



IWA PIPELINE



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



It's election time at IWA again, and next year three seats on our Board of Directors will be up for election. The seats are currently held by Timothy A. Gardner, President, William W. Fenniman, Vice President/Treasurer, and William D. Carr, Vice President, all of whom are eligible for re-election.

IWA is governed by a five member Board of Directors who serve without pay. Directors must be year-round residents of Sanibel or Captiva so that they can attend all Board meetings and must be IWA Members or an official representative of a condominium or other IWA Corporate Member. Directors serve for a two-year term and may be re-elected for a total of no more than three consecutive terms. Meetings are normally held on the fourth Tuesday of every month. Directors are elected by the Membership at IWA's Annual Meeting to be held in April. Anyone who would like to run for one of the open seats should contact our Board Recording Secretary, Beau Stanley, at (239) 472-2113 (extension 114) or via e-mail at beau@islandwater.com by **no later than December 31, 2008**. A background check will be run on all Board candidates due to security concerns in our post-911 world.

RATE INCREASE UPDATE...

In the last issue of this newsletter, we noted that we have not increased our water rates for 16 years. Our cost reduction/containment efforts over those years had enabled us to do this, despite various factors driving our costs higher.

However, a tsunami of events began in 2007 -- including: (1) an unanticipated capital expenditure of almost 2.7 million dollars (a large failing water main). (2) sharply lower water consumption due to the return of normal rainfall, reuse water, water restrictions, and conservation. (3) sharply higher fuel, chemical and electric prices. (4) a failing economy.



On November 18th, we went before Sanibel City Council, as required by our Franchise Agreement, in a public meeting to request a rate increase of 18% to take effect on March 1, 2009. We arrived at the 18% number by doing our best to forecast future revenues and expenditures and then determining the minimum rate increase necessary to balance our books. We are a not-for-profit corporation, so balanced books means as close to zero

profit as we can come.

The old and new rate structures are shown in the chart below.

IWA Monthly Billing Schedule



Current Rate Schedule: Base Charges	Proposed Rate Schedule (18% Increase): Base Charges	Increase:
\$1.30 Reading Charge	\$ 1.50 Reading Charge	\$.20
\$9.70 Demand Charge	\$11.50 Demand Charge	\$1.80
Consumption Charges	Consumption Charges	Increase:
\$2.80/KG for First 5K	\$3.30/KG for First 5K	\$.50
\$3.35/KG for 6K-10K	\$3.95/KG for 6K-10K	\$.60
\$3.90/KG for 11K-15K	\$4.60/KG for 11K-15K	\$.70
\$4.45/KG for 16K-20K	\$5.25/KG for 16K-20K	\$.80
\$5.00/KG for 21K-25K	\$5.90/KG for 21K-25K	\$.90
\$5.55/KG for over 25K	\$6.55/KG for over 25K	\$1.00

The following chart shows the monthly increase for different water consumption levels. As can be seen from the chart, low users will only see an increase of \$6 per month, while higher users will see higher monthly increases, consistent with our tiered rates to encourage conservation and con-

IWA Monthly Bill Comparison



If Your Usage Is: (Gal/Mo)	Current Bill:	New Bill: (18% Increase)	Increase Will Be:
0	\$11.00	\$13.00	\$2.00
5K	25.00	29.50	4.50
8K	35.05 Median	41.35	6.30
10K	41.75	49.25	7.50
15K	61.25	72.25	11.00
20K	83.50	98.50	15.00
25K	108.50	128.00	19.50
50K	247.25	291.75	44.50

serve a valuable natural resource.

Even with the 18% increase, our rate structure is about in the middle of the pack, compared to other local utilities, as shown on the following chart. The

Local Rate Comparisons

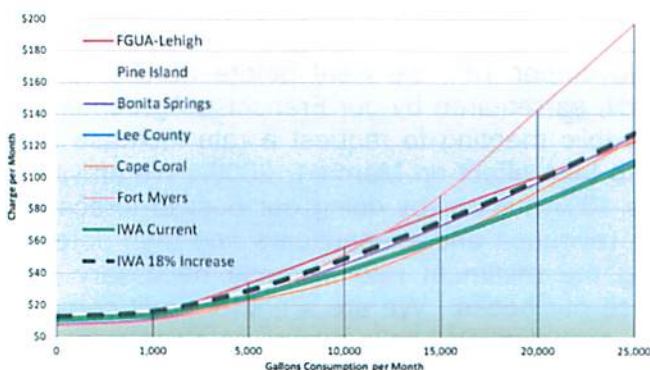


chart also indicates that our old rates were among the lowest in the area, and not sufficient to run our business in a fiscally responsible manner in 2009.

A reliable supply of high quality potable water with adequate pressure at the faucet, with reserve capacity for emergencies including fire-fighting, and supplied at a reasonable cost, should be at the very top of priorities for living anywhere, but especially on our barrier islands.

City Council has notified the Lee County Board of County Commissioners of our rate increase request, consistent with the requirements of our Franchise, in order to make sure our Captiva Members are not left out. City Council, however, has the final say on the matter. Council has continued the matter until their next public meeting on December 16th. In the meantime, we held an advertised public meeting in our offices on November 26th, to answer any questions attending Members had.

Feel free to call our General Manager, Rusty Isler, with your comments or questions. Rusty can be reached at (239) 472-1502, or by e-mail at rusty@islandwater.com

UNDERSTANDING REVERSE OSMOSIS

The Island Water Association purifies drinking water using a membrane process known as Reverse Osmosis (RO). The process of RO represents the finest level of liquid filtration available today. Although the term sounds mysterious, reverse osmosis isn't really that complicated.

