



# IWA PIPELINE



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ã **THE ISLAND WATER ASSOCIATION, INC. • SUMMER 2002 • VOLUME 25 ISSUE 2**  
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## 2002 ANNUAL MEETING

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On April 8, 2002, the Annual Meeting of The Island Water Association, Inc. was held in the Association's offices.

President Richard Calabrese reported on the state of the Company, emphasizing the efficiency with which the water utility is operated. He credited much of the success of IWA to the dedication and expertise of its employees. Mr. Calabrese discussed the diversified backgrounds and qualifications of those on the Board of Directors, which he believes helps them to examine issues from different viewpoints. He concluded his remarks by stating that the Board's main goals are to look-out for the best interests of its Members and to provide them with the best possible water at the lowest possible cost.

Vice President/Treasurer Robert Davison presented the Treasurer's report. He indicated that IWA's water sales revenue in 2001 had been about equal to that in 2000, while operating and maintenance expenses had increased by 6.5%. Mr. Davison also noted that IWA's reserves and debt had remained relatively constant, with reserves still exceeding debt by over \$1 million. Overall, he concluded that IWA remains very financially sound.

General Manager Roger Blind then presented his annual report on operations and accomplishments in 2001, and plans for 2002. He said that water production in 2001 was down 3.8% versus 2000. He reiterated IWA's very strong financial condition and attributed a significant portion of the excellent financial performance to continued cost consciousness on the part of all employees. Mr. Blind then discussed accomplishments in 2001, highlighting completion of the new hurricane-resistant parking garage, numerous piping system upgrades, improvements to the security of IWA's facilities in the wake of

9/11, and new lower energy RO membranes. He also discussed the need for maintenance on the deep injection well, resulting from a higher than expected Chlorine level in the injected fluid. For 2002, he noted that IWA would undertake 35 capital projects, costing \$1.8 million, the most notable of which will be injection well maintenance, at over \$600,000.

A restatement of the IWA Bylaws, which was approved by the Board of Directors on September 25, 2001, was unanimously endorsed by the Membership.

Finally, Directors Richard Calabrese and Andrew Schroder were both re-elected to new 2 year terms.

After the Annual Meeting, Directors met to select officers for the 2002-2003 year. Richard Calabrese was elected President. Stella Farwell was elected Vice President/Secretary. Robert Davison was elected Vice President/Treasurer. Andrew Schroder and David Demaree were elected Vice Presidents.

## FOURTH ANNUAL CCR ISSUED

By law, all water utilities, including IWA, are required to issue a Consumer Confidence Report (CCR) to all their customers once a year, before July 1st. Our 2002 issue will probably arrive about the same time as this newsletter. Be on the lookout for this important document.

The CCR is intended to inform you about the quality of our water, which we are happy to report, remains excellent. Our goal at IWA is, and always has been, to provide you with a safe and dependable supply of drinking water at a reasonable cost. This past year, we are pleased to report once again that our drinking water was safe and met and exceeded all federal and state requirements.

If you have any questions about the CCR or

any other aspect of your IWA water quality, please call Phil Noe, our Production Manager, at (239) 472-2113 (extension 122).

## COMPUTERIZED WATER

The Information Technology Department at IWA oversees our network of PC's, mainframe computer, phone system, and a tangle of switches and wires. We use the following "guiding principles" to help us decide when and how to implement new information technology:

- Stay current and use off-the-shelf, emerging technology.
- Define the goal of technology before buying it.
- Get the maximum "bang" for our bucks.
- Support learning and teaching.
- Have a backup plan.
- Information is good. Share it. Wisely.

We use these principles to keep our business operations at a high level of efficiency, while minimizing our costs. Recently, as a result of security concerns, we had to update the last of these principles (regarding sharing information) to include the word "Wisely." We want to give access to everyone who may have a use for the information, but we need to ensure that all access is appropriate and authorized.

We have a dedicated high speed connection to the Internet at Island Water. We use this for access to all types of information, as well as for communication via e-mail and hosting our website ([www.islandwater.com](http://www.islandwater.com)). As important as it is to allow access to the vast resources on the web, we have had to put an equal emphasis on preventing unauthorized users from trying to access our network from the internet. In the last two months, we have taken several steps to improve the security of our network.

