



Cape Fear Public Utility Authority

New Hanover County, N.C.



Adopted Budget: 2022 - 2023



**CAPE FEAR PUBLIC UTILITY AUTHORITY
RECOMMENDED BUDGET
FISCAL YEAR 2022-2023**

Board Members

Wesley P. Corder, Chair
William A. Norris, Vice Chair
Deans Hackney, Secretary
Jennifer Adams, Treasurer
Jonathan Barfield, Jr., New Hanover County Commissioner
Hollis B. Briggs, Jr.
Jessica Cannon, M.D.
Charles Rivenbark, City of Wilmington Councilman
Larry Sneed
Luke Waddell, City of Wilmington Councilman
Rob Zapple, New Hanover County Commissioner

Kenneth R. Waldroup, PE, Executive Director
John B. McLean, CPA, Chief Financial Officer

235 Government Center Drive
Wilmington, NC 28403
www.cfpua.org

CFPUA Board Members



**Wesley P. Corder,
Chairman**

Jointly appointed by the City of
Wilmington and New Hanover
County

Seated in 2017, Term ends 2023

Committees: Communications,
Executive, and Finance



**William Norris,
Vice-Chairman**

Appointed by the City of
Wilmington

Seated in 2013, Term ends 2024

Committees: Executive, Finance,
and Human Resources



**Jennifer Adams,
Treasurer**

Appointed by New Hanover County

Seated in 2016, Term ends 2022

Committees: Executive, Finance,
and Sustainability



**Deans Hackney,
Secretary**

Appointed by the City of
Wilmington

Seated in 2018, Term ends 2022

Committees: Executive, Finance,
and Human Resources



**Jonathan Barfield, Jr.,
Commissioner**

Appointed by New Hanover County

Seated in 2019, Term ends 2022

Committees: Communications and
Human Resources



**Hollis Briggs, Jr.,
Member**

Appointed by New Hanover County

Seated in 2019, Term ends 2022

Committees: Communications,
Human Resources, and Long Range
Planning



**Jessica Cannon, M.D.,
Member**

Appointed by the City of
Wilmington

Seated in 2019, Term ends 2023

Committees: Communications,
Long Range Planning, and
Sustainability



**Charlie Rivenbark,
Councilman**

Appointed by the City of
Wilmington

Seated in 2010, Term ends 2024

Committees: Long Range Planning



**Larry Sneed,
Member**

Appointed by New Hanover County

Seated in 2012, Term ends 2023

Committees: Long Range Planning
and Sustainability



**Luke Waddell,
Councilman**

Appointed by the City of
Wilmington

Seated in 2022, Term ends 2022

Committees: Sustainability



**Rob Zapple,
Commissioner**

Appointed by New Hanover County

Seated in 2019, Term ends 2022

Committees: Finance, Long Range
Planning, and Sustainability



**Donna Pope,
Clerk to the Board**

CFPUA Management Team



Kenneth Waldroup, P.E.
Executive Director



Beth Eckert
Deputy Executive Director,
Environmental Management and
Sustainability



John McLean, C.P.A.
Chief Financial Officer



Frank Styers, P.E.
Deputy Executive Director,
Linear Assets



Carel Vandermeijden, P.E.
Deputy Executive Director,
Treatment and Engineering



Cord Ellison
Chief Information Officer



Vaughn Hagerty
Director of Communications



Kristi Irick
Director of Customer Service



Lori McKoy
Director of Human Resources



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Cape Fear Public Utility Authority
North Carolina**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

Executive Director

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BUDGET GUIDE

This document contains Cape Fear Public Utility Authority's Fiscal Year 2022-2023 Budget, which is the financial plan that will guide the Authority's operations over the year.

The budget document is divided into the following sections:

Introduction – This section begins with the Executive Director's Budget Message which explains the major goals and challenges, major changes in financial policies, important features of the activities incorporated into the budget, and the reasons for changes in appropriation levels. Next, information is presented to help stakeholders understand some of the environmental, organizational, and policy factors that drive the development of the Authority's budget including the Strategic Plan, organizational profile and structure, financial structure, a description of the Authority's budget process, budget calendar, and key financial policies.

Financial Summaries – The Financial Summaries section provides a detailed picture of the Authority's FY 2022-2023 annual operating and capital budget including information on total budgeted expenditures, revenues, and net position. Consolidated financial schedules are provided. Long-Term financial management provides a big picture, entity-wide, multi-year view of the Authority's finances including operating and capital expenditures, debt, liquidity, and rate affordability.

Capital Budget & Debt – This section details the Authority's FY 2022-2023 capital budget and the approach to funding the capital program as well as information on the Authority's debt obligations.

Department Information – This section describes each department and their goals, objectives, and performance measures.

Supplemental & Statistical Information – This section provides stakeholders with statistical and background information that may serve as context to supplement the budgetary and financial information contained in this document.

BUDGET MESSAGE

August 5, 2022

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

Dear Members of the Authority Board:

I am pleased to present the Authority's Fiscal Year 2022-2023 budget. 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 applicable state regulations and rate covenants. This budget contains the necessary capital projects and operational funding to ensure that we continue providing the highest quality water and wastewater services at the lowest practical cost, all while ensuring a sustainable utility for future generations.

As we enter our 15th year of service, we continue to successfully operate under our guiding principles and organizational values of Stewardship, Sustainability, and Service. As part of your newly adopted Strategic Plan, we have added two new values: Safety and Excellence. Collectively, these tenets provide a strong base upon which we have built award-winning services. At the same time, they drive us to continually increase the value of the services we offer, while protecting the environment and investing in our most important resource, our staff.

Given the complex issues facing water and sewer providers, I am confident this budget aligns us with our Mission, Vision and Values. It addresses the five intended outcomes of your Strategic Plan: Customer Satisfaction & Stakeholder Understanding, Infrastructure Reliability & Product Quality, Environmental Stewardship & Protection, Employee & Leadership Development, and Financial Viability. With the Authority's resources focused through the lens of your Strategic Plan, we are ready to fulfill our mission to the community and achieve your vision for the Authority.

The following factors influenced decisions made in developing the budgets for FY 22-23:

- **Inflation** – With historically high increases in prices, it costs more to provide the same level of service. At the time of budget development, the Consumer Price Index, Producer Price Index, and Municipal Cost Index increased 7.9%, 10.0%, and 11.2% year over year, respectively. The FY22-23 budget reflects significant increases in fuel, electricity, and chemicals.
- **Employee retention and compensation** – Inflationary pressures also affect employee compensation. As prices increase, employee buying power decreases. The FY22-23 budget incorporates management's commitment to ensuring employee compensation is commensurate with the overall market and inflation. In addition, the Authority's turnover rate at the time of budget development was 15.5%, with some areas of the organization with turnover rates as high as 39%. The FY22-23 budget includes salary increases, modifications to step programs for certain jobs, and a new range progression methodology designed to address employee retention.

BUDGET MESSAGE

- **Strategic Plan** – In June 2022, the Board adopted a new Strategic Plan with seven initiatives to be accomplished over the next 3 to 5 years. The FY22-23 budget contains \$1 million in operating and another \$1 million in capital to begin executing these initiatives.
- **Emerging contaminants** – In June 2017, the issue of water quality became the focus of our community when per- and polyfluoroalkyl substances (PFAS) were discovered in the drinking water and in the Cape Fear River – the largest source of drinking water for our region. Cape Fear Public Utility Authority has taken legal action, continued to monitor and track levels of these compounds, and is currently undertaking a \$43.0 million treatment upgrade at the Sweeney Water Treatment Plant to more effectively remove PFAS. This facility is scheduled to go live in by the end of 2022. The FY22-23 budget contains over \$5.3 million related to PFAS. This includes \$3.7 million for replacement of filter media at the Sweeney Water Treatment Plant, ongoing legal costs related to the PFAS litigation, and costs related to ongoing testing.

OPERATING BUDGET

The total Fiscal Year 2022-2023 operating budget is approximately \$99.2 million. The tables below detail the approved operating budget by major revenue sources and major categories of expenditures.

Appropriations	FY22 Adopted	FY23 Adopted	Increase/ (Decrease)	% Difference
Salaries & Benefits	\$ 27,056,318	\$ 30,812,815	\$ 3,756,497	13.9%
Operating	21,836,579	29,618,091	7,781,512	35.6%
Debt Service	25,184,354	24,942,853	(241,501)	-1.0%
Transfers	18,000,000	13,800,000	(4,200,000)	-23.3%
Total	\$ 92,077,251	\$ 99,173,759	\$ 7,096,508	7.7%

Revenues	FY 22 Adopted	FY 23 Adopted	Increase/ (Decrease)	% Difference
Water/Wastewater Charges - Fixed	\$ 31,387,935	\$ 35,301,275	\$ 3,913,340	12.5%
Water/Wastewater Charges - Volumetric	47,348,560	52,603,984	5,255,424	11.1%
System Development Charges	7,095,000	5,487,500	(1,607,500)	-22.7%
Investment Earnings	200,000	200,000	-	0.0%
Other Charges for Service	4,657,000	5,081,000	424,000	9.1%
Appropriated Fund Balance	1,388,756	500,000	(888,756)	-64.0%
Total	\$ 92,077,251	\$ 99,173,759	\$ 7,096,508	7.7%

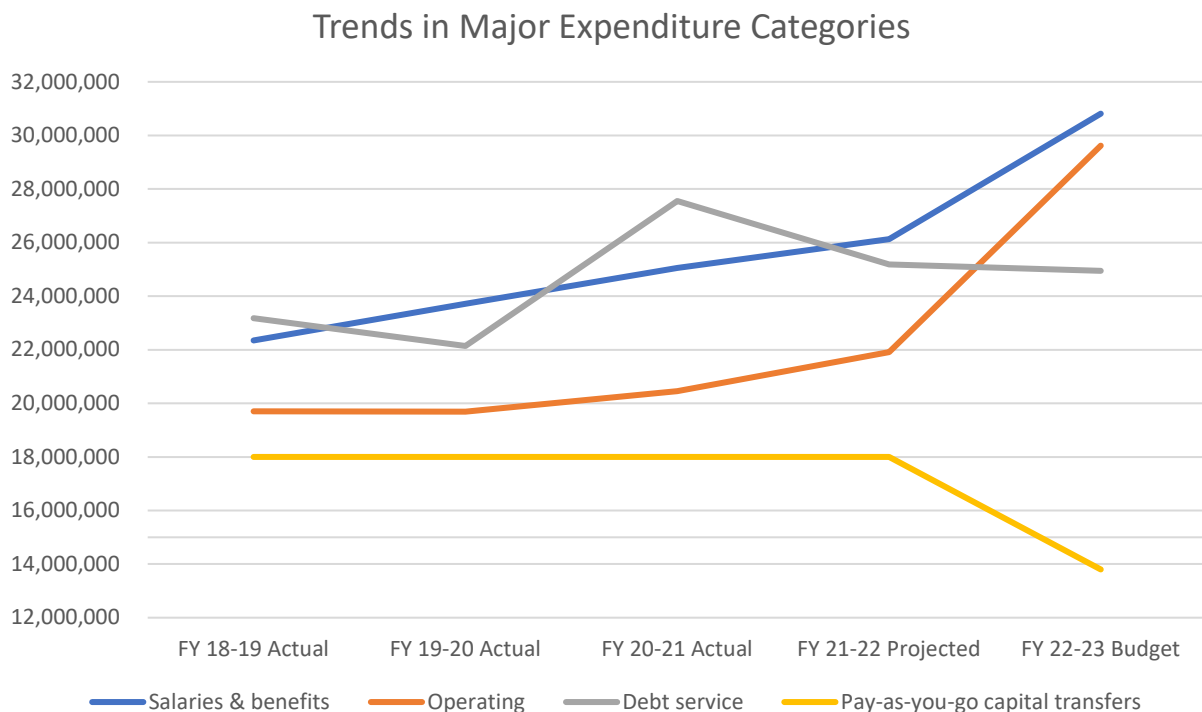
The \$7.1 million increase in appropriations required the Board to adopt a rate increase that resulted in an 8.5% increase to the average water and wastewater bill. Staff has been focused on forecasting key revenue drivers as accurately as possible, including customer growth, consumption per customer, and the number of new customers that will be assessed system development charges in the upcoming year. Fixed and volumetric rate revenues are projected to increase by \$3.9 million and \$5.3 million, respectively, compared to the FY21-22 budget due to the rate increase and projected growth in customers. System development charges are projected to be approximately \$5.5 million, a decrease of approximately \$1.6 million, compared to the FY21-22 adopted budget.

As a foundation for the FY22-23 budget process, key goals and assumptions are identified and highlighted below:

BUDGET MESSAGE

- A commitment to adequately staff and retain employees to ensure continued excellence in providing service to our customers. The FY22-23 operating budget includes a \$3.75 million increase to salaries & benefits for four funded new full-time equivalent positions in Customer Service and IT; a tiered 10%, 8%, and 5% cost-of-living adjustments based on paygrade for existing employees; minimum salary increases for entry level positions; market adjustments for positions at salaries below the external market; and a new range progression methodology designed to address employee retention. The increase to salaries and benefits also includes increases in the required employer contributions to the North Carolina Local Government Employees' Retirement System from 11.35% to 12.1%.
- Operating costs are projected to increase by \$7.8 million. The main contributor to this increase is filter media replacements at the Sweeney Water Treatment Plant (\$3.7 million). Chemicals are projected to increase \$550,000, Electricity \$320,000 and Fuel \$180,000, all due to inflationary pressures. In addition, residual disposal is anticipated to increase \$150,000 based on quantities and moving from bimonthly billing to monthly billing is resulting in a \$140,000 increase. The \$1 million for strategic initiatives is the other driving factor.
- \$13.8 million in pay-as-you-go capital funding to smooth rate increases over two years.

For historical context, the following graph depicts trends in the Authority's actual activity over the past four years and appropriations in FY22-23 budget by major expenditure category.



During the last three years, the Authority's customer base has grown 2% per year on average. Salaries and benefits and operating expenditures have grown necessarily to keep pace with the growth in our system and the number of customers we serve. In addition, the growth in salaries and benefits reflects market and merit increases for existing staff and consistent growth in required contributions to the Local Government Employees' Retirement System. Debt service decreased from FY18-19 to FY19-20 as no new

BUDGET MESSAGE

debt was issued during this period. The increase in debt service in FY20-21 reflects additional debt service payments related to the new money component on the Authority's 2019 Water and Sewer Revenue and Refunding Bonds, the proceeds of which were used to finance treatment upgrades at the Sweeney Water Treatment Plant for the removal of PFAS from the treated surface water and a new raw water transmission main in partnership with Brunswick County. The decrease in debt service in FY21-22 reflects the early retirement of a Clean Water State Revolving loan that was financed with settlement proceeds from a class action lawsuit. Finally, pay-as-you-go funding for the Authority's capital program was reduced to \$13.8 million. Normally it is \$18 million, and it represents the Authority's target level of annual pay-as-you-go funding that is designed to achieve consistent debt service coverage of at least 1.6 times given the level of the Authority's capital expenditures. In FY22-23 pay-as-you-go funding was deliberately decreased to \$13.8 million to smooth rate increases over two years. The future capital funding gap created by using fund balance will be closed by borrowing an additional \$2.5 million and recovering the remaining \$1.7 million through rates in FY23-24.

CAPITAL BUDGET

Major drivers of the capital budget include system growth and aging infrastructure. New projects appropriated in FY22-23 total \$36.6 million. Combined with remaining unspent appropriations from prior years, the total capital budget is \$146.1 million. Major projects include the rehabilitation and replacement of pump stations, water lines, and sewer lines; treatment upgrades; new raw water transmission main; and new infrastructure to accommodate a growing service area.

The Authority adopts a 10-Year Capital Improvement Plan (CIP) each year. The total 10-Year CIP adopted for Fiscal Years 2023 through 2032 is \$512.35 million. All projects were evaluated by preparing initial business cases. This process reviewed the best information available to identify project alternatives, pros and cons for each alternative, and planning level cost comparisons.

The initial business cases assess current risk and the risk reduction achieved by various project alternatives, in terms of consequence of failure and likelihood of failure. All projects were also prioritized using one or more of the following criteria:

- Compliance with regulatory requirements.
- Efficiency leading to future operating or capital savings.
- Capacity increases necessary for current and future flows.
- Growth in the number of customers served.

Once projects are prioritized, the 10-Year CIP is incorporated into the Authority's long-term financial plan prepared within the constraints established in policy to determine the financial impact on debt and debt service coverage, fund balance, and rates. This process is iterative, with the goal of optimizing system investment while being responsible to our customers and ensuring the financial sustainability of the organization.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Authority for its annual budget for the fiscal year beginning July 01, 2021. The Authority has received this prestigious award for eight years. To receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as

BUDGET MESSAGE

a financial plan, as an operations guide, and as a communications device. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

The North Carolina Department of Environmental Quality recognized the Authority's Sweeney Water Treatment Plant with the North Carolina Areawide Optimization Award (AWOP) for the 14th consecutive year. First established in 2000, AWOP is a joint program between the EPA and North Carolina, developed to recognize water systems that successively meet more stringent regulations and achieve higher levels of drinking water quality.