While ordinary liquid filters use a screen to separate particles from water streams, an RO system employs a semi-permeable membrane that separates an extremely high percentage of unwanted molecules, kind of filtration at the molecular level. The membrane is a thin, multi-layered spiral wound sheets that allows water molecules to pass through while acting as a barrier to dissolved solids like salts and other minerals.

Following is a picture of our Chief Plant Operator, Robbie Smith, standing next to a typical RO membrane. Behind him is what is known as an RO train. Each train has twenty, 8" diameter tubes that hold six membranes each for a total of 120 membranes in each train. Each train is capable of producing 600 gallons of potable water per minute. At the RO plant there are a total of six trains bringing the total number of membranes to 720. When the plant is operating at maximum capacity, these membranes are able to produce 5.2 million gallons of drinking water daily.

The current cost of an RO membrane like the one pictured is around \$550. The total cost to replace



all of the membranes is therefore almost \$400,000. Fortunately, with proper operation, cleaning and maintenance, the lifespan of a typical membrane at IWA is 7-10 years.

If you would like a more detailed explanation of our facility, please call Robbie at 472-2113 ext; 122 or drop him an email at robbie@islandwater.com. Information can also be obtained from our web site at www.islandwater.com

CLEARWELL PAINTING...

The RO clearwell was recently refurbished by our plant operator crew. All processed water passes through the clearwell before it is pumped into the two main five million gallon storage tanks. The RO Plant was shut down and the interior of the 50,000 gallon clearwell was drained, pressure washed, and painted.



A vacuum trailer was used to pump out the residual water and the chamber was dried with industrial fans. The job took a crew of five almost two days to complete. The clearwell is another example how IWA keeps our cost of operation low by doing as much in-house work as we can and are

qualified to do. The work was completed in September, which is always our lowest production month of the year. When the clearwell was back in operation it took about thirty hours to re-fill our two five million gallon storage tanks. To our plant crew, the project was just another maintenance task needed to keep our facilities in tip top shape.

DIRECTIONAL BORING...



Directional Boring or horizontal directional drilling (HDD) has been used by IWA for the past 10 years to install water mains and services. This is a process where an underground pipeline can be installed without digging a trench.

IWA is making more use of HDD as the islands become more developed with increased landscaping and paved roads. It is becoming more difficult for IWA to replace underground water lines without extensive trenching damage and restoration costs.

We are able to reduce these costs associated with restoration and cause less disruption in some areas with the use of directional drilling. We have been using directional drilling for new mains and service lines in places to avoid cutting pavement and in places where it won't be necessary to install any new taps on the water main. We have just completed two of these bores (160' and 190' long) from Bowmans Beach Road to the ends of Umbrella Pool Road and Bowen Bayou Road. These pipelines help to increase the flow along the San-Cap corridor to Captiva and eliminate dead ends.

The process involves using a reamer cutting tool to cut a pilot hole through the ground using a bentonite drilling fluid to lubricate the bit. To keep track of where the bore is, a person walks with a hand held "locator" that reads the signal from the transmitter at the bore head. It registers the depth of the bore, direction, and rotation. The final step

is to pull the new pipe back through the hole by attaching it to the drill pipe. We use high density polyethylene pipe (HDPE) because of its flexibility and strength.

So, if you see a funny looking machine near the road with a track and what looks like a box full of tilted pipes on the side, you are probably seeing one of these directional boring machines and it may be saving the destruction of someone's driveway or favorite lime tree.

MIKE RUSH GOES TO CALIFORNIA...



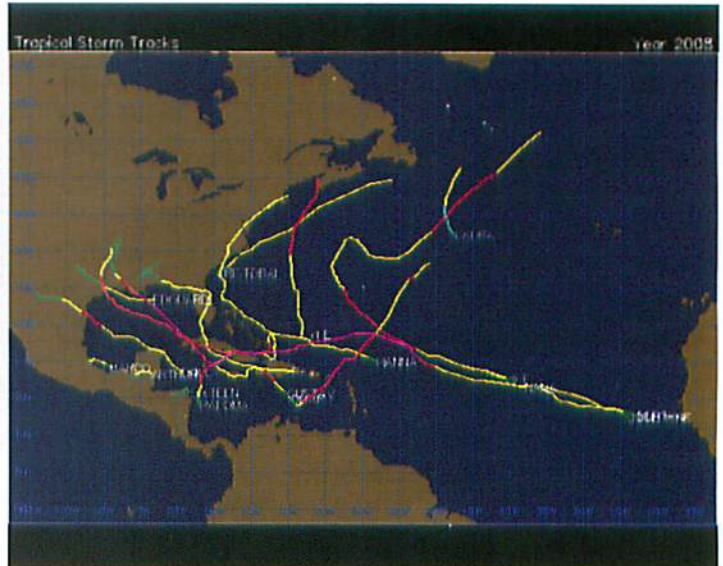
Mike Rush & Joe Schofield

On November 14, Distribution Technician Mike Rush worked his last day here at IWA. A cookout was held in his honor in the IWA Parking Garage. Mike and his family will be moving back to California to be closer to their families. Mike started at IWA in 2004 as an RO Plant Operator Trainee.

When an opening became available in Distribution, he jumped at the chance to work regular daytime hours so he could spend more time with his young family. Mike was a hard worker and got long very well with coworkers and the general public. He will be sorely missed at IWA, and we wish him and his family well in their future endeavors.

HURRICANE SEASON ENDS...

Thankfully, Southwest Florida experienced another mild hurricane season in 2008. As the chart shows, most storms avoided the Florida peninsula. Only Tropical Storm Fay received our full attention here in SW Florida. The rains came and our surface water returned to near normal levels. Tropical storms are just the ticket to replenish our lakes, surface water, and Lake Okeechobee.



2008 Storm Tracks

For those of you who are returning from the North, welcome back. To all from IWA, we wish everyone a happy holiday season!



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