

Agenda

Hat Island Board of Trustees Meeting
3616 Colby Ave PMB 335
Everett, WA 98201
(360) 444-6611

January 2, 2022

6:00pm via ZOOM

Meeting called meeting to order 6:00 pm

Attendees:

Paula Bafaro- President	Virtual
Dan Jensen- VP	Virtual
Don Stark- Treasure	Virtual
Kelly Dukes- Secretary	Virtual
Erik Smith- Trustee	Virtual
Aimee Chambers- Trustee	Virtual
Ray Stephanson – Trustee	Virtual
Kim Gleason- Island Manager	Virtual

Approve meeting minutes from November 20, 2021

Ray motion to approve the minutes.
Don seconds.

Vote to approve:

Paula Bafaro- President	yes
Dan Jensen- VP	yes
Don Stark- Treasure	yes
Kelly Dukes- Secretary	yes
Erik Smith- Trustee	yes
Aimee Chambers- Trustee	yes
Ray Stephanson - Trustee	yes

None opposed.
Minutes are approved.

Discussion of funding for the repair and replacement of failing north marina breakwater.

Dan:

The Finance Committee meet and reviewed the 3 bids we received for the repairing the failing north marina bulkhead. All 3 bidders are qualified to do the necessary repairs.

The low bidder did the repair several year ago in Conwell Park and did a great job and their bid came in at approximately \$160,000. The financing would come out of our reserve funds. We have \$120,000 in the marina reserve funds and have a large balance in our capital reserves. It is recommended that we take the remaining \$40,000-50,000 from capital reserves to fund the required repairs to the marina breakwater. This will still leave a healthy balance in the capital reserves fund.

We have reviewed the resolution that was developed with Jeremy Stillwell (Island attorney) when we did the emergency repair on the failing bulkhead in Conwell Park several years ago. That situation is similar, and the language was vetted to ensure compliance to RCW and our processes and is appropriate for use in this situation as well.

It is the Finance Committee recommendation that the HICA Board authorize the emergency repairs to be funded out of the marina and capital reserve funds.

The work must be completed by February 15, 2022, due to US Department of Fisheries and Wildlife regulations. The work would stop for 4-5 months due to spawning season. There is a concern that if we have another major storm coming from the north that the breakwater will fail and cause damage to the marina. As such, there is urgency to proceed as soon as possible.

Don:

I think it would be helpful for Keith Litchfield to provide an overview of the presentation he provided to the Finance Committee so that the HICA Board can better understand the situation. We are fortunate to have Keith Litchfield (island property owner and engineer by trade) and Steve Quartermain (new island property owner with expertise in permit writing) provide their expertise and help on behalf of the community.

Keith:

I have been working on this for approximately 3 weeks after notification of this issue in the first week of December 2021. It needs immediate attention. I looked at past work that has been done on the island and evaluated the permitting process for a breakwater. I have worked on hundreds of projects around Washington State and all over the United States as a Civil Engineer on various projects, but this is my first breakwater permit.

The scope of the project requires importing rocks and strategically placing them on the breakwater. The permitting process is threefold and includes Washington State Department of Fish and Wildlife, Snohomish County and Army Corp of Engineers. We require county, state, and federal permitting to proceed with the repairs.

Steve Quartermain has been helping with the project as well and has been a huge asset.

We started the application on the Joint Aquatic Resource Protection Application (JARPA) which goes to both the state (Washington State Department of Fish and

Wildlife) and federal (Army Corp of Engineers) agencies. Steve has done a ton of these and handled the submittals while I filled out the applications. The applications were submitted on Thursday 12/30/2021. Snohomish County has already provided as emergency approval to proceed, so we just need approval from the state and federal agencies to proceed.

Bids from three companies:

- A1 Construction- previously did the Conwell Park repair
 - Based in Friday Harbor (low bid)
- Redside Construction- previously did the Hat Island marina expansion
 - Based in Bainbridge Island (med bid)
- Waterfront Construction
 - Based in Seattle (high bid)

All three are competent companies and capable of doing the work.

A1 Construction, who is low bid, also performed the work on the Conwell Park bulkhead repair several years ago is recommended.

Construction timeline is critical as all marine work will stop for approximately 5 months from Feb 15, 2022, through July 15, 2022 due to environmental regulations.

We need to get this permitted quickly. Based on my conversations with the state and federal agencies they understand the urgency and I am confident they will act quickly to review and approve our emergency permit. It is my hope that we will be permitted by the first or second week in January 2022.

That fits well into the work window with A1 Construction as they will likely not be able to mobilize to start the work until the last week in January or first week in February. They expect it will take 2-3 weeks to complete the work.

Steve Quartermain and I have discussed our strategy on how to proceed if we require an extension on the permit in the event that all the work cannot be completed by the Feb 15, 2022 deadline. Possibly requires an extension of 1-2 weeks. Steve feels given his experience that an extension is possible in part because we are working on an existing footprint and not new construction.

