

**Ballot Measure**

**July 9, 2011**

## **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 9, 2011 at 12:00 Noon at the HMC Community Building on Herron Island. At the Special Meeting, the Membership will vote on two (2) Ballot Propositions that have 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.*

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### **BALLOT PROPOSITIONS**

1. Shall HMC Management ratify the proposed HMC Management General Budget for Fiscal Year 2012 as presented to the Membership at the June 11, 2011 Board Meeting?
2. Shall HMC Management ratify the proposed HMC Management Water Utility Budget for Fiscal Year 2012 as presented to the Membership at the June 11, 2011 Board Meeting?

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### **REQUESTS FOR ADVISORY COMMENT**

The HMC Board of Directors also invites HMC Members to pose questions and make comments on the following issues. Please submit your input in writing, either by letter to the HMC Office or via [memberinput@herronisland.org](mailto:memberinput@herronisland.org).

1. Should HMC Management adopt a proposed New Ferry Trip Ticket Plan as presented to the Membership at the June 11, 2011 Board Meeting? A copy of the proposed Ferry Trip Ticket Plan will be placed on the website.
2. Should HMC Management fund future capital expenditures through reserves or special assessment? Our long term budgeting process needs to consider what projects to fund and how to fund them. Current examples include plans for ferry engine replacement, ferry ramp maintenance and upkeep, and north beach piling upgrades. We would like to hear your thoughts on these sorts of anticipated projects, as far as how to fund them (reserves or special assessments, etc.) and when to fund them.

## **BALLOT PROPOSITION NO. 1**

### **HMC Management General Budget for Fiscal Year 2012**

Pursuant to Article 9 of the Bylaws of HMC Management, the HMC Board of Directors has adopted the HMC Management General Budget for Fiscal Year 2012 (the "General Budget"). The HMC Board of Directors now presents that proposed General Budget to the Membership for ratification.

A copy of the proposed General Budget is attached to this Ballot, along with a reserve analysis. These documents were published in the May Beachcomber and presented at the HMC Annual Meeting held on June 11, 2011. A more detailed explanation of this proposed General Budget was published in the May 2011 Beachcomber.

Under the proposed General Budget, annual assessments would change to \$1,575 per assessable unit for the Fiscal Year starting October 1, 2011. This annual assessment is a decrease from the previous year because it does not include costs associated with the operation, maintenance, repair or upgrade of the water distribution system.

The HMC Board of Directors recommends ratification of this General Budget to support our Island infrastructure and operations.

## **VOTE ON BALLOT PROPOSITION NO. 1**

Shall the HMC Management General Budget for Fiscal Year 2012 attached to this Ballot be ratified by the Membership? (check one)

☐ YES (For Ballot Proposition No. 1)

☐ NO (Against Ballot Proposition No. 1)

## **BALLOT PROPOSITION NO. 2**

### **HMC Management Water Utility Budget for Fiscal Year 2012**

Pursuant to Article 9 of the Bylaws of HMC Management, the HMC Board of Directors has adopted the HMC Management Water Utility Budget for Fiscal Year 2012 (the “Water Utility Budget”). The HMC Board of Directors now presents that proposed Water Utility Budget to the Membership for ratification.

A copy of the proposed Water Utility Budget is attached to this Ballot, along with a reserve analysis. These documents were published in the May Beachcomber and presented at the HMC Annual Meeting held on June 11, 2011. A more detailed explanation of this proposed Water Utility Budget was published in the May 2011 Beachcomber.

Under the proposed Water Utility Budget, annual assessments for the Water Utility would be \$240 per assessable unit for the Fiscal Year starting October 1, 2011. This annual assessment for the Water Utility would be a flat rate fee for water service on Herron Island.

The HMC Board of Directors recommends ratification of this Water Utility Budget to support our Island infrastructure and operations.

