

HMC Management Finance Committee Meeting Minutes

February 20, 2012

Finance Members Present: Gary Wanzong, Judy Greinke, Fred Fath, Terrill Chilson, Kathy Deuster, Rondi Amidon Finance Member Absent: Carole Crowley Guest: John Farris

The HMC Finance Committee met at the Community Center to begin planning for the upcoming 2012/2013 fiscal year budget which will be published in the May Beachcomber for members preview. One major addition will be a part of this year's budget; bill RCW 64.38 went into effect on January 1, 2012 and changes the reserve requirements for Homeowners Associations like HMC Management.

HMC must have a professional, 3rd party, reserve study done and presented to membership in 2012 and in place by 2013. Reserves must be set for all significant assets which is the current replacement value of our major assets such as ferry, ferry ramps, small boat docks, water system, buildings, etc. By 2013 we must be putting 10% of our operating budget into reserves, excluding the associations reserve account funds.

Gary Wanzong presented a spreadsheet showing the actual money spent by HMC for each department over the last 5 years. He took an average for each expense, added in 3.6% inflation and gave a projected budget amount. From those figures, we compared last year's budget and set some proposed budget figures for the next fiscal general budget year. The Water Budget is still in process.

Many decisions need to be made to determine the amount for each line item in the budget. Judy Greinke will check with Carolyn and Claudia to clarify some items and the result of our Ramp Inspection will help us determine the length of time we have to prepare for painting the ferry ramps. Also, medical insurance is going up sharply causing an impact on the budget.

John Farris reported some information about replacing the ferry engines. He talked to companies that sell engines and was advised that the John Deere was preferred. There is a 40% fuel savings (realistically probably about 30%), a six year engine rebuild cycle (we rebuild every 3 yrs. now) and we would pay less standby costs because fueling would happen less often. The transmission in our ferry is working well at this time but he also learned that there are no replacement parts for this particular transmission so it would be wise to replace the transmission along with the new engines. The total price including installation would be about \$200,000. Discussion continued about how the cost savings would eventually pay for the replacements.

Judy Greinke Treasurer