

**HICA Board Meeting-Special Session
September 25, 2021 at 10:30am
Meeting via Zoom**

Present at Meeting:

Paula Bafaro- President
Dan Jensen-Vice President
Don Stark-Treasurer
Kelly Dukes- Secretary
Aimee Chambers- Trustee
Erik Smith- Trustee
Ray Stephanson- Trustee
Kim Gleason- Island Manager

Meeting called to order @ 10:34 called to order by Paula Bafaro

Approve Draft Minutes of Aug 21, 2021 and Sept 9, 2021 Board Meetings

Aimee: Motioned to approve the minutes from Aug 21, 2021 and Sept 9, 2021 Board Meetings

Dan: Seconds

Paula: All in favor to approve the minutes as presented

All: Responded in favor of approval

Paula: Minutes are approved

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Announcement of Board of Trustees Officers Positions

President: Paula Bafaro
Vice President: Dan Jensen
Treasurer: Don Stark
Secretary: Kelly Dukes
Trustee: Erik Smith
Trustee: Aimee Chambers
Trustee: Ray Stephanson

Presentation of Proposed Budget- Finance Committee

Dan: Presented Proposed Budget – Alan Dashen is not available today.
September 25, 2021

MEMORANDUM

To: Hat Island Board of Trustees

From: Alan Dashen

Hat Island Finance Committee

RE: 2022 Draft HI Budget

HI FINANCE COMMITTEE

Alan Dashen

Kim Gleason

Ginger Harmon

Dan Jensen

Kurt Kassahn

Cynthia Petrie

Don Stark

The HI Board is being presented a draft of the 2022 HI budget for review and comment. The HI Finance Committee has been involved in the development and review of the budget.

The Committee would like to especially thank the Island Manager, Kim Gleason, and Board Member, Dan Jensen, for the time and effort in putting this draft together.

As presented. The draft does not include any changes, increases or decreases, in annual assessment per HI lot. The budget does, however, include a small decrease in cash reserves.

The budget shows some net losses in the operation of the ferry and operation of the golf course. This has been standard for many years, recognizing that both the ferry and the golf course provide a significant benefit to the Island, whether an owner uses them or not.

Please respond with any questions to me or any of the Board members, as appropriate.

Thanks

Alan Dashen

Dan: Suggests Proposed Finance Committee Budget be sent out for Board review. Proposed a working Board meeting after everyone on the Board has had a chance to read and review Proposed 2022 Budget. Group discussion/agreement: Use Trello Board. Need to review Proposed 2022 Budget prior to Oct 16, 2021 Board Meeting.

Dan: Board review prior to making a formal presentation to community for vote by the community for approval.

Erik: Concern aggressive timeline. Do we need to meet next weekend? If no changes from Board, we will need to put together the narrative and FAQ to prepare for the Oct Meeting.

Group discussion:

The Proposed Budget will be on Trello by the afternoon of Sept 25, 2021. If any Board additions and subtractions then Board will need to meet to review.

Discussion on budget highlights:

Forecast reserve spending down over the next few years, recover in the following years. Objective to invest in capital equipment. Reserves will go down over this time period, relatively same budget as previous years. Proposed addition of a part time employee, legal expenses increased as well as insurance.

Kim: Historically Board looks at Finance Committee proposal and then meets to ask questions. Once those questions resolved/input then community has access to review. Community can then ask questions of the Finance Committee.

Dan: In the past it was typical to have two meetings. One on Hat and one on the mainland in Everett. This year Community input will be via ZOOM due to COVID-19.

Erik: Asked about a presentation from the Finance Committee

Dan: That is the purpose of the meeting next week.

Aimee: Use the Trello board as well

Kim: Will need the Finance Committee documents

Dan: Will have the draft budget to review in the working session next week and then we will develop FAQ.

Group discussion: Should post proposed budget on Hat Island Website with FAQ. Concern about having iteration so the budget out there which could be confusing.

Ray: What is the drop dead date for budget approval?

Response: December 2021

Kim: Publish after Community presentation and Q and A. That would allow time to incorporate community feedback. Then publish after Community presentation. Ballots in November and approval prior to Jan 2022.

Erik: I am looking at the bylaws, December is the deadline.

Paula: Two meetings in October- discussed potential dates.

Ray: Oct meetings in person or ZOOM?

Kim: Both

Erik: Could we consider meeting on a Sunday? Better to wrap up the week instead of so many Saturdays- TBD

Paula: Any other discussion on the budget?

