Ferry Fee Rate Schedule for 2011-2012 are attached to this Ballot.

This plan was presented at the HMC Annual Meeting in June 2011 and was published on the HMC Website. The proposed Ferry Trip Ticket Plan and revised Ferry Fee Rate Schedule would take effect on October 1, 2011.

The HMC Board of Directors recommends approval of the proposed Ferry Trip Ticket Plan to reduce office expenses and work associated with our current pass system.

VOTE ON BALLOT PROPOSITION NO. 1

Shall the Ferry Trip Ticket Plan attached to this Ballot be implemented on October 1, 2011 to replace the existing Commuter Pass and Senior/Disabled Pass programs and lower the price to the entire Membership for pre-purchased Trip Tickets? (check one)

☐ YES (For Ballot Proposition No. 1)

☐ NO (Against Ballot Proposition No. 1)

BALLOT PROPOSITION NO. 2

HMC Management Ballot Regarding Financial Planning Through Reserves and/or Special Assessments

Pursuant to Article 9 of the Bylaws of HMC Management, the HMC Board of Directors requests Membership input for current and future budget planning with regard to the primary manner in which long term infrastructure maintenance and repairs are financed.

HMC Management seeks Membership input on the following question: Shall HMC Management fund future infrastructure repairs and replacement primarily through reserves or through special assessments? This vote will determine how HMC will plan for funding of major capital repairs and replacements through Fiscal Year 2022.

The HMC Finance Committee has completed a long term financial review of major HMC assets and their condition. This included a review of the KPFF Marine Structures Condition Assessment and Repair Recommendations Report, along with the Sargent Ferry Terminals Routine Structure Inspection. These two reports covered our ferry docks, ferry ramps, ferry dolphins and small dock piles. In addition to these reports, the Finance Committee also considered in its review the major expenses for normal cyclical maintenance activities. These activities include ferry ramp cable replacement, ferry ramp painting, mandated ferry ramp/ferry dock inspections and possible ferry engine replacement. This financial review has been projected out through Fiscal Year 2031.

It was noticed during this review that most of HMC major assets require major repairs or replacement revolving a 50-year cycle. HMC was incorporated in 1957 and we are clearly at the end of the first 50-year cycle. It has been the policy of HMC to pay as you go and fund normal three year maintenance cycles through reserves. This policy, which kept assessments artificially low, has created a projected monetary shortfall in HMC reserve accounts to meet obligations that are approaching.

The Finance Committee has three proposal suggestions to correct this issue. Due to the length of the proposals and the desire to save money, HMC did not include them in this voting package. The three suggested proposals can be found on HMC's website under the tab "August 2011 Vote." If you do not have internet access, please call the HMC Office and the proposals will be mailed to you immediately or you can pick them up at the HMC Office.

VOTE ON BALLOT PROPOSITION NO. 2

Shall HMC fund infrastructure repairs and replacement primarily through:

☐

Primarily through Special Assessments;

☐

Combination of Special Assessments and annual increase to Reserve Accounts; or

☐

Through one Special Assessment during Fiscal Year 2011-2012, and through annual increases to Reserve Accounts.

(check one)

FERRY FEE RATES EFFECTIVE OCTOBER 1, 2011

<u>Ferry User Fees</u>	<u>Member</u>	<u>Guest</u>
Vehicle & driver	\$8.00 \$16.00
(vehicle under 20' long)		
Passenger (in vehicle or walk on)		
age 12 & over	\$3.00 \$3.00
ages 5 thru 11	\$1.00 \$1.00
children under age 5	free free
Vehicle length based fares		
21'-30'	\$16.00 \$32.00
31'-40'	\$24.00 \$48.00
41'-50'	\$32.00 \$64.00
51'-60'	\$40.00 \$80.00
Special Run.....	\$175.00 \$175.00

Emergency medical runs off the island will continue to be free

Discount Ferry Trip Tickets and Passenger Trip Tickets:

Book of 10 - \$8 tickets for \$67.00 (\$6.70 per trip)

Book of 25 - \$3.00 tickets for \$66.00 (\$2.64 per trip)

Special Runs remain \$175.00 per run.

