

CHANGING OF THE GUARD...

On April 30, 2010, Attorney Richard V. S. Roosa officially retired as IWA's attorney of record. Mr. Roosa served as IWA's general counsel for 25 years. Mr. Roosa was Educated in Florida, served as Assistant Lee County Attorney, Cape Coral City Attorney, Code Enforcement Attorney for Sanibel and Town Attorney of Fort Myers Beach along with thirty-five years in private practice of real estate and estate planning in Cape Coral. Mr. Roosa has done an excellent job of keeping IWA on a straight and narrow course over the years and his wisdom, expertise, judgment, and friendship will be greatly missed. Mr. Roosa has moved to the North Tampa area to be closer to family. We wish him well in all future endeavors.



Dick Roosa

In his place IWA has contracted with the Law Firm of Henderson, Franklin, Starnes and Holt, P.A., specifically David M. Platt, to represent IWA.

A Sanibel resident, Mr. Platt brings 25 years of experience as a business attorney to the table for IWA. While Mr. Platt will be our primary contact at Henderson|Franklin, the firm also offers IWA support in other specialized areas of practice, if needed. Welcome aboard, Mr. Platt!

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CONSUMER CONFIDENCE REPORT...

The 2010 edition of IWA's Annual Drinking Water Quality Report also known as a Consumer Confidence Report (CCR) is included as an insert with this newsletter. Combining the two documents helps minimize our postage costs. This EPA-required annual report covers our water quality for 2009. IWA's water meets and exceeds all water quality standards, as has always been the case in the past. Please read over this information when it arrives, and if you have any further water quality-related questions, just give our Production Manager, Phil Noe, a call on (239) 472-2113 (extension 122).

IN YEARS PAST...

45 Years Ago (1965)

IWA is incorporated in Lee County, and starts pumping water purchased from the Greater Pine Island Water Association. A subaqueous (underwater) line was laid between Woodring Road on Sanibel and St. James City on Pine Island.



37 Years Ago (1973)

IWA finally built its own water treatment plant utilizing electrodi-lysis to remove minerals from the well water. The ED Plant allowed IWA to discontinue the purchase of expensive water from the Greater Pine Island Water Association.

30 Years Ago (1980)

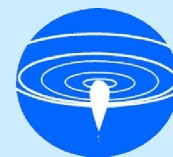
With the ED Plant running at full capacity, the Reverse Osmosis Plant is brought online with half capacity (3 trains). By 1995 the RO Plant is at full capacity (6 trains) and the ED Plant is taken off-line.

15 Years Ago (1995)

IWA completes a new office facility at the RO Plant site, allowing it to dismantle the ED Plant and old offices. The ED property is eventually sold.

6 Years Ago (2004)

Hurricane Charley hits the islands on August 13, the first hurricane to hit the islands in IWA's history. The facilities fare well, with minimal damage to the system and buildings. The islands are closed to residents for 5 days, allowing utility companies to repair infrastructure.



The Island Water Association, Inc.
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IWA PIPELINE



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Your 2010 Island Water Association Board Members



Jack Cunningham
Vice President

Bob Lindman
VP/Treasurer

Bill Carr
VP/Secretary

Bill Fenniman
President

Tim Gardner
Vice President

2010 ANNUAL MEETING

On April 12, 2010, The Annual Meeting of The Island Water Association, Inc. (IWA) was held at the Association's offices, located at 3651 Sanibel Captiva Rd.

Board President, William Fenniman, presented his President's Report pertaining to the state of the company. President Fenniman noted that like previous years, energy costs have had a major impact on IWA's bottom line, rising 10% over the last three years. Mr. Fenniman also reflected how the rate increase that was enacted in 2009 helped to offset the reduced revenue from water conservation and increased operational costs. Mr. Fenniman concluded his report by discussing what he sees as one of the greatest challenges facing IWA... its aging work force. He noted it will take considerable

effort and determination to train replacements for IWA's seasoned staff. President Fenniman concluded his time at the podium by honoring two of IWA's long time employees. Distribution Manager Robbie Smith, was presented with an award honoring his 20 years of service. Mr. Fenniman then presented a special award to General Manager, Rusty Isler, the first IWA employee to reach the 30 years of service mark. IWA was sad to see Director Robert Wigley's term on the Board come to an end. Bob has served two six-year terms on the Board of Directors. His business experi-



Bob Wigley

ence, positive attitude, and cool head will be greatly missed. Some say that even his Minnesota jokes will be missed.

Vice President/Treasurer, Robert Lindman, presented the Treasurer's report. He reported that IWA is a financially sound company. Mr. Lindman then stated that IWA's revenue in 2009 was up from 2008, at \$6.8 million, while total disbursements were \$6.0 million. The revenue increase was primarily due to the rate increase that went into effect in March of 2009. Copies of IWA's 2009 Audit and 2010 budget were made available at the meeting and are available upon request at IWA's front office.

