

NOTICE OF SPECIAL MEMBERSHIP MEETING OF HMC MANAGEMENT

Notice is given pursuant to Article 4 of the Bylaws of HMC Management that a Special Meeting of the Membership will be held on Saturday, July 11, 2020, immediately following the regular Board meeting which begins at 10:00 am by teleconference.

At the Special Meeting, the Membership will vote to ratify the Fiscal Year 2020-2021 Budget that was presented by the HMC Board of Directors.

A member may vote by mailing or delivering the enclosed Ballot form to the HMC Office so that all Ballots are received no later than 10:00 a.m. on Saturday, July 11, 2020.

NOTE: Your Ballot will not be counted if you do not put both your name and your signature on the large mailing envelope.

BALLOT PROPOSITION

Shall HMC Management ratify the proposed HMC Management General and Water Budgets for Fiscal Year 2020-2021 as presented to the Membership at the June 13, 2020 Annual Membership Meeting?

BALLOT EXPLANATION FOR PROPOSITION

HMC Management General and Water Budgets for Fiscal Year 2020/2021

Pursuant to Article 9 of the Bylaws of HMC Management, the HMC Board of Directors has adopted the HMC Management General and Water Budgets for Fiscal Year 2020/2021 (the "General and Water Budgets").

The HMC Board of Directors now presents the proposed General and Water Budgets to the Membership for ratification. The HMC Management General and Water Budgets for Fiscal Year 2020/2021 (the "General and Water Budgets") were published on the HMC website and in the May 2020 and June 2020 issues of the Beachcomber and are included in this ballot. General budget includes the HMC Fee Schedule and Ferry Fees.

A copy of the following documents are attached to this Ballot:

1. The proposed General and Water Budgets;
2. The proposed changes to the Fee Schedule;
3. The proposed Ferry fees; and
4. The Executive Summary of the Update Reserve Study

Under the proposed General and Water Budgets, general annual assessments will be \$2,586.00 per assessable unit.

This assessment covers the Fiscal Year starting October 1, 2020 and ends September 30, 2021.

Water Rates for 2020/2021 Fiscal Year

Water Billing is listed below per water meter.

Basic water rate is \$60.00 per Quarter or \$240 per fiscal year (FY) per meter.

Basic rate includes up to 150 average daily gallons per day of water usage per meter.

Actual water used in excess of 150 Average Daily Gallons will be billed with graduated tiers as follows:

- Tier 1: 151 to 400 ADG \$0.07 per average daily gallons per month
- Tier 2: 401 to 800 ADG \$0.14 per average daily gallons per month
- Tier 3: 801 and Over ADG \$0.21 per average daily gallons per month

Basic rate does not include USDA loan if applicable to meter. USDA loan, if applicable to meter, is \$44.55 per quarter or \$178.20 FY.

The HMC Board of Directors recommends ratification of these General and Water Budgets to continue supporting our Island operations.

A	B	C	D	E	F	G	H	I	J	K	M
1					HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3					Fully Funded Reserve	Oct 17 -	Oct 18 -	Oct 19 -	Oct 2020 -		
4						Sep '18	Sep '19	20	Sep 2021		
5					Assessable Units (AU)	379	380	377	377		
6					AU minus delinquents	371	372	369	365		
7					Total Income minus Assessments	274,034	306,638	221,145	224,945		
8					Total Expenses less Special Assessment	1,049,070	1,101,518	1,220,999	1,168,999		Assumes delinquency factor of 12 Members
9					Yearly Assessment per AU	2,090	2,137	2,710	2,586		
10					Total Assessments	775,407	794,880	999,854	944,054		
11											
12					Monthly Assessment per AU	174	178	226	216		Members can pay monthly to HMC in advance
13					Budgeted Assessments	730,170	794,880	999,854	944,054		
14					Special Assessment						
15											
16					Budgeted Assessment per AU	1,868	2,137	2,710	2,586		
17					Special Assessment per AU						
18											
19					Income						
20					Assessments	745,776	794,880	999,854	944,054		
21					Ferry Fees	200,920	222,943	200,000	210,000		
22					Beachcomber Ads	440	517	400	400		
23					Renter's Fees, Copy, Fax and Notary	992	1,044	1,000	1,000		
24					Nsf Fees	350	254	125	125		
25					Postage	62	44	20	20		
26					Property Transfer Fee	5,250	5,075	5,000	4,000		
27					Interest & Handling (Delinquent Accounts)	14,188	991	7,000	7,000		
28					Ferry Charge Billing Fee for Vendor Access	1,125	5,325	1,000	1,000		
29					Member Credit Card Fees	384	608	600	400		
30					Interest Earned (HMC Reserves)	11,716	14,988	1,000	1,000		
31					Interest Earned (CD)						
32					Other Income (Rules Fines)	500	(166)	-	-		
33					Miscellaneous	17,138	1,061	5,000	-		
34					Attorney Collections see note 3						
35					Refunds of Fees from Intuit/CB		8				
36					Uncategorized Income		639				
37					Water exp pd from HMC bank acct transferred back	20,967	53,306				
38					Gross Income	1,019,810	1,101,518	1,220,999	1,168,999		
39					Expense						
40					HMC Regular Operations						
41					Admin Salaries						
42					Medical Insurance	12,139	11,241	20,000	24,715		
43					Retirement	3,521	7,503	7,750	8,625		
44					Payroll Taxes	7,137	36,290	14,661	15,564		
45					Gross Wages	126,790	148,333	153,328	165,864		
46					Water - % Admin Expense to Water	(5,103)	(29,311)	(39,555)	(42,902)		
47					Total Admin Salaries	144,484	174,056	156,183	171,866		
48											
49					Labor (Roads, Parks, Bldg Maint and Cleaning)						
50					Gross Wages	8,506	7,231	10,005	11,289		
51					Payroll Taxes	999	-	1,305	1,393		
52					Total Labor (Parks & Bldg Maint and Cleaning)	9,505	7,231	11,310	12,682		
53											
54					Accountant/Auditor	24,105	30,215	16,000	13,500		