Notes:

- 1) All fares are round trip, payable on mainland side.
- 2) Payment must be made by cash, checks, or Trip Tickets only. Ferry passage may not be charged to a Member account except in the case of non-Member contractors and service providers with a marked pass or Form 18 on file at the HMC Office.

FERRY TRIP TICKET PLAN

Effective October 2011

The Problem

Members currently pay ferry fares in seven different ways: cash, checks, tickets and three kinds of passes. Administration of the current ferry fee payment systems is complicated, is increasingly time consuming for both the ferry crew and office staff, and invites errors. Because of ever greater number of hours required to administer and track these payment methods as required by our auditor, a more cost-effective method is needed.

In recent years, a plan was conceived to move to a pre-pay computerized scan program. This plan is still in the works. In the interim, the following solution would help to simplify the system.

The Solution

To move toward a pre-pay system that will save time, cut HMC costs, plus give a financial benefit to all Members, we suggest that we replace our current Commuter Passes and Senior/Disabled Passes with **Trip Tickets** and **Passenger Trip Tickets**.

Trip Tickets and **Passenger Trip Tickets** would be available to all Members at a reduced rate.

Members could buy **Trip Tickets** and **Passenger Trip Tickets** in advance, the same as they buy tickets now.

Members could use two or more **Trip Tickets** when paying for their guests.

The new Trip Ticket Plan would start on October 1, 2011. (the “Start Date”)

Members may continue to use cash or checks for ferry passage if they choose to do so.

Background

Currently only Senior/Disabled and Commuters have access to a reduced fare through a pass. In this past year, about 65 Members took advantage of these programs. The two Commuter Passes and Senior/Disabled Pass are currently offered at \$6.00 per trip, which is a discount of \$2.00 or 25% per trip. The main difference in these two kinds of passes is that the Senior/Disabled Pass does not expire, while the Commuter Passes are only good for the month for which they are purchased. And the outlay to maintain these programs and to properly track them is no longer cost effective. We see that **Trip Tickets** and **Passenger Trip Tickets** would be beneficial as a replacement for the Senior/Disabled Program and Commuter Passes.

All Members also currently have the option to purchase the \$8.00 Vehicle/Driver Tickets in books of 10 at \$72.00 (\$7.20 per trip – a 10% discount per ride) and the \$3.00 Passenger Tickets in books of 25 at \$66.00 (\$2.64 per trip - a discount of 12% per ride). The use of **Trip Tickets** and **Passenger Trip Tickets** could result in further savings to the Members.

Details of the New Ferry Trip Ticket Plan

The new **Trip Tickets** and **Passenger Trip Tickets** would not expire.

With this solution, the Senior/Disabled passes and any old tickets valued less than \$8.00 or \$3.00 would be discontinued and would not be accepted on the ferry as of the Start Date.

All full-price tickets (valued at \$8.00 and \$3.00) could continue to be used for ferry fee payment. For a period of up to six (6) months after the Start Date, Members could take or mail Senior/Disabled passes to the HMC Office for a credit exchange toward the purchase of **Trip Tickets** and **Passenger Trip Tickets**. This would allow Members six (6) months to exchange their old passes and receive credit in the amounts they paid for those old passes. There would be no refunds. This same type of exchange program could be used in the future for ferry fee price increases.

The price for the new **Trip Tickets** could be as low as \$6.50 per trip, which would provide incentive for Members to purchase **Trip Tickets**. A book of 10 **Trip Tickets** could be purchased for \$67.00 (\$6.70 per trip – a 16.25% discount per ride). A book of 25 **Passenger Trip Tickets** could be purchased for \$66.00 (\$2.64 per trip – a 12% discount per ride).

