

Enclosed Documents

Ballot Propositions

1. 2014-2015 Budgets for HMC and HMC Water
2. Special Assessment Ramp Repainting

Proposed HMC Budget

Proposed HMC Water Budget

Proposed 2014-2015 Fee Schedule

Proposed Ferry Fare Schedule (no change)

End of Ballot Materials

Also Enclosed

HMC Assessment and Reserve Funding Disclosure Summary (required by law) Full study available at www.herronisland.org

HMC Water System Assessment and Reserve Funding Summary (required by law) Full study available at www.herronisland.org

HMC Water Consumer Confidence Report (required by law) – 2 pages

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NOTICE OF SPECIAL MEMBERSHIP MEETING OF HMC MANAGEMENT

Notice is hereby given pursuant to Article 4 of the Bylaws of HMC Management that a Special Meeting of the Membership will be held on Saturday, July 12, 2014 at 12:00 Noon at the HMC Community Center on Herron Island. At the Special Meeting, the Membership will vote on Two (2) Ballot Propositions that are presented by the HMC Board of Directors as described below.

Members may vote in person at the Meeting or by mailing or delivering the enclosed Ballot forms to the HMC Office so that they are received prior to the time of the Meeting. *Note: Your Ballot will not be counted if you do not put both your name and your signature on the large envelope.*

BALLOT PROPOSITIONS

- 1. Shall HMC Management ratify the proposed HMC Management General and Water Budgets for Fiscal Year 2014/2015 as presented to the Membership at the June 14, 2014 Board Meeting?**
- 2. Shall HMC Management impose a Special Assessment up to \$500 payable in May or June of 2015 for the cost of maintenance to include repainting, replacing timbers and corrosion control at the ferry dock ramps at the Mainland and the Island ferry terminals?**

BALLOT EXPLANATION FOR PROPOSITION NO. 1

HMC Management General and Water Budgets for Fiscal Year 2014/2015

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 2014/2015 (the "General and Water Budgets"). The HMC Board of Directors now presents the proposed General and Water Budgets to the Membership for ratification.

A copy of the proposed General and Water Budgets including proposed changes to the Fee Schedule are attached to this Ballot. These documents were published on the HMC website in May and presented at the HMC Annual Meeting held on June 14, 2014. A more detailed explanation of these proposed Budgets is published in the June 2014 Beachcomber. Also included is an Annual Reserve Fund Budget Disclosure document from Association Reserves.

Under the proposed General and Water Budgets, annual assessments would remain at \$1,758 per assessable unit for the Fiscal Year starting October 1, 2014. Water Assessments would remain at \$21 per month (billed quarterly) per water Connection.

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

BALLOT EXPLANATION FOR PROPOSITION NO. 2

Pursuant to Paragraph 2.1.3 of the Bylaws of HMC Management, the Board of Directors has proposed a Special Assessment of up to \$500 per Assessable Unit, due and payable in May or June of 2015 be applied for payment of the cost of removing rust and corrosion, and repainting the ferry dock ramps at the Mainland and Island ferry terminals. The ramps are 20 years old. In addition, the timber decking needs replacement.

This project is required as part of our ongoing dock maintenance and has been reported to the Membership as a planned event since a 2009-10 engineering study of HMC's marine infrastructure revealed needed maintenance. The project has been deferred as long as is prudent. Failure to maintain the docks could result in higher insurance premiums, weight restrictions and accelerated failure of the structures. It is estimated that the assessment will be lower but the Board is using the higher figures to avoid a shortfall and a second assessment. The final amount of the assessment will be known when the contractor bids come in next spring and that will determine the final assessed amount.

VOTE ON BALLOT PROPOSITION NO. 1

Shall the HMC Management General and Water Budget for Fiscal Year 2014/2015 attached to this Ballot be ratified by the Membership? (check one)

☐ YES (For Ballot Proposition No. 1)

☐ NO (Against Ballot Proposition No. 1)

The HMC Board of Directors recommends ratification of this Proposition 1.

VOTE ON BALLOT PROPOSITION NO. 2

Shall HMC Management impose a special assessment up to \$500 payable in May or June of 2015 for the cost of repainting the ferry dock ramps at the Mainland and Island ferry terminals.

