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November 12, 2009

It is my pleasure to present the Cape Fear Public Utility Authority Annual Report for Fiscal Year 2009, the first full year of operation for the Authority. Thanks to the dedication and hard work of the Authority employees, support from the Authority Board, the City of Wilmington and New Hanover County, this year was very successful. It involved the transfer of all water and wastewater assets and liabilities from New Hanover County and the City of Wilmington, with the Authority assuming all aspects of managing and operating the water and wastewater systems of this consolidated utility. During this time, the Authority has moved forward not only the significant capital projects that were transferred from the City and County, but also the many maintenance, improvement, and growth projects identified by Authority staff throughout this first year and are making major steps in establishing this Utility as a leader in the water and wastewater industry.

As you are aware, the major problem during this startup has been the serious problems caused by the billing data conversion of the City and County billing data. To correct these problems, employees worked countless hours for many months and are currently working tirelessly resolving outstanding issues to consistently deliver the excellent customer service we expect to provide to our customers. Although these problems were significant and certainly regretful, they have greatly overshadowed the otherwise seamless transfer of operations and the many successes achieved by the Authority.

Throughout this year, the Authority has continued efforts to communicate with customers and stakeholder groups and to work with them in a proactive and open process to address and resolve concerns and receive feedback on a variety of matters. This process has served the Authority well and has been positively received by the community.

As we move forward as a new organization we are finalizing some of the existing projects, implementing new projects and initiatives. Over this past year we have built an organizational culture that is focused on the Authority's guiding principles **Stewardship.Sustainability.Service**. These principles are at the core of decisions made within the Authority each and every day as we strive to be stewards of the environment and Authority finances, maintain existing infrastructure and grow in a manner that will

maintain a sustainable utility for the future, while continuing to provide excellent internal and external customer service.

Before consolidation the City, County and the Authority worked collaboratively to identify any capital needs as well as any infrastructure assessment needs. Asset management was an area that was quickly identified as a critical program to insure the Authority's \$474 million in assets were being maintained in a proactive, environmentally responsible manner. This program will also aid in projecting funding needs to maintain a sustainable utility system for the long-term health and prosperity of the community.

The Authority continues to move forward with its commitment to continual improvement in all areas especially environmental performance. We have begun the implementation of an ISO 14001 Environmental Management System within the Collection System Maintenance and Pump Station Divisions of the Authority. Staff is currently working to document procedures consistent with the standards required by ISO 14001 to minimize environmental impact, to drive improved performance and to gain efficiencies, with an expectation of receiving certification by early 2010.

As we move into the Authority strategic planning workshop scheduled for December, we will be discussing the future course of the Authority, development and refinement and objectives, resources needed to work toward objectives, and the effectiveness of current planning and evaluation processes. As the CEO of this organization, my staff and I strive to be good stewards of not only the environmental, but of the monetary resources, as well when taking actions to achieve the goals and objectives of the Authority and the Board.

This report covers every area of the Authority and provides information about the services we provide and a summary of the many accomplishments of FY 2009. Additionally, it provides a brief update on projects and discusses our planning process as we look to meet the needs and challenges of the future.

Respectfully submitted,



Matthew W. Jordan, PE
Chief Executive Officer

Operations

Director: Nancy Gallinaro

The Operations Department is comprised of three operational Divisions and an Administrative group and is responsible for the day to day operation and maintenance of all aspects of both the water and sewer systems. The Divisions are Water Treatment, the Wastewater Treatment, and Utility Services. The administrative group is comprised of the Director/Chief Operations Officer, an Administrative Assistant, and three Asset Management Project Managers.

The Authority continues to move towards an Enterprise Asset Management (EAM) Program. Staff began work on the strategic business plan for the Authority in March by conducting employee surveys, assessments of current practices and developing core business values. The business plan is in the final stages of development. One of the key components of EAM Program is a Computerized Maintenance



Asset Management Steering Team

Management System (CMMS), and the selection committee will be reviewing proposals and having vendors provide on-site demonstrations later this year. The CMMS will be populated with a full asset hierarchy, business process mapping, and development of a work order system. This system will be utilized by every Division and Department within the Authority which will streamline many activities and allow for identification and implementation of efficiencies throughout the Authority.

Water Treatment Division

This Division supplies the approximately 65,000 customers within the Authority's water service area with safe, reliable drinking water each and every day. The safety of our employees and the drinking water we provide to our customers are the two primary focuses of this Division. During this report period, the Division excelled and was rewarded for outstanding performance in both. The Sweeney Water Plant received a safety award for 1,000,000 man hours without a lost time accident and as well as the Gold



Water Treatment Plant Staff with Cherie Berry, Department of Labor Commissioner, @ NCDOL Banquet

Safety Award from the NC Department of Labor (NCDOL) for 2008. The Division also received recognition for the quality of water produced and distributed to its customers which demonstrates the Staff's commitment and dedication to continued improvement in serving Authority customers. This recognition was received within the NC Area Wide Optimization Program (AWOP). To receive this recognition, treatment plants must meet stringent turbidity criteria which are beyond simply meeting the routine compliance levels. Water treatment facilities that meet these performance goals will provide higher quality drinking water to the customers, and further protect the public health by reducing the risk of microbial contamination that may pass through the filtration process. The Division also continued its participation in the Partnership for Safe Water program. This program, coordinated through the AWWA, is a four phase self-evaluation designed to assist in the optimization of treatment plant performance.

In addition to meeting this core mission of providing safe high quality drinking water to its customers on a daily basis, this Division has undertaken several projects to improve treatment, sustain treatment, and/or to optimize treatment during this review period. The most notable project is the continued work and coordination with engineering, the contractors, and utility services on the Nano Filtration Facility. The Nano-filtration plant is nearing completion, and will be operational by late October. Personnel are being trained on the operation and maintenance of the new facility. The plant has a production capacity of 6 MGD. As part of the Division's efforts to optimize treatment processes and supply where possible, several wells within the existing supply system will be decommissioned once the plant is operational. This decommissioning is anticipated to generate a cost savings for the Authority.



Nano-Filtration Plant Membrane Skid



Sweeney Upgrade Project

Additionally the Water Treatment Division is in the midst of upgrading the Sweeney Water Treatment facility to be a thirty-five (35) million gallon a day plant. Construction on this project began in early fall of 2008. This project is very different from the construction of the Nano facility in that this facility must continue to treatment safe, reliable water for the public while the plant is being upgraded. This is being accomplished via constant coordination and

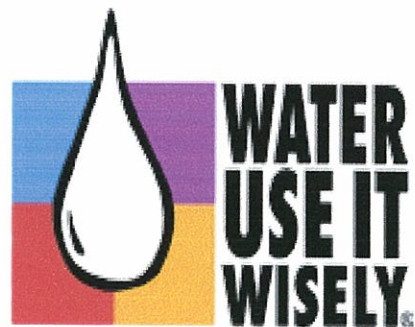
work by the operations staff, engineering and the contractors. Each of these entities is aware of potential construction impacts on the treatment process at each moment and coordinate to ensure that treatment is not compromised in any way. This facility will not be completed until 2012, so this coordination will continue as will the dedication to our customers throughout the process.

The Division coordinated a raw water line condition assessment that resulted in the recommendation to replace 2400 feet of the thirty (30) inch cast iron raw water supply line under the Cape Fear River. The line was initially installed in 1943 and had a high potential for failure. The line was replaced with high density polyethylene pipe and was completed in the summer of 2008.

The Water Treatment Division also coordinated and participated in a table top exercise for a water contamination event this past year. This exercise included representatives from NC Public Water Supply (PWS), the FBI and SBI, New Hanover Regional Medical Center, County Health Department, County Sheriff and Fire Departments, City Police and Fire Departments and County Emergency Management. It was only the 2nd such exercise that NC Public Water Supply (NC PWS) officials had worked with local municipalities to perform. This event was a very effective method for identifying gaps or potential gaps within our emergency response procedures and how we interact with other potentially affected entities.



Wayne Drop



The Water Conservation section is highly involved with the community and promotes water use efficiency using fun and innovative outreach resources. Some of the community events we have participated in or developed this year include: Nano Plant Information Session/Open House at Ogden Elementary, Science Camp at Wilmington Ice House (Wayne Drop), Lake Shore Commons Health Fair, Ogden Elementary – Earth Day Celebration (Wayne Drop), and New Hanover County Council of PTA's/School Board Expo. In addition to these community events, we also held two of our own sponsored events: Celebrate Water Day-National Drinking Water Week (Wayne Drop) and a Smart Irrigation Workshop [in recognition of Smart Irrigation Month – July]. Both proved to be very well received by participants and attendees and will become annual events for CFPUA.

The Water Conservation Specialist continues to promote the Pledge 2 Save 5 Campaign and our SLOW (Save Lots of Water) program within the elementary schools. Interest in these programs has increased as a result of our presence at the New Hanover County Council of PTA's annual meeting where we provided information packets of the various programs CFPUA has to offer. Two new partnerships were established to promote CFPUA and its water use messages; 60-second time slots were purchased with

Cumulus Broadcasting where monthly messages are played on 5 radio stations and on the internet during our peak water use season (March – August). The radio ads have proven to be very effective. CFPWA/WUIW (Water Use It Wisely) is also a proud sponsor of the Kidsville News, a national [kid's] newspaper, which is distributed to all New Hanover County schoolchildren in grades K-5. This monthly publication includes a full color page designated for CFPWA's water conservation and water treatment tips and information.

Throughout the year staff is often asked to give presentations before various organizations. Presentations and/or appearances were made at the following: Wilmington Chamber of Commerce, Cape Fear Green Building Alliance, Women in Business Roundtable Discussion Group, Earth Wise – NC Cooperative Extension Series, State Legislative Conference (Raleigh, NC), and Sunny 104.5 FM

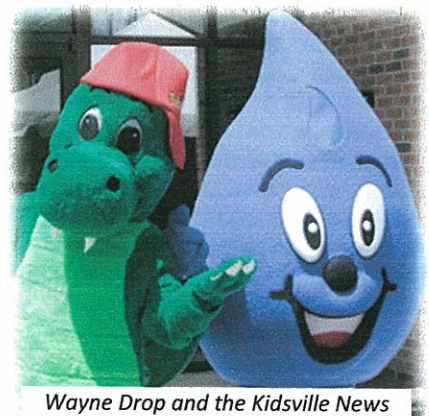


Karen Durso with customer at celebration of National Water Week

In addition to the community outreach initiatives, many administrative details have helped build and promote our program. These include: completion of the Emergency Water Use Management Plan (required by the State), established promotional partnership with EPA's Water Sense Program, representation on behalf of CFPWA at local builder's Green/LEED Platinum Certified home tour in Landfall, created/distributed conservation messages/tips (wall hangings) which are posted at 235 Government Center Dr. and at the new Nano Plant, designed and distributed WUIW License Tags for CFPWA vehicles, implementation of residential water audit program, information session held with Customer Service personnel to discuss WUIW materials and promotional items available to customers - provided information, resources,

and held a Q&A session, conduct quarterly meetings with "Green Team" members to discuss ongoing green initiatives and collaborative efforts, maintain extensive database/spreadsheets of all contacts made regarding enforcement issues, general inquiries, water use restrictions, projects/programs and results. Additional projects completed for the Water Treatment Division include the compilation and distribution of CFPWA's Annual Water Quality Report and site surveys for Well Head Protection Plan.

Conservation staff continues to enhance personal knowledge and development by attending various workshops and classes and is currently enrolled in the state's Environmental Educator's Certification Program. Division staff members were speakers in a seminar presented in coordination with NC PWS to explain the benefits from utilizing "Super-Pulsator" treatment technology. Staff continues to assist with the development of the NC Water WARN system for water treatment systems in NC. This system is designed to develop a network from which water systems in NC



Wayne Drop and the Kidsville News Mascot, Truman

can pool and share resources (i.e. personnel, equipment, vehicles, etc) during crisis events. Sweeney WTP assisted a local Boy Scout in completing his Eagle Scout project, by allowing him to do some repair work on “Santa Claus’ cottage”, which is located on the Sweeney campus.

