

IWA PIPELINE

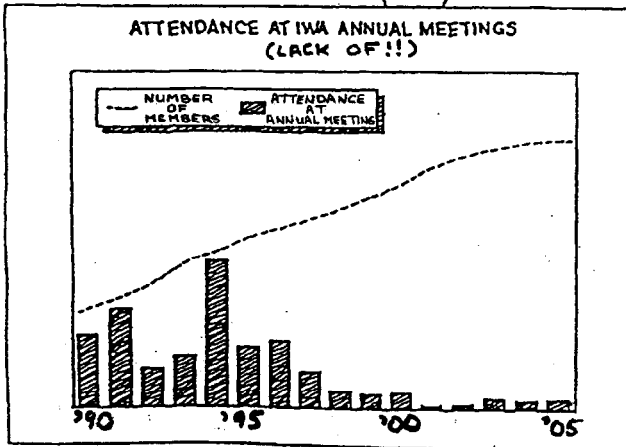
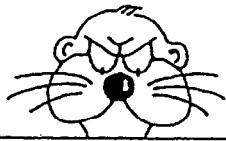


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3651 Sanibel-Captiva Road, Sanibel, FL 33957 • <http://www.islandwater.com>

Office Hours: 8:30 a.m. – 4:30 p.m. • Phone: (239) 472-1502

Y'ALL COME, Y'HEAR!



This year, IWA's Annual Meeting will be held on Monday, April 9, 2007 at 10 a.m. in our offices at 3651 Sanibel Captiva Road. Those wishing to participate in person and/or cast ballots at the meeting must register at the tellers' table between the hours of 9:00 a.m. and 10:00 a.m. at the meeting location. In the event you will not be in attendance, please sign, date, and mail your proxy to the Head Teller. It must be received by Friday, April 6, 2007. Further materials relating to this meeting are enclosed with this Newsletter. **PLEASE** vote your proxy and return it to us as soon as possible.

The Nominating Committee met on January 23, 2007 to select candidates for the three vacancies on the Board of Directors this year. Name1 and Name2, currently serving Board members, were nominated for second two-year terms. Name3 was nominated to serve his first term. Brief resumes for the nominees are enclosed on a sepa-

rate sheet.

We will have the customary coffee and doughnuts available before the meeting begins. Also, as has been the case at the last few Annual Meetings, we'll be happy to give everyone a tour of our facilities after the meeting is over. We encourage all attending Members to take advantage of this opportunity to see where and how our drinking water is made on the islands and to meet some of our dedicated employees.

So mark your calendars for April 9th and plan to attend. We'd like to see **YOU** at our Annual Meeting this year! It will be a great opportunity to learn about your water company and the issues and challenges we face in providing safe and reliable drinking water to Sanibel and Captiva Island. All of our Members own a part of IWA, and this is your chance to participate in its operation and to ask whatever questions you may have.

2007 BUDGET APPROVED

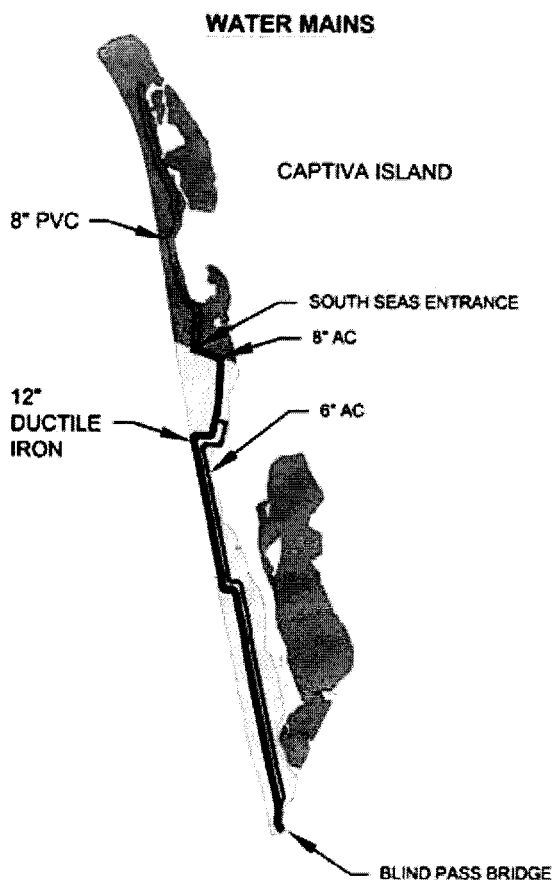
After reviewing our financial performance in 2006 and our resulting overall financial condition, the IWA Board approved a new budget for 2007.

For 2006, our expenditures totaled \$5.9 million, versus income of \$6.3 million. The reserves at the end of 2006 were about 7.0 million which is well above the 3.7 million minimum reserve set by the Board. 2006 was a good financial year due to a friendly hurricane season and a normal rainfall year. Of course our dedicated and experienced staff was also a very positive factor in the successful year!

