
From: "Claudia Ellsworth" islandmgr1958@gmail.com
Date: Monday, January 28, 2013 4:36 PM

To: "undisclosed-recipients:"

Subject: Revision to Proposed Rules

The proposed Rules are posted on the HMC website, at www.herronisland.org, and the Board is welcoming your comments. Several of you have commented, and the comments have been thought provoking.

Because of active discussion of Rule C-8, regarding the length of time a vehicle may be left parked at the island side terminal, the Board is deleting it from the proposed Rules. At this time, there are two shortterm parking places for pickup and dropoff of passengers, mail, or newspapers, and day parking for ferry crew members on the south side of the road by the waiting shed. Members should be aware that long term parking -- all day or more -- near the ferry terminal can cause problems with traffic, and is to be avoided.

As to the water project....adjustments to the water system, including water pressure, continue to be made, and Jester Purttelman will be out later in the week to address these. Additionally, don't be surprised if you see Washington Water trucks on the island testing our hydrants in certain locations. Flow testing is a requirement before the system is signed off by Pierce County.

As construction winds down, the Water Committee and Board of Directors are addressing implementation of the new system. It's very different from the old model (thank heaven!) needs regular attention. WWSC has been providing this service by contract, but once again there are discussions ongoing about what the most cost effective operation and maintenance model would be with a brand new system. There are operator certification requirements to be met and options need to be sorted out.

If you are interested in attending a Water Committee meeting to help address these next steps, the Committee meets Friday at 9:30 in the Community Building. Or you can contact Judy Greinke at judygreinke@yahoo.com.

Thank you.

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Tuesday, January 22, 2013 10:06 PM
To: "undisclosed-recipients:"
Subject: Engineer's Update

Here is an update from Jester Purttleman, following his visit to the island today.

With the project closing out, we're down to some of our last updates here. The contractor finished the concrete collars on the valve cans last week, and did some nice cleanup work on the roads. There are still a couple roads that will be cleaned up, but most of that will have to wait until it dries out more. The contractor guarantees their work for one year and will be back out after it's been dry a couple weeks to rework the roads. Since it will likely be June before it's that dry (or later) the roads are going to be in a holding pattern for a while. There will likely be a machine on the island periodically until then to clean up the bad spots, but the major operations are complete. Until then, please stay off the ditch lines whenever possible. If its sinking in, do not help it along!

We will be adjusting the booster pump station slightly next week when the contractor puts the final programming in. Right now, the booster pump station runs between 32 and 42 psi, with a set point at the 40 psi mark, which is a little on the low side. It will be reprogrammed to hold a more constant 46 psi, with occasional variation, but only down to about 42 psi. This sounds like a small change, but it will make a big difference for the people highest on the island who only have 39 psi, and it will do so without making a big difference to the people who already have 70. A few places have been found that needed pressure regulators, and a couple that probably should not have had them, but that list is dwindling. We will have final purity samples at the end of Thursday, and if all goes well your system should be permanently de-chlorinated after that time.

Finally, I would like to extend an enormous thank you to your resident inspectors, who have worn the various hats of construction monitors, plumbing consultants, remote hands, and a lot of other tasks too. They've done tremendous work, they've saved the community a huge amount of money compared to doing oversight in any other way, and they've helped this project get done as fast as possible in ways too numerous to count. This project wouldn't have happened without them... Well, it would have, but it would have cost twice as much and taken twice as long.

Jester Purttleman

Manager's Note: These resident inspectors were required under the terms of the USDA project, but they've been wonderful. They are owner/members and so have a vested interest in the success of the project. Their names are Dana Gruber, Mike Shettlesworth, Charles Smith, and Rich Urfer. Most of them are no longer employed on the project, as it winds down, but they all deserve your appreciation for the job they did, and a big round of applause! In addition, we had great help and cooperation from Jack Wells, chairman of our Roads Committee, and Steve Kramer, Roads Committee member, and Andy Anderson, Roads Committee member, who also volunteered time to help with the cleanup.

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Monday, January 21, 2013 9:43 PM
To: "undisclosed-recipients:"

Subject: Now, Options for Paying for the System

This explanation will also appear in the Beachcomber, but for the sake of good communion, it also appears here.

Final Cost of the Water System Upgrade and Payment

You will be receiving a letter detailing the final cost of the Water System Upgrade and the final Special Assessment per connection in just a few weeks. Due to the ongoing interest charges on our interim loan with Key Bank, we will need to convert to the USDA loan as quickly as possible. This interest runs upwards of \$7,000 per month **so a rapid transition is in all Members' best interests**. This means that Members who want to pay upfront for their portion of the capital costs will have a **very short** opportunity to do so, perhaps as little as three weeks.

