

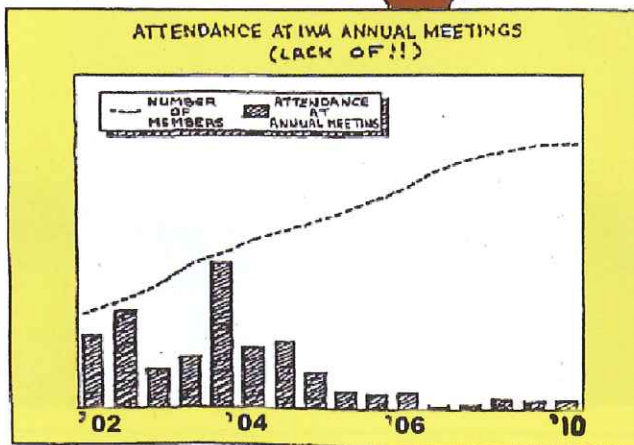


IWA PIPELINE



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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 11, 2011** 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 teller's 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 and print your name as it appears on your bill. Mail your proxy to the Head Teller. It must be received by Friday, April 8, 2011. 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 24, 2011 to select candidates for the three vacancies on the Board of Directors this year. Gary Dutton and James Griffith were nominated for two of the open positions along with Bill Carr, a current Board member. Brief resumes for the nominees are enclosed on a separate 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 processed on the islands and to meet some of our dedicated employees.

So mark your calendars for April 11th 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 Islands. 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.

PLANT EXCELLENCE AWARD!

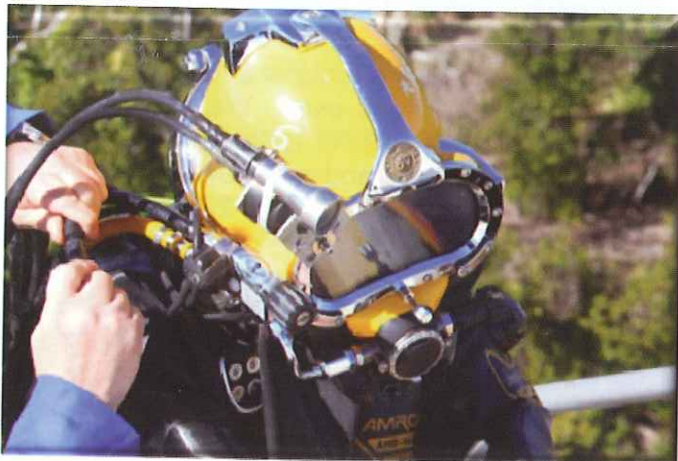


Brandon Henke Accepting the FDEP Award on behalf of IWA

In our prior winter edition of the IWA Pipeline newsletter we mentioned that IWA had received the 2010 Florida Department of Environmental Pro-

tection Plant Excellence Award for the Southwest Florida area. On December 7th, 2010, Brandon Henke, Level IV Plant Operator, was able to attend the awards ceremony and accept the award on behalf of IWA. We are so proud of our employees that are all responsible for maintaining such a high standard of operation here at IWA. Congratulations to all. Last year was indeed a good year.

We continue to operate all our facilities with 28 employees, down from 32 in prior years. In 2010 we did not experience any employee turnover. The long average tenure of our personnel goes a long way towards contributing to a cost efficient operation.



Commercial Diver Suiting Up For Tank Inspection

TANK INSPECTIONS...

Every five years our large storage tanks are required by FDEP to be inspected which is also a good time to give them a thorough cleaning inside. We stagger the inspection schedule and in 2010 we had three of our booster station tanks inspected by expert divers in dry suits. This is just another example of the endless mainte-



Dive Master in Constant Video and Audio Contact with Diver

nance duties that are performed to keep our equipment up-to-date and in excellent operational condition.

MAIN OFFICE GENERATOR TRANSFER SWITCH...

The IWA maintenance Department has completed another in-house project. An automatic transfer switch has been designed and installed for our office diesel generator. The unit can automatically start the engine and transfer our electrical load over to our standby generator. We hope we won't need it much other than for our weekly test runs; however it is just another cog in hardening our facilities in the event of a power failure. Job well done Maintenance Department!



Main Office Transfer Switch

NEW WELL LINE SS HEADER TIE-IN...

