

## Agenda

Hat Island Community Association  
Board of Trustees Meeting  
Working Session- 2024 Budget  
3616 Colby Ave PMB 335  
Everett, WA 98201  
(360) 444-6611

**Wednesday Sept 12, 2023**

5:00pm via ZOOM

### **Attendees:**

Erik Smith- President	Virtual
Ray Stephanson – VP	Virtual
Don Stark- Treasurer	Virtual
Kelly Dukes- Secretary	Virtual
Aimee Caccavale- Trustee	Virtual
Dan Jensen- Trustee	Virtual
Roelof Burger- Trustee	Virtual
Kim Gleason- Island Manager	Virtual

### **Agenda:**

- Call meeting the meeting to order

### **Agenda:**

2024 Draft budget review

**Erik:** Called this working session to order at 5:01pm

All Board members are present via zoom. Aimee has another commitment and will need to drop off after 30 minutes. This meeting is a continuation of the review of the Finance Committees recommendation for the 2024 budget. This is the 3<sup>rd</sup> review of the proposed 2024 budget. Dan is the outgoing Board Rep of the Finance Committee, Larry Christiansen, who is the Finance Committee Chair will be joining us to walk through the revised proposed budget. Last week the Board recommended increasing inflation factors from 3% to 7%, as well as including \$15,000 in merit-based bonus pool for staff to be awarded at end of the year. All this to be achieved while maintaining a comfortable 6-month emergency (used to call reserves) for operating expenses, staff, taxes, expenses, upkeep etc.

**Dan:** We have made the recommended changes. I would like to introduce Larry Christiansen who is the Finance Committee Community Chair.

**Larry Christiansen:** For those of who do not know me, my wife and I purchased in N Div in January 2019. While not on Hat Island we live in Sammamish WA. I work in the finance industry for The Hartford as an under writer, primarily working in the construction industry. I am happy to be here and contribute in anyway I can. We will share the revised budget and answer any questions the Board may have, and then discuss the timeline to bring the budget to the community between now and late October and early November.

**Erik:** Can you walk through the changes that you made since our last meeting?

**Larry/Don:** Most of the changes are from changing the inflation from 3% to 7% total impact is \$24,000. We also included the \$15,000 for staff merit additional compensation as well as \$25,000 to investigate a grant for a second vessel.

**Erik:** What is the \$25,000 for again?

**Dan:** Remember there was the discussion that Don and Ray had brought up, looking for a grant writer to investigate if a grant would be available for a second boat. Basically, it is a contingency amount that may or not be spent. Ray is contacting several county and state official to see if a HOA would even qualify for this type of grant that we are seeking. If we do qualify for a grant as a HOA, then we wanted money on the budget to pay for a grant writer to start going after those grants.

**Erik:** OK, so this is not a potential deposit for getting a second ferry, this is for grant writing.

**Don:** If you recall what I called a budget amendment included perusing a possibility of a grant as well as coordinating with Fire District #27. Any utility boat that we would consider would have to do emergency medical as well as utility work for the water department and possible transportation to beach access only lots. That is two pieces of the amendment that I proposed. The other element was exploring if an agreement could be reached with the owner who is building a utility boat with a landing craft feature which could be used by the beach access lots as well as the fire department. All of this was just a reserve until the Long-Range Planning and Finance Committees could bring something back to the Board with a plan. So, nothing gets spent till it is approved by the Board. It is merely a placeholder in the budget in an attempt to make progress towards those issues, rather than wait till next year then have to go back to the community because we did not have anything in the budget. This provides a placeholder waiting for the program to be sufficiently defined.

**Dan:** I would characterize this similar to the budget item last year for \$15,000 in human resource services. It was budgeted as a contingency, and we did not spend all the funds, I think we only spent \$2,000-\$3,000.

**Erik:** I understand this, but I want to make sure that the community understands that this is for grant money to potentially get other services including a fire department boat. However, but if all the grant money is not used for grant writing, leftovers funds cannot be used for a landing craft service. I would like to have that, but that has to go to the community first. I don't want that shoehorned into our overall grant writing objective. The grant writing is to get free or subsidized services to the island. I am fine with it so long

as it is for grant writing. This cannot be a subset of the Board working independently. We have to go to Committees, that is how HICA is required to operate.