Just as many people got flu shots this year, we have installed anti-virus protection on our computers to ward off any infection. We have also improved password protection for our users to better prevent unauthorized access. We put in a "firewall system" and reconfigured our machines to draw a clear line defining where our network stops and the Internet starts. Finally, our history and data files were filling up the storage space on our server, so we installed a new server with more storage space. We can now continue to centralize our data so that it is easier to find and use.

It will be a continual effort to maintain this new improved level of information security, but it is



a task that we take very seriously, similar to all other aspects of the security of our facilities.

## HIGH TECH GUARD

At IWA, we took the potential threat to our water supply after the September 11th disaster very seriously. We began to tighten-up the security of our facilities immediately, utilizing a variety of measures. One of the first things we did, based on advice from local law enforcement officials, was to control access to our site more closely. We contracted with AAA Security of Fort Myers for a guard to screen everyone accessing our treatment plant site, and, to a lesser extent, those visiting our business office. That guard service has now been in place for 8 months. Although the media hype about water treatment plant terrorism threats has somewhat subsided, we continue to receive information from federal and state agencies indicating that the threat remains real. Therefore, we have decided that it would not be prudent to drop our guard (figuratively and literally) in the foreseeable future.

When we decided that we were going to maintain the current level of security, we realized that we were going to have to provide an air conditioned guard house at our front gate to make working conditions more reasonable in the summer heat. The cost of that facility was going to be around \$15,000. When you add the ongoing cost of around \$30,000 per year for the guard service, we were looking at a considerable unexpected expenditure. Our Maintenance Manager, John Leiter, suggested that we consider a high tech alternative. John and his employees have designed, built and installed a dual camera ID station, complete with recording capability. This new equipment will record a picture of the driver's ID and face as he phones into our front office for permission to enter our treatment plant site. We believe this will provide us with the same or better

level of security, at a cost of only around \$7,000, with no significant ongoing costs. The new system is scheduled to be fully operational by July 1st. John and his employees are to be congratulated for suggesting and implementing this money-saving security alternative.

Sometimes technology can really save us money. This is one of those times!

## **IT'S THAT TIME AGAIN!**

Although island weather had been very dry for the last few weeks before this newsletter was being written, this year's hurricane season is just around the corner. The "official" forecast for this year is again for above average activity, with 12 named storms, including 7 hurricanes, 3 of which are forecast to be intense hurricanes. The period from 1995 through 2001 has been the most active 7-year period in history, and the forecast for 2002 looks like it may extend that record for another year. The probability of a major storm making landfall on the east coast of the USA (including Florida) is forecast to be 57%, versus an average over the last century of 31%. On the other hand, out of the last 19 Atlantic hurricanes over the last 2.5 years, not a single one has made landfall in the USA, which is the first time such a long period without a landfall has occurred in recorded history. Hopefully, we will continue our string of good luck for many years to come!

However, just in case we do have to deal with a storm in our area this year, IWA is better prepared than ever before. We have now completed our new hurricane-resistant parking garage, so that we can protect our vital vehicles and equipment during a storm. Our fixed and portable generators (5 of them) are tested and ready for action. We have updated our formal plan of action and replenished our emergency food supply. We believe we are as ready as we can be for whatever happens this year. Critical IWA employees will remain on the island for storms of Category 2 or less. For major storms of Category 3 or higher, we will switch our distribution system to auxiliary power and leave the island until the storm has abated.

Here's hoping all this preparation was just an unnecessary precaution for yet another year!!

## **IT'S NOT US!!!**

Recently, we have become aware of someone contacting our Members, claiming to represent the "water company," and asking to take

water samples inside their homes. We believe the person actually represents a seller of home water treatment systems and he/she is using our name to get their foot in the door to sell their equipment. We do not appreciate this misrepresentation, and we have notified law enforcement of our concerns.

"Do It Yourself," or home water treatment, is a subject that comes up every so often, for a variety of reasons. Often an IWA Member will just want to improve upon our already great water quality in some way. Home treatment systems in use around the islands include filtration, activated carbon, softeners and reverse osmosis. Some Members use "point of consumption" (e.g.: sink) units, while others treat 100% of the water they consume. At IWA, we are quite familiar with these systems, and we are often asked for our advice when a Member is considering such an installation.