The groundwater section delivered approximately 1,266,000,000 gallons of safe, drinking water to its customers during this report period and the Sweeney Water Treatment Plant delivered approximately 5,475,000,000 during the same period. Both systems maintained a 100% compliant record throughout this report period and the groundwater system received 3rd place in the annual taste test at the NC American Water Works Conference. Staff is continuing to look for operational efficiencies while maintaining the safe, reliable, quality drinking water Authority customers deserve.

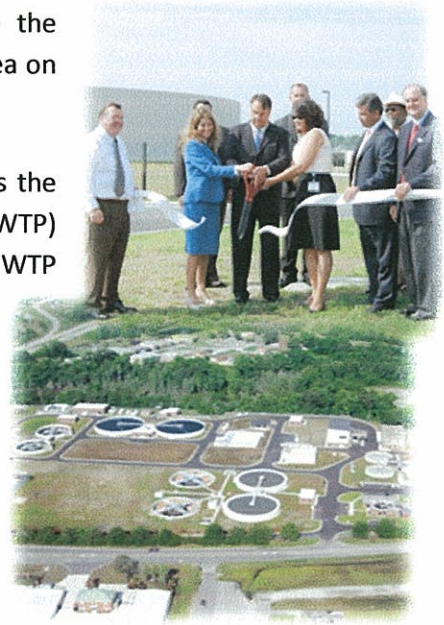
Wastewater

The Wastewater Treatment Division operates three wastewater treatment plants and is responsible for the efficient and effective treatment of all collected wastewater to meet and/or exceed permitted requirements and to minimize the impact of wastewater generated within the Authority’s service area on the surrounding environment.

The most notable project within the Division this report period is the completion of the Northside Wastewater Treatment Plant (NSWWTP) expansion and upgrade project. Wastewater received at the NSWWTP now receives screening, grit removal, primary clarification, activated sludge biological treatment, secondary clarification, filtration, ultraviolet disinfection, and pumping to the Cape Fear River. Residuals receive gravity belt thickening, anaerobic digestion, and belt filter press dewatering. Sweeney WTP and Southside Wastewater Treatment Plant (SSWTP) residuals are conveyed by pipeline to the NSWWTP for belt filter press dewatering. Digester gas produced by the anaerobic digestion

process is used to keep the process at proper operating temperature with any gas exceeding our storage capability flared off. Emergency generators are available in the event of power irregularities and outages. The NSWWTP now has the capability of receiving hauled wastes (septage and grease trap pumpouts) for processing. Once the second effluent force main is complete, scheduled for summer 2010, the facility can be permitted to handle its design/rated 16 million gallons per day (MGD) capacity from its current 10 MGD capacity.

The NSWWTP achieved 99.79% compliance with its NPDES permit and received the National Association of Clean Water Agencies (NACWA) Peak Performance Silver Award. During FY 2008 – 2009, the NSWWTP exhibited the following performance: Average Wastewater Flow = 7.425 MGD; % BOD



TOP: Ribbon cutting at Northside WWTP
BOTTOM: Aerial photo of Northside WWTP

removed = 99.12; % TSS removed = 99.34; % NPDES Compliance = 99.79; Wastewater Residuals Production = 10,271.



Northside WWTAP Aeration Basin

The SSWWTP continues planning and design for expansion and upgrade to a 16 MGD advanced WWTAP comparable to the NSWWTP. SSWWTP is currently a thirty-five (35) year old secondary treatment facility permitted for 12 MGD; wastewater received at the SSWWTP currently receives screening, grit removal, primary clarification, trickling filtration and activated sludge biological treatment, secondary clarification, chlorine disinfection, sodium bisulfate de-chlorination, and effluent discharge to the Cape Fear River.

Residuals receive gravity belt thickening, anaerobic digestion, and belt filter press dewatering; dewatered residuals (cake) from the NSWWTP, SSWTP, and the SWTP are blended at the SSWWTP for land application on permitted sites within New Hanover, Brunswick, Columbus, Pender, and Bladen Counties. Digester gas produced by the anaerobic digestion process is used to keep the process at proper operating temperature with any gas exceeding our storage capability flared off. An emergency generator is available in the event of power irregularities and outages.

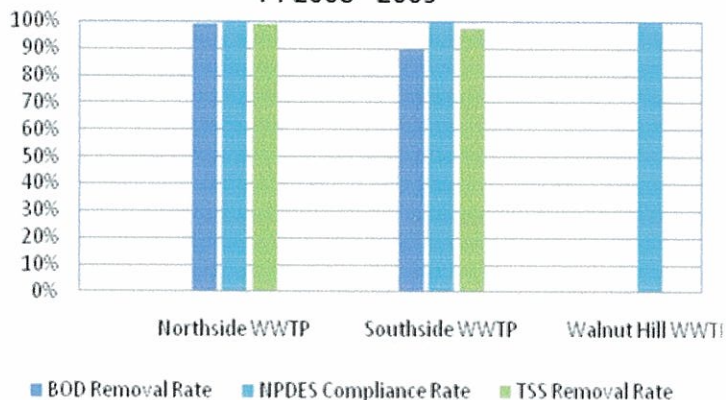
The SSWWTP achieved 99.83% compliance with its NPDES permit and received the NACWA Peak Performance Gold Award. During FY 2008 – 2009, the SSWWTP exhibited the following performance: Average Wastewater Flow = 8.119 MGD; % BOD removed = 89.78; % TSS removed = 97.44; % NPDES Compliance = 99.83; Wastewater Residuals Production = 6,739 CY.



Wastewater Residuals used as fertilizer on area crops

The Walnut Hills Wastewater Treatment Plant (WHWWTP) is a forty year old package plant having 0.100 MGD permitted capacity. It will eventually be decommissioned and its flow will be routed to the NSWWTP. Wastewater received at the WHWWTP currently receives screening, activated sludge biological treatment, secondary clarification, filtration, chlorine disinfection, calcium thiosulfate de-chlorination, and effluent discharge to the Northeast Cape Fear River. Residuals receive aerobic digestion prior to land application. An emergency generator is available in the event of power irregularities and outages. Staff has worked on several improvement projects at the WHWWTP, including interconnecting the process aeration blowers and installing redundant equipment for ease of continuity of

**Wastewater Treatment Performance Summary
FY 2008 - 2009**



operation in the event of equipment malfunction.

The WHWWTP achieved 99.74% compliance with its NPDES permit and received the NACWA Peak Performance Silver Award. During FY 2008 – 2009, the WHWWTP exhibited the following performance: Average Wastewater Flow = 0.062 MGD; % NPDES Compliance = 99.77.

A total of 41 staff members are currently authorized within the wastewater treatment division. This is several staff short of desired levels. Staff has worked very diligently to fulfill expanded responsibilities, making up any shortfalls with overtime.

Staff pursued many innovative initiatives, including planning for receipt of septage and grease trap pump-outs, evaluating possible receipt of off-site residuals and non-hazardous liquid wastes, making application to qualify NSWWTP effluent for use as a bulk reclaim water supply.

Staff continues to work with DWQ (Division of Water Quality) on total daily maximum loads (TMDLs) which affect the amount of effluent which can be discharged and the levels of treatment required by our WWTPs.

Staff continues to work with the Authority's odor corrosion control program (OCCP) and residuals management. Both are currently contracted services. In addition to administering the OCCP contract, staff has been working on design and installation of a new system-wide dosing network and the recrafting of the service contract to a more competitive approach. In addition to administering the residuals management contract, Staff is also recrafting the residuals management to a more competitive approach and making application to DWQ to modify our existing residuals management permits to allow the WHWWTP residuals to be transported to the NSWWTP for processing and/or disposal. Significant progress has been realized in continued/expanded use of the Operator 10 operations reporting software and the Infor/Datastream 7i computerized maintenance management software (CMMS).

Staff works regularly with other CFPUA staff on joint engineering/operations planning, integrated water resources master planning, SSWWTP expansion/upgrade design and permitting efforts, design and permitting of the 421 WWTP, and SCADA system improvements.

Safety continues to be an important component of our activities on section, division and agency-wide levels. The wastewater treatment division received the North Carolina Department of Labor Silver Certificate of Safety Achievement for the fourth consecutive year in 2008.



Bradley Creek Pump Station

Other training activities also receive extensive support. A total of 27 staff attended training intended to become certified, satisfy certification continuing education requirements, or otherwise continue their professional development. Staff was instrumental in securing continuing education credit for CFPUA supervisory courses from the state's water and wastewater certification agencies.

It was an exceptionally productive year for Ken Vogt. He received the William D. Hatfield Award for Outstanding Performance and Professionalism in the Operation of a Wastewater Treatment Facility and

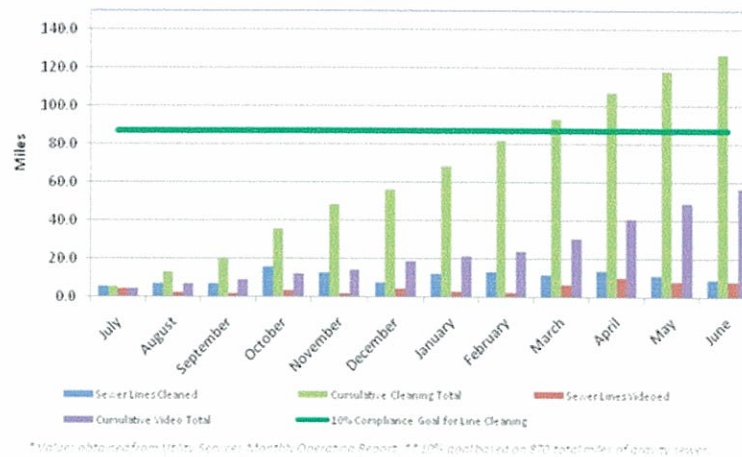
induction into the Select Society of Sanitary Sludge Shovelers (SS) in recognition of his service to the North Carolina American Water Works Association – Water Environment Association (NC AWWA – WEA). Just one more example of the excellent quality of staff the Authority is fortunate enough to employ.

Utility Services

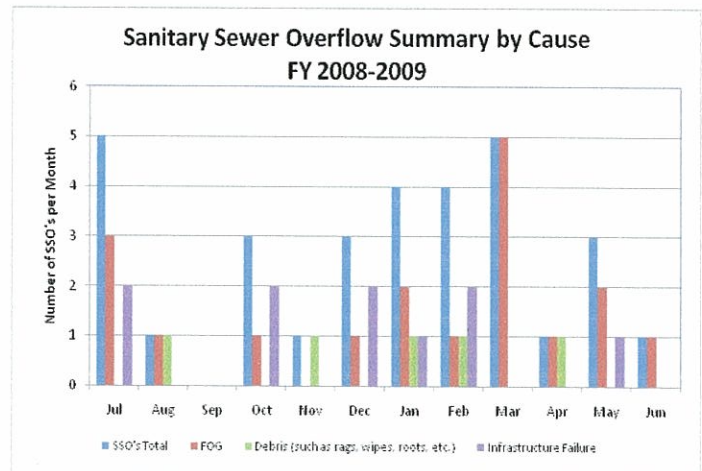
The Utility Services Division is responsible for the operation and maintenance of the collection and distribution lines, pump stations, meters, hydrants, right-of-ways, manholes, and outfalls within the Authority's water and sewer system. Representatives of this group are on call 24 hours a day, 7 days a week, and 365 days a year. With their dedication and hard work throughout this past year the amount of maintenance performed has gone up within the system, the amount of sewage spilled has reduced significantly, and the quality of water is maintained throughout the water distribution system.

