

We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way.



CONNECTIONS



SPRING 2018



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A MESSAGE FROM THE GENERAL MANAGER

TEAMWORK was once again a theme that guided our operations this past year. In 2017, we laid out an aggressive work program with a budget of approximately \$22 million. This aggressive work program required team work, coordinating closely with the different work groups in our organization, preparing and managing contracts with our vendor partners, and coordinating our planning and scheduling with the City of Destin. Through team work we were successful, and we will need team work again in 2018 as we have another aggressive budget of approximately \$21 million planned for the year.

Our financial condition improved in 2017. Gallons billed increased 3.69 percent over the previous year and that, along with our rate increase, resulted in a 4.9 percent increase in total water and sewer sales.

We again noticed in 2017 that the gallons billed increased during our non-peak seasons, indicating that we are becoming more of a year-round destination.

In 2015, we completed a rate study and set rates to achieve several corporate objectives, including securing State Revolving Fund (SRF) dollars for three projects: to create a 120-day operating reserve and a \$1 million R&R Reserve. We reached the reserve objective in 2017, three years ahead of schedule, and we are finalizing the loan documents for the SRF loans. We also were able to forego the planned rate increase for 2018 and we instituted a reserve fund policy to include the operating and R&R reserves along with additional reserves for Capital Projects

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Message from the GM continued

and Emergency Responses.

We completed relocation work in advance of the Highway 98 Widening Project which will improve the operational efficiency of our system along that route. We replaced a major water distribution line, made interconnections in the water system, and upgraded smaller diameter lines. We completed installation of a new force main connecting to the eastern portion of system that will increase capacity and provide redundancy. We made numerous repairs and upgrades to our water, wastewater, and lift station facilities. All of these projects were designed to improve our operational efficiency and prepare us for the future. To further prepare us for the future, we are updating our master plan and we are working on several engineering studies to evaluate and determine courses of action to

address areas of concern with our physical plant.

We won the Florida Department of Environmental Protection Water Plant Excellence Award this past year along with the Tnemec Tank of the Year and the AWWA American Water Landmark Award. We sponsored an Eagle Scout Project to build a bluebird trail on our wastewater treatment plant, sent an Operators Challenge Team to the Florida Water Resources Conference, and sponsored a float in the Destin Christmas Parade. These awards and projects showcase our involvement in our industry and our community.

As we look forward, our future is bright. We have good people willing and able to do what it takes to carry out our mission. We are in a strong financial position and we have a plan

to effectively and efficiently operate and maintain our assets, but most importantly, we are focused on our mission statement that we live and work in a little piece of paradise and DWU is intent on doing its part to keep it that way. We do this by focusing on our core values of Vision, Quality, and Stewardship. Using these guiding principles keeps us focused on what is important while navigating through a changing landscape. We are thankful for the support the board of directors has provided us to conduct the business of the corporation and we look forward to the opportunities to serve our members that lie ahead.

LOCKWOOD WERNET
General Manager

2017 Treasurer's Report

It is my pleasure and responsibility to present this year's Treasurer's Report for Destin Water Users (DWU). Each year, the staff assembles an annual operating budget that it deems necessary to perform and accomplish the operating requirements of DWU. The board of directors has the responsibility to review, discuss, and approve the annual budget. Throughout the budget period, the board evaluates monthly the performance of DWU staff across three major categories: 1) the comparison to budgeted goals, 2) the comparison to previous year's performance, and 3) as a comparison to our peer group.

Ultimately, while financial management is the primary focus of the treasurer, the entire DWU board shares accountability in making sure that the financial information for DWU is accurate, timely, and properly presented to the board. As the elected treasurer of your volunteer board of directors, it is my duty to report on the operating results of the Destin Water Users for the calendar year 2017. I am pleased to report that Destin Water Users compares favorably in all reported categories and it is the opinion of this board that DWU is in sound financial condition as of calendar year end 2017. Our auditor's opinion on the financial statements was that they were fairly stated in all material respects and it was considered a clean or unmodified report thereby affirming the board's position on our financial condition.

RICK SCALI, Secretary/Treasurer

CURRENT YEAR 2017 COMPARED TO PREVIOUS YEAR 2016

Based on Collections:

	2016	2017	Increase/(Decrease)
Total Operating Income	\$15,341,095	\$16,632,826	\$1,291,731
Total Operating Expenses	\$15,917,585	\$15,255,201	\$(662,384)
Total Net Operating Income	\$(576,490)	\$1,377,625	\$1,954,115

CURRENT YEAR 2017 COMPARED TO 2017 BUDGET

	Budget	2017	Increase/(Decrease)
Total Operating Income	\$15,778,800	\$16,632,826	\$854,026
Total Operating Expenses	\$17,536,975	\$15,255,201	\$(2,281,774)
Total Net Operating Income	\$(1,758,175)	\$1,377,625	\$3,135,800

SELECTED KEY RATIOS

	DWU	PEER GROUP AVERAGE
CURRENT RATIO	7.0%	1.4%
AVG COLLECTION DAYS	27	49
DEBT TO EQUITY RATIO	0.3%	1.6%
RETURN ON ASSETS	5.0%	3.1%
RETURN ON EQUITY	6.6%	8.0%



EMPLOYEES OF THE MONTH



DECEMBER 2017
James Bramblett



JANUARY 2018
Richard Johnson



FEBRUARY 2018
Derrick Weeks

Message from the PRESIDENT



TOM WEIDENHAMER, PRESIDENT

It has been an honor to serve the members of Destin Water Users as President of the Board of Directors during this past year and I would also like to thank the board for their hard work and dedication.

