



ADOPTED BUDGET FOR FISCAL YEAR 2013—2014

Matthew W. Jordan, PE
Chief Executive Officer

Cheryl Spivey, CPA
Chief Financial Officer

235 Government Center Drive, Wilmington, North Carolina



On the Cover: Left: Downtown Wilmington and the Henrietta III Riverboat
Right: Live Oak Tree at Airlie Gardens



**CAPE FEAR PUBLIC UTILITY AUTHORITY
ADOPTED BUDGET**

FISCAL YEAR 2013 - 2014

Board Members

James L. Quinn III, Chairman

Patricia O. Kusek, Vice Chair

Jim Brumit, Secretary

Michael C. Brown III, Treasurer

Neil Anderson, City of Wilmington Councilman

Keith Betts

Charles Rivenbark, City of Wilmington Councilman

C. Lawrence Sneed, Jr.

Woody White, New Hanover County Commissioner

Cindee Wolf

Thomas Wolfe, County Commissioner

Matthew W. Jordan, PE, Chief Executive Officer

James R. Flechtner, PE, Chief Operations Officer

Cheryl J. Spivey, CPA, Chief Financial Officer

235 Government Center Drive

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June 12, 2013

Members of the Authority Board
Cape Fear Public Utility Authority
235 Government Center Drive
Wilmington, NC 28403

Subject: FY 13-14 Adopted Budget

Dear Members of the Authority Board:

I am pleased to present to you the Fiscal Year 2013–2014 Annual Budget for the Cape Fear Public Utility Authority as adopted by the Authority Board on June 12, 2013. This budget document represents the Authority’s comprehensive budget plans and policies for the upcoming fiscal year.

The FY 13-14 Recommended Budget was presented to the Authority Board on May 8, 2013, and included the Budget Message, which follows this letter. The Recommended Budget was made available for public inspection on the Authority’s website and at the Authority’s Administrative office located at 235 Government Center Drive. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a notice of public hearing was published in the *Star News* to encourage public input into the budget process. This public hearing was held on the Recommended Budget on May 15, 2013.

At the May 15th Budget Workshop two additional items were discussed and board members instructed staff research include them in the Recommended Budget. The items discussed are: digital devices and software for use by the Authority Board agenda preparation and meetings; and Global Positioning System (GPS) devices installed on Authority vehicles for tracking and reporting purposes. The inclusion of these items will ultimately result in additional cost-savings and efficiencies. The Board also formalized the System Development Charges (SDCs) Calculation and assumptions, which decreased SDC fees for the FY13-14 Budget.

At the June 12th Authority Board meeting, no changes were made to the Recommended Budget. The total net budget for the Operating Sub-Fund was adopted at \$72,775,200.00.

Regards,

A handwritten signature in blue ink, appearing to read 'Matthew W. Jordan', with a long horizontal flourish extending to the right.

Matthew W. Jordan, P.E.
Chief Executive Officer

kd



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May 8, 2013

Members of the Authority Board
Cape Fear Public Utility Authority
235 Government Center Drive
Wilmington, NC 28403

Subject: FY 13-14 Recommended Budget

Dear Members of the Authority Board:

I am pleased to present the Authority's recommended budget for Fiscal Year 2013–2014 for your consideration. This budget was prepared in accordance with The Local Government Budget and Fiscal Control Act, and is designed to provide services meeting or exceeding all state regulations and rate covenants with which the Authority must comply. This budget proposes essential projects and operations necessary for the provision of high quality water and wastewater services to our customers in an environmentally responsible manner.

The Authority staff, with the support of the Authority Board, are committed to its mission *"to provide high-quality water and sewer service in an environmentally responsible manner, while maintaining the lowest practicable cost"*, while focusing on our guiding principles of *"Stewardship, Sustainability and Service"*.

As we prepare to enter our sixth year of operation, we continually review plans, projects and operating procedures to identify potential opportunities for improvement and ways to be more efficient and cost effective in the delivery of water and wastewater services as we maintain the Authority's assets in a sustainable manner.

The primary components of this budget include capital improvement project needs identified in the ten-year Capital Improvements Plan (CIP), forecasted water and wastewater demands, projected operating costs required to sustain service levels, and debt obligations.

Our Strategic Plan will continue to provide additional guidance and focus for budget requests and the overall direction of the Authority within the budgetary constraints of this economic environment as we continue to look for efficiencies and cost reductions. Revised in FY12, our Strategic Plan identifies and describes the Authority's broad goals over the next several years or even decades.

Featuring the guiding principles of *Stewardship*, *Sustainability* and *Service*, the Strategic Plan sets organizational priorities and establishes high-level vision for the Authority. Since other initiatives such as Asset Management, the Environmental Management System, Capital Improvement Program prioritization, the Integrated Water Resources Master Plan (IWRMP) and various other reports and studies are linked to its priorities, it is critical the Strategic Plan remain current. The Strategic Plan is a relevant tool for guiding the organization.

A component of the IWRMP is a capital project ranking criteria, which establishes relative priorities for cataloging and prioritizing individual projects. Through a series of interactive workshops, the board reviewed existing and future needs, developed a ten-year plan to allocate resources, and balanced rates with system needs that will ensure we are providing our customers with the same or better levels of service. In a January 31, 2013 workshop, the FY 14 CIP received preliminary approval from the Authority Board. The Authority Board approved the FY13 CIP on March 13, 2012, which is included in this FY14 Budget.

On February 26, 2013, Authority board members participated in a workshop entitled, "*Paying for Expansion and Growth*". The goal was to develop a growth strategy in the form of a Growth Policy. Among the topics discussed at this all day event were paying for growth, financing mechanisms, and current and future areas of potential expansion. As of this writing, a draft growth policy is being finalized.

Each year since inception, Authority staff has identified and implemented reductions. This has been accomplished with the addition of new and expanded facilities, increased maintenance, increased utility costs and improved water quality in many of our service areas. Maintaining a balance between system needs and fiscal sustainability is a daily challenge that the Authority faces. Some of the existing infrastructure, particularly in the older sections of the city, is in use outside of its expected useful life. Therefore, funds must be expended in order to maintain this infrastructure and

to sustain acceptable levels of service in these areas. At times, infrastructure must be replaced or completely rehabilitated in order to protect the environment and public health. Maintaining this balance is a part of the Authority's enterprise-wide Asset Management program that has continued to progress during this report period.

To improve operational efficiency, a Centralized Maintenance Division will form in FY 14 as an internal services provider. Working alongside plant operations, the Division will be responsible for maintenance activities at water treatment and wastewater treatment facilities. Current staff and budget will transfer to the Division with the purpose of consolidating resources, reducing redundancies, sharing knowledge and expertise, and reducing overall operating costs. Staff will also manage and consolidate contracts across the organization for services such as fleet repair, HVAC and landscaping. The result will be more consistent levels of service and oversight, and greater economies of scale.

We are able to implement Centralized Maintenance because Asset Management principles such as work order processing, data management, condition assessment, and reliability centered maintenance have been adopted. Initiatives such as Centralized Maintenance showcase the benefits of leveraging organizational efficiencies and are made possible by the continued efforts of staff.

Our Environmental Management System (EMS) continues to move forward within the various departments of the Authority. During an April 12, 2013 external surveillance audit, the auditor conducted an extensive records review, which included the effectiveness of our corrective and preventative action program, review and update on objectives and targets, review of training records and a review of our internal auditing program. Additionally, this auditor went on site to audit one of our Right of Way crews on their knowledge of the EMS program, their work procedures and the importance of their jobs as they relate to minimizing our impact on the environment. In his report, this auditor stated "the EMS is very well managed and maintained, and continues to be one of the best this auditor has seen".

In 2009, the Authority applied for and received funding in the form of one-half federal grant and one-half state low interest loan from the American Recovery and Reinvestment Act (ARRA) to construct an Aquifer Storage and Recovery facility on Westbrook Avenue next to an existing elevated storage tank. Construction of the facility is completed and it is being tested to complete permitting requirements. The facility consists of a well that injects treated drinking water from the Authority's distribution system into the Peedee groundwater aquifer during the cooler months when demand for water from our customers is low. During summer months when our customer's water demand is high, the well pumps this water from the ground so that it can be used in the distribution system to meet our customer's needs. Storing water under the ground is much less

expensive than constructing storage tanks or additional treatment capacity and the quality of the water is improved during storage due to natural processes that reduce the levels of disinfection byproducts. While there are hundreds of Aquifer Storage and Recovery facilities worldwide, this is anticipated to be the first operational facility in North Carolina.

The Sweeney Water Treatment Plant expansion and upgrade was completed during 2012 after four years of construction. This project is important to regional growth and to CFPUA's commitment to stewardship, sustainability and service. The plant was originally constructed in 1943 and was capable of treating 7 million gallons per day. With the latest construction the plant now has a capacity to treat 35 million gallons per day. The new facility includes a combined administration / maintenance building, a UV treatment facility, an upgraded residuals system, ten new filters, two new clarification treatment trains, a new finished water pump station, and a new expanded Supervisory Data Acquisition System (SCADA) to allow improved operator control of the plant processes and distribution pumping.

We, as an organization, are committed to the guiding principles of *Stewardship, Sustainability, and Service* to the community, the region, the systems, and its customers. We will continue to work to meet our core missions and to focus on continual improvement in each area of the Authority.

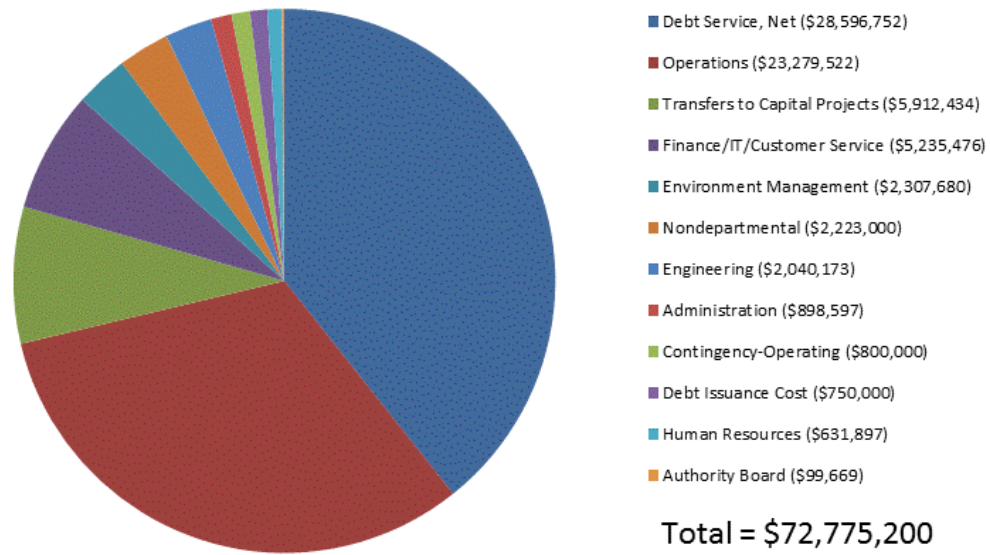
OPERATING BUDGET

The total recommended FY13-14 budget is approximately \$72.8 million. The operating budget, excluding debt service and transfers is \$37.5 million as compared to \$36.5 million in FY 2013. Expenditures increased by approximately \$975,000 which includes salary and benefit adjustments.

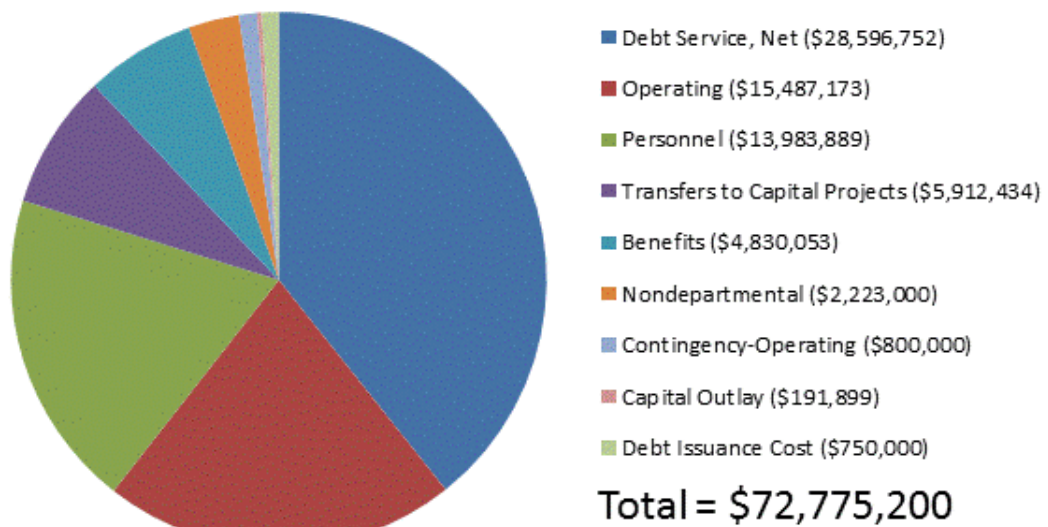
EXPENDITURES

FY13-14 Adopted Budget is more than FY12-13 Adopted Budget and includes the following changes: • Salaries (+\$368,000) • 1% Market Adjustment (+\$125,000) • 2% Merit Adjustment (+\$222,000) • New Positions in Engineering and Customer Service (+\$116,000) • Reclassification of positions based on job function changes and/or market analysis (+\$57,000) • Salaries decrease due to salaries of new employees/promotions being lower than previous person in position (-\$92,000) • Other Salary components decrease, i.e. Temporary, Standby and Overtime (-\$60,000) • Benefits (+\$263,000) • Benefits related to 1% Market, 2% Merit, New Positions, and Reclassifications (+\$149,000) • Health insurance costs for current positions not utilizing health insurance benefits when FY13 budget was prepared (+\$70,000) • State mandated 4.9% increase in the Retirement System employer contribution rate (+\$44,000)	• Operating Expenditures - Departmental (+\$675,000) • Repairs & Maintenance on Buildings & Equipment (+\$187,000) • Construction Materials (+\$162,000) • Electricity (+\$150,000) • Customer Service Banking & Other Fees (+\$90,000) • Maintenance Contracts (+\$82,000) • Water Interconnect Study with Brunswick County(+\$25,000) • Service Contracts (-\$160,000) due to Odor Control Corrosion Prevention program reductions. • Digital Devices and Software for Board Meeting (+\$52,000) • GPS Devices and Software for Operations (+\$87,000) • Operating Expenditures – Non-departmental (+\$106,000) • Repairs & Maintenance on Buildings (+\$41,000) • State mandated Unemployment Claims reserve (+\$65,000) • Capital Outlay (-\$437,000) • Vehicles and large equipment will be purchased through FY14 Approved Capital Projects Funds • Items under \$5,000 budgeted as Repairs & Maintenance due to capital asset capitalization threshold
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Expenditures by Department



Expenditures by Category

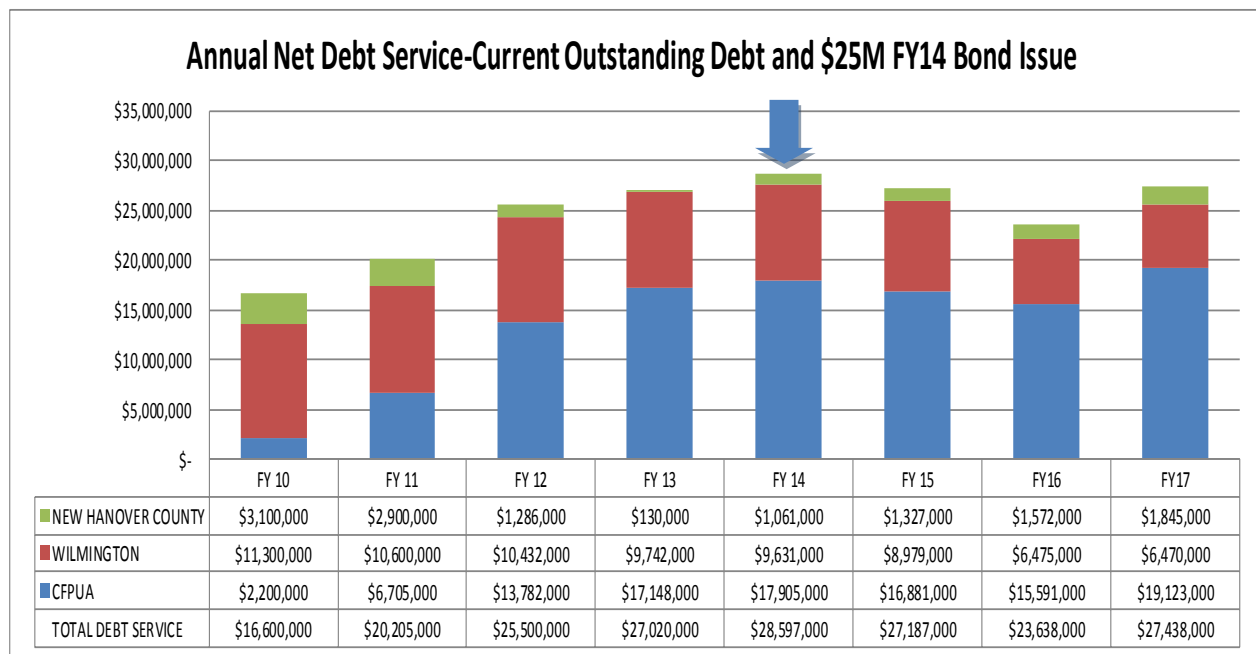


DEBT SERVICE

The Authority issued revenue bonds in 2008 and 2011. In addition, pursuant to the inter-local agreement transferring the City of Wilmington and New Hanover County water and sewer systems to the Authority, the Authority is responsible for all of the debt related to those systems. Under the inter-local agreement, New Hanover County agreed to a reduction in the amount of the debt service payments made by the Authority for a period of 10 years beginning in FY 2009.

Net debt service on bonded and installment debt, including debt service fees and bond issuance costs, for the Authority will increase in FY 2014 by approximately \$1.8 million. This increase is primarily related to new bonded debt expected to be issued to fund the approved FY 2013 Capital Improvements Program. FY 2014 net debt service is \$28.6 million compared to \$27 million in FY 2013. The FY 2014 bond sale is estimated at \$25 million. Estimated debt service on those bonds in FY 2014 is \$1.8 million, which is one full year debt service payment of principal and interest. Debt service fees of \$275,000 and Bond Issuance Costs of \$750,000 are also budgeted in FY 2014 for a total debt service of \$29,346,752.

The following chart presents annual net debt service for fiscal years 2010-2013, and estimated net debt service for fiscal years 2014-2016. Debt service is broken out by the original debt issuer.



CONTINGENCY

The FY 2014 budget includes an \$800,000 contingency. The contingency budget is for unexpected needs and emergencies, as well as unplanned opportunities.

The budget will continue to be monitored closely and aligned with any significant changes in the Authority's revenue projections. In addition staff will continue to look for opportunities to improve the efficiency of our operations.

REVENUES

Total revenues (excluding bond proceeds and excess debt proceeds transferred from capital projects) for the Authority are projected at \$72 million in FY 2014 as compared to \$69.5 million in FY 2013, which is a 4% increase. The FY 2014 water and wastewater rates are modeled using calendar 2012 customer billing data. Rates were increased effective May 1, 2013, with the Authority approving a new uniform rate structure. The effect on an average single-family residential customer using 10,000 gallons of water bi-monthly is 10% or \$71.52 annually. Although most of the rate increase is needed to fund sewer operations and debt service, most single family residential customers will see larger increases in the water portion of their bills due to the change in the rate structure. The rate increase was primarily required to fund operating expenditures, increased debt service expenditures and to meet the required 1.20 debt coverage ratio to issue additional bonds in FY 2014 to finance the Authority's ongoing capital improvements program. No customer or consumption growth is planned for FY 2014.

Bi-monthly rates effective May 1, 2013

		<u>% change</u>	<u>\$ change</u>
Water Fixed Charge	\$25.81	0%	.00
Water Volume per 1,000 gallons			
Block 1	\$ 3.42	29.5%	.78
Block 2	\$ 3.42	-13.6%	-.54
Block 3	\$ 3.42	-35.2%	-1.86
Irrigation	\$ 3.42	1.8%	.06
Nonresidential	\$ 3.42	-13.6%	-.54
Wastewater Fixed Charge	\$29.10	9.1%	2.42
Wastewater Volume per 1,000 gallons	\$ 4.21	4.2%	.17

Annual Residential Bill – 10,000 Gallons Bi-monthly

Water:

5/8 Fixed Meter Charge	\$25.81	0%	.00
Volume - 10K gallons	\$34.20	29.5%	7.80

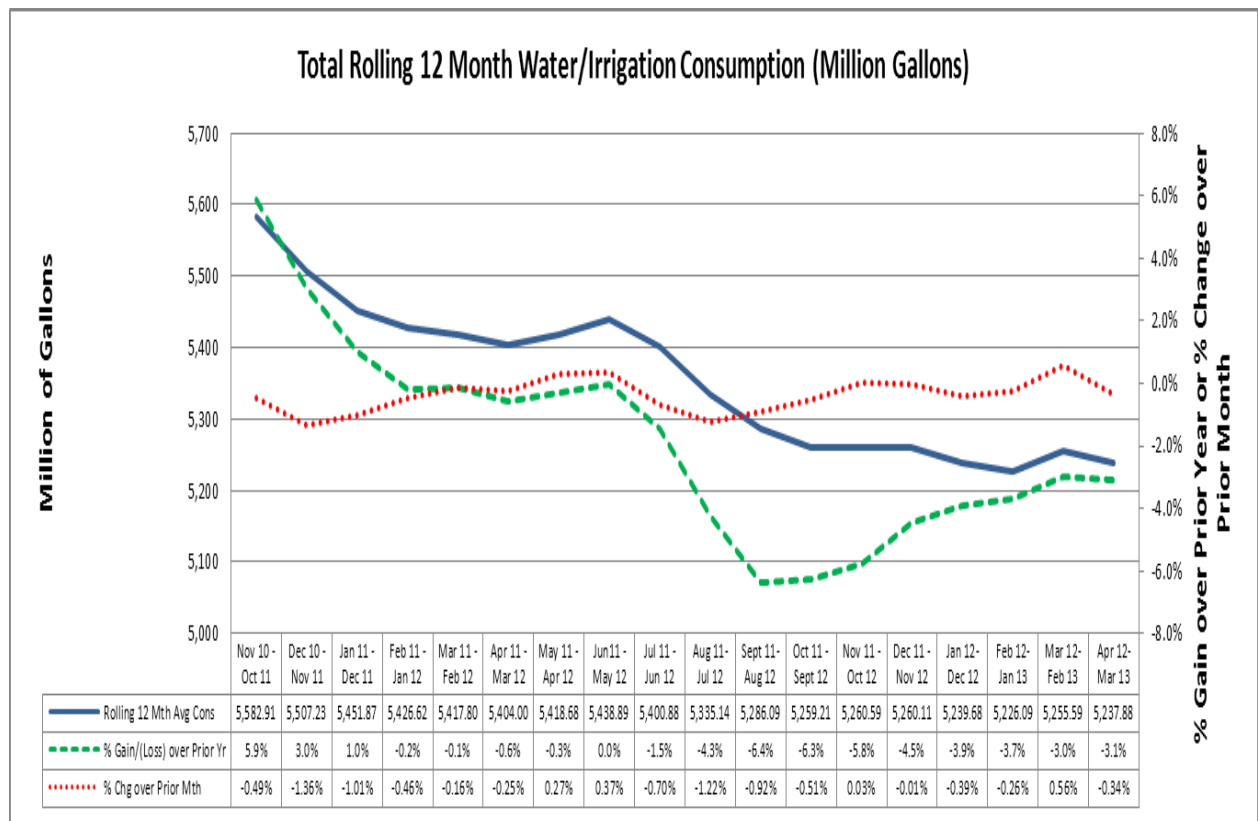
Wastewater:

5/8 Fixed Meter Charge	\$29.10	9.1%	2.42
Volume - 10K gallons	\$42.10	4.2%	1.70

Total Bi-Monthly Bill	\$131.21	10.0%	11.92
Annual	\$787.26	10.0%	71.52

Budgeted FY 2014 water revenues of \$30.7 million are projected to be \$142,000 higher than the FY 2013 budget of \$30.5 million, as the FY 2014 water revenue budget assumes no growth in customers or consumption. Wastewater revenues are projected at \$35 million or approximately \$2.5 million higher than the FY 2013 budget of \$32.6 million.

As shown on the 12-month rolling average chart below, water consumption declined in calendar year 2012. In recent months of FY 2013 consumption has remained relatively stable month over month.



System Development Charges (SDCs), which are paid at the time of building permit, were strong in FY 2012 but have not achieved the same levels in FY 2013. In FY 2013 both residential and commercial SDCs are exceeding prior years however, there has been no multi-family units SDCs, resulting in less SDCs overall. The Authority is not projecting a significant decline in FY 2014. In FY 2014 SDCs are budgeted to be \$3 million, a decrease of \$363,000 from FY 2013 of \$3.4 million.

Interest earnings remain stable. Staff will continue to monitor interest rates and look for additional opportunities to increase yield on the Authority's investments, while maintaining safety and liquidity.

CAPITAL IMPROVEMENTS PROGRAM (CIP)

Capital improvements are necessary for rehabilitation, replacement and addition of infrastructure and to provide safe, reliable, high quality water and wastewater services to current and future customers. Capital improvement expenditures are recorded as capital assets and are depreciated over the economic useful life of the assets. A ten year planning period is used to develop the CIP and is reviewed and updated annually.

The FY13-14 CIP Budget totals \$25,341,000 and is divided into Non-Growth related and Growth related projects. Non-Growth related projects represent approximately 72% of the total FY13-14 CIP Budget, and Growth related projects represent approximately 28% of the total FY13-14 CIP Budget. During FY13, Engineering staff reviewed all capital improvements projects and identified water and wastewater projects that were complete or nearing completion with remaining balances that could supplement other projects needing additional funds. On December 12, 2012, the Board approved using \$1,002,993 of these balances to partially fund the FY13-14 CIP Budget. Therefore; the FY13-14 Capital Projects Funds budget and revenues needed from revenue bonds was reduced by \$1,002,993, for a total Capital Projects Funds budget of \$24,338,007.

The following summarizes the FY13-14 and Ten Year CIP Budget:

WATER

- **FY13-14**
 - Continue the design and construction of multiple waterlines necessary to combine the Sweeney surface water and Nano ground water systems into one.
 - Continue planning and design of waterlines necessary to eliminate pressure and quality issues in the southern service area.
 - Continue Comprehensive Meter Replacement Program.
 - Participate with stakeholders to continue to extend the Authority's large trunk main northward. The proposed project would extend the system to beyond General Electric, north of I-140.
- **Ten Year CIP**
 - Secure long term raw water supply.
 - Combine multiple distribution systems into one system reducing costs, enhancing quality, and providing redundancy for emergencies.
 - Plan, design and construct infrastructure necessary to balance supply with demands and meet the needs of our customers.
 - Participate with stakeholders to grow the Authority's system in cost effective, responsible manner consistent with the strategic plan.

WASTEWATER

- **FY13-14**

- Continued the project decommission Walnut Hills Wastewater Treatment Plant, a facility past its life cycle.
- Continue to take incremental steps to rehabilitate infrastructure before it fails using the Find it Fix it program.
- Perform minor rehabilitation at Southside Wastewater Treatment Plant to defer the major capacity upgrade until FY19.
- Continue to explore partnerships with New Hanover County, City of Wilmington and other regional entities.

- **Ten Year CIP**

- Rehabilitate and replace linear assets and pump stations.
- Complete Upgrade of Southside Wastewater Treatment Plant.
- Participate with stakeholders to grow the Authority's system in cost effective, responsible manner consistent with the Board's strategies.

The largest capital initiatives that the Authority is expected to program over the next ten years are:

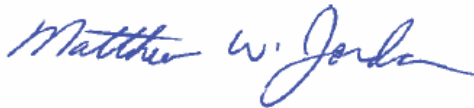
- Southside Wastewater Treatment Plant Upgrade
- Raw Water Supply Transmission Mains and Pumping Facilities
- Walnut Hills Decommission
- Rehabilitation of aging wastewater collection system
- Combining water distribution systems into one blended system

The proposed FY13-14 CIP Budget and the proposed Ten Year CIP are built around these initiatives. The proposed ten year plan is reevaluated each year and provides opportunities to revisit the priorities and progress of these initiatives. Answers to the strategic questions related to system growth will greatly impact out-year projections when the Ten Year CIP is revisited in FY14-15.

IN CLOSING

This Budget represents the combined efforts and guidance of the Authority Board and its Committees, and Staff who are focused on greater operational efficiencies, sustainable asset management and capital improvement priorities. We remain committed to being good stewards of these allocated resources and will strive to employ these funds to service the customers and community while remaining consistent with our guiding principles of *Stewardship, Sustainability, and Service*.

Respectfully submitted,

A handwritten signature in blue ink that reads "Matthew W. Jordan". The signature is fluid and cursive, with the first name "Matthew" and last name "Jordan" clearly legible.

Matthew W. Jordan, P.E.
Chief Executive Officer
Cape Fear Public Utility Authority
Sustainability.Stewardship.Service

CAPE FEAR PUBLIC UTILITY AUTHORITY

STRATEGIC PLAN

MISSION STATEMENT

The Cape Fear Public Utility Authority's mission is to provide high quality water and sewer service in an environmentally responsible manner that protects public health, while maintaining the lowest practicable cost.

STRATEGIC VISION

Cape Fear Public Utility Authority is committed to excellence. The Authority effectively and efficiently manages operations, infrastructure, and investments to protect, restore, and enhance the natural environment; responsibly uses water and other natural resources; promotes economic vitality; supports public safety and health; and engenders overall community improvement and involvement on significant issues. The Authority continuously improves and not only meets but also strives to exceed all regulatory requirements.

GUIDING PRINCIPLES

The Authority is committed to the principles of **Stewardship**, **Sustainability** and **Service**. These principles serve as a guide for ethical decisions, provide a gauge for measuring success, and define our responsibility to the community. They guide our organization in the following way:

Stewardship

- Of the region's natural resources
- Of the financial resources and assets our customers entrust to us

Sustainability

- Of the region through dependable water and wastewater utilities that support public health and economic prosperity
- Of the Authority's ability to meet the community's current and future water and wastewater needs and expectations

Service

- To our customers by providing reliable, cost-effective water and wastewater utilities
- To our community as a thoughtful and participatory corporate citizen

Approved by the Cape Fear Public Utility Board on May 9, 2012

CAPE FEAR PUBLIC UTILITY AUTHORITY

STRATEGIC PLAN

GOALS & STRATEGIES

GOAL 1: The Authority will hold paramount our responsibility to protect the environment, ensure public health and safety, and respond effectively to the needs of our customers.

Strategy 1.A – Optimize the protection and use of water and other natural resources, and recycle where cost effective. Utilize the Environmental Management System to ensure and monitor regulatory compliance. Maintain and enhance the natural environment.

Strategy 1.B – Provide a safe work environment for our staff, contractors, and customers.

Strategy 1.C – Understand, anticipate, and respond to our customers and our community's needs in a professional, prompt, and efficient manner.

Strategy 1.D – Identify partnerships, develop alliances, and encourage public participation with both public and private community stakeholders.

GOAL 2: The Authority will maintain a stable financial position that balances rates, the environment, and the organization's long-term capital and operating needs.

Strategy 2.A– Establish and maintain a responsible balance among the fee schedule, long-term debt, asset values, Capital Improvement Program needs, operating expenses, and revenues.

Strategy 2.B– Operate as a fiscally sound entity that identifies and implements cost-efficiencies, as well as exceeds benchmarks, targets, and measures comparable to similar utilities and consistent with industry standards.

Strategy 2.C – Build, operate, and maintain high quality and cost-effective collection, treatment, and distribution systems and maximize the life expectancy of physical assets.

GOAL 3: The Authority will build, maintain and operate the enterprise, and all of its human and physical assets, in a manner that provides both new and existing customers with consistently high quality services.

Strategy 3.A – Establish criteria to prioritize the systematic extension of wastewater collection systems to areas with failing septic systems and water distribution systems to areas with poor quality well water in an equitable manner to maximize public health and economic development.

Strategy 3.B – Establish a creative and forward thinking organizational culture that rewards integrity and innovation, and brings about efficiencies.

Strategy 3.C – Acquire and implement technologies and tools that allow for improved inter-departmental communication, enterprise-wide sharing of information, and operational efficiencies.

Strategy 3.D – Recruit and retain a well-qualified and motivated workforce. Provide opportunities for individual growth, and with that, organizational improvement.