	A	B	C	D	E	F	G		H		I		J		K	M
							Actual	Actual	Actual	Actual	Proposed	Proposed	Proposed	Proposed		
1						HMC GENERAL ASSESSMENT	Oct '17 -	Oct '18 -	Oct '19 -	Oct '20 -	Oct '20 -	Oct '20 -	Oct '20 -			
3						Fully Funded Reserve	Sep '18	Sep '19	Sep '20	Sep '21						
4																
55						20% reimbursement of auditor charges from water										
56	6000-55					Background Checks	305	215	1,000	(2,700)						
57	6000-15					Bad Debt Write Off	51,503	-	-	-						
58	6000-17					Bank Fees	178	944	200	1,400						
59	6000-21					Community Asso. Institute	132	139	150	150						
60	6000-23					Community Building Maintenance	1,352	2,769	1,500	1,500						
61	6000-25					Contract Svcs for Junk Removal	-	-	-	-						
62	6000-27					Credit Card Fees - Member Payments	571	732	750	750						
63	6000-57					Crystal Tech-Web hosting	170	91	100	100						
64	6000-59					Education and Training	-	-	300	300						
65	6000-29					Emergency Preparedness	-	-	500	500						
66	6000-33					HMC Property Pre-Sale Expense	2,929	846	200	200						
67	6000-35					Insurance - Community Building	3,396	3,502	846	3,502						
68	6000-39					Insurance - Directors/Officers Ins	-	2,791	200	200						
69	6000-37					Insurance - ERIISA (employee theft)	-	2,791	846	3,556						
70	6100-13					Insurance - 5 xs 1 Million Excess Liability	9,500	10,000	10,000	12,100						
71	6100-11					Insurance - 10 xs 6 Million Excess Liability	9,000	9,000	9,000	10,000						
72	6100-12					Insurance - 4 xs 16 Million Excess Liability	-	-	-	3,300						
73	6000-36					Insurance - Employment Practices Liability	-	-	-	3,110						
74	6000-93					Island Security Costs	1,218	396	1,500	1,000						
75	6000-45					Legal - Collection Costs	11,865	8,476	7,000	8,000						
76	6000-41					Legal - General	5,586	5,722	10,000	7,000						
77	6000-61					Mileage	966	1,155	1,200	1,200						
78	6000-63					Miscellaneous	1,081	681	-	-						
79	6000-53					Other-Other	-	197	-	-						
80	6000-03					Uncategorized Expenses	-	135	-	-						
81	6000-49					Office Equipment	4,774	714	4,000	4,000						
82	6000-50					Office Equipment Service Contract	-	-	-	-						
83	6000-51					Office Supplies	2,993	2,811	3,000	3,000						
84	6000-65					Payroll Expenses	2,389	2,186	3,200	3,200						
85	6000-67					Pension Administration	555	607	600	650						
86	6000-71					PO Box Fee	88	90	100	100						
87	6000-69					Postage and Stamps	2,472	2,133	2,700	2,700						
88	6000-75					Printing	1,521	414	1,600	1,600						
89	6000-77					Removal of unsafe trees	6,707	9,002	9,000	9,000						
90	6000-79					Reserve Analysis	-	1,280	1,280	1,280						
91	6000-95					Software upgrades annual fee	405	1,330	1,000	1,500						
92	6000-31					State and County Taxes	2,579	4,313	1,430	1,339						
93	6000-97					Telephone/Fax/Internet	3,073	2,638	3,100	3,200						
94	6000-98					Utilities/Electric	2,360	3,033	1,840	3,475						
95						Total HMC Regular Operations before Reserves	307,751	289,844	266,382	266,644						