The North Carolina Department of Labor (NCDOL) recognized the Authority with 13 separate Safety and Health Achievement and Recognition Program (SHARP) awards in 2021. In place since 1946, the NCDOL safety awards programs recognize private and public firms that achieve and maintain good safety record. This year, the Authority formally recognized Safety as guiding principle and organizational value within our new Strategic Plan.

This budget represents the combined efforts, experience, and expertise of the Authority Board, its committees, and staff. This important work allows Cape Fear Public Utility Authority to meet the short- and long-term needs of our customers. We have established a clear and transparent track record of responsibly employing our funding for the betterment of our customers, and I am confident we will continue on this path in FY22-23.

Respectfully submitted,



Kenneth Waldroup, P.E., MPA
Executive Director

CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

Organizational Overview

Cape Fear Public Utility Authority was formed by the City of Wilmington and New Hanover County to combine the water and wastewater operations and began operations on July 1, 2008. The Authority was established pursuant to the Chapter 162A, Article 1 of the North Carolina General Statutes, known as the North Carolina Water and Sewer Authorities Act. The Authority's service area consists of the City of Wilmington and areas of New Hanover County previously served by the New Hanover County Water and Sewer District (District). It does not include the municipalities of Carolina Beach, Kure Beach, and Wrightsville Beach; although by agreement, wastewater flows from Wrightsville Beach and a portion of Pender County are conveyed to and treated by the Authority. Recently, the Authority entered into a three-year bulk purchase agreement that provides the Town of Wrightsville Beach additional available drinking water during tourist season up to 45 million gallons per year. New Hanover County's population is approximately 235,000 in an area encompassing approximately 220 square miles. Of this total, 21 square miles consist of water and wetlands. New Hanover County is the second smallest county in North Carolina by land area and is also the second most densely populated of the 100 counties. The County's beaches provide miles of unspoiled natural beauty and are the area's most popular tourist attractions. The County is the eastern terminus of Interstate Highway 40, a transcontinental route ending in Barstow, California.



An eleven-member board governs the Authority. The City and County appoint five members each, with four of those appointments (two each) coming from their respective governing boards. The eleventh member is jointly appointed. The Authority board is responsible for the adoption of the annual budget, setting water and wastewater rates, making policy decisions, and managing the Executive Director and Legal Counsel.

CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

The Water System

The water system is composed of a surface water system and two groundwater systems. There are 78,873 customer accounts, an increase of 7,410 compared to the previous year. Also, an additional 1,823 locations have services available (vacant lots). The Authority recently entered into a five-year bulk purchase agreement providing the Town of Wrightsville Beach additional drinking water during tourist season. The water system has 1,160 miles of distribution lines on June 30, 2021. The Authority also keeps twelve wells on standby to supplement the water supply during emergencies or peak demand periods. Metered water consumption for the fiscal year June 30, 2021 decreased 1.45% from the previous year.

The Authority has a needs-based contract to purchase up to 38.0 million gallons per day (MGD) of raw water from the Lower Cape Fear Water and Sewer Authority (LCFWASA) with a term ending in 2030. Raw surface water is either drawn from the Cape Fear River through the Authority's 10 MGD raw water intake at King's Bluff or purchased through a connection with the LCFWASA at U.S. Highway 421. The raw surface water is pumped to the Sweeney Water Treatment Plant (SWTP), which provides potable water to most of the Authority's service area. The SWTP has a rated capacity of 35 MGD. Average production during the fiscal year ended June 30, 2021 was 15.47 MGD. The surface water distribution system has been providing water service for more than 100 years and includes 16.0 million gallons of covered finished water storage and 5.5 million gallons of storage in four elevated tanks. The LCFWASA and CFPWA share in the 106 MGD (combined) allocation of raw water from the Cape Fear River withdrawn at the Kings Bluff Raw Water Facilities.



CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

In October 2009, the Authority placed a Nano-Filtration Groundwater Membrane Plant (the Richardson Plant) into operation to serve the northeast section of the distribution system. The source of raw water is from 24 wells drawing from two different aquifers. The plant softens the groundwater and removes organic and inorganic contaminants to produce a blended groundwater that is followed by disinfection, fluoridation, corrosion control, and pH adjustment. The Richardson Plant has a rated capacity of 7.0 MGD. The Richardson Plant had a daily average production during the fiscal year ended June 30, 2021 of 3.02 MGD. The distribution system provides water service to customers and includes 2.8 million gallons of covered ground storage and 2.1 million gallons of elevated storage in four elevated tanks. In addition, the Authority operates one smaller groundwater system, Monterey Heights, providing groundwater directly to customers from five wells and a single 0.5 million gallon elevated storage tank. The groundwater receives disinfection and pH adjustment before being pumped to the distribution system and the storage tank. Average production of the Monterey Heights system during the fiscal year ended June 30, 2021 was 0.87 MGD.

The Wastewater System

There are 73,654 wastewater accounts, an increase of 1,979 compared to the previous year. Also, an additional 3,287 locations have services available (vacant lots). The Authority also provides wholesale wastewater treatment services to the Town of Wrightsville Beach and provides wastewater services to a portion of Pender County. The Authority's collection system consists of approximately 917 miles of gravity lines, 22,729 manholes, 151 pump stations and 155 miles of pressurized sewage force main. Wastewater consumption, based on metered water (excluding irrigation) for the fiscal year June 30, 2021 increased 1.87% from the previous year.



CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

The Authority currently owns and operates the James A. Loughlin, or Northside Wastewater Treatment Plant (NSWWTP) and the M’Kean Maffitt, or Southside Wastewater Treatment Plant (SSWWTP). The NSWWTP is permitted to treat up to 16.0 MGD. The SSWWTP is permitted to treat up to 12.0 MGD. For the fiscal year ended June 30, 2021, the combined average daily flows were 18.19 MGD of the combined 28.0 MGD permitted. The NSWWTP and SSWWTP both use physical, chemical and biological processes to clean the wastewater. After the wastewater flows are collected and treated, the treated effluent from the SSWWTP and the NSWWTP is discharged into the Cape Fear River. The Authority also has a hauled waste program receiving septage and other non-hazardous wastes to NSWWTP for processing.

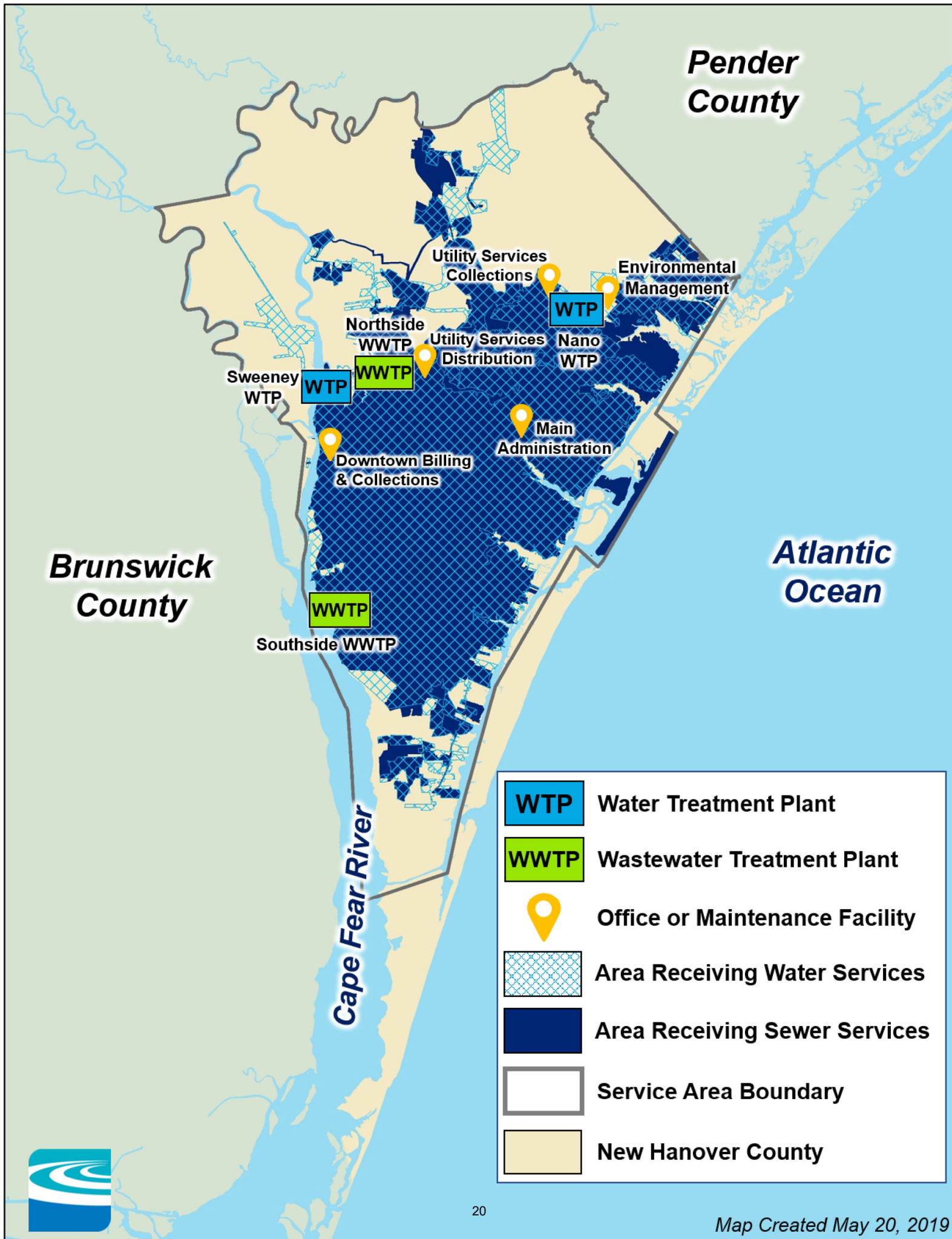


The Authority has a sewer use ordinance that is administered under the pretreatment program. Ordinance revisions were approved by the Board on May 10, 2017, to ensure compliance with state and federal requirements and incorporate federal streamlining revisions. The pretreatment program monitors and regulates significant wastewater dischargers that are either connected to the Authority’s wastewater collection system or hauled to the wastewater treatment plants. Currently, six significant industrial users (SIU) are permitted under the program. SIU permits contain discharge limits for pollutants such as biochemical oxygen demand (BOD), total suspended solids (TSS), chemical oxygen demand (COD), oil and grease, chlorides, ammonia, total nitrogen (TKN), fluoride, certain metals, and organics. All SIUs pre-treat wastewater prior to discharging to the Authority. All SIUs submit monthly monitoring reports. Authority staff conducts semi-annual monitoring. Surcharges are applied to waste that contains pollutants in excess of domestic strength waste. A NC Division of Water Quality approved enforcement response plan ensures permit violations are addressed timely and equitably. Additionally,

CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

the pretreatment program permits and monitors food service establishments and other dischargers of non-domestic wastewater that could be harmful to the treatment works, employees, bio-solids, public health, and receiving waters.

Additional information regarding the Authority's service area and operating statistics are located in the supplemental and statistical section of this document.



Strategic Plan 2022

Mission: To provide quality water and wastewater services to our community.

Vision: To achieve excellence in all we do while enhancing our community's quality of life.



Cape Fear Public Utility Authority is committed to:



CUSTOMER SATISFACTION & STAKEHOLDER UNDERSTANDING

Be a community asset by providing excellent service at affordable rates and striving to understand and meet the needs of all stakeholders.

- Positively transform brand perception with the public and our customers.
- Enhance affordability and equitability so all rate payers will have continued access to water services.



INFRASTRUCTURE RELIABILITY & PRODUCT QUALITY

Operate and maintain high-performing infrastructure that delivers reliable, quality water and wastewater services to our community.

- Establish an Authority-wide Integrated Management System (AIMS).
- Optimize water and wastewater systems to produce and deliver high-quality products for our customers and the environment.



ENVIRONMENTAL STEWARDSHIP & PROTECTION

Provide water, wastewater, and water reuse services in an environmentally sustainable manner.

- Manage processes and programs to reduce our carbon footprint.



EMPLOYEE & LEADERSHIP DEVELOPMENT

Recruit, retain, and empower a competitive workforce that is competent, innovative, and safety-focused.

- Develop our workforce for personal and organizational growth.
- Create a culture for diversity, equity, and inclusion.



FINANCIAL VIABILITY

Maintain a balance among long-term debt, operating and capital needs, cash reserves, and rates to ensure that financial decisions made today maintain and strengthen our future financial position.

STRATEGIC GOALS & ACTIONS

The Cape Fear Public Utility Authority completed a Strategic Planning Process in early 2022 to update its Strategic Plan and develop an improved process that better aligns the Strategic Plan with the budgeting process. This section outlines the new Strategic Planning Process and terminology used in the updated Strategic Plan.

Intended Outcomes – CFPUA's broad priorities or Strategic Goals

Initiatives – The focus areas to be focused on in the near term (3 to 5 years)

Implementation Activities – Specific projects or task to achieve the initiatives

Strategic Planning Process:

Every five years or sooner if deemed necessary by top management CFPUA will:

- Conduct a review of its mission, vision, values and intended outcomes, to ensure they are still appropriate for the organization.
- Conduct a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to identify internal and external influences.
- A PESTLE analysis to identify political, economic, social, technological, legal, and environmental factors.

The SWOT and PESTLE data will be used in establishing the organizations strategic initiatives that will drive continual improvement over the next three to five years.

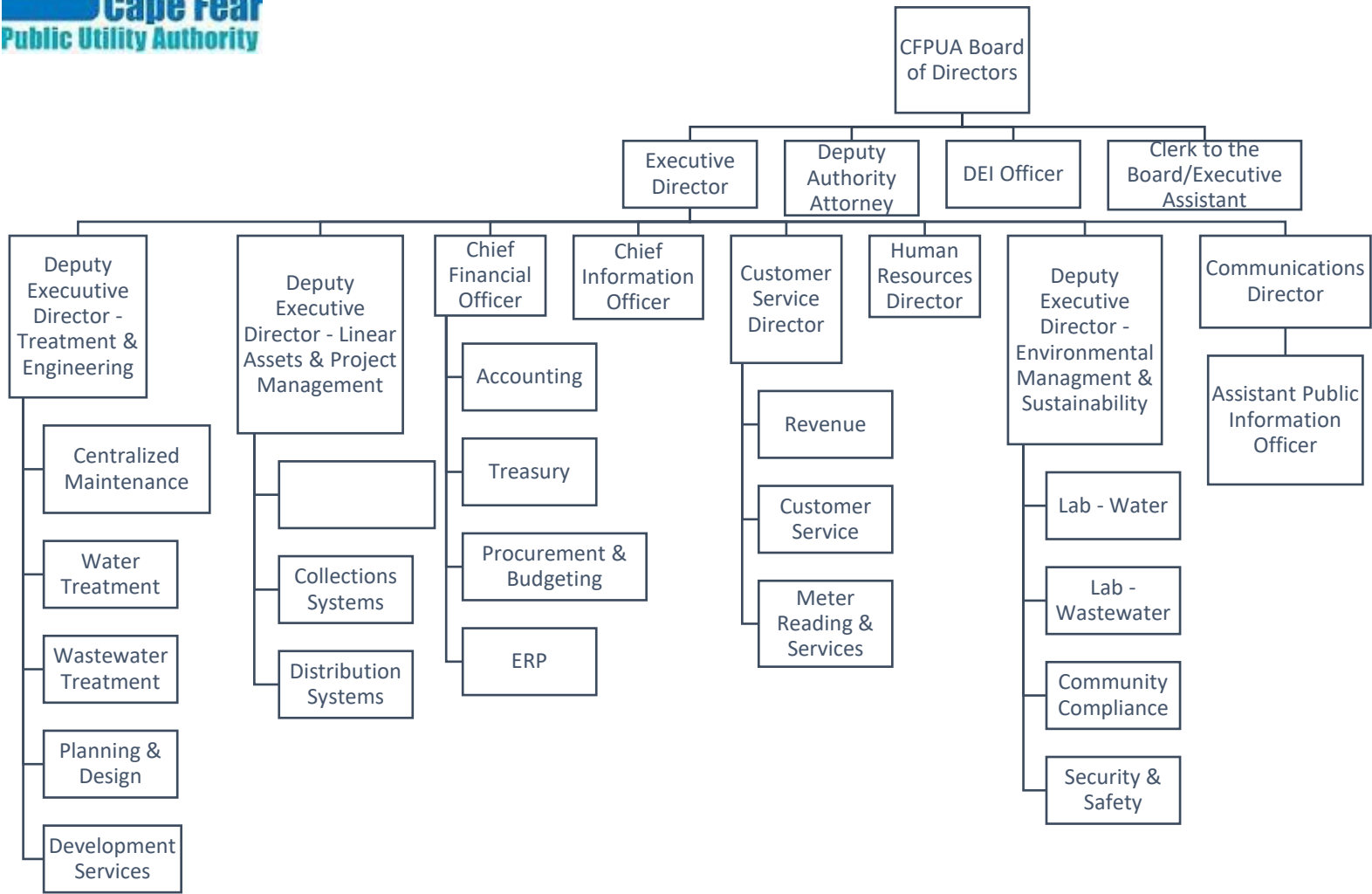
Upon adoption of the Strategic Plan (mission, vision, values, intended outcomes, and initiatives), each initiative will be assigned to a Board Committee for review and tracking of progress. Staff and committee members will complete a strategy implementation process for each initiative following the steps below:

- Define terms that may be new for the organization
- Develop SMART (Specific, Measurable, Attainable, Relevant, Timebound) Goals
- Establish Implementation Activities to achieve goals
- Identifying staff roles, responsibilities
- Identify resource needs (internal and external)
- Develop a prioritization process for competing resources as it pertains to the current budget and future budgets.