☐ YES (For Ballot Proposition No. 2)

☐ NO (Against Ballot Proposition No. 2)

The HMC Board of Directors recommends ratification of this Proposition 2.

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HMC Management Profit & Loss Budget

NOTE: These budgets are a proposal only and have not been approved by the Board. At the scheduled HMC Board meeting on June 14th the Board can either reject, approve or modify the budgets prior to sending them out to the general Membership to be voted on. Everyone is welcome to attend the June Board Meeting for discussion of the proposed budgets.

	Oct '12 - Sep 13	Oct '13 - Sep 14	Oct '14 - Sep 15
Assessable Units	394	394	389
Units minus delinquents	389	388	382
Total Income minus Assessments	288,287	219,570	259,320
Total Expenses	964,302	901,609	930,892
Assessment per member	1,738	1,758	1,758
Total Assessments	676,015	682,039	671,572

	Actual Costs Oct '12 - Sep 13	Current Budget Oct '13 - Sep '14	Proposed Budget
Ordinary Income/Expense			
Income			
Assessments	774,357		
Ferry Fees	174,400	175,000	170,000
Other Income			
Beachcomber Ads	660	600	600
Renter's Fees, Copy, Fax and Notary	560	2,000	2,000
Refund of Fees from Intuit/QB	0	0	0
Nsf Fees	315	200	200
Postage	27	20	20
Property Transfer fee	5,425	1,000	1,500
Research Office Time Fees	0	250	0
Rules Fine	0	0	0
Interest & Handling (Delinquent Accounts)	10,108	4,500	6,000
Member Credit Card Fees	475	1,000	1,000
Other Income	15,532	0	0
Attorney Collections (SEE NOTE 3)	10,145	10,000	10,000
Water expenses paid from HMC bank account transferred back	24,597		0
Total Other Income	67,844	19,570	21,320
Reserve Transfer			
Dock Piles and Dolphins			
Ramp Inspections - every 2 years			
Ramp Cable Replacement - every 5 years		25,000	
Ferry Engine Overhaul (5 years, next 2018)			
Ramp Painting			
Community Building Renovations			
Ferry Replacement			
Water Truck Replacement			
Shipyard (2 Years on even years)	46,000		68,000
Park Reserves			
Road Reserves			
Total Reserve Transfer	46,000	25,000	68,000
Special Assessment for Ramp Painting			
Interest Earned			

HMC Management Profit & Loss Budget

	Actual Costs	Current Budget	Proposed
	Oct '12 - Sep '13	Oct '13 - Sep '14	Budget
HMC Management Reserves	43	0	0
General Fund	0	0	0
Interest Earned - Other	0	0	0
Total Interest Earned	43	0	0
Total Income	1,062,643	219,570	259,320
Gross Income	1,062,643	219,570	259,320
Expense			
HMC Regular Operations			
Accountant/Auditor	5,977	5,000	6,000
Reserve Analysis	1,390	1,300	1,390
Bad Debt Write Off	30	2,000	2,000
Bank Fees	40	300	400
Amount of Check that was returned for NSF	0	0	0
Community Building Maintenance	850	1,000	1,000
Community Asso. Institute	134	150	150
Contract Svcs for Junk Removal	0	150	150
Credit Card Fees - Member Payments	697	1,000	1,000
Emergency Preparedness	366	500	500
State and County Taxes	5,630	6,000	2,771
HMC Property Pre-Sale Expense	41	200	200
Removal of unsafe trees	1,079	5,000	6,000
Insurance			
Directors/Officers Ins	2,730	2,785	3,050
Crime (Break-ins and Theft)	0	460	478
5 Million Excess Liability	10,000	10,300	10,400
14 Million Excess Liability	9,000	9,270	9,360
Total Insurance	21,730	22,815	23,288
Legal Fees (SEE NOTE 3)			
Collection Costs	24,135	18,000	18,000
General	7,553	12,000	12,000
Total Legal Fees	31,688	30,000	30,000
Office Equipment	1,180	1,000	1,100
Other			
Education and Training	168	150	300
CrystalTech-Web hosting	33	100	100
Mileage	230	250	250
Background Checks	46	200	200
Miscellaneous Equipment	1,977	500	1,000
Total Other	2,453	1,200	1,850
Payroll Expenses	1,744	1,000	1,000
Pension Administration Ferry Crew	595	600	600
Postage			
Box Fee	70	80	80
Stamps & Postage	2,184	2,500	2,200
Total Postage	2,254	2,580	2,280
Printing	1,496	1,000	1,500