In the last quarter's IWA Pipeline newsletter we told you about the completion of the Blind Pass Bridge pipe replacement project. Another major capital project that was completed at the end 2010 was a new section of 16" well line. The picture below shows the 12" stainless steel header that ties into the new well line. With the larger 16" well line the pressures needed in our well field to bring the water to the R.O. Plant have diminished as projected. Lower pressure directly relates to lower energy consumption and lower electric power bills. We particularly like Capital improvements that lower our costs year after year and into the distant future.



Stainless Well Line Header

GET WITH THE PROGRAM!!!

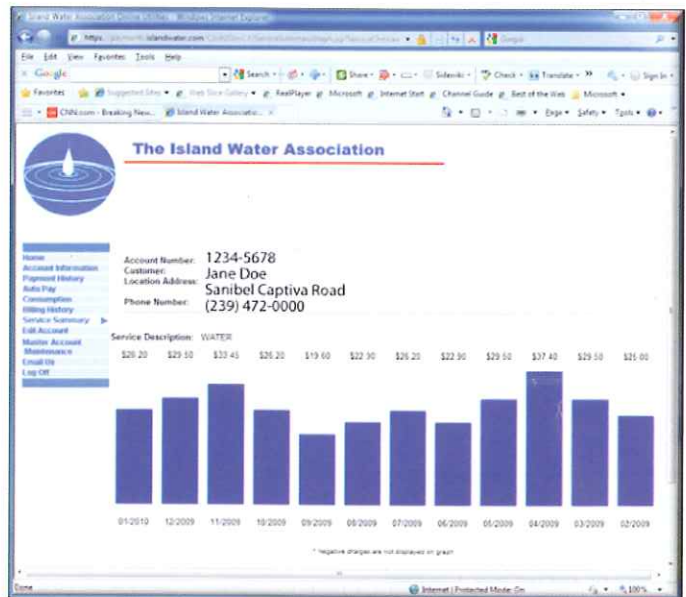
Tired of mailing us your payment every month? Join many of your fellow IWA Members and enroll in our direct debit program. We will automatically debit your bank account each month, after you have had a chance to review your bill. You will save a stamp, envelope and aggravation. IWA will save the cost of opening your payment and inputting it into our computer, thereby keeping our costs and your water rates as low as possible. Call our Membership Coordinator, Karen, on (239) 472-1502 to enroll. She will be happy to discuss the program with you and to answer whatever questions you may have. To us, it seems like a real win-win proposition!

ONLINE ACCOUNT ACCESS...

Another automated service we are offering our members is online account access. Have you ever woken up in the middle of the night and wondered what your last water bill, payment history, or monthly water consumption was? Well, now you can jump on the Internet and find out. As is the trend nowadays, we have been asked by some of our members to provide more of their information over the web and we have heard the call.

Recently we installed an online link to our utility billing system to help you monitor your water consumption, billing address, and historical information. This should be particularly helpful for our members that travel frequently and are accustomed to working with online services. If you would like to give online access a try, just go to our home page www.islandwater.com, click on the Online Account Access link and set up an online

account and password (pin). You will need your cycle/route and account number from a prior water bill to get started. Once you are set up you will have three years of history at your fingertips and perhaps the remainder of your night's sleep will be more restful.



Sample web access page

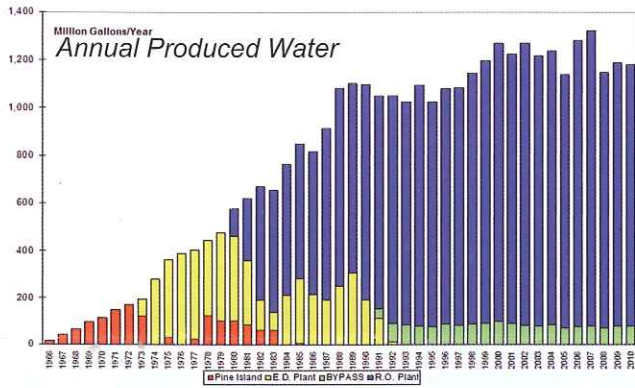
2011 IWA BUDGET APPROVED...

IWA Budget Process... IWA's Operating Budget for 2011 has been presented to our Board of Directors and approved at the January 25th Board meeting. Budgeting has always been a bit of an art in the water utility business due to variables beyond our control, such as rainfall and seasonal visitors.