**Don:** This is very important.

**Erik:** I think it is important too and so are other things that have come out of our strategic planning committee. We want a store, and a lot of other things. We have a lot of things that we need to discuss as a new Board as we promised the community that we would do. We need to take what the community came up with and prioritize it as a Board. We have not done that yet, so to do that now as an aside right before we are approving the budget without Board deliberation, much less community deliberation I don't think that is something that we want to do.

**Don:** I would respectfully disagree. This subject has been in-front of the Vessel Committee. The Vessel Committee has had meetings and discussions. It was brought back to the Board in March of last year. In March of last year the Board sent this issue to the Long Range Planning Committee on the recommendation of the Vessel Committee, so, this is not a new subject.

**Erik:** It is not a new subject, neither is the community center or a community store or more greenspace, but it has not been formally discussed. I don't remember a motion to approve funding to approve a second vessel. We discussed funding for a second engine, but not a second vessel.

**Ginger:** Excuse me, I think there is a misunderstanding. The \$25,000 is only for grant writing, it is in the budget in case there is something we want to pursue a grant for. Nothing is being earmarked for anything other than grant writing.

**Dan:** I think I agree with Ginger and Erik here. It is focused on grant writing to try and mitigate some of the costs. I think if getting a second vessel is important enough, we would bring it forward to the community for a line item like we did when we requested health insurance for the staff. The health insurance was more than the \$10,000 and that required a community vote. Don was also talking about arranging a trial of the landing craft that an owner on the island is purchasing. This boat may have some of the characteristics that we may desire in second vessel. The community would be available as a trial or experiment on how a second boat would run. Maybe this should be an additional expense item, but no one seemed to know how much this might be.

**Kelly:** That was discussed.

**Don:** Dan you are absolutely right. I was the one who offered the amendment and thought we could do both for 25,000. I do not believe that grant writing would require \$25,000. I wanted to examine a pilot project to investigate if a vessel like this would work as well as explore grant writing. Nothing is being proposed right now, I was suggesting that the \$25,000 include a pilot project on the existing boat.

**Dan:** Maybe Ray and Bruce could jump in here as they were going to go after the grants.

**Erik:** To Ginger's point, I would like to hear what the Finance Committee thought this was for as well. I would prefer it as separate line items. It seems strange to put grant writing and vessel trial together when that was not what we talked about last week.

Kurt: I have my hand up and it is really tired. I don't think we need any money other than the money to pursue grants. The fire department may not want to even work with us. I am ok with it being for grants. We may need a boat in phases, one that is running passengers and one that is a firefighting vehicle. We have a lot of questions that need to be answered here. We have talked about it before, but this proposal has come in late. We can look at cost efficiency and other questions with the initial proposal. This really should be coming from the vessel committee and it did not come up in our retreat.

Kelly: Kurt, you are talking about the Community Long-Range planning retreat?

Kurt: Yes

Kelly: Ok, I just wanted to make sure we were talking the same one. I sat at the table for the vessel during the retreat. Increased access to the island and supplemental vessel was a topic and this garnered multiple (dots) votes from the community support of additional vessel. I do think we need to understand what the community wants as a solution, and we need to investigate, but it is not the first time that we talked about it.

Erik: Agree this is not the first time that we talked about it, and there are a lot of other items that the community wants, but we don't have a fully proposed and flushed out proposal. Community store, I have heard about that for about 8 years.

Kelly: yep, agreed.

Erik: We have heard from the Finance Committee; I would like to open it up for comments from the Board. I am comfortable for the \$25,000 being for grant writing and legal fees to research. Any surplus dollars would not be earmarked for trial of the landing craft. We could have a separate line item for that, but the grant writing is a separate line item.

Roloff: I agree with you, I though the \$25,000 was for grant writing.

Ray: The beach access property owners have been at a disadvantaged getting to their properties for some years. I think we should be setting aside a separate line item to investigate a trial use of the landing craft that the property owner's new vessel. I think this a smart way to investigate a trial with the owner. This comes in waves the way I see it, this is just not an expense paid for by all the property owners, not unlike the ferry, there is a fee for use of a vessel. I do think it is important to determine if this works, and is a pretty inexpensive way to do it. We could do trials to see if this is the type of vessel or do we need a different type of vessel for the island. Leaving \$25,000 for grants is good. I think we should set aside an additional line-item amount for a trial.