James L. Quinn III
Chairman



Patricia O. Kusek
Vice Chair



Jim Brumit
Secretary



Michael C. Brown III
Treasurer

Cape Fear Public Utility Authority FY14 Board Members



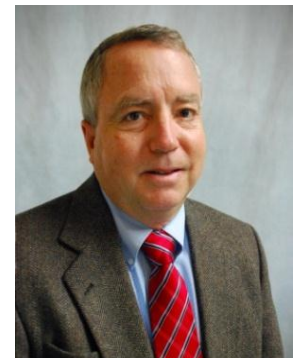
Neil Anderson
Councilman



Keith Betts
Member



Charlie Rivenbark
Councilman



C. Lawrence Sneed, Jr.
Member



Woody White
Commissioner



Cindee Wolf
Member



Thomas Wolfe
Commissioner

Other Principal Officials

Matthew W. Jordan, PE
Chief Executive Officer

James R. Flechtner, PE
Chief Operations Officer

Cheryl J. Spivey, CPA
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Cape Fear Public Utility Authority
North Carolina**

For the Fiscal Year Beginning

July 1, 2012

Christopher P. Moirrell

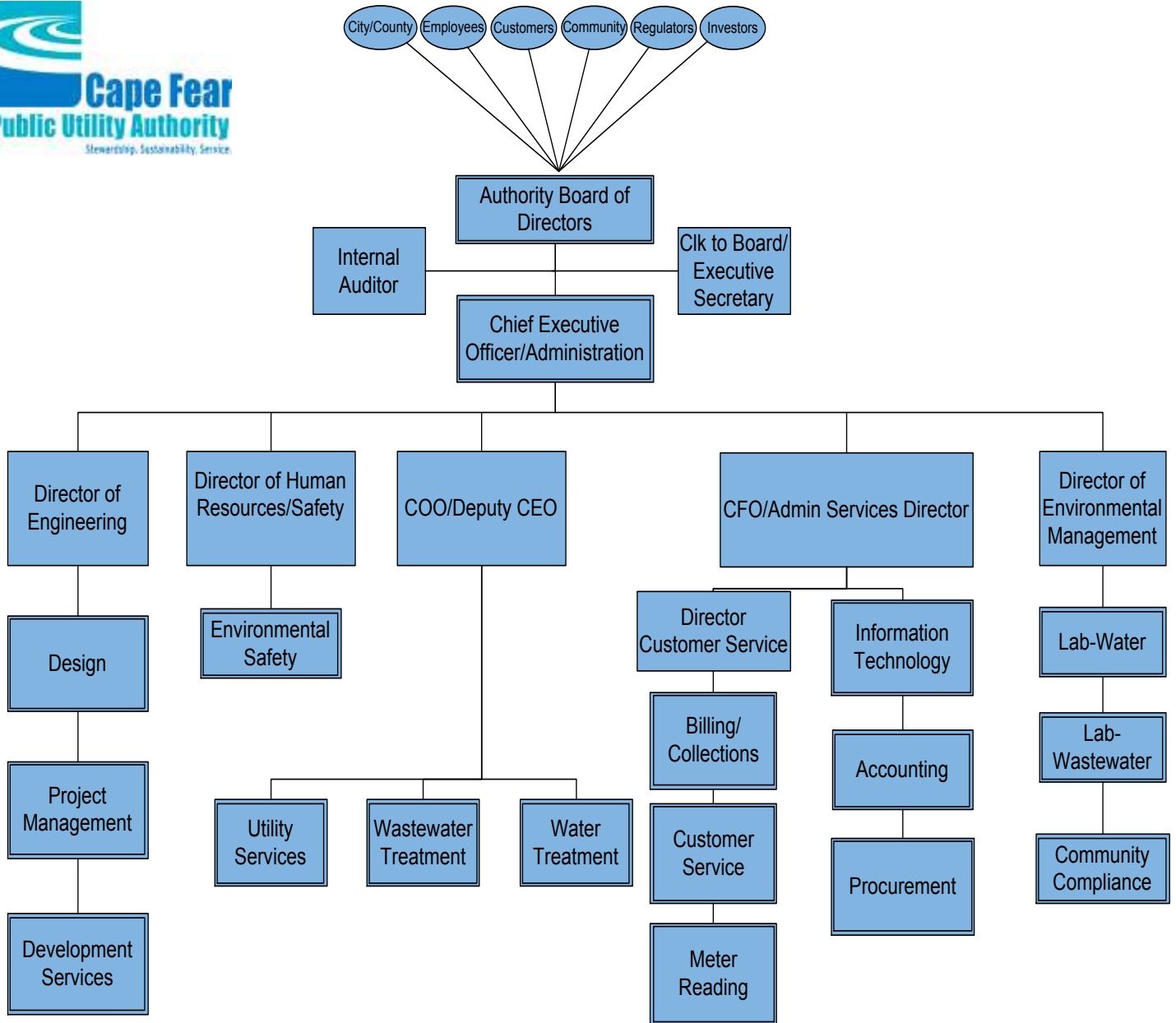
President

Jeffrey R. Egan

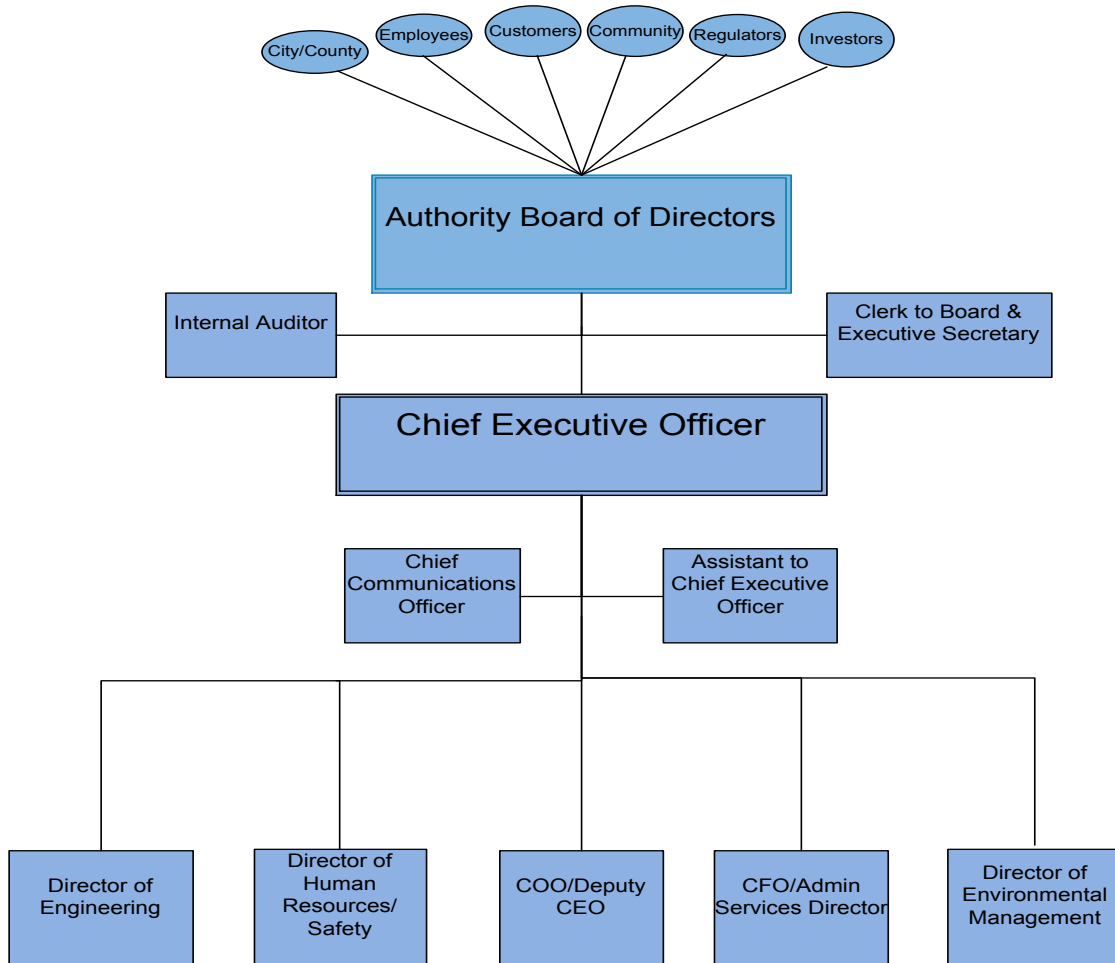
Executive Director

The Government finance Officers Association of the United State and Canada (GFOA) presented a Distinguished Budget Presentation Award to Cape Fear Public utility Authority, North Carolina for its annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

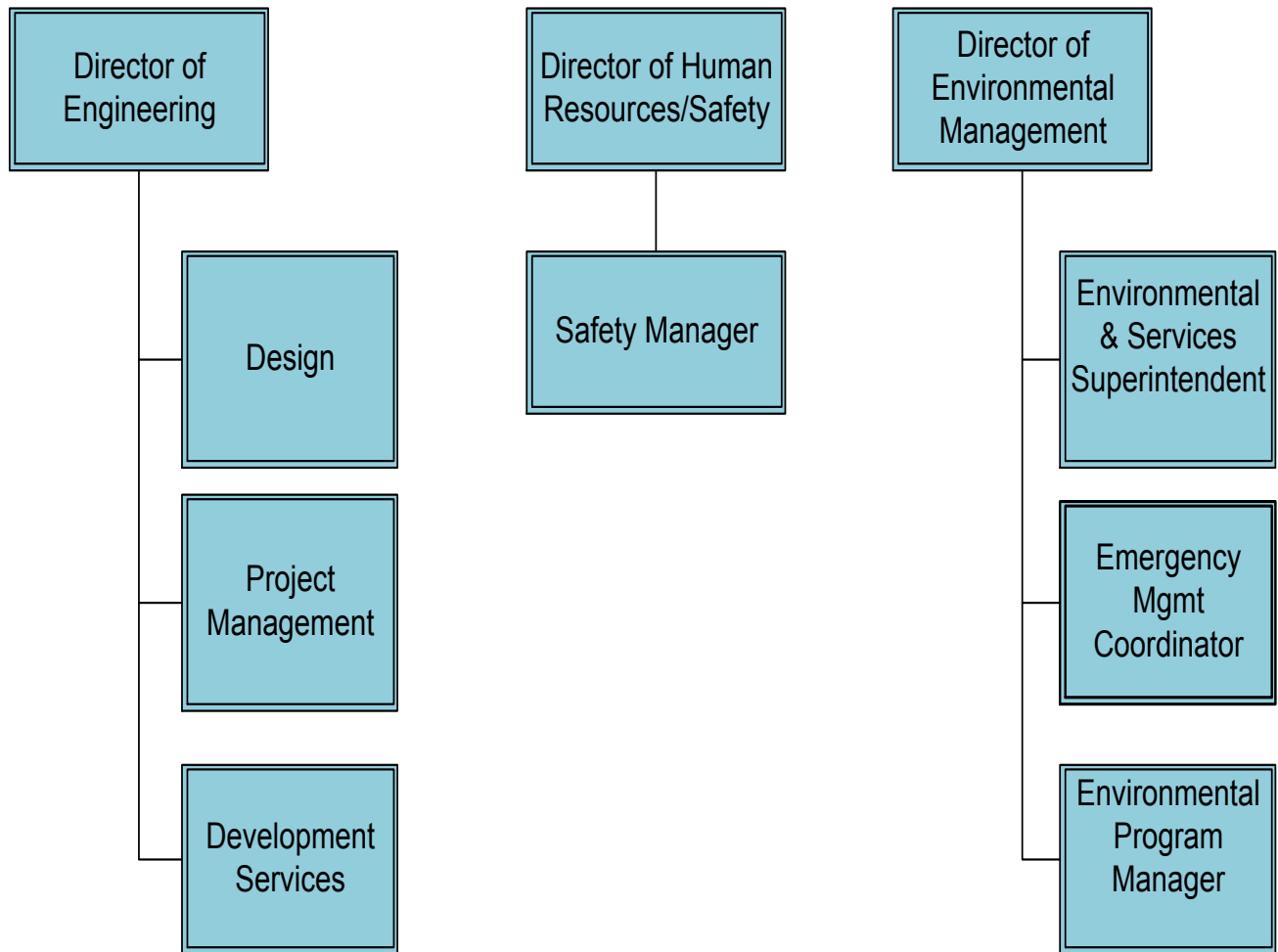


ADMINISTRATION DIRECT REPORTS



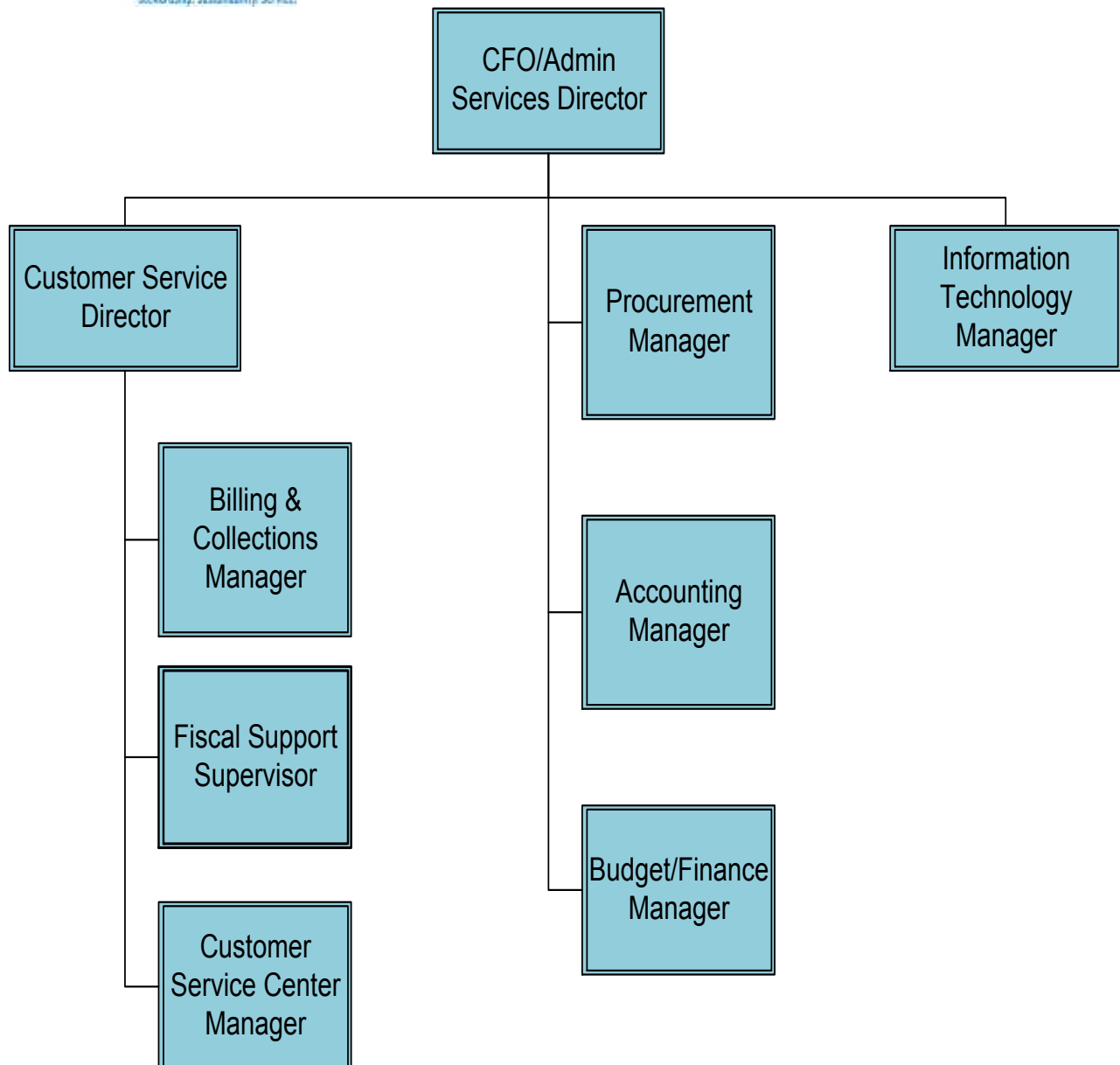


ENGINEERING, HUMAN RESOURCES/
SAFETY, ENVIRONMENTAL
MANAGEMENT
DIRECT REPORTS



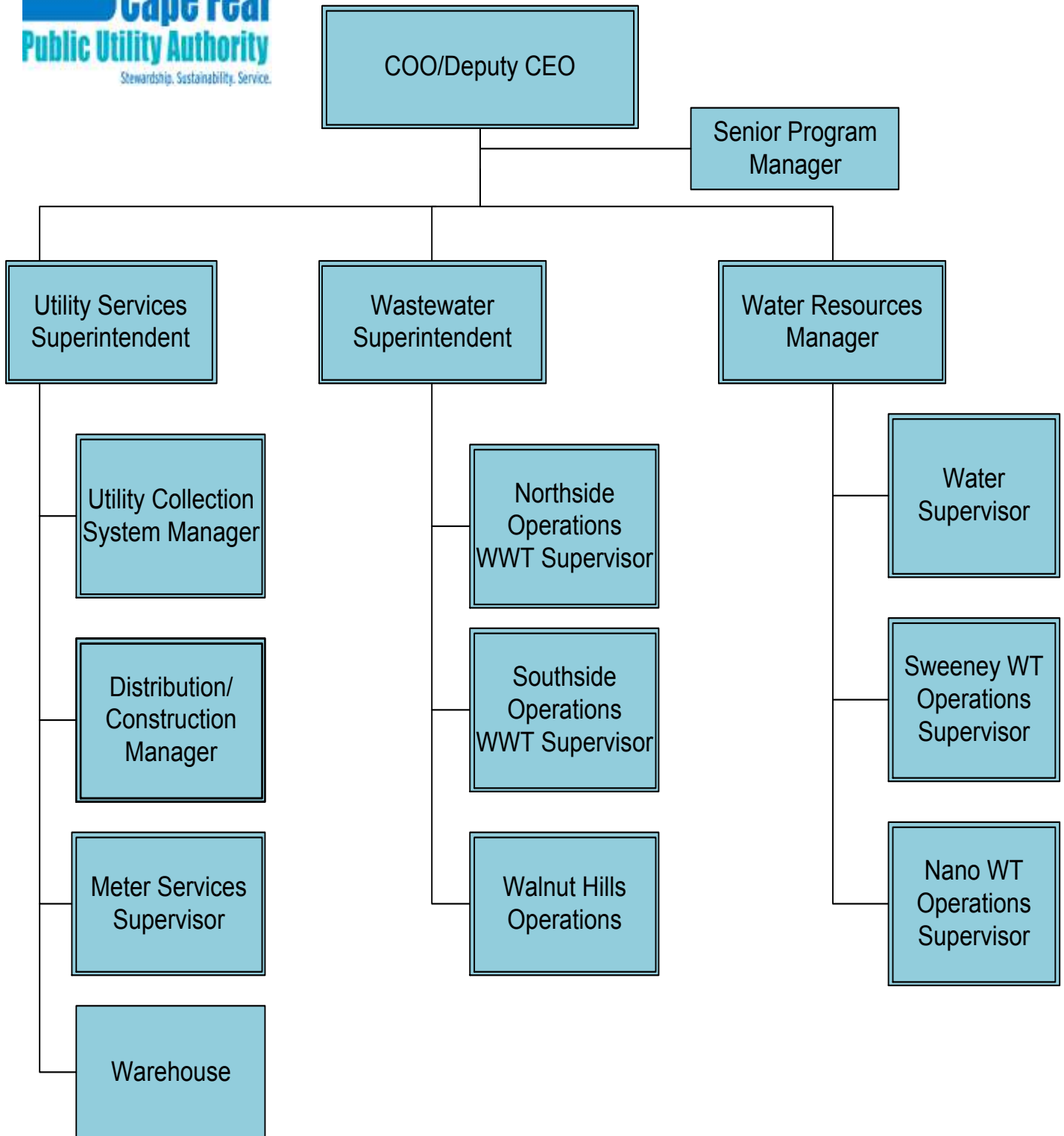


FINANCE, INFORMATION TECHNOLOGY,
CUSTOMER SERVICE
DIRECT REPORTS





OPERATIONS
DIRECT REPORTS



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CAPE FEAR PUBLIC UTILITY AUTHORITY

FINANCIAL POLICIES

The Authority's mission is to provide high quality water and wastewater services to customers of New Hanover County. The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency, therefore the Authority's operations, capital improvement program and debt payments are funded almost entirely through rates, fees and other charges for these water and wastewater services. The financial policies and statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Authority's financial policies are described below. The Authority is in compliance with all financial policies.

Authority Credit Rating

The Authority maintained a credit rating of AA from Standard & Poor's and AA2 from Moody's.

Debt Service Coverage Ratio

The Debt Service Coverage Ratio for All Indebtedness decreased from 1.65 in fiscal year 2011 to 1.53 in fiscal year 2012, however, remained above the 1.0 ratio required by bond covenants. Debt Service Coverage Ratio for Parity Indebtedness was 2.8 in fiscal year 2011 compared to 2.05 in fiscal year 2012, which remained above the 1.2 ratio required by bond covenants.

Adopted Budget

The adopted budget and Budget Ordinance for the Authority shall be the basis for the financial plan for the fiscal year. The budget will be prepared and presented in conformity with the North Carolina Local Government Budget and Fiscal Control Act under NC General Statute 159-8. The Authority will operate under an annual balanced budget ordinance in which the sum of estimated net revenues and appropriated fund balances are equal to the authorized expenditures. Refer to the Budget Process for detailed information on the adopted budget.

Revenues

- The Authority shall set rates and charges in accordance with North Carolina General Statute 162A-9 and will annually set rates and charges at levels sufficient to; pay cost of maintaining, repairing and operating the system; pay principal and interest on all bond issues of the Authority; and, meet the rate covenant requirements with the Authority's Master Bond Indenture.
- The CFO shall develop a five-year revenue forecast for water and wastewater operations and shall be based on conservative estimates of growth in customers and usage.

Investments

- The Authority is empowered to invest in types of securities in accordance with North Carolina General Statute 159-30 (c).
- The CFO shall prepare a quarterly investment report for the Authority's Finance Committee to include the composition by investment type, amount invested and weighted average portfolio maturity and yield.

CAPE FEAR PUBLIC UTILITY AUTHORITY

FINANCIAL POLICIES

- The State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Authority relies on the State Treasurer to monitor those financial institutions. The Authority analyzes the financial soundness of any other financial institution used by the Authority. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly collateralized.
- The Authority shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the Authority's name. The custodial agent shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the CFO.
- The investment portfolio shall be properly diversified in order to minimize risks brought on by economic and market changes. To achieve this diversification:
 - ❖ No more than 25% of the Authority's total investment portfolio shall be invested in a single security type.
 - ❖ The Authority will not invest in securities maturing more than five years from date of purchase and the weighted average maturity of the portfolio shall never exceed one year.

Procurement

- The Authority can engage in contracts for construction, repair work, purchase of apparatus, materials, equipment or professional services in accordance with North Carolina General Statute 143-129 and the Authority's Purchasing Policy.

Capital Assets and Capitalized Interest

- Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year.
- The Authority capitalizes interest on tax exempt debt issued to finance major construction activities under the Capital Improvements Program.

Capital Improvements Program

- The Authority will prepare and adopt a ten-year capital improvements program which will be updated annually.
- The purpose of the capital improvements program is to ensure that the Authority invests in its infrastructure in a logical and strategic manner and to serve as a central source of information on all planned construction for residents, agencies and other interest groups.

CAPE FEAR PUBLIC UTILITY AUTHORITY

FINANCIAL POLICIES

Debt Management

- The Authority issues debt under the guidance of the Local Government Commission, a division of the State of North Carolina. Debt is issued in accordance with North Carolina General Statutes 162A.
- The Authority shall integrate its debt issuance with its capital improvements program spending.
- The Authority will comply with all covenants and requirements of its Master Bond Indenture.
 - ❖ Maintain a reserve amount sufficient to pay the current expenses for two months of the fiscal year as shown in the annual budget.
 - ❖ Rate covenants: 1) Maintain debt service coverage ratio of 1.2 on the Authority's parity indebtedness, 2) Maintain debt service coverage ratio of 1.0 on the Authority's total indebtedness.
 - ❖ In order to issue additional bonds, the Authority must maintain debt service coverage ratio of 1.2 on the Authority's total indebtedness for 12 consecutive months of 18 months preceding the issuance of new bonded debt.

Risk Management

- The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has chosen to establish a risk financing fund for risks associated with the employee's health insurance program and workers' compensation coverage. The Authority carries commercial coverage for all other risks of loss including property and general liability coverage.

Corporate Governance

- The Authority expects management to adhere to the following guiding principles:
 - ❖ Transparency of financial conditions and operations;
 - ❖ Transparency of transactions with interested parties with no improper benefits at the expense of the organization; and
 - ❖ Access to sound counsel unaffected by conflict of interest.
- The external auditors must report to the Finance Committee:
 - ❖ All critical accounting policies and practices used by the Authority that have been discussed with management;
 - ❖ All alternative treatments of financial information, ramifications of such use and the treatment preferred by the certified public accounting firm;
 - ❖ Other material written communication between the certified public accounting firm and management, such as the management letter or schedule of unadjusted differences.

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**CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGETARY FUND STRUCTURE**

The Authority uses fund accounting to account for its financial resources and report the results of its operations. In fund accounting, accounts are organized on the basis of funds, each of which is considered an independent fiscal entity with a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues and expenditures. The establishment of discrete funds is beneficial in ensuring that public monies are only spent for approved and legitimate purposes.

The Authority accounts for its operations as a Proprietary Fund. The Proprietary Fund type is an Enterprise Fund which accounts for operations which are managed in a manner similar to private business, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

ENTERPRISE FUND	
Operating Fund	Department/Divisions
	Authority Board/Administration
	Finance
	Information Technology
	Human Resources/Safety
	Engineering
	Operations - Administration
	Operations - Water Treatment
	Operations - Wastewater Treatment
	Operations - Utility Services
	Environment Management
	Customer Service
System Development Funds	Funds
	Water
	Wastewater
Capital Projects Funds	Funds
	Water
	Wastewater

The Authority uses the modified accrual basis of accounting for budgetary purposes for the Operating and System Development Funds as required by NC General Statute 159-26 (c). The modified accrual basis is a budgetary basis of accounting in which revenues recorded when measurable and available and expenditures are recorded when the liability is incurred. The annual budget is adopted as required by NC General Statute 159-8 for the Enterprise Fund, except for the Capital Projects Funds. Capital Projects Funds are established by the adoption of a project ordinance, which establishes the budget for the life of the capital project.

The Budget Ordinance reflects inflows and outflows of economic resources that ultimately represent activities related to the Operating Fund for the respective Department/Divisions of the Authority. Other funds are presented because of the close relationship of these funds to the Operating Fund and are included in the Budget Ordinance and adopted as such. The System Development Funds account for the collection of the water and wastewater system development charges which is the upfront charge new customers will pay for service.

The Capital Projects Funds account for the water and wastewater capital projects that are approved under the Capital Improvement Plan. Annual appropriated budgets are adopted at the Function level within the Operating

**CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGETARY FUND STRUCTURE**

Fund and at the Fund level for the System Development Funds. Project ordinances are adopted for Capital Projects Funds.

All funds are treated as a part of the Enterprise Fund in the Authority's audited financial statements and the Enterprise Fund uses the accrual basis of accounting for financial reporting purposes. On the accrual basis, revenue is recorded when earned and expenses are recorded when incurred. The primary differences between application of the accrual basis of accounting for financial reporting and the modified accrual budgetary basis of accounting are illustrated below.

Transaction Type	Financial Reporting (Accrual)	Budgetary (Modified Accrual)
Depreciation expense	<i>Included</i> as an expense	<i>Excluded</i> as an expense
Principal portion of debt service	<i>Excluded</i> as an expense	<i>Included</i> as an expense
Compensated absences	<i>Included</i> as an expense	<i>Excluded</i> as an expense
Capital Outlay	<i>Excluded</i> as an expense	<i>Included</i> as an expense

BUDGET PROCESS

This section outlines the process and procedures that guide the preparation and management of the Authority's annual budget. The Authority follows guidelines established in the Board approved Standard Operating Procedures on Finance and Accounting Policies, Section 5.0, Budget Policy (SOP-FIN1000.442).

Preparation of the annual budget begins approximately eight months prior to the start of each fiscal year with the development of the budget calendar. The budget calendar provides the projected dates and items that must be completed to meet the mandatory budget adoption as required by NC General Statute 159-8. The calendar is updated and revised as the budget process moves forward and is a primary communication tool of the budget process. The Finance Department holds a Budget Kick-off Meeting in order to communicate with departments the instructions for each annual budget process, to help ensure the budget is prepared in a manner consistent with Authority policies and review restrictions that may be new to each budget year. The departments are provided with budget instructions, forms and training material vital to the current budget year.

A budget calendar is included in the NC General Statute 159-8 which prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed. The Authority's budget calendar is also presented.

- | | |
|----------|---|
| April 30 | Each department head shall transmit to the budget officer the budget requests and revenue estimates for their department for the budget year. |
| June 1 | The budget together with the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time. |
| July 1 | The governing board shall adopt a budget ordinance. |

Other highlights of the Authority's Finance and Accounting Policies Budget Policy include:

- The Authority operates under an annual budget with a fiscal year period of July 1 through June 30.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGETARY FUND STRUCTURE**

- The Authority will operate under an annual balanced budget ordinance in which the sum of estimated net revenues and appropriated fund balances are equal to the authorized expenditures.
- The budget shall include only estimated revenues reasonably expected to be realized in the budget year.
- Legally available fund balance (Appropriated Fund Balance) can be used in balancing the annual budget when sufficient funds are available.
- Except as restricted by law, the Authority Board may amend the budget ordinance, according to the Budget Amendment and Transfer Policy of the Authority, at any time after the ordinance's adoption, so long as the ordinance continues to satisfy the requirements of North Carolina General Statutes 159-8 and 159-13.

The following procedures are used to amend the budget as provided in the approved Budget Amendment and Transfer Policy (SOP-FIN1100.442):

- May transfer funds between expenditure line items within the same department. Requires Department Head, or designee, approval.
- May make transfers between departments that do not alter the budget at the level shown in the budget ordinance. Requires CEO, or CEO's designee, approval.
- The Authority Board must approve all budget amendments that alter the budget at the level shown in the budget ordinance.

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CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGET CALENDAR
FY13-14

Date	Event	Group
11/6/2012	Distribute new project request forms to departments	Engineering
12/3/2012	New project request forms submitted to Engineering	Engineering
12/20/2012	Pump Station Capacity Presentation to Long Range Planning Committee (LRPC)	Engineering/LRPC
1/24/2013	FY14 CIP Draft Budget to LRPC	Engineering/LRPC
1/31/2013	FY14 CIP Board Work Session	Engineering/Authority Board
2/6/2013	Regular Finance Committee Meeting - Preliminary Rate Review - Budget Calendar	Finance Committee
2/8/2013	Budget Kickoff Meeting	CFPUA Staff
2/8/2013	Budget Training Sessions as Needed - Budget Forms Available to Departments	CFPUA Staff
2/13/2013	Regular Board Meeting - Preliminary Rate Review	Authority Board
2/15/2013	Position Requests/Reclassifications due to HR	Human Resources
2/20/2013	Bi-monthly Finance Committee Meeting - Budget Review	Finance Committee
2/26/2013	Board Retreat	Authority Board/CFPUA Staff
2/28/2013	FY14 CIP approval by LRPC	Engineering/LRPC
2/28/2013	Performance Evaluations Due to HR	Human Resources
3/6/2013	Regular Finance Committee Meeting - First Rate Review	Finance Committee
3/8/2013	Departmental Budgets Submitted to Finance by 5:00 pm Fee Schedule Review Submitted to Finance by 5:00 pm	CFPUA Staff CFPUA Staff
3/13/2013	Regular Board Meeting - Rate Review - Public Hearing - FY14 CIP Recommended for Approval	Authority Board
3/21/2013	Departmental Budget Reviews	CEO/Finance
3/22/2013	Departmental Budget Reviews	CEO/Finance

CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGET CALENDAR
FY13-14

Date	Event	Group
4/3/2013	Regular Finance Committee Meeting - Second Rate Review - Preliminary Budget Review	Finance Committee
4/10/2013	Regular Board Meeting - Preliminary Budget Review - Adopt Rates	Authority Board
4/26/2013	Recommended Budget Completed	CFPUA Staff
5/1/2013	Regular Finance Committee Meeting - Budget Submitted	Finance Committee
5/8/2013	Regular Board Meeting - Budget Submitted	Authority Board
5/15/2013	Budget Workshop/Public Hearing	Authority Board/Public Hearing
6/5/2013	Regular Finance Committee Meeting - Budget Adoption	Finance Committee
6/12/2013	Regular Board Meeting - Budget Adoption	Authority Board

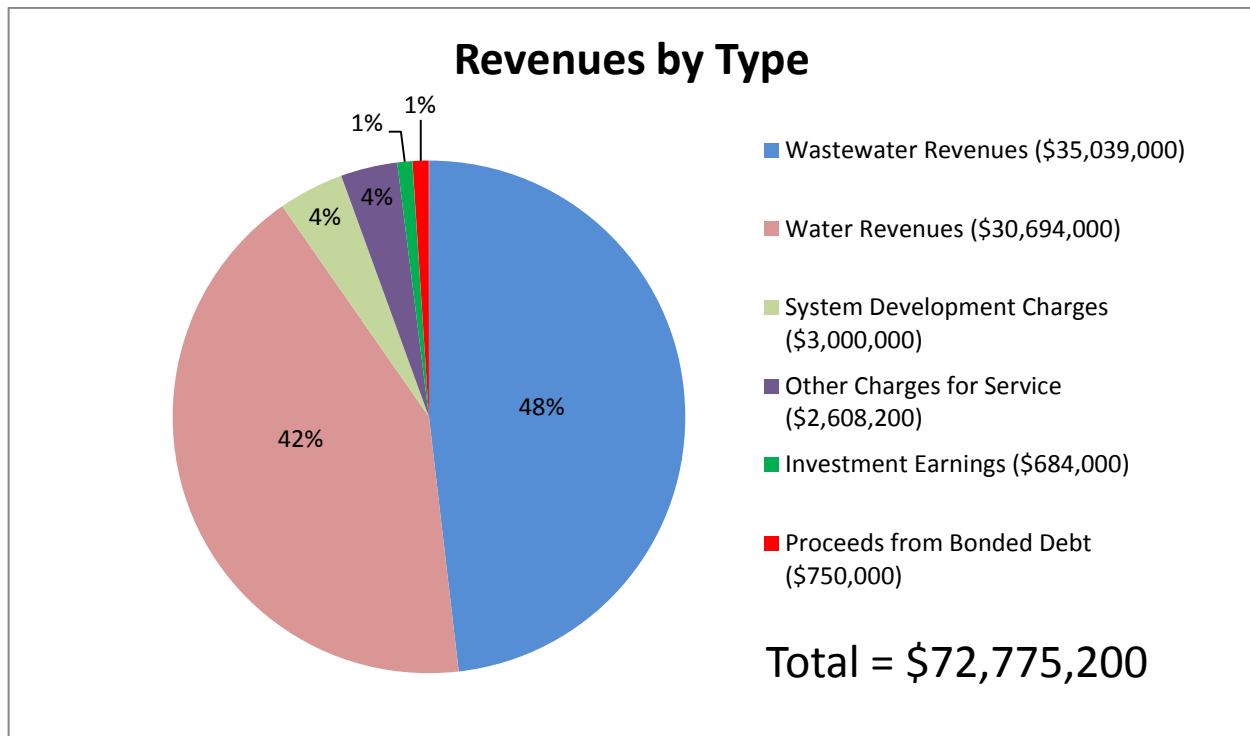
CAPE FEAR PUBLIC UTILITY AUTHORITY REVENUE SUMMARY

In providing essential water and wastewater services to New Hanover County, the Authority incurs substantial operating and capital costs. The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency. Therefore the Authority's operations, capital improvement program and debt payments are funded almost entirely through rates, fees and other charges for these water and wastewater services, with occasional grants from the state or federal governments.