At least quarterly CFPUA will review progress on the implementation activities and performance metrics to ensure they are suitable, adequate, and effective for meeting the organizations intended outcomes. Existing organizational goals that may not be directly associated with a Strategic Initiative have been reviewed to determine that they are still suitable and adequate to the organizations intended outcomes and are included in the Departmental Summaries. The strategy implementation process is underway for the new initiatives that were identified during the 2022 Strategic Planning Process. During the budget process the Board approved one million dollars in an innovation budget to facilitate the first year of the strategic plan. Implementation activities associated with the strategic initiatives are detailed in the Expenditures Summary on pages 38-40.

STRATEGIC GOALS & ACTIONS

Annually prior to the budget cycle, CFPUA's Executive Management Team (EMT) will conduct a PESTE to ensure no new factors are present that could impact or change existing implementation activities schedules, budget needs, or organizational priority.



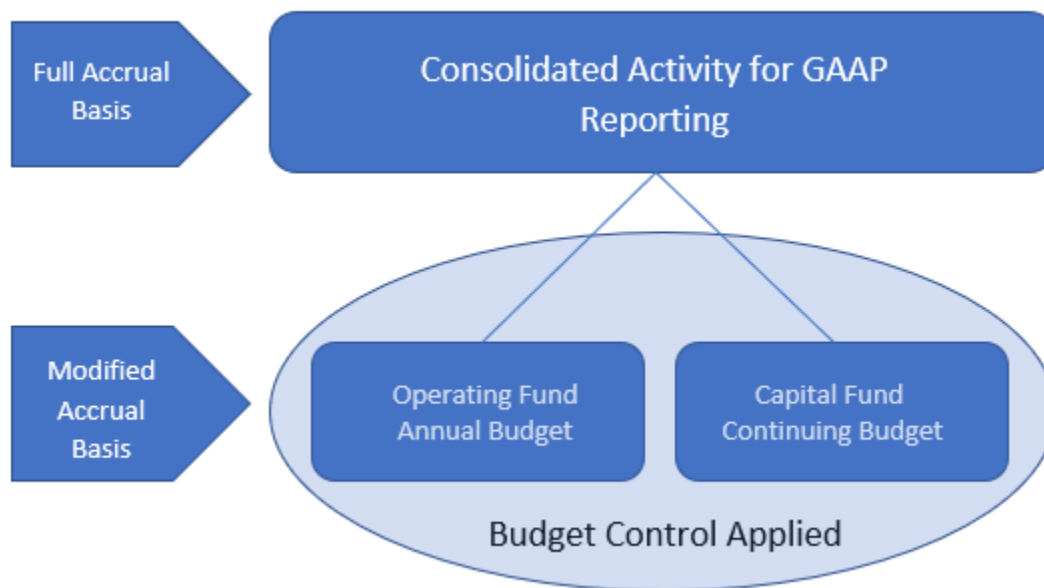
Total Budgeted Positions – 335.125

FINANCIAL STRUCTURE

Fund Description, Fund Structure and Basis of Accounting

The Authority uses fund accounting to account for its financial resources and report the results of its operations. In fund accounting, accounts are organized based on funds, each of which is considered an independent fiscal entity with a separate set of self-balancing accounts consisting of assets, liabilities, fund balance, revenues and expenditures. The establishment of discrete funds helps to ensure that public monies are only spent for approved purposes as established by budget ordinances and other actions of the Board, laws and regulations, contracts and other agreements.

The Authority is obligated to maintain a financial structure that provides for budgetary control and meets all financial reporting requirements. The following diagram depicts the Authority's financial structure.



Budget Control and Reporting

For budgetary accounting and reporting, the Authority uses two funds: the Operating Fund and the Capital Projects Fund. Though not required, two funds are maintained mainly because of differences in how budgets are adopted and controlled. The annual budget is adopted as required by NC General Statute 159-8 for the Operating Fund. The annual budget ordinance establishes appropriations and estimated revenues for a single fiscal year. Expenditures in the Operating Fund include salaries and benefits for the Authority's employees, system maintenance, and other administrative costs for all departmental units. Revenues to fund these costs include charges for water and wastewater service, system development charges, investment earnings, and other miscellaneous revenues.

On the other hand, budgets related to the activity accounted for in the Capital Projects Fund are established by the adoption of capital project ordinances in accordance with NC General Statute 159-

FINANCIAL STRUCTURE

13.2. Capital project ordinances provide for budgeted expenditures and funding sources for those expenditures over the life of capital projects, rather than for a single fiscal year. The Capital Projects Fund accounts for system-wide, water, and wastewater capital projects that are appropriated in the capital budget. Funding sources include transfers from the Operating Fund, proceeds from the issuance of debt obligations, grant revenues, and contributions from third parties through cost-sharing agreements.

The Authority uses the modified accrual basis of accounting for budgetary purposes as required by NC General Statute 159-26(c). The modified accrual basis of accounting takes a short-term perspective and is intended to provide information to help the public determine whether a government was able to meet its financial obligations in the current year with available financial resources.

GAAP Financial Reporting

For financial reporting in accordance with generally accepted accounting principles, the Authority is considered a special-purpose government engaged exclusively in business-type activities. This means that the Authority reports both its operating and capital activities together in the basic financial statements on the full-accrual basis of accounting similar to a private business.

For financial reporting in accordance with generally accepted accounting principles, the Authority uses the accrual basis of accounting. The accrual basis of accounting takes a longer-term perspective and doesn't just account for a government's current year obligations and financial resources, but accounts for all economic resources and liabilities. For example, capital costs for water and wastewater infrastructure under the accrual basis of accounting are capitalized as assets and expensed over the estimated useful life because these costs represent economic resources that have a future service capacity. However, under the modified accrual basis of accounting, these costs are not capitalized as assets since newly constructed infrastructure isn't a financial resource that's available to fund short-term liabilities. Rather, these costs are expensed when paid.

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 board-adopted policies.

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 progresses and is a primary communication tool of the budget process. The Authority's budget calendar must adhere to the following requirements detailed in NC General Statute 159-8.

Before

April 30 Each department head shall transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

No Later Than

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.

No Later Than

July 1 The governing board shall adopt a budget ordinance.

Operating Budget

CFPUA uses a modified zero-based budgeting approach to develop its annual operating budget. Budget development is centralized to ensure that line item estimates are consistent among departments and consistent with assumed consumption and other factors upon which revenue estimates are based. Only significant line items are forecasted at a detailed level to reduce the overall administrative burden. A recommended operating budget is developed by management that considers the estimated cost to maintain current service levels for the next budget year (a continuation budget) and a recommended number of expansions to current service levels, including actions to achieve goals outlined in the Strategic Plan (the expansion budget). Although the operating budget is developed at a department and line item level, the operating budget is controlled at the department and category level. The categories in the operating budget include salaries and benefits, operating, capital outlay, debt service, and pay-as-you-go capital funding. Controlling the budget by department and category, rather than by line item, gives departments budgetary flexibility during the budget year. The legal level of budget control is at the fund level (operating fund versus capital fund).

The continuation budget is the estimated cost of maintaining existing, authorized levels of recurring service without major structural changes. The continuation budget is developed for each department as follows:

1. Salaries and benefits line items for the continuation budget consist of two pieces: 1) cost estimates related to existing staff levels and 2) cost estimates related to approved new staff needed to maintain existing service levels (e.g. new staff needed to carry out a service currently provided but additional staff are needed due to customer growth). New position requests are submitted by each department and considered by the management team. Estimates are then

BUDGET PROCESS

developed for currently authorized positions and approved new positions that include any approved merit and cost-of-living increases and estimated increases for health, dental, life insurance, retirement, and other benefits.

2. For line items in the operating category, Finance staff determine which departmental line items are significant based on dollar amount. Finance collaborates with departmental staff to develop cost estimates for individually significant budget line items. Non-significant line items are forecasted based on historical averages. Afterwards, significant and non-significant line items are combined for each department and submitted to each department head for review. Adjustments are made to individual non-significant line items when needed.
3. Each department submits requests for capital outlay included in the operating budget. These requests generally include small pumps and other equipment with a useful life greater than one year that aren't covered by the capital budget.
4. The debt service category includes scheduled maturities of principal and interest payments. Pay-as-you-go capital funding is set at the level necessary to maintain the level of annual capital investment needed to support CFPUA's capital improvement plan and the debt limitation established in policy.

The innovation budget is the estimated cost to implement strategic plan initiatives. Management evaluates and prioritizes these requests. A number of service level decision packages are developed that combine the continuation operating budget and various innovation budget requests. Management considers these decision packages subject to estimated funding and organizational priorities and develops a recommended operating budget to present to the Finance Committee and the Board.

Capital Budget

The development of the capital budget involves a risk-based prioritization process based on asset management best practices that results in the 10-Year Capital Improvement Plan. This plan is reviewed by the Finance Department to identify funding sources and ensure that the plan is consistent with CFPUA's financial policies and that key financial metrics will continue to be achieved. The proposed 10-Year Capital Improvement plan is reviewed by the Long-Range Planning Committee, Finance Committee, and the full Board in February through May. Changes are made based on these deliberations.

After discussions over several months, the Board adopts the operating and capital budget ordinances upon recommendation of the Finance Committee in May or June. A public hearing is held at the May or June meeting for public input.

Budget Amendments

Except as restricted by law, the Authority Board may amend the budget ordinance, according to board-adopted policies, 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 for by policy:

BUDGET PROCESS

- Transfers of budget authority among appropriation lines in the Budget Ordinances require approval of the Chief Financial Officer and must be reported to the Board at the meeting subsequent to such transfer. These transfers must be recorded in the meeting minutes.
- Changes to the appropriation levels provided for in the Budget Ordinances may only be made by the Board through an adopted budget ordinance.

BUDGET CALENDAR

Day/Date/Time	Event	Group
September 2021 – December 2021	Multi Departmental CIP Team Develops Draft FY23 CIP and Ten-Year CIP	Multi Departmental CIP Team
Friday, December 17, 2021	New Position/Reclassification Requests due to HR	
Friday, January 14, 2022	Departmental non-recurring maintenance requests due to Centralized Maintenance	
Friday, January 28, 2022	Departmental Estimates of Significant Continuing Budget Operating Items due to Finance	
January 28, 2022- February 18, 2022	Review and meet with Departments to discuss Operating Budgets	CFPUA Staff
Tuesday, February 1, 2022	Centralized Maintenance non-recurring maintenance rankings due to Finance	CFPUA Staff
Thursday, February 10, 2022	Publish System Development Charge on CFPUA website for Public Comment	
Thursday, February 17, 2022	Meeting to finalize new position/reclassification requests for the Continuation Budget	
Friday, February 18, 2022	Performance Evaluations Due to HR	Human Resources
Thursday, February 24, 2022	FY23 CIP Draft Budget to LRPC	Engineering/LRPC
Tuesday, March 1, 2022	Business Insurance Estimates Due	CFPUA Staff
Wednesday, March 2, 2022 9:00 am	Regular Finance Committee Meeting Review SDC Calculation	Finance Committee
Wednesday, March 9, 2022 9:00 am	Regular Board Meeting Review SDC Calculation Review of CIP	Authority Board
	HR Committee Meeting Review Salary Recommendations	HR Committee
Wednesday, March 31, 2022	End of public comment period for proposed system development charges	
Wednesday, April 6, 2022 9:00 am	Regular Finance Committee Meeting Preliminary Recommended Budget Review	Finance Committee
Wednesday, April 13, 2022 9:00 am	Regular Board Meeting/Public Hearing - Preliminary Recommended Budget Review - Public Hearing on SDC Calculation and Adoption of SDCs (if no revisions are needed)	Authority Board
Thursday, April 28, 2022	FY23 CIP Approval by LRPC	Engineering/LRPC
Friday, April 29, 2022	Recommended Budget Completed	CFPUA Staff
Wednesday, May 4, 2022 9:00 am	Regular Finance Committee Meeting - Recommended Budget Submitted - Finance Committee makes recommendation for FY 23 Budget	Finance Committee
Wednesday, May 11, 2022 9:00 am	Regular Board Meeting/Public Hearing - Recommended Budget Submitted - Budget Adoption (including rates) - FY23 CIP Recommended for Approval	Authority Board

FINANCIAL POLICIES

Policies that affect the Authority's long-term financial sustainability are adopted by the Board. These policies are periodically reviewed. These policies are summarized below.

Adopted Budget

- The Adopted Budget and Budget Ordinance for the Authority is the basis for the financial plan for the fiscal year. The budget is prepared and presented in conformity with the North Carolina Local Government Budget and Fiscal Control Act under NC General Statute 159-8. The Authority operates 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.
- Operating appropriations lapse at the end of each fiscal year and are controlled at the department and expenditure category level. Capital appropriations do not lapse at the end of each fiscal year and are controlled at the project level.

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 generally limits debt issuance to only those projects that are high-dollar, emergency-related, or growth-oriented.
- Debt may not be issued if such issuance would cause the ratio of outstanding debt to the value of capital assets to exceed 45%, consistent with target debt coverage and expected long-term borrowing costs.

Unrestricted Fund Balance and One-time Revenues

- The Authority periodically evaluates the targeted level of unrestricted fund balance that is needed to maintain sufficient liquidity for working capital needs and to provide for a reserve for unanticipated expenditures and/or revenue shortfalls that is tailored to the specific business risks relevant to the Authority's operations. The Authority's current unrestricted fund balance target is \$50 million.
- The Authority is precluded from using "one-time" revenues, including operating surpluses generated in prior years, to fund recurring expenditures. After the end of each fiscal year, operating surpluses are identified and designated through Board action for the early retirement of debt, the accumulation of capital reserves, the payment of post-retirement healthcare benefits, or to remain as unrestricted fund balance available to fund future non-recurring expenditures.

FINANCIAL POLICIES

Revenues

The Authority sets rates and charges in accordance with North Carolina General Statute 162A-9. Water and wastewater rates consist of fixed and volumetric charges. Fixed charges are based on the greater of annual debt service requirements or 35% of the operating budget. Volumetric charges are established to fund all operating costs less the estimated fixed charges, system development charges, and other revenues.

Investments

- The Authority is empowered to invest in types of securities in accordance with North Carolina General Statute 159-30 (c).
- The Authority prepares detailed cash flow forecasts to maximize the amount and maturity of investments to optimize investment returns.
- 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 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.

Long-term Financial Planning

In order to plan and demonstrate the Authority's long-term operational and financial sustainability, the Authority is required to annually prepare a long-term financial plan which incorporates long-term capital expenditure plans and projected operating costs constrained by the Authority's debt and revenue policies. The long-term financial plan is an iterative, multi-departmental process that seeks to balance efficient and effective service delivery, sufficient capital investment, the Authority's financial health, and rate affordability.

FINANCIAL POLICIES

Procurement

The procurement policy provides a guide to employees on how to stay compliant with state and federal laws as well internal policies. The procurement policies establish approval limits for purchases and contracts, as well as minimum thresholds for bidding. It stipulates the authorized forms of purchases and establishes the responsibilities of staff. It also addresses conflicts of interests when awarding contracts.

Financial Policies to be Reviewed and Developed

Over the next year, the Finance staff will work on revising current policies as well as developing new policies. New policies include:

- Capital Budgeting and Planning: Develop a policy that addresses not only the development process of the Capital Budget but also the monitoring and oversight of the program. Finance staff will work with the appropriate stakeholders to develop the plan.

EXPENDITURE SUMMARY

The Authority's operating budget covers the cost to operate the system each year including water and wastewater treatment, water distribution, wastewater collection, system maintenance, environmental management, engineering, customer service, and administration. Appropriations in the operating budget are made on an annual basis meaning that budget authority lapses at the end of each fiscal year. This contrasts with the capital budget in which specific project appropriations continue through the life of the project, which may span multiple fiscal years. The FY 22-23 operating budget is \$99,173,759, an increase of 7.7%, compared to the adopted FY 21-22 operating budget.