## **VOTE ON BALLOT PROPOSITION NO. 2**

Shall the HMC Management Water Utility Budget for Fiscal Year 2012 attached to this Ballot be ratified by the Membership? (check one)

☐ YES (For Ballot Proposition No. 2)

☐ NO (Against Ballot Proposition No. 2)

# PROPOSED 2011-2012 HMC BUDGET

Budget Year	2010-2011	2011-2012
Assessable Units	396	395
Units minus delinquents	391	390

## SUMMARY / INCOME

<i>Non-Assessment Income</i>			
Ferry User Fees	170,000	170,000	
Gen Fund Interest	1,500	500	Much lower rates
Payments/Delinquent Accts/Interest/Handling	4,000	4,000	
Carryover from previous year	-	-	
Miscellaneous Income	6,000	6,000	
Required Assessment Income	644,930	614,171	

Total Income 826,430 794,671

Total Expenses 826,430 794,671

Charge/assessable unit If everyone paid	\$1,629	\$1,555
Charge/assessable unit considering uncollectables	\$1,650	\$1,575

## EXPENSES

<i>ADMINISTRATION</i>			
Office Equipment	1,000	1,500	
Office Supplies	1,200	1,200	
Emergency Preparedness	500	500	
Community Associations Institute	400	150	
Accountant	6,000	6,000	
Payroll Expense	100	800	
Bank Fees	200	500	
<i>Insurance</i>			
Directors/Officers	2,600	2,600	
Facilities and general liability	7,200	7,000	
Employee Dishonesty	-	100	
Auto/Truck	920	920	
<i>Legal Fees</i>			
Collection Costs	8,000	8,000	
General	9,000	9,000	
To Legal Reserves	-	-	
From Legal Reserves			
<i>Other</i>			
Ads for New Employees	100	100	
Website	125	125	
Misc.	1,000	1,000	
<i>Postage</i>			
Stamps	3,000	2,500	
<i>Printing</i>			
Copier Contract	1,455	1,455	
Printing - Other	3,600	2,500	
<i>Wages / Benefits</i>			
Admin Dept. Wages	76,650	64,107	A portion of wages assigned to Water Utility
Payroll Taxes	7,082	5,912	
Retirement	2,445	2,072	
Insurance	8,970	7,176	
Federal, State & County Taxes	4,500	4,500	
Building Maintenance and Supplies	1,000	1,000	
Utilities	2,400	2,600	
Contract Services for Junk Removal	500	500	
HMC Property Pre-sale Expense	1,000	1,000	
Island Security	2,000	2,000	
Telephone/Long Distance	2,500	2,500	
HMC - tree cutting and lot maintenance	2,250	2,250	
Total Administration	157,697	141,567	Equals \$363 per assessable unit
<i>DOCKS</i>			
Repairs/Maintenance	4,500	5,000	
<i>Other</i>			
Sanikans	2,600	2,800	Increase due to fuel surcharge increases
Parts & Supplies	1,000	1,000	
Inspection	-	1,000	
Insurance	14,200	14,200	
Annual DNR Lease	1,400	1,400	
Utilities	1,200	1,200	