The Authority operates a sewage collection system comprised of 870 miles of gravity line, 15,000 manholes, 142 pump stations, and over 500 miles of pressurized sewage force main. The Capacity

Collection System Line Maintenance Activities
FY 2008-2009



Management Operations Maintenance (CMOM) program recommendations are being implemented by staff. The Division has implemented an on-going cleaning and inspection program to monitor and maintain the sewer system, including jetting, high pressure washing, and closed circuit television inspection of lines. Staff have cleaned 126.8 miles of sewer lines which is 4.5% more than the collection system permit requires. Approximately 58.9 miles of the gravity system were videoed by closed circuit television (CCTV) to evaluate its condition and to identify the need for further maintenance.



The Division has crews dedicated to maintaining outfalls, clearing right of ways, inspecting lines and manholes. Pump station crews visit the 142 pump stations throughout the system at least weekly to complete scheduled maintenance and repair any electrical, electronic or mechanical issues with the sites. On an average month, they will complete between 300 to 400 work orders. The Authority has approximately 90 stationary and portable generators maintained by the pump station crews. These crews are also responsible for maintaining the physical appearance of the sites by painting, mowing, monitoring pump station run times, wet well cleaning and degreasing. Staff members are able to monitor the lift stations remotely using a SCADA system.

A new facility adjacent to the new nano-filtration plant is near completion and will be the base of collection system operations and maintenance. We have begun a large diameter cleaning and inspection contract that should address long standing issues with the largest of the collection system lines. We implemented a root control program targeting areas with previous SSO's. The volume of SSO's has been decreased more than 28,000 gallons

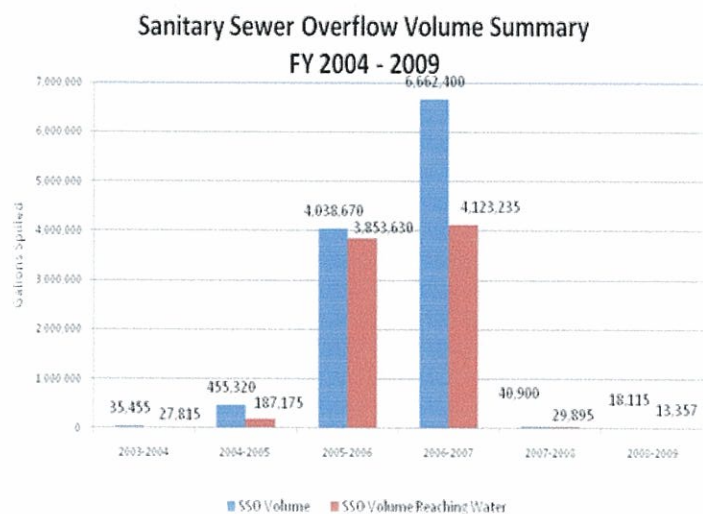


Outfall Maintenance Staff on ARGO

annually. The collections system is working towards certification under the ISO 14001 Environmental Management System (EMS).

The Division has implemented an easement surveying program that was developed in concert with the Engineering Department that can be used as a template for future contracts of this type. Two lining projects have been completed in the past fourteen months. The projects were on large diameter collection system lines on separate sections of the Burnt Mill Creek Outfall. Both projects were supervised and managed with Operations personnel. Additionally, a "Find-it - Fix-it" program has been started that will provide assistance to handle infrastructure repairs and maintenance that are beyond the capabilities of Authority personnel. Although the Outfall crew has been occupied with many projects outside their direct responsibilities, they have worked to perform the permit required maintenance.

Several key personnel have been sent to training classes to gain certifications that will improve the knowledge and overall management of the organizations infrastructure. Staff is currently scheduling new employees and employees that need the training to enhance their knowledge of their assigned duties to distribution and collections schools. Supervisors within the

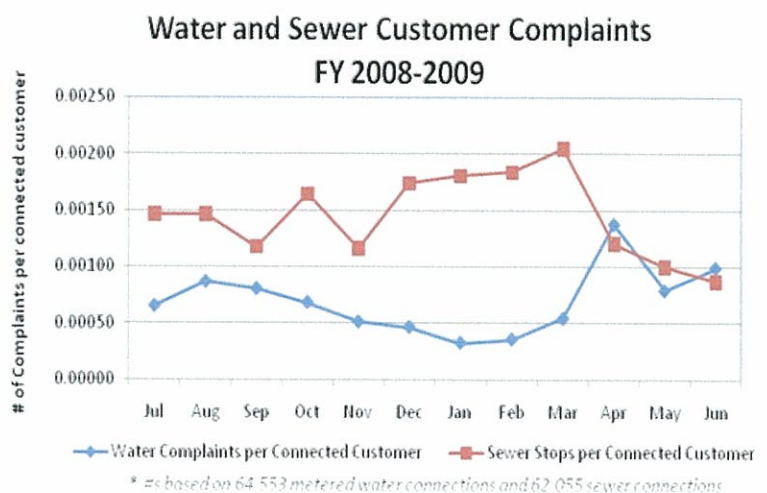


Division are striving to assure that personnel are cross trained to handle all methods, applications, and types of construction within the Authority's systems. Certifications that were earned during this report period were for collections systems, distribution systems, backflow, trenching and shoring, customer service techniques, NIMS, and ISO 14001. Additionally several staff members were able to attend the annual AWWA and Spring Fling conferences during this report period. These types of conferences provide training for certification hours, allow the employees to see and hear about new instruments and technology, allows the employees to talk to other groups across the state which has continued to improve the performance of the employees, their sections, divisions and will greatly enhance the procedures and operations of the Authority.

Supervisors and foremen from all groups have been participating in Cape Fear Community College's (CFCC's) leadership training series, "Building CFPWA Teams through Supervisory and Leadership Skills". The sessions have been completed at Authority locations to facilitate attendance and minimize any impact on operations. Front line supervisors will be the next group to attend the training series offered in conjunction with CFCC. The classes are very helpful and also allow the supervisors and managers of the Authority to learn more about other sections of the organization. This has helped to have a better understanding of the specific goals of each division and allows each supervisor to have a better perspective of the other division's goals. It facilitates team work which is critical to making the Authority perform as one unified organization.

The employees of the Utility Division have completed some training as a group. This training has proven to be very helpful and should provide cost saving to the employees and the overall operations of the Authority. Safety is a primary mission for Division staff each minute of every day. The Division does not accept any reasons or excuses for why everyone that clocks in should not clock out at the end of the work period. This organization is driven by safety and the Authority has provided staff several great methods to get the current training and provides the equipment needed to properly and safely conduct business. CPR, Driver safety and Confined Space Training and related safety training programs are provided by Authority to improve safety and knowledge in the work place. There is a huge list of required and needed training classes. This has been developed and is being tracked by each division to meet state and federal guidelines. The money and time spent training employees is a big investment, but has reaped a lot of great success and dividends to the overall performance of the Authority and the employees of the organization.

The Division continues to process work orders on a daily basis and strive to capture as much information as possible for Water and Sewer Construction, Meters, Locates, Water Quality, Sewer Maintenance and ROW/Easements.



Administrative staff continues to work with HTE consultants tweaking the system to better capture the history of the utility systems.

The Water Quality and Construction Services Section of the Utility Services Division have had many accomplishments this year. The following are substantial tasks and were accomplished in a very timely and efficient manner. Staff successfully flushed the entire 04-65-232 (Groundwater) system. This was the first time that the entire system had ever been flushed during a single reporting period. This preventive line maintenance activity has significantly improved the water quality throughout the system by removing deposits and sand that had built up over time within the system. Additionally staff flushed the 04-65-010 (Surface water) system. This section of the Authority operates four water systems with over 900 miles of water mains, 22 miles of raw water lines, 6,500 fire hydrants, and approximately 65,000 service connections.



TOP: Construction Staff working on lines in Trench Box

BOTTOM: Staff installing clamp to repair lines

Staff of the Construction Services section has kept a keen eye on the construction needs of our utility infrastructure. They have rallied the teams and responded to all calls in a very timely and efficient manner. Supervision within this Division is working very effectively to enhance relationships with NCDOT. The NCDOT staff has been very satisfied with the performances of the Utility Services Division. The Division has instituted a program where Utility Services personnel meet regularly with the NCDOT and City of Wilmington to foster communication between the stakeholders and help establish effective working relationships.

Water Quality is well underway conducting GPS locating and GIS recording. The Water Quality team is focused on all of the assets associated with potable water systems. This is a crucial step towards acquiring useful and accurate data for the asset management program. We strive to record any data we can when we get any break in action or while on a job site addressing other issues. The Water Quality group has stepped up to the plate and handles a lot of tasks that are normally outside of their normal duty assignments and responsibilities. We are truly conducting business in a very professional manner and completing other duties as assigned.

The Meter Service section provided justification to purchase and conduct large meter testing and inspection to their work schedule. This has been very positive to our budget and overall performance of the Authority. Large meters are required to be inspected and tested on an annual basis. A list has been compiled of all compound meters and staff has been assigned to complete the testing and inspections. The goal is to get all the meters of 29 meters tested in this period including the Ports Authority and all of the New Hanover County public schools. These tests took place before the schools re-opened this school

year. This was scheduled to prevent any disruption during school hours. The 29 meters tested by staff would have been contracted out last year at the cost of \$4,600. The testing unit was purchased for \$4,180.00 and there are a lot more meters to test. The unit cost was paid for in just a few months. The other values from doing this testing in house is that the testing is done per Authority schedule without any delay from the contractor, it enhances the knowledge and abilities of meter service staff and will continue to provide a better quality job at a much more reasonable cost to the Authority.



Quad Meter Test



*Meter Services employee
repairing meter*

The Meter Service section continues to respond to customer complaints and concerns about their residential or commercial water meter. The Meter Services section have conduct various tests from 5/8" meters to 2" meters on our test meter bench in our utility service division work shop when requested by the customers or supervisors. A process and procedure has been developed, implemented and monitored to provide better service for compound

meter customers. All new compound meters that are installed are required to have test ports on each compound meter. Using these test ports Staff can rapidly inspect and test the meter for accuracy.

When a meter service member is called to a specific site or situation, they can verify the problem and complete most repairs in house that minimize interruption to the customer. The ability to properly evaluate the conditions at the job site expedites the work orders, lowers the cost of extra travel, labor, and excessive repair parts.

Staff continues to utilize automated flushers strategically positioned in the distribution system to facilitate better water quality and decreased customer complaints. The Water Quality section acquired thirteen new automatic flushers. (ten hydrant mounts, three permanent install). These automatic flushers maintain good water quality in areas where the demand and flow is low. Otherwise, technicians would have to manually flush these areas, which cost time and travel.

Staff acquired four Hach DR 890 Portable Colorimeters. These meters allow the field technicians to analyze water and have immediate results to trouble shoot the distribution system. In the past results may not have been known for days due to the fact that samples would have to be drawn and transported to the lab to await analysis. This has reduced the cost and time that was used to collect and conduct tests. Now the field technicians can promptly make good qualified discussions based on immediate test results which allow staff to provide better customer service and reduce overall cost of travel, testing,



*Flushing of Hydrants to ensure water quality
within the system*

labor and other related items. Sample stations are being used in several stations within the distribution system to assure representative samples are collected.

Environment & Safety

Director: Beth Eckert

The Environmental and Safety Management Department is comprised of 4 sections: Community Compliance, Laboratory Services, Safety Management and Environmental Management. This Department serves in a support capacity to the operations Department and other areas of the Authority to help ensure that they have proper data that meets regulatory requirements to make operational decisions that can affect public health and / or the environment. Staff also works to ensure that the water and sewer systems are protected from harmful discharges that could be discharged into the sewer system or via a backflow event sucked into the drinking water distribution system. We have bi-weekly staff meeting to discuss issues within the department and how to best optimize staffing resources to meet the needs of the Authority and to ensure compliance during a time when budget constraints dictate that we do more with less. Staff has shown their dedication to the Authority and the community in which we serve throughout this past year and they continue to do so each and every day. Despite the economy and the decrease in staffing, we as a Department are committed to the customers we serve and that includes our internal customers and will work to the best of our abilities to ensure we support the Authority's mission in any way necessary. Monthly meetings are held with Operations and Engineering to ensure communication is maintained in an effective manner to discuss ongoing issues that involve multiple areas of the Authority.