Water and Wastewater Fees

The majority of the Authority's revenues are generated by the sale of drinking water and the collection and treatment of wastewater, and related services. The existing water rates consist of 1) fixed meter charges that designate the minimum amount a customer will pay regardless of the actual amount of commodity utilized and 2) consumption charges per 1,000 gallons based upon the amount of metered water flow. The fixed meter charges are incremented such that customers with larger water meter sizes will pay a higher fixed charge. The consumption charge utilize a uniform rate structure such that the rate per 1,000 gallons is remains constant for all levels of flow. Similar to the water rates, the wastewater rates consist of 1) a fixed meter charge based on the size of the water meter and 2) a consumption charge per 1,000 gallons based upon the amount of metered water flow. The bi-monthly water and wastewater rates adopted for FY 2014 are provided on the Rates and Fees Schedule.

As depicted in the following graph, in FY 2014, 42% of total budgeted revenue is anticipated from water services while wastewater services are expected to generate 48%.



CAPE FEAR PUBLIC UTILITY AUTHORITY
REVENUE SUMMARY

System Development Charges

System Development Charges are calculated to cover the cost of capacity in the Authority's existing water and wastewater treatment plants and transmission facilities and the estimated cost of capacity in future water and wastewater treatment plants and transmission facilities that are included in the Authority's Ten -Year Capital Improvement Program. The calculation assumes many of these treatment plants and transmission facilities will be funded with debt that will be repaid with revenues generated from customer water and wastewater charges for 25 years. The System Development Charge is the upfront charge a new customer will pay. The system development charges are applied based on the size of the water meter for the new connection and are incremented for larger connection sizes. For purposes of the calculation, the full cost of capacity is reduced by the present value of the principal portion of the debt service payments. Only projects (or portions thereof) that provide capacity are included in the System Development Charge calculation. Costs of repair and rehabilitation projects (or portions thereof) are not included in the calculation. As depicted in the graph above, in FY 2014, 4% of total budgeted revenue is anticipated from System Development Charges.

Other Charges for Service

Other charges for service account for 4% of total budgeted revenues. Other charges include penalties and late fees, application and premise visit fees, meter fees and tap fees.

Interest Earnings

Authority funds are invested to maximize the return between the time funds are collected and used. Interest earnings remain stable, budgeted at \$684,000 in FY 2014 which is a decrease of approximately \$7,000, or 1% from FY 2013. Staff continues to monitor interest rates and look for additional opportunities to increase yield on the Authority's investments, while maintaining safety and liquidity.

Proceeds from Bonded Debt

The proceeds from bonded debt represent funds received in conjunction with the issuance of revenue bonds. The Authority expects to issue revenue bonds in FY 2014 to cover the costs of various capital improvement projects, pay interest on a portion of the bonds, and pay other costs incurred in connection with the issuance and sale of the bonds.

Appropriated Fund Balance

In accordance with the Local Government Fiscal Control Act, the Authority may use some unexpended funds from previous years to balance the budget. This is similar to an individual using their savings account. Appropriated fund balance was not budgeted in FY 2014.

CAPE FEAR PUBLIC UTILITY AUTHORITY REVENUE SUMMARY

Financial Feasibility Report

Since July 1, 2008 with the merger of the City of Wilmington and New Hanover County's utility systems to create the Authority, and with the economic changes in the region, the Authority has focused a significant amount of attention and effort on strategic planning measures in all areas of the Authority operations to ensure that it remains prepared for the future. As part of the strategic planning measures, in FY 2011, the Authority commissioned a water and wastewater rate study designed to analyze the revenue sources and expenditures of the Authority and provide recommendations for rates and rate structures to meet the financial and administrative objectives of the Authority. The rate study results were finalized in March of 2011 and the recommended rates and rate structure for fiscal year ended June 30, 2012 were adopted by the Authority Board. For FY 2012, the estimated customer growth upon which those rates were developed was not actually realized. FY 2013 budget was based on no customer growth. Although the number of customers increased slightly, water consumption declined.

During the FY 2014 budget process, Authority staff updated the rate model and recommended changes in the water and wastewater rates and rate structure. The FY 2014 rates assume no additional customer growth, as there has been no year over year growth. The water rate structure was changed from an inclining rate to a uniform rate. These rate changes were adopted on April 10, 2013 effective May 1, 2013 and are provided on the Rates and Fees Schedule.

In conjunction with the issuance of the 2011 Revenue Bonds in October, 2011 a Financial Feasibility Report was prepared by Utility Advisors' Network, Inc. (UAN). Based on the financial projections developed, UAN stated that it anticipated the Authority will generate sufficient revenues to meet revenue bond requirements.

During the FY 2014 budget process, Authority staff projected 5-year operating results based on calendar 2012 customer billing data and estimated expenditures. The chart below shows the projections, including projected debt service coverage ratios and additional revenue needed from rates for the fiscal years ending June 30, 2014-18. These projections assume full funding of FY 2013-17 CIP projects with a combination of transfers from operating sub-fund (Pay Go) and debt funding, no customer growth for FY 2014-18 , 3% labor inflation, and 2% other inflation. Certain of these assumptions may not materialize and unforeseen events and circumstances may occur. Therefore, there will usually be differences between the forecasted operating results and the actual operating results and these differences may be material. Also, the Authority could chose to level any necessary rate increases to avoid significant variation between years.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
REVENUE SUMMARY**

Five-Year Projections 2014-2018

	2014 Recommended Budget	2015 Projected Budget	2016 Projected Budget	2017 Projected Budget	2018 Projected Budget
Water & Sewer Revenues	\$ 65,733,000	\$ 65,733,000	\$ 67,047,660	\$ 69,729,566	\$ 73,216,044
Other Revenues	6,292,200	6,292,200	6,292,200	6,292,200	6,292,200
Total Revenues Before Rate Increases/Adjustments	72,025,200	72,025,200	73,339,860	76,021,766	79,508,244
Additional Revenues Due to Rate Increases/Adjustments		1,314,660	2,681,906	3,486,478	3,660,802
Total Revenues	72,025,200	73,339,860	76,021,766	79,508,244	83,169,046
Expenditures, before debt service	37,599,115	38,622,319	39,589,579	40,582,906	41,602,783
Revenues over Expenditures before Debt Service	34,426,085	34,717,541	36,432,187	38,925,338	41,566,263
Debt Service on Outstanding Debt & Estimated 2014 Bonds	28,321,752	26,903,552	23,346,088	27,137,801	27,411,942
Estimated Debt Service on FY14 CIP		1,552,166	1,552,166	1,552,166	1,552,166
Estimated Debt Service on FY15 CIP			1,780,040	1,780,040	1,780,040
Estimated Debt Service on FY16 CIP				1,848,634	1,848,634
Estimated Debt Service on FY17 CIP					1,953,056
Total Estimated Debt Service	28,321,752	28,455,718	26,678,294	32,318,641	34,545,838
Revenue over Expenditures	\$ 6,104,333	\$ 6,261,823	\$ 9,753,893	\$ 6,606,697	\$ 7,020,425
Debt Coverage Ratio	1.22	1.22	1.37	1.20	1.20
% Additional Revenue Needed from Rates		2%	4%	5%	5%

**CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 13-14
(Changes Denoted in RED)**

		Rates and Fees Effective 5/1/2013	Rates and Fees Effective 7/1/2013	Ordinance Reference
1 WATER RATES				
Water rates include both a fixed meter charge based on meter size and consumption charge based on metered consumption, billed bi-monthly (every two months).				
Fixed Meter Charge by Size*		Bi-Monthly	Bi-Monthly	
	5/8"	\$ 25.81	\$ 25.81	4.2.a(vi)
	1" (Single-Family Residential with fire sprinkler system)	\$ 25.81	\$ 25.81	4.2.a(vi)
	1"	\$ 64.53	\$ 64.53	4.2.a(vi)
	1 1/2"	\$ 129.05	\$ 129.05	4.2.a(vi)
	2"	\$ 206.48	\$ 206.48	4.2.a(vi)
	3"	\$ 387.15	\$ 387.15	4.2.a(vi)
	4"	\$ 645.25	\$ 645.25	4.2.a(vi)
	6"	\$ 1,290.50	\$ 1,290.50	4.2.a(vi)
	8"	\$ 2,064.80	\$ 2,064.80	4.2.a(vi)
	10"	\$ 3,226.25	\$ 3,226.25	4.2.a(vi)
	12"	\$ 3,871.50	\$ 3,871.50	4.2.a(vi)
* Fixed Meter Charge is not applied to Irrigation Meters if a separate Water Meter exists.				
Consumption Charge (per 1,000 gallons) See Note 1		\$ 3.42	\$ 3.42	4.2.a(iii)
Note 1	Single-Family Residential is serviced by one domestic meter			
Availability Charge for unconnected 5/8" water service, Availability Charge for larger meters based on meter size		\$ 25.81	\$ 25.81	4.2.a(i)
Wholesale or Bulk rates will be individually determined in accordance with applicable interlocal agreement		Individually Determined	Individually Determined	4.2.a(ii)
2 SEWER RATES				
Fixed Meter Charge by Size		Bi-Monthly	Bi-Monthly	
	5/8"	\$ 29.10	\$ 29.10	3.5; 4.2.a(vi)
	1" (Single-Family Residential with fire sprinkler system)	\$ 29.10	\$ 29.10	3.5; 4.2.a(vi)
	1"	\$ 72.75	\$ 72.75	3.5; 4.2.a(vi)
	1 1/2"	\$ 145.50	\$ 145.50	3.5; 4.2.a(vi)
	2"	\$ 232.80	\$ 232.80	3.5; 4.2.a(vi)
	3"	\$ 436.50	\$ 436.50	3.5; 4.2.a(vi)
	4"	\$ 727.50	\$ 727.50	3.5; 4.2.a(vi)
	6"	\$ 1,455.00	\$ 1,455.00	3.5; 4.2.a(vi)
	8"	\$ 2,328.00	\$ 2,328.00	3.5; 4.2.a(vi)
	10"	\$ 3,637.50	\$ 3,637.50	3.5; 4.2.a(vi)
	12"	\$ 4,365.00	\$ 4,365.00	3.5; 4.2.a(vi)
Consumption Charge (per 1,000 gallons) See Notes 1,2,3,4		\$ 4.21	\$ 4.21	3.5; 4.2.a(iii)
Note 1	Single-Family Residential metered consumption capped at 30,000 gallons per bi-monthly billing			3.5; 4.2.a(iii)
Note 2	Single-Family Residential non-metered consumption capped at 24,000 gallons per bi-monthly billing			3.5; 4.2.a(vii)
Note 3	No cap for non-residential metered consumption			3.5; 4.2.a(iii)
Note 4	Single-Family Residential is serviced by one domestic meter			
Availability Charge for unconnected 5/8" sewer service, Availability Charge for larger meters based on meter size		\$ 29.10	\$ 29.10	4.2.a(i)
Collection Treatment Charge				
	Surcharge for BOD (per 100 lbs; when BOD>200mg/L and COD < 3x BOD)	\$ 32.00	\$ 32.00	Appendix D 6; 4.2.a(iv)
	Surcharge for COD (per 100 lbs; when COD>600mg/L and >/=3xBOD)	\$ 32.00	\$ 32.00	Appendix D 6; 4.2.a(iv)
	Surcharge for TSS (per 100 lbs; when TSS >200mg/l)	\$ 17.00	\$ 17.00	Appendix D 6; 4.2.a(iv)
	Note: Surcharge is assessed for either BOD or COD, but not both.			
Bulk Charges for Septage Haulers				
	Per Gallon	\$ 0.080	\$ 0.080	4.2.a(ii)
	Utility Deposit	\$ 500.00	\$ 500.00	1.6
Hauled and Miscellaneous Wastewater Fee (subject to applicable surcharges)				
Short-Term Permit (Per Gallon)		\$ 0.030	\$ 0.030	4.2.a(iii); Appendix D 3.4
Long-Term Permit				
	Fixed Meter Charge by Size:	Bi-Monthly	Bi-Monthly	
	5/8"	\$ 29.10	\$ 29.10	4.2.a.(vi); Appendix D 3.4
	1"	\$ 72.75	\$ 72.75	4.2.a.(vi); Appendix D 3.4
	1 1/2"	\$ 145.50	\$ 145.50	4.2.a.(vi); Appendix D 3.4
	2"	\$ 232.80	\$ 232.80	4.2.a.(vi); Appendix D 3.4

**CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 13-14
(Changes Denoted in RED)**

		Rates and Fees Effective 5/1/2013	Rates and Fees Effective 7/1/2013	Ordinance Reference
	3"	\$ 436.50	\$ 436.50	4.2.a.(vi); Appendix D 3.4
	4"	\$ 727.50	\$ 727.50	4.2.a.(vi); Appendix D 3.4
	6"	\$ 1,455.00	\$ 1,455.00	4.2.a.(vi); Appendix D 3.4
	8"	\$ 2,328.00	\$ 2,328.00	4.2.a.(vi); Appendix D 3.4
	10"	\$ 3,637.50	\$ 3,637.50	4.2.a.(vi); Appendix D 3.4
	12"	\$ 4,365.00	\$ 4,365.00	4.2.a.(vi); Appendix D 3.4
	Consumption Charge (per 1,000 gallons)	\$ 4.21	\$ 4.21	4.2.a.(iii); Appendix D 3.4
	Long-Term Permit System Development Charge will be in accordance with Section 9 of this schedule and specified in permit.			4.2.b(iv); Appendix D 3.4
	Wholesale or Bulk rates will be individually determined in accordance with applicable interlocal agreement	Individually Determined	Individually Determined	4.2.a(ii)
3 Fire Line Service				
	Fixed Fire Line Charge by Size	Bi-Monthly	Bi-Monthly	
	2"	\$ 20.00	\$ 20.00	4.2.a(v)
	4"	\$ 40.00	\$ 40.00	4.2.a(v)
	6"	\$ 80.00	\$ 80.00	4.2.a(v)
	8"	\$ 140.00	\$ 140.00	4.2.a(v)
	10"	\$ 220.00	\$ 220.00	4.2.a(v)
	12"	\$ 320.00	\$ 320.00	4.2.a(v)
4 Water Service Connection Fee				
	Service Line Connection Fee by Service Size	Total	Total	
	Up to 1" Service (to 45' in length) *	\$ 2,000.00	\$ 2,100.00	1.5c; 4.2b(i)
	1 1/2" Service (to 45' in length) *	\$ 3,600.00	\$ 3,900.00	1.5c; 4.2b(i)
	2" Service (to 45' in length) *	\$ 3,800.00	\$ 4,100.00	1.5c; 4.2b(i)
	Services in excess of 45' based on actual cost	Individually Determined	Individually Determined	1.5c; 4.2b(i)
	Manifold	Individually Determined	Individually Determined	1.5c; 4.2b(i)
	* 2" Service and under connection fees include meter set.			
	Meter Set Fee by Size (includes materials and labor)			
	5/8"	\$ 230.00	\$ 250.00	1.5c; 4.2b(iii)
	1"	\$ 290.00	\$ 320.00	1.5c; 4.2b(iii)
	1 1/2"	\$ 530.00	\$ 600.00	1.5c; 4.2b(iii)
	2"	\$ 670.00	\$ 750.00	1.5c; 4.2b(iii)
	Inspection Fee for Developer-Installed Connection	\$ 50.00	\$ 50.00	1.6a; 4.2b(ii)
5 Sewer Service Connection Fee				
	Installation Fee by Size	Total	Total	
	4" Service, actual cost or minimum	\$ 2,200.00	\$ 2,200.00	1.5c; 4.2b(i)
	6" Service, actual cost or minimum	\$ 2,800.00	\$ 2,800.00	1.5c; 4.2b(i)
	Greater than 45 Feet or over 8 Feet in depth	Individually determined	Individually determined	1.5c; 4.2b(i)
	Inspection Fee for Developer-Installed Connection	\$ 50.00	\$ 50.00	1.5c; 4.2b(i)
6 Special Use of Water				
	Meter Fee by Size	Total	Total	
	5/8"	\$ 31.00	\$ 31.00	4.2c(vii)
	3/4"	\$ 35.00	\$ 35.00	4.2c(vii)
	1"	\$ 45.00	\$ 45.00	4.2c(vii)
	1 1/2"	\$ 56.00	\$ 56.00	4.2c(vii)
	2"	\$ 96.00	\$ 96.00	4.2c(vii)
	3"	\$ 165.00	\$ 165.00	4.2c(vii)
	4"	\$ 254.00	\$ 254.00	4.2c(vii)
	6"	\$ 437.00	\$ 437.00	4.2c(vii)
	8"	\$ 666.00	\$ 666.00	4.2c(vii)
	10"	\$ 924.00	\$ 924.00	4.2c(vii)
	12"	\$ 1,202.00	\$ 1,202.00	4.2c(vii)
	Lost or stolen special use sign	\$ 50.00	\$ 50.00	4.2c(vii)
	Consumption Charge (per 1,000 gallons)	\$ 3.42	\$ 3.42	4.2.a(iii)
7 Water Quality Fees				

**CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 13-14
(Changes Denoted in RED)**

		Rates and Fees Effective 5/1/2013	Rates and Fees Effective 7/1/2013	Ordinance Reference
Inspection Fees Backflow Assembly		Total	Total	
	Initial inspection	No Charge	No Charge	4.2.b(ii)
	Second inspection	\$ 50.00	\$ 50.00	4.2.b(ii)
	Third and subsequent inspection	\$ 100.00	\$ 100.00	4.2.b(ii)
8 Discharge Permit Fees				
Industrial Connection and Discharge Permit application and annual fee includes				
	SIU, flows > 15,000 gpd, pretreatment	\$ 750.00	\$ 750.00	Appendix D 3.4
	Restoration of Revoked Industrial Permit (Each occurrence)	\$ 1,500.00	\$ 1,500.00	Appendix D 3.4
	Modification of Permit (Each occurrence)	\$ 200.00	\$ 200.00	Appendix D 3.4
Other Wastewater Permits				
	Flow Less than 1,000 Gallons/day	\$ 100.00	\$ 100.00	Appendix D 3.4
	Flow Between 1,001 and 7,500 Gallons/day	\$ 200.00	\$ 200.00	Appendix D 3.4
	Flow Between 7,501 and 15,000 Gallons/day	\$ 300.00	\$ 300.00	Appendix D 3.4
	Food Service Establishment Application and Annual Inspection Fee	\$ 100.00	\$ 100.00	Appendix D 3.4
Monitoring Fee		Individually determined	Individually determined	Appendix D 3.4
	Restoration Fee of Revoked Other Wastewater Permit (per occurrence)	2x permit fee	2x permit fee	Appendix D 3.4
	Grease Interceptor Variance (Each occurrence)	\$ 220.00	\$ 220.00	Appendix D 3.4
9 System Development Charges				
Water by Meter Size		Total	Total	Appendix C 2(a)
	5/8" *	\$ 2,000.00	\$ 1,920.00	4.2.b(iv)
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,000.00	\$ 1,920.00	4.2.b(iv)
	1"	\$ 6,230.00	\$ 4,800.00	4.2.b(iv)
	1 1/2"	\$ 12,460.00	\$ 9,600.00	4.2.b(iv)
	2"	\$ 19,950.00	\$ 15,360.00	4.2.b(iv)
	3"	\$ 39,890.00	\$ 28,800.00	4.2.b(iv)
	4"	\$ 62,330.00	\$ 48,000.00	4.2.b(iv)
	6"	\$ 124,680.00	\$ 96,000.00	4.2.b(iv)
	8"	\$ 199,490.00	\$ 153,600.00	4.2.b(iv)
	10"	\$ 311,720.00	\$ 240,000.00	4.2.b(iv)
* No water SDC due on a 5/8" irrigation meter				
Shell Buildings Alternative Fee Calculation - former NHC Water & Sewer District. Fees base on class of use & 15A NCAC O2T.0114 - Design Flow Rates				4.2b(iv)(4)
	Water Development Charge (minimum \$1,348.00 = 400 gallons)	\$3.37 per gallon	\$3.37 per gallon	4.2b(iv)(4)
Sewer by Meter Size		Total	Total	Appendix C 3(a)
	5/8"	\$ 2,500.00	\$ 2,460.00	4.2b(iv)
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,500.00	\$ 2,460.00	4.2b(iv)
	1"	\$ 7,810.00	\$ 6,150.00	4.2b(iv)
	1 1/2"	\$ 15,620.00	\$ 12,300.00	4.2b(iv)
	2"	\$ 25,000.00	\$ 19,680.00	4.2b(iv)
	3"	\$ 50,000.00	\$ 36,900.00	4.2b(iv)
	4"	\$ 78,100.00	\$ 61,500.00	4.2b(iv)
	6"	\$ 156,000.00	\$ 123,000.00	4.2b(iv)
	8"	\$ 250,000.00	\$ 196,800.00	4.2b(iv)
	10"	\$ 390,400.00	\$ 307,500.00	4.2b(iv)
	Unmetered service (sewer only)	\$10/gallon projected flow	\$10/gallon projected flow	4.2b(iv)
Shell Buildings Alternative Fee Calculation - former NHC Water & Sewer District. Fees base on class of use & 15A NCAC O2T.0114 - Design Flow Rates				
	Sewer Impact Fee (minimum \$2,103.90 = 300 gallons)	\$7.013 per gallon	\$7.013 per gallon	4.2b(iv)(4)
	Sewer Development Charge	\$1.50 per gallon	\$1.50 per gallon	4.2b(iv)(4)
10 Miscellaneous and Other				
Service/repair costs				
	Contracted services at actual cost plus 10% administrative fee	Individually determined	Individually determined	1.9(e)
	CFPUA staff and equipment at FEMA reimbursable cost	Individually determined	Individually determined	1.9(e)
Other Fees				
	Cut Lock Fee	\$ 75.00	\$ 75.00	6.6c; 4.2c(vi)

**CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 13-14
(Changes Denoted in RED)**

		Rates and Fees Effective 5/1/2013	Rates and Fees Effective 7/1/2013	Ordinance Reference
	Emergency Reconnect Fee	\$ 110.00	\$ 110.00	4.2c(iii)
	Late Day Reconnect Fee	\$ 55.00	\$ 55.00	4.2c(ii)
	Late Fee	10% of balance; \$25 maximum on Single-Family Residential services	10% of balance; \$25 maximum on Single-Family Residential services	4.2c(viii)
	Loan Processing Fee	Actual Cost to File	Actual Cost to File	4.2c(xi)
	Meter Obstruction Fee	\$ 55.00	\$ 55.00	4.2c(xvii)
	Meter Test	\$ 50.00	\$ 50.00	2.3; 6.1; 4.2c(ix)
	New Service Charge	\$ 55.00	\$ 55.00	1.6a; 4.2c(iv)
	Premise Visit Fee	\$ 55.00	\$ 55.00	1.15(a); 4.2c(xvi)
	Reconnect/Delinquency Fee	\$ 55.00	\$ 55.00	6.6(a); 4.2c(xiii)
	Reread Fee (requested by Customer)			
	Correct Read	\$ 55.00	\$ 55.00	4.2c(xv)
	Incorrect Read (CFPUA error)	No Cost	No Cost	4.2c(xv)
	Tampering Fee (unauthorized connection, valve operation, water theft, or other tampering)			
	1st Occurrence *	\$ -	** \$100 - \$500	4.2c(xiii); 6.6c
	Each Additional Occurrence *	\$ 500.00	\$ 500.00	4.2c(xiii); 6.6c
	Illegal Connection or Turn-On/Tampering	\$ 500.00	\$ -	1.9; 4.2c; 6.6c
	Turn-On Fee (after disconnect)	\$ 55.00	\$ 55.00	4.2c(xiv)
	Utility Deposit-Single-Family Residential ***	Up to \$200*	Up to \$200*	1.6
	<i>* Additional charges may be incurred to recover water loss, cost of repairs, site visits, enforcement costs, or other related expenses</i>		Determined by Policy	
	<i>** Amount of fee will be set based on egregiousness of the event</i>		Determined by Policy	
	<i>*** May be adjusted by Customer Service Director based on services provided and prior payment history</i>			
	Utility Deposit-Commercial	Determined by Policy	Determined by Policy	1.6
	Civil Penalties:			4.2c(v)
	Failure to submit required cross connection control report	\$ 200.00	\$ 200.00	Appendix A 10(d)
	Submission of falsified cross connection control report	\$ 200.00	\$ 200.00	Appendix A 10(d)
	First violation of backflow installation requirements	\$ 250.00	\$ 250.00	Appendix A 10(b)
	Subsequent violation of backflow installation requirements	\$ 1,000.00	\$ 1,000.00	Appendix A 10(b)
	Violation of Extension Policy	\$100, \$200, \$500	\$100, \$200, \$500	Appendix C 5
	Violation of Wastewater Discharge Permit	Up to \$25,000	Up to \$25,000	Appendix D 35d(i)
	Violation of Sewer Use Ordinance	Up to \$25,000	Up to \$25,000	Appendix D 35d(i)
	Violation of Cross Connection Control Ordinance	Up to \$1,000/day	Up to \$1,000/day	Appendix A 10(f)(vii)
	Hydrant Meter Deposit for festivals	\$ 500.00	\$ 500.00	4.2c(vii)
	Hydrant Meter Installation & Removal for festivals (per meter)	\$ 50.00	\$ 50.00	4.2.c(vii)
	Plan Review Fees:			
	Minor Subdivisions - no required NCDENR water or sewer permits	\$ -	\$ 120.00	Appendix C.1(a); 4.2c(xii)
	Commercial Plans (multi-family residential/commercial) - no required NCDENR water and sewer permits	\$ -	\$ 120.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions less than 500 Linear Feet	\$ -	\$ 240.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 500-999 Linear Feet	\$ 600.00	\$ 300.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 1,000-1,999 Linear Feet	\$ 700.00	\$ -	Appendix C.1(a); 4.2c(xii)
	Main Extensions 2,000-5,000 Linear Feet	\$ 1,100.00	\$ -	Appendix C.1(a); 4.2c(xii)
	Main Extensions Over 5,000 Linear Feet	Individually determined	\$ -	Appendix C.1(a); 4.2c(xii)
	Main Extensions 1,000-4,999 linear feet	\$ -	\$ 600.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 5,000-9,999 linear feet	\$ -	\$ 850.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 10,000 linear feet and greater	\$ -	\$ 1,400.00	Appendix C.1(a); 4.2c(xii)
	Pump Station Review (plus the main extensions fee above)	\$ -	\$ 350.00	Appendix C.1(a); 4.2c(xii)
	Re-review Fee	\$ -	\$ 50.00	Appendix C.1(a); 4.2c(xii)
	Miscellaneous Administrative Fees			
	Returned Check Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Vendor issued Check)	\$ 25.00	\$ 25.00	4.2c(x)
	Dishonored Bank Draft Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Vendor Draft)	\$ 25.00	\$ 25.00	4.2c(x)
	Check Stop Payment Fee (Stop Payment of CFPUA issued Check requested by Customer/Vendor)	\$ -	\$ 5.00	4.2c(x)
	Copy and Printing Fees, including Public Records Request	Actual cost	Actual cost	

Operating and Capital Outlay Budget Summary Debt Service Coverage Ratio

	CFPUA FY 12-13 Adopted Budget	CFPUA FY 13-14 Adopted Budget
REVENUES		
Water Revenues	\$ 30,552,000	\$ 30,694,000
Wastewater Revenues	32,551,000	35,039,000
Other Charges for Service	2,311,700	2,608,200
Total Operating Revenues	65,414,700	68,341,200
System Development Charges	3,363,274	3,000,000
Investment Earnings	691,300	684,000
Total Non-Operating Revenues	4,054,574	3,684,000
Total Revenues	69,469,274	72,025,200
EXPENDITURES		
Operating Expenditures before Debt Service and Capital Outlay (Note 1)	36,181,030	37,599,115
Net Income before Debt Service and Capital Outlay	33,288,244	34,426,085
Debt Service - Principal & Interest Payments (Note 2)	26,749,352	28,321,752
Debt Service Coverage Ratio for All Indebtedness	1.24	1.22
Other Expenditures, Debt Issuance Costs Not Financed-State Loan	160,420	-
Total Expenditures	63,090,802	65,920,867
NET INCOME		
Net Income after Debt Service, Available for Capital Outlay	6,378,472	6,104,333
CAPITAL OUTLAY		
Capital Outlay Funded by Operations in Operating Fund	\$ 629,130	\$ 191,899
Transfers to Capital Projects Funds	\$ 5,749,342	\$ 5,912,434
Note 1: FY13-14 Operating Expenditures before Debt Service and Capital Outlay includes debt service fees of \$275,000. Note 2: FY13-14 Debt Service shown net of debt service fees of \$275,000.		

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(Budgetary Basis)

	CFPUA FY 10-11 Adjusted Budget	CFPUA FY 10-11 Actual	CFPUA FY 11-12 Adjusted Budget	CFPUA FY 11-12 Actual	CFPUA FY12-13 Adopted Budget	CFPUA FY12-13 Admndments	CFPUA FY12-13 Adjusted Budget	CFPUA FY12-13 Projected (Note 1)	CFPUA FY 13-14 Adopted Budget
REVENUES AND OTHER FINANCING SOURCES									
Operating Revenues									
Water Revenues	\$ 27,094,650	\$ 28,537,770	\$ 31,213,000	\$ 29,993,331	\$ 30,552,000	\$ -	\$ 30,552,000	\$ 29,853,660	\$ 30,694,000
Wastewater Revenues	26,443,873	28,548,459	31,322,000	31,121,905	32,551,000	-	32,551,000	32,417,003	35,039,000
Other Charges for Service	1,808,200	2,676,737	2,659,600	2,976,106	2,311,700	-	2,311,700	3,053,153	2,608,200
Operating Grants and Contributions	-	-	-	268,127	-	-	-	98,891	-
Total Operating Revenues	55,346,723	59,762,966	65,194,600	64,359,469	65,414,700	-	65,414,700	65,422,707	68,341,200
Non-Operating Revenues									
System Development Charges	2,340,000	2,038,475	3,563,699	3,737,630	3,363,274	-	3,363,274	3,199,975	3,000,000
Investment Earnings	928,000	896,196	822,620	786,528	691,300	-	691,300	771,333	684,000
Total Non-Operating Revenues	3,268,000	2,934,671	4,386,319	4,524,158	4,054,574	-	4,054,574	3,971,308	3,684,000
Total Revenues	58,614,723	62,697,637	69,580,919	68,883,627	69,469,274	-	69,469,274	69,394,015	72,025,200
Other Financing Sources									
Proceeds from Bonded Debt and Premium	-	-	4,146,489	4,138,241	780,320	17,870,325	18,650,645	17,870,325	750,000
Transfers from Other Funds	-	-	-	420,436	-	297,011	297,011	297,010	-
Appropriated Fund Balance - Capital Reserve	5,681,144	-	2,146,652	-	-	568,098	568,098	-	-
Total Other Financing Sources	5,681,144	-	6,293,141	4,558,677	780,320	18,735,434	19,515,754	18,167,335	750,000
Total Revenues and Other Financing Sources	\$ 64,295,867	\$ 62,697,637	\$ 75,874,060	\$ 73,442,304	\$ 70,249,594	\$ 18,735,434	\$ 88,985,028	\$ 87,561,350	\$ 72,775,200
EXPENDITURES AND OTHER FINANCING USES									
Operating Expenditures									
Authority Board	\$ 46,895	\$ 37,918	\$ 44,889	\$ 41,059	\$ 48,022	\$ -	\$ 48,022	\$ 41,052	\$ 99,669
Administration	923,234	732,537	890,024	745,890	956,583	(92,370)	864,213	681,666	898,597
Finance/IT/Customer Service	5,024,112	4,476,178	5,052,404	4,388,926	5,007,596	(158,626)	4,848,970	4,687,549	5,235,476
Human Resources/Safety	602,564	411,017	566,558	528,357	603,979	(53,838)	550,141	552,906	631,897
Engineering	1,947,198	1,757,764	1,903,302	1,712,992	1,918,711	(85,856)	1,832,855	1,821,155	2,040,173
Operations - Administration	856,445	813,311	843,040	806,372	929,137	142,737	1,071,874	1,027,290	1,206,580
Operations - Water Treatment	6,983,043	6,238,707	6,865,498	6,382,814	6,662,427	(125,841)	6,536,586	6,371,445	6,971,315
Operations - Wastewater Treatment	5,168,785	4,531,693	5,055,733	4,714,911	4,909,774	(178,473)	4,731,301	4,572,062	4,950,836
Operations - Utility Services	11,305,096	9,324,622	11,120,247	9,467,717	10,343,126	(719,544)	9,623,582	8,838,549	10,150,791
Environment Management	2,266,786	2,008,519	2,276,652	1,992,684	2,243,905	(93,972)	2,149,933	2,127,587	2,307,680
Nondepartmental	1,675,850	1,627,937	1,864,238	1,887,476	2,116,900	(86,190)	2,030,710	2,013,805	2,223,000
Contingency-Operating	800,000	-	800,000	-	800,000	(271,000)	529,000	-	800,000
Contingency-Budget Reserve	-	-	-	-	-	1,804,009	1,804,009	-	-
Total Operating Expenditures Before Debt Service	37,600,008	31,960,203	37,282,585	32,669,198	36,540,160	81,036	36,621,196	32,735,066	37,516,014
Debt Service, Net	23,350,687	23,236,766	27,717,697	29,396,246	27,415,837	17,946,484	45,362,321	44,645,580	28,596,752
Other Financing Uses									
Debt Issuance Cost	-	-	448,655	448,655	544,255	220,903	765,158	220,902	750,000
Transfers to Capital Project Funds	3,345,172	3,345,172	10,425,123	10,425,123	5,749,342	487,011	6,236,353	6,236,352	5,912,434
Total Other Financing Uses	3,345,172	3,345,172	10,873,778	10,873,778	6,293,597	707,914	7,001,511	6,457,254	6,662,434
Total Expenditures and Other Financing Uses	\$ 64,295,867	\$ 58,542,141	\$ 75,874,060	\$ 72,939,222	\$ 70,249,594	\$ 18,735,434	\$ 88,985,028	\$ 83,837,900	\$ 72,775,200
Revenues and Other Sources Over									
Expenditures and Other Financing Uses	\$ -	\$ 4,155,496	\$ -	\$ 503,082	\$ -	\$ -	\$ -	\$ 3,723,450	\$ -
Fund Balance Beginning Balance (Note 2)	\$ 16,398,090	\$ 16,398,090	\$ 20,553,586	\$ 20,553,586	\$ 21,056,668	\$ -	\$ 21,056,668	\$ 21,056,668	\$ 24,780,118
Fund Balance Ending Balance (Note 2)	\$ 16,398,090	\$ 20,553,586	\$ 20,553,586	\$ 21,056,668	\$ 21,056,668	\$ -	\$ 21,056,668	\$ 24,780,118	\$ 24,780,118
Percent Change in Fund Balance (Note 3)	0.00%	25.34%	0.00%	2.45%	0.00%	0.00%	0.00%	17.68%	0.00%

Note 1: FY 2013 Projected is based on estimates by the Finance Department using actual financial data as of March 30, 2013.