Appropriations	FY22 Adopted	FY23 Adopted	Increase/ (Decrease)	% Difference
Salaries & Benefits	\$ 27,056,318	\$ 30,812,815	\$ 3,756,497	13.9%
Operating	21,836,579	29,618,091	7,781,512	35.6%
Debt Service	25,184,354	24,942,853	(241,501)	-1.0%
Transfers	18,000,000	13,800,000	(4,200,000)	-23.3%
Total	\$ 92,077,251	\$ 99,173,759	\$ 7,096,508	7.7%

The information below summarizes the major expenditure categories and some of the key factors and assumptions driving the FY 22-23 operating budget.

Salaries and Benefits

Salaries and benefits costs related to the Authority's employees and retirees budgeted for FY 22-23 are approximately \$30.8 million, which makes up 31% of the Authority's operating budget. It is a 13.9% increase over FY 21-22. The increase is driven by multiply factors including benefits, retirement, inflation and new positions. The following table details the change in individual salary and benefits line items compared to the adopted FY 21-22 operating budget.

	FY 22 Adopted	FY23 Adopted	Increase/ (Decrease)	% Difference
Regular Salary & Wages	\$ 18,699,025	\$ 20,941,277	\$ 2,242,252	12.0%
Health/Dental Insurance	3,059,151	3,695,618	636,467	20.8%
LGERS Pension Contribution	2,202,228	2,638,120	435,892	19.8%
FICA - Social Security	1,166,067	1,312,545	146,478	12.6%
Overtime	692,300	858,608	166,308	24.0%
401K Matching Contribution	696,607	774,507	77,900	11.2%
FICA - Medicare	272,730	307,000	34,270	12.6%
Standby	187,300	197,500	10,200	5.4%
Life/AD&D Insurance	44,370	39,542	(4,828)	-10.9%
Long Term Disability	23,740	35,298	11,558	48.7%
Miscellaneous	4,800	4,800	-	0.0%
Employee License Incentive	8,000	8,000	-	0.0%
Grand Total	\$ 27,056,318	\$ 30,812,815	\$ 3,756,497	13.9%

EXPENDITURE SUMMARY

Benefit Increases

Required employer contributions to the North Carolina Local Government Employees Retirement System increased from 11.35% to 12.1% of covered payroll resulting in an overall increase of 19.8% compared to the FY 21-22 adopted budget. Budgeted expenditures for health and dental benefits increased 20.8% from the prior year's adopted budget due to an unanticipated increase to the employer contribution rate in January 2022, with increases ranging from 2% -11%, depending on plan type. An additional 2% is included for FY 23.

Salary Increases

Inflation, increased turnover, and a shallow labor market were all drivers behind a \$2.3 million salary increase for FY 22-23. The CPI, at the time of budget development, was around 8% and the Social Security Administration had a cost-of-living (COL) increase of 5.9%. In addition, turnover levels were around 15.5% at CFPUA. The self-sufficiency standard for New Hanover County for one adult and one child was \$48,052. Prior to the increases, 45% of CFPUA employees had salaries below the self-sufficiency standard. All of these drivers were factored in when developing the recommended salary increases for FY 22-23. The chart below details the tiered approach that was taken based on paygrade of the employee. The increases were for market only, merit increases were not included. In addition to the market increases, the approved budget includes increasing minimum starting salaries for entry level positions, market adjustments for individual positions that are below the external market, and pay progression adjustments for employees that are too low in the pay range based on their years of service in position.

Type	Details	Total
10%-8%-5% Salary Increase	Pay grades G10 – G15: 10%	\$1,505,725
	Pay grades G16 – R30: 8%	
	Pay grades R31 above: 5%	
Additional Adjustments	Includes step program, minimum salary increases, and range progression methodology	\$327,065
Incremental benefit, payroll costs and overtime		\$513,225
Total		\$2,346,015

Position Summary and Effect on the Salary & Benefits Budget

The FY 22-23 budget authorizes a total of 335.125 full-time equivalent (FTE) positions, an increase of 5 FTEs from the current staffing levels. The following chart details the Authority's staffing trends over the upcoming budget year and the previous two years.

EXPENDITURE SUMMARY

Authorized Full-time Equivalent Positions by Fiscal Year

<u>Department</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 21-22 - Revised</u>	<u>FY 22-23</u>
Administration (1101)	4.00	2.00	3.00	4.00
Communications (1102)		2.00	2.00	2.00
Finance (1201)	12.00	12.00	13.75	13.75
Human Resources (1301)	4.00	4.00	4.00	4.00
Public & Environmental Policy (1401)	3.00	3.00	0.00	0.00
Information Technology (2504)	9.00	9.00	9.00	11.00
Treatment & Engineering Services:				
Administration (2001)	5.00	5.00	5.00	5.00
Engineering (2002 & 2004)	17.00	17.00	17.00	17.00
Centralized Maintenance (2402)	22.00	22.00	22.00	22.00
Water Treatment (2600's)	28.00	30.00	30.00	30.00
Wastewater Treatment (2700's)	32.00	33.00	33.00	33.00
Total	104.00	107.00	107.00	107.00
Linear Assets & Project Management:				
Administration (2501)	4.00	4.00	4.00	4.00
Utility Services (2800's & 2900's)	94.00	94.00	94.00	94.00
Project Management (2003)	6.00	6.00	6.00	6.00
Total	104.00	104.00	104.00	104.00
Environmental Management & Sustainability	29.75	30.75	32.75	32.75
Customer Service & Meters (3500's)	54.00	54.00	54.63	56.625
Total	323.75	327.75	330.13	335.125

Five FTE's were authorized in the FY 22-23 Budget. Four of them are funded positions and one is authorized but not funded. The chart details the reason for the position and the increase to the FY 22-23 Budget assuming the position is filled for 9 months. Also included are the reclass of six positions.

Department	New Position Title	Reason	Total FY 22-23
Customer Service	Billing Specialist	To accommodate	\$48,435
Customer Service	Cash Application Specialist	To accommodate	\$48,435
IT	Junior Database Administrator	Increase workload & backup to Database	\$71,848
IT	Junior Server Administrator	Increase workload & backup to Server	\$71,848
Admin	Diversity, Equity and Inclusion Officer	Lead organization-wide DEI program	\$0
Total New Positions			\$240,567
Total Reclasses			\$35,643
Total All			\$276,210

There were also mid-year changes. The Public and Environmental Policy Department was dissolved, and one position was reassigned to Finance, and two positions were reassigned to Environmental Management and Sustainability. In addition, two new positions were added mid-year, a Deputy Chief Financial Officer and a Deputy Attorney.

EXPENDITURE SUMMARY

Operations and Maintenance

Operations and maintenance costs include all direct, non-capital costs to operate the water and wastewater systems including water and wastewater treatment, water distribution, wastewater collection, engineering, customer service, environmental management and testing, and administrative costs. Operations and maintenance budgeted for FY 22-23 total approximately \$29.6 million, an increase of 35.6% from the FY 21-22 adopted budget. Major drivers of the increase include inflation in the baseline operating budget, strategic initiatives, and new expenses related to treated PFAS.

The table below details changes in budgeted operating expenditures by department.

	FY 22 Adopted	FY 23 Adopted	Increase/ (Decrease)	% Difference
Authority Board	\$ 19,794	\$ 16,964	\$ (2,830)	-14.3%
Administration	71,880	128,473	56,593	79%
PFAS Legal	500,000	1,500,000	1,000,000	200%
Communications	65,676	98,246	32,570	50%
Finance	147,714	136,962	(10,752)	-7%
Human Resources	134,960	116,750	(18,210)	-13%
Public & Environmental Policy	23,294	-	(23,294)	-100%
Information Technology	2,503,609	2,304,061	(199,548)	-8%
Treatment & Engineering Services:			-	
Administration	70,477	44,517	(25,960)	-37%
Engineering	61,173	52,563	(8,610)	-14%
Centralized Maintenance	1,866,015	2,095,260	229,245	12%
Water Treatment	5,159,071	9,572,304	4,413,233	86%
Wastewater Treatment	2,581,201	2,859,291	278,090	11%
Linear Assets & Project Management			-	
Administration	11,254	9,917	(1,337)	-12%
Utility Services	4,127,577	4,498,520	370,943	9%
Project Management	14,728	12,913	(1,815)	-12%
Environmental Management/Substainability	803,014	842,871	39,857	5%
Customer Service/Meter Services	1,254,199	1,400,949	146,750	12%
Non-departmental	2,420,943	3,927,530	1,506,587	62.2%
Total	\$ 21,836,579	\$ 29,618,091	\$ 7,781,512	35.6%

Baseline Operating Budget

The baseline operating budget is the budget required to continue to operate at the current service levels. Inflation was a major driver during the development of the FY 22-23 baseline operating budget. The Authority is seeing this most in pricing for chemicals, fuel, and construction materials. Other increases include additional mailings associated with monthly billing and an increased quantity of residuals that must be hauled to the landfill. The table below summarizes the largest increases to cover existing service levels.

EXPENDITURE SUMMARY

Expense	% Increase	\$ Increase	Reason
Water & WW Chemicals	30%	\$546,000	Inflation
Property & Liability Insurance	30-40%	\$400,000	Property/Wind & Hail/Cyber
Electricity	11%	\$317,700	Inflation/Expansion
Fuel	62%	\$184,000	Inflation
Residual Disposal	13%	\$150,000	Inflation/Quantity
Monthly Billing	30%	\$140,000	Inflation/Additional Mailings
Raw Water Purchase	9%	\$120,200	Rate Increase
Vehicle/Equipment Repair	31%	\$117,000	Inflation/Fleet Age
Odor & Corrosion Control	6%	\$72,275	Inflation

Strategic Initiatives

A new Strategic Plan was developed alongside the FY 22-23 Budget. During the budget process the Board approved one million dollars in an innovation budget to facilitate the first year of the strategic plan. Strategic initiatives tied to the Strategic Plan were vetted by executive management. These initiatives go above and beyond the existing services levels of the Authority. The table details the strategic initiatives, how they tie to the Strategic Plan and their potential budget impact. The \$1 million was allocated to non-departmental in order to track the spend of the funds and ensure they are used for their intended purpose.

EXPENDITURE SUMMARY

Intended Outcome	Strategic Initiative	Implementation Activity	FY 23 Operating Budget Impact
Customer Satisfaction & Stakeholder Understanding	Positively transform brand perception with the public and our customers	Develop a recurring process to survey/assess the community's awareness and perceptions of value	\$40,000.00
		Identity Verification Services	\$90,000.00
		Engage and educate the community – set a goal for community and school engagements	\$20,000.00
		CFPUA PFAS Response	\$140,000.00
		Fund a study that quantifies the economic impact of CFPUA on our community to provide content to message to customers	\$0.00
		Create and implement a mascot program for use in community events by time certain	\$0.00
	Enhance affordability and equitability across the service area.	Develop and maintain an affordability dashboard to monitor the affordability of CFPUA's rates within the context of our service area	\$0.00
		Develop and implement a tiered rate structure that provides for equitable pricing of CFPUA's services and makes bills more affordable for lower income customers	\$0.00
		Establish and maintain an ongoing customer assistance program that fully funds assistance needs and minimizes barriers for customers to apply for assistance	\$0.00
Infrastructure Reliability & Product Quality	Optimize water and wastewater to produce and deliver high	Asset management review and grant application assistance	\$100,000.00

EXPENDITURE SUMMARY

Intended Outcome	Strategic Initiative	Implementation Activity	FY 23 Operating Budget Impact
	quality products for our customers and the environment.	Eng Study and tech memo to determine years & cost of next phase equipment enhancements	\$100,000.00
	Establish an Authority-wide Integrated Management System (AIMS).	QMS Software	\$95,000.00
		Management System	\$75,000.00
		X-LIMS Software	\$50,000.00
Environmental Stewardship & Protection	Manage processes and programs to reduce our carbon footprint.	Funding of carbon sink at well site	\$50,000.00
		Establish methodologies and processes to quantify CFPUA's GHG emissions on a periodic basis	\$0.00
		Develop a recommendation for Board adoption on a level of GHG emissions reductions	\$0.00
Employee & Leadership Development	Develop our workforce for personal and professional growth.	Leadership and Organization Development	\$170,000.00
		Implement an Ambassador Program	\$70,000.00
		Revise the employee performance system	\$0.00
		Design a program to support and fund higher education within the workforce	\$0.00
	Create a culture for diversity, equity, and inclusion.	Hire a DEI Officer	\$0.00
		Develop a recommendation for a DEI Plan	\$0.00
Financial Viability			\$0.00
Total Impact			\$1,000,000.00

EXPENDITURE SUMMARY

PFAS

A capital improvement project to reduce the contaminate levels of multiple per and polyfluoroalkyl compounds that are present in the raw water source for the Sweeney Water Treatment Plant is expected to be completed in July 2022. Additional operating cost associated with the upgrade include, filter change outs of \$3.7 million, legal services associated with an ongoing lawsuit of \$1.5 million and lab testing of \$70,000.

Debt Service

The Authority is empowered to issue revenue bonds to fund its capital program. Pursuant to the interlocal agreement transferring the City of Wilmington's and New Hanover County's water and wastewater system to the Authority, the Authority assumed responsibility for the related debt. All the debt transferred from the City has been retired, while the 2012 Limited Obligation Bonds assumed from the County remain outstanding.

The Authority is required to structure its rates to maintain coverage at 1.2 times the annual debt service requirement; however, the Authority's debt management policies are designed to maintain coverage of at least 1.8 times the annual debt service requirement. In addition, this policy provides that the Authority cannot issue debt if the issuance of such debt would cause the Authority's debt balance to exceed 45% of the Authority's capital asset balance.

The following chart compares the budgeted debt service in FY 22-23 to the FY 21-22 adopted budget:

	FY 21-22 Adopted		FY 22-23 Adopted		Increase/ (Decrease)	%Difference
Water and Sewer Rate Revenue Bonds	\$	22,751,847	\$	22,573,908	\$ (177,939)	-1.3%
Debt Assumed from New Hanover County		1,278,350		1,228,950	(49,400)	-4%
State Revolving Loans		1,154,157		1,139,995	(14,162)	-16%
Total	\$	25,184,354	\$	24,942,853	\$ (241,501)	-1.0%

The debt service appropriation for the FY 22-23 budget is \$24.9 million, a decrease of 1.0% compared to the FY 21-22 adopted budget. The Authority does not intend to issue any new debt during FY 22-23; however, the Authority was approved to receive a Clean Water State Revolving loan to fund a \$5.15 million project to upgrade a pump station in downtown Wilmington. This project is not expected to be completed in FY 22-23.

Transfers to Capital Projects Fund

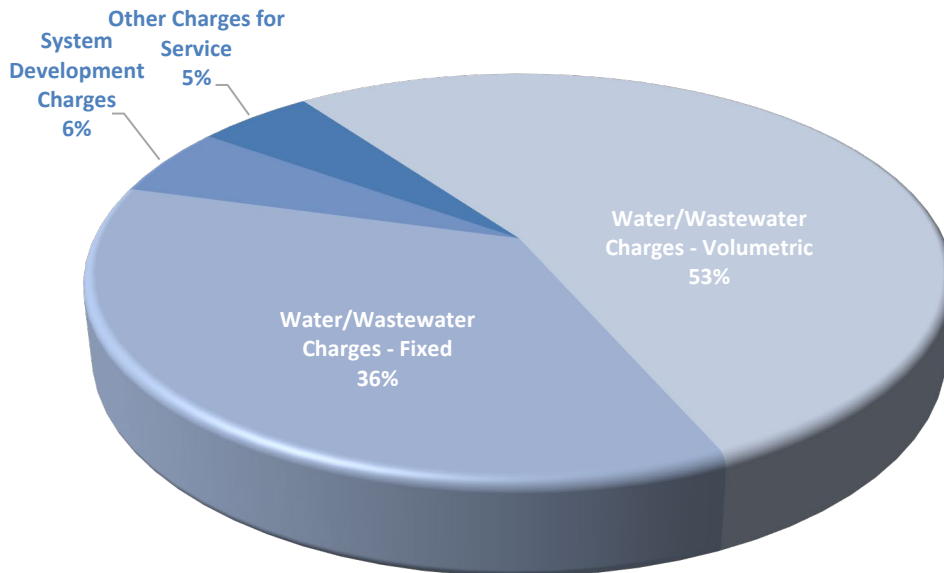
In addition to proceeds from the issuance of debt, transfers of current year revenues to the capital projects fund is the other major source of funding for the Authority's capital program. The Authority typically includes \$18 million in annual pay-as-you-go capital funding, which is the amount that is needed each year to both support the Authority's long-term capital needs while also complying with the Authority's debt limit over the long term. However, the FY 22-23 operating budget includes \$13.8 million in pay-as-you-go capital funding to smooth rate increases over two years as discussed in the Revenue Summary.