My next step is to work on a contract with A1 Construction. Additionally, it will require a couple of addendums when we receive the permits. I have prepared a 5-page document which outlines the specifications, sections, and notes. This was also submitted to the State and Army Corp of Engineers as part of the permit application.

This document will be used by Matt at A1 Construction to construct the repairs to the breakwater. It is straightforward and requires two size rocks. Small, fractured rocks to

armor the area that is unprotected right now and followed up with large 3-5 man rocks which weigh 2,500- 5,000 pound each.

Discussion: Why we are authorizing \$175,000 when the bid came in at \$160,000?

Keith:

Actual bid is ~\$160,000 from A1 Construction but his bid was based on material quantity and some photographs. Since then, I have prepared plans with additional specifications including the addition of a heavy weight filter fabric which is put down before placing down the smaller filter rocks. The fabric is standard practice and was not included in the initial bid. There is some labor to lay down the fabric as well as the cost of the fabric material. It is not a ton extra, expect that it will come in at \$165,000- \$167,000 range, so the \$175,000 is just to ensure we have a margin of error.

Materials (small and large stones) are coming from Grant Falls and are readily available. They will be trucked to Everett then barged to the island and installed in the north marina breakwater. Approximately 350-450 TONS in materials.

Discussion: Marina reserve funds will be depleted, how to build up reserves again?

- Capital reserve funds can be used wherever needed in an emergency including the marina.
- Marina reserve fund can only be used for the marina
- RO reserve fund can only be used for RO

There has been some thoughts about if we should have separate reserve funds for marina, RO and Capital reserves. Fundamentally it is all the same dollars, and we can look at how we do this in the future to determine if we desire to make any changes.

This was a storm related event that may happen every 50 years and cannot easily be amortized and anticipated.

Those things that we can amortize we should and will continue. We will also maintain healthy capital reserves. The Board has done a good job anticipating and planning for those things than can be predicted and protecting against the unexpected. The Board has been very fiscally responsible, and this has served us well. We have reserves in excess of a million dollars which has been fiscally prudent and served us well.

Our cash reserves also have 3 months of operating expenses. Potential to examine insurance to consider if insuring the marina bulkhead is possible. We are not currently covered but are requesting quotes. It may be very expensive, and we may be better off self-insuring. It is expected that this repair will last a lifetime and will outlast most of us on the island. This is the first work on the north marina wall in decades and could not have been predicted.

Recommendation to use language previously vetted with Jeremy (island attorney) for the repair of Conwell Park bulkhead several years ago.

**Resolution to Authorize the Repair and Replacement of the
North Marina Bulkhead/Seawall**

Whereas, the Association is currently facing an unforeseen and urgent repair and replacement of the bulkhead/seawall protecting the north end of the Hat Island Marina;

Whereas, the Association has procured bid proposals for repair and replacement of the bulkhead/seawall, including necessary permits and engineering, for a cost not to exceed \$175,000;

Whereas, the HICA CC&Rs in paragraph 21 provide that there shall be easements for roads and utilities “as shown on the plat” and that the “club” (HICA’s predecessor) shall maintain “said facilities”;

Whereas, HICA’s By-Laws, Article VI “Power and Duties of Trustees” provides in Section 1 as follows: “it is hereby expressly declared that the trustees’ powers shall include but not be limited to providing and maintaining roads, recreational facilities, transportation and water”;

Whereas, the Hat Island Marina is a recreational facility, and a Capital asset of the Association;

Whereas, the HICA Marina and Capital Reserve Accounts have sufficient funds to pay the cost of the repair and replacement of the North Marina Breakwater/Seawall, **without** a Special Assessment;

Whereas, the By-Laws, Article VI, Section 4’s restriction on the Board’s approval of amendment to the budget “not to exceed \$10,000 by item” is **not** applicable because the Board is not amending the budget and not using budgeted funds;

Whereas, HICA’s By-Laws, Article 1, Section 4 provides that where the By-Laws conflict with the Revised Code of Washington, the revised code prevails; and

Whereas, Washington law governing HICA provides in RCW 64.38.075 as follows: “Reserve Account-Withdrawals- An association may withdraw funds from its reserve account to pay for **unforeseen or unbudgeted costs** that are unrelated to maintenance, repair or replacement of the reserve components. ...Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included the reserve study **may be made from the reserve account without meeting the notification or repayment requirements under this section.**”;

Now, Therefore, the Board of Trustees of HICA hereby adopts a Resolution authorizing the Island Manger to execute contracts in the Association’s name to repair and replace the north marina bulkhead/seawall, including the necessary permits and engineering, for a cost not to

exceed \$175,000.00 with payment of said costs to be made out of the Marina and Capital Reserve Accounts and **no Special Assessment.**

Dan- Motions to approve the resolution.

Don- Seconds

Vote to approve:

Paula Bafaro- President	yes
Dan Jensen- VP	yes
Don Stark- Treasure	yes
Kelly Dukes- Secretary	yes
Erik Smith- Trustee	yes
Aimee Chambers- Trustee	yes
Ray Stephanson - Trustee	yes

None opposed.

Minutes are approved.

Meeting adjourned at 6:35