Note 2: For budgetary purposes, the Enterprise Fund is shown in this schedule on the modified accrual basis. The values for fund balance will differ from the change of net assets reported in the financial statements using the full accrual basis for Generally Accepted Accounting Principles (GAAP) purposes due to accounting adjustments that are required to bring it from a modified accrual basis to the full accrual basis required by GAAP.

Note 3: Fund Balance increases resulted from: 1) FY10-11, Actual Operating Revenues greater than projected budget; 2) FY12-13 Actual Operating Expenditures under projected budget.

EXPENDITURES SUMMARY BY DEPARTMENT AND CATEGORY

	CFPUA FY 11-12 Adjusted Budget	CFPUA FY 11-12 Actual	CFPUA FY12-13 Adopted Budget	CFPUA FY12-13 Admendments	CFPUA FY12-13 Adjusted Budget	CFPUA FY 13-14 Adopted Budget	% Change Recommended/ FY 12-13 Adopted
EXPENDITURES BY DEPARTMENT							
Authority Board	\$ 44,889	\$ 41,059	\$ 48,022	\$ -	\$ 48,022	\$ 99,669	107.55%
Administration	890,024	745,890	956,583	(92,370)	864,213	898,597	-6.06%
Finance/IT/Customer Service	5,052,404	4,388,926	5,007,596	(158,626)	4,848,970	5,235,476	4.55%
Human Resources/Safety	566,558	528,357	603,979	(53,838)	550,141	631,897	4.62%
Engineering	1,903,302	1,712,992	1,918,711	(85,856)	1,832,855	2,040,173	6.33%
Operations - Administration	843,040	806,372	929,137	142,737	1,071,874	1,206,580	29.86%
Operations - Water Treatment	6,865,498	6,382,814	6,662,427	(125,841)	6,536,586	6,971,315	4.64%
Operations - Wastewater Treatment	5,055,733	4,714,911	4,909,774	(178,473)	4,731,301	4,950,836	0.84%
Operations - Utility Services	11,120,247	9,467,717	10,343,126	(719,544)	9,623,582	10,150,791	-1.86%
Environment Management	2,276,652	1,992,684	2,243,905	(93,972)	2,149,933	2,307,680	2.84%
Nondepartmental	1,864,238	1,887,476	2,116,900	(86,190)	2,030,710	2,223,000	5.01%
Debt Service, Net	27,717,697	29,396,246	27,415,837	17,946,484	45,362,321	28,596,752	4.31%
Debt Issuance Cost	448,655	448,655	544,255	220,903	765,158	750,000	37.80%
Contingency-Operating	800,000	-	800,000	(271,000)	529,000	800,000	0.00%
Contingency-Budget Reserve	-	-	-	1,804,009	1,804,009	-	0.00%
Transfers to Capital Projects	10,425,123	10,425,123	5,749,342	487,011	6,236,353	5,912,434	2.84%
TOTAL	\$ 75,874,060	\$72,939,222	\$ 70,249,594	\$ 18,735,434	\$ 88,985,028	\$ 72,775,200	3.60%
EXPENDITURES BY CATEGORY							
Personnel	\$ 13,219,829	\$12,632,603	\$ 13,610,340	\$ (173,986)	\$ 13,436,354	\$ 13,983,889	2.74%
Benefits	4,565,725	4,103,249	4,566,587	3,863	4,570,450	4,830,053	5.77%
Operating	15,850,367	13,216,464	14,817,203	(1,154,576)	13,662,627	15,487,173	4.52%
Capital Outlay	982,426	829,406	629,130	(41,084)	588,046	191,899	-69.50%
Nondepartmental	1,864,238	1,887,476	2,116,900	(86,190)	2,030,710	2,223,000	5.01%
Debt Service, Net	27,717,697	29,396,246	27,415,837	17,946,484	45,362,321	28,596,752	4.31%
Debt Issuance Cost	448,655	448,655	544,255	220,903	765,158	750,000	37.80%
Contingency-Operating	800,000	-	800,000	(271,000)	529,000	800,000	0.00%
Contingency-Budget Reserve	-	-	-	1,804,009	1,804,009	-	0.00%
Transfers to Capital Projects	10,425,123	10,425,123	5,749,342	487,011	6,236,353	5,912,434	2.84%
TOTAL	\$ 75,874,060	\$72,939,222	\$ 70,249,594	\$ 18,735,434	\$ 88,985,028	\$ 72,775,200	3.60%

EXPENDITURES DETAIL BY DEPARTMENT

	CFPUA FY 11-12 Adjusted Budget	CFPUA FY 11-12 Actual	CFPUA FY12-13 Adopted Budget	CFPUA FY12-13 Admndments	CFPUA FY12-13 Adjusted Budget	CFPUA FY 13-14 Adopted Budget	% Change Recommended/ FY 12-13 Adopted
EXPENDITURES BY DEPARTMENT							
Authority Board							
Personnel	\$ 26,400	\$ 26,200	\$ 26,403	\$ -	\$ 26,403	\$ 26,400	-0.01%
Benefits	2,019	2,004	2,019	-	2,019	2,019	0.00%
Operating	16,470	12,855	19,600	-	19,600	71,250	263.52%
Total Authority Board	44,889	41,059	48,022	-	48,022	99,669	107.55%
Administration							
Personnel	421,207	421,695	496,926	(53,044)	443,882	464,096	-6.61%
Benefits	110,161	98,734	130,607	(19,976)	110,631	118,401	-9.35%
Operating	358,656	225,461	329,050	(19,350)	309,700	316,100	-3.94%
Total Administration	890,024	745,890	956,583	(92,370)	864,213	898,597	-6.06%
Finance/IT/Customer Service							
Personnel	2,344,948	2,269,592	2,401,291	(10,370)	2,390,921	2,528,425	5.29%
Benefits	844,252	750,310	821,533	22,283	843,816	947,730	15.36%
Operating	1,787,032	1,304,736	1,581,802	(138,527)	1,443,275	1,680,321	6.23%
Capital Outlay	76,172	64,288	202,970	(32,012)	170,958	79,000	-61.08%
Total Finance/IT/Customer Service	5,052,404	4,388,926	5,007,596	(158,626)	4,848,970	5,235,476	4.55%
Human Resources/Safety							
Personnel	248,569	308,269	319,911	895	320,806	334,637	4.60%
Benefits	70,489	83,967	91,278	1,506	92,784	102,865	12.69%
Operating	247,500	136,121	192,790	(56,239)	136,551	194,395	0.83%
Total Human Resources/Safety	566,558	528,357	603,979	(53,838)	550,141	631,897	4.62%
Engineering							
Personnel	1,340,353	1,247,143	1,347,564	(61,552)	1,286,012	1,450,247	7.62%
Benefits	417,102	361,249	412,237	(13,098)	399,139	455,091	10.40%
Operating	129,847	89,222	158,910	(11,206)	147,704	134,835	-15.15%
Capital Outlay	16,000	15,378	-	-	-	-	0.00%
Total Engineering	1,903,302	1,712,992	1,918,711	(85,856)	1,832,855	2,040,173	6.33%
Operations - Administration							
Personnel	631,472	618,843	685,796	114,261	800,057	812,076	18.41%
Benefits	181,760	164,912	191,413	33,416	224,829	242,196	26.53%
Operating	29,808	22,617	33,928	(4,940)	28,988	152,308	348.92%
Capital Outlay	-	-	18,000	-	18,000	-	-100.00%
Total Operations - Administration	843,040	806,372	929,137	142,737	1,071,874	1,206,580	29.86%

EXPENDITURES DETAIL BY DEPARTMENT

	CFPUA FY 11-12 Adjusted Budget	CFPUA FY 11-12 Actual	CFPUA FY12-13 Adopted Budget	CFPUA FY12-13 Admndments	CFPUA FY12-13 Adjusted Budget	CFPUA FY 13-14 Adopted Budget	% Change Recommended/ FY 12-13 Adopted
EXPENDITURES BY DEPARTMENT							
Operations - Water Treatment							
Personnel	1,343,948	1,279,461	1,360,375	(3,516)	1,356,859	1,392,294	2.35%
Benefits	462,609	423,016	467,739	4,771	472,510	482,068	3.06%
Operating	4,986,332	4,608,599	4,828,113	(120,896)	4,707,217	5,081,054	5.24%
Capital Outlay	72,609	71,738	6,200	(6,200)	-	15,899	156.44%
Total Operations - Water Treatment	6,865,498	6,382,814	6,662,427	(125,841)	6,536,586	6,971,315	4.64%
Operations - Wastewater Treatment							
Personnel	\$ 1,688,305	\$ 1,637,865	\$ 1,732,456	\$ (11,973)	\$ 1,720,483	\$ 1,747,236	0.85%
Benefits	605,298	549,322	599,073	3,102	602,175	615,405	2.73%
Operating	2,545,360	2,317,039	2,376,585	(126,153)	2,250,432	2,491,195	4.82%
Capital Outlay	216,770	210,685	201,660	(43,449)	158,211	97,000	-51.90%
Total Operations - Wastewater Treatment	5,055,733	4,714,911	4,909,774	(178,473)	4,731,301	4,950,836	0.84%
Operations - Utility Services							
Personnel	3,870,927	3,659,501	3,969,093	(114,873)	3,854,220	3,907,726	-1.55%
Benefits	1,420,267	1,267,578	1,400,008	(21,534)	1,378,474	1,404,935	0.35%
Operating	5,247,553	4,092,679	4,773,725	(616,192)	4,157,533	4,838,130	1.35%
Capital Outlay	581,500	447,959	200,300	33,055	233,355	-	-100.00%
Total Operations - Utility Services	11,120,247	9,467,717	10,343,126	(719,544)	9,623,582	10,150,791	-1.86%
Environment Management							
Personnel	1,303,700	1,164,034	1,270,525	(33,814)	1,236,711	1,320,752	3.95%
Benefits	451,768	402,157	450,680	(6,607)	444,073	459,343	1.92%
Operating	501,809	407,135	522,700	(61,073)	461,627	527,585	0.93%
Capital Outlay	19,375	19,358	-	7,522	7,522	-	0.00%
Total Environment Management	2,276,652	1,992,684	2,243,905	(93,972)	2,149,933	2,307,680	2.84%
Nondepartmental	1,864,238	1,887,476	2,116,900	(86,190)	2,030,710	2,223,000	5.01%
Debt Service, Net	27,717,697	29,396,246	27,415,837	17,946,484	45,362,321	28,596,752	4.31%
Debt Issuance Cost	448,655	448,655	544,255	220,903	765,158	750,000	37.80%
Contingency-Operating	800,000	-	800,000	(271,000)	529,000	800,000	0.00%
Contingency-Budget Reserve	-	-	-	1,804,009	1,804,009	-	0.00%
Transfers to Capital Projects	10,425,123	10,425,123	5,749,342	487,011	6,236,353	5,912,434	2.84%
TOTAL EXPENDITURES	\$ 75,874,060	\$72,939,222	\$ 70,249,594	\$ 18,735,434	\$ 88,985,028	\$ 72,775,200	3.60%

CAPE FEAR PUBLIC UTILITY AUTHORITY
Positions By Department
FY13-14

The budget authorizes a total of 294.5 positions.
Full-Time Equivalents (FTEs) by department is as follows:

	<u>FY 12</u>	<u>FY 13</u>	<u>FY14</u>
Administration	5	6	5 (1)
Finance	8	8.5	9 (1)
Information Technology	6	6	6
Human Resources/Safety	4	4	5 (2)
Engineering	22	22	24 (3)
Operations - Administration	9	9	9 (4)
Operations - Utility Services	96	96	96 (4)
Operations - Wastewater Treatment	40	40	40 (4)
Operations - Water Treatment	30	30	30 (4)
Environmental Management	29.5	29.5	28.5 (2)
Customer Service	42	41	42 (3)
Total	<u>291.5</u>	<u>292</u>	<u>294.5</u>

- (1) In FY13 Administration FT position transferred to Finance PT position.
- (2) In FY14 the Safety Program Manager position transferred to Human Resources.
- (3) In FY14 three new positions were added; Engineering (2) and Customer Service (1).
- (4) In FY14 the Operations Divisions will be reorganized to create a new Centralized Maintenance Division. This change will occur after budget adoption, so not presented in this chart.

CAPE FEAR PUBLIC UTILITY AUTHORITY
Approved Salary Scale
FY13-14

GRADE	MINIMUM	1st QUARTILE	MIDPOINT	3rd QUARTILE	MAXIMUM
1	\$19,107.58	\$21,639.34	\$24,171.09	\$26,702.85	\$29,234.60
2	\$20,074.90	\$22,734.83	\$25,394.75	\$28,054.67	\$30,714.60
3	\$21,091.19	\$23,885.78	\$26,680.36	\$29,474.95	\$32,269.53
4	\$22,158.94	\$25,094.99	\$28,031.05	\$30,967.11	\$33,903.17
5	\$23,280.73	\$26,365.43	\$29,450.13	\$32,534.83	\$35,619.53
6	\$24,459.32	\$27,700.18	\$30,941.04	\$34,181.91	\$37,422.77
7	\$25,697.57	\$29,102.50	\$32,507.43	\$35,912.36	\$39,317.29
8	\$26,998.51	\$30,575.81	\$34,153.12	\$37,730.42	\$41,307.72
9	\$28,365.31	\$32,123.72	\$35,882.12	\$39,640.52	\$43,398.93
10	\$29,801.31	\$33,749.99	\$37,698.66	\$41,647.33	\$45,596.00
11	\$31,310.00	\$35,458.58	\$39,607.15	\$43,755.73	\$47,904.30
12	\$32,895.07	\$37,253.67	\$41,612.26	\$45,970.86	\$50,329.45
13	\$34,560.38	\$39,139.63	\$43,718.88	\$48,298.13	\$52,877.38
14	\$36,310.01	\$41,121.08	\$45,932.15	\$50,743.22	\$55,554.30
15	\$38,148.19	\$43,202.83	\$48,257.46	\$53,312.10	\$58,366.73
16	\$40,079.45	\$45,389.97	\$50,700.50	\$56,011.03	\$61,321.55
17	\$42,108.47	\$47,687.84	\$53,267.21	\$58,846.58	\$64,425.96
18	\$44,240.21	\$50,102.04	\$55,963.87	\$61,825.69	\$67,687.52
19	\$46,479.87	\$52,638.45	\$58,797.03	\$64,955.62	\$71,114.20
20	\$48,832.91	\$55,303.28	\$61,773.64	\$68,244.00	\$74,714.36
21	\$53,902.40	\$61,044.47	\$68,186.53	\$75,328.60	\$82,470.67
22	\$59,498.16	\$67,381.67	\$75,265.18	\$83,148.68	\$91,032.19
23	\$65,674.84	\$74,376.75	\$83,078.67	\$91,780.59	\$100,482.50
24	\$72,492.74	\$82,098.03	\$91,703.31	\$101,308.60	\$110,913.89
25	\$80,018.41	\$90,620.85	\$101,223.29	\$111,825.73	\$122,428.17
26	\$88,325.36	\$100,028.47	\$111,731.58	\$123,434.69	\$135,137.80
27	\$97,494.67	\$110,412.72	\$123,330.76	\$136,248.80	\$149,166.84

Source: CFPUA Human Resources April 2013

CAPE FEAR PUBLIC UTILITY AUTHORITY
Position/Grade By Department
FY13-14

DEPT	# OF POSITIONS	POSITION	GRADE	
ADM	1	Chief Executive Officer	C	
ADM	1	Chief Communications Officer	23	
ADM	1	Internal Auditor	22	
ADM	1	Executive Secretary/ Clerk	18	
ADM	1	Assistant to Chief Executive Officer	18	
	5			
FIN	1	CFO and Administrative Services Director	27	
FIN	1	Information Technology Manager	24	
FIN	1	Budget/Finance Manager	22	
FIN	1	Procurement Manager	22	
FIN	1	Accounting Manager	22	
FIN	0.5	Financial Systems Analyst (PT)	22	
FIN	1	IT Network Administrator	21	
FIN	1	SCADA Administrator/Project Manager	18	
FIN	1	Senior GIS Specialist	18	
FIN	1	Server Administrator	18	
FIN	1	Buyer	16	
FIN	1	Senior Accounting Technician	14	
FIN	1	Help Desk Technician	13	
FIN	1	Payroll Specialist	13	
FIN	0.5	Contract Specialist (PT)	12	
FIN	1	Fiscal Support Specialist	12	
	15			
CS	1	Customer Service Director/Deputy Finance Officer	25	
CS	1	Billings and Collections Manager	21	
CS	1	Customer Service Center Manager	20	
CS	1	IT Analyst	20	
CS	1	Fiscal Support Supervisor, Billing	16	
CS	1	Fiscal Support Supervisor, Collections	16	
CS	2	Customer Service Supervisor	16	
CS	1	Meter Reader Supervisor	15	
CS	1	Administrative Support Specialist	12	
CS	1	Cash Applications Specialist	12	New FY13-14
CS	8	Fiscal Support Technician- B/C	10	
CS	13	Customer Service Representative	10	
CS	1	Cash Applications Technician	10	
CS	9	Meter Reader	9	
	42			
HR	1	Human Resources Director	25	
HR	1	Safety Program Manager	21	
HR	1	Employee Benefits Manager	19	
HR	1	Compensation Manager	19	
HR	1	Human Resources Technician	14	
	5			

CAPE FEAR PUBLIC UTILITY AUTHORITY

Position/Grade By Department

FY13-14

DEPT	# OF POSITIONS	POSITION	GRADE	
ENG	1	Director of Engineering	26	
ENG	3	Engineering Manager	24	
ENG	1	Senior Project Engineer	23	
ENG	1	Senior Project Manager	23	
ENG	5	Project Manager	22	
ENG	1	Project Engineer	21	
ENG	1	Fiscal Contract Account Manager	21	
ENG	1	Property Acquisition Specialist	21	
ENG	1	Capacity Manager	19	New FY13-14
ENG	2	Engineering Technician	16	New FY13-14 (1)
ENG	1	GIS Specialist	16	
ENG	4	Construction Inspector	15	
ENG	1	Office Administrator	13	
ENG	1	Customer Liaison	11	
	24			
EMD	1	Environment Management Director	25	
EMD	1	Environmental & Services Superintendent	22	
EMD	1	Environmental Program Manager	21	
EMD	1	Laboratory Manager	21	
EMD	1	Comm. Compliance Assistance Supervisor	21	
EMD	1	Emergency Management/Strategic Coordinator	21	
EMD	2	Supervising Chemist- 1 WT, 1 WWT	19	
EMD	1	Senior Environmental Compliance Assist. Officer	16	
EMD	1	Chemist II- WT	15	
EMD	1	ESMD Lead Auditor	15	
EMD	3	Environmental Compliance Assistance Officer	15	
EMD	2	Chemist I- 1 WT & 1 WWT	14	
EMD	1	Microbiology Technician	14	
EMD	7.5	Laboratory Technician-4 WT, 3 WWT, .5QC(PT)	13	
EMD	1	Administrative Assistant	12	
EMD	2	Laboratory Assistant- 1 WT, 1 WWT	11	
EMD	1	Administrative Support Technician	10	
	28.5			
US-ADM	1	Chief Operations Officer	27	
US-ADM	1	Utility Services Superintendent	24	
US-ADM	1	Project Manager-Operations	22	
US-ADM	1	Senior Program Manager	22	
US-ADM	1	Program Manager	21	
US-ADM	1	Administrative Assistant	12	
US-CM	1	Maintenance Superintendent (WT/WWT)	21	
US-CM	1	Asset Manager	19	
US-CM	1	Water Treatment Plant Maintenance Supervisor	19	
US-CM	1	Wastewater Treatment Plant Maintenance Supervisor	19	
US-CM	1	Utility Maintenance Foreman	15	
US-CM	2	Facilities Specialist	14	
US-CM	2	Facilities Specialist	14	

CAPE FEAR PUBLIC UTILITY AUTHORITY
Position/Grade By Department
FY13-14

DEPT	# OF POSITIONS	POSITION	GRADE	
US-CM	1	Electric & Instrument Technician	14	
US-CM	1	Utility Maintenance Technician	12	
US-CM	5	Utility Maintenance Technician	12	
US-CM	2	Warehouse Technician	9	
US-CM	1	Custodian	6	
US	1	Utilities Collection System Manager	22	
US	1	Distribution/Construction Supervisor	21	
US	1	Collection System O&M Supervisor	19	
US	1	Pump Stations Supervisor	19	
US	1	ROW/Heavy Construction Supervisor	19	
US	1	Construction Supervisor- 1 Dist	17	
US	1	Meter Services Supervisor	17	
US	1	Planner/Scheduler	17	
US	1	Pump Station Operations Foreman	16	
US	1	Camera Crew Foreman	14	
US	10	Construction Crew Foreman- 3 Dist, 7 Coll	14	
US	2	Trades Specialist	14	
US	1	Warehouse Supervisor	14	
US	1	Water Quality Foreman	14	
US	5	Pump Station Crew Foreman	14	
US	1	Meter Crew Foreman	14	
US	1	Outfall Crew Foreman	14	
US	2	Administrative Support Specialist	12	
US	1	Senior Meter Technician	12	
US	3	Camera Operator-3 Crews	12	
US	5	Pump Station Operator	12	
US	2	Heavy Equipment Operator	12	
US	7	Utility Maintenance Technician-Pump Stations	12	
US	2	Service Technician	12	
US	6	Collections Maintenance Technician	11	
US	8	Senior Construction Worker	11	
US	1	Meter Technician II	11	
US	2	Water Quality Technician-Dist	11	
US	2	Meter Technician I	10	
US	1	Office Assistant	10	
US	3	Camera Assistant	9	
US	17	Construction Worker	9	
US	2	Warehouse Technician	9	
US	1	Equipment Operator-Water	9	
	121			

CAPE FEAR PUBLIC UTILITY AUTHORITY

Position/Grade By Department

FY13-14

DEPT	# OF POSITIONS	POSITION	GRADE	
WT	1	Water Resources Manager	24	
WT	1	Water Treatment Supervisor	21	
WT	2	Water Treatment Operations Supervisor	19	
WT	1	Senior Water Control Operator	15	
WT	1	Water Res/Communications Administrative Specialist	14	
WT	11	Water Control Operator	13	
WT	5	Water Process Operator	12	
WT	1	Administrative Support Technician	10	
WT	1	Facilities Assistant	9	
	24			
WWT	1	Wastewater Superintendent	24	
WWT	2	Wastewater Treatment Plant Supervisor	21	
WWT	2	Chief WWT Operator	17	
WWT	2	Utility Maintenance Technician	12	
WWT	16	WWT Process Operator	12	
WWT	4	WWT Control Operator	13	
WWT	2	Administrative Support Specialist	12	
WWT	1	Custodian	6	
	30			
	294.5			

CAPE FEAR PUBLIC UTILITY AUTHORITY BOARD

Board Chairman, James L. Quinn. III

The Cape Fear Public Utility Authority Board consists of eleven members. The City of Wilmington and New Hanover County appoint five members each; two of those appointments come from their respective governing boards. The eleventh member is jointly appointed. The Board is responsible for the adoption of the annual budget, setting water and sewer rates, making policy decisions and appointing the Chief Executive Officer, Clerk / Executive Secretary to the Board and the Authority's Legal Counsel.

FY 13 Accomplishments

- Supported regional, cooperative solutions to water and sewer needs through partnerships in the public and private sectors.
- Continued development of a system expansion policy.
- Provided North Carolina legislators with the Authority's goals.

CFPUA Board Goals for FY 14

- Continue to set policies and objectives for the organization.
- Provide direction for the Authority to meet its Mission to *provide high-quality water and sewer service in an environmentally responsible manner, while maintaining the lowest practicable cost.*

Summary of Expenditures

		CFPUA	CFPUA	CFPUA	CFPUA	CFPUA	CFPUA	% Change
		FY 11-12	FY 11-12	FY12-13	FY12-13	FY12-13	FY 13-14	Recommended/
		Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	FY 12-13 Adopted
EXPENDITURES BY DEPARTMENT								
	Authority Board							
	Personnel	\$ 26,400	\$ 26,200	\$ 26,403	\$ -	\$ 26,403	\$ 26,400	-0.01%
	Benefits	2,019	2,004	2,019	-	2,019	2,019	0.00%
	Operating	16,470	12,855	19,600	-	19,600	71,250	263.52%
	Total Authority Board	44,889	41,059	48,022	-	48,022	99,669	107.55%

Board Performance Measures

Performance Measures have not been developed for the Authority Board.

ADMINISTRATION

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Chief Executive Officer, Matthew W. Jordan, PE

The Chief Executive Officer is responsible for the overall management of the Cape Fear Public Authority. The Chief Executive Officer employs and manages the management staff, assigns responsibilities, and is responsible for carrying out the policies and directives of the Cape Fear Public Utility Authority Board. The Authority's Administration Department includes Communications staff and an Executive Assistant who provides direct support to the Chief Executive Officer.

FY 13 Accomplishments

- Provide leadership to ensure that the organization's overall mission is accomplished.
- Promote and maintain outstanding service and communications with Cape Fear Public Utility Authority customers.
- Provide the Authority Board with timely support and information.
- Ensure that all water and wastewater facilities are operated in compliance with all applicable standards.
- Implement sound fiscal policies, budgets and controls.
- Implement and maintain effective long-term financial operational and environmental sustainability plans.
- Provide high-level direction and support for the sustainability and resource management activities throughout the Authority.
- Encourage teamwork within the Authority and with our City of Wilmington and New Hanover County partners.
- Promote training and development of all employees in order to improve services.
- Promote an environment of open communications within the Authority by meeting with employees on a regular basis

Office of the Chief Executive Officer Goals for FY 14

- The Office of the Chief Executive Officer carries out the Authority's mission to provide high quality water and sewer service in an environmentally responsible manner, while maintaining the lowest practicable cost. This is accomplished through the Authority's Guiding Principles:
 - *Stewardship* – Continue to maintain a stable financial position that balances rates, the environment and the Authority's long term capital and operating needs.
 - *Sustainability* – Continue to build partnerships that encourage growth while optimizing the protection and use of water and sewer resources.
 - *Service* – Continue to strengthen relationships with customers, regulators, government officials, including the City of Wilmington and New Hanover County, and support staff by providing a competitive, safe, work environment that offers rewards for excellence.

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendment	Adjusted Budget	Recommended Budget	
Administration							
Personnel	421,207	421,695	496,926	(52,444)	444,482	464,096	-6.61%
Benefits	110,161	98,734	130,607	(18,545)	112,062	118,401	-9.35%
Operating	358,656	225,461	329,050	(19,350)	309,700	316,100	-3.94%
Total Administration	890,024	745,890	956,583	(90,339)	866,244	898,597	-6.06%

Office of the Chief Executive Officer Performance Measures

Performance Measures have not been developed for this division.

Customer Service Quality Assurance

Customers assisted by Authority Customer Service and Utility Services staff for various reasons such as water leaks, sewer stops, water quality or water pressure concerns, and more are contacted by the Executive Assistant to the Chief Executive Officer. These customers are asked a series of questions about their experience dealing with the Authority's Customer Service staff and Utility Services staff. Each customer has the opportunity to provide recommendations for better service.

This initiative has been very positive for the Authority. Ninety five percent of all customers called have been extremely happy with the service provided by the Authority staff. In most cases, customers state that Authority staff went "above and beyond". The five percent of customers that were not completely satisfied in most cases had minor concerns about communication. These concerns were brought to management and were immediately addressed. Staff continues to work towards better communications.

FY 13 Accomplishments

Customer Quality Assurance calls offer benefits to the Authority and to our customers:

- The Authority has learned that most customers contacted are generally happy with the service they receive from staff.
- Customer concerns are addressed and corrected immediately.
- Customers are provided with an update on the issue and the resolution.
- Many customers have expressed their satisfaction that the Authority is taking the extra step to contact them to learn about their recent experience.
- Customers are pleased to hear directly from the office of the Chief Executive Officer.
- Customer contact information is updated in customer service files when applicable.
- Customers have an opportunity to make additional inquiries about the Authority that they otherwise would not do if they had to initiate the call.
- Customers have a direct contact person for future questions or concerns.
- The Authority has another avenue for customer surveying if necessary.
- Number of calls has increased slightly.
- Percentage of satisfied customer calls has increased.

Customer Service Quality Assurance Program Goals for FY 14

- Increase the number of calls made to customers.
- Continue to encourage customers to provide recommendations.
- Continue to keep the lines of communication open between the Authority and its customers.
- Provide Customer Service with updated account information on customers.
- Evaluate the survey questions and refine them as necessary.

Customer Service Quality Assurance Performance Measures

	<i>FY 11</i>	<i>FY 12</i>
# of calls made:	114	120
% of satisfied customers:	94%	95%

Communications

Mike McGill, Chief Communications Officer

The Communications Division within the Administration Department is responsible for keeping the organization and its key stakeholders, including its customers and the news media, informed about the Authority's role within the City of Wilmington and New Hanover County. The division also supports various departments and divisions within CFPUA with proactive and reactive outreach to customers affected by scheduled or emergency CFPUA construction work.

FY 13 Accomplishments

Consisting of the Chief Communications Officer and Water Resources/Communications Administrative Assistant, the Communications Division is also responsible for proactive community outreach about CFPUA, as well as environmental issues, in the form of site visits and presentations to community groups, homeowners associations, schools and civic organizations.

- CFPUA continues to instill positive working relationships with the news media. A proactive outreach program consisting of in-bureau introductions and briefings was implemented, resulting in an improved tone in coverage of CFPUA. Regular proactive contact and meeting will continue to take place into FY 14.
- An expanded community outreach program was created and launched centered on a new "stump speech" presentation. Explaining CFPUA's mission and duties, the presentation is designed to update the audiences on issues which continue to dog the Authority's overall reputation with facts about its many successes. Direct outreach to community groups, homeowners associations and civic organizations is in progress.
- A renewed emphasis was placed on meeting directly with key community stakeholders and customers. While the Chief Executive Officer and the Chief Communications Officer will present the "stump speech" to interested audiences, the Water Resources/Communications Administrative Assistant will expand her efforts to give water education-based presentations within the schools while the Environmental and Safety Management Director and her staff continue their efforts to meet with the environmental community.
- Implemented a new customer outreach process for all Engineering projects that impact our customers of the general public. Consisting of early communication to those affected via letter by mail, the process provides more information about the project in question than previously relayed along with a line outlet for communications with CFPUA whenever the customers have questions or concerns. Except in rare circumstances, the contact is the Chief Communications Officer.
- In cooperation with Operations, implemented an updated communications process for proactive and reactive construction-related projects. In the case of reactive situations such as water main breaks and SSOs, a new proactive approach was put in place with the news media to relay information about emergency situations on a regular basis to ensure CFPUA's messaging

was part of the coverage of the incidents. In addition to instituting an approach that responds to media requests at the scene of the incident whenever possible, the Chief Communications Officer proactively goes to incident sites whenever an incident is likely to receive coverage.

