

Island Manager Report
March 11, 2017

Administration:

Audit:

Mike Kander has begun our annual audit. Mike has indicated he will retire next year and that we should find a new auditor and accountant. We will follow up on his recommendations for the next fiscal year's audit.

Replacement Auditor and Accountant: We have begun asking other HOA's in the area what auditors they are using, so that we can narrow the search geographically and by expertise. Should have a report next month on possible candidates.

Sale of HMC Lot: We are still working through title issues with the heirs of the previous owners, because no final deed to the property was ever recorded. Two Members have made offers on this property.

Labor Contract Negotiations: Contract negotiations between HMC and the IBU, which represents the four ferry crew members, are continuing.

Reserve Studies: These studies are required by State law, and must be published to the membership. The Water Department study will require a site visit (March 10), and the HMC General study no site visit, with the update based on collection of new information. Previous studies are published on the HMC website, under Documents.

Small Passenger Vessel Day: We will be attending the annual half day USCG Small Passenger Vessel Industry Day on Wednesday, March 15 in Seattle.

Water Operations: Charles Smith will report.

Water Committee Report: Charles Smith will report. The committee is reviewing revenue and expenses of the Water Department to recommend to the Finance Committee possible revisions to the base fee and water usage tiers for 2017-18.

Fire Department Liaison: An article in last week's KeyPen News explained that fire insurance ratings for Herron Island have increased to a 9A. In the words of Chief Guy Allen, "this is about as close as you can get without having zero protection." Despite repeated attempts by the fire district, Herron Island has been unable to recruit the necessary volunteer candidates, and increased insurance premiums are the answer.

Emergency Preparedness: Mike Shettlesworth will report.

Parks:

Volunteer! On March 18, volunteers are needed to help with repairs and maintenance on the small boat docks. The docks cannot go back in the water until the repairs are made, so if you have a few tools and some time that Saturday, come down to North Beach to help out. Lunch will be provided.

Efforts continue to get materials for the second project, maintaining the landscaping at North Beach. This project will require the use of heavy equipment, unlike the dock repairs.

Roads: Committee Report.

Serious damage to the retaining wall at South Herron and East Madrona apparently resulted from a vehicle collision with the wall. This will have to be manually repaired. No one has come forward to claim responsibility for the damage.

Recent rains have further eroded North Beach (West Herron) Road near the small boat docks. Larger culvert pipe needs to replace the existing 4 inch pipe to eliminate this recurring problem.

Drainage from the top of East Madrona to East Herron needs to be improved by opening culverts, and removing debris. It is the responsibility of Members to keep their drainage ditches and driveway culverts open, to keep water moving downhill.

Retaining wall at Maple and Yew, by Goodpaster Park also needs to be replaced. Traffic cones mark the spot. Blocks have been purchased for this work, which needs to be scheduled.

Another corner, at East and West Madrona needs to be reinforced with concrete block material. Vehicles cutting the corner have caused the damage.

There are several other areas where road work needs to be done and will be scheduled as weather improves. Steve Kramer is still unavailable. The committee is looking for other contractors who might be able to fill in until Steve is available. Charlie Folk has been hired to assist with roads projects, which should help move some of these items along.

Drivers can help with road maintenance by NOT driving into potholes, which has the effect of opening them up again.

Rules: The recent three Rules complaints were resolved with a fine of \$500 levied in two of the complaints. Last week, another complaint was filed regarding dogs.

Herron Island Ferry:

Dolphin Replacement Project: We passed all the high hurdles in our lease negotiations with DNR, and have in our possession the final signed, recorded lease, which is good through December 31, 2028. We were able to resolve the pollution insurance issue with help from our insurance broker, who persuaded DNR that we had plenty of liability insurance to cover any mishaps. Her hard work saved HMC \$24,000, the premium for the three year policy we would have add to buy. Thanks to Brenda Davis of ABD.

Bids were opened February 15. Five bidders were present. The average bid amount was \$1.2 million, and the low bid, by American Construction of Tacoma, was \$894,059. This is a very good bid, and significantly lower than the engineer's estimate, which was closer to \$1.2 million. At this point, the Board should authorize the Notice of Award, and we will set up the preconstruction meeting for all the parties to the project.

The one piece still hanging is the interim financing from KeyBank. We are waiting for resolution of title insurance issues for the mainland property before we can close the loan. When the loan is closed we can issue the Notice to Proceed.

Ferry Crew: Dan Morgan has joined the permanent crew as deck hand on the weekend shift, formerly filled by Donnie Surratt. Dennis King, resident of Longbranch, will be training this month as a standby deck hand. We are once again advertising for captain. We have three standby captains: Wiggins, Taylor and Westby. All three have other jobs, and their availability is not guaranteed. And two standby deck hands: Miller and Folk.

Transportation Committee: From the Chairman: "The committee has been exploring developing ferry fees report options. We are thinking that one report could assist with daily reconciliations and another could assist with billings. We hoping to meet with Carolyn soon we review some ideas. "

Technology: No report.

Legal Liaison: We currently have 8 delinquencies, three of which are with the attorney for collections. Delinquency rate 2.0%. Currently, HMC has 380 Assessable Units (a reduction of one from last month) and 397 Water customers.