

Hat Island Community Association  
Board Meeting Minutes

2021-04-17

Board members present

- Aimee
- Paula
- Dan
- Jon
- Darla
- Erik
- Kurt

Called to Order 10:30 am

- Approval of minutes of 3/20/2021 And special 4/9/2021
  - Paula
  - Aimee (second)
- Presidents report
  - PUD UPDATE- The Board will be receiving an update on 4/20/2021 from PUD. They report they will have news for the island on the status of their negotiations with the Tulalip Tribes.
  - Division H- The Division H Company has been set up and is called South Beach Drive. The island has provided their lawyer with everything they need to move forward and the South Beach Drive Committee hopes to have all of their documentation finalized by May 30<sup>th</sup>. The President of the South Beach Drive Association is Ray Stephanson and we look forward to working with them moving forward.
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- Island Manager's report
  - Things are happening on the island...trees are budding out, grass is growing, the eagles have been busy getting ready to lay their eggs, the whales are out in full force and the weather is getting warmer.
  - In the first quarter of 2021 we brought in over \$600,000 in assessments and user fees. Thank you to those of you who have already paid. We continue to work with owners who have fallen behind. Please contact the office if you fall into this category so we can work with you.
  - The island continues to be a hot commodity as every time a house goes on the market it is sold within a week. Land properties are also selling and we are answering a lot of questions regarding building.
  - If you are thinking about moving, this is the time to consider doing so.

- The Finance Committee meets quarterly to assess where we are in regards to our budget. We are looking at our reserve accounts and determining what new accounts will be needed, the amount we should be putting into them yearly and what some of our long term needs will be. We currently have reserve budgets for the Reverse Osmosis, the Marina, as well as a Capital Reserve account, and a Cash Reserve Account which hold three months of operating expenses in case of an emergency. Our goal is to add a Golf Reserve Account and a reserve account for our heavy equipment. Won't it be nice to have the funds to repair or replace items?
- We continue to work on roads and one of our main areas of improvement we hope to work on this summer is the parking area. Let's get rid of those mud holes so our parking spaces are more usable!
- We have been working hard to configure The Hat Island Ferry: Another Holiday to meet the needs of all of our residents. We hear from many owners about the things they like on the ferry and the things they don't like. We take all of the information that is given and look to see how we can meet the needs of all owners. We will never be able to make everyone happy, but we want you to know we hear what you are saying and everyone's opinion is important. The Board will ultimately need to take all of the information that they can from community members and staff. Look at the data and the guidelines set forth by the state to make a decision regarding if and when the island will be completely open. We know the past year has been hard for everyone. The light is right around the corner so as we work to open up patience and understanding is the key attitude to take.
- One issue we've encountered is the pets on the ferry. We are an island of pet owners. When the new ferry was designed it was done with the intention of pet owners remaining on the aft deck. The reasoning of this was that some owners may have allergies to animals. However, after doing research about animals on airplanes the ferry crew would like to allow small crated pets inside the cabin to allow for more room for the larger pets outside. They would work with owners who inform them of pet allergies to make sure separation is done. I'd like to have feedback on this from community members and board members on allowing small crated pets on the inside of the ferry and pet numbers, in general. Should owners be limited to a certain number of pets, like they are with luggage? Should guests be allowed to bring their pets on the ferry? What say you....
- As always, the office is open for discussion and constructive suggestions.
- Does the board need to vote on changes to the ferry rules
  - Do crated pets impact cargo space? (Erik)
  - Ask folks on reservation system to include possible allergens (Darla/Paula/Dan)
  - 
  - Asked the vessel committee to survey the membership on ferry changes (Jon)