- In conjunction with Communications' counterparts with New Hanover County, incorporating usage of the County's current and future Emergency Notification Systems into CFPUA's proactive and reactive communications processes. The effort will begin with the use of the county's system for precautionary boil water advisories (PBWAs) and then extend to other CFPUA areas involving CFPUA's Operations. The effort will help eliminate the need for Operations staff to go door-to-door, especially in situations where dozens of customers are affected. The county's system will also supplement CFPUA's use of the media for significant incidents. SOP was drafted and approved to govern use by CFPUA Communications staff.
- In conjunction with the Information Technology Division, updated the CFPUA.org website to enhance its usability within its current structure and format. Also, in conjunction with Customer Service, launched an effort to clean up old information found on the site.
- Reconvened the internal Communications Team to facilitate the spread of information throughout the utility, to gather important feedback on current efforts and to entertain new ideas on communications-related matters from other departments.
- Continued CFPUA's participation in community events and cooperative gatherings with other nonprofit organizations in the city and county.
- Advised Administration staff on communications-related aspects to CFPUA efforts in other departments.
- Developed new communications plan surrounding bill inserts and informational brochures. Program will involve a rotation of six to eight brochures to be used as bill inserts over the timespan of one year.
- Restarted CFPUA's social media efforts, especially focusing on comments about news and online articles covering the Authority's actions or core issues. Facebook posts restarted and the creation of a new Twitter strategy is underway
- Creating new communications deliverables to incorporate professional graphic design for improved readability and message delivery.
- Developed Social Media Policy presentation to educate CFPUA staff on the Authority's policy, and will work with Human Resources to ensure all present and new employees receive this information.

Communications Division Notable Goals for FY 14

- Increase community outreach on the associations, school and environmental fronts to deliver constant, positive information about CFPUA's work with the people of Wilmington and New Hanover County.
- Continue to instill positive relationships with the media with the expectation of landing more long-form reporting of CFPUA's good work, ideally in conjunction with its fifth anniversary.

- Strengthen the communications process for engineering projects with continued proactive outreach to those affected by CFPUA work.
- Fully incorporate NHC's emergency communications system into CFPUA's emergency and non-emergency communications.
- Improve information flow to customers via increased usability of cfpua.org.
- Incorporate the internal communications team into the division's work. Use its reach into the Authority to spread information about the work across CFPUA to assist in coordination of message.
- Continue to improve upon direct communication with customers on non-account-related issues via efficient phone and email response.
- Continue to be available to the media 24/7 for interviews and inquiries.
- Institute new communications schedule for CFPUA's messages from other departments, including Customer Service and Environmental Management. Provide departments with direct use of the division's knowledge and expertise to publicize departmental initiatives, programs.
- Institute social media processes that allow for a constant presence on Facebook and Twitter.
- Investigate the possibility and develop a proposal for the use of short-form videos to explain CFPUA processes for customers online.

Communications Performance Measures

Performance Measures have not been developed for this division.

OPERATIONS DEPARTMENT

Jim Flechtner, PE, Chief Operations Officer

Employees of the Operations Department continue to deliver exceptional water and wastewater services at the lowest practicable cost. Most elements of the water treatment, water distribution, wastewater collection and wastewater treatment operations are managed through the department. The Water Treatment Division collects source water from the Cape Fear River and aquifers, and treats it prior to distribution. The Utility Services Division distributes safe, treated water to the Authority's 67,000 customers, and collects sewage for treatment. The Wastewater Treatment Division removes contaminants from sewage before discharging effluent to the Northeast Cape Fear and Cape Fear rivers. Qualified staff who also carryout other specialized functions such as distribution and collection maintenance, pump station and force main operations, right-of-way maintenance, inspections and cleaning, construction and repairs, water meter management and such ensure our customers receive safe drinking water and that our activities do not harm nor waste environmental resources.

To improve operational efficiency, a Centralized Maintenance Division will form in FY 14 as an internal services provider. Working alongside plant operations, the Division will be responsible for maintenance activities at water treatment and wastewater treatment facilities. Current staff and budget will transfer to the Division with the purpose of consolidating resources, reducing redundancies, sharing knowledge and expertise, and reducing overall operating costs where possible. Staff will also manage and consolidate contracts across the organization for services such as heating, ventilation and air conditioning (HVAC) and landscaping. The results will include more consistent levels of service and oversight, and greater economies of scale.

Another new initiative is the comprehensive fleet management program, which brings overall budgeting and maintenance responsibility for the fleet under single oversight. The Authority has 200 pieces of rolling stock such as trucks, excavators, vactors, and passenger vehicles with a collective replacement value exceeding \$7.4 million. By establishing a replacement schedule and funding plan for each component of the fleet, the program provides an affirmative budget strategy for the most critical capital expenditures and identifies assets with additional useful life or excessive repair costs. The fleet program also makes it simple to document underutilized assets and reduce fleet size by sharing those assets among units. Funding for replacement equipment and vehicles will be through the CIP budget, while funding for maintenance and repairs will be through operating budgets. The Authority's existing Maximo software will track fleet data such as mileage, usage hours, maintenance activities and associated costs.

Summary of Expenditures

		FY 11-12	FY 11-12	FY12-13	FY12-13	FY12-13	FY 13-14	Recommended/
		Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	FY 12-13 Adopted
EXPENDITURES BY DEPARTMENT								
	Operations - Administration							
	Personnel	631,472	618,843	685,796	113,158	798,954	812,076	18.41%
	Benefits	181,760	164,912	191,413	32,519	223,932	242,196	26.53%
	Operating	29,808	22,617	33,928	(2,940)	30,988	152,308	348.92%
	Capital Outlay	-	-	18,000	-	18,000	-	-100.00%
	Total Operations - Administration	843,040	806,372	929,137	142,737	1,071,874	1,206,580	29.86%

Water Treatment Division

Mike E. Richardson, Water Resources Manager

The Water Treatment Division processes and distributes clean, treated drinking water through four water systems within New Hanover County. A staff of state certified treatment operators and a team of skilled maintenance technicians keep all facilities operational 24 hours per day, 7 days per week to ensure the supply of safe drinking water is available for the community and customers of the Authority.

FY 13 Accomplishments

- The surface water and ground water sections pumped a combined 5.970 billion gallons of water to customers during the last calendar year and have achieved 100% compliance with state and federal water quality standards during the same period.
- The surface water plant achieves winning the Area Wide Optimization Program (AWOP) award for the fifth year in a row.
- The successful completion of Phase 3 of the Sweeney Water Treatment Plant (WTP) construction gives the plant its final capacity of 35 MGD. In addition to the increased capacity, upgrades to chemical feed and storage systems, a third electrical generator, the addition of UV to assist with disinfection and the completion of a new administration building were also completed in September 2012.
- The successful construction of the second Aquifer Storage and Recovery System (ASR) in North Carolina in December paves the way for testing to begin in the spring.
- Continue to interconnect surface and ground water systems to ensure water quality and water pressure remain adequate and safe and to ensure sufficient water supply during emergencies.

Water Treatment Goals for FY 14

- Maintain the effort to interconnect the surface and ground water systems to form one large system to supply potable drinking water to all customers of the Authority.
- Incorporate improvements as needed and recommended by consultants to achieve compliance with Stage 2 Disinfection By-Products Rules at the water treatment plants and the distribution system.
- Incorporate the full activation of the ASR well into the water distribution system.
- Continue the consolidation of water production and supply into a single control and management point at Sweeney WTP to allow for more efficient and reliable decision making and operational strategy for the Division.
- Institute a reliable network of distribution monitoring instruments to allow for real-time data gathering from the distribution system to assist with operation and security.

Water Treatment Performance Measures

	As of March 2012	As of March 2013
Volume Treated		
Surface and Ground Water	6.1 Billion Gallons	6.0 Billion Gallons
Compliance with all Federal and State Drinking Water Regulations	100%	100%
Maintain operating costs at Sweeney WTP		
Per one million gallons	\$623.00	\$666.00
Maintain operations costs at Nano		
Per one million gallons	\$1,230.00	\$1,247.00
Continue to meet AWOP* and partnership Turbidity goals	0.1 ntu** in 98% of filtered water readings	0.1 ntu** in 95% of filtered water readings
Achieve finish water Total Organic Carbon levels At Sweeney WTP (yearly average)	2.3 ug/L	2.0 ug/L
Achieve finish water Total Organic Carbon levels At Nano (yearly average)	less than 1.0 ug/L***	less than 1.0 ug/L***

* Area Wide Optimization Program, ** nephelometric turbidity units, ***micrograms per liter

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change
	Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	FY 12-13 Adopted
Operations - Water Treatment							
Personnel	1,343,948	1,279,461	1,360,375	(23,757)	1,336,618	1,392,294	2.35%
Benefits	462,609	423,016	467,739	3,280	471,019	482,068	3.06%
Operating	4,986,332	4,608,599	4,828,113	(99,305)	4,728,808	5,081,054	5.24%
Capital Outlay	72,609	71,738	6,200	(6,200)	-	15,899	156.44%
Total Operations - Water Treatment	6,865,498	6,382,814	6,662,427	(125,982)	6,536,445	6,971,315	4.64%

Utility Services Division

James Craig, PE, Superintendent

Utility Services has effectively responded to the challenge of repairing the 40-plus percent of the Cape Fear Public Utility Authority system that exceeds the expected life of the assets (50 years for water and sewer systems). They are the front line in maintaining the flow to the pipelines and continue to be vigilant while capital projects in the out years will provide relief as the remaining system ages. This division, among other things, repairs both the distribution and collection systems, performs locates, maintains and monitors system water quality, maintains outfalls, and operates and maintains pump stations.

For any wastewater collection system, sanitary sewer overflows (SSOs) are a challenge. Each day, the Authority safely collects and treats the vast majority of its wastewater. From time to time and under various circumstances, SSOs occur and wastewater is discharged before being treated. Causes of SSOs include, among other things, grease, debris, pipe failure, power failure, and pump failure. Although most SSOs are typically caused by Fats, Oils and Grease (FOG), the largest SSO volumes are typically the result of pipe failures. The Authority's goal is to have no SSOs and works toward this on several fronts.

Almost all initiatives involving the wastewater collection and treatment systems help reduce the frequency and volume of SSOs. Public outreach concerning the effects of grease and wipes raises awareness, and allows concerned citizens to understand how their actions affect the system. Likewise, regular cleaning of gravity lines removes grit and debris, and restores capacity. Ongoing condition assessments coupled with Asset Management's risk criteria ensure replacement and rehabilitation efforts address the most pressing pipe, pump station and plant issues. These activities are funded through various operating and capital improvement budgets, and are managed by staff throughout the Authority. Without question, reducing SSOs and their impacts is consistent with the Strategic Plan and is supported by the values and commitment of the Authority.

FY 13 Accomplishments

- Completed more than 1,000 work orders, repaired or replaced 218 hydrants, repaired 162 water services, repaired 78 water mains, replaced 12 water valves, made 28 repairs on the raw water main or bents.
- Completed more than 1,000 work orders, installed or replaced 163 sewer services, 128 sewer service cleanouts, 71 sewer manholes and made 2560 square yards of asphalt/concrete repairs.
- Completed 624 work orders responding to complaints, in addition to flushing, activating and testing of over 35,665 linear feet of new water mains.
- Completed over 4810 work orders, set 515 meters, tested 66 large meters and replaced 871 meters.
- Completed over 16,136 underground utility locates with in-house staff.

- Managed 20 contracted projects using CIP emergency funds to repair 8454 feet of pipe lines, 34 manholes and 67 sewer services at a cost of \$2.89 million to address imminent failures.
- Inspected/cleaned approximately 22% (188.7 miles) of mainline collection system to date exceeding the minimum required 10%.
- Inspected/videoed 29 miles of gravity sewer mains, approximately 3.5% of the system.
- Responded to 1451 sewer service calls.
- Installed six standby generator replacements with in-house staff.
- Inspected and/or maintained/cleared 96 miles of outfall easements.
- Performed inspection on 922 sanitary sewer manholes.
- Completed over 12,800 work orders by pump station maintenance section.
- Responded to 21 reportable SSOs, discharging a total of 1,817,247 gallons of sewage with the commitment of stewardship as the foremost concern.

Utility Services Notable Goal for FY 14

- Continue affirmative efforts to address an aging sewer system that is subject to frequent failures.
- Implement Centralized Maintenance to include plants, buildings and vehicles.
- Roll out Maximo, Asset Management to remaining Operations divisions.
- Manage inventory through Maximo.

Performance Measures for Utility Services

FY 11

FY 12

Water line breaks/leaks per 100 miles of line*		7.09
Collection system main/line breaks per 100 miles of line*		5.68
Sanitary sewer overflows per 100 miles of line*		2.21
Water quality complaints per 1000 customers*		9.60
Miles of line CCTV	26.20	29.00
Miles of line cleaned	145.40	188.70

*Complete data available beginning FY 12

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	
Operations - Utility Services							
Personnel	3,870,927	3,659,501	3,969,093	(113,464)	3,855,629	3,907,726	-1.55%
Benefits	1,420,267	1,267,578	1,400,008	(25,258)	1,374,750	1,404,935	0.35%
Operating	5,247,553	4,092,679	4,773,725	(597,572)	4,176,153	4,838,130	1.35%
Capital Outlay	581,500	447,959	200,300	16,750	217,050	-	-100.00%
Total Operations - Utility Services	11,120,247	9,467,717	10,343,126	(719,544)	9,623,582	10,150,791	-1.86%

Wastewater Treatment

Ken Vogt, PE, Superintendent

The Cape Fear Public Utility Authority Operations Department Wastewater Treatment Division manages, operates, and maintains the Authority's three wastewater treatment plants (WWTP) – Northside (NSWWTP), Southside (SSWWTP), and Walnut Hills (WHWWTP) – and has been working with Pender County on plans to develop a fourth – the U.S. 421 WWTP. These facilities have received diligent operation and maintenance attention, regulatory permit compliance has been exemplary, strict compliance with the approved budget has been observed, and staff has participated in many Cape Fear Public Utility Authority program initiatives, including asset management, and maintained high training and certification standards.

FY 13 Accomplishments

- The period 07/2012 – 12/2012 was characterized by outstanding plant performance. WWT Statistics: Overall (3 WWTPs) – Average Wastewater Flow = 15.797 MGD; % NPDES Compliance = 99.76.
 - NSWWTP – Average Wastewater Flow = 7.470 MGD; % BOD Removed = 99.35; % TSS Removed = 100.00; % NPDES Compliance = 100.00; Wastewater Residuals Produced = 4,201 CY.
 - SSWWTP – Average Wastewater Flow = 8.271 MGD; % CBOD Removed = 95.43; % TSS Removed = 97.44; % NPDES Compliance = 99.44; Wastewater Residuals Production = 4,063 CY.
 - WHWWTP – Average Wastewater Flow = 0.055 MGD; % NPDES Compliance = 100.00.
- The NSWWTP Expansion/Upgrade project, transforming the former 8 MGD secondary plant to the current 10 MGD advanced plant, has been substantially completed. Rerating the plant for its design flow of 16 MGD awaits the installation of the second effluent force main.
- The SSWWTP Expansion/Upgrade project, transforming the current 12 MGD secondary plant to a proposed 16 MGD advanced plant, continues within the design phase and plans and specifications near completion; it will be designed to a 24 MGD capacity and foot-printed so that regulators can issue the Authorization to Construct (ATC) for 24 MGD. Well-maintained, the SSWWTP awaits its 2019 – 2023 Expansion/Upgrade project construction to begin; a plant condition assessment has been conducted in order to better anticipate and project necessary repairs, replacements and associated costs throughout this period.
- The WHWWTP has received various process and safety improvements. Further process and safety improvements have been identified, designed, bid, and are under construction. However, WHWWTP exhibits high unit operating costs and occasional permit violations persist. Our goal, consistent with the Authority's Integrated Water Resources Master Plan, has been to maintain plant performance and permit compliance at acceptable levels while plans are developed for its eventual decommissioning and conveyance of flow to the NSWWTP anticipated for 2013 – 2015.

- In partnership with Pender County, the U.S. 421 WWTP has progressed to completion of plans and specifications for a 0.5 MGD SBR WWTP. Project planning is considered to be scalable insofar as smaller or larger alternatives can be considered if changing conditions so dictate.
- Annual wastewater and residuals management reports were prepared and submitted to the regulatory agencies.
- The WWTD currently possesses 26 certified biological plant operators within 38 occupied positions upon its 40 authorized-member staff. All staff satisfactorily completed their annual continuing education obligations required to maintain certification.
- WWTD staff have continued to participate upon various CFPUA initiatives, including safety committees, safety incentive program development, NFPA 70E compliance, centralized maintenance implementation, capacity management, force main, NSWWTP, SSWWTP, and Sewer shed 10 assessment (risk management), capital improvement program development, asset management (representation on most if not all committees), computerized maintenance management software (CMMS) and work order implementation, inventory management, emergency preparedness (including exercises), reclaim/reuse water, EDCs/PPCPs, acceptance and processing of non-connected wastes (septage; grease; residuals; non-hazardous liquid wastes), recovery and use of excess anaerobic digester gas, evaluation of participation in Progress Energy's Demand Response Automation (DRA) Program, and electronic lock replacement at the NSWWTP and the SSWWTP.
- Staff remains involved on various levels with many environmentally active organizations, including the Cape Fear River Assembly (CFRA), the Lower Cape Fear River Program (LCFRP), and the North Carolina American Water Works Association – Water Environment Association (NC AWWA – WEA).
- Work continues on several regulatory programs affecting our NPDES permits including Total Maximum Daily Loads (TMDLs) and water quality pollutant credit trading programs. NPDES permits for the NSWWTP, the SSWWTP, the WHWWTP, and the U.S. 421 WWTP have received five year renewals. CFPUA staff and its consultant continue investigating cause(s) and corrective action(s) for whole effluent toxicity (WET) testing irregularities at the SSWWTP. The NSWWTP and the SSWWTP have continued development of Spill Prevention Control and Countermeasure (SPCC) Plans, Storm Water Pollution Prevention Plan (SWPPP), and Process Safety Management (PSM)/ Risk Management Plan (RMP). Air permits governing CFPUA emergency generator operation are being affected by recent revisions to clean air standards for stationary engines.

Wastewater Treatment Division Notable Goals for FY 14

- Continue identification and assessment of creative revenue generation strategies.
- Continue the transition to centralized maintenance.
- Complete the SSWWTP Expansion/Upgrade/Renovation plans and specifications while continuing diligent maintenance and capital investment in the existing plant as its condition-based improvements are deferred until 2019 – 2023.

- Maintain WHWWTP performance and permit compliance at acceptable levels as plans continue for its eventual decommissioning and conveyance of flow to the NSWWTP consistent with the Integrated Water Resources Master Plan.

Wastewater Treatment Division Performance Measures

	FY 11	FY 12
Volume Treated (gallons)	5,777,917,000	5,525,894,000
Cost per million gallons - NSWWTP	\$916	\$709
Cost per million gallons - SSWWTP	\$636	\$561
Cost per million gallons - WHWWTP	\$10,963	\$8,410
NPDES Permit Compliance (%) – NSWWTP	100.00	100.00
NPDES Permit Compliance (%) – SSWWTP	100.00	100.00
NPDES Permit Compliance (%) – WHWWTP	99.30	99.54

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	
Operations - Wastewater Treatment							
Personnel	\$ 1,688,305	\$ 1,637,865	\$ 1,732,456	\$ (15,428)	\$ 1,717,028	\$ 1,747,236	0.85%
Benefits	605,298	549,322	599,073	98	599,171	615,405	2.73%
Operating	2,545,360	2,317,039	2,376,585	(118,953)	2,257,632	2,491,195	4.82%
Capital Outlay	216,770	210,685	201,660	(44,049)	157,611	97,000	-51.90%
Total Operations - Wastewater Treatment	5,055,733	4,714,911	4,909,774	(178,332)	4,731,442	4,950,836	0.84%

Asset Management

The Asset Management program continues to expand into greater areas of use within the organization. Through Asset Management principles and practices, divisions are finding easier means to manage workload, reduce costs, increase communication, and come to better decisions. Cultural shift is taking shape where staff can more readily manage their workload, have historical information easily accessible be able to trend practices, and understand where there are common areas of concern.

Staff involvement and acceptance of the program has aided in the growth of this program. This dedication of staff to advance the process is an example of the commitment to deliver and enhance the high level of service that we currently provide our customers.

FY 13 Accomplishments

- Our CMMS system Maximo was upgraded to coincide with the upgrade to our ArcGIS software. This upgrade was done through in-house forces, saving the organization more than \$150,000.
- Construction Services utilizing Maximo for tracking and managing, including the prioritization of, work orders. For this group, the use of Maximo has become the standard communication tool between divisions.
- Water Quality utilizes Maximo to manage their work load. They are also utilizing functionality within the software to be able to track attributes of the Distribution System such as Chlorine Residual levels and amounts of water flushed.
- Collection Systems Maintenance has a means to track condition ratings of pipeline segments and manholes. Through the use of these ratings, analysis will be able to be performed with this data to determine where there are areas of failing pipe and manholes so that we can better predict and plan for future projects.
- Community Compliance is making the shift so that Backflow Prevention Assemblies will be managed in Maximo by the end of FY 13.
- Northside and Walnut Hills Wastewater Treatment Plants are utilizing Maximo for management and control of work orders.
- All of the Water and Wastewater Treatment Plants are on track to be utilizing Maximo to manage work orders by the end of FY 13. This is in full support of moving to Centralized Maintenance.
- The Level of Service Report, which conveys high level key performance indicators at a glance illustrate how well the organization is performing in key areas was presented to the Board. The intent is to report this information to the Board bi-annually.
- Business Case Evaluations are being utilized across various departments as a valuable tool to help make major decisions, especially ones that have serious impacts to budgets, infrastructure, and work practices.
- Risk Analyses continue to move forward to aid in our understanding of the criticality and consequence of impact to our infrastructure. Areas that were looked at in the past year were

NSWWTP, SSWWTP, as well as a major portion of the gravity collection system. The work that was performed in these analyses tied directly to Vulnerability Assessment as a pilot to work that the EPA is doing on Sea Level rise.

Asset Management Notable Goals for FY 14 include:

- Increase functional use of CMMS within the Treatment Plants to support Centralized Maintenance.
- Expand use of the CMMS to the Engineering Department so that assets are managed prior to installation, enhancing our understanding of life-cycle costs.
- Support Community Compliance with their management of Grease Interceptors as components of our Sewer Collection System.
- Extend use of the CMMS to aid Water Meter Services in managing large water meter maintenance and calibration.
- Continued Risk Assessments on areas of infrastructure including Sewer Force Mains and Water Treatment Plants.

Asset Management Division Performance Measures

Performance Measures have not been developed for this division.

ENGINEERING DEPARTMENT

Frank Styers, PE, Director of Engineering

The Administration Division is responsible for the overall management of the Engineering Department. The Department is comprised of four divisions; Administration, Planning and Design, Project Management and Development Services. The Administration Division is responsible for ensuring that department functions are aligned to meet the Authority's strategic objectives.

FY 13 Accomplishments

- Refined departmental programs such as the Capital Improvement Program, Capacity Management Program and Permit Acquisition and Assurance Program.
- The completion several ordinance revisions to promote consistency in applying fees, and provide clarifications to the mandatory connection program.
- The department continued to refine and organize functions and procedures to promote efficiency and productivity.

Engineering Administration Overall Goal for FY 14

- The overall goal of the Administration Division of the Engineering Department is to ensure that engineering staff is provided adequate resources to successfully fulfill the department's goals, which includes maintaining an environment which promotes safety, flexibility, and professional and personal development.

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	
Engineering							
Personnel	1,340,353	1,247,143	1,347,564	(56,615)	1,290,949	1,450,247	7.62%
Benefits	417,102	361,249	412,237	(18,140)	394,097	455,091	10.40%
Operating	129,847	89,222	158,910	(11,101)	147,809	134,835	-15.15%
Capital Outlay	16,000	15,378	-	-	-	-	0.00%
Total Engineering	1,903,302	1,712,992	1,918,711	(85,856)	1,832,855	2,040,173	6.33%

Project Management Division

The Project Management Division is responsible for overseeing numerous capital improvement projects. Staff assist with programming long-term CIP budgets, oversee planning and design work, and manage construction phase activities. The primary role of the Project Management Division is executing the Capital Improvement Program.

FY 13 Accomplishments

Project Management Division staff managed many on-going projects and initiated new projects. Notable projects include:

- North 3rd Street Streetscape – Complete
- Sweeney Water Treatment Plant Upgrade – Complete
- Large Diameter Collection System Camera & Cleaning (12" & larger) – Complete
- Vactor Bay Building – Complete
- Mott's Creek Pump Station and Barnard's Creek Pump Station Upgrades - Complete
- Burnt Mill Creek Outfall and Smith Creek Outfall Rehabilitations – 75% complete
- Raw Water System Improvements – Design complete and construction underway
- NEI Northside Force Main – Design complete; permit and easement acquisition complete; bidding underway
- Country Haven Force Main – Design complete; permit and easement acquisition complete; preparing for bid
- Masonboro Sound Sewer Extension (South) – Design complete; easement acquisition complete; finalizing permit acquisition and preparing for bid
- 2013 Clean Water State Revolving Fund Projects (5) – Designs complete; finalizing permit acquisition and preparing for bid
- Kerr Avenue Greater Water Loop – Design complete; finalizing permit and easement acquisition and preparing for bid
- NEI Rehabilitation Phase 2 – Design 90% complete
- Kirkland Capacity Expansion – Design 90% complete
- Pump Station 11 (downtown) – Planning and project scoping underway, includes coordination with the City of Wilmington
- Comprehensive Meter Replacement Program – Consultant selected; program scoping underway
- Walnut Hills Decommissioning – Consultant selected; planning and project scoping underway

Project Management Division Notable Goals for FY 14:

- Continual management of on-going projects to completion.
- Continue to recognize opportunities to combine capital projects to provide for efficiency in overall management and construction.
- Continue to recognize opportunities to coordinate projects and identify partnerships with other area stakeholders, such as the City, County, Ports Authority, NCDOT, etc.
- Continue to support board initiatives to improve employment in the local economy by working with local engineering firms.
- Continue to provide excellent customer service to internal and external customers.
- Work closely with Public Relations staff to provide outreach to customers regarding major capital projects' plans and updates, and to provide coordination with the development community regarding major infrastructure needs.

Project Management Division Performance Measures:

	FY12	FY13
Average Monthly Number of Active CIP Projects - Planned	67	115
Percentage of CIP Emergency vs. Planned Projects	10.25%	9.21%
Miles of Large Diameter Sewer Line Contracted Cleaning through CIP*	40 miles	20 miles

**Project completed in September 2012*

Development Services Division

New Hanover County reported a 25% increase in building permits for the 2012 calendar year and the last quarter of 2012 was marked by a 50% rise in new residential service requests. For each new building permit issued in New Hanover County; the Development Services Division determines water availability, sewer availability, connection fees, and performs connection inspections in coordination with Customer Service and Operations Departments. The division staff has been challenged to address the local development surge and manage the increased demand for fee calculation. The division also ensures approved projects conform to Authority standards.

FY 13 Accomplishments

- There were 25% more new connections processed in 2012 than 2011. Each new connection requires Division staff to perform up to 6 steps as follows: connection fee calculation, availability determination, tap status, building permit signoff, construction inspection, and approval for occupancy.
- There were 23 inactive major projects that resumed construction and/or plan review as follows: Scotts Hill Performance Residential, Amberleigh Shores, The Registry at the Vineyard, Deerfield , Liberty Landing, Tarin Woods, Woodlake, Tidal Walk, Myrtle Landing, Village at Motts Creek, Overlook at Trails End, The Park at Willowick, Pauline Place, Saylors Watch, Anchors Bend, Cambridge, Hawthorne, Autumn Hall, Camden Forest, Sunset Reach, River Bluffs, Shinnwood West, Battery Park at Landfall, Riverfront Holdings.
- This Division provided plan review and construction inspection services for the capital projects of the City of Wilmington, New Hanover County, NC Department of Transportation, and the Authority. Notable capital projects: Cardinal Drive Drainage, Eastwood Drainage, 3rd Street, Cross City Trail, Randall Parkway, Burnt Mill Creek, 23rd Street 30-inch force main, Country Haven Pump Station Upgrade, Sweeney Plant Expansion, Aquifer Recovery and Storage, Barnards Creek Emergency Repairs, Barnards Creek Pump Station Upgrades, Motts Creek Pump Station Upgrades, Nano Water Treatment Plant Bypass Line, Lords Creek Water Interconnect, Foxwood Interconnect, Monkey Junction Interconnect, and Raw Water Intake at Kings Bluff.
- Provided final approval of North Carolina Department of Environment and Natural Resources (NCDENR) applications for projects that required permitting and/or capacity allocation.
- Inspection of public utility construction, including developer installed extensions, service connections, service abandonments, and Authority managed sewer and water infrastructure projects.
- Researched service availability and connection requirements.
- Calculated connection fees and provide fee sheets to customer service for new utility accounts.
- Coordinated with City and County regarding overall development plan reviews and permit approvals.
- Promulgated revised plat certification language to clarify utility availability for new parcels;
- Managed the plat approval process in coordination with the City of Wilmington and New Hanover County.

- Provided as-built construction drawing review and approval for developer installed infrastructure.
- Added \$2,043,537 of Authority assets through the Conveyance Process. This is the process whereby privately owned Developer installed water and/or sewer utilities are transferred to public ownership of the Authority.
- Drafted the Inspector Assignment policy to enable the Project Management Division to have greater flexibility with project planning while ensuring proper construction observation.
- Began the 95 Area Mandatory Connection process.
- Managed the Permit Acquisition Assurance Program.

Development Services Division Notable Goals for FY 14

- Continue to recognize opportunities with other area stakeholders, such as the City, County, Ports Authority, NCDOT, etc., to coordinate projects and identify partnerships.
- Continue to work closely with the development community to facilitate infrastructure construction consistent with the Authority water and sewer master plans.
- Continue to provide excellent customer service to internal and external customers.
- Identify and predict growth trends to bring to the Board's attention future needs within our service area.
- Continue to refine the Permit Acquisition and Assurance Program.
- Perform NCDOT and City of Wilmington project plan review to ensure coordination of water and sewer utilities.
- Calculate System Development Charges (SDCs), plan review fees, and other fees for all new customers (commercial and residential).
- Attend City and County Technical Review Committee (TRC) meetings.
- Assist public with service availability questions.

Development Services Division Performance Measures:

	FY 12	FY13
Number of Requests for information	869	1569
Number of Development Plans Reviewed & Approved	52	118
Sewer Service Locations	52	35
Sewer Tap Inspections	31	32
Water Tap Inspections	73	87
Demo Inspections	28	44
Clean out Inspections Performed	455	593
Dollar Value of Infrastructure Conveyed	\$1,382,356.00	\$903,849.34

Planning and Design Services

The Planning and Design Division provides critical support to the Authority including Master Planning, Capital Planning, establishing and maintaining Technical Standards and Specifications, In-House Design, managing the Geographical Information System (GIS) database, managing the NC Department of Transportation Encroachment (NCDOT) process, developing maps, and providing computer aided drafting (CAD) and hydraulic modeling to support engineering design, capacity management and system planning.

FY 13 Accomplishments

- Began to implement a more rigorous Water and Sewer Capacity Management analysis focused on how to provide needed capacity for new customers, including new development.
- The Planning and Design Division is responsible for Master Planning and coordination with City and County planning staff to ensure adequate capacity and facilities for near term, midterm and long term planning horizons. The Division initiated and hosts monthly meetings with the planning staff from both the City and County to coordinate our efforts.
- Successfully facilitated and prepared preparation of a \$25 million dollar Capital Improvements Plan that balanced the Authority's needs for rehabilitation and repair with the need for growth.
- Continues to manage groundwater related projects, aquifer sustainability and long range planning for groundwater resources.
- In house design for Bald Eagle Lane Water Line.
- In house design, bidding and construction contract award engineering support for two large gravity sewer rehabilitation projects under the Find-it-Fix-it program: Airport Gravity Sewer Rehabilitation and Walnut Hills Gravity Sewer Rehabilitation. The design of the Find-it-Fix-it Waltmoor Road Area Gravity Sewer Rehabilitation is now underway.
- Completed in house design, bidding and construction contract award engineering support for multiple water and sewer projects in support of minor Operations emergency repairs.
- In house design for the Kings Grant Water Tower, Market Street, Sweeney to Nano Interconnection (Military Cutoff Vicinity), Landfall to Summer Rest Water Line Extension, PS-022 Tangle Oaks Improvements and PS-137 Quail Woods Upgrade are underway.
- Construction record drawing archives are managed by the Division. Linking referenced drawings to the GIS so that they can be spatially located is ongoing, with all force mains complete.
- GIS data is continually updated to include newly constructed water and sewer infrastructure and known system attributes.
- Many maps were generated to support operational needs including maps necessary to conduct warranty inspections, camera inspections and minor emergency repairs.
- GIS supported Asset Management through refining the water and sewer layers and providing accurate water and sewer data and implements CMOM recommendations.

Planning and Design Division Notable Goals for FY 14

- Manage CFPUA Technical Standards and Specifications Program. Develop efficient process for specification revisions and implement incremental improvements.
- Develop and implement written CFPUA CAD Standards.
- Refine water and sewer modeling capability and implement incremental improvements.
- Design and certify completion of Bald Eagle Lane Water Line, Nano to Sweeney Water Line (Military Cutoff), Quail Woods and Tangle Oaks Sewer Projects.
- Manage Find-it-Fix it Program with in-house design and continue implementing incremental improvements.
- Develop written process and incremental improvements for in-house design quality assurance and control.
- Facilitate development of FY15 Capital Improvements Program and produce documentation for Board review and approval.
- Continue to manage Aquifer Sustainability, Aquifer Storage and other groundwater programs as assigned.
- Manage master planning in coordination with City and County stakeholders.
- Continue to refine and manage water and sewer capacity management program and update capacity maps on website as needed.
- Implement CMOM recommendations for Geographical Information Systems and develop an effective program for data collection and implementing updates.