The Destin Water Users Board of Directors is actively involved in managing and providing guidance for the operation of the corporation, meeting monthly to conduct the business of the corporation, which includes receiving operations reports from staff, reviewing the financial records, and making policy decisions to ensure that the corporation is fiscally sound, that the infrastructure is strong, and that we always provide excellent customer service. The directors also serve on various subcommittees to provide additional review and direction where needed.

The board of directors is looking at the long-range view and managing policies and procedures of the corporation. The projects we undertake are forward thinking projects that are preparing us for our future, addressing concerns we see, and fixing them before they cause

problems or interrupt service to our members. While the board is taking the long-range view, the general manager, hired by the board, handles the daily operations.

During this past year, we worked on several projects to improve our infrastructure and prepare us for the future. I would like to highlight a few of those projects now.

We completed the replacement of all water meters and the remote meter reading devices this past year and we began work on the installation of advanced meter reading infrastructure (AMI) that will allow all meters to be read from the central location and it will provide daily reports of issues and concerns on individual meters. In 2019, we plan to add a customer portal that will allow the customers access to detailed information about their water usage.

We continued to make advances with Cityworks, a GIS based program that links asset management, inventory, work orders, purchase orders, and preventative maintenance making it easier to manage operations, track what is happening, and plan for future repairs and improvements. This program will also help us comply with the proposed state legislative mandate requiring local utilities to have an asset management plan.

We finalized the sanitary sewer system evaluation survey this past year and sent the project out to bid the first part of

2018. A contractor was selected to begin repairs and we have budgeted a multi-year project to rehab our gravity sewer system. We will begin evaluation of our water lines and sewer force mains in the near future.

For our water supply, we made additional improvements to interconnect our existing system. We completed plans, secured funding, let a bid to build a new water storage facility in the western portion of our system, and we are finalizing construction of our sixth well at our Rock Hill Wellfield. During 2018, we will renew the permits for our coastal wells and the Rock Hill Wellfield.

We also completed several smaller projects to our distribution and collection system and at our treatment plant to improve performance, to better serve our customers, and to improve process operations.

The mission statement of DWU is: "We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way." We believe that the board of directors is actively living up to our mission statement and the projects we have highlighted prove that. We are here to serve you, the members of DWU, and to do our part to preserve this piece of paradise we call Destin.

Tom Weidenhamer



DESTIN WATER USERS, INC.

P.O. Box 308
Destin, FL 32540-0308

OFFICE HOURS

The DWU office is open Monday through Friday
7:30 a.m. – 4:30 p.m.

PHONE NUMBERS

Administrative Office – Bill Payment Questions and Concerns
(850) 837-6146

Emergencies, Nights, Sundays and Holidays
(850) 837-6551

PAYMENT OPTIONS

Running late? Pay your DWU bill over the phone! We accept MasterCard, Visa and Discover. Contact a Customer Service Representative for more information. You can also pay your bill online at www.dwuinc.com

WANT YOUR MONTHLY BILL PAID AUTOMATICALLY?

We can do it! Visit Customer Service and complete an electronic transfer form. The automatic bank draft option is easy and it saves you time... your bill will be paid with no worries!

PAY ONLINE



Paying your DWU bill is easier than ever! Simply go online to dwuinc.com and click "Payment Options" at the top of the page. It will take you to the correct location and provide instructions on getting set up for this convenient payment method.



2017 Employee of the Year

The 2017 Employee of the Year is Zach Hilton. Zach is a Field Crew Leader in our Field Operations Department. Zach has embraced the mission statement of DWU that "we live and work in a little piece of paradise, and DWU is intent on doing its part to keep that way,"

and he is living it out through our core values of Vision, Quality, and Stewardship. Zach has proven to be a conscientious and effective team leader, pushing his crew and the Field Operations Department to find ways to work smarter and faster. Congratulations Zach, our 2017 Employee of the Year.

Destin Water Users Board of Directors



Tom WEIDENHAMER
President



Ginger BARRY BOYD



Jim FOREMAN



Ames HUDSON



Jim LINK



Jimmy NEILSON
Vice-President



Rick SCALI
Secretary/Treasurer



Jack SCELSE



Sandy TRAMMELL