- Treasurer's report
  - All payables are current & increased our Capital Reserve.
    - Capital Reserve: \$486,627.90
    - Cash Reserve: \$258,271.88
    - Marina Reserve: \$120,254.34
    - RO Reserve: \$124,639.39
  - We have agreed to a contract with Jeremy Newman CPA for the next audit and reviews.
  - Detailed P&L and Balance Sheets will be posted on-line for your review.
  - According to our CPA and Auditor to meet IRS code, we will have to submit an annual resolution to the HICA for approval by all members who are current. It simply means that any surplus or unused or surplus maintenance income will be applied against subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.
  - The purpose of Revenue Ruling 70-604 is to allow a homeowner's association to avoid taxation on its excess membership income by either refunding it to members or carrying over the excess to the following tax year. This has to be done before we submit our 2016 filing.
  - The office has been building current Asset and Depreciation Schedules for our CPA's.
  - Discussion of Revenue Ruling 70-604
    - Can not file our taxes until it's completed (taxed are ready to submit)
    - Darla: Does the community have to vote on the resolution, not just the board?
      - Yes
    - (Kurt reads example resolution)
      - Motion to approve the process to submit an annual resolution based on the ruling of the IRS code 70-604
        - To the community, annual resolution
        - Kurt motion
        - Dan second
      - Discussion
        - Erik: If we don't do it, we get taxed on it? If we do then it goes into/dispersed how?
          - Whatever it is goes into the next year (**2016** is a loss)
          - Motion to defer the loss/gain to the next tax year

- Dan: We haven't been running through the depreciation account, that's been going into the reserve acct. We can't file until this is completed by a vote of the community.
    - Paula: Need to ensure that the reasoning is clear on the community vote
  - Motion passes, 7 for, 0 against
  - Dan: Just need to explain this well so folks need to
  - Kim: This is 2016, we haven't filed because of auditing issues, and we're working to clean

- Water report

Water produced in Mar:

	Mar	YTD
Wells	206,910	639,110
RO	82,420	169,950
Totals	289,330	809,060

During Mar the Wells and the RO performed as expected. The production from this period was 10% more than Mar of last year. The water mix was 71% wells and 29% RO. We did increase the amount of water produced from the RO over last month and will continue to produce more of our water with the RO.

- Committee Reports

- Erik: Moves for the board review the adoption of the COVID restrictions for consideration.
    - Dan second
  - Discussion
    - Erik: How did we arrive at these guidelines? Snohomish county recommendations or?
      - Darla: The recommendation came from the older guidelines when we were in Phase 2
    - Paula: Was their discussion on Shane coming up with a policy on allowing a secondary run with guests?
    - Kim: Remember last meeting the VC was asked to look at the guidelines and the ridership. They did (6 folks), 50% is Phase 3 recommendations. There are a handful of recommendations.
      - We generally hear the people that are the loudest: the new ferry can't be 6' apart. Airplanes are full now... contrary requests from the membership.
      - Three days in advance for adding guests
      - Have to balance limited crew (no backup captain)
      - Could do a handful of options (ask kim to type these up for the minutes)

- Erik: Start of lockdown was Snohomish county, what does Phase 2->3 changes do for us?
  - Go to high season early?
  - Extra trips?
  - Let's open up more, guests accompanied by owners
- Kim: Opening to guests with owners present? (owner has to be on the ferry too, not a different ferry trip)
- Erik: How do we create a fair way to balance guests coming onto the ferry?
- Dan: If we're sitting at 25 person capacity, if your party is over 10, then you have to charter?
- Darla: If we open to charter then it's going to be busy 24/7
- Kurt: Thought from a community member: ventilation is not great (suppressive immune system issues). We are also not doing any temp checks / other screenings
- Kurt: Moves to amend the motion to move to high season now, and have a plan ready by May 1st to open to guests. Furthermore, the captain shall have exclusive rights to move pets inside the cabin for safety concerns.
  - Aimee seconds
  - Motion passes, 7 for, 0 against
- Motion passes, 7 for, 0 against
- Marina Committee
  - Marina usage should be similar to that of the Ferry (guest boats)
  - Thing is getting busy
  - Priority is for the membership
  - Discussion
    - Dan: Finite amount of guest facilities (Port of Everett)
      - Aimee: Discussed, what happens when an owner needs that spot?
    - Kim: If we do open ferry to guests
    - Jon: Ferry and Marina regulations are not related. We should consider a marina reservation system.
    - Paula: Put to the committee to look at mooring balls;
      - Fish and wildlife may of made this difficult
    - Kurt: We should seriously consider removing guest moorage, need to spend some real time to consider how we do this in the future.
    - Darla: Not opposed to guest boats on off days (M-W, leaving noon etc) similar to other marinas. She believes that the majority of owners are coming over on the weekends.
      - Owner of the guest needs to be on the island?
      - 20 years ago it was how things ran, no written rule found (kim)

