

**Island Manager Report
August 14, 2010**

Administration:

Island Security:

We notified the Pierce County Sheriff Peninsula Detachment that the mainland parking area may be more vulnerable during the last two weeks of September, and they have responded that they will inform the patrol accordingly. Our efforts to find a security firm for those two weeks have met a dead end. Some security firms have gone out of business, and the one which responded (Security Services NW) charges \$65/hour for parking lot security, an unreasonable rate for HMC.

We've also begun to explore the feasibility of CCTV at some future point, to cover the parking lot. This would cost an estimated \$2000 to set up and would provide some deterrent to vandals, if accompanied by signage.

At this point, we may need to depend on volunteers and the Pierce County Sheriff.

Volunteers: The call for volunteers has resulted in several helpers, so far. A new member has volunteered to paint one of the ferry sheds, along with a long time member. We are hopeful that other volunteers will come forward with some of these other tasks or join one of the several island committees. Please contact the office if you think you might be able to help.

| | |
|--|---|
| Paint mainland ferry shed - OBLIGATED | Tend garden alongside community building. |
| Paint bus shed on mainland side - DONE | |
| Remove moss from roofs of sheds | |
| Pressure washing and concrete pipe repairs at North Beach Marina per KPFF Report - OBLIGATED | |

Our Volunteers this Month!

Thanks to Leslie Sanderson, who painted the table at North Beach and cleaned up our garden alongside the community building, and to Dallas Amidon, for restoring the field, which had once again been vandalized on the July Fourth weekend.

Derelict Vehicles: We now have obtained junk vehicle affidavits on several vehicles and trailers. We are asking for quotes on removal of the trailers, which are proving rather difficult to get rid of, since there is very little salvage value. But we are getting closer to removing trailers, boats and boat trailers from four island properties.

Water System Replacement/Upgrade:

Information gathered on behalf of the members will be in the Island Manager report, in the Beachcomber, or on www.herronisland.org, the community's official web site. If members have

questions regarding the project or the work that we are doing, we urge them to contact the Board or Island Manager directly, rather than rely on unofficial sources.

Part I: The USDA Loan Application: The Preliminary Engineering Report has been completed by Northwest Water Systems and sent to USDA for review, where we are now “10th in line”. SRI, the firm conducting the cultural survey, has paid one visit to the island and has begun the initial background work this week. We are still awaiting a scope of work from C3, the wetlands consulting firm.

Below I have listed the estimated costs so far, to be funded from the Water Reserve. These are the steps authorized by the membership in the May 8, 2010 vote.

| | |
|--|-----------|
| Northwest Water Systems: PER & ER (not to exceed contract) | \$ 14,500 |
| C3 Habitat Company: preliminary wetlands review | 500 |
| C3 Habitat Company: wetlands review completion | ? |
| Statistical Research, Inc.: background research | 8,500 |
| | |
| Total to Date | \$23,500 |

Part II: The “Retain or Transfer” Vote:

To construct an “apples to apples” comparison of the options, we suggest issuing a “Request for Information” (RFI) to elicit as much as possible about the effects of transferring ownership of this valuable island asset vs. keeping ownership in the hands of the members. We suggest that the avenue to do this would be to engage NWS at a cost of not to exceed \$1000 to help develop the questions in the RFI. This RFI will be mailed out to potentially interested parties for response, and advertised in the Daily Journal. The RFI could be reviewed by the Water Project Committee prior to its issuance, and the results evaluated by the committee. No formal action (adopt or reject, for example) would be required on the Board’s part, other than to use the information gathered in the RFI in informing members about the apparent effects of “Retain vs. Transfer”, and to formulate the ballot statements.

This date for the ballot could be set for early 2011, for the following reasons: 1) ARRA stimulus funds have been allocated; 2) the next round of regular USDA funding needs Congressional Budget authorization which will probably occur around November 2010; and 3) HMC is currently 10th in line for future funding from the 2010-2011 \$19 million appropriation.