HMC Management Profit & Loss Budget

	Actual Costs	Current Budget	Proposed
	Oct '12 - Sep '13	Oct '13 - Sep '14	Budget
Admin Salaries			
Aflac	-510		0
Medical Insurance	10,187	10,300	9,000
Retirement	2,587	2,070	2,360
Payroll Taxes	6,318	6,378	6,868
Gross Wages	85,550	69,230	74,655
Total Admin Salaries	104,133	87,978	92,883
Island Security Costs	1,177	1,200	500
Office Supplies	1,516	1,200	1,200
Telephone/Fax	2,221	2,500	2,500
Utilities/Electric	1,179	1,500	1,300
General Labor (Parks & Building Maintenance and Cleaning)			
Gross Wages	1,993	5,500	5,500
Payroll Taxes	218	800	902
Reserve - Legal (Cap is \$35,000 - Balance is \$34,550)	0	0	0
Reserve - Community Building, Sheds and Septic (Cap is \$20,000 - Balance is \$1,750.00)	1,000	1,500	1,500
Total HMC Regular Operations	192,813	184,973	189,463
Piles, Dolphins and Ferry Ramps			
Garbage - Ferry	213	250	250
Insurance - Docks and Piers	15,878	16,045	16,200
Ferry Ramp Generator Maintenance and Fuel	3,697	600	1,000
Other			
Annual DNR Lease	112	225	225
Parts and Supplies	15	1,000	1,000
Other/Inspection	681	1,000	1,000
Total Other	807	2,225	2,225
Repairs/Maintenance	4,587	3,000	4,000
Sanikans	3,212	3,000	3,400
Utilities	1,355	1,900	1,500
Cable Replacement		25,000	0
Ramp Painting			
Reserve Account for Piles, Docks & Ramps	28,000	0	
Dock Piles and Ferry Dolphins (Cap is \$768,000 - Balance is \$117,477.61)		9,000	9,000
Ramp Painting (Cap is \$212,000 - Balance is \$52,500.00) (SEE NOTE 6)		33,500	34,000
Reserve - Inspection of Ramps (Cap is \$15,000 - Balance is \$9,000.00) Required by Pierce County. Occurs every 2 years, even.	6,000	3,000	2,500
Reserve - Ramp Cable Replacement (Cap is \$30,000 - Balance is \$25,000.00) Recurring 5 year expense cycle.	5,000	20,000	6,000

HMC Management Profit & Loss Budget

	Actual Costs Oct '12 - Sep 13	Current Budget Oct '13 - Sep '14	Proposed Budget
Total Ferry Docks and Ramps	68,749	117,520	80,075
Ferry			
Engine Overhaul	43,705		0
Equipment	1,196	2,500	2,000
Fuel	66,047	85,500	60,000
Insurance			
Marine Package	18,600	19,160	19,400
Vessel Pollution	1,060	1,130	1,060
Commercial Package	6,612	6,810	6,972
Total Insurance	26,272	27,100	27,432
Repairs	6,000	6,000	6,000
Other			
Rentals for fill in Captains/Deck Hands	70	500	500
Sheds (waiting, oil and school)	0	300	300
Cellphone	505	600	600
Drug Testing	1,054	300	700
Inspections and Licensing	956	1,500	1,500
Miscellaneous	515	2,000	2,000
Tickets & Passes & Stickers	1,645	1,500	1,500
Uniforms	1,545	1,300	1,300
Legal Fees - IBU Attorney	0	500	0
Total Other	6,290	8,500	8,400
Passenger Vessel Asso.	460	450	450
Routine Maintenance & Supplies	6,362	6,000	4,500
Ferry Salaries & Benefits			
Employee Paid Supplemental Insurance - Reimbursed by Employee	243		0
Medical Insurance	39,058	41,200	35,851
Retirement-Employer	11,008	15,648	16,086
Payroll Taxes	17,645	23,584	24,227
Gross Wages	242,322	267,087	276,173
Total Ferry Salaries & Benefits	310,275	347,519	352,337
Ship Yard	68,986	0	68,000
Ferry other (engine replacement)	81,542		0
Supplies, Paper Products, Water	785	2,150	2,000
Personal Property & Excise	3,941	2,600	2,600
Reserve - Shipyard (Cap is \$75,000 - Balance is Balance is \$15,000.00) next cycle is 2018 (SEE NOTE 2)	12,000	49,000	40,000
Reserve - Ferry Replacement (Cap is 1,000,000 - Balance is \$1,500.00)	1,000	9,000	6,250
	1,000	1,000	1,000
Total Ferry	634,861	547,319	580,969
Parks			
Maintenance			
Lawn Equipment	0	200	200
Parks Shed (lawn shed)	0	0	0