Additionally this Department has been very active with staff on employee safety and development of an ISO 14001 environmental management system and working with other areas of the Authority to develop a business plan for the implementation of the Asset Management Program. We are working with staff to build a safety culture that is based on "Safety First". Before any work is done on any job site or any task by any employees that employee and his/her supervisor must think is this the safest way to perform this job, does it meet regulations, and is there a potential for these employees to be hurt and act upon the answers to these questions to improve safety each and every day. The same is true for how we as an Authority are working to approach potential or actual environmental issues as well. This culture change will take place with the implementation that staff is working to develop starting with the Collection systems section of the Operations Department.

Community Compliance

The Community Compliance Section has supported the goals and objectives of the Department and Authority throughout the year by operating both the Pretreatment and Cross Connection Control programs in a cost-effective manner.

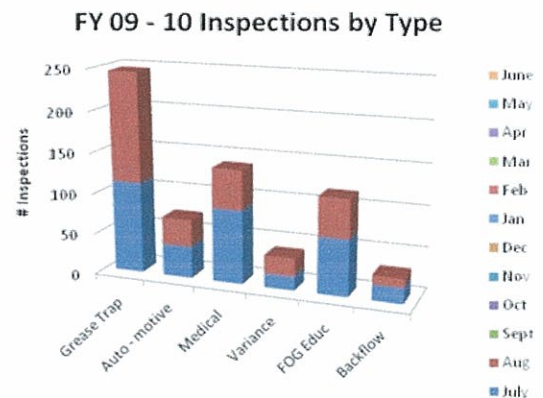
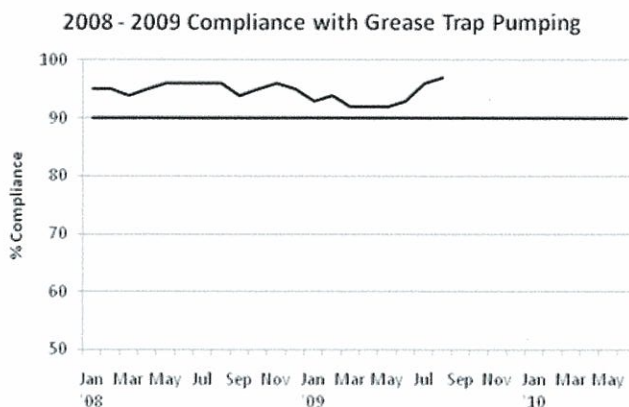
Both programs have been managed according to stringent State and Federal regulatory requirements. The Pretreatment program has been challenged with monitoring industrial and commercial users to ensure protection of both wastewater treatment plants and workers in the collection system as well as with educating customers about impacts from fats, oil, and grease as a means of reducing SSOs. Backflow protection in the distribution system requires constant oversight to ensure quality of drinking water for Authority customers. Staff has monitored and tracked monthly operational performance and budgetary accounts to ensure achievement of goals and performance measures.

Staff had many accomplishments during this review period. As part of the Pretreatment duties of the Community Compliance group staff are to oversee the industrial discharges to the system and ensure compliance with the NPDES permit requirements for Pretreatment Programs. Community Compliance staff inspected and sampled all significant industrial users (SIUs) to determine compliance with their discharge permits. Staff evaluated all self



Compliance Staff inspecting grease trap

monitoring data and data collected by Authority staff to evaluate the need to issue notices of violation and / or civil penalties as per the pretreatment regulations and the Authority Sewer Use Ordinance (SUO). Additionally, In order to protect the sewer system effectively, an assessment of the loadings it can effectively treat must be periodically conducted. During this review period, Compliance staff has collected samples at the treatment plants at each biological process as well as biosolids; data will be used to perform a headworks analysis which is due in 2010. The data is collected to determine removal efficiencies of the treatment trains and inhibition levels to protect the “bugs” that break down the wastewater. This Pretreatment Program was audited by the NC Division of Water Quality - Wilmington regional office staff in August 2009 and received a favorable score with no discrepancies noted.



Sewer system protection activities also occur with the Community Compliance staff working closely with collections system personnel by responding to SSOs or sewer blockages that are related to debris or FOG (Fats, Oils, and Grease). Responses include items such as oil and grease sampling and inspections in affected areas and distribution of literature for educational purposes on what should not be discharged to the sewer system. Approximately 1,530 letters with Fat Free Sewer brochures were



Staff member teaching cross connection & backflow class

mailed to customers, approximately 180 door hangers were distributed and 95 fat trappers were given to customers to encourage them to “trap the fat.”

The FOG program is another responsibility of the Community Compliance group. Food Service

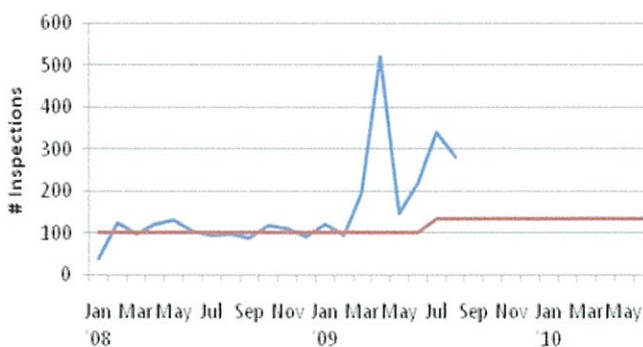
Establishments are inspected and monitored to ensure they comply with the SUO with grease trap design and pumping requirements. During this review period, 614 FSEs (Food Service Establishments) were inspected to ensure they were pumping their grease interceptor and that their interceptor was functioning as designed. Additionally, 117 FSEs received a FOG educational inspection which included a booklet that contains SUO requirements, best management practices and a list of grease trap service vendors. The inspections are tracked on a monthly basis and graphed to visually illustrate progress by the compliance staff. The target compliance rate for grease interceptor pumping is 90%. Currently area FSEs are averaging 94% compliance.

Other types of inspections are conducted as well such as automotive, medical, variance, and backflow inspections. The target compliance rate for annual testing of backflow assemblies is 80%. The current average compliance rate is 83%. The percent compliance is tracked and graphed on a monthly basis.

With limited resources throughout the Authority and in order to utilize these resources in an effective and efficient manner, Staff continues to look for and identify opportunities to achieve this goal. One change made this review period accomplished both being more efficient and providing timely customer service. Community Compliance staff trained meter setters to conduct inspections of backflow assemblies. The inspection is performed by the meter setter who can unlock the meter if the backflow assembly is installed correctly. Inspection forms are turned into compliance for tracking the assembly and its annual testing. This process freed up critical time needed or compliance staff to conduct required inspections in the new sewer service area.

To assist area residents and local testing companies with compliance with backflow requirements, Community Compliance Staff conducted a week long backflow tester certification class which is run through Cape Fear Community College. The class consists of class room lecture and hands on testing of backflow prevention assemblies. In order to obtain certification, students must pass a written exam and demonstrate proficiency testing all three backflow prevention assemblies. This certification is accepted by other municipalities throughout the State of NC. Additionally a 2 day backflow tester recertification class

2008 - 2009 Commercial User & Backflow Inspections



which consists of class lecture, a written exam and a wet lab practical where the tester has to demonstrate competence in testing all three types of backflow prevention assemblies is offered each year as well.



Fats, Oils & Grease and Flushable Wipes Outreach

Community Compliance expanded its educational outreach by participating in the NHC Annual Household Waste Collection Day, Earth Day, and Baby Expo. We also had 200 commercials about FOG broadcast on Sunny 104.5 and LaGrande and a live interview that was simulcast on Sunny 104.5 and CBS10.

ESM Laboratory

The Authority has one of the finest laboratory programs in the State of North Carolina. Comments from State drinking water and wastewater personnel and auditors, Authority coworkers and laboratory peers support this fact year after year. The Environmental & Safety Management Laboratory began as two



*Sweeney Water Treatment Plant and
Authority Laboratory*

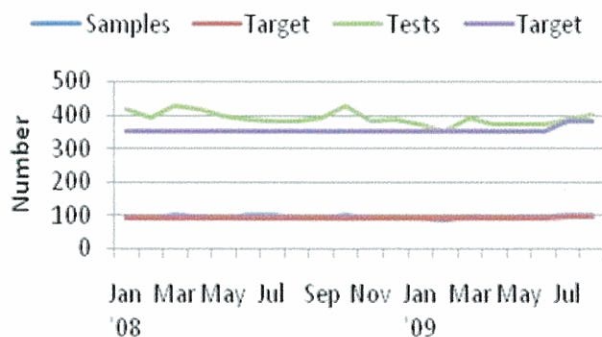
smaller programs within the City of Wilmington. In 1996, the drinking water and wastewater analytical groups merged to form part of the Environmental Services Division. Over the next twelve years, the program expanded and evolved until it became part of the Environmental and Safety Management Department of the Cape Fear Public Utility Authority in 2008. The laboratory program is currently conducted on the second floor of the

Sweeney Water Treatment Facility administration building. In 2010, the laboratory will be relocated to the new Environmental & Safety Management facility in the Ogden

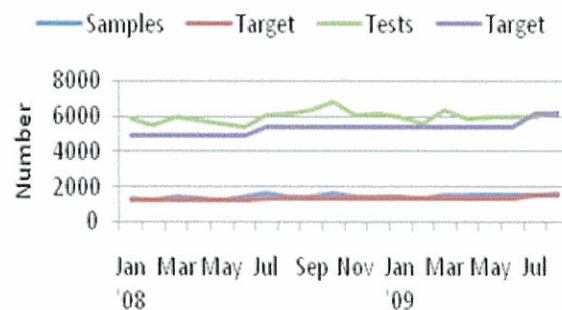
area of Wilmington.

This following provides a brief summary of our activities during 2009. The graphs below represent sample and testing levels since January 2008.

2008 - 2009 Samples & Tests per Lab Employee



2008 - 2009 Samples Analyzed & Tests Performed



Compliance and operational monitoring has been performed for three wastewater treatment plants, a drinking water plant, and four water distribution systems according to Federal & State mandated schedules as well as those developed by facility ORCs. Monthly reports have been completed in a timely manner for the Sweeney Water Treatment plant. Thus far in 2009, Staff have performed 26,150 tests in support of this facility. Monitoring reports have also been prepared efficiently for the four NPDES permittees within the Authority. 21,850 tests have been conducted through August 2009 for NSWWTP, SSWWTP, Walnut Hills, WWTP and Sweeney. Out of the 48000 tests performed to date, only one monitoring discrepancy has occurred. Required toxicity and priority pollutant monitoring was conducted in accordance with NPDES permits. Special sampling events for endocrine disrupting compounds were conducted as requested by ORCs.



Staff analyzing field samples



Lab staff collecting samples at SSWWTP

The laboratory staff has monitored and tracked monthly operational performance and budgetary accounts to ensure achievement of goals and performance measures. Increase in laboratory sample workload has been met with innovative approaches while achieving compliance with regulatory requirements and customer expectations. One way in which this was accomplished was through the distribution of work lab-wide instead of utilizing the previous two-team concept. This was possible because of substantial completion of cross-training efforts. Laboratory technicians are now distributing

daily tasks among themselves, increasing morale and efficiency. Laboratory management is striving to maintain an experienced and well-trained staff. Two laboratory employees have been trained as auditors in support of the EMS program, one as an internal auditor.



