

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 2017



GM Message	1
2016 Treasurer's Report	2
Employees of the Month	3
Message from the President	3
Employee of the Year	4

A MESSAGE FROM THE GENERAL MANAGER

TEAMWORK was a theme that guided our operations this past year. In 2016, DWU laid out an aggressive work program with a budget of approximately \$19 million. We had to coordinate closely with the different work groups within our organization to accomplish the work. We had to prepare and manage contracts with our vendor partners. We also had to coordinate our planning and scheduling with the City of Destin. Through teamwork we were successful and we will need it in 2017 as we have another aggressive budget of approximately \$21 million planned for the year.

Our financial condition improved during this past year. Our total gallons billed increased 3.3 percent over the previous year and that along with our rate increase resulted in a 5.6 percent increase in total

water and sewer sales. One thing we noticed in 2016 was the gallons billed increased during some of our shoulder seasons when we typically see a decrease in sales, which may indicate that local and state tourism advertising is bringing more people to the area.

In 2015, we completed a rate study and set rates to achieve several corporate financial objectives. One of the objectives was to secure funding through the FDEP State Revolving Fund. In 2016 we got approved for funding our wastewater projects and we are submitting our request for funding for our drinking water projects this year. Another objective was to create an operating reserve and a R&R reserve which we expect to achieve in 2017, three years ahead of schedule.

CONTINUED ON PAGE 2

A major portion of our construction work during 2016 involved the Highway 98 utility relocation project. As part of this project, we combined duplicate lines and added new valves into our system to improve our operational efficiency. Some of the other construction projects included the installation of two new sewer force mains; construction of a new gravity sewer and water line; conversion of one of our percolation ponds into a reject storage pond; installation of an interconnecting water line; installation of new aerators and installation of new chlorine feed equipment. These projects were designed to improve our operational efficiency and prepare for our future.

During the past year, we've had five new hires as compared to nine in 2015. Our new

employees have proved themselves eager to learn and ready to contribute to TEAM DWU. Although he is not a new hire, I would like to recognize Finance Manager Chuck Rathke who filled the vacancy caused by the retirement of our former Finance Manager who had served DWU for 35 years. Chuck has done an outstanding job coming in and taking over the financial operations of the company. The transition has been smooth and productive. I think the real proof of his success can be seen in the clean report we received with the 2016 Audit.

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 bit 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

2016 Treasurer's Report



It is my pleasure and responsibility to present this year's Treasurer's Report for Destin Water Users (DWU). DWU is a "Not for Profit", member owned utility, formed for the purpose of providing clean drinking water and the removal of sewer waste as a service to our membership base. The membership elects a volunteer board of directors, who in turn hires a professional staff to carry out the responsibilities of the charter. 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; 3) as a comparison to our peer group, which is defined as similar utilities, of similar size, in our comparable region.

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 2016. 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 2016.

CURRENT YEAR 2016 COMPARED TO PREVIOUS YEAR 2015

Based on Collections:

	2015	2016	Increase/(Decrease)
Total Operating Income	\$14,267,823	\$15,341,095	\$713,272
Total Operating Expenses	\$12,225,921	\$15,917,585	\$3,691,664
Total Net Operating Income	\$2,041,902	\$(576,490)	\$(2,618,392)

CURRENT YEAR 2016 COMPARED TO 2016 BUDGET

	Budget	2016	Increase/(Decrease)
Total Operating Income	\$15,243,268	\$15,341,095	\$97,827
Total Operating Expenses	\$16,696,080	\$15,917,585	\$(778,495)
Total Net Operating Income	\$(1,452,812)	\$(576,490)	\$876,322

SELECTED KEY RATIOS

	DWU	PEER GROUP AVERAGE
CURRENT RATIO	5.9%	1.4%
AVG COLLECTION DAYS	27	54
DEBT TO EQUITY RATIO	0.3%	1.5%
RETURN ON ASSETS	4.3%	2.4%
RETURN ON EQUITY	6.0%	5.0%

EMPLOYEES OF THE MONTH

FROM LEFT TO RIGHT

December 2016 Chrystal Vickers
January 2017 Gregg Griffith
February 2017 Chuck Rathke



TOM WEIDENHAMER, PRESIDENT

Message from the **PRESIDENT**

I am honored to serve the members of Destin Water Users as President of the Board of Directors and I thank the Board for electing me to this position. I also want to thank the Board for their hard work and dedication to serving the members of DWU.

The DWU Board of Directors actively manages and provides guidance for the operation of the Corporation meeting monthly to conduct the business of the corporation to ensure that the corporation is fiscally sound; that the infrastructure is strong and that we always provide excellent customer service. All Directors also serve on various committees to provide additional review and direction where needed. The Board looks at the long-range view managing the policies and procedures of the corporation while the general manager handles the daily operations. There has been no turnover in the Board this past year.

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

We are wrapping up the meter replacement program to replace our aging meters; comply with federal regulations; and to install smart meters that capture water usage. Phase 2 of this program involves installation of new meter reading equipment which will be completed in 2017. In 2018, we plan to explore the installation of advanced meter reading infrastructure that will allow all meters to be read from one central location and provide daily reports of issues and concerns on individual meters.

Cityworks, an asset management program, links information from various work areas making it easier to manage operations, track what is happening and plan for future repairs and improvements. We've seen continued improvements in our operations with this program and as we gather more information and history on our assets, the program helps us to better understand the cost of our operations and assists us in making better planning decisions.

The Sanitary Sewer Evaluation Survey (SSES) is systematically going through DWU's gravity sewer system inspecting all our lines by videotaping and then preparing a report on the condition of the lines and an assessment of the cost and type of repairs that may be needed. We will send this project out for bid in 2017 and begin annual programmed repairs. In the meantime, we have used this information to make spot repairs when

we've been working in an area that needs repair.

We worked on three projects to facilitate our water future. First, we installed an interconnecting water main to pump more water to the west side of our distribution system. Second, we completed a study of our water distribution system on the west side of town which included recommended facilities improvements. Third, we commenced construction of our sixth well at our 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." Your Board of Directors is looking ahead and planning for the future by addressing concerns and fixing them before they cause problems or interrupt service to you, our members. We believe that the Board of Directors is 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.



DESTIN WATER USERS, INC.

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

OFFICE HOURS

The DWU office is open Monday thru 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.

2016 Employee of the Year

The Employee of the Year for 2016 is Meter Reader Chris Hill. Chris has been the lead technician responsible for the replacement of approximately 7,400 residential and commercial meters during the past five years. In addition to the meter replacement, Chris has kept up with his regular daily work orders; he has trained two new employees and he has spearheaded the MXU replacement program. In recognition of his dedicated service and professionalism, we congratulate Chris Hill for being DWU's 2016 Employee of the Year.



Destin Water Users Board of Directors



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