We want to assure our Members that our water meets and exceeds all governmental regulations as to quality, and it is safe to consume and use for any purpose. Filtration units only remove particulates, such as sand, which does occasionally enter our distribution system in small amounts after leak repairs, despite our best efforts to flush it out. The particulates do not present a health hazard, but they may occasionally plug household appliances like ice cube makers. Activated carbon units provide some degree of filtration and also remove some or all of the Chlorine in the water, which imparts a taste that some people dislike. Chlorine is required in our water for disinfection purposes. Removing it may open the door to bacteriological contamination in home plumbing systems, particularly if the unit isn't properly maintained. Water softeners are totally unnecessary on the islands and should not be used. Our water is already quite soft, and the use of a softening unit just adds to the Sodium level of the water, which is already moderately high as a result of the salty nature of our raw water source. Reverse Osmosis (RO) units are usually installed on a single faucet. Our water has already been treated by the RO process. Home RO units do remove a few of the remaining minerals in the water, but may result in a more "bland" tasting water.

Home treatment units should always be installed at the "point of consumption", not on 100% of the water entering the home. There is no need to treat water used for bathing, flushing toilets, washing clothes and watering lawns. Whole house units that treat 100% of the water are frequently under-sized and problems with plugging, etc. are common.

If you have any questions about home treatment units, call our Engineering Supervisor, Shelly Storves, at (239) 472-2113 (extension 130). If anyone visits your home asking for a water sample and claiming to represent IWA, ask to see their identification. If they refuse, please give us a call and let us know what happened. Thanks!

## REASONABLE COST

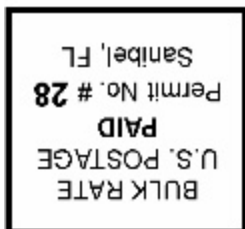
At IWA, our company mission statement is "Quality Water at Reasonable Cost." We believe we have adhered to that mission very well over the years. As detailed in the Consumer Confidence Report described elsewhere in this newsletter, our water quality meets and exceeds all federal and state quality requirements, as has always been the case. We believe our water rates are reasonable, although they are higher than some other local utilities. Some of them are lucky enough to have a raw water source that is easier and cheaper to treat than what we have with our barrier island location. Our raw water is brackish (moderately salty), and it requires desalting treatment by Reverse Osmosis, which is an expensive process.

Despite the inherent high costs of treating our water, IWA has an exemplary record of minimizing rate increases. We last increased our rates 10 years ago, in 1992, by around 25% to 30%. Then in 1994, we decreased rates by 7.5%. Going back even further into history, the previous rate increase was in 1978. Overall, we have had one rate increase, and one decrease in the last 24 years, with a net effect of a 20% increase. During the same time period, inflation has increased by 286%; gasoline has increased by 215%, and bread has increased by 202%. All these increases are over **ten times** the increase our Members have seen in

their water rates!

We are very proud of the way we have been able to minimize rate increases at IWA. We have been able to do this by carefully controlling our operating costs. To a large extent we have done this by implementing new technology whenever our analysis shows it to be cost effective. A good example is our continuous search for ways to reduce our electricity bill. Electricity is a large part of our operating costs, totaling over \$380,000 last year. Yet, on a gallon of water produced basis, we have reduced our electricity costs by 80% over the last 18 years! Of course another large part of our cost control effort just involves our employees working smart and hard. Counter to the practices of most other utilities, we tend to handle a lot of things with our own employees. For example, we rarely use outside engineering consultants, relying instead on our own engineers for permitting and design activities.

Although our water rates have been stable for a long time, ~~as they say, all good things have to come to an end. We can not reasonably expect that we will be able to avoid another rate increase forever. The effects of inflation are eventually~~ going to increase our costs to the point where an increase will be required. For example, the cost of health insurance for our employees is increasing at double digit rates every year. In addition, the City of Sanibel should be starting during the next year to supply treated effluent for use by some of our Members for irrigation purposes. While we strongly support this effort from a water conservation standpoint, it will decrease our revenue by 5 to 10%. Some, but not all, of that revenue decrease will be offset by decreased operating costs. Although there are a great many unknown factors, we have analyzed the situation



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