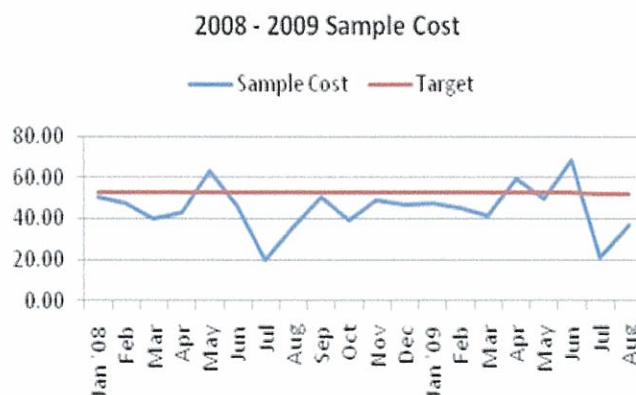
Environmental & Safety Staff Member, Jill Deane, with Cherie Berry at NC Dept of Labor Safety Awards Banquet

Our laboratory has endeavored to support the Authority's succession planning vision. Four employees within the Environmental and Safety Management Department have been promoted within the past year. The laboratory and compliance sections share an intern who has been given training comparable to full-time employees. Several laboratory technicians, past and present, have been hired after serving as interns or volunteers.

The annual updates of the Chemical Hygiene Plan and Laboratory Chemical Spill Plan have been completed. Operational procedures are being updated at this time. Staff is constantly looking to improve in all areas. Laboratory Staff take our responsibilities seriously. The laboratory recently received NCDOL's 4-year Gold award for outstanding efforts in safety and health.

Subcontracted testing is a large part of the laboratory's budgetary requirements, especially for groundwater well monitoring. We are attempting to bring as much of this work as possible into our scope of operations. In the past year, we have resumed all BOD (Biochemical Oxygen Demand) and CBOD (Carbonaceous Bio-chemical Oxygen Demand) testing. In 2007, we spent approximately \$900 per month on these tests. Enterococcus testing was also initiated in early 2009, saving nearly \$1200 per month. Additionally, we now routinely test for nitrates on groundwater wells.

Our cost per sample has decreased during the year and we hope to continue this trend.



Lab staff performing micro-biological testing

Compliance with EPA and State certification requirements requires that our laboratory complete proficiency testing programs for water and wastewater. We successfully completed four drinking water and wastewater PT studies in 2009. We have gained new analytical certification for wastewater salinity and are in the process of becoming certified for wastewater turbidity and manganese in support of the new Nanofiltration facility's NPDES permit. While an appreciable amount of testing is still done by contract laboratories, we will continue to add to our scope of work when we move to the larger facility. Budgetary and logistical considerations associated with the relocation of the Laboratory

have been under critical review for the entire reporting period. Occupation of the new building is planned for autumn 2010.

Each year, laboratory personnel meet with treatment staff to gauge their analytical needs. The ESM laboratory assisted in determining specifications and pricing for laboratory equipment to furnish the new Nanofiltration water treatment facility. Our battery of tests has changed appreciably this year, especially for NSWWTP. As the upgrade progressed, we were asked to initiate several new tests, including UV channel monitoring, reinstating fecal coliform monitoring and testing for turbidity for informational purposes. We have increased our solids testing to include some of the new treatment processes.

The Authority's RDS sampling program requires that in excess of 180 samples are collected per month. These samples are taken from an area covering the majority of New Hanover County. Staffing issues have lead us to change our procedures and we anticipate being able to more efficiently complete this work each month. EPA and NCDENR-Public Water Supply Section have placed additional drinking water reporting requirements upon staff that require closer oversight of analytical data and quick written response to customers of water quality testing results. All reporting relating to water quality testing has met or exceeded the requirements. Lead and copper monitoring for the 04-65-191 and 04-65-232 systems was completed in a shorter time frame this year due to efficiencies in time management and scheduling implemented during this review period. This program requires several visits and contacts with customers, sampling during off hours and a large amount of record keeping. In all, 37 sites were monitored during the June-July time period.



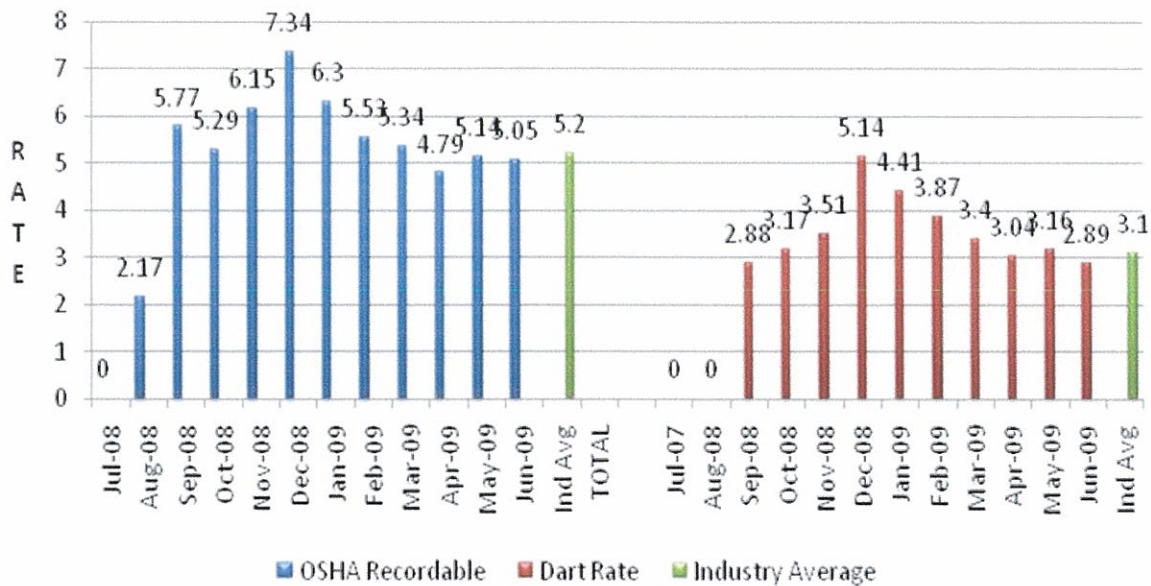
*Environmental & Safety Staff working
with Northside Operations staff*

NCDENR-Division of Water Quality has emphasized adherence to Authority's Collection System Permit requirements. The laboratory staff strives to provide technical and investigative support to Operations staff in their effort to meet the expectations of State regulators to comply with the Collection System Permit. The ESM laboratory performed stream monitoring related to four sanitary sewer overflows so far in 2009. The incidence of SSO response has been reduced over 2008. Additionally, we have conducted environmental assessments of three waterways in response to direction from the Division of Water Quality and the Authority's Collection System Operator in Responsible Charge.

The laboratory expects continued growth and improvement. We appreciate the confidence that our peers have in us and enjoy the good working relationship that has developed and grown in the past year.

Safety Management

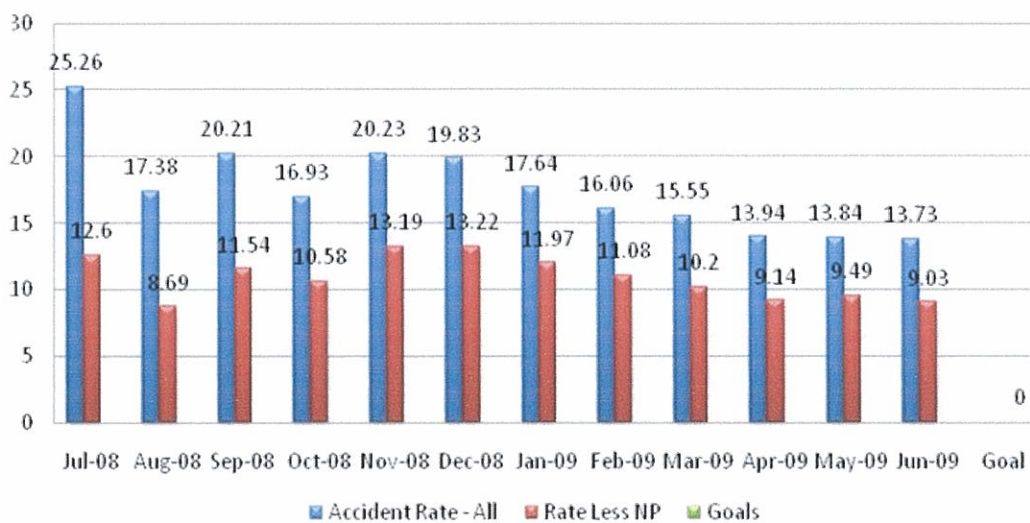
OSHA Recordable and DART Rates FY 09



FY 09 ended with the Authority having 38 total accidents, 14 of which were OSHA recordable's with 8 DART (Days Away Restricted Time) cases; 13 of which involved Authority vehicles being struck by other vehicles. The Authority has shown a steady decline in our overall accident and OSHA Recordable rates since July of 2008. The rates are affected by the amount of "exposure hours", so the more hours worked, the lower the rates.

The Safety Division of the Environmental & Safety Department has had another very successful year. After the Safety Policies and Procedures Manual was created, approved by the North Carolina Industrial Commission and adopted by the Authority Board, it has been monitored to make sure that it has met the requirements for which it was developed. Some minor revisions have been made to some policies

Accident Rate



regarding wording or procedures, but overall the manual has shown to be effective. As part of the Safety Policies and Procedures manual, the Safety Award Program was initiated this year which allows employees without a preventable accident in the previous year to have their birthday off during the next fiscal year.

Staff has continued to further develop and improve the emergency preparedness plans by using the Incident Command System structure to be compliant with FEMA for the benefit of receiving grant money should it be needed in the future. Staff is working to update all contact information and any developing action plans for different potential disaster situations within the Authority. Staff partnered with Operations staff and NCDENR-Public Water Supply to host an on-site emergency exercise in March 2009. This exercise helped identify potential weaknesses in our existing plans so they can be improved upon. The exercise was a tremendous success as participants were present from local and state agencies.

A formal monthly training schedule was put together and published for the departments so that departments could share training dates if they needed additional training. The safety section has worked closely with the departments in conducting training for any subjects needed. New employees continue to receive safety training orientation by our Safety Program Manager. Additionally, Flagger Certification training will be scheduled and conducted for all departments requiring it to meet the compliance deadline of July 2010. The Safety Manager continues to monitor and update the safety training matrix that includes all employees.



Kevin House, Safety Program Manager, conducting Safety training "Who wants to be a Millionaire?"

The Authority Safety Committee, with representation from each Department, continues to meet monthly. The staff finalized the committee by-laws. An Accident Review Procedure Policy was approved and implemented in January. This policy gives guidance to assessing accidents for preventability and determining disciplinary points if the accident is found to be preventable. This group talks about the safety programs, its requirements, and identifies any deficiencies that may exist within the organization. Staff continues to look for opportunities to improve the safety program for the Authority and to ensure proper training is occurring.

The safety section, in cooperation with the North Carolina Department of Labor, requested and conducted, 4 site Safety & Health Inspections. These comprehensive inspections were conducted by OSHA Compliance Officer's through the Consultative Services Division of OSHA. The sites inspected were Sweeney Water Treat Plant, James A. Loughlin Wastewater Treatment Plant, McKean-Moffit Wastewater Treatment Plant, and the Utility Services Facility at 212 River Road. All violations were mitigated with the quick response from the Authority personnel. An inspection with OSHA of the new Groundwater Filtration Plant was conducted on September 28, 2009. There have been several walk-through inspections of construction sites, work zones and facilities.

In an effort to keep safety topics in front of the employees, a safety newsletter has been implemented called the 'Safer-Times'. This newsletter is being used to communicate topics of importance to all employees on a monthly basis such as how to combat the spread of viruses, understanding signage, holiday safety, hazard communications, safety policies, types of accidents, accident rates, etc.