Piling Replacement Project

Dock Reserves					
To Reserves	30,000	30,000			
From Reserves					
<b>Total Docks</b>	<b>54,900</b>	<b>56,600</b>	<b>Equals</b>	<b>\$145</b>	<b>per assessable unit</b>
<b>FERRY</b>					
Ferry Shipyard	90,000	-			
To Ferry Shipyard Reserves	-	46,000	Slight increase		
From Ferry Shipyard Reserves	(45,000)	-			
Engine Overhaul	36,000	-			
To Engine Overhaul Reserves	-	20,000	Increase for possible engine replacement		
From Engine Overhaul Reserves	(24,000)	-			
Major Repairs	5,000	5,000			
Fuel	60,000	90,000	Increase due to fuel prices		
Insurance	42,200	40,000			
Equipment	2,500	2,500			
Routine Maintenance	7,000	7,000			
Ferry Dept. Wages and Expense	249,516	254,190	Includes extra Wednesday run. Rate same		
Payroll Taxes	21,873	22,331			
Retirement	14,500	14,811			
Insurance	29,900	33,350			
Supplies	2,000	2,000			
Personal Property & Excise Tax	3,000	3,000			
<b>Other</b>					
Ferry Cell Phone	600	600			
Drug Testing	600	600			
Inspection & Licensing	1,200	1,200			
Pension Administration	550	550			
Uniforms	1,000	1,000			
Passenger Vessel Assoc. Dues	400	400			
Misc.	1,500	1,500			
<b>Total Ferry</b>	<b>500,339</b>	<b>546,032</b>	<b>Equals</b>	<b>\$1,400</b>	<b>per assessable unit</b>
<b>PARKS</b>					
Parks Dept. Wages	1,472	1,472			
Payroll Taxes	242	242			
Maintenance	2,500	2,500			
<b>Small Boat Dock</b>					
Maintenance	500	500			
Supplies & Repairs	1,600	1,600			
Utilities	650	650			
<b>Other</b>					
Playground Improvement	500	500			
Sanikans	3,000	3,300	Increase due to fuel prices		
Garbage Pick Up	850	1,000	Increase due to fuel prices		
Parks Development	2,000	2,000			
Parks Reserves					
To Parks Reserves	6,000	6,000			
From Parks Reserves					
<b>Total Parks</b>	<b>19,314</b>	<b>19,764</b>	<b>Equals</b>	<b>\$51</b>	<b>per assessable unit</b>
<b>ROADS</b>					
Repairs & Maintenance	17,000	16,000			
Supplies & Materials	11,000	8,000			
<b>Maintenance</b>					
Other	2,000	2,000			
Wages	600	600			
Payroll taxes	108	108			
Dust Control Truck	1,000	1,000			
Utilities	-	-			
Road Reserves					
To Road Reserves	3,000	3,000			
From Road Reserves					
<b>Total Roads</b>	<b>34,708</b>	<b>30,708</b>	<b>Equals</b>	<b>\$79</b>	<b>per assessable unit</b>
<b>Total Reserve Contributions</b>	<b>59,000</b>	<b>105,000</b>			

Note: Herron Island Water Utility has a separate Budget

## **PROPOSED 2011-2012 Water Utility Budget**

<b>Budget Year</b>	<b>2010-2011</b>	<b>2011-2012</b>
<b>Assessable Units</b>	<b>396</b>	<b>395</b>
<b>Units minus delinquents</b>	<b>391</b>	<b>390</b>
<b>Flat Rate Yearly Operations Water Bill</b>		<b>159</b>
<b>Monthly Water Operations</b>		<b>13</b>
<b>Monthly Reserves</b>		<b>7</b>
<b>Total Monthly Water</b>		<b>20</b>
<b>Total Quarterly Water Bill</b>		<b>60</b>
<b>WATER</b>		
Contract Manager	15,000	15,000
Repairs	5,000	4,000
Water Dept. Wages	7,000	
Wages		21,826
Taxes		2,267
Pension		518
Insurance		1,794
Legal		2,000
Accountant and Auditor		2,000
Mailings		1,000
Supplies/Repairs	5,500	5,500
Utilities	3,500	3,500
<i>Other</i>		
Membership-Evergreen Water	200	200
Misc	300	300
Permits & Licenses	600	600
Water Samples	400	400
Excise Tax	1,000	1,000
<b>Water Reserves</b>		
To Water Reserves	20,000	32,400
From Water Reserves	-	-
<b>Total Water</b>	<b>59,472</b>	<b>61,905</b>
<b>Total Operational Cost</b>	<b>39,472</b>	<b>29,505</b>
<b>Note: Operational costs include administration costs</b>		
First fiscal year will be flat rate with no usage charges		
Following years will include a small base rate plus tiered usage charges		
Second year budget will be adjusted based on first year experience		

**HMC Reserve Account Analysis for October 2011**  
**As of 4/14/2011**

<b>Account</b>	<b>Current April Amount</b>	<b>Expected Contributions</b>	<b>Estimated Withdrawals</b>	<b>Notes</b>	<b>Expected Oct Allocations</b>	<b>Estimated Period Level</b>	<b>Period</b>	<b>2011-2012 Requirement</b>	<b>2011-2012 Budget</b>
Ferry Shipyard	12,687	0	0		12,687	92000	2	39,657	46,000
Ferry Engine Overhau	0	0	0	4	0	36000	3	12,000	20,000
Legal	34,550	0	0	1	34,550	30000	1	0	0
Dock and Dolphins	205,562	15000	34,000	2	186,562	500000	10	31,344	30,000
Parks and Equipment	17,700	3000	0		20,700	47000	5	5,260	6,000
Roads	17,740	1500	0		19,240	30000	4	2,690	3,000
Dividends	6,003				6,003				
<b>Total</b>	<b>294,242</b>	<b>19,500</b>	<b>34,000</b>		<b>279,742</b>				<b>105,000</b>