REVENUE SUMMARY

The Authority sets rates, fees and charges with oversight, supervision, and approval from the Board. The Authority's operations, capital improvement program and debt payments are funded almost entirely through rates, fees and other charges for water and wastewater services, with occasional grants from the state or federal government and contributions from the City of Wilmington, New Hanover County or other governmental and nongovernmental entities. The FY 22-23 Revenues are projected to be 7.7% more than FY 21-22. The charts below detail the FY 22-23 Revenue Budget.

Revenues	FY 22 Adopted	FY 23 Adopted	Increase/ (Decrease)	% Difference
Water/Wastewater Charges - Fixed	\$ 31,387,935	\$ 35,301,275	\$ 3,913,340	12.5%
Water/Wastewater Charges - Volumetric	47,348,560	52,603,984	5,255,424	11.1%
System Development Charges	7,095,000	5,487,500	(1,607,500)	-22.7%
Investment Earnings	200,000	200,000	-	0.0%
Other Charges for Service	4,657,000	5,081,000	424,000	9.1%
Appropriated Fund Balance	1,388,756	500,000	(888,756)	-64.0%
Total	\$ 92,077,251	\$ 99,173,759	\$ 7,096,508	7.7%

Fiscal Year 22-23 Revenues by Type



REVENUE SUMMARY

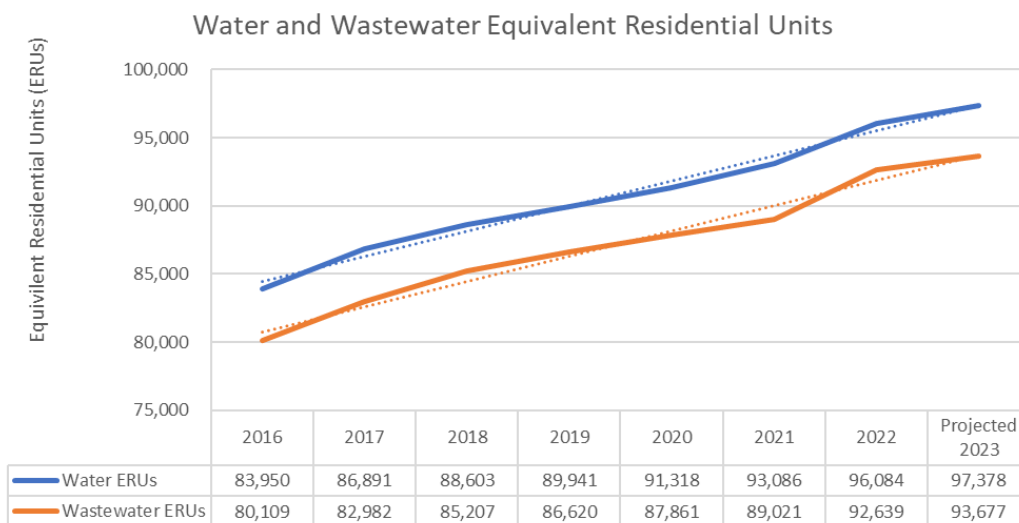
Water and Wastewater Fixed and Volumetric Charges

Most of the Authority's revenues (89%) are generated from rate revenues for water and wastewater service. Rates are composed of fixed and volumetric portions. Fixed charges represent the minimum amount a customer will pay regardless of usage. The volumetric component charges a cost per 1,000 gallons of usage. In FY 22-23, 53% of total budgeted revenue are from volumetric charges and 36% of total budgeted revenue are from fixed charges. Fixed charges are estimated to total \$35.3 million (\$18.9 million from water and \$16.3 million from wastewater), a 12.5% increase from the FY 21-22 adopted budget. Volumetric revenues are anticipated to total \$52.6 million (\$28.3 million from water and \$24.2 million from wastewater), a 11.1% increase from the FY 21-22 adopted budget. These increases are attributable to projected increases in the number of equivalent residential units (ERUs) and a rate increase that was adopted as part of the FY 22-23 Budget.

Fixed Charges

Water and wastewater fixed charges are developed to recover the greater of debt service due during the year or 35% of the operating budget. This policy exists for two reasons: 1) to guarantee that sufficient amounts are available to pay debt service irrespective of usage and 2) in periods in which annual debt service requirements are declining, to ensure that the Authority's revenues are insulated from significant decreases in water and wastewater usage.

The fixed meter charges are incremented such that customers with larger water meter sizes pay a higher fixed charge. Fixed meter charges are calculated based on the number of ERUs, which expresses the number of active accounts as if each customer were a residential customer. ERUs assumed for the FY 22-23 budget are based on current actual ERUs inflated by a growth factor based on recent experience. The chart below provides trends in actual water and wastewater ERUs since FY 15-16 and projected water and wastewater ERUs for FY 22-23.



REVENUE SUMMARY

The number of ERUs served has grown steadily over the last several years. This trend in growth is expected to continue through FY 22-23 based on the number of plan reviews and building inspections.

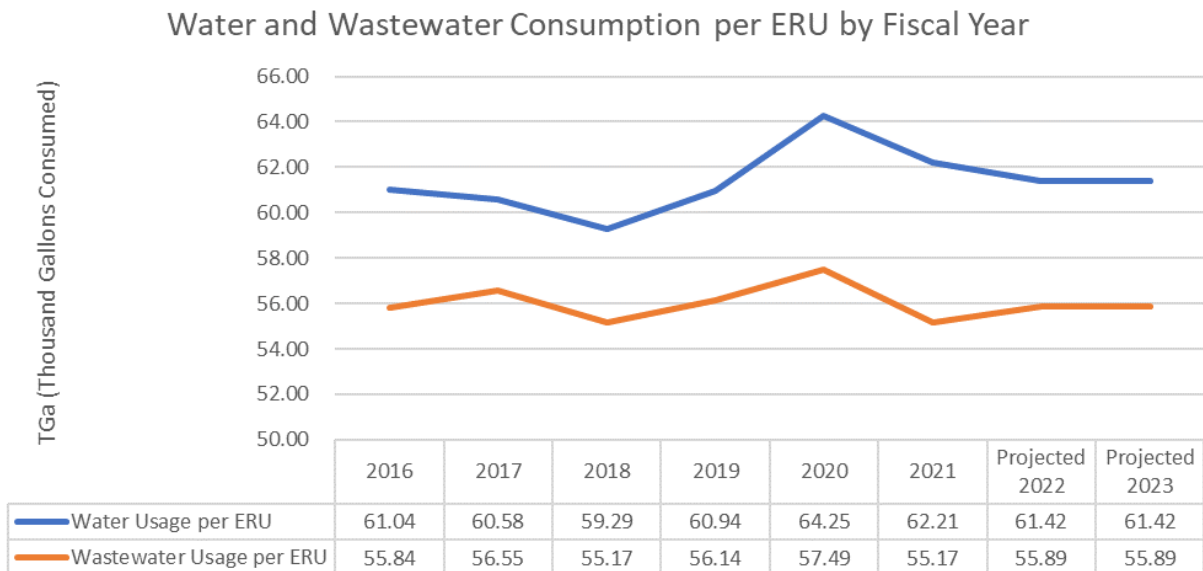
The table below compares the ERU assumptions and fixed charge revenues in the FY 21-22 and FY 22-23 budgets. The monthly fixed water charge is increasing from \$13.78 to \$16.21, a 17.7% increase.

	FY22 Adopted	FY23 Adopted	Increase/ (Decrease)	% Difference
Assumed ERUs - Water	94,187	97,378	3,191	3.4%
Monthly Fixed Water Charge	\$13.78	\$16.21	\$2.43	17.7%
Total Fixed Charges Water	\$15,574,762	\$18,945,271	\$3,370,508	21.6%
Assumed ERUs - Wastewater	90,568	93,677	3,109	3.4%
Monthly Fixed Wastewater Charge	\$14.55	\$14.55	\$0.00	0.0%
Total Fixed Charges Wastewater	\$15,813,173	\$16,356,004	\$542,831	3.4%
Total Fixed Charges	\$ 31,387,935	\$ 35,301,275	\$ 3,913,340	12.5%

Volumetric Charges

The volumetric charge utilizes a uniform rate structure such that the rate per 1,000 gallons remains constant for all levels of usage. Volumetric charges are developed to recover operating costs allocated to water and wastewater, respectively, that aren't recovered from fixed charges and other revenues. The remaining allocated cost pools for water and wastewater are divided by projected water and wastewater usage. Usage projections for FY 22-23 are equal to actual FY 21-22 usage projected through the end of fiscal year.

The chart below provides trends in actual water and wastewater consumption per ERU since FY 15-16 and projected water and wastewater consumption per ERU for FY 21-22 and FY 22-23.



REVENUE SUMMARY

Water and wastewater consumption depend largely on rainfall. FY 19-20 was a relatively dry year resulting in greater billed water and wastewater consumption. The increase in consumption per ERU in FY 19-20 was more pronounced for water due to irrigation usage which is not billed wastewater charges. Since that time we have seen a return to normal rainfall resulting in a decrease in the consumption per ERU.

The table below compares the usage assumptions and volumetric charge revenues in the FY 21-22 and FY 22-23 budgets. The volumetric rate for water is increasing from \$4.02 to \$4.74, an 18% increase. Wastewater rates will remain stable.

	FY22 Adopted	FY23 Adopted	Increase/ (Decrease)	% Difference
Assumed ERUs - Water	94,187	97,378	3,191	3.4%
Assumed Annual Usage per ERU - Water	62.26	61.42	(1)	-1.4%
Assumed Annual Usage - Water (TGal)	5,863,612	5,980,680	117,068	2.0%
Volumetric Charge - Water	\$ 4.02	\$ 4.74	0.72	18.0%
Total Volumetric Charges - Water	\$ 23,571,719	\$ 28,363,202	4,791,483	20.3%
Assumed ERUs - Wastewater	90,568	93,677	3,109	3.4%
Assumed Annual Usage per ERU - Wastewater	56.70	55.89	(1)	-1.4%
Assumed Annual Usage - Wastewater (Tgal)	5,135,387	5,235,590.00	100,203	2.0%
Volumetric Charge - Wastewater	\$ 4.63	\$ 4.63	-	0.0%
Total Volumetric Charges - Wastewater	\$ 23,776,841	\$ 24,240,782	463,941	2.0%
Total Volumetric Charges	\$ 47,348,560	\$ 52,603,984	\$ 5,255,424	11%

Water and Sewer Rates

The CFPUA Board approved a rate increase that resulted in an 8.5% increase to the average water and wastewater bill – the first rate increase since FY 18-19. The water fixed and volumetric rates are increasing by 17.65% and 18% respectively while wastewater fixed and volumetric rates are remaining stable.

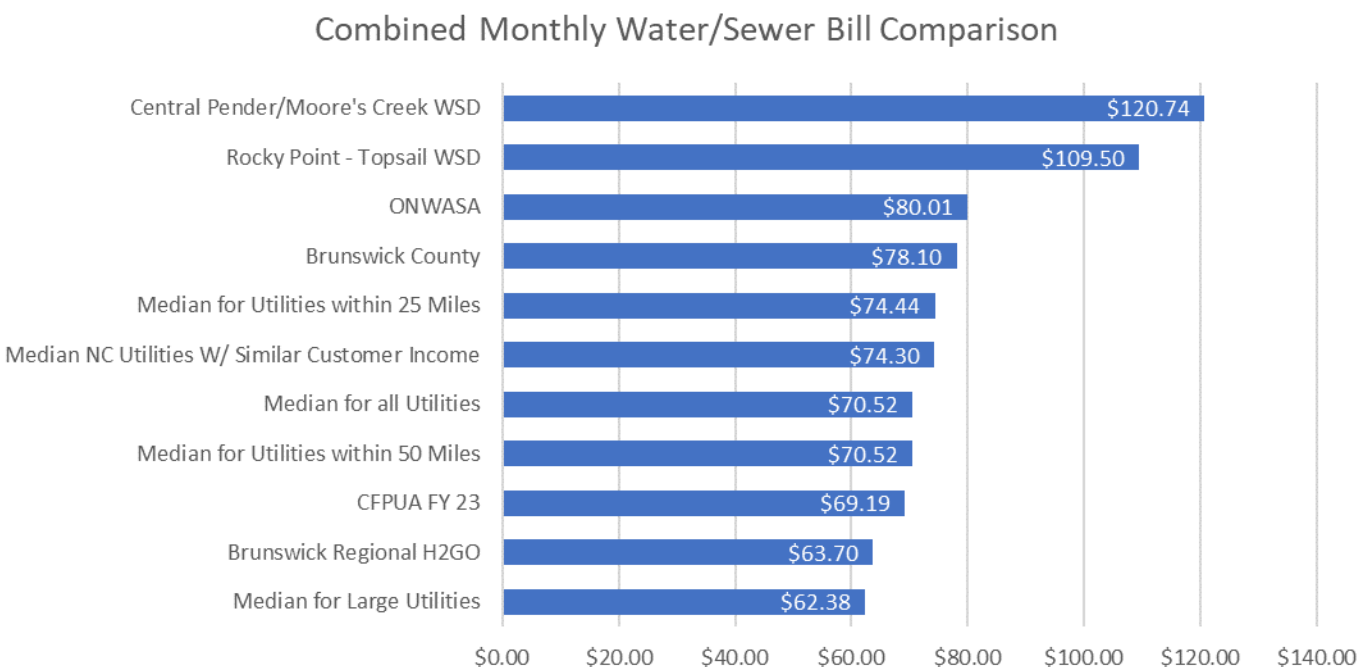
	FY 22 Adopted	FY 23 Adopted	Increase/ (Decrease)	% Difference
Water Fixed	\$ 13.78	\$ 16.21	\$ 2.43	17.7%
Water Volumetric	\$ 4.02	\$ 4.74	\$ 0.72	18.0%
Wastewater Fixed	\$ 14.55	\$ 14.55	-	0.0%
Wastewater Volumetric	\$ 4.63	\$ 4.63	-	0.0%

The FY 22-23 rate increase is the first of two planned rate increases designed to smooth a just-in-time rate increase that would have resulted in the average bill increasing by 13.2%. This rate smoothing was accomplished by reducing transfers to the capital fund from \$18 million to \$13.8 million. The future capital funding gap created by using fund balance will be closed by borrowing an additional \$2.5 million and recovering the remaining \$1.7 million through rates in FY 23-24.

REVENUE SUMMARY

The Authority's water and wastewater rates remain at or below the median rates within North Carolina. Assuming monthly usage of 4,000 gallons, a residential customer will pay \$69.19 per month in FY 22-23. The chart below provides a comparison of CFPUA's bill to the bills for various peer groups assuming 4,000 gallons per month.

It should be noted that the monthly combined bill for each peer is based on rates in effect for FY 21-22. The amounts presented for the Authority are based on rates for FY 22-23. Therefore, any rate increases effective for FY 22-23 are not included in the peers' monthly bills.



Source: Environmental Finance Center, *North Carolina Utilities Dashboard*

System Development Charges

The system development charge (SDC) is the upfront contribution that a new customer pays to buy into infrastructure that will benefit the new customer that has been paid for with past rate collections. The SDC calculation consists of two parts: 1) quantifying the value of infrastructure paid for by current and past rate payers that will benefit new customers (i.e. rate payer equity) and 2) allocating rate payer equity to existing and new customers. Rate payer equity is calculated by reducing the depreciated value of infrastructure by amounts that were not paid by past rate payers including the outstanding balance of debt issued to acquire or construct the infrastructure, conveyed infrastructure, grant funding, and cash contributions from developers and governmental entities. Rate payer equity is then allocated between water and wastewater in proportion to cumulative capital investment in the water and wastewater

REVENUE SUMMARY

systems. These allocations are then divided by the number of equivalent residential units projected for water and sewer for the upcoming fiscal year.

The table below presents the adopted SDCs (for 5/8" meters) for FY 21-22 and FY 22-23:

	FY 22 Adopted	FY 23 Adopted	Increase/ (Decrease)	% Difference
System Development Charge - Water	\$ 2,120	\$ 2,230	\$ 110	5.2%
System Development Charge - Wastewater	\$ 2,180	\$ 2,160	\$ (20)	-0.9%

Estimated total SDC revenues are derived by multiplying the SDCs by the number of new customers (on an ERU basis) that are expected to be assessed the SDC during the year. Total SDC revenues are estimated to be \$5,487,500, which assumes 1,250 new ERUs will be assessed SDCs for both water and wastewater. This is a 22.7% decrease in revenues from the adopted FY 21-22 budget. This assumed level of ERUs is consistent with recent trends over the last year. Growth has declined during FY 21-22 and indicators such as the level of plan reviews and inspections suggest that this will continue.

Other Revenues (Other Charges for Service and Investment Earnings)

Other revenues account for 5% of total budgeted revenues. Other revenues include penalties and late fees, application and premise visit fees, meter fees, tap fees, and investment earnings. Budgeted amounts are based on historical averages adjusted for current trends. Other charges for FY 22-23 are \$5.08 million, an increase of approximately \$424,000 from the FY 21-22 budget. The 9.1% increase is attributed to reinstatement of shutoffs and late fees that were suspended during the COVID-19 pandemic as well as an increase to the bulk water rate being charged to Wrightsville Beach.