- Question to Kim: What does it look like M-W?
      - A little more busy
      - Barb has done a great job to never turn anyone away
    - Dan: I move to open guest moorage M-Th (noon) only if the owner is on the island to meet them, no guest moorage other times.
      - Aimee seconds
      - Discussion
        - Erik: Need a recommendation from the committee
        - (way too much from
      - Motion passes, 7 for, 0 against
    - Dan: Comment there will be a meeting of the committee heads with the long term planning team, good time to introduce how we survey the committee.
- <Paula had to leave>
  - Social committee
    - Would like to open the little library, following Snohomish county library
    - Jon: Moves that we open the little library following Snohomish county guidelines
      - Aimee seconds
      - Motion passes 6 for, 0 against, 1 no present.
    - Earth day activities
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- Community Input
  - M032 - Good afternoon,

I just wanted to dash off a quick email about my experience on the return ferry from Hat Island to Everett on 4/9/21.

The weather was clearly very much a challenge that night and I appreciate the effort made for us to get from the island to Everett. We did arrive safely.

I have a few concerns though. I was on board with my dog. The area in the back where we are to sit with the animals was not a very safe area in my opinion to have been out in with the rough water. There is nothing to hang onto if needed, we were getting we from waves splashing on us and frankly it was a fairly unsettling experience. There was me and another couple on the back of the boat and when we first started out we were told someone would be out to check on us. This did not happen. In fact, we were informed after we were in port that the people "inside" the boat were very scared so they were talking with them to keep them calm. My first thought in my head was if they are that scared how in the world did you think we felt out here?

Please don't think I want to complain and not appreciate the effort that was made. The new boat is beautiful and I know a much more efficient boat will be better for the island and its residents.

My suggestion would be grab bars somewhere on the back of the boat. But the remedy for that specific night really should have been to pull everyone off the back deck and into the safer area inside the boat (pets and all). The ferry had just a few people on it. There was plenty of room for us to keep the pets separated. I would have understood getting stuck outside on a full boat but it didn't seem like the best decision to leave us out there with how bad the weather was.

I appreciate your time in reading this and do appreciate the effort made by the captain that night to get us safely to Everett.

Thank you,  
**Jamie Griffin**  
■ **M32**

- Kim comment: Shane followed her instructions, and she takes ownership for the issue.
  - Erik: Are we looking for grab bars / etc?
  - Kim: We've added some rubber mats for the floors, back enclosure is on order, seat cushions are on order.
- Non-owner contributing
  - Darla takes ownership on this, she allowed it.
  - Asking the governance committee to review Renter rules as applied by Washington State HOA rules and our bylaws
- Email from Pat Moran, G065

BOT-

With the busy season fast approaching I have concerns about the imposed limitations on the new ferry.

I've already had an issue with the (8) pets only rule. It was resolved with a phone call to the Island manager, but it is concerning that with the reduced pet space, cargo space, and "no guests" rule still in effect there are going to be a lot of unhappy owners wanting answers. You've asked us to be patient while things get sorted out, but that only goes so far.

My question to the board is what are you doing or what have you done to address these issues of limiting our transportation to the island? I would like to see your plan outlined where we could review and comment.