As well as working with safety programs and issues, the safety manager is working with staff on the design and construction of the new ESMD Facility. Issues such as facility security & access, ventilation, eyewash stations, etc. are all being addressed.

A future topic that will be dealt with will be the issue of uniforms. This is an important issue that needs to be addressed from the standpoint that the uniform needs to protect the employee from hazards associated with the job. There are currently some positions in departments where employees prefer to wear shorts. Another issue with uniforms is the issue of Arc Flash Protection. Some positions in various departments are required to wear clothing constructed of material to protect against Arc flash as well as other electrical and flammable activities. The Safety Manager is investigating new types of materials to address employee comfort in wearing this heavy clothing, but the primary goal is to ensure that any clothing provided to Authority staff is the appropriate clothing to protect from the hazards of their job. "Think Safety First"

Environmental Management

The EMS program continues to move forward in its establishment within the Authority. Several staff members within Operations, Engineering and ESMD completed training conducted by NCDENR-Division of Pollution Prevention on developing an EMS in December of 2008. Awareness training of CFPUA's Environmental Policy has been conducted for all employees and continues for new employees that join the organization. The Authority obtained environmental partner status during this fiscal year within the NCDENR-Division of Pollution Prevention and Environmental Assistance Environmental Stewardship program.

In a letter dated November 19, 2008, NC Department of Environment and Natural Resources Secretary Bill Ross writes: "I am pleased to recognize Cape Fear Public Utility Authority as an Environmental Partner in the North Carolina Department of Environment and Natural Resources' Environmental Stewardship Initiative (ESI)."

The EMS has developed Level 1 and 2 procedures that establish the guidelines for CFPUA's EMS. These procedures define the elements of the EMS such as document control, communications, audit procedures, aspects and impacts, management review, and identification of our Legal and Other Requirements to which the Authority subscribes. Those procedures have been reviewed by the Management Staff and approved. Awareness training on these procedures to Management and areas defined under our initial scope is continuing.

The initial scope of CFPUA's EMS is focusing on the Collections Systems Operations including Pump Station Operations and Maintenance, and all associated support systems. The significant environmental

aspects and their resulting impacts were defined through a core team of supervisors from Operations that met over several months. A list of twenty eight work activities was reviewed by the group for their potential of significant impact on the environment. The group identified a list of eleven significant aspects based on activities performed on a daily basis. These activities were reviewed and agreed up on by upper level management. Job shadowing was performed to begin documentation of these work processes within the Collections System group. Development of work SOI's focusing on minimizing the environmental impact on tasks performed is ongoing with several SOI's currently in the modification and approval state. Once standard operating instructions have been developed, reviewed and approved by management, training on these procedures will be conducted for all affected employees. Additionally, this team will identify and track all legal and other requirements for analysis and compliance determination. This process will help the EMS Team and the Authority better focus resources where they are needed to ensure we meet our core commitments, we comply with laws, and regulations, continually improve performance, and prevent pollution.

CFPUA has developed an Internal Audit team consisting of a representative sampling of eighteen employees throughout the organization. Certified audit training for those employees was conducted by an external party. This team of Internal Auditors will be utilized as we continue to implement the EMS within our defined scope. These employees are being called upon to review EMS documents and procedures to assure they meet the



ISO 14001 Auditor Class Graduates

requirements of the ISO 14001 standard. Cross sections of this team will also play a vital role as the EMS is implemented in the Collections System helping to prepare for certification audits. CFPUA established a Lead Audit team that participated in intense certified training. This group of five CFPUA employees will be utilized as the Department implements the program throughout the Authority. They will be tasked to assist in preparation for pre-assessment and certification audits of the defined scope. The goal is to achieve certification early in 2010.

The EMS program will continue to be a driving force in how the Authority strives for continual improvement of its environmental performance. Corrective and Preventive actions including root cause analysis of how the Authority responded to environmental incidents were conducted this year with the focus on improving communications and response and further minimizing environmental impacts. Seeking to always improve and strive for environmental stewardship, the EMS will continue to move the Authority forward towards moving beyond simply meeting our commitments of continual improvement, prevention of pollution, and compliance to all legal requirements to which our organization subscribes but performing at a level consistent with the Environmental Stewardship this organization holds as one of its three guiding principles.

Human Resources

Director: Tom Morgan

On July 1, 2008, the Authority became operational with the water and sewer employees transferred from the City of Wilmington and New Hanover County, in addition to the employees that were hired by the Authority prior to July 1.



*Human Resource Staff Members
Brandi Pyles and Gloria Lee*

At that time a total of 279 positions of the 309 approved positions were occupied. As of December 31, 2008, a total of 291 positions of the 309 approved positions were occupied. In an effort to streamline operations and gain economies of scale, a total of 5 vacant positions were identified as not required and subsequently eliminated. This resulted in the number of approved positions being reduced to 304. As of June 30, 2009, a total of 288 positions were occupied.

During the fiscal year, a total of 57 positions were posted and 56 positions were filled, of which 37 were filled by internal transfer or promotion. There were a total of 20 separations during the period: 12 due to voluntary resignations, 7 due to involuntary separations, and 1 due to death. The department processed 1,937 employment applications during the period.

The employee benefit program offered by the Authority was well received by the employees and a smooth transition occurred on July 1, 2008. Several enhancements were added to the employee benefit options effective July 1, 2009. These enhancements included a change in the dental insurance company that resulted in a slightly lower premium and a higher level of dental care benefits. Additionally, two new employee benefit options were added: A vision care plan and a Roth 401(k) supplemental retirement plan. These options were offered as voluntary supplemental benefits and, since they are funded by employee paid premium or deferral, there is no cost incurred by the Authority.



Supervisory & Leadership Class

The department conducted a series of benefit open enrollment meetings for employees in May, 2009, to allow employees to make their respective benefit elections for the upcoming fiscal year.

The Authority terminated its agreement with the City of Wilmington for the use of its employee clinic. An agreement was entered into with a local urgent care clinic to replace the services provided by the City of Wilmington employee clinic. The local urgent care clinic provides routine care at no cost to the employee. This change resulted in an approximate annual savings of \$8,000, and provides greater

convenience for Authority employees since there are three available clinics and their hours of operation are 7 days a week, 8:00 am to 8:00 pm.

Training and development activities conducted during the period consisted of: 1) Workplace Harassment/Workplace Violence – 291 employees trained; 2) New Employee Orientation - 33 employees trained, and 3) Performance Appraisal System – 47 supervisors and managers trained. The department requested funding for an organizational training program and an education and tuition reimbursement program for the 2009-10 fiscal year. The organizational training program budget was approved. The Authority, in partnership with Cape Fear Community College, the University of North Carolina at Wilmington, and a local computer training center, has scheduled organizational training for the following courses: Leadership & Management Development, Skills for New Managers, Business Writing, Positive Customer Service Techniques, Presentation Strategies, and advanced Micro-Soft applications.



Operations and Customer Service Staff participate in Leadership Training Class

Engineering

Director: Frank Styers, PE

The Engineering Department has many dedicated professional engineers and staff members that work diligently to manage and coordinate projects between the development community and the Authority. This Department works to coordinate the legal issues, ensures that submitted plans and specifications meet the Authority's design criteria, that replaced and rehabilitated infrastructure meets this criteria as well, ensures that projects are done in accordance with the Authority's Code of Regulations and Ordinances, oversees contractors and consultants that are working on the Authority's behalf, and works with the Board and other communities as the lead in Long Range planning. In general this Department ensures that the best interest of the Authority and this community is taken into account during the day to day and long term operations of the Authority and to ensure the guiding principles of *Stewardship.Sustainability.Service* are drivers in each of these decisions.

The Department is comprised of two areas one that oversees the capital improvement projects of the Authority and one that over sees the development services activities.

Project Management oversees a wide variety of capital improvement program (CIP) projects that among other things anticipate growth needs, address aging infrastructure, and ensure system reliability. Staff also helps identify, budget, and prioritize critical growth and maintenance needs so that the most worthy projects are brought forward for funding.

The following is a list of projects which are ongoing, completed or initiated by the Authority in 2009:

Project Name	FY09	Status of Project
Annexation 98 - Completion of Sewer Extensions	189,110	Ongoing
Kerr Avenue Water Line (Design)	1,800,000	Ongoing
Castle Hayne Water/Heritage Park Water	770,625	Ongoing
Heritage Park / Airport Phase I Sewer	2,280,000	Ongoing
Burnt Mill Creek Outfall Phase II	4,188,919	Ongoing
Ogden Interceptor Manhole Rehabilitation	750,000	Ongoing
Northeast Interceptor Rehabilitation Project (Design within the year)	6,369,113	Ongoing
Northeast Interceptor Rehabilitation Project - PS 35 Expansion (bidding)	6,369,113	Ongoing
Completion of Lift Station 77	772,971	Complete 03/2009
Northern Route Force Main (Northeast Interceptor Project) (bidding)	9,980,000	Ongoing
System-wide OCCP Facilities	1,270,000	Ongoing
Annexation 1995 Water System Improvements (Design)	135,381	Ongoing
Pump Station 2 Improvements (Construction)	1,160,505	Ongoing
PS 34 Barscreen Replacement (Design Phase)	773,932	Ongoing
Annexation 1995 and 1998 Water Lines (Design)	341,955	Ongoing
Northside Wastewater Treatment Plant Force Main (Bidding)	4,250,000	Ongoing
Northside Wastewater Treatment Plant Upgrade	7,331,205	Complete 11/2009
Southside Wastewater Treatment Plant Rehabilitation and Upgrade (Design)	8,000,000	Ongoing
Nutt Street Water Rehab (Construction)	981,922	Ongoing
Downtown Water Line Rehabilitation	1,040,000	Ongoing
8th & Ann and 3rd Street (Downtown Sewer Rehab)	424,583	Complete 8/2009
Equipment Purchases	1,428,118	Ongoing
Pump Station 3, 6, 13, 14, 15 Interceptor Improvements	130,000	Ongoing
Infiltration and Inflow investigaiton and Elimination Program	500,000	Ongoing
Well Field and Water Treatment Plant	27,930,000	Ongoing
Water System Master Plan (Previous funded by City - \$45,001)	0	Complete 2008
Water Resources Master Plan	400,000	Ongoing
Northern School Site Water Improvements	2,000,000	Ongoing
Northern School Site Sewer Pump Station and Lines	5,067,377	Ongoing
30" Raw Water Main Assessment	307,220	Ongoing
Water Valve Replacement	100,000	Ongoing
Water Laterals and Services	75,000	Ongoing

Meter Replacement Program	245,000	Ongoing
Geographical Information Systems (GIS) and As-built Integration, Easement Surveying and Mapping	195,000	Ongoing
Water Emergency Repairs	414,732	Ongoing
30" Raw Water Main Rehab.	5,464,909	Ongoing
Pump Renewal Project	178,014	Ongoing
Dystor Structure Fabric Replacement	257,000	Ongoing
Relocation of Utility Lines per North Carolina Department of Transportation Agreements	2,300,039	Ongoing
GIS As-built Entry and Mapping Maintenance Contract	200,000	Ongoing
Wastewater Pump Station Replacement Projects (from Sewer Master Plan)	226,068	Ongoing
Sewer Emergency Repair	1,747,348	Ongoing
Sweeney Water Treatment Plant Expansion (Construction)	73,227,029	Ongoing
Environmental Services Lab and Building (Construction)	4,275,000	Ongoing
Phase I Carolina Beach Road Transmission Main (Developer part is under construction)	650,500	Ongoing
Aquifer Storage and Recovery - Phase II (Bidding) *Stimulus Funds	1,792,591	Ongoing
City-County Water System Integration Study and Improvements	645,001	Ongoing
Murrayville Road Water Line -	367,890	Complete 10/2009
Murrayville Road Sewer Line	659,040	Complete 10/2009
Crestwood Water Line	462,729	Complete 10/2009
Middle Sound Sewer	1,540,117	Ongoing
River Road Force Main	654,167	Ongoing
PS 11 Downtown Sewer Rehab	133,400	Ongoing
Porters Neck Interconnection (Design)	68,800	Ongoing
City-County Water System Enhancements/Interconnects (Design)	44,600	Ongoing
City-County Water Integrations(Design)	96,945	Ongoing
Ridgewood Heights - Water Annex Area	341,955	Ongoing
Barnards Creek Outfall Line Rehabilitation(Assessment Contract)	2,000,780	Ongoing
GIS and CMMS Updates (RFQ just close)	169,456	Ongoing
Asset Management Implementation Study (RFQ just close)	280,544	Ongoing
Country Haven PS Upgrade	236,998	Ongoing
N Front St Streetscape - Design	625,000	Ongoing
N Front St Streetscape- Design	625,000	Ongoing
Pump Station 10 and 12 - Design	598,000	Ongoing

Development Services works closely with outside public agencies and private interests to ensure that utilities are available to meet the needs of new developments and that new utility construction is built to the highest standards. Their efforts ensure that future operating costs are minimized and that our current and future customers can enjoy trouble-free utility systems for years to come.