HMC Management Profit & Loss Budget

	Actual Costs Oct '12 - Sep 13	Current Budget Oct '13 - Sep '14	Proposed Budget
Pavilion Building and NB parking	0	0	0
General upkeep including park parking	496	2,800	3,300
Total Maintenance	496	3,000	3,500
Other			
Garbage Pick Up	871	600	600
Misc.	0	100	100
Sanikans	3,156	3,300	3,300
Total Other	4,026	4,000	4,000
 Parks Development	 0	 0	
Playground Improvement	16,884	0	1,000
Parks Salaries			
Payroll Taxes	0	0	0
Gross Wages	0	0	0
Total Parks Salaries	0	0	0
 Small Boat Dock Floats			
Removal and Installation Equipment Rental -			
\$1,100 for each rental of equipment	954	2,000	2,200
Maint & Improvements	464	750	750
Total Small Boat Dock	1,418	2,750	2,950
 Supplies & Equipment Repairs	 450	 1,000	 1,000
Utilities	555	700	700
 Reserves - Parks (Cap is \$36,000 - Balance is \$11,115.70) For fencing & playground equipment	 2,000	 500	 1,000
Total Parks	8,946	11,950	14,150
 Roads (ferry island/mainland lots)			
Auto Insurance (water truck)	826	847	860
Dust Control Truck	2,981	1,000	1,000
Road Maintenance (Contract costs for work other then grading)		17,000	30,000
Road Grading Contract Costs			8,000
Road Maintenance (Line item is no longer used)	17,475	0	0
Road & Ditch Labor (line item is no longer used)	3,424	0	0
Road & Ditch Materials (Material only)	31,865	8,000	2,000
Salaries			
Payroll taxes	13	0	975
Wages	600	0	6,400
Total Salaries	613	0	7,375
Reserves	1,250	10,000	
 Gravel General (Cap is \$50,000 - Balance is \$45,240.14) (SEE NOTE 8)			10,000
Ferry Hill Black Top Repairs (cap is \$30,000 - balance is zero)			5,000

HMC Management Profit & Loss Budget

	Actual Costs Oct '12 - Sep 13	Current Budget Oct '13 - Sep '14	Proposed Budget
Reserves - Road Equipment (Cap is \$30,000 - Balance is \$3,500.00)	500	3,000	2,000
Total Roads	58,934	39,847	66,235
Total Expense	964,302	901,609	930,892

General note: This budget was generated based on analysis of the last seven years of actual expenses. This budget follows the accounting requirements and format used by HMC.

Note 1: Ferry goes into dry dock every two years on the even year

Note 2: New engines go into yard for rebuild every five years but may be extend. Estimated cost is \$40,000 for both engines. Next yard service is 2018.

Note 3: Legal fee expenses is partially offset by legal fee income. This allows for accounting requirements.

Note 4: Reserve accounts now must total 10% of operating budget per RCW 64.34.010, 64.34.020, 64.34.308, 64.34.380, 64.34.382, 64.34.384, 64.38.010, 64.38.025, 64.38RCW and 2008c115s8.

Note 5: Dividend Reserve is interest earned. This reserve is an emergency cash reserve. Balance is \$59.75

Note 6: Special assessment of approximately \$500.00 will be needed for ramp painting this FY to be billed in the spring of 2015.