Once **Trip Tickets** and **Passenger Trip Tickets** are purchased they are not refundable.

Savings All Around

This solution is one means to save money and keep our overall assessments within the present budget. If we do not reduce these costs of administration, we may soon need to increase the budget for office staff due to the extra office workload associated with the water system.

The use of **Trip Tickets** and **Passenger Trip Tickets** would reduce the office staff hours to administer the ferry payment systems. The use of **Trip Tickets** would reduce the ways Members pay for the three choices (Tickets, Cash or Check). Of these, the most cost-saving and convenient payment method would be to use **Trip Tickets** and **Passenger Trip Tickets**.

Benefits

- All Members who ride the ferry could take advantage of this discounted fare program.
- The use of **Trip Tickets** and **Passenger Trip Tickets** would save time and money for ferry users, crew and office staff. The time spent to administer the Senior/Disabled Passes, as required by our auditor, is no longer cost effective. A 50% reduction in hours presently used to track pass usage and process ferry logs and receipts is anticipated. The reduced costs of this administration could also help avoid possible budget escalation.
- Because we would expect less cash to be paid and fewer methods of payment used, employee processing time and errors should be reduced and some increased ferry revenue is anticipated.
- Commuters would have the benefit of purchasing **Trip Tickets** only when needed, rather than either having to pay cash when they ride more than the 20 or 22 rides in the month, or losing money when they ride less for some reason.
- **Trip Tickets** would offer greater flexibility for multiple users within one Membership.
- **Trip Tickets** would be more convenient because they do not have an expiration date and are not tied to a program that limits their use.
- **Trip Tickets** could be used to pay for guests, for passengers, and for extra length vehicles in the same manner as tickets are currently being used. For example, 1 guest using **Trip Tickets** would need to use 2 **Trip Tickets** for vehicle and driver, and one **Passenger Trip Ticket** for each accompanying passenger.
- A vehicle/driver **Trip Ticket** (valued at \$8) may also be used by a passenger or passengers, whether or not they accompany a vehicle and its driver. However, no refund, return or credit would be given if the value of the **Trip Ticket** (\$8) exceeds the value of the passenger fee that would otherwise be charged to that passenger or passengers. For example, two passengers would normally only be charged \$6 total (2x\$3) for their passage. Although the value of their one **Trip Ticket** is \$8, those passengers would not be receiving any “change.”
- Senior/Disabled Members would continue to see a reduced rate and would be able to purchase **Trip Tickets** in smaller books (10 rides versus 20 rides).
- This solution will support a smoother transition to a fully computerized pre-pay scan system.

Proposition No. 2 Spreadsheets

August 13, 2011

Dock and Engine Replacement Reserve Account

Plan 1 - HMC funds infrastructure repairs and replacement primarily through
Special Assessments

Year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Repair Item A		Small Boat Docks All Piles					
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C		Cable Replacement					Cable Replacement
Repair Item D						Ferry Engine Replacement	
Repair Item E			Ramp Painting				
Reserve Contribution	\$ 220,561.81	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00
Special Assessment		\$ 234,000.00				\$ 126,750.00	
Repair Expense A		\$ (250,000.00)					
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C		\$ (25,000.00)					\$ (25,000.00)
Repair Expense D						\$ (200,000.00)	
Repair Expense E			\$ (212,000.00)				
Reserve Balance	\$ 220,561.81	\$ 213,661.81	\$ 41,761.81	\$ 75,861.81	\$ 115,961.81	\$ 76,811.81	\$ 91,911.81

Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Repair Item A			Ferry Dolphins				
Repair Item B	Inspections		Inspections		Inspections		Inspections
Repair Item C					Cable Replacement		
Repair Item D							
Repair Item E					Ramp Painting		
Reserve Contribution	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00
Special Assessment			\$ 762,450.00				
Repair Expense A			\$ (768,000.00)				
Repair Expense B	\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)
Repair Expense C					\$ (25,000.00)		
Repair Expense D							
Repair Expense E					\$ (212,000.00)		
Reserve Balance	\$ 126,011.81	\$ 166,111.81	\$ 194,661.81	\$ 234,761.81	\$ 31,861.81	\$ 71,961.81	\$ 106,061.81

