

Sheepscot Island Company
MacMahan Island
3 Martin Road, Georgetown Maine, 04548

February 2020

To the MacMahan Community:

Best wishes for the new year! I hope you are weathering the winter well and looking forward to warmer times on the island this Summer. Anticipating the coming season, I want to share various items with you.

In general, the Island has fared well so far this Winter. However, in the late Fall there was a severe storm that knocked down trees, particularly on the southeast part of the island. Some of these trees are too large for our island team to handle, so Chris is arranging for Jerrod Hawkes to come in the Spring. He has (or will) contact cottage owners about specific tree damage on their property. Anyone who has additional tree work they want done should contact Chris so Jerrod can schedule appropriately.

The Finance Committee has been hard at work reviewing the 2019 season and SICO's overall financial status. Based on their review, the Board concluded that whereas we have a goal to fully eliminate the surcharges that were put in place to recover conversion costs, we should proceed cautiously and conservatively, particularly considering two big-ticket items I will describe below. Consequently, we chose to leave the assessment amount unchanged for 2020 at \$2300, but to split the billing as \$2100 due in February and the remaining \$200 in the Fall. If the season plays out as hoped, the Board reserved the right to reduce or eliminate this second bill. Based on that, cottagers should pay only the first billing this Spring, not the full amount as some have done in the past. That will make it simpler for us to assess status as the year plays out.

Martha Kennedy reports that there is still some money left in the Island Assistance Fund. Because we are heading toward reducing the assessment to the pre-conversion level, no further contributions to the fund are needed. But those who need help meeting the bill should again apply to Martha for assistance (mkenned2@jhmi.edu). As in the past, both the application and the amounts paid out will be kept completely confidential (only Martha knows!).

The Finance Committee also reviewed SICO's fee schedule, which has remained essentially unchanged for at least 8 years. Based on comparison with rates for comparable services from mainland providers, they proposed modest increases in various fees, particularly those involving labor. The new amounts would still be significantly less than mainland competitors, but we must always remember that we are

not-for-profit, there is extra cost for transportation of off-island contractors, and there can be more difficulty with scheduling non-SICO workers. The Board also discussed having inflation-based incremental increases in fees in coming years so that in the future we won't find ourselves in the position of falling so far below costs that we need to make large increases. The Board will review these proposals again at our next meeting and will set the 2020 fees before the opening of the season.

For some time now, Chris has had rebuilding of the West Float as a planned major project. The main float is deteriorating and is too large for SICO to haul for repair. He is working on a proposal involving several smaller floats, more akin to the Georgetown Landing and Marina Dock systems as well as improved finger floats. He will present ideas for community discussion at meetings this Summer. The actual work would take place in the Fall. This work would not likely qualify for a loan, so would have to be paid using a combination of capital account and operating surplus. Chris estimates the cost at about \$30-35k.

The other major expense we are facing is replacement of the Island Raider. This has also been in the capital plan for a number of years, and it seems the time has arrived. Last year Chris and Ernie did some emergency engine repairs to keep the Raider running, but Chris remains concerned that it could break down again at any time. There is also rot that is weakening the cabin roof. A breakdown during our active season would be a disaster! A full repair would require taking the boat out of service for an extended period and would cost considerably more than its remaining value even after the repair. Therefore, the Board concluded that the time has come to seek a replacement and authorized Chris to start shopping. He estimates that a suitable boat and motor are likely to cost in the neighborhood of \$90k. Instead of depleting the capital account, we will finance as much of the cost as possible and use a combination of capital account and operating surplus to pay the interest.

The Board concluded that Island Raider II would be a somewhat uncreative name for the new boat. We encourage all Islanders to submit suggested names to Chris or me and we will have a contest to select the winner!

The good news coming out of these major expenses is that the remaining items identified in the long-term capital plan are far smaller. Barring an unforeseen catastrophe, we will be in good shape for some years to come.

Sincerely,

Stephen Baumgartner
President, Sheepscot Island Company