Next, General Manager Rusty Isler gave his presentation of IWA's operations and accomplishments of 2009. Mr. Isler started by highlighting the company's exemplary safety record of 3,381 days without a lost time incident. He then described how produced water has been declining in recent years largely due to water conservation efforts, expansion of the City's reuse water system, and the poor economy. Even with water sales declining, revenues have remained relatively flat due to the 2009 rate increase.

Mr. Isler detailed the scheduled capital projects for 2010 which include a 16" well line, Blind Pass bridge crossing, the Sanibel Bayous main replacement, and the Orion AMR meter program. The General Manager then fielded several questions from the audience and invited everyone for a tour of our facilities which followed the meeting.

STORM SEASON PREPARTION...

By the time this newsletter is issued, it will be hurricane season 2010. We have completed our annual update to our Emergency Response Plan which includes our hurricane plan. Our emergency

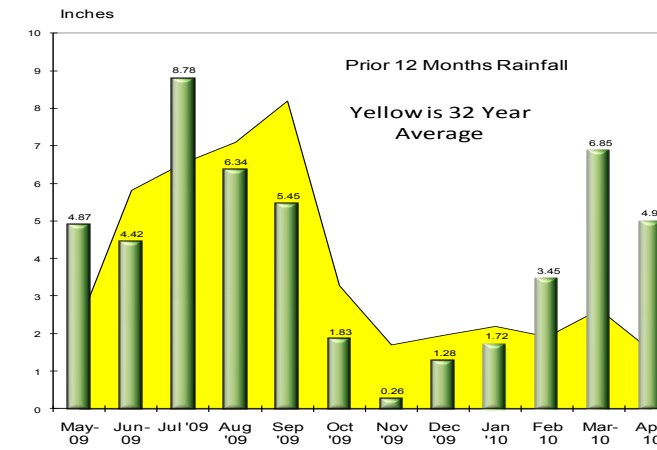


supplies and food pantry have been restocked and we have replenished our emergency reserves, as we do every year. IWA is as ready as we can be; however, we certainly hope that all of our preparations prove unnecessary this year. We like to encourage our members to turn off their house valves when they leave the Islands for storms or extended periods of time. Water breaks and leaks outside can be water wasteful and expensive. Water leaks inside an unoccupied home can be disastrous. Failed dishwasher, washing machine, and ice maker hoses can all lead to a very bad day inside an unoccupied home. There is one good side to storm season—more RAIN!

RAINFALL UP, REVENUE DOWN



With all the attention on water conservation these days, the drastic reduction in irrigation due to the above-average rainfall for the first four months of 2010 is a good thing. Though a good thing for water conservation, it is not-so-good for IWA revenues. With 17 inches of year-to-date rainfall through April, came a 14% drop in water production compared to the same period in 2009. The rainfall resulted in a 13.7% drop in revenue for the same period. Our year-to-date revenues are 18% below our budget projections. With no significant rainfall since April 26, we are looking for production and therefore revenues to rebound over the next few months. Beginning in mid June the normal summer rains should return again, keeping irrigation in check. Water conservation can be a double edged sword for a water utility during heavy rain events.



NEW 16" WELL LINE ...

One of our major capital improvement projects for 2010 is to replace about 3,600 feet of 12 inch well line with a larger 16 inch diameter pipe. The new pipeline will bring water from our 14 production wells to the Reverse Osmosis Plant (R.O. Plant), and will run on the west side of Sanibel Captiva Road starting just past C.R.O.W. The current well line was installed over thirty years ago and is inadequate for our current plant capacity. High pressures are required to pump well water to our R.O. Plant where it can be processed and treated. Higher pressure means more energy required which means more electricity which means higher costs. It is always nice to implement capital projects that can actually save money over future years by paying for themselves in lower energy costs.

Our new pipe is scheduled to arrive at the end of May. Now that the winter season is over construction can take place with the least amount of impact on the Sanibel Captiva Road traffic. Work has already begun on fabricating and pressure testing stainless steel valve assemblies which will be used on the well line. The valve assemblies have been



Concrete Header Slab

constructed in-house by our Maintenance Department. All the engineering and permitting has also been done in-house. We draw on our impressive pool of talent here at IWA and it is our normal practice to do as much in-house work as possible and economical. The budgeted cost of the new well line project is \$310,000.



Ted Brown Conducting a Pressure Test

BLIND PASS BRIDGE PIPE REPLACEMENT...

Engineering and design work on the Blind Pass bridge pipe replacement project is complete. Permits have been applied for and are pending. The project will replace about 500 feet of 12 inch ductile iron pipe that has corroded over the years due to the salt water environment. The engineering work was done by Source Incorporated and the construction will be done by Cabana Construction Company. This bridge crossing section of pipe will connect to the new pipe that was installed on Captiva in 2008 and will complete the replacement of the old ductile iron pipe.



Ken Cabana Testing Stainless Bolt Galling on the Blind Pass Bridge Pipe Crossing