

**HMC Management
Island Manager Report
Annual Membership Meeting
June 9, 2007**

Overview

As in the previous two years, Herron Island has seen a lot of real estate sales and new building. There are many new owners and a lot of construction activity.

Below is a summary of some specific areas of interest:

Ferry operations

- We were able to hire a new part-time ferry captain and now have two part-time captains available. A third is working full-time on another ferry but is sometimes available to us.
- We have one part-time deckhand and one of the part-time captains is available to work as a deckhand also.
- There has been no turnover of the regular crew since January, 2000.

Ferry terminals (docks)

- The ferry ramps are in generally good condition but will require some routine maintenance soon. The mainland ferry terminal is due for inspection by Pierce County. The island ferry terminal bulkhead was rebuilt last year by a contractor.

Roads

- Road dust control program continues. We can still use some volunteer truck drivers.
- A new saltwater pump, used to fill the watering truck, has been installed at North Beach.
- Regular maintenance is keeping the roads in good condition but due to circumstances beyond our control a planned bargeload of gravel has been delayed until this fall.

Water

- The island's water supply continues to be excellent. Testing shows that it is very low in nitrates and has very low or non-existent levels of other chemicals and radionuclides.
- The new water reservoir has met all expectations. Incoming water is mixed by a state-of-the art mixing system so that thermal layering does not occur and stagnant water does not accumulate.
- Study of options for funding a total replacement of all distribution water pipes on the island (30,000-plus feet) with large diameter pipe continues.

Administration

- HMC's good record over the last seven years with our insurance brokers and underwriters has resulted in our premium rates, particularly where the ferry operation is concerned, being held to low or no increases.

Challenges ahead

- With the new reservoir in place, the replacement of the water distribution system is increasingly important, especially as new water conservation regulations. This extensive and expensive project requires careful planning. To that end, HMC representative have attended a number of meetings and been in many conversations, variously involving the U.S. Department of Agriculture, Key Bank, Thurston First Bank, Washington Water Company, the Washington State Department of Health, Peninsula Light Company and others.