Appropriated Fund Balance

Upon inception of the Authority, the City of Wilmington and New Hanover County transferred funds that were explicitly designated for funding post-employment health insurance benefits to legacy employees. The FY 22-23 budget includes an estimated use of \$500,000 of appropriated fund balance to fund appropriations related to the provision of retiree health insurance benefits. This is a decrease of 64% from FY 21-22, which included a \$779,930 of debt service reserve funds that had been designated to pay off final maturities for the Authority's 2011 revenue bonds.

CONSOLIDATED FINANCIAL SCHEDULE

	Operating Fund		Capital Fund		All Funds	
	FY 22-23 Adopted Budget	FY 22-23 Adopted Budget	Prior Year Appropriations	Available Budget	Available Budget	
REVENUES						
Water Revenues	\$ 47,308,473	\$ -	\$ -	\$ -	\$ 47,308,473	
Wastewater Revenues	40,596,786	-	-	-	40,596,786	
Investment Earnings	200,000	-	-	-	200,000	
System Development Charges	5,487,500	-	-	-	5,487,500	
Grants	-	2,600,000	30,756,152	33,356,152	33,356,152	
Other Revenues	5,006,000	-	4,390,803	4,390,803	9,396,803	
TOTAL REVENUES	\$ 98,598,759	\$ 2,600,000	\$ 35,146,955	\$ 37,746,955	\$ 136,345,714	
EXPENDITURES						
Operating						
Authority Board	\$ 59,598.0	\$ -	\$ -	\$ -	\$ 59,598.0	
Administration	2,196,998	-	-	-	2,196,998	
Communications	363,509	-	-	-	363,509	
Finance	1,768,113	-	-	-	1,768,113	
Human Resources	705,759	-	-	-	705,759	
Information Technology	3,699,583	-	-	-	3,699,583	
Treatment & Engineering Services:						
Administration	863,219	-	-	-	863,219	
Engineering	1,826,260	-	-	-	1,826,260	
Centralized Maintenance	3,832,944	-	-	-	3,832,944	
Water Treatment	12,371,396	-	-	-	12,371,396	
Wastewater Treatment	5,669,508	-	-	-	5,669,508	
Linear Assets & Project Management:						
Administration	639,099	-	-	-	639,099	
Collections	7,775,679	-	-	-	7,775,679	
Distribution	4,287,784	-	-	-	4,287,784	
Project Management	731,568	-	-	-	731,568	
Environmental Management	3,925,592	-	-	-	3,925,592	
Customer Service	5,286,767	-	-	-	5,286,767	
Nondepartmental	4,427,530	-	-	-	4,427,530	
Debt Service	24,942,853	-	-	-	24,942,853	
Total Operating	\$ 85,373,759	\$ -	\$ -	\$ -	\$ 85,373,759	
Capital						
System-wide	\$ -	\$ 5,000,000.00	\$ 3,306,430	\$ 8,306,430.00	\$ 8,306,430.00	
Water	-	14,050,000	36,296,469	50,346,469	50,346,469	
Wastewater	-	17,550,000	69,904,176	87,454,176	87,454,176	
Total Capital	\$ -	\$ 36,600,000	\$ 109,507,075	\$ 146,107,075	\$ 146,107,075	
TOTAL EXPENDITURES	\$ 85,373,759	\$ 36,600,000	\$ 109,507,075	\$ 146,107,075	\$ 231,480,834	
OTHER FINANCING SOURCES/(USES)						
Sale of Capital Assets	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000	
Proceeds from Bonds/Installment Obligations	-	9,350,000	36,931,493	46,281,493	46,281,493	
Appropriated Fund Balance	500,000	-	2,659,511	2,659,511	3,159,511	
Transfers to Capital Fund	(13,800,000)	-	-	-	(13,800,000)	
Transfers from Operating Fund	-	24,650,000	34,769,116	59,419,116	59,419,116	
TOTAL OTHER FINANCING SOURCES/(USES)	\$ (13,225,000)	\$ 34,000,000	\$ 74,360,120	\$ 108,360,120	\$ 95,135,120	
CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	

THREE YEAR CONSOLIDATED AND FUND FINANCIAL SCHEDULES

CAPE FEAR PUBLIC UTILITY AUTHORITY

	Operating Fund			Capital Fund*			Total All Funds		
	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
	Actual	Projected	Budget	Actual	Projected	Budget	Actual	Projected	Budget
REVENUES									
Water Revenues	\$ 38,519,467	\$ 42,737,740	\$ 47,308,473	\$ -	\$ -	\$ -	\$ 38,519,467	\$ 42,737,740	\$ 47,308,473
Wastewater Revenues	38,178,344	42,260,234	40,596,786	-	-	-	38,178,344	42,260,234	40,596,786
Investment Earnings	260,774	(296,219)	200,000	-	-	-	260,774	(296,219)	200,000
System Development Charges	8,047,468	6,374,040	5,487,500	-	-	-	8,047,468	6,374,040	5,487,500
Grants	261,954	8,000	-	2,333,442	1,225,269	2,600,000	2,595,396	1,233,269	2,600,000
Other Revenues	5,148,911	4,382,223	5,006,000	15,498,629	2,334,383	-	20,647,540	6,716,606	5,006,000
TOTAL REVENUES	\$ 90,416,918	\$ 95,466,018	\$ 98,598,759	\$ 17,832,071	\$ 3,559,652	\$ 2,600,000	\$ 108,248,989	\$ 99,025,670	\$ 101,198,759
EXPENDITURES									
Authority Board	\$ 68,950	\$ 49,986	\$ 59,598	\$ -	\$ -	\$ -	\$ 68,950	\$ 49,986	\$ 59,598
Administration	1,555,693	1,445,606	2,196,998	-	-	-	1,555,693	1,445,606	2,196,998
Communications	75,132	355,322	363,509	-	-	-	75,132	355,322	363,509
Finance	1,297,844	1,381,896	1,768,113	-	-	-	1,297,844	1,381,896	1,768,113
Human Resources	582,121	588,557	705,759	-	-	-	582,121	588,557	705,759
Public & Environmental Policy	328,454	97,100	-	-	-	-	328,454	97,100	-
Information Technology	3,167,648	3,234,139	3,699,583	-	-	-	3,167,648	3,234,139	3,699,583
Treatment & Engineering Services:									
Administration	761,080	816,525	863,219	-	-	-	761,080	816,525	863,219
Engineering	1,480,973	1,570,337	1,826,260	-	-	-	1,480,973	1,570,337	1,826,260
Centralized Maintenance	3,925,340	3,218,615	3,832,944	-	-	-	3,925,340	3,218,615	3,832,944
Water Treatment	6,854,459	7,437,384	12,371,396	-	-	-	6,854,459	7,437,384	12,371,396
Wastewater Treatment	4,458,164	5,176,292	5,669,508	-	-	-	4,458,164	5,176,292	5,669,508
Linear Assets & Project Management:									
Administration	550,525	592,295	639,099	-	-	-	550,525	592,295	639,099
Collections	6,628,065	6,956,489	7,775,679	-	-	-	6,628,065	6,956,489	7,775,679
Distribution	3,522,014	3,864,509	4,287,784	-	-	-	3,522,014	3,864,509	4,287,784
Project Management	629,068	661,884	731,568	-	-	-	629,068	661,884	731,568
Environmental Management	3,063,151	3,312,729	3,925,592	-	-	-	3,063,151	3,312,729	3,925,592
Customer Service	4,255,334	4,654,469	5,286,767	-	-	-	4,255,334	4,654,469	5,286,767
Capital Outlay	-	-	-	66,473,016	34,939,707	36,600,000	66,473,016	34,939,707	36,600,000
Nondepartmental	2,314,233	2,633,726	4,427,530	-	-	-	2,314,233	2,633,726	4,427,530
Debt Service	27,552,093	25,184,354	24,942,853	-	-	-	27,552,093	25,184,354	24,942,853
TOTAL EXPENDITURES	\$ 73,070,341	\$ 73,232,214	\$ 85,373,759	\$ 66,473,016	\$ 34,939,707	\$ 36,600,000	\$ 139,543,357	\$ 108,171,921	\$ 121,973,759
OTHER FINANCING SOURCES/(USES)									
Sale of Capital Assets	\$ 85,125	\$ 269,603	\$ 75,000	\$ -	\$ -	\$ -	\$ 85,125	\$ 269,603	\$ 75,000
Proceeds from Bonds/Debt	-	-	-	155,083	119,334	9,350,000	155,083	119,334	9,350,000
Appropriated Fund Balance	-	-	500,000	-	-	-	-	-	500,000
Insurance Proceeds	-	-	-	459,266	100,376	-	459,266	100,376	-
Settlement Proceeds	2,201,617	-	-	-	-	-	2,201,617	-	-
Transfers from Operating Fund	-	-	-	18,004,654	18,000,000	24,650,000	18,004,654	18,000,000	24,650,000
Transfers to Capital Projects	(18,000,000)	(18,000,000)	(13,800,000)	-	-	-	(18,000,000)	(18,000,000)	(13,800,000)
TOTAL OTHER FINANCING SOURCES/(USES)	\$ (15,713,258)	\$ (17,730,397)	\$ (13,225,000)	\$ 18,619,003	\$ 18,219,710	\$ 34,000,000	\$ 2,905,745	\$ 489,313	\$ 20,775,000
CHANGE IN FUND BALANCE	\$ 1,633,319	\$ 4,503,407	\$ -	\$ (30,021,942)	\$ (13,160,345)	\$ -	\$ (28,388,623)	\$ (8,656,938)	\$ -

* The budget amounts presented for the Capital Fund include total available appropriations as of July 1, 2022. Actual spending of these appropriations and recognition of the associated revenues will occur over multiple years. Consequently, comparison cannot be made between actual revenues and expenditures presented for FY 2021 and FY 2022 and the available budget amounts.

PROJECTED CHANGES IN FUND BALANCE & NET POSITION

As discussed in the Financial Structure section, the Authority is required by law to budget using the modified accrual basis of accounting. For budgetary control and reporting purposes, the Authority uses two funds: the Operating Fund and the Capital Fund. The Authority categorizes fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following is a description of the Authority's fund balance classifications:

- **Restricted** – Current financial constrained by external parties including creditors, grantors, contributors, or laws of other governments. The Authority's restricted fund balance includes debt service reserves governed by CFPUA's Trust Indenture and unspent bond proceeds for which the use is governed by bond documents.
- **Committed** – Current financial resources constrained by formal resolution or ordinance adopted by the Board. The Authority's committed fund balance includes capital reserves established by Board resolution.
- **Assigned** – Current financial resources constrained by the Authority's intent for use for a specific purpose as expressed by the Board, a Board Committee, or management. The Authority's assigned fund balance includes unspent pay-as-you-go funding designated for future capital expenditures and amounts designated by management to pay post-retirement healthcare benefits.
- **Unassigned** – Current financial resources in spendable form that are not otherwise restricted, committed or assigned. The Authority maintains unassigned fund balance of \$50 million. To accomplish this, one-time revenues including operating surpluses are designated in accordance with the Authority's non-recurring revenue policy. If unassigned falls below \$50 million at the end of the fiscal year, the Authority develops a plan to replenish unassigned fund balance over a reasonable period.

The following table projects the changes in total fund balance for the Operating Fund and the Capital Fund that are anticipated to occur during FY 22-23.

	Projected July 1, 2022	Additions	Reductions	Projected June 30, 2023
Restricted:				
Debt service reserve	\$ 13,156,224	\$ 21,943,530	\$ (22,573,908)	\$ 12,525,846
Capital projects - unspent bond proceeds	16,253,554	-	(8,374,027)	7,879,527
Committed:				-
Capital projects - capital reserves	2,659,111	5,505,208	(2,721,440)	5,442,879
Assigned:				-
Capital projects	11,807,999	13,800,000	(20,155,932)	5,452,067
Post-employment healthcare benefits	1,147,485	-	(500,000)	647,485
Unassigned	55,505,208	-	(5,505,208)	50,000,000
Total Fund Balance	\$ 100,529,581	\$ 41,248,738	\$ (59,830,515)	\$ 81,947,804

Total fund balance is projected to decrease by \$18.6 million (18.5%) during FY 22-23 to \$81.9 million. Additions and reductions to fund balance restricted for debt service reserve represent deposits made with the bond trustee and debt service payments on the Authority's revenue bonds. Unspent bond proceeds restricted for capital projects are projected to decrease as the Sweeney Water Treatment Plant treatment upgrade is scheduled to be completed in December 2022. Capital reserves committed for capital projects are projected to increase overall during the FY 22-23 due to the designation of projected FY 21-22

PROJECTED CHANGES IN FUND BALANCE & NET POSITION

operating surplus to fund the Southside Wastewater Treatment Plant upgrade that is scheduled to begin in FY 24-25. Fund balance assigned for capital projects is projected to decrease during the year as pay-as-you-funded capital expenditures are projected to exceed the \$13.8 million in FY 22-23 pay-as-you-go funding. Fund balance assigned for post-employment healthcare benefits is projected to decrease to fund benefits in FY 22-23. Finally, unassigned fund balance is projected to decrease to the \$50 million target as FY 21-22 surplus funds are planned to be committed for capital reserves for the Southside Wastewater Treatment Plant upgrade project with no projected operating surplus generated in FY 22-23.

For external financial reporting, the Authority reports its operations as a single enterprise fund using the economic resources measurement focus and accrual basis of accounting for general purpose external financial reporting. Consequently, net position is the most appropriate measure of the Authority's financial position. Net position represents the extent to which the Authority's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources on the accrual basis of accounting like a private company. The following table projects the changes in net position for the that are anticipated to occur during FY 22-23.

Projected balance July 1, 2022	\$ 631,256,523
Adjustments to convert fund balance to net position	
Capitalized expenditures funded with current year revenues	\$ 13,800,000
Capital contributions	10,000,000
Depreciation on capital assets	(29,685,274)
Retirement of debt principal funded with current year revenues	14,762,860
Amortization of bond premiums	3,438,372
Amortization of deferred outflows related to debt refundings	(1,187,805)
Total adjustments	\$ 11,128,153
Projected balance June 30, 2023	\$ 642,384,676
Projected percentage change in net position	1.8%

Net position is projected to increase by \$11.1 million (1.8%) during FY 22-23 to \$642.4 million. The biggest drivers of the projected change in net position are the addition of capital assets funded with FY 22-23 revenues less depreciation expense and the repayment of principal on the Authority's long-term debt funded with FY 22-23 revenues. Other changes in net position such as OPEB and pension expense, changes to the liability for compensated absences, and changes in revenue accruals are not anticipated to be material. The decision to smooth rates over two years by reducing the transfer appropriation to \$13.8 results in projected net position that is \$4.2 million less than it would have been had the Authority appropriated the normal \$18.0 million. Additions to capital assets funded with pay-as-you-go funding in excess of \$13.8 million will be funded from fund balance assigned for capital projects.

LONG-TERM FINANCIAL MANAGEMENT

Consistent with the Strategic Plan, the Authority seeks to maintain a balance among long-term debt, operating and capital needs, cash reserves, and rates to ensure that financial decisions made today maintain and strengthen our future financial position. Long-term financial planning is a critical tool in developing strategies to ensure that this balance is maintained. Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability considering service objectives and financial challenges.

The development of the Authority's 10-year financial plan is an iterative, multi-departmental process and ultimately guided by the Authority's adopted policies and key benchmarks. The goal of this process is to ensure that the Authority remains both operationally and financially sustainable while minimizing the impact to ratepayers. With this goal in mind, the Authority's long-term financial plan seeks to optimize the balance among efficient and effective service delivery; strategic capital investment to address the riskiest infrastructure and facilitate growth and economic development; key financial metrics including debt service coverage and liquidity; and rate affordability.

