

HMC MANAGEMENT FINANCE COMMITTEE MINUTES

APRIL 4, 2012, 4:15 pm

The Finance Committee held the April meeting at the Gig Harbor home of Judy Greinke to accommodate committee members who live and work in Tacoma and Seattle.

Carole Crowley retired from the finance committee and the committee members voted in Pat Zazzo.

Finance Committee Members Present: Judy Greinke, Gary Wanzong, Fred Fath, Rondi Amidon, Terrill Chilson, Kathy Deuster, and Pat Zazzo.

Gary Wanzong provided copies of the revised budget from our last meeting. It was noted that the main increases this next fiscal year are for medical insurance and reserves. The cost for the replacement of our small boat dock pilings came in lower than the engineer's estimate; the reserves covered the expense in full.

Terrill Chilson presented a report on new ferry engines and transmissions. Facts were compiled from research done by John Farris and Terrill through marine specialists and engine/transmission manufactures. The recommendation is for John Deere Marine engines and offset mechanical transmissions. The quote is for \$101,780.00 plus potential optional equipment totaling \$5,832.00. This price does not include installation.

Terrill and John also did a cost saving analysis. Fuel saving from 25% - 40% - about \$16,000+, standby cost savings of about \$4,300, engine rebuild savings of \$5,000, in addition to improved emissions and significantly reduced noise level. The transmissions are due for a rebuild in 2013 and the present manufacturer is out of business so parts are limited or not available. To insure continued uninterrupted ferry service and shorter down time for repairs in the future, replacing the transmissions at the same time as installing new engines will save time and money.

Action: The Committee agreed to recommend to the Board that a special assessment ballot be included with the Annual budget vote for engine and transmission replacements.

The committee decided to keep the engine overhaul reserve expense at the original cost of \$12,000 for now. Additions to reserves are being added for inspections, cable replacement, ramp painting, water truck replacement, community building, and ferry engines.

HMC has been paying for Water Project expenses from both the general budget and water utility budget after membership voted approval for USDA water project funding. The main expenses totaled \$107,086.40 which paid for surveying, engineering, legal, permits, and Dept. of Health. Now that the interim water project loan with Key Bank is in place, the

expenses will be reimbursed into HMC accounts. This amortizes those expenses to future benefactors of the new water system and benefits the present owners who have paid these bills.

Action: The finance committee decided to recommend to the Board that the total USDA reimbursement amount be placed in reserves as follows: 50% for engine replacement, 20% for ramp painting, and 30% for dolphins – all of which lower future assessments.

The new trip ticket plan is working well and providing much needed time for our office staff to complete water billing and additional accounting.

Gary Wanzong will make the revisions to the draft budget and send it out to all the finance committee members for approval. The draft copy will then go to the Board and will be published in the May Beachcomber.

Recommendations to the Board:

1. The Committee recommends to the Board that a special assessment ballot be included with the Annual budget vote for engine and transmission replacements.
2. The finance committee recommends to the Board that the total USDA reimbursement amount be placed in reserves as follows: 50% for engine replacement, 20% for ramp painting, and 30% for dolphins which lowers future assessments.

Minutes written by Judy Greinke -- HMC Treasurer