Planning and Design Division Performance Measures

Performance Measures have not been developed for this division.

ENVIRONMENTAL MANAGEMENT DEPARTMENT

Beth Eckert, Environmental Management Director

The Environmental Management Department is comprised of four sections: Community Compliance, Laboratory Services, Environmental Management, and Emergency Response. This Department supports the Operations Department and other areas of the Authority by providing data that meets regulatory requirements for making 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 released into the sewer system or siphoned into the drinking water distribution system. Outside of routine operations staff members are playing instrumental roles with development of the Authority's asset management program, aquifer storage and recovery, and the discussions with EPA. Each Division has made significant progress towards established goals and continues to work to support the strategic plan and guiding principles of the Authority.

Performance Measures for Environmental Management Department – Community Compliance and Laboratory

	Jul-Dec, 2011	Jul-Dec, 2012
Average Number of Inspections per Compliance Officer per month	31.7	30.1
Customer Compliance with Backflow Requirements	67%	51%
Customer Compliance with Grease Interceptor Requirements	93%	96%
Average # of samples analyzed per employee	119.6	138.8
Average # of Tests per employee	392.9	455.6

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendments	Adjusted Budget	Recommended Budget	
Environment Management							
Personnel	1,303,700	1,164,034	1,270,525	(33,163)	1,237,362	1,320,752	3.95%
Benefits	451,768	402,157	450,680	(7,248)	443,432	459,343	1.92%
Operating	501,809	407,135	522,700	(53,251)	469,449	527,585	0.93%
Capital Outlay	19,375	19,358	-	-	-	-	0.00%
Total Environment Management	2,276,652	1,992,684	2,243,905	(93,662)	2,150,243	2,307,680	2.84%

Community Compliance Division

The Cape Fear Public Utility Authority's Community Compliance Assistance Division is responsible for administering the Pretreatment, Fats, Oil and Grease (FOG) and Backflow Prevention (Cross Connection Control) Programs.

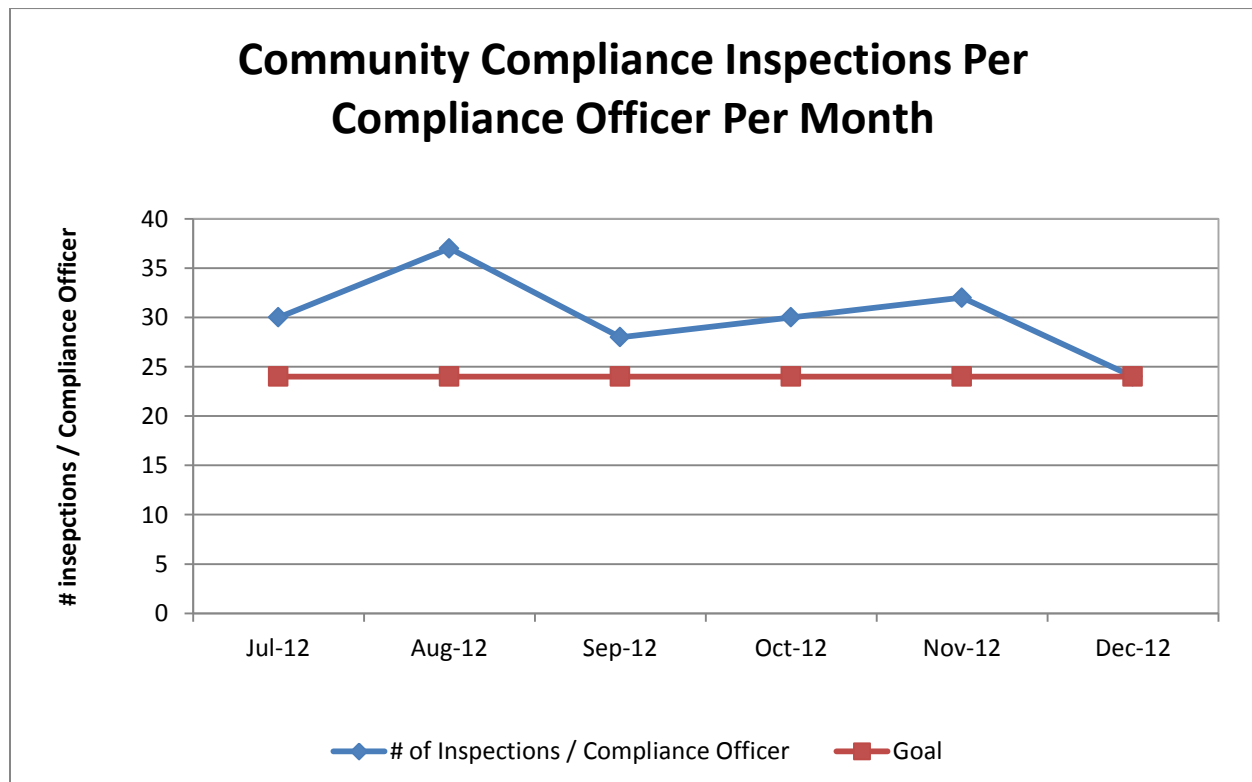
The Pretreatment and FOG programs include regulation of discharge of non-domestic wastewater. These federal and state regulated programs ensure protection of the Authority's Publicly Owned Treatment Works, employees, bio-solids, receiving stream, and other surface waters as well as compliance with National Pollutant Discharge Elimination System (NPDES) and Collection System permits. Community Compliance staff works closely with collection system personnel by responding to SSOs and sewer blockages that are related to debris, FOG, or fibrous materials. Inspections are conducted in affected areas and literature is distributed for educational purposes.

The Backflow Prevention Program ensures the quality of potable water in the distribution system. Backflow prevention assemblies safeguard the distribution system by preventing contaminants within a customer's plumbing, or industrial, fire, or irrigation water system from flowing back into the distribution system. New or expanding water services are reviewed for compliance in cooperation with the Development Services Division's plan review process. Facilities with existing services are inspected to ensure compliance with backflow prevention requirements.

FY 13 Accomplishments

- Monitored and inspected over 1,000 discharges of non-domestic wastewater including food service establishments (FSE), industrial dischargers, and other commercial facilities ensuring compliance with the Sewer Use Ordinance
- Provided compliance assistance to over twenty FSE helping reduce their waste disposal costs through the grease interceptor pumping frequency variance program.
- Investigated FOG related Sanitary Sewer Overflows and blockages in the collection system, providing educational resources and compliance assistance to over 1,000 residential and commercial customers.
- Began implementation of CFPUA's FOG Control Policy which was approved June 2012, including permitting of food service establishments.
- Produced a FOG Best Management Practices video to assist restaurateurs with educating their staff about proper FOG disposal.
- Produced a Public Service Announcement about proper FOG disposal which was aired on Wilmington's GTV8, NHCTV, and local broadcast stations.
- The NC Division of Water Quality (DWQ) rated the Pretreatment program satisfactory following the September 7, 2012 Compliance Inspection. The DWQ inspector noted the continuing quality and strength of CFPUA's program.
- Updated and received DWQ approval of the headworks analysis used for monitoring and allocation of industrial loadings discharged to the Wastewater Treatment Plants.

- Revised the Sewer Use Ordinance which was adopted by the Board October 10, 2012 and approved by DWQ December 10, 2012.
- Transferred approximately 8,000 backflow prevention records from an outdated Access database to the Computerized Maintenance Management System (MAXIMO). Each record was examined individually to ensure the quality of data entered into MAXIMO. Began building the Food Service Establishment database in MAXIMO.
- Partnered with the NC RWA conducting eight training events that ensure competent backflow prevention assembly testers.
- Investigated more than 40 water-meter and hydrant tampering cases recovering over \$13,000 in revenue.
- Began implementation of the EMS program following the ISO 14001 standards. Aspects and Impacts analysis was conducted. The roles Compliance performed as it interacts with other departments that have significant aspects were identified. Staff participated in training on all EMS Procedures.
- Began testing tablet computers to improve the Division's efficiency.
- Participated in Earth Day, Lake Fest, and similar community outreach opportunities.



Community Compliance Division Notable Goals for FY 14

- Improve the Community Compliance Division's efficiency by fully integrating Compliance programs with MAXIMO, including the use of mobile tablet computers for field inspections and investigations.
- Update operating procedures to meet ISO document control standards and conduct staff training.
- Track the accumulation and re-accumulation of FOG in the collection system. Evaluate trends and adjust education outreach and enforcement.
- Complete the reoccurring Industrial Waste Survey for submission to DWQ in August 2013.
- Update the Cross Connection and Backflow Prevention Ordinance.

Laboratory Division

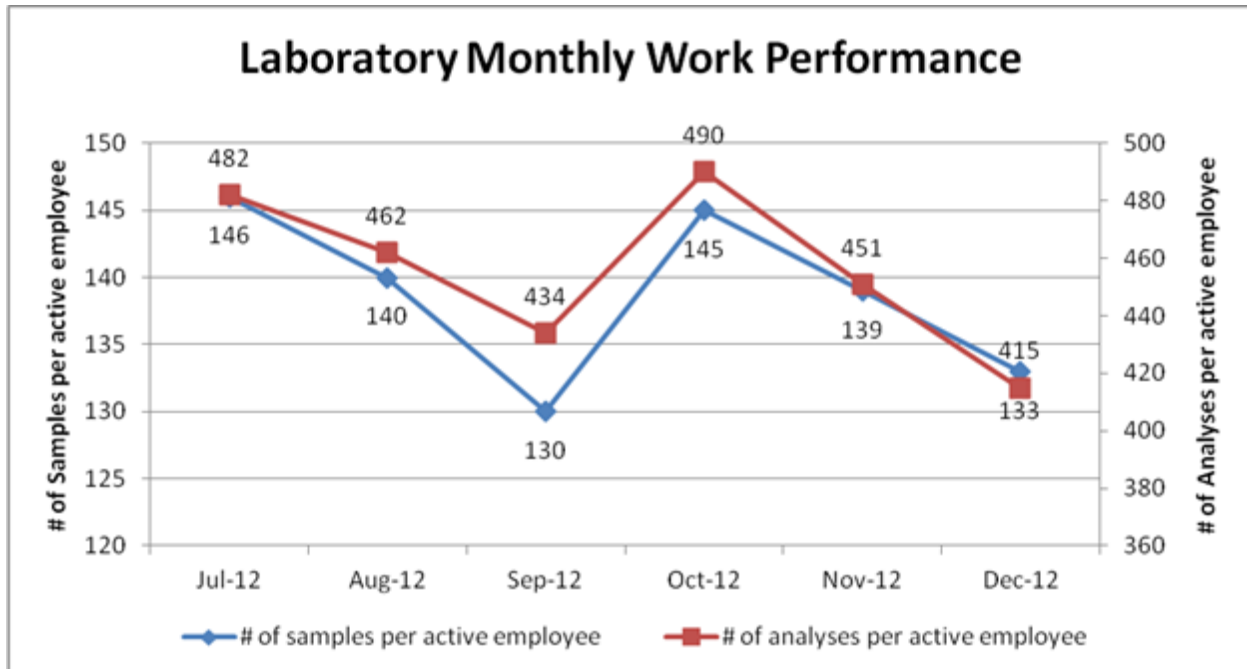
The Environmental Laboratory program operates from the Environmental Management facility in Ogden. Our laboratory supports Authority programs such as the water and wastewater plants, aquifer storage, sanitary sewer overflow response, and distribution system monitoring.

FY 13 Accomplishments

- Completed regulatory and operational sampling and testing for the Authority's four water distribution systems, three wastewater treatment plants, two water treatment plants and all associated distribution and collection systems. Approximately 78,000 tests were performed. There were no monitoring violations during the year.
- Annual proficiency testing was completed as required by the laboratory's analytical certifications.
- Laboratory staff responded to all sanitary sewer overflow events requiring sampling during the year and performed all requested environmental testing at construction sites to evaluate effectiveness of erosion control measures.
- The Laboratory installed and began developing procedures on the ICP mass spectrometer and running some of the process control metals samples.
- The laboratory successfully completed an audit by the North Carolina DENR laboratory certification office.
- Procedural reviews and updates in compliance with the EPA's method update rule were completed.
- A new method for analysis of chlorides has been investigated and should be certified for the lab by the end of the fiscal year. This new method will avoid hazardous waste production associated with the old method.

Laboratory Division Notable Goals for FY 14

- Complete all required sampling and testing accurately and efficiently.
- Support Authority programs to ensure compliance with all environmental laws and requirements.
- Continue implementation of the Inductively Coupled Plasma / Mass Spectrometer (ICP/MS) system. Gain water and wastewater testing certifications and continue onsite testing of metals.
- Bring the Gas Chromatograph / Mass Spectrometer (GC/MS) system on-line. Begin performing TTHM and other applicable testing and gain certification for trihalomethane analysis.
- Develop specifications for a Laboratory Information Management System (LIMS) for the laboratory program. Plan for implementation of this system and any peripherals associated with it.
- Investigate and implement monitoring software for more efficient monitoring and auditing of the drinking water distribution systems.



Environmental Management Division

The Environmental Management Program (EMD) continues to be a driving force towards the change in culture of our daily operations as we strive to focus on continual improvement and operating in a manner that minimizes our environmental impact. The Environmental Management Division works closely with the Authority's Operations and Engineering staff on construction and emergency projects to ensure compliance. Environmental Management continually partners with N.C Sedimentation and Erosion Control and North Carolina Department of Environment and Natural Resources as well as the U.S. Army Corps of Engineers and NC Coastal Area Management on various projects.

FY 13 Accomplishments

- Maintained Third Party Certification for our ISO 1400 Environmental Management System (EMS) within the Collection System, Pump Station, Right of Way and Environmental Management groups.
- Conducted an EMS gap analysis and began conducting compliance audits of the Wastewater Plants, Drinking Water Plants, EMD Laboratory and Community Compliance and Engineering groups.
- Coordinated permitting and /or authorizations from North Carolina Division of Water Quality (NCDWQ), Coastal Area Management Act (CAMA), N.C Sedimentation and Erosion Control and United States Army Corps of Engineers (USACE) on sewer repair projects such as Burnt Mill Creek, 23rd Street Outfall, Barnard's Creek, Rogersville and Eastwood Road.
- Coordinated permitting and /or authorizations from North Carolina Division of Water Quality (NCDWQ), Coastal Area Management Act (CAMA), N.C Sedimentation and Erosion Control and United States Army Corps of Engineers (USACE) on the King's Bluff Pump Station Canal dredging project
- Prepared monthly performance reports for the Board meetings to track compliance with over 30 parameters
- Began a battery recycling and fluorescent light bulb recycling program throughout the Authority successfully recycling over 100 pounds of batteries and over four dozen fluorescent bulbs.
- Coordinated permitting with the Wastewater plants to renew Air Quality permits through the North Carolina Division of Air Quality
- Assisted with updating the Authority's Capacity, Management, Operations and Maintenance Project Report.
- Performed oversight of building maintenance of the EMD facility and followed up to ensure items were addressed.

- Began expansion of the EMS into the Engineering and EMD areas of the Authority
- Assisted with developing an Authority wide Legal and Other Requirements List.
- Represented CFPUA as a member of the New Hanover County Water Quality Roundtable and Lower Cape Fear River Program
- Gave a presentation at the Blue Ridge Community College seminar “ISO 14001 – Train the Trainer” discussing implementation of the EMS within CFPUA in May.

Environmental Management Division Notable Goals for FY 14

- Provide immediate response to sanitary sewer overflows (SSOs) throughout the review period
- Gain ISO 14001 third party certification for EMD and Engineering and maintain existing certification.
- Implement an overall recycling program pending budgetary and departmental support.
- Continue to develop the partnership with the Nature Conservancy and National Oceanic and Atmospheric Administration (NOAA) to consult on the Hydrology project and the Migratory Fish Projects on the Cape Fear River.

Environmental Management Division Performance Measures

Performance Measures have not been developed for this division.

Emergency Planning and Response Division

The Division Manager works to ensure the Authority abides by relevant regulations for all-hazards mitigation, preparedness, response, and recovery. The manager works to develop, maintain, and train employees on the Emergency Response Plan and associated Incident Action Plans and works to meet EPA's seventeen National Incident Management System (NIMS) water sector compliance objectives. Authority departmental staff continue to refine emergency preparedness by planning, and implementing standardized response and industry best practice measures as recommended by EPA, FEMA, and North Carolina regulatory agencies.

FY 13 Accomplishments

- Continued active participation as Secretary of the NCWaterWARN Mutual Aid and Assistance Program for North Carolina.
- Continued to represent the Cape Fear Public Utility Authority on the New Hanover County Local Emergency Planning Committee, which plans for Hazardous Materials (HAZMAT) response incidents within the community. Staff has also been active in planning and participating in community-wide drills and exercises with our state, county, and city emergency response partners.
- Coordinated work between multiple countywide jurisdictions for the Authority's addition to the disaster and mutual aid inter-local agreement (ILA).
- Planned and held three table-top exercises for CFPUA water and wastewater systems.
- Conducted a security assessment for all CFPUA pump stations and water storage tanks.
- Corrective actions are being undertaken for security deficiencies found at pump stations. Security deficiencies found at water storage tanks were all corrected and completed.
- Began assisting Community Compliance with easement encroachment investigations.

Emergency Planning and Response Division Notable Goals for FY 14:

- Conduct Wastewater Facility Vulnerability Assessments
- DHS PSA Enhanced Critical Infrastructure Protection Survey of Drinking Water Facilities
- Hold three Table Top exercises
- Train Southside WWT personnel on fast action response binder
- Integrate SPCC contact information into ERP as appropriate, and ensure SARA data is added for LEPC and NHC EM purposes for Sweeney & SSWWTP (ID's one-site hazards to first responders)
- Push Emergency Response Plan into interactive intranet web format
- Assist Chief Communications Officer with public outreach campaign on encroachments.
- Continue GPS location of ARV's for Maximo and become more familiar with Maximo applications for Department purposes.
- Respond, investigate, and clear utility infrastructure easement encroachments. Work to put these into Maximo for work order/tracking purposes.
- Work with New Hanover County to have an increased number of North Carolina Emergency Division Incident Command System (ICS) courses to be taught locally.

Emergency Planning and Response Division Performance Measures

Performance Measures have not been developed for this division.

FINANCE, INFORMATION TECHNOLOGY AND CUSTOMER SERVICE DEPARTMENTS

Cheryl Spivey, CPA, Chief Financial Officer

Finance

The Finance Department is committed to the principles of Stewardship of the Authority's financial resources, Sustainability of its water and wastewater assets, and Service to our customers by providing cost-effective water and wastewater utilities. The Finance Department works to establish and maintain an effective balance among the Authority's fee schedule, long-term debt, asset values, Capital Improvement Program needs, operations and maintenance expenditures, and operating expenses and revenues and to operate as a fiscally responsible corporate entity which endeavors to identify and implement cost-efficiencies.

FY 13 Accomplishments

- In preparation of the FY14 budget, Finance performed a detailed analysis of all expenditure accounts for each department/division in order to prepare the budget based on past actual expenditures. The FY14 Budget plans to be adopted by the Board at the June 12, 2013 meeting.
- Staff worked with the Board to update the rate structure reflecting the Authority's mission.
- Maintained the AA2 bond rating with Moody's and AA bond rating with stable outlook with Standard & Poor's.
- Prepared the Authority's 4th Comprehensive Annual Financial Reports (CAFR) for Fiscal Year Ended June 30, 2012, obtained an unqualified opinion on the annual independent audit. The Authority has continued to implement cost efficiencies with Operating Expenses coming in at 88% of the Budget.
- Awarded the Government Finance Officers Association's Certificate of Achievement for Excellence for the fiscal year ended June 30, 2012. This is the fourth consecutive year the Authority has received this award.
- Awarded the Government Finance Officers Association Distinguished Budget Presentation Award for the FY 12-13 Budget. This is the first time the Authority has received this award.
- Provided disclosure information to bondholders and bond rating agencies through timely disclosures to the Security and Exchange Commission (SEC) required on the Authority's outstanding debt.
- Provided all required financial filings to the State of North Carolina State Treasurer's Office through the Local Government Commission related to the Authority's deposits and investments.

- Continued the refinement and adoption of various Finance, Accounting and Purchasing policies including the Inventory Policy, Cell Phone Policy and Payroll Policy.
- Continuously reviewed vendor invoices for accuracy and potential savings.
- Continued cross training in areas of vendor payments, payroll and travel. This gives the department flexibility and necessary coverage to serve internal and external customers at all times.
- Continued effort to get various services under contract to improve efficiencies such as instrumentation, crane inspections, lab testing and electric motor repairs. This keeps the departments from having to solicit quotes each time the service is needed. Purchasing also successfully bid the purchase of copiers and corresponding maintenance agreement for an annual savings of \$30,000.

Finance Department Notable Goals for FY 14

- Manage the Authority's finances in the most cost efficient manner. Continue to look for expenditure efficiencies.
- Continued review, improvement, and cross training of finance, accounting & procurement processes.
- Issue bonds to fund the FY2013 and 2014 CIPs at the lowest possible interest costs
- Preparation of the Authority's Adopted FY 13-14 Budget to meet the Government Finance Officers Association's Distinguished Budget Presentation Awards Program criteria. Preparation of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 in accordance with the Government Finance Officers Association's Certificate of Achievement for Excellence in Finance Reporting Program.
- Continue to review all services provided to Authority to ensure selection by competitive process and that contracts are in place.
- Continue refinement and adoption of various Finance, Accounting and Purchasing policies.
- Continue to improve vendor payment processes.
- Develop Investment program
- Implement financial system needs assessment by beginning selection and implementation of new system

Performance Measures for Finance

	FY 11	FY 12
Annual Debt Service Coverage	1.65	1.53
Operating Revenue/Operating Expenses	2.03	2.16
Quick Ratio	3.38	3.92
Days Cash on Hand	879	1,065
Cost Recovery – Operating Ratio	1.36	1.40
Leverage – Debt to Equity Ratio	0.86	0.90
Asset Depreciation	5.68%	8.56%

Summary of Expenditures for Finance, IT and Customer Service Departments

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendment	Adjusted Budget	Recommended Budget	
Finance/IT/Customer Service							
Personnel	2,344,948	2,269,592	2,401,291	(1,000)	2,400,291	2,528,425	5.29%
Benefits	844,252	750,310	821,533	14,958	836,491	947,730	15.36%
Operating	1,787,032	1,304,736	1,581,802	(140,572)	1,441,230	1,680,321	6.23%
Capital Outlay	76,172	64,288	202,970	(32,012)	170,958	79,000	-61.08%
Total Finance/IT/Customer Service	5,052,404	4,388,926	5,007,596	(158,626)	4,848,970	5,235,476	4.55%

Information Technology

IT Manager, Cord Ellison

The Information Technology Division is responsible for the connectivity of eight facilities, as well as the SCADA network that consists of over 250 outlying sites. It also supports and maintains all Authority Servers, Personal Computers (PC's), Network Equipment, and Telephony systems. In addition to the above, the Information Technology Division is responsible for the Authority's Geographical Information Systems, Physical Security, CCTV, and Network Security across the Organization.

FY 13 Accomplishments

- Phase 2 of the Authority's 5 phase plan (Landfile Cleanup project) was completed. The successful completion of this phase has kept the Authority on course to have the needs assessment finalized this fiscal year.
- The Authority's Enterprise GIS server was upgraded seamlessly and without interruption to the internal applications and users. This is an important event due to the fact that the Authority's billing system is address-centric and relies on our GIS as does the Maximo (Authority Asset Management and Maintenance system) application due to the spatial component. Both systems are dependent on GIS and both must be fully operational for business.
- Completion of the SCADA Master Plan phase one which identified and validated the equipment to replace a number of antiquated RTU's (Radio Transmission Units) for the Authority pump stations.
- IT supported the Sweeney expansion project which included making sure that communications (Data, Phone, 911 Services, GIS, CCTV) for Sweeney and Northside were never compromised during the entire project.
- Restructuring of the Authority website and the addition of the Board and Finance agenda items for public information.
- IT has continued to improve upon the helpdesk application by attaching assets to individual users which makes helpdesk response time's quicker as well as updating inventory more efficient. In addition we now retain historical knowledge for each asset which helps us not only with troubleshooting but with regards to maximizing the life of the particular asset.
- The cell phones for the Authority have now all been consolidated to one single service provider. This has made managing the system more centralized and efficient and reduced costs at the same time.
- The Authority's content management system now includes Finance's purchase orders and invoices which helps with the retrieval and storage costs of these items
- Successfully resolved more than 4,000 help desk tickets.
- Replacement of the Authority's Storage Area Network, and servers.

Information Technology Department Notable Goals for FY 14

- Training for IT staff to support current and future applications.
- Continued expansion of the Authority’s SCADA infrastructure to include conversion/replacement of existing telemetry devices.
- Phase 2 of the Authority’s SCADA Master Plan which will begin identifying hardware and software upgrades, as well as centralization of the applications themselves.
- Continued support for the Authority’s Asset Management/Maintenance application Maximo.
- Implementation of needs assessment for the Authority’s billing/financial system and begin selection / implementation of new system.
- Virtual Desktop implementation, which reduces downtime for staff, provides remote access, and centralizes maintenance.
- The addition of survey’s to the Authority helpdesk software. This will help to provide better and faster customer service and identify training opportunities for specific issues.

Performance Measures for IT Help Desk Tickets:

FY 11	FY 12
4,600	4,000

Customer Service

Nancy Johnson, Customer Service Director

The Customer Service Division currently reads meters and bills nearly 64,000 customers for water and sewer services with a billing accuracy over 99%. There are two customer service locations and a call center staffed to address customer inquiries in an efficient and timely manner. The Division's objective is to meet our customers' needs through timely response, effective service and managed financial costs.

FY 13 Accomplishments

- Achieved all Level of Service goals for Customer Service, Billing and Meter leading to improved productivity within the department and an enhanced customer experience.
- Call Center exceeded expectations with a 97% service level and a reduction of 21% in longest wait time.
- Billing exceeded a 99% Billing Accuracy target coming in at 99.3%
- Meter Reading read all routes on time and stayed within service level expectations for working customer service orders.
- Continue to coordinate with the United Way and Salvation Army to assist in the payment of utility bills for customers in financial hardship through *CFPUA Assist*. Since July 1, 2012 to February 22, 2013, we have serviced 62 customers and *CFPUA Assist* has contributed over \$15,100.
- Collections team began a Residential Courtesy Calling program in October 2012. This program notifies customers with no prior late payments when they are at risk of shut-off. We have called 219 customers through February 15 and collected \$29,400. This is not only a customer service but also saves the Authority the expense of sending meter readers to shut off water at these locations.
- Collections expanded its outbound calling program to include delinquent final customers and delinquent payment plan customers in January 2013. Over 236 calls have been made, resulting in collections of \$51,500.
- Third party agencies have collected \$32,000 since July 2012.
- The Customer Service Department achieved a cost reduction of 5% to support the Authority's goals during times of decreased water sales.
- Completed a Banking RFP that resulted in transitioning to a new bank and transitioning our external lock box to an internal process. This transition will be completed by June 2013.

- Completed an RFP for an Interactive Voice Response system for the Customer Care Center. This system will be implemented by June 2013 and will bring an increased level of customer service. Customers will be able to 1) pay their bills 24 hours a day through an automated attendant, 2) inquire on the outstanding balance and 3) allow CFPUA to do outbound calling for delinquencies.
- Completed customer billing data clean-up before deadline to make sure all customers are billed correctly. Also implemented an on-going billing audit program.
- Continued to partner with Engineering and Operations to develop policies and procedures that support Authority goals and Customers' needs. This includes community outreach and continued improvement of the Mandatory Connection process.

Customer Service Department Notable Goals for FY 14

- To respond effectively to the needs of our customers by handling customer requests promptly and correctly:
 - Answer 95% of all calls in 5 minutes or less.
 - Respond to 98% of all voice, fax and email messages by the end of the next business day.
 - Maintain 99% meter reading accuracy.
 - Continue development of training program for Customer Service Department.
- To maintain stable financial position by effectively billing and collecting revenues:
 - Maintain 100% on-time billing.
 - Maintain 99% bill preparation accuracy.
 - Maintain 99% in meter reading accuracy.
 - Look for continuous improvements in banking, collections and billing relationships and processes.
 - Development of a collection rate for the Authority.

Performance Measures for Customer Service:

	Actuals through:		
	<u>March 2012</u>	<u>March 2013</u>	<u>Target</u>
Calls answered in less than 5 minutes:	94.9%	97.1%	95%
Average Speed of Answer (in seconds)	80.22	70.4	180
Abandoned Calls	6.9%	5.9%	7%
Billing Accuracy	99.36%	99.3%	99%
Work Order Completion within Service Levels*		96.0%	95%

**New measure*

HUMAN RESOURCES / SAFETY DEPARTMENT

Tom Morgan, Director of Human Resources / Safety

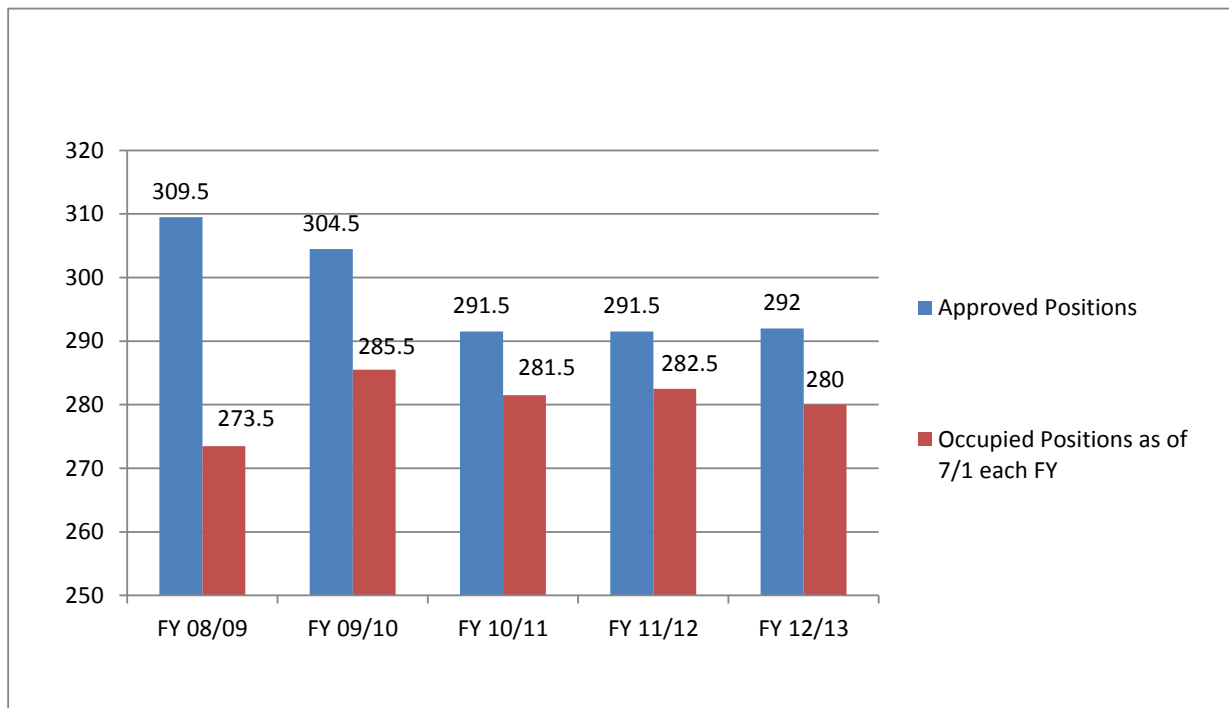
Human Resources

The goal of the Human Resources Department is to provide quality service and support in employment, employee relations, benefits, compensation, and training to the employees so that they can best serve the needs of the customers of the Cape Fear Public Utility Authority.

FY 13 Accomplishments

- Secured employee benefits renewal contracts consistent with the Authority's HR Committee recommendations for the fiscal year.
- Prepared and posted notifications regarding monthly training opportunities, employee benefit information, health and wellness information, announcements and HR news.
- Conducted ten annual benefit enrollment meetings for employees at CFPUA work locations.
- Conducted six meetings for employees with representatives from Prudential and ICMA-RA concerning the supplemental retirement plans (401K and 457).
- Conducted new employee orientation sessions for 29 employees.
- Maintained the employee health care clinic and scheduled seasonal flu vaccinations clinics.
- Scheduled and conducted organizational training classes throughout the period for over 656 employees which included over 1500 training contact hours.
- Maintained and updated performance benchmarking measurements for departments.
- Maintained monthly tracking of departmental training hours for Level of Service reporting.
- Conducted the fifth annual CFPUA United Way Campaign.
- Conducted employee service awards ceremony honoring the Authority's 41 employees that achieved service milestones during FY12. These employees represented a combined 505 years of service.
- Conducted annual drivers license record checks for all employees that are required to have valid driver's license through NCDMV, and maintained the employee drug testing program in accordance with the Authority's prescribed policies and procedures.
- Coordinated retirement celebrations for 6 employees retiring with a combined total of 107 years of service.
- Completed annual compliance audit of personnel files and I-9 forms.
- Processed in excess of 1500 employment applications.
- Ongoing implementation of the Workplace Wellness Strategic Action Plan with programs that encouraged participation in wellness activities and distribution of wellness material.
- Maintained and updated performance benchmarking measurements for departments.