Now included in general liability

A	B	C	D	E	F	G	H	I	J	K	M
1					HMC GENERAL ASSESSMENT						
3					Fully Funded Reserve	Actual	Actual	Proposed	Proposed		
4						Oct 17 - Sep 18	Oct 18 - Sep 19	Oct 19 - Sep 20	Oct 2020 - Sep 2021		
					Reserve Legal Cap 36.5K - Current Bal \$27,100.00	-	3,600	-	-		second of two payments to legal loan repayment for 9,400 shows in roads. Charge on line 199
96	7000-07				Reserve Community Bldg-Cap \$50K. Bal \$17.8K	307,751	293,444	269,982	287,444		
97	7010-03				Total HMC Regular Operations with Reserves						
98											
99											
100					Piles, Dolphins and Ferry Ramp Expenses						
101	6300-13				DNR Lease Annual	-	121	1,200	1,200		
102					Dolphin Expenses	124,093	-	-	-		
103					Paid via USDA / Reserves upon completion	(124,093)	-	-	-		
104	6300-05				Ferry Ramp Generator Maintenance and Fuel	3,188	7,516	3,500	3,500		
105	6300-07				Garbage - Ferry	218	211	300	300		
106	6300-09				Insurance - Docks and Piers	18,259	17,872	17,372	19,110		
107	6300-15				Inspection-Pierce City Inspection and Maintenance	-	-	-	-		
108					From Reserves	-	-	-	-		
109	6300-17				Parts and Supplies	434	6,404	11,000	2,000		
110	6300-19				Ramp Painting	-	-	-	-		
111					From Reserves	-	-	-	-		
112	6300-21				Repairs/Maintenance	26,487	16,098	5,000	5,000		
113	6300-03				Repairs Cable Replacement	-	-	-	-		
114					From Reserves	-	-	-	-		
115	6300-27				Sankians	3,139	3,222	3,672	3,966		
116	6300-29				Utilities/Electric	1,537	2,163	1,988	2,200		
117					Total Piles, Dolphins, Ferry Ramps before Reserves	53,262	63,607	44,032	37,276		
118	7020-01				Budget Allocation						
119	7020-03				From Dock Reserve						
120	7020-05				From Ramp Generator Replacement						
121	7020-07				Reserves Piles, Docks & Ramps - Bal \$26,013	-	1,000	1,000	1,100		
											USDA Requirement until \$20,500 is reached at 10% per year. Must reach full reserve by year 2028.
122	7020-08				USDA Loan Reserve Equal to One Year Payment of \$20,476.00. Current balance is \$6,500.00			2,500	2,500		
123	7020-10				Reserves Ferry Terminal Structures-Cap \$2.3M, Bal \$39K	-	2,000	37,000	39,400		
124	7020-11				Reserves Ramp Painting and Wood Decks-Cap \$347K, Bal \$31,964K	-	1,000	7,000	9,200		To start buildup for next ramp painting project due in 2028
125					Special Assessment - Ramp Painting	-	-	-	-		
126	7020-12				Reserves Ramp Inspections-Note 5 Cap \$19K, Bal \$27,672K	-	-	10,000	6,400		
127	7020-09				Reserves Generator Replacement-Cap \$38K, Bal \$16.9K	-	3,000	4,000	1,400		
128	7020-13				Reserves Cable Replacement-Cap \$45K, Bal \$10,535K. Replacement due spring of 2025	-	-	5,000	3,300		Cables replaced March 2020 at a cost of \$33,664.80
129	7020-14				Dolphin USDA Loan Funds Member Prepayments - Balance is OK - Accounting Reserve Fund						
130					Total Piles, Dolphins, Ferry Ramps with Reserves	53,262	60,607	110,532	100,576		
131					Ferry						
132					Ferry Salaries & Benefits						
133	6100-53				Medical Insurance	46,373	41,981	55,600	57,824		
134	6100-55				Retirement-Employer	7,533	14,601	16,600	15,635		
135	6100-57				Payroll Taxes	16,454	-	26,800	26,854		
136	6100-59				Gross Wages	289,878	276,263	336,827	338,152		