Dock and Engine Replacement Reserve Account

**Plan 1 - HMC funds infrastructure repairs and replacement primarily through
Special Assessments**

Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Repair Item A							
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C			Cable Replacement				
Repair Item D							
Repair Item E							Ramp Painting
Reserve Contribution	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00	\$ 40,100.00
Special Assessment							
Repair Expense A							
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C			\$ (25,000.00)				
Repair Expense D							
Repair Expense E							\$ (212,000.00)
Reserve Balance	\$ 146,161.81	\$ 180,261.81	\$ 195,361.81	\$ 229,461.81	\$ 269,561.81	\$ 303,661.81	\$ 131,761.81

Assumptions:

Replace all piles for small boat docks due to \$194,000.00 savings.
 Inflation is zero. If inflation is factored in then reserve contributions increase at the inflation factor.
 Engineering estimates are accurate.
 No unexpected expenses occur.
 Reserve expense is based on minimum estimated time frame when item is recommended to be taken care of. Conservative approach is used.
 Ramp cable replacement is every 5 to 7 years. Five years was used as the schedule with the last cost of \$25,000.00 as the amount.
 Ferry engine replacement is included in 2016 because this is the year our current engines are rebuilt on their normal cycle.

Notes:

Insurance carrier has stated that liability insurance will not be issued on small boat docks unless mitigation plan is in place to repair/replace prior to use in 2012.
 Repair Item A is Small Boat Docks scheduled for 2012 and Ferry Dolphins in 2020.
 Repair Item B is State Inspections.
 Repair Item C is Ferry Ramp cable replacement.
 Repair Item D is Ferry Engine replacement.
 Repair Item E is Ramp Painting.

\$600.00 Special assessment in 2012
 \$325.00 Special assessment in 2016
 \$1,955.00 Special assessment in 2020
 \$25.90 Increase in annual assessment per assessable unit for reserves to cover routine maintenance costs.

Dock and Engine Replacement Reserve Account

Plan 2 - HMC funds infrastructure repairs and replacement primarily through
a combination of Special Assessments and annual increase to Reserve Accounts

Year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Repair Item A		Small Boat Docks All Piles					
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C		Cable Replacement					Cable Replacement
Repair Item D						Ferry Engine Replacement	
Repair Item E			Ramp Painting				
Reserve Contribution	\$ 220,561.81	\$ 30,000.00	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00
Special Assessment		\$ 60,450.00	\$212,550.00				
Repair Expense A		\$ (250,000.00)					
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C		\$ (25,000.00)					\$ (25,000.00)
Repair Expense D						\$ (200,000.00)	
Repair Expense E			\$ (212,000.00)				
Reserve Balance	\$ 220,561.81	\$ 30,011.81	\$ 120,621.81	\$ 204,681.81	\$ 294,741.81	\$ 178,801.81	\$ 243,861.81

Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Repair Item A			Ferry Dolphins				
Repair Item B	Inspections		Inspections		Inspections		Inspections
Repair Item C					Cable Replacement		
Repair Item D							
Repair Item E					Ramp Painting		
Reserve Contribution	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00	\$ 90,060.00	\$ 40,140.00	\$ 40,140.00
Special Assessment			\$ 360,750.00				
Repair Expense A			\$ (768,000.00)				
Repair Expense B	\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)
Repair Expense C					\$ (25,000.00)		
Repair Expense D							
Repair Expense E					\$ (212,000.00)		
Reserve Balance	\$ 327,921.81	\$ 417,981.81	\$ 94,791.81	\$ 184,851.81	\$ 31,911.81	\$ 72,051.81	\$ 106,191.81

