

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 September 5, 2023

6:00pm 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 the meeting to order
Finance Committee short term investment plan
2024 Draft budget review

Erik: Called this working session to order at 6:01pm

All Board members are present via zoom. This meeting is a continuation with the Board and the Finance Committee. This is the second meeting on the 2024 budget. Expect that this will continue multiple iterations.

Additionally, we are to review the proposal from the Finance Committee for investment of reserve funds.

Discussion:

Investment strategy proposal is 100% insured and safe investment of funds while providing revenue. Support for the plan.

Don: I move that we approve the Finance Committees recommendation of the reserve funds as described in the documents provided.

Dan: Second

Vote:

Erik Smith- President	Yes
Ray Stephanson – VP	Yes
Don Stark- Treasurer	Yes
Kelly Dukes- Secretary	Yes
Aimee Caccavale- Trustee	Yes
Dan Jensen- Trustee	Yes
Roelof Burger- Trustee	Yes

Montion is approved.

2024 Proposed budget:

Discussion: Expense: 3% inflation may not be high enough. Proposal to increase 3% to 7%. Also recommend revising the months of reserves to increase to 6 months (vs 3 months) to enable a cushion. We are pretty close to 6 months reserves already allocated.

Discussion: Fuel inflation: fuel that is sold to owners, the cost is passed to owners when they purchase gas. Fuel for equipment usage and the ferry is where we need to watch. It we increased from 3% to 7% a rough estimate is an increase of \$10-\$15k. Agreement to incorporate. Cost of gas on the ferry increases, that additional expense would be passed to the riders with increase price of ticket. We placed a surcharge on ferry tickets about a year ago due to gas price increases, and that price increase still stands. We also raised fees for golf and maria last year. Right now the fuel prices are stable, we will continue to monitor.

Discussion: We allocated 3% for cost of living (COLA), do we need to increase our estimate for employee COLA? Ray and Kelly have been talking about a 2% merit pool to reward top performers in addition to the COLA. Most major employers don't just give COLA raises; they differentiate based on performance. We have a lot of employees and we need to be able to reward and recognize top employees, it is important for retention. We worked hard last year to provide COLA and merit increases to adjust salaries that in some cases had not been adjusted in years. It was a real problem, and we need to ensure that we do not slip back into the same situation again. COLA allocated is approve \$20,000, discussed additional 2% in merit pool of up to \$15,000. Define criteria on how we assess performance.

Discussion: Proposal for \$25,000 allocated for grants. Ray has made some inquiries and has identified a well-known grant writer who can help to identify grants that may be available for home owners' associations like HICA. He could help provide some insight of what might be available. We have a need for a second ferry, we have a need for a landing craft for beach assess only areas and emergency services. Ray and Don feel strongly that there are investments that we need to start planning for. Discussion on best way to handle, perhaps Vessel Committee before allocating funds for grant writing. The Vessel Committee already referred a second vessel/landing craft to the Long-Range Planning Committee. Looking for an action plan in 2024 to see if we can provide emergency service and transportation service that we offer to the rest of the island. We need to find an expert that can help answer the question if a homeowners associate even qualified for a grant. Additionally, there is an owner on the island that is building a

new landing craft. There may an opportunity to do a trial run with that owner to see if that would be viable type of vessel/ service. At the Long-Range Planning retreat there was widespread support and requests for increased ferry service and a second vessel of some sort. These things take time and based on the growth of the island we need to be planning for the inevitable now or we will not be prepared. Access to the island is a requirement. There have been many discussions previously about how a landing craft could be used for emergency services like fire and medical, as well as barge services and as a backup/ secondary passenger vessel. Our ferry just had mechanical issues earlier this year and we had to lean on the kindness of owners with boats to help bring passengers to and from the island. We need redundancy to ensure that we have a way to get owners to the island as our by-laws require. We should explore all the possibilities and help to make informed decisions for the Board and owners to consider.

Discussion: The engines on the ferry, are they still under warranty? Yes. This issue is not if the engines are under warranty, but if they need repair will we have access to the parts required to fix it. Supply chain issues have been greatly impacted by the war in Russia and Ukraine where a significant part of the world's supply of metals comes from. Lead times are twice what they used to be and the costs have skyrocketed. Grateful to captain Sparrows excellent work earlier this year to help get our engine issues resolved. He has suggested a spare engine to mitigate the chance that we have another issue and no access to replacement engine /parts. Without a second ferry, if we don't have a way to quickly fix the ferry, we would have to contract for a ferry service. Counting on home owners to help ferry passengers is not a solid plan. If the ferry goes down in high season, we will be in trouble.

Next steps: Meeting with the Board again and prepare a draft 2024 budget to bring forward to the community in preparation for the final version for the ballot. Larry Christianson who is the Finance Committee Community Chair will attend.

It is 6:56pm

Dan: Motions to adjourn

Ray: Seconds

Vote:

Erik Smith- President	Yes
Ray Stephanson – VP	Yes
Don Stark- Treasure	Yes
Kelly Dukes- Secretary	Yes
Aimee Caccavale- Trustee	Yes
Dan Jensen- Trustee	Yes
Roelof Burger	Yes

Motion approved adjourn at 6:56pm