A	B	C	D	E	F	G	H	I	J	K	M
1					HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3					Fully Funded Reserve	Oct 17 - Sep '18	Oct 18 - Sep '19	Oct 19 - Sep 20	Oct 2020 - Sep 2021		
4											
137					Total Ferry Salaries & Benefits	360,238	332,855	435,827	438,465		
138	6:100-25				Cellphone	862	733	1,800	800		
139	6:100-01				Ticketing Device/System	1,815	684	5,000	1,000	New iPads purchased in fall of 2019	
140	6:100-27				Drug Testing	504	386	1,400	1,000		
141	6:100-03				Engine Overhaul / Replacement	24,939	24	12,000	5,000		
142					From Reserves	(24,900)	(51,600)	-	-		
143	6:100-04				Engine repairs other than overhaul						
144	6:100-05				Ferry Equipment	3,053	1,493	2,500	2,500		
145	6:100-07				Fuel	61,628	52,459	68,200	70,000		
146	6:100-29				Inspections and Licensing	787	789	900	900		
147	6:100-15				Insurance - Commercial Package	7,288	7,766	8,353	8,521		
148	6:100-17				Insurance - Marine Package	9,500	9,600	9,600	11,900		
149	6:100-19				Insurance - Vessel Pollution	747	747	747	747		
150	6:100-67				Insurance Ferry Deductible Expense	-	-	-	-	New - November 2019 we found that we have a \$10K deductible expense on every claim? Reserve build up and for how may accidents? 2019 we paid \$4.4K	
151	6:100-20				Employee Assistance Program Required by CG			280	280		
152					Legal Fees - IBU Attorney	3,535	861	10,000	1,000		
153					From Reserves			(10,000)	-		
154	6:100-33				Miscellaneous	1,578	1,984	1,500	1,500		
155	6:100-43				Passenger Vessel Asso.	534	550	540	560		
156	6:100-65				Personal Property & Excise Taxes	5,279	5,182	4,900	5,400		
157	6:100-35				Crew Housing	5,000	-	2,000	2,000		
158	6:100-23				Contract Reimbursement Permanent EEs	4,600	5,513	6,000	6,000		
159	6:100-45				Repairs	28,660	31,240	10,000	10,000		
160	6:100-47				Routine Maintenance & Supplies	5,256	9,614	9,000	9,000		
161	6:100-37				Sheds (waiting, oil and school)	-	-	-	-		
162	6:100-61				Ship Yard	133,394	129,942	150,000	-	Shipyard scheduled for Sep 2020	
163					From Reserves	(95,300)	-	(150,000)	-		
164	6:100-63				Supplies, Paper Products, Water	1,089	891	1,000	1,000		
165	6:100-39				Tickets & Passes & Stickers	589	2,322	2,400	2,400		
166	6:100-41				Uniforms	1,085	1,000	2,000	2,000		
167					Total Ferry before Reserves	541,759	545,034	585,947	581,973		

	A	B	C	D	E	F	G	H	I	J	K	M
1						HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3						Fully Funded Reserve	Oct 17 - Sep 18	Oct 18 - Sep 19	Budget Oct 19 - Sep 20	Oct 2020 - Sep 2021		
4												
168	7030-03					Reserve Ferry Replacement-Cap \$1.545M, Bal \$34K	1,000	1,000	27,000	29,700		
169	7030-17					Reserve Shipyard - Note 1 Cap \$150K, Bal \$150K	32,300	35,000	115,000	67,000		This is to build up reserve for shipyard expected in 2022
						Reserve Ferry Engine Transmissions-Note 2 Cap \$246.3K, Bal \$23.312K						Rebuild is expected to occur in 2025 based on a 30 to 40K hour schedule with 2,650 hours per year run time.
170	7030-15					Special Assessment - Ferry Engines	9,500	-	6,000	5,600		
171						Reserve - Legal IBU Attorney Cap \$20K, Bal \$17.5K	-	-	-	-		
172	7030-07					Accrued Sick Leave carryforward-Cap \$5K, Bal \$5K	2,500	2,500	2,500	2,500		
173	6100-51					Total Ferry with Reserves	587,059	583,534	736,447	696,773		
174						Parks						
175						Garbage Pick Up	590	989	749	809		
176	6200-13					Maint - General upkeep including park parking	6,258	995	-	-		
177	6200-03					Maint - Lawn Equipment	-	36	500	500		
178	6200-05					From Reserves	-	-	-	-		
179						Maint - Parks Shed (lawn shed)	-	-	-	-		
180	6200-09					Maint - NB Pavilion Building and NB parking	25	315	-	2,000		Painting and gravel needed
181	6200-07					Miscellaneous	2,286	-	-	-		
182	6200-15					Parks Development-Picnic Tables	-	1,620	-	-		
183	6200-19					Playground Improvement	7,495	1,763	1,000	1,000		Playground chip replacement
184	6200-21					From Reserves	-	-	-	-		
185						Sanitans	3,577	4,470	4,320	4,665		
186	6200-17					Small Boat Dock Pilings	-	-	-	-		
187	6200-17					From Reserves	-	-	-	-		
188						Small Boat Dock - Maint & Improvements	631	1,011	2,000	2,000		
189	6200-29					Small Boat Dock - Removal and Install	1,211	2,869	2,500	2,500		
190	6200-31					Supplies & Equipment Repairs	322	1,524	2,000	2,000		
191	6200-33					Utilities/Electric	749	610	756	817		
192	6200-35					Total Parks before Reserves	23,143	16,203	13,825	16,291		
193						Reserves Small Boat Dock-Cap \$422K, Bal \$24K	5,000	7,000	12,000	8,700		
194	7040-07					Reserves Parks General-Cap \$36K, Bal \$27.115K	5,000	3,000	5,000	1,000		
195	7040-09					Total Parks with Reserves	33,143	26,203	30,825	25,991		
196						Roads (Ferry island/mainland lots)						
197						Salaries has been moved and combined with Labor for Parks and Community building under Administration section						
198						Payroll taxes						
199						Wages						
200						Total Salaries	-	-	-	-		
201												
202												
203	6400-03					Auto Insurance (Dust Control Truck)	2,128	1,461	1,713	1,915		
204	6400-05					Dust Control Truck	19,443	195	1,000	1,000		
205						Drainage loan repayment to reserve			17,500	7,900		Expenses for water drainage on one-way road. Second of two year repayment.
206						Road Maintenance Contract Costs		65,628	-	-		
207	6400-09					Grading	4,515		8,000	8,000		Twice a year under contract for two years
208	6400-11					Ditch Cleaning	3,477		14,000	14,000		Minimum is ten thousand
209						Survey of Roads				6,000		new line
210	6400-06					Road Equipment, Parts and Supplies	440	6,496	1,000	1,000		
211	6400-01					Ferry Road Asphalt replacement	28,054	4,069	-	-		