Group agreement: No

Report on Board Meeting with Snohomish County Planning Department (SCPD)

Hat Island Community Association meeting with Snohomish County Planning Director Mike McCrary and staff

September 14, 2021

Time: 11:00 AM

By Zoom

Planning staff:

Mike McCrary, Director

Sean Curran code enforcement manager

Stephanie Lyons, senior code enforcement

Ken Crossman, Engineering division manager

HICA:

Kim Gleason

Dan Jensen

Ray Stephanson

Don Stark

Our overarching message: the HICA wants to establish a good, long-term relationship with the County; we don't want to pester about issues that should be resolved neighbor-to-neighbor and endeavor to do that first but would appreciate guidance and better understanding about when and how to bring issues directly to the County staff.

We acknowledged that the current issues with M.S. have brought things to a head, but that HICA is going to need to do some work on identifying environmentally critical areas on the island and informing our property owners and would need the County's help in the future.

Director McCrary's opening message: the County has been drawn into intra-island squabbles in the past; the island is isolated, and a lot of things have gone on there that just wouldn't be tolerated in other parts of the County; the planning and code enforcement staff only have the resources to respond to issues that are raised, they don't do pro-active enforcement; the County would appreciate improving its working relationship with HICA.

Have there been instances of land disturbance upon which County will follow up? Code enforcement staff stated that cutting of trees on a steep slope is a violation of County codes. Where that has occurred the property owner will need to apply for a Land Disturbance Permit and will have to hire a Geotech to prepare a mitigation plan that would be a part of the LD Permit. If a property owner unreasonably delays or refuses to comply, the County may include fines as part of the consequences. Mitigation will probably include the requirement to plant replacement trees. The county website lets people see the status of any complaint if they have the tax parcel ID number.

Other points made during the meeting:

- The County's highest priorities for enforcement would be grading/clearing and land disturbance; activities in critical areas like steep slopes and wetlands; and anything within 150' of mean high tide.
- Lots under 7000 sq ft are not reviewed unless they are in an impacted area. It is costly to pursue most everything in dispute and takes a lot of time and resource
- 2015 regulation – setbacks at 2x height of the bank. Plus Geotech rulings lately have been imposing greater setback requirements for placing homes.
- It is good to try to address/settle neighbor to neighbor issues before they need to be escalated to the county. It is Mike McCrary's experience that complaints usually generate counter – complaints which can quickly escalate and cost lots of time and money.
- Because of appeals and the need to engage independent experts, it takes a long time for enforcement actions to be completed.
- When the island develops a land clearing policy for the island or any other policy that has to do with critical areas, the county will gladly look at them and give us feedback.
- Both staff and Director McCrary agreed to take calls from us when we feel we need something extra in the process.

Don: Dan, Ray, Kim and I met with Snohomish County Planning Department (SCPD) on Sept 14, 2021. Meeting included Snohomish Co Planning Director, Head of Engineering Division and Code enforcement. Objective: Clarity on how to work productively with the County and get faster service. Seeking to ensure our approach will achieve the best result. They could potentially come to Hat Island to help with enforcement of issues on Hat. Meeting was productive, names, faces and exchanged contact

information to help with informal and formal communications. We facilitated a site visit to Hat Island with Head of Code Enforcement Officer and one of his employees.

SCPD toured island and observed clearing and damage to properties. Cutting of trees on steep slope, wetlands and other critical areas are highest priority for them. County concurred cutting of trees on steep slope is a violation of Country Code and will be addressed.

SCPD Director stated that Hat Island has both suffered and enjoyed the distance from County Code enforcement. The County is not happy with all that has occurred on Hat Island. County desires that we settle differences between neighbors and seek County engagement when larger issues require addressing.

Don: Planning department clearing land of brush not about safety, but cutting trees on steep slope is a county issue. Irrevocable issue to cut trees.

Erik: How neighbors settle differences, depending on your relationship with a neighbor could be problematic. Community input?

Dan: Suggests first contact with the office- try to do mediation

Erik: Do we really want to get involved in neighbor to neighbor disputes?

Erik: Community is frustrated by Board lack of enforcement.

Dan: Tried to enforce County Code violations in the past but proved difficult. The meeting with the county was productive and we have opened a line of communication which will help going forward.

Kim: Speeding on the Island issue- need to enforce.

Group Conversation: Sometimes people wanted enforcement of others, but not of themselves. Survey of community showed they don't want enforcement.

Kim: We should not have to push so hard to get the county here. We ask an owner to stop cutting trees and by the time the County comes it is too late, the trees are gone.

Paula: If we provide transportation for them to come that will help.

General conversation: We offered to provide transportation to the SCPD, and it was welcomed.

Ray: There are only 4 code enforcement officers for the entire county, they are understaffed. Hat Island is out of sight out of mind which is both good and bad. Hat Island can have a stricter policy than the county. We need to find the right balance. We do not want to be in the business of policing homeowners. More conversation once we have a broader understanding of the county.