One other piece of this, the Fire Commissioners meeting last week authorized the Fire Chief to pursue what grants may be available for small fire departments like ours. Those grants could include landing crafts to reach beach only property owners to save lives/emergencies. That is encouraging, these types of grants are available and we have authorized John Gray our Fire Chief to pursue these grants. If successful, an interlocal agreement between HICA and Dire District 27 could occur, but that is down the road.

Erik: Let me call on Aimee next as she needs to leave.

Discussion: Aimee had to depart, note that she departed at 5:30pm.

Kelly: I whole-heartedly agree with Ray. What I am hearing from the community at the retreat was a resounding more access to the island. A vessel like this may address safety and serve as a backup vessel to our ferry. I think it is wise to test and see if something like this is feasible and addresses our needs. Similar to test driving a car, before we go buy something, let's test it. We would still want to know more and understand the budget before we make any decisions, but I think it is smart to do a trial.

Erik: Got it, OK sounds like we are ok with keeping the \$25,000 for grant writing. We also want a line item for a feasibility study possibly with this gentleman's boat, but to Kelly's point we still need to understand the insurance, liability, proposal, safety etc. If it is not in this budget, the Board has ability to authorize up to \$10,000 which could be used for a trial midyear. We could assign the Vessel Committee to look into the trial and hear back from them on their recommendation.

Dan: The budget is brought forward as a draft, and we will get feedback from the community anyway. We could put a placeholder line item be included and the community will have a chance to provide feedback. We would need to decide how much to put in there.

Larry: I am hearing that we are trying to separate the finances grant writing and pilot/test to try the landing craft vessel for a brief period. I agree, we need to understand liability, insurance, measure and come back. This would need resources for the pilot. Liability, insurance plan. Vessel committee recommendation. Perhaps \$7,000-\$10,000 to pilot.

Erik: Good snapshot

Bruce Agnew: I offered to help Ray and Kim with grants. We need \$25,000 grant at the local and state or even the federal level would need a minimum of \$25,000. Supports landing craft trial run as a separate item.

Erik: OK, sounds like we have support to keep the \$25,000 grant and landing craft as trial separate dollars set aside.

Ray: I would support of putting in an amount for a trial, maybe \$15,000. It is questionable if HICA (HOA) would qualify for a federal state and local gov grant. I am a bit anxious about how much we might be able to get.

Erik: Infrastructure and green initiatives could help

Don: I would like to return to putting \$10,000 in the budget. The beach access owners would really like to be heard. I think it is important.

Don: I motion that we place \$10,000 as a reserve for a pilot project landing craft to see how and if a utility boat could be used.

Ray: Seconds

Vote:

Erik Smith-	Yes
Ray Stephanson	Yes
Don Stark	Yes

Kelly Dukes	Yes
Aimee Caccavale	Absent (had to leave)
Dan Jensen	Yes
Roelof Burger	Yes

Discussion: Impact to budget increase \$60,000. This keeps our reserves at just over \$1million which is plenty to cover 6 months operating expenses.

Erik: Requests a member of the Finance Committee motion to approve this budget as presented today to be brought forth to the community for discussion and approval.

Dan: Motions  
Don: Second

Vote:

Erik Smith-	Yes
Ray Stephanson	Yes
Don Stark	Yes
Kelly Dukes	Yes
Aimee Caccavale	Absent (had to leave)
Dan Jensen	Yes
Roelof Burger	Yes

Discussion: What is the timeline to bring forward to the community and voting? How many meetings? A presentation has been started. We need to get the proposed budget approved by Oct 31 to provide enough time to allow the printers to prepare it and to allow it to be mailed to the community for votes and then announce at the December meeting.

Discussion: Aimee and Dan have been a huge asset. Thank you for the service to the community.

Erik: Requests a motion to adjourn  
Dan - Motions  
Kelly- Second

Vote:

Erik Smith	Yes
Ray Stephanson	Yes
Don Stark	Yes
Kelly Dukes	Yes
Aimee Caccavale	Absent (had to leave)
Dan Jensen	Yes
Roelof Burger	Yes

All approve, meeting is adjourned