	A	B	C	D	E	F	G	H	I	J	K	M
1						HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3						Fully Funded Reserve	Oct 17 -	Oct 18 -	Budget	Oct 19 - Sep 20	Oct 2020 - Sep 2021	
4							(28,000)	-	-	-	-	
212						From Reserves	5,299	38,882	15,000	15,000	15,000	Local supplier
213						Road & Ditch Materials local	-	-	-	-	-	
214						From Reserves	-	-	-	-	-	
215						Total Roads before Reserves	35,366	116,731	58,213	54,815		
216						Reserves Gravel-Cap \$85K, Bal \$10.5K						Purchased gravel in 18/19 year. \$85K
217						Reserves Ferry Hill road asphalt-Cap 22K, Bal \$22K	5,000	1,000	10,000	13,400	\$55K	
218						Reserves Road Equipment-Cap \$16K, Bal \$6.5K	25,000	20,000	-	-	-	
219						Total Roads with Reserves	67,856	137,731	73,213	68,215		
220						Total Expenses before Reserves	961,270	1,021,418	968,399	976,999		
221						Total Expenses including Reserves	1,049,070	1,101,518	1,220,999	1,168,999		
222						Net Income (Loss) - Note 4	(29,260)	-	-	-	-	
223												
224						Reserve funding and Special Assessments	87,800	80,100	252,600	192,000		
225						Reserves used \ expenses to USDA loan	(272,293)	(51,600)	(160,000)	-		
226												
227						General note: This budget was generated based on analysis of the last five years of actual expenses						
228						Note 1: Ferry goes into dry dock every two years on the even year						
229						Note 2: New engines go into shipyard for rebuild every 12 years but has been extended for next service to be 2025.						
230						Note 3: Legal fee expense is partially offset by legal fee income. This allows for accounting requirements.						
231						Note 4: Unexpended funds from prior FY year will be allocated to appropriate reserves. Refer to Auditors report.						
232						Note 5: Mainland every 2 years 2021 next inspection, Island every 4 years 2023 next inspection.						
233						Note 6: All reserves were reviewed against the 2018-2019 Reserve Study report since the current 2019-2020 Reserve Study report was not available during the time the budget was being constructed.						
234						Note 7: Board has agreed to raise Member ferry rates to \$10.00 per vehicle starting October 1st, 2021.						
235												