- Maintained and updated the compensation and classification plans.
- Renewed the Supervisory and Leadership Training program in partnership with the Cape Fear Community College with 1 session during this period.
- Continued with basic computer training in operations department.
- Conducted in-house customer service training.
- Implemented the organizational wide classification and compensation plan recommend by Evergreen Consultants as approved by the CFPUA Board.
- Implemented employee merit increases based on employee performance evaluations.
- Coordinated employee training sessions throughout the period which included *Interviewing & Techniques* and *Diversity and Harassment in the Workplace*.
- Completed revision of the CFPUA Employee Personnel Policies and Procedures Manual.
- Implemented initial scanning of inactive personnel files into electronic recordkeeping system.



Human Resources Department Notable Goals for FY 14

- Continue the core HR function of filling vacant positions, maintaining personnel files, administering the classification and compensation plan, complying with regulatory guidelines, administering the employee benefit plans, development and interpretation of policy and promoting positive employee relations.
- Promote enhanced health and wellness initiatives for employees.
- Continue and expand the conversion of personnel files to electronic format.
- Promote cost-effective organizational training and workforce education to enhance employee's skills to meet the workforce needs of the Authority in the present and future.
- Develop and implement formalized programs to promote effective workforce succession management.

Performance Measures for Human Resources

	FY 11-12	July 2012 to Feb. 2013
• No. of Worker Comp. Claims-	25	11
• Average Vacancy Rate-	3.80%	4.9
• Average Turnover Rate-	7.51%	1.00
• Average Training Hrs./Employee*		2.56

*Began collecting this data July 2012

Summary of Expenditures

	CFPUA FY 11-12	CFPUA FY 11-12	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY12-13	CFPUA FY 13-14	% Change Recommended/ FY 12-13 Adopted
	Adjusted Budget	Actual	Adopted Budget	Admendment	Adjusted Budget	Recommended Budget	
Human Resources / Safety							
Personnel	248,569	308,269	319,911	51	319,962	334,637	4.60%
Benefits	70,489	83,967	91,278	9	91,287	102,865	12.69%
Operating	247,500	136,121	192,790	(39,334)	153,456	194,395	0.83%
Total Human Resources / Safety	566,558	528,357	603,979	(39,274)	564,705	631,897	4.62%

Safety Management Division

FY 13 Accomplishments

- Worked with HR and MEDAC to reduce OSHA recordables by not using controlled prescription medicines.
- Increased the role of “Risk Manager” duties for claims handling and processing for internal claims. Worked with Risk Management to develop a process and procedure for claims reporting.
- Worked with new Insurance Company, Glatfelter, and Risk Management to conduct training on accident investigations, accident reporting, forms and claims processing for management staff.
- Attended various safety training events.
- Completed Lockout/Tagout and Confined Space program audits of the departments.
- Put together an OSHA Task Force by utilizing staff that completed and OSHA 10-hour class. Completed 4 facility audits and inspections.
- Continued a review and update of the Safety & Health Policies and Procedures. Continued converting them to ISO 14001 format.
- Continued to lead the Monthly safety and accident review committee meetings and working to minimize the potential for future accidents through the identification of root cause and implementing process to prevent re-occurrence.
- Continued to perform routine safety inspections in all areas of the Authority.
- Scheduled and facilitated and OSHA 10-hour class for CFPUA staff.
- Scheduled and facilitated Crane Operator Training for CFPUA staff.
- Scheduled and facilitated Electrical Safety Training for CFPUA staff
- Completed a relocation of the Safety Section from the Environmental Services Department to the Human Resources Department.

Incident Rates

OSHA Incident Rate – The OSHA Incident rate is a metric used to compare a company's safety performance against a national or state average. This comparison is a safety benchmark to gauge performance with other organizations in the same business group, and make an "apple to apple" comparison.

The OSHA Recordable Incident Rate includes all accidents that meet the reporting criteria for the OSHA 300 log. The OSHA Recordable Rate through March 2013 for the Authority is 4.23 compared to an industry average of 5.2

The DART Incident Rate includes all accidents that not only qualify as a Recordable but also result in Days Away from work, were replaced on Restricted duty or were Transferred to another position because of injury. The DART Rate through March 2013 for the Authority is 3.7 compared to an industry average of 3.1

Safety Management Division Notable Goals for FY 14

- Review and update safety policies and procedures.
- Develop a power point orientation slide show for staff at 235 Government Center Drive to assist supervisors in meeting OSHA requirements.
- Continue facility and job site inspections throughout the next fiscal year.
- Continue working with the development of the OSHA task force for improved safety awareness throughout the Authority.
- Work to reduce overall accident rate.

Performance Measures for Safety Management:

	FY 11	FY12
# of Accidents	25	41
# of OSHA Recordables	15	13
# of D.A.R.T Cases	13	8
OSHA Recordable Rate	6.02	5.05
D.A.R.T. Rate	5.21	3.10

**CAPE FEAR PUBLIC UTILITY AUTHORITY
CAPITAL IMPROVEMENTS PROGRAM (CIP)**

Capital improvements are necessary for rehabilitation, replacement and addition of infrastructure and to provide safe, reliable, high quality water and wastewater services to current and future customers. Capital improvement expenditures are recorded as capital assets and are depreciated over the economic useful life of the assets. A ten year planning period is used to develop the CIP and is reviewed and updated annually.

ENGINEERING EXECUTIVE SUMMARY

The FY13-14 CIP Budget totals \$25,341,000 and is divided into Non-Growth related and Growth related projects. Non-Growth related projects represent approximately 72% of the total FY13-14 CIP Budget, and Growth related projects represent approximately 28% of the total FY13-14 CIP Budget. During FY13, Engineering staff reviewed all capital improvements projects and identified water and wastewater projects that were complete or nearing completion with remaining balances that could supplement other projects needing additional funds. On December 12, 2012, the Board approved using \$1,002,993 of these balances to partially fund the FY13-14 CIP Budget. Therefore; the FY13-14 Capital Projects Funds budgeted revenues needed from revenue bonds were reduced by \$1,002,993, for a total Capital Projects Funds budget of \$24,338,007.

The following summarizes the FY13-14 and Ten Year CIP Budget:

WATER

- **FY13-14**
 - o Continue the design and construction of multiple waterlines necessary to combine the Sweeney surface water and Nano ground water systems into one.
 - o Continue planning and design of waterlines necessary to eliminate pressure and quality issues in the southern service area.
 - o Continue Comprehensive Meter Replacement Program.
 - o Participate with stakeholders to continue to extend the Authority's large trunk main northward. The proposed project would extend the system to beyond General Electric, north of I-140.
- **Ten Year CIP**
 - o Secure long term raw water supply.
 - o Combine multiple distribution systems into one system reducing costs, enhancing quality, and providing redundancy for emergencies.
 - o Plan, design and construct infrastructure necessary to balance supply with demands and meet the needs of our customers.
 - o Participate with stakeholders to grow the Authority's system in cost effective, responsible manner consistent with the strategic plan.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
CAPITAL IMPROVEMENTS PROGRAM (CIP)**

WASTEWATER

- **FY13-14**
 - o Continued the project decommission Walnut Hills Wastewater Treatment Plant, a facility past its life cycle.
 - o Continue to take incremental steps to rehabilitate infrastructure before it fails using the Find it Fix it program.
 - o Perform minor rehabilitation at Southside Wastewater Treatment Plant to defer the major capacity upgrade until FY19.
 - o Continue to explore partnerships with New Hanover County, City of Wilmington and other regional entities.
- **Ten Year CIP**
 - o Rehabilitate and replace linear assets and pump stations.
 - o Complete Upgrade of Southside Wastewater Treatment Plant.
 - o Participate with stakeholders to grow the Authority's system in cost effective, responsible manner consistent with the Board's strategies.

CONCLUSION

The largest capital initiatives that the Authority is expected to program over the next ten years are:

- Southside Wastewater Treatment Plant Upgrade
- Raw Water Supply Transmission Mains and Pumping Facilities
- Walnut Hills Decommission
- Rehabilitation of aging wastewater collection system
- Combining water distribution systems into one blended system

The proposed FY13-14 CIP Budget and the proposed Ten Year CIP are built around these initiatives. The proposed ten year plan is reevaluated each year and provides opportunities to revisit the priorities and progress of these initiatives. Answers to the strategic questions related to system growth will greatly impact out-year projections when the Ten Year CIP is revisited in FY14-15. A description of the significant FY14 capital improvements projects and the impact of those projects follow, however the effects on the current and future operating costs or anticipated savings or revenues have not been quantified.

NONRECURRING CAPITAL OUTLAY EXPENDITURES

The FY13-14 budget includes nonrecurring capital outlay expenditures which are budgeted within the individual Department/Divisions of the Operating Fund. The total budgeted nonrecurring capital outlay expenditures of \$191,899 are not significant to the total Operating Fund budget of \$72.8 million.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
CAPITAL IMPROVEMENTS PROJECTS
FY13-14**

<i>Water Capital Improvements Projects</i>	
Aquifer Sustainability & Monitoring	\$150,000
Water Treatment Chloramination Program	\$400,000
Access Road & Drainage Improvements (Well Field & Porter's Neck Water Tower)	\$55,000
Downtown Water Line Rehabilitation	\$70,000
AC Pipe Removal	\$100,000
Dock Street Water Rehabilitation	\$173,000
Marina Club Drive Water Service Rehabilitation	\$125,000
Market Street Sweeney to Nano Interconnection (Military Cutoff vicinity)	\$885,000
Comprehensive Meter Replacement Program *	\$1,500,000
Water Valve Replacement	\$100,000
Sample Station / Auto Flusher	\$100,000
Fire Hydrant Painting Program	\$30,000
Structure Rehabilitation	\$45,000
Emergency Generator Well Site 'Q'	\$55,000
Sweeney North Plant HVAC	\$60,000
Water Master Plan Update	\$150,000
Kerr Avenue to GE Waterline	\$750,000
Heritage Park Water	\$500,000
TOTAL WATER CAPITAL IMPROVEMENT PROJECTS	\$5,248,000
TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS	\$19,090,007
TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS	\$24,338,007

* Project is included on the Significant Capital Improvements Projects Funded in FY13-14.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
CAPITAL IMPROVEMENTS PROJECTS
FY13-14**

Wastewater Capital Improvements Projects	
Walnut Hills WWTP - Deactivation *	\$7,000,000
Northside WWTP - Digester Coating Rehabilitation / Replacement	\$145,000
Northside WWTP - Dystor Rehabilitation / Replacement	\$284,000
Southside WWTP Interim Improvements	\$200,000
Downtown Gravity Sewer Rehabilitation *	\$1,000,000
Dock Street Sewer Rehabilitation	\$560,000
PS - 010 Force Main	\$350,000
PS - 022 Tangle Oaks #3 Improvements	\$250,000
Sewer Emergency Repair *	\$1,800,000
Aerial Lines - Piling Assessment, Repair and Replacement	\$100,000
Find It Fix It Repairs *	\$2,000,000
Sewer Laterals and Services	\$50,000
Large Equipment Purchase (Operations)	\$600,000
North College Road Force Main Improvements	\$60,000
Wastewater Master Plan Update	\$150,000
Collection System - Standard Developer Agreements	\$250,000
Mayfaire Gravity Sewer Outfall Improvements	\$530,000
PS-008 Shipyard and College Capacity Upgrade	\$500,000
Heritage Park Septic Tank Elimination Project - CFPUA Contribution *	\$1,364,000
Marquis Hills Septic Tank Elimination Project - CFPUA Contribution *	\$2,900,000
Savings Achieved in Capital Improvement Projects Approved in Previous Years	(\$1,002,993)
TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS	\$19,090,007
TOTAL WATER CAPITAL IMPROVEMENT PROJECTS	\$5,248,000
TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS	\$24,338,007

* Project is included on the Significant Capital Improvements Projects Funded in FY13-14.

CAPE FEAR PUBLIC UTILITY AUTHORITY
TEN YEAR CAPITAL IMPROVEMENTS PROGRAM
FY14-23

FY 2014 to FY 2023 CIP	Current Project #	Project Cost	FY 09 to FY 13 Budgeted	FY 14 Approved	FY 15 Planned	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned
Water Capital Improvements Projects													
Raw Water Improvements: Surface or Well Sources and Transmission													
Aquifer Sustainability & Monitoring		\$450,000		\$150,000	\$150,000	\$150,000							
Construction of new Raw Water Line		\$32,000,000					\$1,000,000	\$31,000,000					
Kings Bluff Pump Station		\$11,300,000						\$500,000		\$10,800,000			
Replacement of 24-inch Raw Water Line (s)		\$6,500,000				\$6,500,000							
Water Treatment Plant Improvements													
Water Treatment Chloramination Program		\$400,000		\$400,000									
Automated Weir Cleaning System		\$40,000											\$40,000
Nano Membrane Replacement		\$500,000						\$500,000					
Water Storage Improvements: Elevated, Ground and Aquifer Storage													
Access Road & Drainage Improvements (Well Field & Porter's Neck Water Tower)		\$55,000		\$55,000									
Sweeney Clear Well Rehabilitation 12 MG	13W155	\$8,000,000	\$250,000		\$7,750,000								
Water Mains: Rehabilitation or Replacement													
Downtown Water Line Rehabilitation	09W001	\$4,915,000	\$1,600,000	\$70,000	\$407,500	\$407,500	\$405,000	\$405,000		\$405,000	\$405,000	\$405,000	\$405,000
AC Pipe Removal		\$2,500,000		\$100,000	\$1,200,000	\$1,200,000							
Dock Street Water Rehabilitation		\$173,000		\$173,000									
Marina Club Drive Water Service Rehabilitation		\$125,000		\$125,000									
Water Mains: Transmission Mains New Construction													
Southern Transmission Mains	12W132	\$5,310,000	\$965,000		\$2,345,000	\$2,000,000							
Market Street Sweeney to Nano Interconnection (Military Cutoff vicinity)	13W151	\$1,000,000	\$115,000	\$885,000									
Monkey Junction Trunk Water Line		\$1,811,500	\$928,000		\$883,500								
Annual Programs: Asset Evals and Minor Rehab or Replacement													
Comprehensive Meter Replacement Program	13W143	\$11,000,000	\$500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000		\$1,500,000	\$1,500,000		
Water Valve Replacement	09W002	\$1,200,000	\$400,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	
Demolition of Obsolete Structures	13W144	\$150,000	\$75,000				\$75,000						
Water Laterals and Services		\$850,000			\$150,000	\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	\$100,000
SCADA Implementation	13W154	\$900,000	\$100,000		\$100,000	\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	\$100,000
Water Emergency Repair	09W013	\$4,192,848	\$2,192,848		\$250,000	\$250,000	\$250,000	\$250,000		\$250,000	\$250,000	\$250,000	\$250,000
Groundwater Way Access Road		\$400,000			\$100,000	\$300,000							
Well Field Enhancements		\$400,000			\$100,000	\$300,000							
Sample Station / Auto Flusher		\$250,000		\$100,000	\$50,000	\$50,000	\$50,000						
Fire Hydrant Painting Program		\$150,000		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000					
System Wide Studies/ Assessment Management													
GIS and AS-built Integration, Easement Survey/Mapping		\$350,000				\$50,000	\$50,000	\$50,000		\$50,000	\$50,000	\$50,000	\$50,000
Water System Audit and Water Revenue Recovery Implementation Plan		\$80,000			\$80,000								
Arc Flash Study		\$405,800				\$405,800							
Facilities and Support Functions													
Structure Rehabilitation		\$45,000		\$45,000									
Emergency Generator Well Site 'Q'		\$55,000		\$55,000									
Sweeney North Plant HVAC		\$60,000		\$60,000									
Carolina Beach Road Booster Pump Station		\$1,150,000			\$100,000	\$1,050,000							
Growth Projects													
Water Master Plan Update		\$150,000		\$150,000									
Kerr Avenue to GE Waterline		\$2,500,000		\$750,000	\$1,750,000								
Heritage Park Water		\$500,000		\$500,000									
Distribution System - Standard Developer Agreements		\$2,250,000	\$250,000		\$250,000	\$250,000	\$250,000	\$250,000		\$250,000	\$250,000	\$250,000	\$250,000
GE to Castle Hayne Waterline		\$2,000,000			\$200,000	\$1,800,000							
Large Transmission Feeds from Sweeney through Downtown		\$7,000,000					\$2,000,000			\$2,000,000	\$2,000,000	\$1,000,000	
Abbey Glen		\$135,000										\$135,000	
Middle Sound		\$5,000,000						\$5,000,000					
Bayshore Area		\$2,720,000								\$2,720,000			
Edgewater		\$2,135,000										\$2,135,000	
Heritage Park		\$700,000								\$700,000			
TOTAL WATER CAPITAL IMPROVEMENT PROJECTS		\$121,808,148	\$7,375,848	\$5,248,000	\$17,496,000	\$16,543,300	\$5,910,000	\$39,785,000	\$0	\$18,975,000	\$4,755,000	\$4,525,000	\$1,195,000
TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS		\$404,656,071	\$20,621,764	\$24,338,007	\$27,821,000	\$29,493,300	\$30,972,000	\$47,235,000	\$133,050,000	\$38,145,000	\$32,535,000	\$13,850,000	\$6,595,000

CAPE FEAR PUBLIC UTILITY AUTHORITY
TEN YEAR CAPITAL IMPROVEMENTS PROGRAM
FY14-23

FY 2014 to FY 2023 CIP	Current Project #	Project Cost	FY 09 to FY 13 Budgeted	FY 14 Approved	FY 15 Planned	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned
Wastewater Capital Improvements Projects													
Waste Water Treatment Plant Improvements													
Walnut Hills WWTP - Deactivation	12S193	\$7,750,000	\$750,000	\$7,000,000									
Northside WWTP - Digester Coating Rehabilitation / Replacement		\$145,000		\$145,000									
Northside WWTP - Dystor Rehabilitation / Replacement		\$284,000		\$284,000									
Northside WWTP - Aeration Basin Isolation Valves		\$96,000					\$96,000						
Northside WWTP - SCADA Gap for Digester Building		\$291,000					\$291,000						
Northside WWTP - Bulk Reclaim Water Supplemental Inline Sidestream UV Reactor		\$100,000											\$100,000
CFPUA Portable Emergency Generator Connection Systems		\$700,000				\$700,000							
Southside WWTP Interim Improvements	13S239	\$700,000	\$500,000	\$200,000									
Southside WWTP Rehabilitation and Upgrade		\$130,500,000					\$500,000		\$130,000,000				
Collection System Rehabilitation/Replacement													
Downtown Gravity Sewer Rehabilitation		\$12,500,000		\$1,000,000		\$1,500,000	\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000	\$2,000,000	
Dock Street Sewer Rehabilitation		\$560,000		\$560,000									
Mimosa Sewer Replacement		\$300,000				\$300,000							
Pump Station 13 Interceptor Improvements		\$360,000								\$40,000	\$320,000		
Pump Station 37 Interceptor Improvements		\$585,000									\$60,000	\$525,000	
Pump Station 14 Interceptor Improvements		\$130,000								\$130,000			
Pump Station & Forcemain Improvements													
PS - 005 Lincoln Forest Replacement (CANTEX)		\$750,000					\$750,000						
PS - 006 Newkirk Ave. Replacement (CANTEX)		\$750,000					\$750,000						
PS - 010 Force Main		\$5,800,000		\$350,000	\$5,450,000								
PS - 010 Renovation and Capacity Upgrade	13S224	\$9,500,000	\$500,000			\$500,000	\$8,500,000						
PS - 013 Dawson St. Replacement (CANTEX)		\$750,000					\$750,000						
PS - 016 Central Blvd. Replacement (CANTEX)		\$750,000					\$750,000						
PS - 021 River Rd. Replacement (CANTEX)		\$750,000					\$750,000						
PS - 022 Tangle Oaks #3 Improvements	13S227	\$300,000	\$50,000	\$250,000									
PS - 029 New Centre Dr. Replacement (CANTEX)		\$1,500,000					\$1,500,000						
Force Main Assessment and Rehabilitation		\$8,000,000			\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Annual Programs													
Sewer Emergency Repair	09S020	\$39,181,500	\$10,381,500	\$1,800,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Demolition of Obsolete Structures	13S220	\$150,000			\$75,000		\$75,000						
Aerial Lines - Piling Assessment, Repair and Replacement		\$400,000		\$100,000	\$300,000								
Find It Fix It Repairs	10S125	\$2,000,000		\$2,000,000									
Sewer Laterals and Services		\$50,000		\$50,000									
SCADA Implementation	13S238	\$500,000	\$100,000			\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Pump Station VFD Replacements		\$350,000				\$50,000	\$50,000	\$50,000		\$50,000	\$50,000	\$50,000	\$50,000
Collection System Rehabilitation		\$3,500,000				\$500,000	\$500,000	\$500,000		\$500,000	\$500,000	\$500,000	\$500,000
Annual Generator Replacement		\$500,000				\$100,000	\$100,000	\$100,000		\$50,000	\$50,000	\$50,000	\$50,000
ARV Replacement		\$300,000				\$100,000	\$100,000	\$100,000					
Pump Renewal Project		\$700,000				\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	\$100,000
System Wide Studies/Assessment Management													
GIS As-built entry and mapping maintenance contract		\$350,000				\$50,000	\$50,000	\$50,000		\$50,000	\$50,000	\$50,000	\$50,000
Facilities and Support Functions													
Large Equipment Purchase (Operations)	11S161	\$3,314,416	\$714,416	\$600,000	\$250,000	\$250,000	\$250,000	\$250,000		\$250,000	\$250,000	\$250,000	\$250,000
Growth Projects													
North College Road Force Main Improvements		\$60,000		\$60,000									
Wastewater Master Plan Update		\$150,000		\$150,000									
Collection System - Standard Developer Agreements		\$2,500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000		\$250,000	\$250,000	\$250,000	\$250,000
Mayfaire Gravity Sewer Outfall Improvements		\$530,000		\$530,000									
PS-008 Shipyard and College Capacity Upgrade		\$500,000		\$500,000									
Heritage Park Septic Tank Elimination Project - CFPUA Contribution		\$1,364,000		\$1,364,000									
Marquis Hills Septic Tank Elimination Project - CFPUA Contribution		\$2,900,000		\$2,900,000									
Southern County Region RPS #4		\$4,000,000								\$4,000,000			
Southern County Region RPS # 1		\$200,000									\$200,000		
Southern Region PS #5		\$1,500,000									\$1,500,000		
Southern County Region RPS #3		\$400,000										\$400,000	
Southern Region PS #6		\$1,100,000										\$1,100,000	

CAPE FEAR PUBLIC UTILITY AUTHORITY
TEN YEAR CAPITAL IMPROVEMENTS PROGRAM
FY14-23

FY 2014 to FY 2023 CIP	Current Project #	Project Cost	FY 09 to FY 13 Budgeted	FY 14 Approved	FY 15 Planned	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned
<i>Wastewater Capital Improvements Projects</i>													
Wrightsboro Sewer Extension-(High Priority Septic)-w/conveyance		\$4,500,000				\$4,500,000							
Prince George Estates Sewer Extension-(High Priority Septic)-w/conveyance		\$3,300,000								\$3,300,000			
Chair Rd/Rock Hill Sewer Extension-(High Priority Septic)-w/conveyance		\$18,400,000									\$18,400,000		
Parkwood/Weaver Sewer Extension-(High Priority Septic)-gravity		\$2,900,000					\$2,900,000						
Prince George Creek Sewer Extension-(High Priority Septic)-gravity		\$4,400,000								\$4,400,000			
Savings Achieved in Capital Improvement Projects Approved in Previous Years		(\$1,002,993)		(\$1,002,993)									
TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS		\$282,847,923	\$13,245,916	\$19,090,007	\$10,325,000	\$12,950,000	\$25,062,000	\$7,450,000	\$133,050,000	\$19,170,000	\$27,780,000	\$9,325,000	\$5,400,000
TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS		\$404,656,071	\$20,621,764	\$24,338,007	\$27,821,000	\$29,493,300	\$30,972,000	\$47,235,000	\$133,050,000	\$38,145,000	\$32,535,000	\$13,850,000	\$6,595,000

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CAPE FEAR PUBLIC UTILITY AUTHORITY
SIGNIFICANT CAPITAL IMPROVEMENTS PROJECTS FUNDED IN FY13-14

	<i>Non-Growth Water Projects</i>	<i>FY 14 Project Budget</i>	<i>Description</i>	<i>Consequence of Not Performing Project as Planned</i>
	Comprehensive Meter Replacement	\$1,500,000	This ongoing meter replacement program reduces continued loss of revenue through outdated and deficient water meters.	Continued loss of revenue through outdated and deficient water meters. (\$500k to be apportioned: \$150k for meter evaluation, design, and bid documents and \$350k for meter inventory replacement of approx. 2,000 meters)

	<i>Non-Growth Wastewater Projects</i>	<i>FY 14 Project Budget</i>	<i>Description</i>	<i>Consequence of Not Performing Project as Planned</i>
	Walnut Hills WWTP - Deactivation	\$7,000,000	Eliminate existing wastewater treatment plant at Walnut Hills that is well beyond its service life and send the sewage to Northside Wastewater Treatment Plant	• Failure of antiquated equipment would result in expensive emergency repairs, SSOs and bypass pumping costs. • Continued high risk of continual NCDENR permit non-compliance of elevated ammonia and biochemical oxygen demand levels.
	Sewer Emergency Repair	\$1,800,000	Funds are for emergency repairs. These funds replenish an existing balance to provide approximately \$4 million to address emergency sewer failures.	Aging system needs have historically required additional funding, in addition to inflation of construction costs.
	Downtown Gravity Sewer Rehabilitation	\$1,000,000	Deteriorating sewer infrastructure conditions throughout downtown Wilmington are addressed through this project, often working with the City to rehabilitate or repair sewers while they are performing other work.	Deteriorating pipe conditions create the need for increased repairs.
	Find it Fix It Repairs	\$2,000,000	Funds are for identifying and rehabilitating sewer infrastructure before it fails and becomes an emergency repair.	Failing infrastructure will remain in our system, potentially becoming worse and more costly to repair/replace.

	<i>Growth Wastewater Projects</i>	<i>FY 14 Project Budget</i>	<i>Description</i>	<i>Consequence of Not Performing Project as Planned</i>
	Heritage Park Septic Tank Elimination Project—CFPUA Contribution	\$1,364,000	Potential CFPUA contribution to NHC project that eliminates septic tanks at residential home to reduce public health concern due to failing septic tanks.	• Participation with New Hanover County fulfills Master Plan and adds 248 customers. . The total project cost is \$5,725,759. • Environmental Stewardship
	Marquis Hills Septic Tank Elimination Project—CFPUA Contribution	\$2,900,000	Potential CFPUA contribution to NHC project that eliminates septic tanks at residential home to reduce public health concern due to failing septic tanks.	• Participation with New Hanover County fulfills Master Plan and adds 690 customers. The total project cost is \$11,236,425. • Environmental Stewardship

CAPE FEAR PUBLIC UTILITY AUTHORITY

DEBT MANAGEMENT

Debt in the form of revenue bonds has been issued to finance the Authority's capital improvements. Since the Authority issues revenue bonds, there is no statutory limit on the amount of debt; however, the Authority applies sound financial management principles in financing decisions. The Authority plans to issue debt of approximately \$25 million in FY 2014 to finance a portion of the Capital Improvements Plan Budgets approved in FY13-14 and FY12-13.

Debt Policy

The Authority will comply with all covenants and requirements of its Master Bond Indenture.

- Maintain a reserve amount sufficient to pay the current expenses for two months of the fiscal year as shown in the annual budget.
- Rate covenants: 1) Maintain debt service coverage ratio of 1.2 on the Authority's parity indebtedness, 2) Maintain debt service coverage ratio of 1.0 on the Authority's total indebtedness.
- In order to issue additional bonds, the Authority must maintain debt service coverage ratio of 1.2 on the Authority's total indebtedness for 12 consecutive months of 18 months preceding the issuance of new bonded debt.

Debt Service Coverage Ratio

The Debt Service Coverage Ratio for All Indebtedness decreased to 1.53 in FY 2012 from 1.65 in FY 2011, remaining above the 1.0 ratio required by bond rate covenants. The Debt Service Coverage Ratio for Parity Indebtedness decreased to 2.05 in FY 2012 compared to 2.8 in FY 2011, remaining above the 1.2 ratio required by bond rate covenants. The Debt Service Coverage Ratio for All Indebtedness is budgeted at 1.24 in FY 2013 and 1.22 in FY 2014. Refer to the Operating and Capital Budget Summary. We believe actual debt coverage will be higher due to actual expenditures being lower than budgeted.

Outstanding Debt

The outstanding balance of existing bonded and installment debt obligations as of June 30, 2013 will be \$311,466,600 as shown in the table below.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
DEBT MANAGEMENT**

OUTSTANDING BALANCE OF EXISTING DEBT	
June 30, 2013	
REVENUE BONDS	
Series 2005 Water & Sewer Refunding Revenue Bonds	\$ 52,520,000
Series 2008 Water & Sewer Revenue Bonds	177,845,000
Series 2011 Water & Sewer Revenue Bonds	42,750,000
Sub-total	273,115,000
GENERAL OBLIGATION BONDS-City of Wilmington	
Series 2002 GO Refunding Bonds-Variable Rate	5,255,000
Sub-total	5,255,000
INSTALLMENT OBLIGATIONS-City of Wilmington & New Hanover County	
Series 2006A Refunding Certificates of Participation	13,605,000
Series 2005A Certificates of Participation	4,136,600
Series 2012 Limited Obligation Bonds	15,355,000
Sub-total	33,096,600
Total Outstanding Balance of Existing Debt	\$ 311,466,600

Installment Debt

The Authority has been approved for installment debt related to the federal American Recovery and Reinvestment Act of 2009 (ARRA) Loan for the Aquifer Storage Retrieval capital improvement project.

The Authority has been approved for six (6) Clean Water State Revolving Loans, however, the actual amount of these loans will not be determined until after the related capital improvement projects are complete.

Therefore, these loans are not presented in the table above, but the estimated value of the loans will be approximately \$12.4 million.

Schedule of Debt Service

The annual debt service for existing outstanding and future debt issues are included on the five –year Schedule of Debt Service for Fiscal Years 2014-2019.

CAPE FEAR PUBLIC UTILITY AUTHORITY
SCHEDULE OF DEBT SERVICE FOR FISCAL YEARS 14-19

Cape Fear Public Utility Authority Revenue Bonds	Original Par Amount	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Series 2005 Water & Sewer Refunding Revenue Bonds	\$ 61,080,000	\$ 4,865,790	\$ 4,865,915	\$ 4,861,715	\$ 4,861,165	\$ 4,869,565
Series 2008 Water & Sewer Revenue Bonds	187,765,000	12,241,775	11,224,963	9,927,413	13,453,725	13,452,725
Series 2011 Water & Sewer Revenue Bonds	44,100,000	3,312,113	3,308,863	3,312,113	3,312,013	3,313,563
Series 2013 Water & Sewer Revenue Bonds-Estimate	25,000,000	1,773,811	1,773,811	1,773,811	1,773,811	1,773,811
Total Cape Fear Public Utility Authority Revenue Bonds	317,945,000	22,193,489	21,173,552	19,875,052	23,400,714	23,409,664
Principal portion of Cape Fear Public Utility Authority Revenue Bonds		7,733,811	7,030,002	6,007,502	9,896,377	10,371,696
Interest portion of Cape Fear Public Utility Authority Revenue Bonds		14,459,678	14,143,550	13,867,550	13,504,337	13,037,968
		22,193,489	21,173,552	19,875,052	23,400,714	23,409,664
Cape Fear Public Utility Authority Installment Debt	Original Par Amount	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
ARRA Federal Revolving Loan	1,358,178	67,909	67,909	67,909	67,909	67,909
Clean Water State Revolving Loan	3,025,992	232,406	221,873	218,159	214,444	210,730
	4,384,170	300,315	289,782	286,068	282,353	278,639
Principal portion of Cape Fear Public Utility Authority Installment Debt		219,209	219,209	219,209	219,209	219,209
Interest portion of Cape Fear Public Utility Authority Installment Debt		81,106	70,574	66,859	63,145	59,430
		300,315	289,782	286,068	282,353	278,639
City of Wilmington Bonded Debt	Original Par Amount	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Series 2002 GO Refunding Bonds-Variable Rate	19,870,000	3,150,478	2,494,843	0	0	0
Total City of Wilmington Bonded Debt	19,870,000	3,150,478	2,494,843	0	0	0
Principal portion of City of Wilmington Bonded Debt		2,900,000	2,355,000	0	0	0
Interest portion of City of Wilmington Bonded Debt		250,478	139,843	0	0	0
		3,150,478	2,494,843	0	0	0
City of Wilmington Installment Debt	Original Par Amount	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Series 2006A Refunding Certificates of Participation	17,135,000	1,616,920	1,618,495	1,612,995	1,610,245	1,614,995
Principal portion of City of Wilmington Installment Debt		965,000	1,010,000	1,055,000	1,105,000	1,165,000
Interest portion of City of Wilmington Installment Debt		651,920	608,495	557,995	505,245	449,995
		1,616,920	1,618,495	1,612,995	1,610,245	1,614,995
New Hanover County Installment Debt	Original Par Amount	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Series 2005A Certificates of Participation	6,996,600	912,750	913,380	911,924	913,689	911,869
Series 2012 Limited Obligation Bonds Refunding	16,005,000	1,724,800	1,667,500	1,610,050	1,557,800	1,500,775
New Hanover County Debt Payment Reduction	0	(1,577,000)	(1,254,000)	(950,000)	(627,000)	(304,000)
Total New Hanover County Installment Debt	23,001,600	1,060,550	1,326,880	1,571,974	1,844,489	2,108,644
Principal portion of New Hanover County Installment Debt		1,947,000	1,935,600	1,929,200	1,938,000	1,946,800
Interest portion of New Hanover County Installment Debt		690,550	645,280	592,774	533,489	465,844
New Hanover County Debt Payment Reduction		(1,577,000)	(1,254,000)	(950,000)	(627,000)	(304,000)
		1,060,550	1,326,880	1,571,974	1,844,489	2,108,644
Total Debt Service	\$ 388,900,770	\$ 28,321,752	\$ 26,903,552	\$ 23,346,088	\$ 27,137,801	\$ 27,411,942
Debt Service Fees		275,000	283,250	291,748	300,500	309,515
Total Debt Service and Fees		\$ 28,596,752	\$ 27,186,802	\$ 23,637,836	\$ 27,438,301	\$ 27,721,457
Bond Issuance Costs (Proceeds from Revenue Bonds)		\$ 750,000	\$ -	\$ -	\$ -	\$ -

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**CAPE FEAR PUBLIC UTILITY AUTHORITY
SERVICE AREA PROFILE**

New Hanover County (County)

A coastal county in southeastern North Carolina, the County is home to four incorporated municipalities: Wilmington, Wrightsville, Carolina, and Kure Beaches. The County is the second smallest county of the 100 counties within the state of North Carolina, but is one of the most densely populated in the state. The County's land area totals approximately 192 square miles. The County is included in the Wilmington Metropolitan Statistical Area, which also includes neighboring Brunswick and Pender Counties.