I understand reduced capacity because of covid rules, i understand people have pet allergies, i understand the limited cargo space due to the configuration of the new boat, but there has to be alternatives to satisfy people's needs. Our island population seems to be ever expanding so this problem is only going to get worse. I don't want to have to make reservations months in advance to book a trip.

The only solution from my perspective is to add more runs as demand requires. Increased runs would allow for guests to ride. If you designated "pet runs" we could ride inside as we did in the old boat. I'm told cargo runs will start in May which will help.

I know the ferry is subsidized and operating costs are a concern, but this boat is supposed to be cheaper and faster to run. How much more would it really cost to add runs? To me more ridership means more revenue to help maintain the budget.

The new boat will be a good investment for our community, but only if it is convenient to use, and meets the ever growing demands upon it. The alternative is that we all buy boats and overfill the marina which will be a whole other problem.

Thank You for your consideration.

- Message from Kevin McDaniel, E052

I just flew on a Alaska Airlines flight that was full for the first time in a year. The days of empty seats are over. Everyone in Washington that wants to be vaccinated can be at this point. Kids are back in school and we are back to in person work. Many states are completely open. I'm not sure if the board is out of touch or they themselves are still in lockdown but the world is open and for many of us the ferry is our only form of transportation to our homes on Hat Island. We need to open it up to our guests and to full capacity.

Maybe owners that want to keep social distancing should have to buy the whole bench and pay for 3 tickets each way. That way we can see how committed they really are and the island won't continue to subsidize them. The island is giving up \$450 each round trip of revenue. In a week that is \$1800-\$2250, it adds up. Remember that when we ask for more funds down the road. Covid rules are not meant to last forever, they were meant to get us to the vaccine. The good news is we are here. Time to get back to normal as a community.

PS- I am still for masks for the time being but hopefully we will get to the point where we don't need those either.

- Bill Townsend

- Guest docking:

- Forgot to mention that we own another 11 slips, long term lease to PSYC. In that lease if they do not reserve / use those docks from Friday on, we have the right to use them for whatever. Should review the lease.
- Signed July 2015: 6 years of usage, that expires in 2021, giving us full use of slips 10/11.
- Darla: When PSYC comes to use the slips, are they required to notify the office? If they're required to notify the office prior, then we should be able to....

- Mark Wentland - A19

- Clarify that we're only talking about pets in the ferry that are in cages / not open?
  - Extreme weather we've given the captain the right to move any/all pets into the cabin

- Sharron Townsend

- Comment on PoE free docking



- We have a courtesy agreement with Port of Everett to allow us to come over and dock for guest moorage. We had a difficult time getting a renewal of the parking places. We should not advertise anything about the courtesy agreement. Not a place to park to take another boat somewhere else. We do not want to encourage anything that would strain the existing relationship with the PoE.
    - Dan: We should be careful to not damage any of the relationships here.
  - Udo Gerz -
    - Paula asking about mooring balls. WA state is removing nearly all of them in Langly, process for us to do (would have to be a personal buoy, and would have to be personally owned, can not be owned by HICA)
    - PoE policy is that ANYONE can moore there for 6 hours. Udo got a letter from the Port that they would do something special, CEO would waive user fee for HI owners for 2021, \$35 fee for 2022 proposed. Need to send notes to Kim so we can all talk to this issue with their board
  - Kim: Boats afloat with the HIYC
    - Yacht club wants to do boats a float this year. Since this is on the dock, do we want to allow it as it could cause strain to the members not wanting to be in close contact.
    - No touring of the boats, only on the docks.
- 12:32 pm
  - Dan: Moves that we go into executive session after a 10 minute recess.
    - Erik: seconds
    - Motion passes: 5 for, 0 against, 2 not present (Paula, Kurt)
- 13:33
  - Return form executive session with nothing to discuss.
  - Jon: Motion to adjourn
    - Kurt second
    - No discussion
    - Motion passes, 6 for, 0 against, 1 not present (Paula)
- 13:34 Meeting adjourned