The 2007 budget will hit our reserves hard due to the large Captiva main replacement project. The 2007 revenues are projected to be 6.3 million against 9.4 million in expenditures. The short fall will be drawn from reserves and is largely due to the 3.6 million capital budget, most of which is for the new main project. IWA has been able to main-

tain stable rates due to improving efficiencies and a stable workforce. In fact we have not had a rate increase since 1992! In 2008 or 2009 we may be faced with dealing with the "R" word (rate increase). We will do our best to continue our operation in a financially responsible manner.

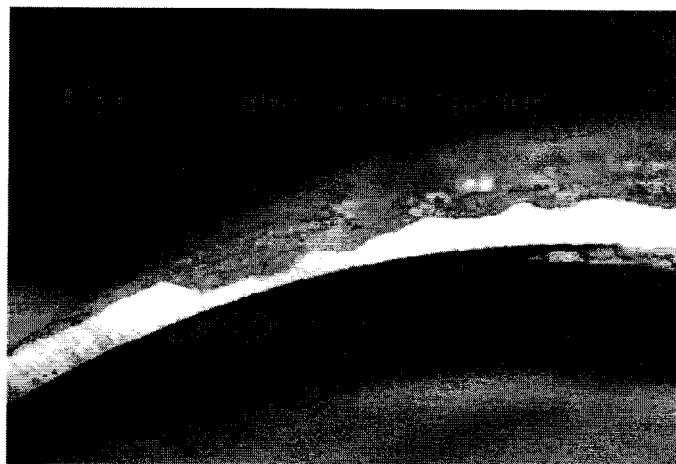
CAPTIVA MAIN PROJECT



On a cold and rainy night in November 2006 we experienced a line break on our Captiva 12" ductile iron main. Our distribution crew that dug up and repaired the main came back wet and with some troubling pipe corrosion concerns. The main was installed twenty six-years ago. The salty ground water has been quietly working on the iron pipe like termites in soft pine. The main is located in the center of the gulf side traffic lane. The 12" main runs from the Blind Pass Bridge north to near the entrance of South Seas. We decided it would be prudent to investigate further. The Ductile Iron Pipe Research Association (DIPRA) was contacted along with a second corrosion expert to come evaluate the pipe's condition. We scheduled an inspection date and opened up four test sites to expose the pipe. Exposing the pipe is not a simple matter since it is located under the pavement. Lee County has been very generous with its

asphalt applications. The pavement is quite thick along much of Captiva Drive.

About thirty feet of pipe was removed as part of the inspection and testing process. It was confirmed that the pipe has to be replaced. On January 23, 2007 the IWA Board of Directors approved the project. At a cost of over three million dollars it will be one of the largest projects IWA has undertaken. Engineering, permitting, and contracting will begin immediately on an expedited basis. The pipe will be laid along the easement on the bay side of Captiva Drive. About 8,200' of the pipe will be upgraded to a larger 16" PVC pipe, which should assure adequate capacity to meet the increasing water demands on Captiva Island. Perhaps the business man in the movie "The Graduate" was on to something when he was promoting 'Plastics.'



BOARD OF DIRECTORS ROLL CALL

The Island Water Association was incorporated in 1965 as a non-profit water utility. By-laws were adopted that established a five member board of directors to be elected by the membership. The directors serve in unpaid positions unless one considers the free donuts provided at the monthly meetings to be compensation. We have been very fortunate over the years to have a high caliber and skilled group of residents to draw from.

Your water company has been guided by leaders in business, engineering, HR, the legal field, chemists, and the list goes on. We have been blessed with a wealth of experience and expertise that has helped shape our policies and procedures. Our directors can serve up to three two-year terms on the board. To date we have had fifty community oriented directors that have served over the past forty-one years. You may recognize some of the names on the directors honor roll. The next time you are out and about and run into one of our past or present board members (see following list), shake their hand and thank them for being a

good citizen and helping to make our community better due to their efforts.