The County was formed in 1729 as New Hanover Precinct of Bath County, from Craven Precinct. It was named for the House of Hanover, which was then ruling Great Britain. In 1734 parts of New Hanover Precinct became Bladen Precinct and Onslow Precinct. With the abolition of Bath County in 1739, all of its constituent precincts became counties. When the County was originally established, it encompassed the current counties of Bladen, Onslow, Duplin, Brunswick and Pender. From 1734 through 1764, the County's land was divided to create Bladen, Onslow, Duplin and Brunswick counties. The last division occurred in 1875 to form Pender County. The County has retained the same boundaries since 1875.

City of Wilmington (City)

The City was incorporated in 1739. With a land area of approximately 52.76 square miles, the City is on the Cape Fear River approximately 30 miles from the Atlantic Ocean, and is the County seat of New Hanover County and home to the State's largest port. The City has a population of 106,882 making it the ninth largest city in North Carolina.

The City was named in honor of Spencer Compton, the Earl of Wilmington, who was Prime Minister under George II. Incorporated in 1739, Wilmington became a city in 1866. In 1840 it was the largest town in the state and remained so through the early 1900s, thanks to the thriving ports along the Cape Fear River and the arrival of the Wilmington & Raleigh Railroad (renamed the Wilmington & Weldon Railroad in 1854). When the railroad was completed in 1840, it was the largest continuous railroad track in the world.

The City is home to the WWII Battleship USS North Carolina (BB-55) and was the site of the commissioning of the Virginia Class USS North Carolina (777) submarine in May 2008 and the missile-guided destroyer USS Gravelly in November 2010.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
SERVICE AREA PROFILE**



New Hanover County Courthouse



W. Allen Cobb Judicial Annex



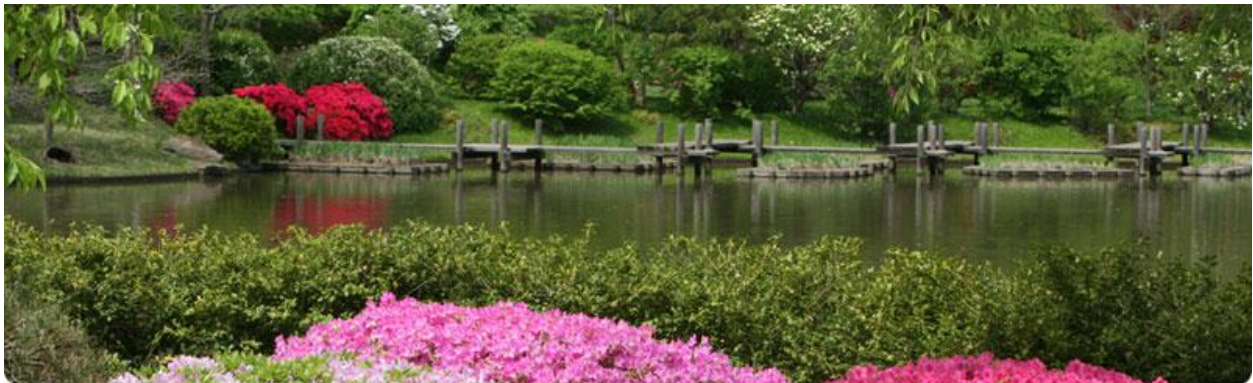
USS North Carolina



Bellamy Mansion



Cape Fear Museum



Greenfield Lake

CAPE FEAR PUBLIC UTILITY AUTHORITY SERVICE AREA PROFILE



Wrightsville Beach

Wrightsville Beach is a town in New Hanover County, just east of Wilmington. The town consists of a four mile long beach island, an interior island, Harbor Island, and pockets of commercial property on the mainland.

Wilmington International Airport (ILM)



Serving southeast North Carolina, the Wilmington International Airport (ILM) provides flight options through Delta and US Airways. ILM offers many non-stop flights to popular destinations within the US such as Philadelphia and New York City and is only one stop away from the world. With non-stop flights to New York City, Atlanta, and Washington DC, the ease of international travel is unparalleled. Serving over 3/4 million passengers per year, ILM prides itself on its convenient flight options, ease of use, and extremely friendly staff.

**CAPE FEAR PUBLIC UTILITY AUTHORITY
SERVICE AREA PROFILE**

University of North Carolina Wilmington



UNIVERSITY of NORTH CAROLINA WILMINGTON



McNeill School of Nursing at UNC Wilmington

The University of North Carolina Wilmington, the state's coastal university, is dedicated to learning through the integration of teaching and mentoring with research and service. Our powerful academic experience stimulates creative inquiry, critical thinking, thoughtful expression and responsible citizenship in an array of high-quality programs at the baccalaureate and master's levels, and in our doctoral programs in marine biology and educational leadership. Substantial research activity, combined with our hallmark teaching excellence and moderate size, advances distinctive student involvement in faculty scholarship. We are committed to diversity and inclusion, affordable access, global perspectives, and enriching the quality of life through scholarly community engagement in such areas as health, education, the economy, the environment, marine and coastal issues, and the arts.

CAPE FEAR PUBLIC UTILITY AUTHORITY SERVICE AREA PROFILE

Cape Fear Community College



Cape Fear Community College Downtown Campus

With over 28,000 students enrolling in classes every year, Cape Fear Community College is the sixth largest community college in the state and is a major economic development partner in southeastern North Carolina. Students can train for a new career in one of CFCC's technical programs or earn a two-year college transfer degree to continue their education at a four-year institution. CFCC also offers a wide variety of adult education and continuing education classes for lifelong learning.

New Hanover Regional Medical Center



New Hanover Regional Medical Center is a not-for-profit health care system serving southeastern North Carolina and northeastern South Carolina. A teaching hospital, regional referral center, and Level 2 Trauma Center, NHRMC is dedicated to providing a wide range of health care services.

CAPE FEAR PUBLIC UTILITY AUTHORITY SERVICE AREA PROFILE

The State Port of Wilmington

In March 2010, the Journal of Commerce ranked the **Port of Wilmington** 25th Top Overall Container Port in North America. The City's location affords industries equal accessibility to major markets to the north and south. The Port of Wilmington, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The Port of Wilmington has ample capacity to support today's cargo volumes and continues to invest in expanding the facility to meet projected growth in international trade, with a major expansion project currently under way. A 42-foot navigational channel offers customers additional vessel capacity. Readily available modern transit and warehouse facilities, new state-of-the-art Panamax container cranes and support equipment, and the latest in cargo management technology provide a broad platform for supporting international trade to the fast-growing Southeast U.S. market. Recent and ongoing improvements to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. CSX Transportation provides daily service for boxcar, tanker and general cargo services.



CAPE FEAR PUBLIC UTILITY AUTHORITY
Demographic Statistics
Last Four Fiscal Years

Fiscal Year Ended June 30 *	City of Wilmington Population (1)	New Hanover County Population (1)	Median Age (1)	Public School Enrollment (2)	Local Unemployment Rate % (3)	Personal Income (4)	Per Capita Income (4)
2012	108,297	206,189	37.54	25,253	9.3%	N/A	N/A
2011	106,476	202,667	36.7	23,934	10.1%	N/A	N/A
2010	102,207	194,054	38.5	23,643	9.4%	N/A	N/A
2009	101,526	192,235	38	23,614	9.0%	\$ 44,719	\$ 29,148

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) US Census Bureau.

(2) Enrollment provided by the NHC Public Schools.

(3) North Carolina Employment Security Commission.

(4) Provided by US Census Bureau; data provided for as many years as available.

CAPE FEAR PUBLIC UTILITY AUTHORITY
Principal Water Customers
Current Fiscal Year and Three Years Ago

2012 *						2009 *					
Rank	Water Customer	Thousand Gallons	% of System	Revenue (\$)	% of Revenue	Rank	Water Customer	Thousand Gallons	% of System	Revenue (\$)	% of Revenue
1	UNC Wilmington	170,172	3.15%	\$ 716,357	2.35%	1	UNC Wilmington	136,483	2.34%	\$ 430,613	1.89%
2	New Hanover Regional Medical Center	59,221	1.10%	280,798	0.92%	2	New Hanover County	63,232	1.08%	232,431	1.02%
3	New Hanover County Schools	51,685	0.96%	322,386	1.06%	3	New Hanover Regional Medical Center	61,473	1.05%	211,318	0.93%
4	New Hanover County	38,079	0.70%	229,145	0.75%	4	New Hanover County Schools	47,862	0.82%	208,756	0.92%
5	Wilmington Housing Authority	37,422	0.69%	181,080	0.60%	5	Wilmington Housing Authority	40,956	0.70%	137,433	0.60%
6	Tribute Properties	32,791	0.61%	257,418	0.85%	6	Lake Forest Apartments	30,088	0.52%	97,305	0.43%
7	College Manor Apartments	31,032	0.57%	142,864	0.47%	7	College Manor Apartments	23,411	0.40%	80,985	0.36%
8	Lake Forest Apartments	29,306	0.54%	128,283	0.42%	8	Mayfaire Complex	22,955	0.39%	119,091	0.52%
9	Mayfaire Complex	27,112	0.50%	194,082	0.64%	9	Tribute Properties	21,463	0.37%	114,526	0.50%
10	City of Wilmington	25,392	0.47%	186,388	0.61%	10	Elementis Chromium	18,971	0.33%	58,243	0.26%
Total Net Consumption/Net Revenue		502,212	9.30%	\$ 2,638,801	8.67%	Total Net Consumption/Net Revenue		466,894	8.00%	\$ 1,690,699	7.41%
Total Annual System Net Consumption/Net Revenue		5,402,454		\$ 30,431,045		Total Annual System Net Consumption/Net Revenue		5,834,129		\$ 22,781,177	

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

*** Restated 2009 Top 10 Users to reflect "Net Consumption" and "Net Revenue"**

CAPE FEAR PUBLIC UTILITY AUTHORITY
Principal Sewer Customers
Current Fiscal Year and Three Years Ago

2012 *						2009 *					
Rank	Sewer Customer	Thousand Gallons	% of System	Revenue (\$)	% of Revenue	Rank	Sewer Customer	Thousand Gallons	% of System	Revenue (\$)	% of Revenue
1	Town of Wrightsville Beach	207,561	4.18%	\$ 346,627	1.11%	1	Town of Wrightsville Beach	214,743	4.42%	\$ 220,364	1.00%
2	UNC Wilmington	102,554	2.06%	421,251	1.35%	2	UNC Wilmington	87,800	1.81%	269,249	1.22%
3	New Hanover Regional Medical Center	57,991	1.17%	263,030	0.84%	3	New Hanover Regional Medical Center	54,042	1.11%	176,741	0.80%
4	New Hanover County Schools	50,996	1.03%	311,645	1.00%	4	New Hanover County Schools	45,665	0.94%	199,592	0.90%
5	Wilmington Housing Authority	37,335	0.75%	171,391	0.55%	5	Wilmington Housing Authority	40,652	0.84%	129,175	0.58%
6	New Hanover County	35,249	0.71%	197,141	0.63%	6	New Hanover County	34,744	0.72%	132,783	0.60%
7	Tribute Properties	32,203	0.65%	286,588	0.92%	7	Lake Forest Apartments	30,080	0.62%	92,040	0.42%
8	College Manor Apartments	31,032	0.62%	134,654	0.43%	8	Mayfaire Complex	25,303	0.52%	125,124	0.57%
9	Lake Forest Apartments	29,306	0.59%	119,139	0.38%	9	Tribute Properties	24,536	0.51%	154,676	0.70%
10	Mayfaire Complex	26,702	0.54%	188,417	0.60%	10	College Manor Apartments	23,411	0.48%	77,352	0.35%
Total Net Consumption/Net Revenue		610,929	12.30%	\$ 2,439,882	7.80%	Total Net Consumption/Net Revenue		580,976	11.96%	\$ 1,577,096	7.14%
Total Annual System Net Consumption/Net Revenue		4,966,659		\$ 31,278,202		Total Annual System Net Consumption/Net Revenue		4,856,146		\$ 22,089,335	

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

*** Restated 2009 Top 10 Users to reflect "Net Consumption" and "Net Revenue"**

CAPE FEAR PUBLIC UTILITY AUTHORITY
Principal Employers
Current Fiscal Year and Three Years Ago *

2012			
Employer	Employees (1)	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	4,738	1	4.45%
New Hanover County Schools	3,666	2	3.44%
Wal-Mart Stores	2,592	3	2.43%
GE Wilmington	2,100	4	1.97%
The University of North Carolina at Wilmington	1,898	5	1.78%
PPD, Inc.	1,500	6	1.41%
New Hanover County	1,480	7	1.39%
Verizon Wireless	1,346	8	1.26%
Corning, Inc.	1,000	9	0.94%
City of Wilmington	981	10	0.92%
			19.99%
Total # Employed at June 30 of the respective FY (2)			106,569

2009			
Employer	Employees (3)	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	4,890	1	5.10%
New Hanover County Schools	4,130	2	4.30%
GE Wilmington	3,000	3	3.13%
The University of North Carolina at Wilmington	1,810	4	1.89%
New Hanover County	1,670	5	1.74%
PPD, Inc.	1,420	6	1.48%
Cape Fear Community College	1,260	7	1.31%
City of Wilmington	1,200	8	1.25%
Verizon Wireless	1,200	9	1.25%
Corning, Inc.	1,000	10	1.04%
			22.49%
Total # Employed at June 30 of the respective FY (2)			95,964

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) Source: Wilmington Chamber of Commerce.

(2) Source: North Carolina Employment Security Commission.

(3) Source: New Hanover County CAFR for Fiscal Year Ended June 30, 2009 using the Wilmington Industrial Development, Inc. and NC State Demographics Website.

CAPE FEAR PUBLIC UTILITY AUTHORITY

**Operating Statistics
Last Four Fiscal Years**

	Fiscal Year			
	2012 *	2011	2010	2009
Water System				
Number of available service connections	67,489	66,600	64,925	63,535
Number of treatment plants - surface water system	1	1	1	1
Treatment capacity (mgd) - surface water	35	27.5	27.5	27.5
Average production (mgd) - surface water	13.5	13.7	13.3	14.3
Number of groundwater systems	3	3	3	3
Number of treatment plants - groundwater system (1)	1	1	1	-
Number of wells - groundwater system	36	36	36	36
Treatment capacity (mgd) - groundwater plant	6	6	6	-
Treatment capacity (mgd) - other groundwater systems	0.7	0.7	0.7	7.0
Average production (mgd) - groundwater	2.95	3.2	3.3	3.1
Miles of water mains	1072	1070 (3)	1,129	1,103
Wastewater System				
Number of available service connections	64,529	64,330	63,793	62,296
Number of treatment plants	3	3	3	3
WPC plant permit (mgd)	22.1	22.1	22.1	22.1
Average annual daily flow (mgd)	15.1	15.8	16.8	15.6
Number of lift stations	141	141	142	142
Miles of sewer gravity mains	840	840	881	877
Miles of sewer force mains (2)	104	104	100	100
Number of Manholes	20,300	20,300	N/A	N/A

Source: Cape Fear Public Utility Authority Records

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

- (1) During FY 2010, a groundwater treatment plant began operations providing advanced treatment for the largest of the three groundwater systems and resulted in a .3 mgd reduction in total treatment capacity.
- (2) Prior years restated based on more accurate data from the Authority's Operations Division.
- (3) Current year number is based on more accurate information as a result of implementing an asset management system.

CAPE FEAR PUBLIC UTILITY AUTHORITY
Consumption by Customer Group
Last Four Fiscal Years

	2012 *		2011		2010 (1)		2009 (1)	
	Thousand	% of	Thousand	% of	Thousand	% of	Thousand	% of
	Gallons	Consumption	Gallons	Consumption	Gallons	Consumption	Gallons	Consumption
Water Customers								
Residential	3,806,074	70.45%	3,887,894	70.88%	3,652,988	70.13%	4,152,536	71.17%
Commercial	1,059,983	19.62%	1,075,703	19.61%	1,032,322	19.82%	1,094,936	18.77%
Industrial	62,267	1.15%	62,278	1.13%	57,719	1.11%	102,707	1.76%
Institutional and Governmental	474,130	8.78%	459,656	8.38%	465,940	8.94%	483,950	8.30%
Total	5,402,454	100.00%	5,485,531	100.00%	5,208,969	100.00%	5,834,129	100.00%
Sewer Customers								
Residential	3,424,127	68.94%	3,497,483	68.98%	3,329,608	69.30%	3,543,624	72.97%
Commercial	941,927	18.97%	957,062	18.88%	842,782	17.54%	869,266	17.90%
Town of Wrightsville Beach	207,561	4.18%	214,479	4.23%	234,303	4.88%	214,743	4.42%
Pender County	11,550	0.23%	16,224	0.32%	13,550	0.28%	14,139	0.30%
Industrial	16,197	0.33%	18,219	0.36%	23,060	0.48%	24,964	0.51%
Institutional and Governmental	365,297	7.35%	366,618	7.23%	361,467	7.52%	189,410	3.90%
Total	4,966,659	100.00%	5,070,085	100.00%	4,804,770	100.00%	4,856,146	100.00%

* Fiscal year 2013 data not available at the time this document was published.

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) Prior year data has been updated to reflect adjustments made in the current year.

Water includes domestic and irrigation connections.

Glossary

Account	A basic component of the accounting ledger used to classify financial transactions that are similar in terms of a given frame of reference; such as purpose, object or source.
Accrual Basis	A basis of accounting in which transactions are recognized at the time they are incurred as opposed to when cash is received or spent.
Adopted Budget	The budget document formally approved by the Authority Board. This document sets forth authorized expenditures and the means of financing those expenditures. This term is used interchangeably with the term "Final Budget".
Annualized	Taking changes that occurred mid-year and calculating their cost for a full year for the purpose of preparing an annual budget.
Appropriation	A legal authorization to incur obligations and to make expenditures for specific purposes.
Aquifer	A wet underground layer of water-bearing permeable rock or unconsolidated materials (gravel, sand, or silt) from which groundwater can be usefully extracted using a water well.
Asset	Resources owned that has monetary value.
Asset Management	Asset management is a systematic process of operating , maintaining, and upgrading assets cost-effectively,
Audit	An examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, or one or more of the following purposes: (a) determining the propriety, legality, and mathematical accuracy of proposed or completed transactions; (b) ascertaining whether all transactions have been recorded; and (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn there from in accordance with accepted accounting practices.
Authorized Positions	Employee positions that are authorized in the adopted budget to be filled during the year.
Backflow	A term in plumbing for an unwanted flow of water in the reverse direction. It can be a serious health risk for the contamination of potable water supplies with foul water.

Backflow Prevention Device	A device used to protect water supplies from contamination or pollution.
Balance Sheet	A formal statement of assets, liabilities and fund balance as of a specific date.
Benchmarking	The process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Benchmarking is often treated as a continuous process in which organizations continually seek to improve their practices.
Benefits	Contributions made by an employer to meet commitments or obligations for employee fringe benefits. Included in the employer's share of costs for social security, retirement, medical and life insurance plans.
Bond Rating	Assesses the credit worthiness of a corporation's or government debt issues.
Bond	A long term promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.
Bonded Debt	The total debt that the Authority has issued in bonds.
Budget	A financial plan and a list of all planned expenses and revenues. It is a plan for saving, borrowing and spending.
Budget Calendar	The schedule of key dates to follow in the preparation and adoption of the
Budget Ordinance	An ordinance that appropriates revenues for specified purposes during the fiscal year.
Budgetary Basis	Refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms, Generally Accepted Accounting Principles (GAAP), cash, or modified accrual.
Budgetary Control	The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures with the limitations of available appropriations and resources.

Capital Assets	Defined by the Authority as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year.
Capital Budget	It is budget for major capital, or investment, expenditures.
Capital Improvement Plan (CIP)	A short-range plan which identifies capital projects and major equipment purchases, provides a planning schedule and identifies options for financing the plan. Essentially, the plan provides a link between a strategic plan and the entity's annual budget.
Capital Outlay	Fixed Assets that have a value of \$5,000 to \$30,000 and have a useful economic lifetime of more than one year.
Capital Project	Major Construction, acquisition or renovation activities that add value to the Authority's physical assets, or significantly increase their useful life.
Capitalized Interest	Interest that is not immediately expensed but is considered an asset and is then amortized through the income statement over time.
Cash Basis	A basis of accounting in which transactions are recognized only when cash is increased or decreased.
Clean Water Act	The primary federal law in the United States governing water pollution.
Collateral	Property acceptable as security for a loan or other obligation; guaranteed by a security pledged against the performance of an obligation.
Collateralize	To secure (a loan) through the use of collateral
Compensated Absences	Refers to employees' time off with pay for vacations, holidays and sick days.
Comprehensive Annual Financial Report (CAFR)	The official annual financial report of the Authority. This report summarized and discloses the financial activity of the Authority.
Computer Maintenance	A CMMS software package maintains a computer database of information
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Corporate Governance	Processes, customers, policies, laws, and institutions affecting the way a corporation is directed, administered or controlled.
Debt Coverage Ratio	The ratio of cash available for debt servicing to interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments. The higher this ratio is, the easier it is to obtain a loan.
Debt Management	A formal agreement between the Authority and their creditors.
Debt Service	The cost of paying principal and interest on borrowed money according to a pre-determined payment schedule.
Department	A basic organizational unit that is functionally unique in its delivery of services. The department have be subdivided into divisions.
Depreciation	drop in value; a method of allocating the cost of a tangible asset over its useful life.
Disbursement	The expenditure of monies from an account.
Distinguished Budget	A voluntary awards program administered by the Government of Finance
Division	A functioning group of related activities within a department. The department's unique function is further delineated into smaller functioning units (divisions) that focus on delivery of specific services.
Effluent	An outflowing of water or gas from a natural body of water, or from a human-made structure.
Encumbrance	A commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.
Enterprise Fund	A government owned fund that sells goods and services to the general public. Enterprise funds are common in local government.
Environmental Management System	refers to the management of an organization's environmental programs in a comprehensive, systematic, planned and documented manner. It includes the organizational structure, planning and resources for developing, implementing and maintaining policy for environmental protection.

Environmental Protection Agency (EPA)	is an agency of the federal government of the United States charged with protecting human health and the environment, by writing and enforcing regulations based on laws passed by Congress
Expenditure	The payment of funds against appropriations that reduce cash balance. Expenditures are made for the purpose of acquiring an asset, service or settling a loss.
Fiscal Year	A 12-month period designated as the operating year for accounting and budgeting purposes in an organization.
Fixed Assets	Assets of long-term character that are intended to continue to be held or used; such as land, buildings, machinery, furniture and other equipment.
Full Time Equivalent Positions (FTEs)	A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time position working for 20 hours per week would be the equivalent of .5 of a full-time position.
Fund	A fiscal entity with revenues and expenses that are segregated for the
Fund Accounting	System used by non profit organizations, particularly governments. Accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.
Fund Balance	Difference between assets and liabilities reported in a governmental fund on
Generally Accepted Accounting Principles (GAAP)	Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.
Goal	A statement of broad direction, purpose , or intent. A goal is general and timeless.
Government Accounting Standards Board	The accepted standard-setting body for establishing accounting and financial reporting principals
Ground Water	Water located beneath the ground surface in soil pore spaces and in the fractures of rock formations.

Infrastructure	The basic physical and organizational structures needed for the operation of a society or enterprise,[1] or the services and facilities necessary for an economy to function.[2] It can be generally defined as the set of interconnected structural elements that provide framework supporting an entire structure of development.
Interest	Cost of using money.
Interest Earnings	Interest earned on cash held in interest bearing deposits and accounts
Modified Accrual	A budgetary accounting technique whereby revenues are recognized when they become measurable and available, and expenditures are recorded when the liability is actually incurred.
National Incident Management System (NIMS)	An emergency management doctrine used nationwide to coordinate emergency preparedness and incident management and response among the public and private sectors.
National Pollutant Discharge Elimination System (NPDES)	Controls water pollution by regulating point sources that discharge pollutants into waters of the United States.
Non-departmental accounts	Items of expenditure essential to the operation of the Authority that do not fall within the function of any department.
Operating Budget	The annual budget of an activity stated in terms of Budget Classification Code, functional/sub functional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the operation. The operating budget is used to keep track of maintenance operations, salaries, and interest payments.
Operating Expenses	The cost for personnel, materials and equipment required for a department to function.
Operating Revenue	Funds received to pay for on-going operations. It includes rates and fees. Operating revenues are used to pay for day-to-day services.
Ordinance	A law made by a municipality or other local authority

Outfall	The discharge point of a waste stream into a body of water; alternatively it may be the outlet of a river, drain or a sewer where it discharges into the sea, a lake or the like. A wastewater treatment system discharges treated effluent to a water body from an outfall.
Pay-As-You-Go Basis	A term used to describe a financial policy by which capital outlays or capital projects are financed from current revenues rather than through borrowing.
Performance Measure	Defines data that documents how effectively or efficiently a program is achieving its objectives.
Potable Water	Drinking water.
Procurement	The acquisition of goods or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location.
Proprietary Fund	An account in which certain (government) transactions are handled. Services that fit into a proprietary fund are grouped by similarities to evaluate their performance.
Resolution	A formal decision of action or policy adopted by the Authority Board members at a board meeting.
Revenue	Income that a company receives from its normal business activities.
Revenues	Sources of income financing the operations of the Authority.
Risk Management	The process of identifying, assessing, and controlling risks arising from
SCADA (Supervisory control and data acquisition)	A computer system that monitors and controls industrial, infrastructure, or facility-based processes.
Septage	Septage is the material pumped out of a septage tank or onsite sewage facility.
Service	Helping others with a specific need or want.
Stewardship	An ethic that embodies responsible planning and management of resources.

Strategic Plan	A process for determining where an organization is going over the next year or—more typically—3 to 5 years (long term), although some extend their vision to 20 years.
Strategic Vision	Outlines what the organization wants to be, or how it wants the world in which it operates to be . It is a long-term view and concentrates on the future.
Surface Water	Water collecting on the ground or in a stream, river, lake, wetland, or ocean; it is related to water collecting as groundwater or atmospheric water.
Sustainability	The long-term maintenance of responsibility, which has environmental, economic, and social dimensions, and encompasses the concept of stewardship, the responsible management of resource use.
System Development Charges	Calculated charges to cover the cost of capacity in the Authority's existing water and wastewater plants and transmission facilities, and the estimated cost of capacity in future treatment plants and facilities that are covered in the 10-year Capital Improvement Plan.

Acronyms

AMR	Automatic Meter Reading
APWA	American Public Works Association
ARRA	American Recovery and Reinvestment Act
ASR	Aquifer Storage and Recovery
AWOP	Area Wide Optimization Program
AWWA	American Water Works Association
BOD	Biochemical Oxygen Demand
CAFR	Comprehensive Annual Financial Report
CAMA	Coastal Area Management Act
CBOD	Carbonaceous Biochemical Oxygen Demand
CFPUA	Cape Fear Public Utility Authority
CIP	Capital Improvement Program
CMMS	Computer Maintenance Management System
CMOM	Capacity Management, Operations & Maintenance
COD	Chemical Oxygen Demand
COPS	Certificates of Participation
COW	City of Wilmington
C-PAR	Corrective/Preventative Action Report
CWM	Clean Water Management
CWSRF	Clean Water State Revolving Funds
CY	Calendar Year
DART	Days Away Restricted Transferred
DBP	Disinfection Byproduct
DMR	Discharge Monitoring Report
DO	Dissolved Oxygen
DWQ	Division of Water Quality
EEOC	Equal Employment Opportunity Commission
EMS	Environmental Management System
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FOG	Fats, Oils and Grease
FSE	Food Service Establishment
FTE	Full Time Equivalent Positions
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board

GC	Gas Chromatograph
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GPD	Gallons per day
GPS	Global Positioning System
GS	General Statute
HAZMAT	Hazardous Material
HVAC	Heating, ventilation and air conditioning
I/I	Infiltration and Inflow
ICP-MS	Inductively Coupled Plasma-Mass Spectrophotometer
ICS	Incident Command System
ILA	Interlocal Agreement
IRR	Irrigation
ISO	International Organization for Standardization (Greek)
IT	Information Technology
IU	Industrial User
KPI	Key Performance Indicator
LCFWSA	Lower Cape Fear Water & Sewer Authority
LCS	Lab Control Samples
LIMS	Laboratory Information Management System
LWSP	Local Water Supply Plan
MDD	Maximum Daily Demand
MDF	Maximum Daily Flow
MGD	Million gallons per day
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheet
NACWA	National Association of Clean Water Agencies
NCDENR	North Carolina Dept. of Environment & Natural Resources
NCDWQ	North Carolina Division of Water Quality
NEI	Northeast Interceptor
NHC	New Hanover County
NIMS	National Incident Management System
NOAA	National Oceanic and Atmospheric Administration
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NTU	Nephelometric Turbidity Units
O & M	Operational & Maintenance
ORC	Operator in Responsible Charge
OSHA	Occupational Safety and Health Administration
PER	Preliminary Engineering Report
pH	Potential of Hydrogen
POTW	Public Owned Treatment Works
ppm	Parts per million
PS	Pump Station
PWS	Public Water Supply

QA	Quality Assurance
QC	Quality Control
SBR	Sequencing Batch Reactor
SCADA	Supervisory control and data acquisition
SDC	System Development Charge
SIU	Significant Industrial User
SKN	Soluble Kjeldahl Nitrogen
SNC	Significant Non-Compliant
SOI	Standard Operating Instructions
SOP	Standard Operating Procedures
SSO	Sanitary Sewer Overflow
SUO	Sewer Use Ordinance
TDS	Total Dissolved Solids
TKN	Total Kjeldahl Nitrogen
TMDL	Total Maximum Daily Loads
TOC	Total Organic Carbon
TRC	Technical Review Committee
TSS	Total Suspended Solids
UNCW	University of North Carolina at Wilmington
USACE	United States Army Corp. of Engineers
USEPA	United States Environmental Protection Agency
WEA	Water Environment Association
WEF	Water Environment Federation
WERF	Water Environment Research Foundation
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

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Budget Ordinance

Ordinance Making Revenues and Appropriations for the Fiscal Year Beginning July 1, 2013

LEGISLATIVE INTENT/PURPOSE:

Revenues and Appropriations to the Operating Fund for the Fiscal Year Beginning July 1, 2013.

THEREFORE, BE IT ORDAINED:

SECTION I: That the following appropriations are hereby made to the Operating Fund and that the following revenues are anticipated to be available during the fiscal year to meet these appropriations.

Operating Fund

Appropriations	
Operating Expenditures	\$34,493,014
Non-Departmental	2,223,000
Contingency - Operating	800,000
Debt Service	28,596,752
Bond Issuance Costs	750,000
Transfer to Capital Projects Funds	5,912,434
Total Appropriations	<u>\$ 72,775,200</u>
Revenues	
Water Revenues	\$30,694,000
Wastewater Revenues	35,039,000
Investment Earnings	684,000
Other Charges for Service	2,608,200
Transfer from System Development Funds	3,000,000
Proceeds from Revenue Bonds (to pay Bond Issuance Costs)	750,000
Total Revenues	<u>\$72,775,200</u>

SECTION II: That appropriations herein authorized shall have the amount of outstanding purchase orders as of June 30, 2013 added to each appropriation as it appears in order to account for the payment against the fiscal year in which it is paid.

SECTION III: That the following appropriations are hereby made to the System Development Funds and that the following revenues are anticipated to be available during the fiscal year to meet these appropriations.

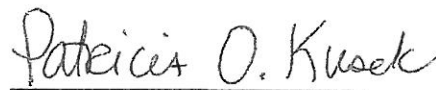
System Development Funds

Appropriations	
Transfer to Operating Fund	\$ 3,000,000
Total Appropriations	\$ 3,000,000
Revenues	
System Development Charges	\$ 3,000,000
Total Revenues	\$ 3,000,000

SECTION IV: That, pursuant to NCGS 159-13.2, the following appropriations are hereby made to the Capital Projects Funds and that the following revenues are estimated to be available during the fiscal year to meet these appropriations.

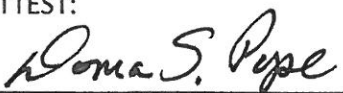
Capital Projects Funds

Appropriations	
Water Capital Improvement Projects	\$ 5,248,000
Wastewater Capital Improvement Projects	19,090,007
Total Appropriations	\$24,338,007
Revenues	
Transfer from Operating Fund	\$ 5,912,434
Proceeds from Revenue Bonds	18,425,573
Total Revenues	\$24,338,007


Patricia O. Kusek Vice-Chair

Adopted at a regular meeting
on June 12, 2013.

ATTEST:


Donna S. Pope, Clerk