Dock and Engine Replacement Reserve Account

Plan 2 - HMC funds infrastructure repairs and replacement primarily through
a combination of Special Assessments and annual increase to Reserve Accounts

Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Repair Item A							
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C			Cable Replacement				
Repair Item D							
Repair Item E							Ramp Painting
Reserve Contribution	\$ 40,140.00	\$ 40,140.00	\$ 40,140.00	\$ 40,140.00	\$ 40,140.00	\$ 40,140.00	\$ 40,140.00
Special Assessment							
Repair Expense A							
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C			\$ (25,000.00)				
Repair Expense D							
Repair Expense E							\$ (212,000.00)
Reserve Balance	\$ 146,331.81	\$ 180,471.81	\$ 195,611.81	\$ 229,751.81	\$ 269,891.81	\$ 304,031.81	\$ 132,171.81

Assumptions:

Replace all piles for small boat docks due to \$194,000.00 savings.
 Inflation is zero. If inflation is factored in then reserve contributions increase at the inflation factor.
 Engineering estimates are accurate.
 No unexpected expenses occur.
 Reserve expense is based on minimum estimated time frame when item is recommended
 to be taken care of. Conservative approach is used.
 Ramp cable replacement is every 5 to 7 years. Five years was used as the schedule with the last cost of \$25,000.00 as the amount.
 Ferry engine replacement is included in 2016 because this is the year our current engines are rebuilt on their normal cycle.

Notes:

Insurance carrier has stated that liability insurance will not be issued on small boat docks unless
 mitigation plan is in place to repair/replace prior to use in 2012.
 Repair Item A is Small Boat Docks scheduled for 2012 and Ferry Dolphins in 2020.
 Repair Item B is State Inspections.
 Repair Item C is Ferry Ramp cable replacement.
 Repair Item D is Ferry Engine replacement.
 Repair Item E is Ramp Painting.
 \$155.00 Special assessment in 2012
 \$545.00 Special assessment in 2013
 \$925.00 Special assessment in 2020
 \$154.00 Increase in annual assessment per assessable unit for reserves starting in 2013.

Dock and Engine Replacement Reserve Account

Plan 3 - HMC funds infrastructure repairs and replacement primarily through
one Special Assessment during Fiscal Year 2011-2012, and through annual increases to Reserve Accounts

Year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Repair Item A		Small Boat Docks All Piles					
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C		Cable Replacement					Cable Replacement
Repair Item D						Ferry Engine Replacement	
Repair Item E			Ramp Painting				
Reserve Contribution	\$ 220,561.81	\$ 30,000.00	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00
Special Assessment		\$ 117,000.00					
Repair Expense A		\$ (250,000.00)					
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C		\$ (25,000.00)					\$ (25,000.00)
Repair Expense D						\$ (200,000.00)	
Repair Expense E			\$ (212,000.00)				
Reserve Balance	\$ 220,561.81	\$ 86,561.81	\$ 21,561.81	\$ 162,561.81	\$ 309,561.81	\$ 250,561.81	\$ 372,561.81

Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Repair Item A			Ferry Dolphins				
Repair Item B	Inspections		Inspections		Inspections		Inspections
Repair Item C					Cable Replacement		
Repair Item D							
Repair Item E					Ramp Painting		
Reserve Contribution	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$ 50,000.00	\$ 50,000.00
Special Assessment							
Repair Expense A			\$ (768,000.00)				
Repair Expense B	\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)
Repair Expense C					\$ (25,000.00)		
Repair Expense D							
Repair Expense E					\$ (212,000.00)		
Reserve Balance	\$ 513,561.81	\$ 660,561.81	\$ 33,561.81	\$ 180,561.81	\$ 84,561.81	\$ 134,561.81	\$ 178,561.81

Dock and Engine Replacement Reserve Account

Plan 3 - HMC funds infrastructure repairs and replacement primarily through one Special Assessment during Fiscal Year 2011-2012, and through annual increases to Reserve Accounts

Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Repair Item A							
Repair Item B		Inspections		Inspections		Inspections	
Repair Item C			Cable Replacement				
Repair Item D							
Repair Item E							Ramp Painting
Reserve Contribution	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Special Assessment							
Repair Expense A							
Repair Expense B		\$ (6,000.00)		\$ (6,000.00)		\$ (6,000.00)	
Repair Expense C			\$ (25,000.00)				
Repair Expense D							
Repair Expense E							\$ (212,000.00)
Reserve Balance	\$ 228,561.81	\$ 272,561.81	\$ 297,561.81	\$ 341,561.81	\$ 391,561.81	\$ 435,561.81	\$ 273,561.81

Assumptions:

Replace all piles for small boat docks due to \$194,000.00 savings.
 Inflation is zero. If inflation is factored in then reserve contributions increase at the inflation factor.
 Engineering estimates are accurate.
 No unexpected expenses occur.
 Reserve expense is based on minimum estimated time frame when item is recommended to be taken care of. Conservative approach is used.
 Ramp cable replacement is every 5 to 7 years. Five years was used as the schedule with the last cost of \$25,000.00 as the amount.
 Ferry engine replacement is included in 2016 because this is the year our current engines are rebuilt on their normal cycle.

Notes:

Insurance carrier has stated that liability insurance will not be issued on small boat docks unless mitigation plan is in place to repair/replace prior to use in 2012.
 Repair Item A is Small Boat Docks scheduled for 2012 and Ferry Dolphins in 2020.
 Repair Item B is State Inspections.
 Repair Item C is Ferry Ramp cable replacement.
 Repair Item D is Ferry Engine replacement.
 Repair Item E is Ramp Painting.

\$300.00 Special assessment in 2012.

\$300.00 Increase in annual assessment per assessable unit for reserves starting in 2013.

Ballot Results

August 13, 2011

Special Membership Meeting to Count Ballots
August 13, 2011

Call to Order: Mark Anderson called the Special Membership Meeting to order to count the ballots for the August 2011 vote.

Roll Call: Mark Anderson, President; Gary Wanzong, Vice President; Dianne DeGood, Secretary, Judy Greinke, Treasurer and Pat Zazzo, Member at Large.

Mark moved that the minutes from the July Special Membership Meeting be approved. Motion carried.

Mark asked if there was any discussion on the Ballot Items presented to the membership:

- **Ballot Proposition #1:** Shall the Ferry Trip Ticket Plan attached to the Ballot be implemented on October 1, 2011 to replace the existing Commuter Pass and Senior/Disabled Pass programs and lower the price to the entire Membership for pre-purchased Trip Tickets?
- **Ballot Proposition #2:** Shall HMC fund infrastructure repairs and replacement primarily through:
 1. Special Assessments
 2. Combination of Special Assessments and annual increase to Reserve Accounts; or
 3. Through one Special Assessment during Fiscal Year 2011-2012, and through annual increases to the Reserve Accounts.

There was no discussion. Carolyn Snyder stated that the Ballots had been validated by Nancy Broege, Margie Tavenner and Sherri Anderson.

Selection of the Ballot Counting Committee: Linda Moren, Sherri Anderson, Sue Drake, Steve Drake, Allen Moren and Kathy Deuster.

Mark Anderson called a recess for the Counting Committee to count the ballots.

Ballot Results:

- **Ballot #1 - Yes – 113 No – 28**
Ballot #1 passed.
- **Ballot #2**
 1. Primarily through Special Assessments - **36 votes**
 2. Combination of Special Assessments and annual increase to Reserve Accounts- **61 votes**
 3. Through one Special Assessment during Fiscal Year 2011-2012, and through annual increases to the Reserve Accounts – **31 votes.**

The membership voted for #2, the Combination of Special Assessments and annual increase to Reserve Accounts.

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

Respectfully submitted,

Dianne DeGood, Recording Secretary