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1					HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3					Fully Funded Reserve	Oct '17 - Sep '18	Oct '18 - Sep '19	Budget 20	Oct 2020 - Sep 2021		
4					HMC WATER	Actual	Actual	Budget	Proposed		
236						Oct '17 - Apr '18	Oct '18 - Sep '19	Budget 20	Oct 2020 - Sep '21		
237					Assessable Connections	397	400	402	402		
238											
239					Connections minus delinquents	389	392	394	390		
241					Base Assessment per Connection - Annual	160	216	216	240		
242					Base Assessment per Connection - Monthly	13	18	18	20		
243					Base Total Assessments - All Connections	62,065	84,672	85,104	93,600		
244					Note: Base assessment does not include water usage above base or USDA loan repayment if applicable.						
245					Budgeted Base Assessment per Connection - Mthly	18	18	18	20		
246					Budgeted Reserves as a % of total Base fees	39.0%	50.3%	28.2%	37.4%		
247					Total Base Fees + Reserves collected per P&L	84,024	84,672	85,104	93,600		
248					Income						
249					Base Fees	51,224	42,100	61,104	58,600		
250					Usage Fees	8,618	10,000	8,500	8,500		
251					Other	1,423	1,000	1,000	1,000		
252					Water Interest & Handling	12,014	10,000	10,000	10,000		
253					Water Hook Up fee	-	100	-	-		
254					Water Shut Off fee	-	-	-	-		
255					Total income before Reserves and USDA	73,279	63,200	80,604	78,100		
256					Reserves	32,800	42,572	24,000	35,000		
257					USDA Water Special Assessment	55,732	53,278	58,500	53,278		
258					Total income	161,811	159,050	163,104	166,378		
259											
260					Expense						
261					Accountant/Auditor	4,253	7,536	-	3,200		
262					Bad Check	129	191	150	150		
263					Bank Fee	248	151	300	300		
264					Cell Phone	239	359	300	-		
265					Contract Manager - NWS	5,511	6,252	5,400	8,616		
266					Excise Tax	6,727	11,137	7,200	7,200		
267					Insurance	2,500	2,133	3,000	-		
268					Interest Expense	-	-	-	-		
269					Legal	1,161	2,991	1,300	1,300		
270					Membership Fees	-	-	-	-		
271					Mileage Reimbursement	71	289	100	100		
272					Miscellaneous	1,230	1,429	800	800		
273					Office Supplies	-	763	100	100		
274					Other	-	-	-	-		
275					Generator Maintenance and Repairs	-	518	-	500		
276					Permits & License	1,320	1,383	1,400	1,400		
277					Postage and Admin (Mailing)	737	562	900	900		
278					Printing	-	-	100	100		
279					Repairs - Parts	-	498	100	500		
280					Software upgrades and annual fee	1,361	240	1,200	1,500		
281					Supplies	1,198	651	1,200	1,200		
282					Supplies & Repairs - Contractors	-	3,507	2,000	2,000		
283					Utilities	2,769	2,594	2,700	2,916		
284					Wages - EE benefits % (Taxes, Pension, Insurance)	2,729	1,447	8,889	9,777		

20% of Total bill for HMC

Now included under general liability

February 10, 2020 quote

A	B	C	D	E	F	G	H	I	J	K	M
1					HMC GENERAL ASSESSMENT	Actual	Actual	Proposed	Proposed		
3					Fully Funded Reserve	Oct '17 -	Oct '18 -	Budget	Oct 2020 -		
4						Sep '18	Sep '19	20	Sep 2021		
285	6500-41				Wages - Administrative %	23,232	27,865	30,666	33,125		
286	6500-47				Wages - Water Dept Maintenance and Meter Reading	11,896	16,299	14,880	10,321		
287	6500-45				Wages - Payroll Taxes	2,427	3,040	1,823	1,655		
288	6500-31				Water Sample Test	437	345	400	400		
289					Total Water Expenses before Reserves and Water Assess	70,175	92,178	84,919			
290	7060-01				Budget Allocation						
291	7060-05				From Reserve account 7060-05						
292	7060-05				To Water Reserve (Cap is \$1,800,000 - Balance is \$309,328K) Repairs and parts.	16,400	42,572	24,000	24,000		
293	7060-06				USDA Loan Reserve Equal to One Year Payment of \$53,278.00. Current balance is \$54,000.00	-	-	-	-	USDA requirement	
294	7060-07				Water USDA Loan Funds Member Prepayments - Balance is 6,321K - Accounting Reserve Fund						
295	7060-06				Ten year inspection/report (due 2019) Cap is unknown - Balance is 0			2,000	2,000		
296					USDA Water Special Assessment for Loans	53,278	53,278	58,500	53,278		
297					Total Operating Expense	139,853	188,028	169,419	167,338		
298					Net Income (Loss)	21,959	(28,978)	(6,315)	(960)		
299											
300					Notes:						
301					1 Every five years a Sanitary Survey is done by the Health Department. 2020 is the next cycle year for the survey to be done.						
302					2 Excess water revenue will be deposited into a water reserve account as determined by the current sitting Board.						