Northwest Water Systems has reviewed the Water Systems Plan (WSP), and informally estimated a potential cost of \$2.4-2.6 million to build the system. The PER, which must be based on the WSP (prepared by Anchor Montgomery), projects a high figure of \$3.8 million, with two substantial contingency factors totaling \$1.4 million. The figures are based on different assumptions about the system, including design, materials, personnel, contingencies and logistics.

Using the high figure on a loan application assures that USDA commits enough funding. Once a bid is awarded, the loan can be reduced to the actual amount needed. There are no other valid estimates of a cost to build the system. The Pen Light proposal of 2007, prepared by an employee no longer with the company, cannot be considered credible in 2010, and Pen Light does not stand behind that proposa

The impacts of “Retain vs. Transfer” go far beyond the cost to construct the system, and we hope to gather information on these via the RFI. For example, which operation might have the lowest overhead costs? How will rates be set? How will the long term capital costs of building a new system be recovered by the owner from system users? If the system is transferred or sold, will the new owner guarantee system replacement in a given period? Are utilities able to profit from construction and/or operation, and if so, how much? (HMC is nonprofit.) Who will make decisions about rates and operations and what voice will members have? IF HMC retains ownership, how will the system be managed and utility rates collected? If the system is to be transferred or sold, how do we determine its value? Why would a private company or investor owned utility want to acquire the Herron Island system? How would it benefit their other ratepayers or investors?

Water Maintenance and Operation: Members experiencing water problems should telephone WASHINGTON WATER SERVICE COMPANY at 253-851-4060. This is a 24 hour number.

Some members have expressed concern regarding the employment of Scott Schultz, who has for many years performed water repairs on the island. Scott’s repair services have been replaced by those of Washington Water Service Company, but he continues to perform several of his regular functions as an employee, namely, daily water level reading and recording and maintenance of the generator at the well house.

Emergency Preparedness: Mike Davis will report regarding fire department/HMC preparations for emergencies which might arise while the ferry is out of service.

Fire Department Liaison: The island engine has been taken out for servicing and a substitute engine brought in its place. Our regular engine should be back for use during the absence of the Charlie Wells.

Land Use: No committee report. Some members have expressed interest in the list of HMC properties for sale.

Legal Liaison: Currently, five delinquencies, three of which are with the attorney’s office: Marcinko, Krebs, and Tchochiev. The others are Meier and Ruckstein.

Parks: Here is the committee report submitted by Terrill Chilson:

We thank Leslie Sanderson for volunteering to freshen up one of the picnic tables in need at the Rose Pavilion. She did a fabulous job!

Repairs were made thanks to volunteers (several whose names we didn’t know) to repair the broken beam and inserting new screws to the loose surface boards on the boardwalk walkway to the small boat docks. Walkway pilings repair project pending.

In response to the damages at Goodpastor Park –

Members investigated prices for fencing using round logs like what was used at N. Beach. To have Kiwi Fencing install 500 ft for a round log with cable, it would run ~\$5,500; for round log with three cross logs ~\$6,200. Plus tax.

To do project ourselves each log retails at basically \$20. We would have to plan, develop purchase logs, concrete and cable. Then we would have to drill each log for cable placement; rent a post hole digger; dig and place logs with concrete. Then run the cable.

We believe that at this time either choice is beyond what we budgeted for and the cost to place the fencing far exceeds the need at this time.

Suggest motion lighting be installed.

A plan to chain the entrance next to the building is pending.

Roads: Committee Report

Rules: Five complaints are pending with the Rules Committee, two of which stem from the July Fourth disturbances.

Transportation: We have scheduled interviews with two interested candidates for captain and deck hand, and will report back to the Board in September.

Marine Facility Survey:

KPFF is ready to meet with HMC and discuss repair options for the North Beach Marina and the ferry dolphins. They have asked that we set a meeting for that purpose. I am suggesting that we include John Farris, Tracy Anspach and Mike Shettlesworth, if available. Are there others?

Pierce County Wharf Easement: Kraig Shaner of Pierce County Public Works reports that the County has been unable to make the swap work, and will instead be forwarding a revised easement contract to us.

Technology: No report.

Other:

I will be out of town from August 16 through August 20. I will (of course) be checking emails.