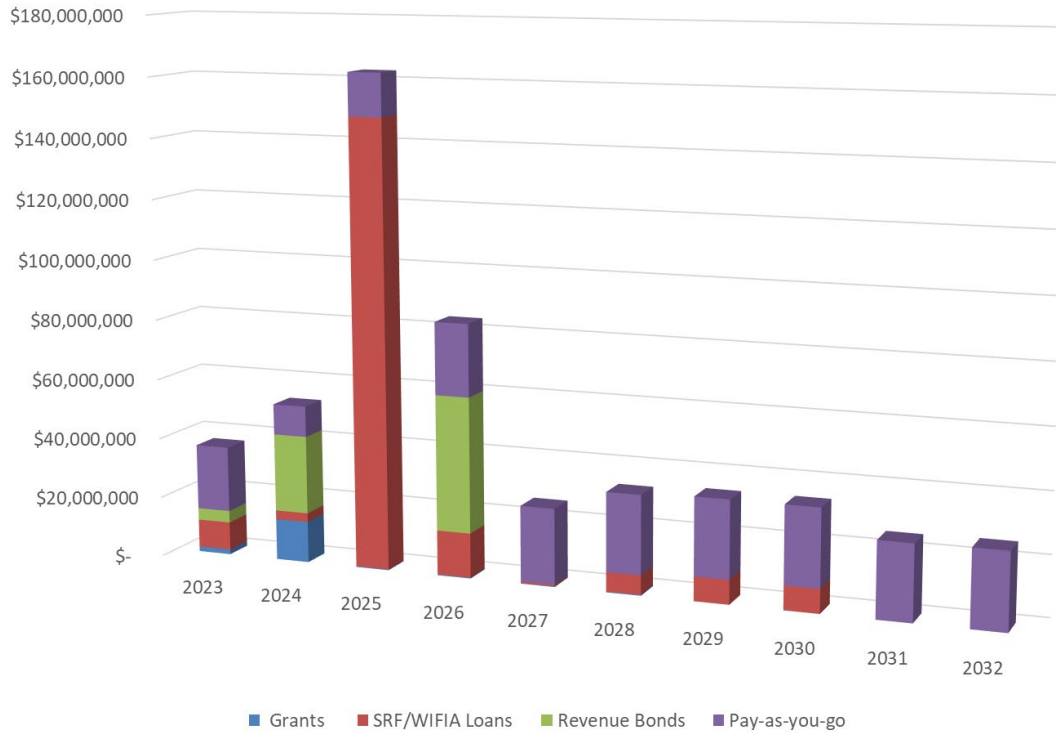
Operational Sustainability

Operational sustainability means that high-quality service will continue to be delivered to customers over the long-term. This notion not only includes providing water and wastewater treatment, distribution, collection, customer service, engineering, and compliance services but also that the Authority makes sufficient, deliberate capital investments to minimize the risk of infrastructure failure and service disruption. The operating expenditure projections incorporated in the Authority's long-term financial plan were developed with the goals of fully funding operating and maintenance costs at current levels plus inflation; retaining and attracting high-quality staff through competitive salaries and benefits; and executing a capital program focused on rehabilitating and replacing aging, high-risk infrastructure and other major projects.

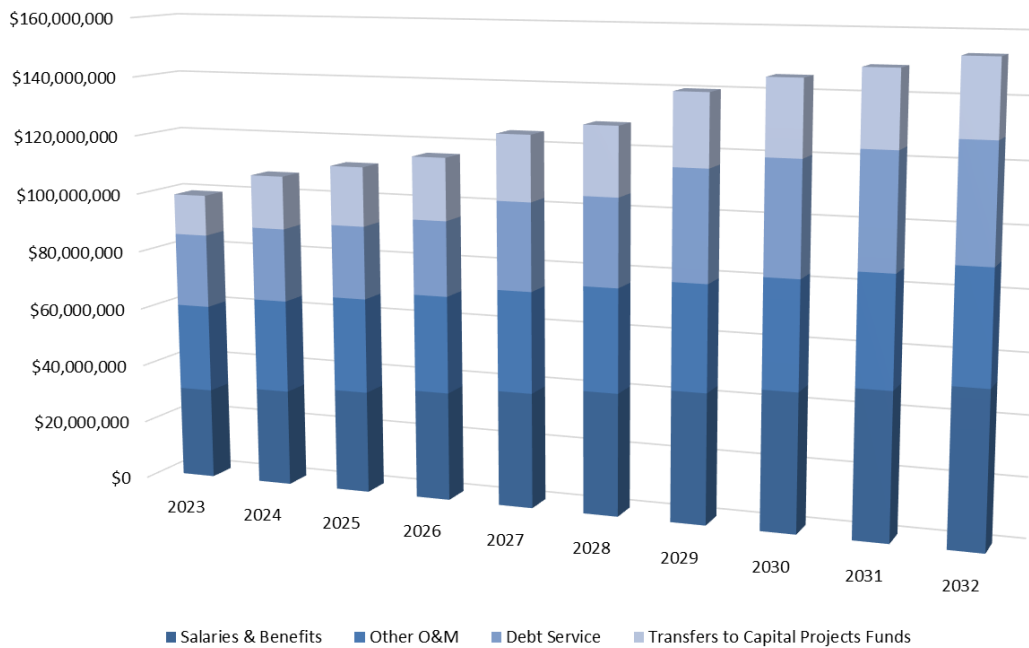
Capital expenditure projections are based on the Authority's Ten-Year Capital Improvement Program, which is developed using risk-based analyses to plan the extent and timing of water and wastewater system improvements. Capital expenditures funded with water and wastewater rate revenues throughout the 10-year time horizon include scheduled replacement and rehabilitation of water and wastewater system assets that average approximately \$26.7 million per year. Layered upon these expenditures are large projects that will be debt funded through the issuance of revenue bonds. The expenditure of revenue bond proceeds mainly relate to a project to overhaul and expansion of the Southside Wastewater Treatment Plant. Projected expenditures funded with state revolving loans include rehabilitation of replacement of pump stations, force mains, and wastewater collection lines.

LONG-TERM FINANCIAL MANAGEMENT

Projected Capital Spending by Funding Source



Projected Operating Expenditures by Category



LONG-TERM FINANCIAL MANAGEMENT

Operating expenditures, excluding debt service expenditures, were assumed to grow in accordance with inflationary assumptions. Salaries and benefits are assumed to grow at 6% per year to accommodate growth in the workforce tied to customer, system growth and cost-of-living and merit-based increases, and growth in benefit costs. Projected operating expenditures include \$3.7 million for maintenance and replacement of granular activated carbon filters at the Sweeney Water Treatment Plant each year starting in FY 22-23. These replacement costs increase to \$5 million in FY 23-24 through FY 25-26 and \$5.6 million in FY 26-27 through remainder of the 10-year planning horizon. Other O&M costs are projected to increase by 2% per year. Debt service expenditures are based on existing amortization schedules for outstanding debt. Debt service related to planned future debt issuance was based on the Authority's historical borrowing rate, maturities on existing debt, and amortized with level payments for principal and interest.

Financial Sustainability

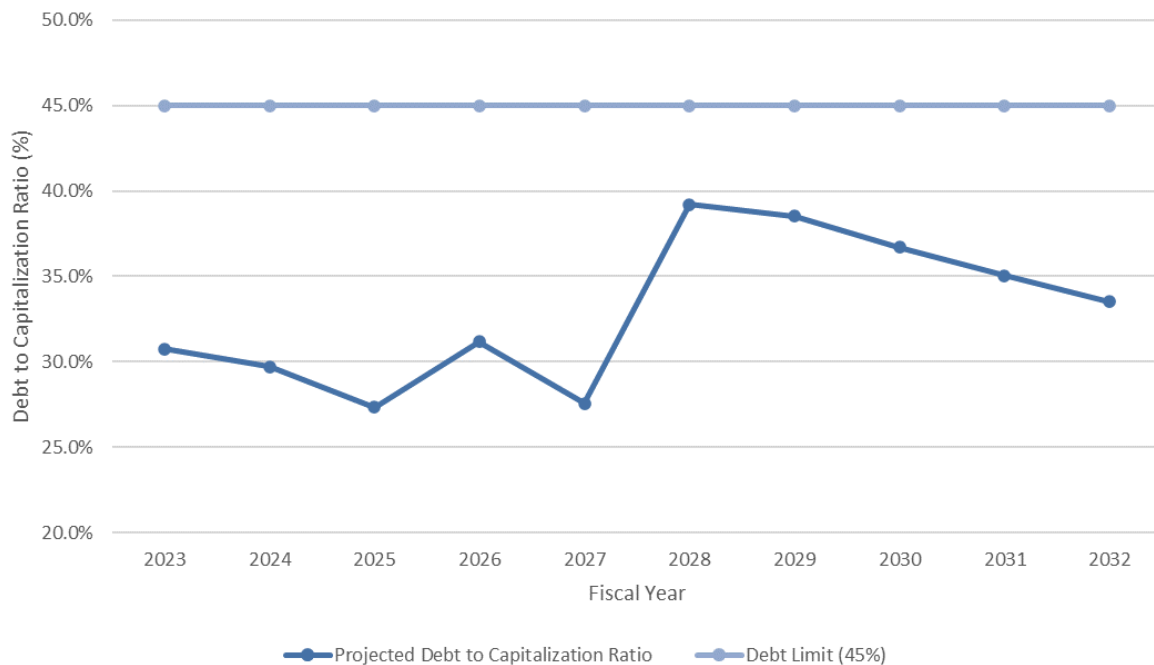
In addition to delivering and executing these services and projects, the Authority's long-term financial plan is focused on achieving the budgetary flexibility resulting from high levels of debt service coverage and liquidity. Further, maintaining debt service coverage and liquidity at high levels is viewed positively by credit markets and helps to ensure that the Authority continues borrowing at low costs.

The Authority's long-term financial plan incorporates the Authority's policy on debt limitations and cash reserve levels. These policies were adopted in February 2017 to produce a resilient financial structure by reducing the proportion of the annual operating budget reserved for mandatory debt service payments, "free up" future borrowing capacity, and achieve robust coverage levels expected of the highest rated water and wastewater utilities. In accordance with these policies, rates were deliberately increased in FY 17-18 and FY 18-19 to achieve \$18 million in annual pay-as-you-go capital funding. Debt is a critical capital financing mechanism that provides an immediate funding source and allows for the gradual pay-back of borrowed funds in the future. Debt, however, can be excessive when annual debt service requirements grow to levels that cause rates to increase to unaffordable levels or force cuts to services in the absence of rate increases. The Authority's debt management policy is focused on maintaining the balance between debt funding, rate affordability, and operational sustainability by placing limits on debt issuance.

The Authority's debt management policy explicitly limits debt in two ways. First, the policy provides specific attributes that projects should generally have to be candidates for debt funding (e.g. for high-dollar projects where pay-go funding is impractical or for growth-oriented projects in which it makes sense for future rate payers to pay for those improvements). Second, the policy establishes a debt limit expressed in terms of the debt-to-capitalization ratio (debt outstanding as a percentage of the value of capital assets). The Authority may not issue debt if such issuance would cause the debt to capitalization ratio to exceed 45%. Measuring the Authority's debt load using the debt-to-capitalization is an appropriate way to quantify the Authority's debt load because the ratio reflects the Authority's long-term mix of debt and pay-as-you-go funding. The policy debt metric limit of 45% was derived considering the Authority's debt service coverage target and its expectation of long-term borrowing costs.

LONG-TERM FINANCIAL MANAGEMENT

Projected Debt to Capitalization Ratio

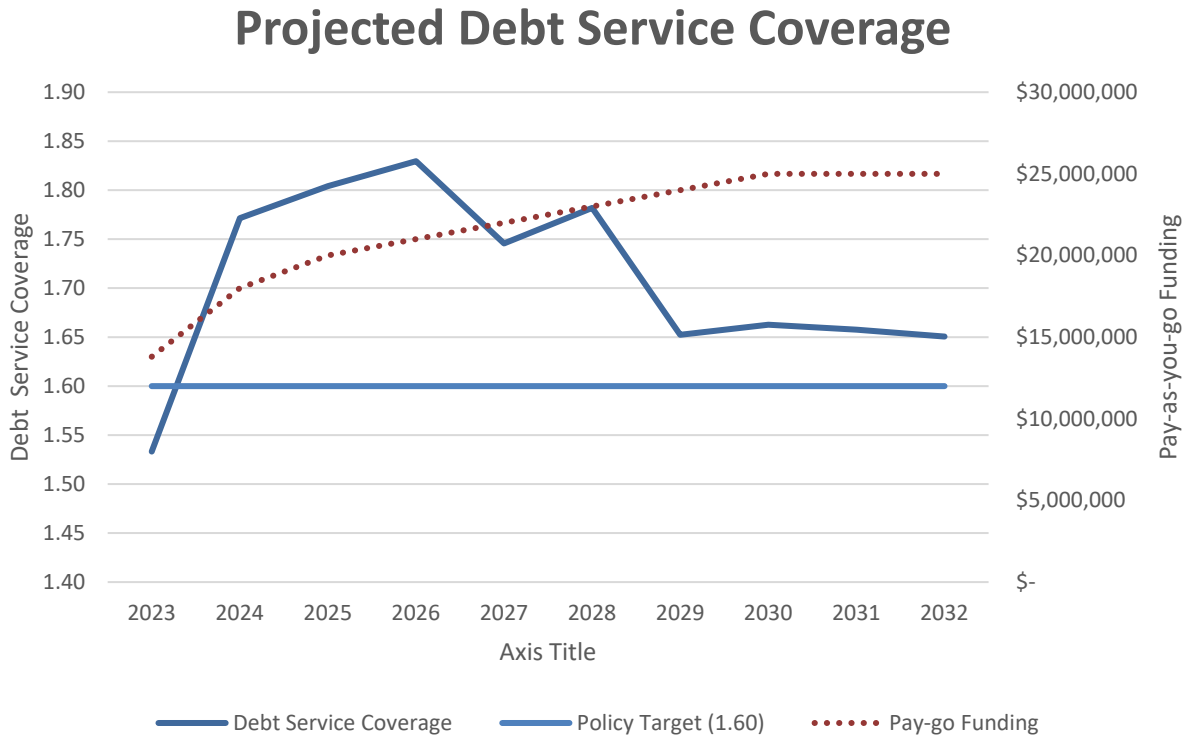


Over the 10-year forecast horizon, the debt-to-capitalization ratio is projected to be below the 45% limit. The debt-to-capitalization ratio is projected to increase slightly in FY 25-26 due to increased debt service related to an estimated \$74.6 million revenue bond issue. The ratio is projected to increase sharply due to increased debt service related to the Southside Wastewater Treatment Plan upgrade that is planned to be funded with state revolving loans and financing provided through the Water Infrastructure Finance and Innovation Act (WIFIA) program. For financial flexibility, debt issuances have been projected so that the projected debt-to-capitalization never approaches the 45% limit too closely. Therefore, there is always some excess debt capacity available as circumstances may arise that require the issuance of debt.

Debt service coverage measures an entity's ability to pay principal and interest on its debt obligations with current year revenues. Debt service coverage more than 1.0 indicates that net operating revenues (revenues minus operating expenses) were greater than the principal and interest due during the period. Financial structures that provide for relatively high debt service coverage ratios are valued by credit markets – the higher the debt service coverage ratio, the more assurance that debt service requirements will be met. The Authority is required to structure its rates so that revenues in any given year are equal to at least 1.2 times of the principal and interest due on its outstanding debt obligations. However, credit markets and raters generally prefer higher debt service coverage ratios. The Authority's debt service coverage target is 1.6.

LONG-TERM FINANCIAL MANAGEMENT

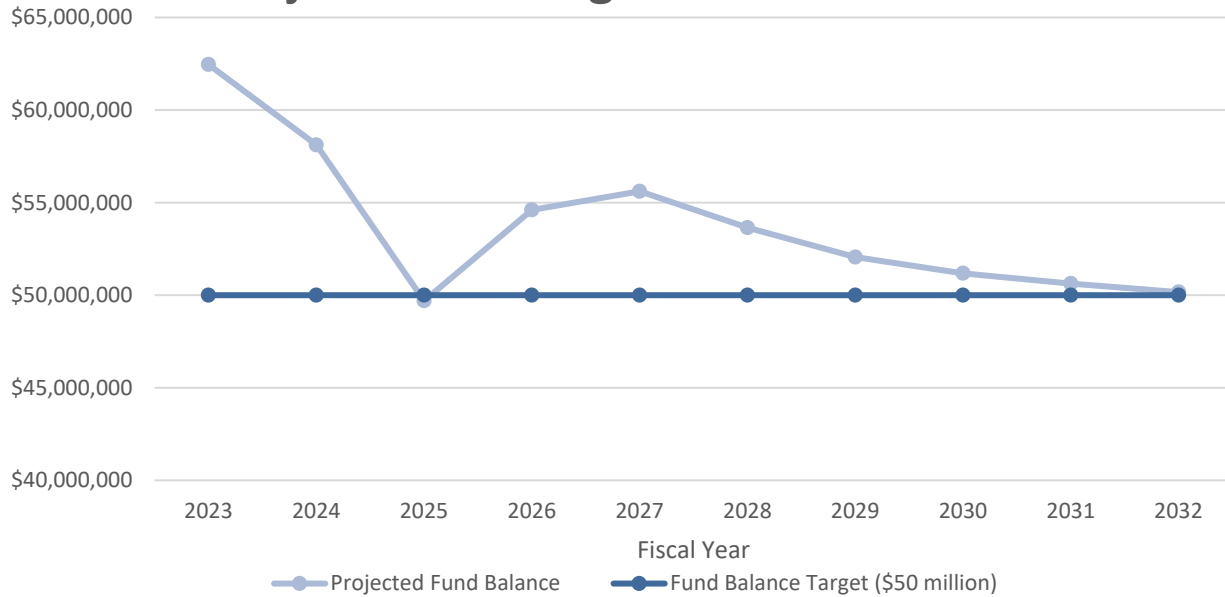
Debt service coverage ratios in excess of 1.0 times are a result of the current year revenue collections in excess of operating expenditures that are used to fund capital expenditures on a pay-as-you-go basis in relation to the debt service requirements for the year. Consequently, an increase in debt service requirements implies a need to increase pay-as-you-go capital funding to maintain adequate debt service coverage. The graph below presents projected debt service coverage and annual pay-as-you-go funding.