2020/2021 HMC Fee Schedule Changes

Monthly Handling Fee for Delinquent Accounts:	
For balances of \$100.00 or less	\$ 15.00
For balances of \$100.01 or more	\$ 30.00
Interest	1% Monthly or 12% per Annum
Non-Sufficient Funds (NSF)	\$ 35.00
Office/Research per hour	\$ 43.00
Placing and Releasing Liens	HMC Attorney Rates at the time
Lost Vehicle Decal Replacement	\$ 5.00
Special Ferry Run (per run)	\$200.00
Copies: Black/White each	\$ 0.25
Color each	\$ 1.00
FAX – Incoming/Outgoing per page	\$ 1.00
Scan & Email per page	\$ 1.00
Member Credit Card Fee	6%
Renter's Application Fee	\$ 80.00
Renter's Annual Renewal Fee (billed in full in October)	\$ 40.00
Beachcomber Ads – per ¼ page	\$ 20.00
Beachcomber Mailing	\$ 27.00/year or \$3.00 per issue
Returned Mail	Post Office Rate
Notary Services	\$ 10.00
Postage for Ferry Tickets	\$ 2.00
Community Center Building Rental + Damage Deposit (See Note 1)	\$275.00 \$75.00 rental, \$200.00 Deposit
Ferry Charge Billing Fee:	\$ 5.00 per month billed
Property and Water Account Transfer Ownership Fee	\$250.00
Dolphin Assessment Capital Cost Recovery:	
<i>Dolphin replacement Special Assessment of \$288.18, prorated since inception October 2018. Plus semi-annual charge of \$48.03, for the next 37 years. OR: Pay the total balance of \$3,842.40.</i>	
Water Availability Letter (Completed by Island Manager)	\$ 50.00
Water Connection Repair Admin Fee	\$ 50.00
(Repair expense will be actual cost charged by approved contractor)	
Emergency Water Repair (HMC equipment only damaged by Member)	Billed for contractor repair invoice
New Water Connection fee includes 3 components:	
1. Admin Fee	\$ 50.00
2. New Water Connection Installation expense will be actual cost charged by approved contractor.	
3. Capital Cost Recovery 2012/2013 Water Project Special Assessment of \$1,514.70, prorated since inception April 2013. Plus monthly charge of \$14.85, billed quarterly at \$44.55 for the next 33 years.	
OR:	
<i>Pay the total balance of \$7,128.20, the per-connection proportionate share.</i>	
Water Cross Connection Administration Fee	\$ 50.00
Water Shut-Off Fee	\$ 50.00
Water Reestablish Connection Fee	\$ 50.00
Water Inactive Status/install lock	\$ 50.00
Return Water to Active Status/remove lock	\$ 50.00
Meter Box Lid Replacement	\$100.00
Meter Box Replacement	\$100.00
Meter Replacement	\$500.00
Antenna Replacement	\$500.00
Meter Setter Replacement	\$500.00
Voluntary Water Service Turn Off	\$ 25.00
Ditch Clean Out Fee per Hour	\$125.00

NOTE: Payment to HMC will be due by the 25th. All billings will now reflect a due date of the 25th.

(Note 1: Applies only to private parties – up to \$50.00 refundable). See HMC Rule D-2. (Events open to the entire community need member signature, \$50 deposit; \$50 deposit will be refunded if hall is left clean.)

2020/2021 Ferry Fees

	Vehicle with current decal	All Other
Car and Driver under 20'	\$8	\$20
Walk-on or Passenger		
Age 12 and up	\$3	\$3
Age 5-11	\$1	\$1
Age 4 and under	\$0	\$0
Vehicle Length Based Fares:		
21'-30'	\$16	\$32
31'-40'	\$24	\$48
41'-50'	\$32	\$64
51'-60'	\$40	\$80
Special Runs (One Way)	\$200	\$200
Book Of 10 \$8 Tickets	\$72	
Book of 25 \$3 Tickets	\$72	
911 Initiated Runs	Free	Free

Note:

1. If a Member in good standing walks onto the ferry from the island side to check mail or to drop off/pick-up a child from the school bus there will be no charge to return as a walk on passenger on the next ferry to return to the island. If the Member leaves the mainland parking area this exception is voided. The ferry crew will log this as a turn-a-round (TA).
2. School children of a Member in good standing coming off a school bus will be allowed to return to the island via the ferry as a walk on passenger at no charge. The ferry crew will log this as school kid (SK).

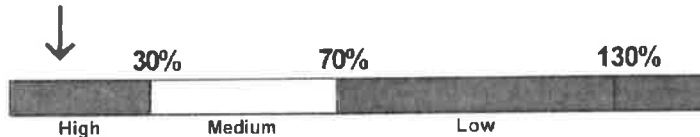
3- Minute Executive Summary

Association: HMC Management **Assoc. #: 24901-6**
Location: Lakebay, WA **# of Units: 379**
Report Period: October 1, 2019 through September 30, 2020

Findings/Recommendations as-of: October 1, 2019

Starting Reserve Balance	\$274,996
Current Fully Funded Reserve Balance	\$2,630,070
Percent Funded	10.5 %
Average Reserve Deficit or (Surplus) Per Unit	\$6,214
2019/2020 100% Annual "Full Funding" Contributions	\$397,000
2019/2020 70% Annual "Threshold Funding" Contributions	\$316,700
2019/2020 "Alternate/Baseline Funding" to keep Reserves above \$0	\$137,846
Recommended 2019/2020 Special Assessment	\$0
Most Recent Budgeted Contribution Rate	\$80,100