And because the timeline is so critically short, Members who wish to pay upfront will be asked to provide a Cashier's Check as their method of payment. Based on the information we have right now, we estimate that the upfront payment required for the Special Assessment will be between \$4500 and \$5500 per Connection (but it could be more or less as we firm up the numbers). Please make your financial plans now so that you will be ready when the time comes.

Your decision whether to pay upfront or to pay for your portion of the Water System over the 40 year term of the USDA loan may be affected by the fact that the interest rate on the USDA loan has dropped from 3.375% to 2.5% as of January 1, 2013. If you decide to not prepay in full, but to have the payments spread over time, the capital cost recovery will appear as a line item on your water bill until HMC has repaid the USDA loan in full over its 40 year term. In that case, the estimated monthly amount for this capital cost recovery should be between \$15 - \$20. **And remember, the chance to pay off your balance at some point down the road will not be possible once your decision is made.** Payment over the long term will be borne by the present and future owners of properties, and a lien will be placed on individual property in the event a Member becomes delinquent, as is our current practice with delinquencies.

All that being said, please let us know how your water service is working so that pressure problems can be adjusted. Most members with pressure problems have cured them by cleaning the filters into their sinks, showers, washers, and so on.

Thank you.

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Friday, January 18, 2013 4:23 PM
To: "undisclosed-recipients:"
Subject: End of Construction! And More to Follow

Water Project:

The contractor has now left the island, and there are a few engineering issues, hydrant flow tests and water purity tests that need to be conducted before the system can be signed off. USDA representatives from Olympia came out last Tuesday to inspect the project and were pleased with what they found.

This week, the Contractor has placed loads of rock (approximately 16 dump truck loads) on the roads and several soft spots around the island. There are still a couple of places yet to be addressed:

1. 22525 South Herron BLVD - two road crossing trenches have settled in the corner.
2. 22309 East Herron BLVD - The Roads Committee will be placing drainage culverts, afterward the Contractor will grade and place some additional rock in a few weeks for the "tune up".
3. 513 - 615 East Herron BLVD - The trench line has settled, but it has been too wet for the Contractor to address without making an additional muddy mess. This may be addressed during the tune up.
4. 110 - 314 West Herron Place - The Roads Committee will address the plugged culverts in this area, afterward the Contractor will tune up.

Massana has left a quantity of rock on the island, and our island Roads Committee will address the small roads items as they arise, so keep information coming to the office via this email. Caseco will be back on the island periodically to make road improvements.

"Mick and the Boys" from Caseco, the major subcontractor, finished up their work on the One Lane Road at 125 East Herron BLVD by re-grading the roads, placing rock, establishing ditch lines and check dams and placing a drainage berm to help direct the surface water to the existing drainage pipes. This was over and above our expectations.

Each of the in-line and fire hydrant valve cans has a concrete collar (except for the blow off assembly at the ferry dock). The traffic cones should remain in place until at least Monday. However, several of the cones have already been moved by persons unknown into nearby ditches and sides of the roads. Please don't do that.

We have been getting a few complaints about the water pressure in various locations around the island. We are trying to address these issues as they come up. Some things to consider:

1. If there is a PRV (pressure relief valve) - the PRV is being adjusted to the maximum pressure setting (all the way clockwise).
2. We will take pressure readings at the existing outside spigots if they are available.
3. Pressure adjustments at the booster pumps at the Pump Station are still pending, awaiting the engineer's assessment.

The Contractor has moved his remaining equipment off the island (truck, trailer, backhoe and excavator) and cleaned the Pump Station. Anyone familiar with the previous appearance of this site needs to take a look and appreciate the difference -- it's clean, painted, reroofed and has the appearance of a modern pump station. On your walks around the island, if you find random stakes, they can be dropped off at the Pump Station. And if you have scissors you can, feel free to trim off any green strapping that you see along the roads.

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Saturday, January 12, 2013 8:25 PM
To: "undisclosed-recipients:"
Subject: Good News/Bad News!

The bad news was that there was another breakin on the island in the same area as the one last week on the South End. The good news is that the Member called the Sheriff, who came out last night and took the alleged perpetrator into custody! Please report any vandalism or burglaries to us at this email address, and we will get the word out to everyone.

MONDAY! The contractor will be pouring concrete collars all over the island, at 60-plus valve sites. For those of you on

WEST HERRON PLACE -- you will only be able to enter and exit from the north side. Please do not drive over the concrete collar at 311 West Herron.