BOARD OF DIRECTORS ROLL CALL	YEARS
John Kontinos	1965 - 1971
Paul Stahlin	1966 - 1971
F.P. Bailey	1965 - 1970
E.G. Konrad	1965 - 1968
C. Smith Kauffman	1965
Joseph Green	1965 - 1970
Paul Everett	1965
Marshall Holtz	1969 - 1970
C. Colin Gordon	1971 - 1972
B.K. Tremaine	1971 - 1972
Walter Emmons	1971 - 1973
Warren R. Tucker	1972 - 1974
J. Cecil Rhodes	1973 - 1975
G. Byron Kirby	1972 - 1976
James L. Robson	1973 - 1979
Jack R. Ronk	1974 - 1979
John B. Cook	1975 - 1985
C. Don Seymour	1976 - 1978
J.G. Winterrowd	1977 - 1980
Arthur Wycoff	1978 - 1981
Richard M. Wilson	1980 - 1982
Charles W. Stevens	1979 - 1980
Carol B. Davenport	1979 - 1983
Lothrop Withington	1980 - 1981
John T. Burr	1981 - 1983
Milton H. Scheiter	1981 - 1984
Alexander Wadkovsky	1982 - 1983
Richard M. Wilson	1983 - 1985
William D. Angst	1983 - 1989
C.H. Brooks	1983 - 1990
William T. Lees, Jr.	1984 - 1988
Everett D. Kilmer	1985 - 1988
James P. Hermes	1985 - 1992
Thomas A. Sharp	1988 - 1993
Robert M. Coyne	1988 - 1989
Warren E. Deuber	1989 - 1995
Ernst W. B. Hoen	1989 - 1995
Abbott Byfield	1990 - 1993
Robert J. Wigley	1992 - 1998
Timothy Gardner	1993 - 1999
Harley Derleth	1993 - 2000
Paul E. Garvey	1995 - 2001
Paul R. Storves	1995 - 1998
Richard A. Calabrese	1998 - 2002
Robert B. Davsion	1998 - 2005
Stella E. Farwell	1999 - 2005
Andrew J. Schroder	2000 - 2006
David H. Demaree	2001 - 2007
Robert J. Wigley	2002-
William W. Fenniman	2005
Timothy Gardner	2005-
Robert E. Lindman	2006-

A DEEP SUBJECT



From time to time, we get questions from our Members regarding the drilling of private irrigation wells as an alternative to using our potable water supply for that purpose. One Member suggested that we write about this subject in the next edition of our newsletter. That's an excellent idea, and we are always appreciative of suggestions for potentially useful subjects about which to write.

A lot can be said about the "pros" and "cons" of private irrigation wells. On the "pro" side:

- The water is "free," except for drilling costs (\$2,500, or more), electricity for running the pump, and periodic maintenance and repairs.
- Every gallon of water pumped out of the well is available for irrigation. On the other hand, if IWA water is used for irrigation, it takes 5 gallons pumped from our wells to result in just 4 gallons of water available for irrigation. Therefore, ***IF*** the same number of gallons are used, 20% less water is withdrawn from the underground water supply, thereby lessening adverse environmental impacts.

However, there are also some points on the "con" side:

- There are no guarantees on the quality of water that will flow from any well that is drilled. Even two nearby wells can yield remarkably different water qualities. If the water is too salty, it could damage and/or kill vegetation. The only solution might be to blend the well water with IWA's water, which adds considerable cost and complexity to the irrigation system, plus operating costs obviously increase as well.
- Although, as mentioned above, for the same amount of water through the irrigation system, well water is easier on the underground water supply. However, experience indicates that people with irrigation wells

almost always put more water on the ground, since it is "free," and the resulting impact on the water supply is just the opposite. In fact, there have been cases where one Member uses so much water from his well, that his neighbor's well goes dry.

- IWA makes less money from water sales. Oh no ... wait a minute. That's probably not a "con" in most peoples' eyes! It probably depends a lot on one's perspective.

So, as you can see, deciding whether or not to drill a private irrigation well, is not a simple decision.

In addition to the above considerations, anyone who is contemplating drilling an irrigation well should be aware that there are permitting requirements, which may add to the cost of the well. These requirements vary, depending on the governmental jurisdiction(s) involved, whether The City of Sanibel and/or Lee County. In addition, for wells over 4 inches in diameter, the South Florida Water Management District may get involved.

Finally, if you are contemplating drilling a well, make sure that you choose a well driller who is experienced in drilling on our islands. The geology on the islands can be quite different from that on the mainland. If the driller is inexperienced in drilling on the islands, you may end up with an unusable well, due to incorrect construction details that result in an unnecessarily high salt content in the water.

If you have any questions on this subject, feel free to give Rich Calabrese, our Chief Engineer, a call on (239) 472-2113 (X129). Rich is not a hydrogeologist or a well driller, but he has a lot of experience in this matter, and he may be able to help you avoid a costly mistake.

MEET DENES HUSTY



Denes Husty IV joined us as the newest IWA "family" member on December 18, 2006. Denes has filled the Senior Electronics Technician/ Industrial Electrician position and he is responsible for maintaining all electrical and electronic equipment that support the Reverse Osmosis Plant along with other vital equipment needed in our operation.

Denes was trained by the US Navy as a nuclear electrician. Hopefully the only thing he will see around here that glows in the dark is the personalities of his co-workers.

Denes was born in Naples, grew up in South Fort Myers and is a graduate of Estero High School. Denes resides in Estero with his wife Ryann and their four young children. We suspect his is as busy at home as he is here at work. Denes likes to spend time with his family, play sport, and fish during his time off. Welcome aboard!

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