Reserves % Funded: 10.5%



Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves 1.00 %
Annual Inflation Rate 3.00 %

- This is a Update "With-Site-Visit" Reserve Study, meeting or exceeding all requirements of the RCW. This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS 153).
- The reader should note that project to replace dolphins for ferry system was recently completed in FY 2017/2018. Long term USDA loan to finance vast majority of that project is now in place. No future impact upon HMC maintenance reserves is factored for this significant indebtedness since collections and payments will reportedly continue to be handled in a separate account for this debt obligation (similar to separate Water System indebtedness).
- Assuming the preceding understanding, your Reserve Fund is currently 10.5 % Funded. This means the association's special assessment and/or deferred maintenance risk is currently High. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point and your anticipated future expenses, we continue to recommend substantially increasing Reserve Contributions to within the 70% to 100% range as noted above. Going forward, collection of reserve monies to provide for fair distribution of expense burden to offset ongoing deterioration of reserve category

projects and improve reserve fund status should be undertaken. In other words, current owners should contribute "their fair share" to maintenance reserves. The reader should note that the FY 2019/2020 "Annual Deterioration" of reserve components is \$246,574.

- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Alternate Funding" in this report is synonymous with Baseline Funding, as defined within the RCW "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents.

Executive Summary

24901-6

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Site/Grounds/Recreation				
200	Asphalt Roads - Repair/Resurface	25	23	\$30,000
204	Gravel Roads/Lots - Maintain/Repair	5	4	\$50,000
350	Play Equip, North Beach 2007-Replace	20	8	\$6,000
352	Play Equip, North Beach 2017-Replace	20	18	\$6,000
354	Play Eq, Goodpastor-Partial Replace	5	4	\$8,000
356	Basketball Court - Repair/Replace	30	24	\$20,000
370	Pavilion - Replace Roof	25	9	\$9,900
Small Boat Marina				
302	Small Boat Docks/Floats-Replace	30	12	\$135,200
306	Small Boat Dock Pilings - Replace	50	42	\$225,000
320	Small Boat Trestle/Ramp - Replace	30	12	\$94,500
336	Small Boat Gangway - Replace	30	12	\$8,500
Community Building				
410	Community Building Siding-Replace	50	36	\$28,000
430	Community Building Roof - Replace	40	23	\$21,600
460	Community Bldg Septic - Replace	50	13	\$11,000
Equipment				
540	Dust/Water Truck - Replace	12	10	\$19,000
Ferry System				
700	Ferry Terminals - Inspect/Repair	4	3	\$22,500
702	Ferry Terminals - Paint	12	8	\$195,000
704	Ferry Terminal Cables - Replace	5	0	\$42,500
706	Ferry Terminal Wood Decks - Replace	24	20	\$190,000
707	Ferry Terminal Structures - Replace	60	32	\$2,530,000
708	Ferry Ramp Dolphins - Replace	50	48	\$1,275,000
712	Ferry Ramp Generators - Replace	20	8	\$39,900
740	Ferry Vessel - Shipyard	2	1	\$130,000
744	Ferry Vessel - Overhaul Engines	5	4	\$35,000
746	Ferry Vessel - Replace Engines	50	44	\$178,000
756	Ferry Vessel Overhaul Transmissions	7	1	\$16,000
757	Ferry Vessel-Replace Transmissions	28	22	\$36,000
760	Ferry Vessel - Replace	60	30	\$1,685,000
Professional/Special Projects				
940	Legal Contingency Fund	0	0	\$35,000
29 Total Funded Components				

Note 1: Yellow highlighted line items are expected to require attention in this initial year, green highlighted items are expected to occur within the first-five years.

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VOTE ON BALLOT PROPOSITION

Shall the HMC Management General and Water Budget for Fiscal Year 2020/2021 which is attached to this Ballot be ratified by the Membership?

PICK ONE (1) BOX ONLY

(If more than one box is checked, your vote will not be valid.)

<input data-bbox="232 680 381 831" type="checkbox"/>	Yes, Ratify the Fiscal Year 2020/2021 Budget as proposed herein.
<input data-bbox="232 1077 381 1228" type="checkbox"/>	No. Against Ballot Proposition

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Thanks to our Volunteers!

The Official Web Site of
HMC Management

The Homeowners' Association of Herron Island, Washington

Results of '20 - '21 Budget Ballot

Budget Ballot July 2020

Validators:
Sharon Stone
Carol Miller
Carolyn Snyder

Ballot Attendees:
Kim Oo
Gary Wanzong
Diana Hartnett
Diane Thynes
Mike Shettlesworth
Leslie Sanderson

Total Countable Votes: 95
- All Ballots received were countable ☺

Approved: 84
Disapproved: 11