EAST HERRON (SINGLE LANE ROAD): You will need to enter or exit from the same end as the Contractor will work from the north end to the south end and the road will be blocked at various points for most of the day.

AROUND THE ISLAND: There will be cones in roadways and concrete collars to avoid....this can take a couple days because of the cold temperatures and moisture in the ground.

THE EXCAVATORS ARE COMING! THE EXCAVATORS ARE COMING! Excavators will be working in the intersections to uncover the valve cans, adjust them and pour the concrete collars. There will be cones and fresh concrete in intersections. Please drive carefully.

As if that isn't enough....driving on the soft side of the road does not help compact the mud. Please don't.

More good stuff -- The contractor has put large quantities of rock on the roads and in the trenches. This is really helping road conditions.

Questions? Please let me know. YELLOW (or GREEN) vests....if you have requested help with a water problem, one of the inspectors will come by, but at an unscheduled time during the day. They were vest that say HMC on them. Please don't point things at them like shovels or shotguns.

OTHER STUFF NOT WATER RELATED:

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Friday, January 11, 2013 12:16 AM
To: "undisclosed-recipients:"

Subject: Reminders...a Bunch of "Don'ts!"

1. The water contractor is working very hard to excavate around our 60-plus valves in the roadway to allow pouring of concrete collars on Monday. Obviously, this is to protect them from damage, particularly when the roads are graded.
2. The contractor has spread a huge amount of rock to improve our roads, while we are all waiting for things to dry out. Please still try to stay in the center of the road. Driving on the wet icky stuff will not compact it. Only time and dry weather will help with that.
3. The piles of soil will be dealt with a little later, as things dry out. If there is soil piled somewhere that it blocks your access, please let me know. If the soil has a tarp over it, the contractor intends to reuse it. Please do not disturb it.
4. If you believe you have pressure problems with your water, please let me know immediately via email. Include your phone number and address and we will try to get someone out to take a look.
5. Check the tide tables....we are in for some BIG morning tides again next week. Be prepared.....tide tables are on the Herron Island website.

Good Night!

From: "Claudia Ellsworth" <islandmgr1958@gmail.com>
Date: Monday, January 07, 2013 10:54 PM
To: "undisclosed-recipients:"
Subject: Engineer's/Manager's Update - GOOD NEWS!

From the Project Engineer:

We have "substantially completed" the installation of the Herron Island water system. In real terms that means everyone is switched over, and short of a few minor items, you have a new system. We had a number of people who were having trouble with low pressure on the northwest side of the island, and the culprit has been found. Pressure reducing valves were installed on a number of connections where the mainline pressure was over 80 psi. These valves are adjustable, and many of them were simply set from the factory lower than desirable. After a morning of turning up valves, we appear to have resolved that problem for most people. If you are still under low pressure, please send the island manager a note and we can get that checked out before we close this off.

The contractor will be digging and marking valves late this week, and pouring concrete shoulders around them on Monday so as to protect the valve cans from cars, trucks, trailers, and road graders. **Please be alert this coming weekend, and make an effort to avoid the coned off valve cans.** You may have noticed that there's not a lot of good weather to be had, and it will help get this done in an expedient manner if the contractor doesn't have to re-dig the valve cans Monday morning before the cement truck shows up. Thank you!

Jester Purtteman
Project Engineer
Northwest Water Systems

From the Manager:

Wonderful Good News! When we signed on with USDA our loan interest rate (40 years) was fixed at 3.375. The rate is set annually be the Federal Reserve.....and thanks to the great God of Unintended Consequences....our project ran over schedule into the new year. As a result our project interest rate will be 2.5%, a full one-third lower than we originally thought. Over the life of the loan, HMC will pay approximately \$440,000 less in interest (rough estimate). This is great news for our project.

The real importance of this may be for those of you who were thinking of paying the full amount of the water system cost in advance. So we want to get this news out there for you to consider whether you want to pay in advance or think you can make more than 2.5% on your money by investing it, and pay over time.

In March (I think) we will be sending out a letter with the full payment vs. 40-year payment options for you to consider. Time to pay in advance will be very limited, as HMC will continue to pay interim bank interest until the loan is sold to USDA.

Please continue to keep me informed. The contractor will be leaving soon and we need to be sure we have accomplished the punch list.

We will be entering phase two of the water system replacement -- setting up the meter reading and billing system, setting rates, estimating labor costs for reading meters and billing, and a whole host of other matters. Members are always welcome on HMC committees, and the Water Committee, chaired by Judy Greinke, has a full plate. Feel free to join up. Thank you and good night.

Claudia Ellsworth
Island Manager