Capital Improvement Program

With about fifty active projects underway at any given time, our staff of engineers and managers did an exceptional job of managing them from inception through construction and delivery. Our projects range from small water system interconnections to major plant expansions, and everything in between. Although every project helps support our strategic position, some of our more noticeable projects include:

Nano Water Treatment Plant. Construction is almost complete on this new treatment facility and well field that will treat up to 6 mgd of groundwater. This will improve potable water quality in the northern part of our service area.

Northside Wastewater Treatment Plant. Construction of the plant expansion was completed this year. With improved processes and additional capacity, the plant will be able to treat up to 16 mgd.

Sweeney Water Treatment Plant Expansion. Construction is underway to expand the plant capacity to 35 mgd and improve treatment processes. The project should be complete in mid-2012.



Northside WWTP Aerial



Raw Water Line at Toomer's Creek

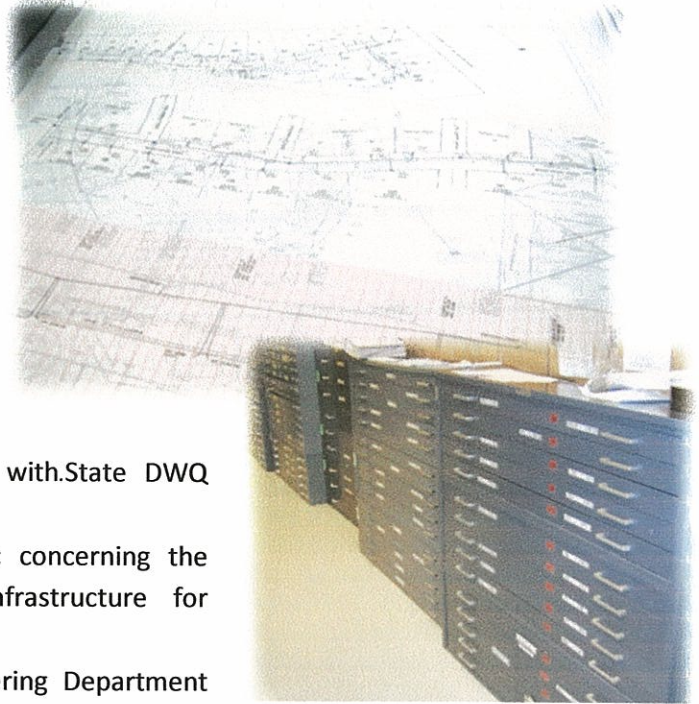
Burnt Mill Creek Sewer Repairs. Repairs to this critical sewer line were completed this year. Work was done under difficult circumstances in an environmentally vulnerable area.

Raw Water Transmission Main Repairs. Emergency repairs were made to our key pipeline supplying raw water, ensuring the health and safety of our community. The project was technically and logistically complex, and its success exemplifies the professionalism of our team.

Development Services Division

The project engineers, project managers, and utility construction inspectors of the Development Services Division dedicate themselves to providing internal and external customer service in the following areas:

- Utility Plan Review for new development and redevelopment and also revisions to previously approved plans
- Utility Construction Inspection services for developer installed systems and also CIP utility projects
- Maintaining the Authority Capacity Management Program in accordance with State DWQ rules
- Researching inquiries from the public concerning the availability of water and sewer infrastructure for customer connection
- Maintaining and updating the Engineering Department Technical Specifications and Standard Details
- Working with developers to complete the Legal Conveyance Process for developer installed infrastructure so the Authority gains legal ownership of utility systems permitted in our name
- Ensuring that final as-built drawings of developer installed infrastructure are delivered to the Authority so our GIS system map gets updated
- Tracking water and sewer system certifications and acceptance by the State prior to allowing activation of newly installed water and / or sewer systems
- Answering a wide range of questions from the public concerning connection fees, System Development Charges, procedures for connection to our systems, and other important customer service questions
- Giving presentations to the public as needed in order to explain our processes to developers, contractors, and the public



Plans and Files managed by Engineering Dept.

We currently have four Utility Construction Inspectors that provide construction inspection services for all of New Hanover County and the City of Wilmington. To date we have completed the legal conveyance process for approximately \$8,000,000 worth of water and sewer infrastructure installed by developers and now own and operate these additions as part of our growing utility system.

Public Relations and Information

Carey Ricks, Public Relations / Public Information Officer

Public Relations for CFPUA in 2008 and into 2009 was focused on working with Customer Service to handle customer relations and communications necessary resulting from the identification and remediation of conversion errors and billing delays. With heightened consideration of the impact to our customers, CFPUA focused efforts and worked very aggressively to communicate information about complications in the billing system and how those complications were being resolved. Information was provided on the website, in a CFPUA newsletter, in press releases, in interviews, direct mailers, queue messaging and more. As billing progressed, so did the message. Notice that billing had been caught up in May was published on the website, sent to customers via direct mail, and communicated during public speaking opportunities. In late Summer 09, communication of delinquency procedures and collections became the focus in hopes to assist all customers in bringing account balances current and avoid further and unnecessary complications.



PIO provides project update on WECT-TV 6



*Staff at Radio Station
FOG & Wipes Outreach*

Outlets utilized to provide information to the public about operations other than billing have also been extensive; television and radio advertising, interviews, annual reports, and frequent appearances on the City of Wilmington and New Hanover County agenda speaking about conservation, new programs and facilities are but a few. Representatives of CFPUA have also spoken to or participated with community organizations like the American Society of Civil Engineers, the Green Building Alliance, Kiwanis of Wilmington, the National Active and Retired Federal Employees, and more. In addition, on GTV, CFPUA currently provides a presentation about fat / oil / grease, and a video discussing the value of conservation. A recent voiceover has been completed for 'backflow prevention' and an overview of CFPUA programs, facilities and functions is scheduled for production in September for airing in October. Additional television opportunities are also scheduled with the CBS Byline Wilmington program to provide the general public with information about future initiatives and projects managed by CFPUA. And recently instituted, each employee email will include information about programs, events and Authority recognition. A tag

inserted under each signature block will allow us to relay CFPUA and departmental specific information to our customers, coworkers, etc. These outreach efforts will continue into the 2009-2010 year.



CFPUA Website

more interactive video is also being planned for October 21st which will include a water taste test to be filmed during CFPUA's participation in the regions Green Living Expo. Slideshow components have already been incorporated into the website, and the campaign includes the implementation of additional interactive, 'social' components to encourage direct customer feedback. This tool, whether a blog, survey, or dedicated feedback portion of the web will be utilized to more directly connect with the customer and to facilitate benchmarking.

Advertising outlets and the most efficient and effective way to communicate CFPUA's success story are constantly being researched and utilized. Outreach has remained aggressive and positive, and will continue with the 'face of CFPUA' campaign beginning in September with an anticipated full media presence by the end of the year.

As for approval ratings based upon customers not impacted by rates increases, CFPUA has formulated a very strong relationship with New Hanover Soil & Water Conservation District, the Coastal Federation, the Cooperative Extension, the Green Building Alliance, and more. In November of 2007, Coastal Federation Cape Fear Coastkeeper Mike Giles wrote, "there needs to be advocacy representation in the Authority, not just a stakeholder group." Since July 1, 2009, CFPUA has worked twice in aggressive environmental advocacy with Mike's group the Coastal Federation, once in a proactive marsh area restoration and once in partnership with Mr. Giles himself in outreach to citizens in the Middle Sound area regarding the environmental value of the mandatory connection process.

In an effort to educate customers on the good work CFPUA employees perform each day, Public Relations is working on a complex and comprehensive public outreach campaign to bring focus to the men and women of CFPUA and the daily operations that have made this organization a true success story in our first year. The campaign, referred to as the 'the face of CFPUA' includes additional video and communication opportunities to highlight the employees and facilities within our system. Video for our web and distribution to NHCTV and GTV will begin with the nano-filtration

facility, and will include other facilities like the Sweeney upgrades and Northside expansion. A



Staff working with Coastal Federation to restore marsh area

CFPUA has also gained the support of many area organizations like the Council of Neighborhood Associations, the Business Alliance for a Sound Economy, Coastal Carolina Tomorrow, and the REALTORS Association for our willingness to work collectively with our customers, communities and stakeholders to identify areas of potential heightened efficiencies and policy modification. CFPUA has hosted development interests on many occasions to solicit input on ordinances, and has created a Community Public Relations Committee working with groups like the Council of Neighborhood Associations, Residents of Old Wilmington, the Landfall Neighborhood Association, and various regional neighbors like Kure Beach, Carolina Beach, and Pender County.

Finance

Director: Brent McAbee, CPA

The Authority's financial position at the end of the first budget cycle was adversely affected by the economic downturn that began shortly after the new fiscal year started on July 1, 2008. System development charges were most affected with approximately \$2.7 million collected out of an estimated \$4.8 million. The City of Wilmington and New Hanover County collected over \$6.0 million in these building-related charges in fiscal year 2008. Tap fees were also affected with only \$320,000 collected out of a \$1.0 million budget.

Charges for water and sewer services for fiscal year 2009 were \$44.9 million or 88% of the budgeted \$51.2 million. The impact of the overall economic slowdown and wetter conditions than in the drought affected 2007 and 2008 fiscal years combined for significant reductions in both residential and commercial demands. The decrease in demand was particularly pronounced in the fourth quarter (April-June) with a 13% decline in what is normally a period of peak demand. Revenues were also below estimates for late penalties and termination charges due to the billing delays.

To offset these revenue shortfalls the Authority staff took a number of measures including reductions in operating budgets and a hiring freeze on most vacancies. As a result of these actions the operating budget came in approximately \$5.4 million or 14.5% under the adopted \$37.7 million budget.

Total debt coverage at year-end of 1.1 was significantly below the projected 1.49 coverage due to the revenue shortfall.

In adopting the FY 2010 budget the Authority did not increase user charges. The rate plan developed in March 2008 had projected a 9% increase in FY 10. Although additional expenditures of over \$1.5 million were added for the opening of the new Nano water treatment and for the operations of the expanded Northside waste water plant, the operating budget was less than adopted fiscal year 2009.

To balance the budget with no rate increase, the CIP for FY 10 and FY 11 were reduced by \$21.25 million and \$8.1 million in projects approved in FY 09 were deferred or eliminated. The CIP is based on the issuance of debt in FY 2012. If sufficient rate increases are not adopted in FY 11 and FY 12 to support this

new bond issue, capital reserves will have to be used to fund these projects. It will also require further reductions in the adopted CIP with more projects deferred or eliminated.