Note 7: Unexpended funds from prior FY year will be allocated to appropriate reserves.

Note 8: The Road Reserve account shows a current balance at the time of this publication. This reserve will be utilized FY 2013-2014 to purchase a barge of gravel.

HMC Management Profit & Loss Budget

Actual Costs	Current Budget	Proposed
Oct '12 - Sep 13	Oct '13 - Sep '14	Budget

HMC WATER

Oct '12 - Sep 13	Oct 13 - Sep 14	Oct 14 - Sep.15
Actual Costs	Current Budget	Proposed

Assessable Units - Note A

Units minus delinquents

Base Fee per Connection	399	397	397
Reserve Fee per Connection	394	390	390
Assessment per Connection - Annual	148	153	153
Assessment per Connection - Monthly	84	97	97
Total Assessments - All Connections	232	250	250
	20	21	21
	94,276	97,502	97,452

Water

Ordinary Income/Expense

Base Fees	61,276	60,250	60,250
Handling Fee	0	0	0
HIWU Interest	0	0	0
NSF FEE	0	0	0
Water Hook Up fee	0	0	0
Water Availability Letter	0	0	0
Water Usage	0	0	0

Reserves	33,000	37,752	37,752
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USDA Water Special Assessment		53,278	53,278
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Total Income	94,276	151,280	151,280
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Expense

Accountant/ Auditor/Reserve Study	1,000	1,000	2,700
Bad Check	200	200	200
BANK FEE	50	50	50
Contract Manager - WA Water	15,000	12,000	8,400
Insurance	1,800	1,800	1,350
Legal	1,700	1,500	1,200
Mailings	1,000	1,500	1,000
Membership Fees	200	200	200
Mileage Reimbursement	100	400	400

Other Expenses			
Excise Tax	1,000	2,100	2,350
Miscellaneous	400	500	500
Water Samples	500	500	750

Total Other Expenses	1,900	3,100	3,600
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Printing	0	0	0
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Repairs - Parts	2,000	2,000	2,700
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Supplies & Repairs - Contractors	3,000	2,000	2,000
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Utilities	3,000	3,000	2,600
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Wages - Administrative and Meter Reading	24,400	27,800	29,000
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Taxes	2,420	2,600	2,000
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Sanitary Survey			1,800
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Pension	526	600	500
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Water Reserves (Cap is \$1,800,000) Balance is \$140,000	33,000	37,752	37,752
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USDA Water Special Assessment	0	53,278	53,278
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Total Operating Expense	91,296	150,780	150,730
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Proposed 2014/2015 HMC Fee Schedule

Monthly Handling Fee for Delinquent Accounts:

For balances of \$70.00 or less	\$ 15.00
For balances of \$70.01 or more	\$ 30.00

Interest	1% Monthly or 12% per Annum
Non-Sufficient Funds (NSF)	\$ 35.00
Office/Research per hour	\$ 40.00
Placing and Releasing Liens	HMC Attorney Rates at the time
Lost Vehicle Decal Replacement	\$ 5.00
Special Ferry Run (per run)	\$175.00
Copies: Black/White each	\$ 0.20
Color each	\$ 1.00
FAX – Incoming/Outgoing per page	\$ 1.00
Member Credit Card Fee	4%
Renter's Application Fee	\$ 60.00
Renter's Annual Renewal Fee (billed in full in October)	\$ 30.00
Beachcomber Ads – per ¼ page	\$ 20.00
Beachcomber Mailing	\$ 18.00/year or \$2.00 per issue
Returned Mail	Post Office Rate
Notary Services	\$ 10.00
Postage for Ferry Tickets	\$ 2.00
Community Center Building Rental + Damage Deposit	\$100.00

(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.)

Property and Water Account Transfer Ownership Fee	\$175.00
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)

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.
Capital Cost Recovery 2012/2013 Water Project Special Assessment of \$356.40 prorated since inception April 2013. Plus monthly charge of \$14.85, billed quarterly at \$44.55 for the next 38 years.

OR:

Pay the total balance of \$7,128.20, the per-connection proportionate share.