Erik: Should we meet with them once a quarter? Is there a Hat Island champion within the SCPD? Mike McCrary is too high up.

Aimee: Thank you to all for starting the conversation.

Don: Thanks Aimee, it starts the foundation and beginning of understanding each other's issues. Mike McCrary is highly thought of and has a great reputation. We need to be respectful of SCPD's time.

Conversation: Maybe we could build on relationships with other county agencies like the County Sheriff in partnership with the newly formed Safety Committee. Desire to grow our relationships and foster carefully to build on the partnerships.

Paula: Great first steps, thank you.

Discussion about Augmenting General Counsel

Erik: We need to look at expanding our attorneys beyond Jeremy Stilwell with Barker Martin. Jeremy is pretty busy with other island business already. It is time to start interviewing other attorneys who have expertise with utilities and laws regarding municipalities.

Ginger Harmon: We had an attorney that we used in the past.

Dan: Start with Public Utilities Commission.

Erik: Want input but want to make sure we have picture of what is needed.

Group discussion: The laws regulating public utilities.

Ray: The situation for Hat Island is complicated by the Tulalip Tribes right away for the land. The legal challenge is with the Tribes not PUD. We should look at alternatives. Tulalip Tribes have not always had good experience with Hat Island residence.

Dan: We are looking at alternatives.

Erik: PUD did not look at alternatives. What are our alternatives if this does not work?

General discussion: Theoretically we will finish laying new cable 2 months prior to the lease running out with the Tulalip Tribes. Good idea to seek legal counsel to better understand our rights with PUD in event that negotiations with the Tulalip Tribes are not successful.

Erik: Jeremy (legal) is too slammed with other island business to deal with PUD. Jeremy's expertise is HOA's, not public utilities.

Paula: Do we need to add budget?

Dan: Good call, we will look at adding it to the 2022 budget.

General conversation: Compare the legal fee structure of Barker Martin (Jeremy Stilwell) with potential new firms.

Dan: We do need HOA experts, nearly all our legal work is tied up with disputes with Matt Surowiecki disputes.

Erik and Ray: Volunteer to help interview potential new legal counsel.

Erik: Would like someone local who would be willing to come to Hat. It will be good to have more than one firm to augment the Island legal help.

Paula: Will reach out to HOA board of Decatur, a private island in the San Juan's, to see if they have an attorney that they are happy with.

Topic not on agenda: Island Manager inclusion in Board emails/Board Executive Sessions

Erik: Concern that you (Paula) stated that Kim (Island Manager) is CEO of the Island. That you (Paula) intended to forward emails to Kim if she is left off emails.

Paula: Kim is the eyes and ears of the island, she has critical information that we need unless the meeting /email is about her.

Erik: Where in the bylaws does it say this? If Kim is involved and we get sued, then what is our defense? Kim is paid, Board is volunteers and the Board makes decisions.

Paula: Kim has insight to the workings of the island.

Erik: Show me the RCW or something.

Aimee: Is this on the agenda?

Erik: Want to make sure we are doing things correctly. You (Paula) say it like you have authority to send it (forward emails) to Kim.

Ray: I want to see the documents. If our bylaws are not clear, let's clarify.

It is my experience that when Boards go into executive's session we should announce why we are adjourning, for how long expected and if we expect to make an announcement afterwards.

Don: Want to clarify something about Board of Trustees. We might have a topic that is sensitive to Kim but Board of Trustees felt is important to share with other Trustees, but want to keep this between us for now, this violates Paula's theory.

General discussion: Talking on the phone vs email documentation. Not concerned this would happen all the time.

Aimee: Agree if it had something to do with Kim, then agree that is a personnel issue.

Erik: Issue with Paula statement –“if you do not include Kim in the email I will forward.” Paula, you are the President, but you just can’t say you are going to do this. We could bring Kim in as an executive assistant.

Paula: I have been on the Board since Mike McCarthy was Island Manager. I remember him being included in executive sessions.

Dan: By default the Island Manager should be included unless related to Kim or Island Manager personnel issue.

Don: That makes sense.

Dan: Discussing something not on the agenda.

Erik: Executive session is always scheduled- it is accepted that Kim is not invited unless we specifically invite her.

Don: We have executive sessions following most meetings, we do not announce who is attending.

Dan: Not an issue for public discussion.

Erik: If Kim always comes, then we say don’t come, then the assumption is that we are talking about Kim.

Paula: Do I have a motion to adjourn?

Aimee: Motions to adjourn.

Ray: Seconds.

All were in favor- Adjourned at 11:50am.

Notes: By Kelly Dukes are representative of the discussions.