The Authority's cash balances at the close of the fiscal year met projections due to the reductions in expenditures. At approximately \$11 million the operating fund cash balance is well in excess of the 90-day reserve goal of approximately \$9.0 million. The capital reserves in the water and sewer capital project fund totaled approximately \$24 million with \$5.0 million earmarked for pay-go projects in fiscal year 2010.

Budget challenges have continued in fiscal year 2010 with revenues over 10% below the same fiscal year 2009 period. Staff has again developed budget reductions and the hiring freeze has been continued. If revenues do not stabilize, the use of reserves may be necessary to meet bond covenants. In addition, reductions in the adopted CIP may be needed to maintain adequate capital reserves for committed projects and unforeseen emergencies.

Customer Service

Director: Martha Zeigler, CPA

Customer Service is comprised of three Divisions: Meter Reading, Billing, and Customer Service. The Department has worked across Divisions with dedication and resourcefulness through considerable overtime hours to meet significant challenges this year with the data conversion problems, delayed billing, delinquencies, customer payments, and other issues encountered in consolidating customer service operations. Meter reading, billing, and customer service, in cooperation with information technology staff and software consultants, coordinated efforts to develop and implement successful strategies to restore meter, billing, and other account data corrupted during the conversion process.

However, during the weeks when data was being rectified, billing was delayed. Again this problem was tackled aggressively by staff and software consultants so that the billing division was able to catch up months' worth of bills by the end of May. The credit must also be shared with the meter reading division which strove to accelerate the reading schedule and the customer service division which plunged into trouble-shooting billing questions and straightening out customer account data.

During this process of catching up on billing, an unrelated and unanticipated snag arose with billing certain sewer customers. CFPUA provides sewer services for various properties in the County which get their water from private companies. After the consolidation, one of these private water systems prohibited CFPUA employees from accessing their meters. According to the ordinance then in place, these customers were then limited to being billed on the flat rate method, which increased the expense for many. Customer Service staff proposed an amendment to the ordinance, which was



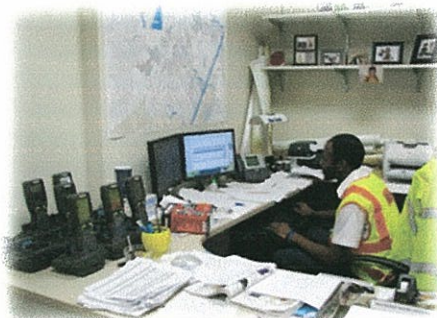
Billing Tech, Marisa Caminiti, assisting customer on the telephone

subsequently adopted by the Board, that allowed customers to receive a credit based on submitting documentation of actual meter usage. This is a process that is working but Staff is still working to gain access to the meter readings to be able to process future billings routinely.

While the majority of customers have remitted amounts due promptly after bills were mailed, a significant number of customers became and remained seriously delinquent. Until such time that the bills were caught up no actions were taken for delinquent accounts. Therefore, the process and time to perform cut-offs/cut-ons had not been implemented. Now that bills are being produced on a regular schedule, attention is focused on collecting for utility services rendered over the past year. The challenge is to collect in a timely manner amounts owed necessary for the cash flow needs of the Authority while being sensitive to the hardships faced by many customers due to the tardy billing compounded by the general economic conditions.



*Customer discussing payment with
Customer Service Rep, Debi Cook*



Meter Reader Supervisor, Tito Tart

Meter readers are currently faced with keeping the pace of readings for billing while devoting additional time to cutting off water for delinquent customers, and then turning the water back on after payment is made. The meter reading staff is one Full-time equivalent (FTE) short as a formerly vacant position was filled with a billing technician shortly after consolidation to provide necessary FTEs to process billing in a timely manner. Moreover, the three contracted meter reader positions used by the County were not brought over in the consolidation, and the funds budgeted for contracted meter reading were eliminated in the recent operating expenditure cuts. While it is anticipated that the consolidation of City water and County sewer account locations will reduce the former FTE requirements, there remains some concern that adequate resources will be available once full collection procedures are established.

Other challenges involve the billing of landlords/tenants, mandatory connections, and preparing for the acquisition of Porter's Neck. Customer service and billing staff are faced with more workload including the transition from billing in the landlord's name to the tenant's, addition of large groups of customers via mandatory connections such as Middle Sound, and voluntary acquisitions such as Porters' Neck. Staff has not been increased to handle larger numbers of customers and expectations are high for prompt attention to answering phone calls and resolving issues. However, as evident from the actions of staff over this past year, they are dedicated and will work diligently to meet the customers' needs as the Authority moves forward. Nearly 700 mandatory connection notices were sent to residents of the Middle Sound area and customer service representatives will be setting up new accounts and billing technicians will be billing these accounts starting in February. Customer service staff members are also planning to set up water billing for Porters Neck which will include the addition of over 1000 water and irrigation meters.

One of the advantages of the past year for staff and the Authority has been the opportunities for cross-training of staff. Several staff members have stepped in and mastered various areas of the Department. These staff members have become what are often known as “SMEs” or subject matter experts. As we move into the New Year at least two and preferably three persons, will be trained to perform all departmental duties. Enhanced cross-training between the customer service and billing divisions will improve the efficiency of all, as understanding the billing process will help customer service representatives set up accounts properly and understanding the customer set up process will help billing technicians trouble-shoot accounts which don’t calculate bills properly.

While in operation for this past year, all three divisions have spent months improvising procedures to respond to the ever-changing issues involved with discovering and correcting data conversion errors while trying to blend the best of the City and County ways of doing things with new software. Now that these matters are resolved, managers and supervisors are focusing on documenting these instructions and ensuring that staff is fully proficient in all essential duties.



Lorraine Furr, Customer Service Representative with customer

The Customer Service Department remains dedicated to improving the quality and efficiency of billing and related account issues and strives to embody the values of service, stewardship, and sustainability with every customer interaction.

Information Technology

Manager: Cord M. Ellison, CGCIO

The Information Technology department coordinated with City of Wilmington and New Hanover County IT Staff to physically relocate all transitioning CFPWA employee’s to their respective facilities. This was not only a physical move of equipment and personnel, but also accounted for the employee’s historical data to include all documents, maps, emails, etc. A few of CFPWA IT’s major responsibilities (since July 1st 2008) includes connectivity to a total of 8 facilities, 250+ SCADA assets, 271 phones, 300 PC’s, 38 servers, and physical security to all facilities (total of 32 readers).

Staff has provided redundant network/telephone connectivity to all remote facilities to include the Administrative Building, Sweeny Water Treatment Plant, Northside Wastewater Treatment Plant, Southside Wastewater Treatment Plant, Division Drive



I T Communications Room

Maintenance Facility, and the Operations Complex. The same level of redundancy has been provided to the new Nanofiltration Plant. This type of configuration seamlessly and transparently occurs for the staff located at these facilities when and if their primary means of connectivity is terminated. Since this has been in

place the organization has maintained 100% network/telephone uptime and thus have provided 24/7 availability to all CFPUA managed resources.

Since formation of the Authority, IT staff has worked diligently to provide not only network and telephone redundancy but also to provide data and application redundancy. Staff has installed equipment located at a disaster recovery facility in Greensboro NC which replicates all critical CFPUA servers located at the Admin facility. The use of virtual server technology affords us the ability to not only provide the standard data backup to tape, but also to back up the servers in their entirety to include the applications themselves and their configurations. If in the event of a disaster, we can (through any internet connection at any location) connect to our servers located in Greensboro and still operate efficiently.

Over the past year IT has also been coordinating the consolidation of the Authority's SCADA system. This "SCADA project" will occur over the next few years and will include software consolidation, as well as a redesign of the SCADA network. The current SCADA network is a telemetry based solution that only allows (because of the lack of speed associated with telemetry) for SCADA traffic to traverse the network. The newly designed SCADA network will be a wireless Ethernet solution and will provide a network backbone that will be Authority owned and provide much greater speeds. This increase in speed gives us the ability to not only send SCADA traffic across the link, but to use this link for data traffic from outlying sites to Authority servers, the Authority's VOIP telephone system, CCTV video feeds, mobile data terminals (laptops in vehicles), as well as things like fixed network meter reading, leak detection, etc. It is truly a foundation that allows multiple applications to traverse the network without compromising speed or reliability.

Strategic Planning

Haskell S. Rhett III, Strategic Planning Officer

Recognizing that a Strategic Plan is a vital part of a successful organization the Strategic Planning Officer (SPO) position was filled and a strategic plan for the Authority is currently under development. The Strategic Plan will serve to clearly define the purpose of the organization and to establish realistic objectives and tactics to meet those objectives, consistent with the organizational mission, within a defined time frame, and within the organization's capacity for implementation. The Plan ensures the most effective use is made of the organization's resources by focusing the resources on the key priorities.

In addition to the development of this plan the SPO investigates and responds to issues as directed by the CEO, attends meetings and represents the organization at various governmental agency and local business functions and meetings, has speaking engagements with interested local and regional groups. There have been several projects the SPO has participated in and helped to make a success.

The SPO coordinated the 2009 CFPUA applications for American Resource Recovery Act (ARRA) economic stimulus funding. The application process involved coordination and compilation of information from the following Departments: Operations, Customer Service, Environment & Safety, Engineering, Finance, and Administration. There were six applications prepared and submitted, in total. Three applications were sent to the Department of Environment & Natural Resources Clean Water Revolving Fund and three were sent to the Drinking Water Revolving Fund. The CFPUA application for the Aquifer Storage & Recovery drinking water project was funded in the amount of \$3 million. CFPUA, with receipt of this award, received 4.6% of (\$64,625,136) the entire allocation of the ARRA Drinking Water Revolving Fund allocation in North Carolina. The Strategic Planning Office is still working to coordinate the details necessary to see the project through to completion with project management in the Engineering Department.

In May of 2009 the Strategic Planning Officer was asked to complete the CFPUA Local Water Supply Plan (LWSP). The Plan, which is currently under agency review, was formerly composed of four different component parts (Wilmington, New Hanover County, New Hanover County (421), and Monterey Heights), was consolidated into one LWSP as a part of the updating process. The formerly separate reporting units now report to the NCDENR Public Water Supply Section as one unit.

The SPO represents CFPUA at the monthly ONWASA Regional Water Resources Group meetings (on water & wastewater), has participated in multiple speaking engagements, including Coastal Carolina Tomorrow, and at a NC Office of Economic Recovery and Investment workshop in Wilmington. The CFPUA SPO is a member of the Greater Wilmington Chamber of Commerce's Infrastructure Committee.

The Strategic Planner has worked to investigate issues pertinent to the operations and management of CFPUA. Some of these issues include: Tax Increment Financing (TIF), ARRA stimulus grants, wellhead protection, review and comment on legislation pertinent to CFPUA, attendance at economic stimulus workshops and webinars, CFPUA Middle Sound Task Force, liaison with City of Wilmington and New Hanover County Planning Department staff, and amongst other activities.

Legal

Linda Miles, Consulting Attorney

A contract was entered into with a Consulting Legal Attorney on June 15, 2009, to assist with in-house legal matters and to advise the Board. Mrs. Linda Miles began attending all Board meetings and other meetings as assigned by the Board and Chief Executive Officer. One of her first accomplishments was the completion of the Newland Communities RiverLights Utility Agreement. She continues to review all of the Authority's contracts and drafts numerous forms and agreements as needed by the various departments. In addition, Mrs. Miles has worked closely with engineering staff in an effort to assist with easement acquisitions and conveyances. This consulting attorney is also available to advise CFPUA staff on an as needed basis and has drafted various ordinance changes to address problems as they arise.

Soon after Mrs. Miles's arrival, the Board received a proposed Consent Degree from the Justice Department. Mrs. Miles has worked with Operations, Engineering and Environmental staff to coordinate the Authority's response to this Consent Order and continues to work with the Justice Department, NC DENR, and EPA to resolve the issues in the proposed order.