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

**Ferry Fare Schedule
2014-15 (no change)**

Member		Fare
Vehicle and Driver		8.00
Passengers and Walkons		
Age 12 and older		3.00
Age 5-11		1.00
Under age 5		0.00
Vehicle Length Fares		
21-20 feet		16.00
31-40 feet		24.00
41-50 feet		32.00
51-60 feet		40.00
Special Runs		175.00
Guest		Fare
Vehicle and Driver		16.00
Passengers and Walkons		
Age 12 and older		3.00
Age 5-11		1.00
Under age 5		0.00
Vehicle Length Fares		
21-20 feet		32.00
31-40 feet		48.00
41-50 feet		64.00
51-60 feet		80.00
Special Runs - one way		175.00
Other		Fare
Car & Driver (book of 10)		67.00
Passenger Tickets (book of 25)		66.00

END OF BALLOT MATERIALS

Assessment and Reserve Funding Disclosure Summary

HMC Management

For Fiscal Year Beginning: 10/1/2014

of Units: 382

a) Budgeted Amounts:	Total	Average Per unit*	
Reserve Contributions:	\$118,250.00	\$309.55	
Total Op. Assessments:	\$671,572.00	\$1,758.04	per: Year

Recommended amount:	Total	Average Per unit*	
Reserve Contributions:	\$329,200.00	\$861.78	per: Year
Funding Plan Objective:	Full Funding		

- b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Due	Total Amount Per Unit*	Purpose
6/1/2015	\$500.00	Ramp painting Sept. 2015
Total:		\$500.00

- c) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **No**
- d) If the answer to "c" is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*	
2019	\$1,832	
N/A		
N/A		
N/A		
Total:		\$1,832

e) All computations/disclosures are based on the fiscal year start date of:	10/1/2014
Fully Funded Balance (based on formula defined in RCW 64.34.020 (24))	\$2,787,273.00
Projected Reserve Fund Balance:	\$364,143.00
Percent Funded:	13.1%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$6,343.27

From the 3/17/2014 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded, under the recommended and actual budgeted Reserve Funding Plans.

Prepared by: Association Reserves (Jim Talaga, RS)

Date: 6/16/2014

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

Assessment and Reserve Funding Disclosure Summary

HMC Management - Water System

For Fiscal Year Beginning: 10/1/2014

of Units: 390

a) Budgeted Amounts:	Total	Average Per unit*	
Reserve Contributions:	\$37,752.00	\$96.80	
Total Assessments:	\$97,452.00	\$249.88	per: Year

Recommended amount:	Total	Average Per unit*	
Reserve Contributions:	\$68,900.00	\$176.67	per: Year
Funding Plan Objective:	Full Funding		

- b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

Date Due	Total Amount Per Unit*	Purpose
N/A		
N/A		
Total:		\$0.00

- c) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- d) If the answer to "c" is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
N/A	
N/A	
N/A	
N/A	
Total:	
	\$0

e) All computations/disclosures are based on the fiscal year start date of:	10/1/2014
Fully Funded Balance (based on formula defined in RCW	\$158,806.00
Projected Reserve Fund Balance:	\$140,173.00
Percent Funded:	88.3%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$47.78

From the 3/17/2014 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

- f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded, under the recommended and actual budgeted Reserve Funding Plans.

Prepared by: Association Reserves (Jim Talaga, RS)

Date: 6/17/2014

The financial representations at the time of preparation are based on the Reserve Study for the fiscal year shown at the top of this page and the best estimates of the preparer. These estimates should be expected to change from year to year. Some information on this form has been provided to Association Reserves, and has not been independently verified.

Herron Island Water System

Consumer Confidence Report 2014

We are pleased to present this year's Annual Water Quality Report (Consumer Confidence Report) as required by the Safe Drinking Water Act (SDWA). This report is designed to provide details about where your water comes from, what it contains, and how it compares to standards set by regulatory agencies. This report is a snapshot of last year's water quality.

Where does my water come from?

Your water comes from two wells and is considered groundwater. These two wells are 196 and 200 feet deep, both tapping the same aquifer. Your water is not treated (no chlorination, filtration, pH adjustment, etc.)

Source water assessment and its availability

Significant improvements were made to the water system in 2012 to increase service reliability and to minimize the potential for water quality problems due to failed water lines and equipment. It included replacement of all of the distribution system piping and well pumps that bring water to your homes. This project was successfully completed and approved by the Dept. of Health's Office of Drinking Water in March 2013.