Notes

1. No contributions for 2010 as sufficient funds were in place.
2. Withdrawal for KPFF contract
3. Herron Island Water Utility has separate reserve account and analysis
4. Budget adds \$8000 in anticipation of engine replacement. Vote in July on how to proceed.



## HMC Water Reserve Analysis

### March 2011

Component	Cost Estimate	Period years	10 Year Reserves	20 Year Reserves	30 Year Reserves
SO1 Well Pump	\$10,000	1	\$10,000		
SO2 Well Pump	\$10,000	8	\$10,000		
Pressure tanks	\$5,000	1	\$5,000		
7.5 HP booster pump	\$4,000	7	\$4,000		
2.5 HP Sta-Rite booster pump	\$4,000	12		\$4,000	
15 HP booster pump	\$10,000	20		\$10,000	
System controls	\$10,000	20		\$10,000	
Source meters	\$2,000	15		\$2,000	
SO1 Well replacement	\$30,000	45			\$30,000
SO2 Well replacement	\$40,000	60			
Service meters 20% replacement rate	\$28,000	25		\$28,000	
Reservoir	\$150,000	42			\$150,000
Valves	\$60,000	30			\$60,000
Pressure reducing stations at 50% repla	\$30,000	20		\$30,000	
Distribution line repair	\$10,000	10	\$10,000		
Operations reserve	\$50,000	10	\$50,000		
Loan reserves	\$110,000	10	\$110,000		
Loan Payment for delinquencies	\$3,000	5	\$3,000		
Totals	\$566,000		\$202,000	\$84,000	\$240,000
Reserve contrbutions per year			\$20,200	\$4,200	\$8,000
Yearly reserve contribution	\$32,400				
Number of connections	390				
Yearly reserve per connection	\$83.08				
Monthly reserve per connection	\$6.92				

Notes: After the reserve level per component reaches the cost, that portion of the reserves goes to zero until a withdrawal is made for that component

Total system replacement or depreciation is not funded. If needed, it will be funded like this upgrade with grants, loans, or special assessments

Reserve contributions will change based on new cost estimates, time frames, and actual withdrawals. Reserve contributions will decrease as desired levels are reached.

## **Ballot Results**

**July 9, 2011**

**Special Membership Meeting to Count Ballots**  
**July 9, 2011**

**Call to Order:** Mark Anderson reconvened the Annual Meeting of the membership to count the ballots.

**Roll Call:** Mark Anderson, President; Gary Wanzong, Vice President; Dianne DeGood, Secretary, Judy Greinke, Treasurer and Pat Zazzo, Member at Large.

Mark Anderson asked if there was any discussion on the Ballot Items presented to the membership:

- Ballot #1. Shall HMC Management ratify the proposed HMC Management General Budget for Fiscal Year 2012 as presented to the Membership at the June 11, 2011 Board Meeting?
- Ballot #2. Shall HMC Management ratify the proposed HMC Management Water Utility Budget for Fiscal Year 2012 as presented to the Membership at the June 11, 2011 Board Meeting?

There was no discussion. Carolyn Snyder stated that the Ballots had been validated by Lyn Ritchie and Linda Moren.

**Selection of the Ballot Counting Committee:** Dana Gruber, Marc Forte, Sally Forte, Sarah Wanzong, Mary Turpin and Joseph Ritchie.

Mark Anderson called a recess for the Counting Committee to count the ballots.

**Ballot Results:**

- Ballot #1 -      Yes – 106              No – 33
- Ballot #2        Yes – 102              No - 37

Both Ballots passed.

Since there was no further business, Mark Anderson moved that the meeting adjourn. Motion carried.

Respectfully submitted,

Dianne DeGood, Recording Secretary