

**HMC Management
Island Manager Report
Annual Membership Meeting
June 11, 2005**

Overview

In the year since the last annual meeting numerous Herron Island properties have been sold and there are many new owners. There has also been a lot of construction activity as new houses are built and existing homes remodeled.

Below is a summary of some specific areas of interest:

Ferry operations

- Only one part-time captain is currently available. There are two fill-in positions for which we would like to hire qualified persons (100-ton Coast Guard license required).
- Two more part-time deckhands have moved off the island. There is now only one available but two applications are pending.
- There has been no turnover of the regular crew since January, 2000.

Ferry terminals (docks)

- The ramp mechanisms have been operating well, with no motor failures.
- The mainland ferry terminal has just been inspected by an engineering firm, as required by Pierce County. The written report has not been received but indications are that it is in good condition overall.

Roads

- Road dust control program continues. The saltwater pump has been repaired (considerable corrosion built up over time) and is ready to go into service again.
- Road maintenance continues and roads and drainage are generally in good condition. Trees overhanging the roads have been trimmed back.

Water

- The island's water supply itself continues to be excellent. Testing shows that it is very low in nitrates and has very low or non-existent levels of other chemicals.
- The new reservoir project encountered higher costs than anticipated and the membership approved a special assessment to cover these costs.
- The building permit process for the reservoir has been very lengthy. HMC took some steps to speed it up, including hiring a permit expeditor. We also contacted our Pierce County Council representative, Terry Lee, which seems to have helped.

Administration

- Once again, it needs to be noted that insurance continues to be a seller's market and HMC and its members, guests and employees need to do everything in their power to strive for an accident-free environment so that we do not need to file any insurance claims.
- HMC's Rules updates were completed and the current Bylaws have been recorded.

Challenges ahead

- Once the new reservoir is in place, the replacement of the water distribution system becomes paramount. This extensive and expensive project will need to be carefully thought out and methods for paying for it, including possible loans and grants, explored.