Are there contaminants in my drinking water?

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. In order to ensure that tap water is safe to drink, the Washington State Department of Health and EPA prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. The Food and Drug Administration (FDA) and Washington Department of Agriculture regulations establish limits for contaminants in bottled water which must provide the same protection for public health.

Reminder!

Any hazardous material that you put onto the ground or in your septic tank could potentially pollute the groundwater. Please prevent groundwater contamination by reducing use of pesticides and toxic substances.

Description of Water Treatment Process

Your water is not treated (no chlorination, filtration, pH adjustment, etc). Your water comes from two wells owned by HMC. These wells are 196 and 200 feet deep, both tapping the same aquifer.

Water Quality Data Table

In order to ensure that tap water is safe to drink, EPA prescribes regulations which limit the amount of contaminants in water provided by public water systems. The table below lists all of the drinking water contaminants that we detected during the calendar year of this report. Although many more contaminants were tested, only those substances listed below were found in your water. All sources of drinking water contain some naturally occurring contaminants. At low levels, these substances are generally not harmful in our drinking water. Removing all contaminants would be extremely expensive, and in most cases, would not provide increased protection of public health. A few naturally occurring minerals may actually improve the taste of drinking water and have nutritional value at low levels. Unless otherwise noted, the data presented in this table is from testing done in the calendar year of the report. The EPA or the State requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants do not vary significantly from year to year, or the system is not considered vulnerable to this type of contamination. As such, some of our data, though representative, may be more than one year old. In this table you will find terms and abbreviations that might not be familiar to you. To help you better understand these terms, we have provided the definitions below the table.

<u>Contaminants</u>	<u>MCLG</u> or <u>MRDLG</u>	<u>MCL</u> , <u>TT</u> , or <u>MRDL</u>	<u>Your</u> <u>Water</u>	<u>Range</u> <u>Low</u> <u>High</u>		<u>Sample</u> <u>Date</u>	<u>Violation</u>	<u>Typical Source</u>
Inorganic Contaminants								
Nitrate [measured as Nitrogen] (ppm)	10	10	1.7	ND	1.7	2013	No	Possible runoff from fertilizer use; Leaching from septic tanks, sewage; Erosion of natural deposits
Sodium (optional) (ppm)		MPL	9	ND	9	2013	No	Erosion of natural deposits; Leaching
<u>Contaminants</u>	<u>MCLG</u>	<u>AL</u>	<u>Your</u> <u>Water</u>	<u>Sample</u> <u>Date</u>	<u># Samples</u> <u>Exceeding AL</u>	<u>Exceeds</u> <u>AL</u>	<u>Typical Source</u>	
Inorganic Contaminants								
Copper - action level at consumer taps (ppm)	1.3	1.3	0.7	2013	0	No	Corrosion of household plumbing systems; Erosion of natural deposits	
Lead - action level at consumer taps (ppb)	0	15	5	2013	0	No	Corrosion of household plumbing systems; Erosion of natural deposits	

Unit Descriptions	
Term	Definition
ppm	ppm: parts per million, or milligrams per liter (mg/L)
ppb	ppb: parts per billion, or micrograms per liter (µg/L)
NA	NA: not applicable
ND	ND: Not detected
NR	NR: Monitoring not required, but recommended.

Important Drinking Water Definitions	
Term	Definition
MCLG	MCLG: Maximum Contaminant Level Goal: The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
MCL	MCL: Maximum Contaminant Level: The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
TT	TT: Treatment Technique: A required process intended to reduce the level of a contaminant in drinking water.
AL	AL: Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.
Variances and Exemptions	Variances and Exemptions: State or EPA permission not to meet an MCL or a treatment technique under certain conditions.
MRDLG	MRDLG: Maximum residual disinfection level goal. The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
MRDL	MRDL: Maximum residual disinfectant level. The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MNR	MNR: Monitored Not Regulated
MPL	MPL: State Assigned Maximum Permissible Level

Ballot Results—July 12th

Proposition #1:

Approve:	94
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Disapprove:	14
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Proposition #2:

Approve:	85
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Disapprove:	24
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