The budgeting process begins in October with Department Managers analyzing their department's needs for the coming year. The Production Manager must estimate how much water will need to be produced for the year, based upon rainfall, the economy, and predicted tourist season, while the Distribution Manager must estimate how many repairs might have to be made and how many water meters and valves might have to be replaced based upon the age of various sections of our system. Our 45 year history certainly helps with these budget estimates.

Revenues are estimated at \$6.88M, with Operations, Maintenance, and Capital expenses estimated close to that at \$6.87M (typical for a not-for-profit). Capital expense should consume about \$1.1M of the total expenditures, which means we are making enough improvements to our water system to overcome or at least equal depreciation. In this day and age, budgeting has become even

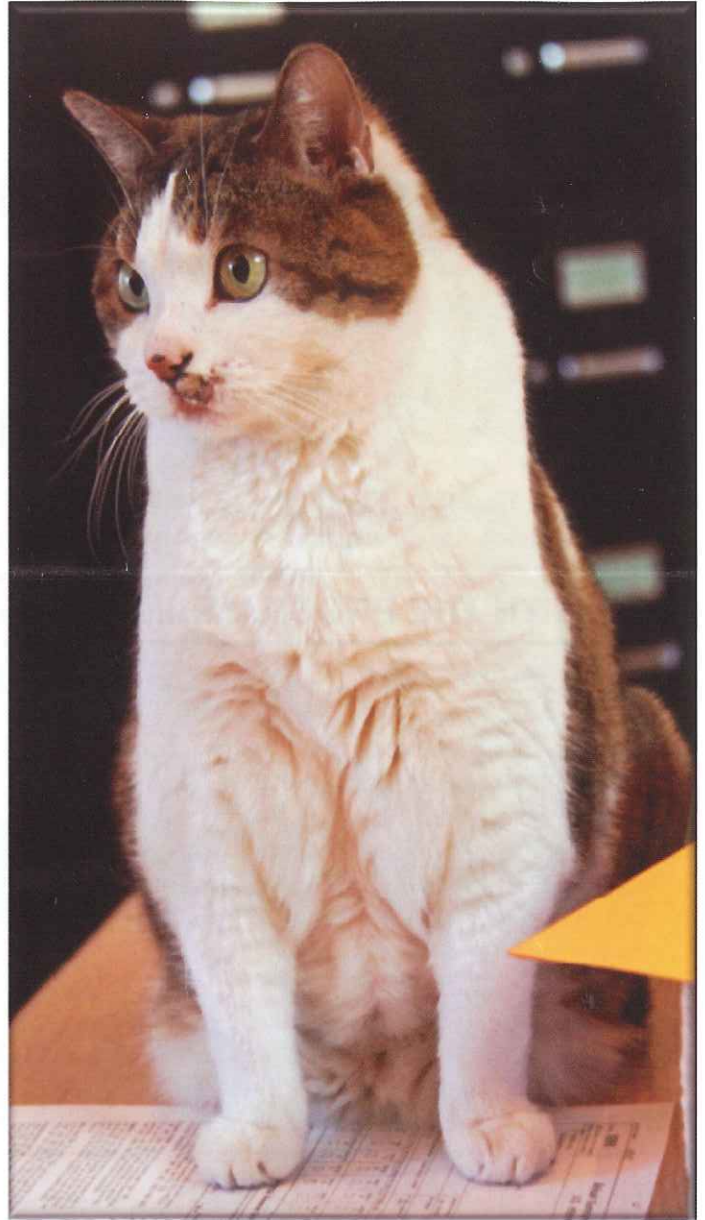
more challenging due to the increased volatility of the cost of energy, chemicals, medical insurance, and the overall state of the economy. It would be nice if we could predict the future, however if that was the case we would probably all be retired drinking Peña Coladas on the beach!



LIZZIE UPDATE...

Happy Birthday Lizzie!

The Island Water Association's guard cat will be turning twelve years old soon. She has effectively discouraged any break-ins during her entire tenure residing at the IWA main office (along with an advanced alarm system). If Lizzie was an official IWA employee she would now be entitled to three weeks of paid vacation time. Of course this would be rather redundant since the cat is ALWAYS on vacation or out-to-lunch! Other than not having any teeth, Lizzie continues to thrive and keep up with the changes and advancement in the utility industry.



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