In order to achieve debt service coverage above the 1.6x target, annual pay-as-you-go funding is projected to increase gradually over the 10-year planning horizon. Debt service coverage in FY 22-23 is below target due to a two-year rate smoothing to alleviate the rate impact to customers. Debt service coverage is projected to increase sharply as rates fully cover budgeted operating expenditures and replenish \$1.7 million in fund balance used to fund operating expenditures in FY 22-23. Debt service coverage is projected to decrease slightly in FY 26-27 due to increased debt service requirements related to an estimated \$74.6 million revenue bond issue to fund various capital improvements. The ratio is projected to decrease again in FY 28-29 due to increased debt service related to the Southside Wastewater Treatment Plan upgrade that is planned to be funded with state revolving loans and financing provided through the Water Infrastructure Finance and Innovation Act (WIFIA) program.

LONG-TERM FINANCIAL MANAGEMENT

Projected Undesignated Fund Balance



Available fund balance is another key indicator of financial health. The higher the available fund balance, the higher the capacity to absorb periods of declining revenues, unbudgeted expenditures, or both. At the same time, to minimize the impact to rate payers, it's critical that rates are developed and financial resources spent so that fund balance in excess of targeted levels is not accumulated. To ensure this balance, Authority policy requires that a risk-based reserve/fund balance target is periodically determined. The Authority's current unrestricted fund balance target is \$50 million.

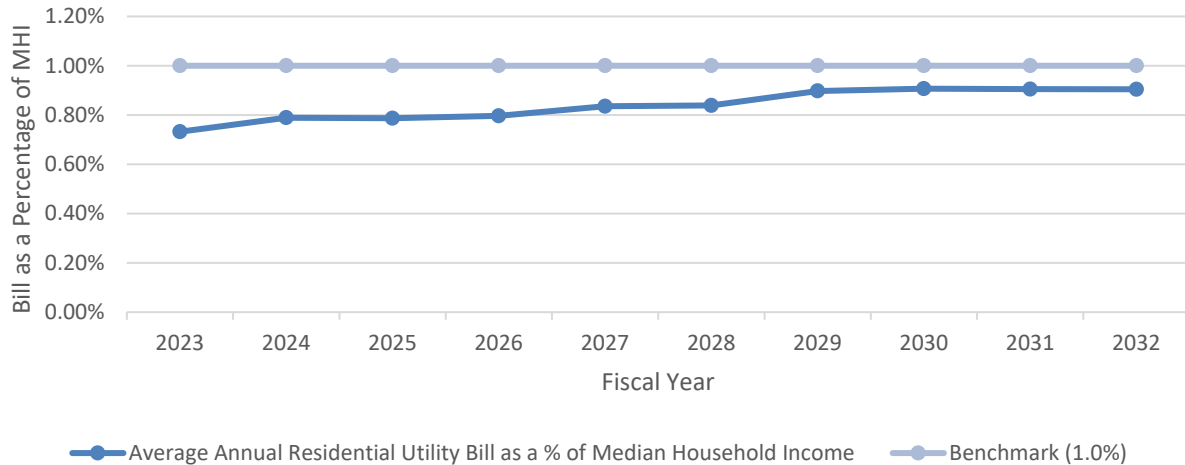
The graph on the previous page reflects CFPUA's deliberate plan to spend available fund balance on its capital program to around the \$50 million target through FY 24-25. Fund balance is projected to increase slightly from FY 24-25 to FY 26-27 as pay-go funding is projected to outpace pay-go funded capital expenditures. These funds are projected to be spent from FY 26-27 to FY 31-32.

Rate Affordability

While there's no universal metric of affordability, one common metric is to quantify the average annual residential bill as a percentage of median household income for the service area. The Authority's long-term financial plan includes a projection of residential bimonthly combined water and wastewater bills based on consumption of 4,100 gallons per billing cycle with an assumed 2% increase per year in both consumption and equivalent residential units. Estimated median household income data for calendar year 2020 per the U.S. Census Bureau was used as a base year and is projected to grow by 1% per year.

Over the Authority's 10-year financial planning horizon, annual costs of residential water and wastewater service are projected to approach but remain below the target 1.0% of median household income for the service area.

Projected Average Annual Residential Utility Bill as a % Median Household Income



Conclusion

Ensuring that the Authority continues to provide high-quality water and wastewater service to its customers, remains in a strong financial position, and minimizes the impact to customers requires a careful balance. Long-term financial planning is an important tool that the Authority uses to maintain this balance in a proactive manner. Guided by financial policies, the Authority's long-term financial plan fully funds operations at current levels plus inflation and funds an aggressive capital program focused on rehabilitating and replacing aging infrastructure. At the same time, target levels of debt, debt service coverage, and liquidity are projected to be attained while keeping the cost of service affordable for customers.

The biggest threat to remaining within these various financial benchmarks is the \$150 million capacity upgrade to the Southside Wastewater Treatment Plant, specifically the impact of this project on projected debt service coverage and the average annual residential utility bill as a percentage of median household income. Knowing that such a large project is on the horizon, management will be developing strategies to smooth out the projected impact of the project on debt service coverage and rate affordability. One strategy could be to borrow more in the years up to FY 27-28 in the form of state revolving loans. Doing so will not change the overall mix of debt and pay-as-you-go funding, but would smooth out the projected downward spike in debt service and projected upward spike in the average annual residential utility bill as a percentage of median household income in two ways. First, a gradual build-up of debt balance will result in a gradual increase to rates and reduce the amount needed to be borrowed to finance the Southside Wastewater Treatment plant capacity upgrade. Second, gradually building up the debt balance through low-interest state revolving loans will reduce overall debt service requirements through interest savings.

CAPITAL BUDGET

Defining Capital Expenditures

Costs related to the rehabilitation, replacement, acquisition, and construction of the Authority's infrastructure are generally budgeted through project ordinances that appropriate funds to be used over the life of the project, which may span several budget years. This contrasts with the Authority's operating budget appropriations which lapse at the end of each budget year. The capital budget includes projects having a total estimated cost exceeding \$100,000 that provide for the following:

- **Expansion:** Increase water/wastewater capacity or extend water or sewer lines to increase the service area and facilitate the growth of the customer base and construction or acquisition of new facilities, infrastructure, and equipment.
- **Rehabilitation and replacement:** Address aging infrastructure by pro-actively replacing or rehabilitating assets that are approaching the end of their useful life.
- **Enhancement:** Improve efficiency by reducing long term costs or increasing readiness.

Capital expenditures are those expenditures that qualify for capitalization in accordance with generally accepted accounting principles and the Authority's capitalization policies. The Authority defines capital expenditures as outlays with an initial cost in excess of \$5,000 that provide present service capacity in excess of one year. The scope of the projects included in the capital budget are not strictly aligned with the Authority's definition of capital expenditures. This means that not all expenditures included in the capital budget qualify for capitalization and some expenditures included in the operating budget may qualify for capitalization.

Capital Budget Development

Each year the Authority develops a 10-year Capital Improvement Plan. The 10-Year Capital Improvement Plan begins with evaluating proposed projects in terms of risk (defined as the product of the consequence of failure and the likelihood of failure) and whether the projects are necessary for compliance with regulatory requirements, improve efficiency, increase capacity, or are necessary to accommodate growth. Projects are prioritized based on risk and a business case evaluation is prepared for each project. This process results in a draft 10-year Capital Improvement Plan.



The draft plan is incorporated into the Authority's long-term financial planning model to determine whether the plan is financially feasible. Financial feasibility is assessed by determining whether the draft plan is projected to maintain target levels of debt service coverage, debt-to-capitalization ratio, rate affordability, and undesignated fund balance. The 10-year Capital Improvement Plan is adjusted, and

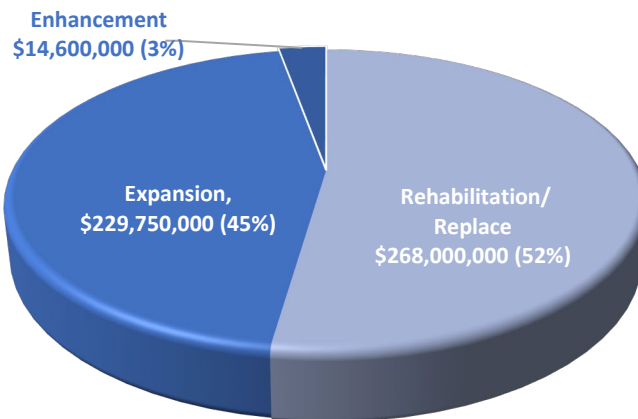
CAPITAL BUDGET

funding strategies developed based on this analysis. The Capital Improvement Plan is funded by transfers from the operating funds, grants and loans from the state and federal government and revenue bonds.

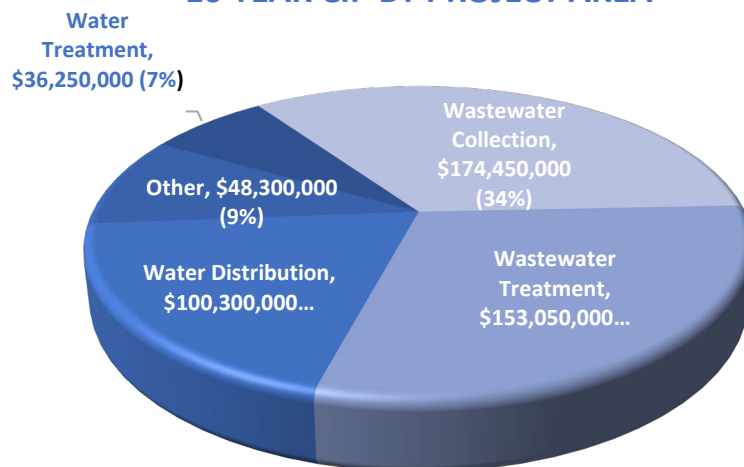
10 Year Capital Improvement Plan

The 10-Year FY-2023 to FY-2032 Capital Improvements Plan (CIP) totals \$512.35 million. This is approximately \$138 million more than was programmed in the CIP last year. The largest portion (52.3%) of the 10-Year CIP will be invested into the rehabilitation and replacement of aging infrastructure. 44.8% will be invested into expansion. The upgrade of an aging Wastewater Treatment Plant to meet future capacity needs represents 29.3% of the expansion budget.

10 YEAR CIP BY PROJECT TYPE



10 YEAR CIP BY PROJECT AREA



CAPITAL BUDGET

FY 22-23 Capital Improvement Plan

Overview

Although a 10-Year Capital Improvement Plan is developed each year, only the first year in the plan is appropriated. For FY 22-23, capital budget appropriations total \$36.6 million. A large portion, (42%) of the FY 22-23 capital budget, is focused on improving wastewater collection and conveyance and 76.9% of the budget is for rehab and replacement.

Market Constraints

The Capital Budget is \$4 million higher than was projected last year. This can be attributed to an increase in material and labor cost throughout the industry. The Construction Cost Index Year of Year change from March 2021 to March 2022 was 10.82%. The CPI and PPI saw 8.66% and 19.74% respectively. An example of this is PVC pipe, which is used in most of the Authority's linear projects, has increased 165% year over year. This is due to shortages in raw materials and the impact of petroleum prices. Overall, the Authority has seen bid prices increase over the last year.

Sustainability

New initiatives regarding sustainability and climate change are now being integrated into the Capital Improvement Plan. For example, the FY-2023 CIP will include the purchase of additional electric vehicles as part of the routine fleet replacement, incorporating future flood levels for pump station projects, the continued installation of LED lighting and work on a business case analysis for recovering excess digester gas for re-use in a combined heating and power project.

Significant Projects

The largest capital investment included in the FY 22-23 Capital Budget is for the PS-9 Walnut Street Pump Station Replacement Project. \$5.1 million is budgeted for the project in addition to \$3.9 million already invested. The additional funds are from a Clean Water State Revolving Fund low interest loan. The project will replace a 50-year-old pump station and includes the demolition of PS 11, which will be replaced with gravity sewer. The project is located in the Downtown historic area and will greatly improve the aesthetics of the waterfront area. It will also reduce energy and maintenance cost by demolishing the PS 11.



CAPITAL BUDGET

The top 10 projects for FY 22 -23 are detailed in the chart below. They make up about 58.5% of the total FY 22-23 Capital Budget. The full FY 23 capital budget can be found on the Authority website: <https://www.cfpua.org/654/Capital-Improvement-Plan>

TOP 10 FY 22-23 Projects

Project	FY-23 Investment	Project Type/Area	Description
PS-9 Walnut Street Pump Station Replacement	\$5,150,000	Rehab or Replace/ Wastewater Collection	This Project replaces existing Walnut St Sewer Pump Station (PS-9) which was built in 1970, which is rated at 1.872 MGD with a new sewer pump station rated at 1.613 MGD. Included in the scope of this project is to remove Market St Sewer Pump Station (PS-11), which is part of the existing flow to PS-9 via force main and connect this flow through approximately 1800 feet of 16-inch PVC C905 gravity sewer.
Twin 24 Raw Water Transmission Mains	\$4,200,000	Rehab or Replace/Water Treatment	Two aerial 24-inch diameter raw water mains are set on pilings directly in the flow path of the Lower Cape Fear River and Toomers Creek during flood events, such as experienced in September 2018 during Hurricane Florence. In addition, these mains are parallel to active railroad tracks subject to damage in the event of a rail accident. These mains convey 10 million gallons per day (MGD) of CFPUA's raw water supply. These 24-inch cast iron pipes are above grade on wooden pier supports. The north main was installed in the 1920s and the south main was installed in the 1950s. The cast iron pipe itself was deemed to be structurally sound in 2009. However, failing wooden pilings, leaking lead joints and potential exposure to natural and manmade disasters elevate the risk of failure to a critical level. This project will rehabilitate or replace the most vulnerable portion of the infrastructure. The FY-23 funding is in addition to prior year funding.

CAPITAL BUDGET

Project	FY-23 Investment	Project Type/Area	Description
Water Main, Services and Valve Rehab/Replace (AMP)	\$2,300,000	Rehab or Replace/Water Treatment	Areas of our distribution system are beyond their designed life cycle. Utilizing asset management principles, including risk mitigation, and remaining useful life, assets are prioritized to be rehabbed or replaced. The focus during FY-2023 remains on replacing or rehabilitating water distribution mains and valves that are over 70 years old in downtown Wilmington and the surrounding vicinity. Water services are composed of galvanized pipe and lead goosenecks are being inventoried and replaced in these projects. CFPUA has approximately 1,144 miles of water distribution mains. Approximately 165 miles of water mains in the City are over 70 years old. This a recurring project.
Southern NHC Regional Pump Station	\$1,850,000	Expansion/Wastewater Collection	The rate and density of growth in southern New Hanover County will generate more sewer flows than existing infrastructure will be able to convey in the future. Existing infrastructure was planned and sized decades ago before new growth patterns were evident. This project will construct a regional pump station that will redirect wastewater flow away from Motts Creek Gravity Sewer Outfall to provide capacity for future growth in this basin. The FY- 23 funding is in addition to prior year funding.
Chestnut and Grace Water Rehabilitation	\$1,500,000	Rehab or Replace/Water Treatment	Chestnut and Grace Water Rehabilitation is an initiative in cooperation with the City of Wilmington to Rehabilitate or Replace water infrastructure in advance of a significant paving job to improve the road surface by the City. The project will replace all galvanized water service lines in the area, including any lead goosenecks, valves and any mains that do not have extended life into the future. The project area covers the full extent of Chestnut and Grace Streets from the intersection of 3rd Street to the intersection of 17th Street and is associated with a sewer rehab project in the same area.

CAPITAL BUDGET

Project	FY-23 Investment	Project Type/Area	Description
Chestnut and Grace Sewer Rehabilitation	\$1,500,000	Rehab or Replace/ Wastewater Collection	Chestnut and Grace Sewer Rehabilitation is an initiative in cooperation with the City of Wilmington to Rehabilitate or Replace sewer infrastructure in advance of a significant paving job to improve the road surface by the City. The project will conduct point repairs to damaged pipe in advance of lining and replace any failing manholes or sewer services that cannot be rehabilitated later. The project area covers the full extent of Chestnut and Grace Streets from the intersection of 3rd Street to the intersection of 17th Street and is associated with a water rehab project in the same area.
PS-14 Greenfield Lake FM Rehab/Replace	\$1,300,000	Rehab or Replace/ Wastewater Collection	The PS-14 force main is over 45 years old and is one of the highest risk force mains. Concrete pipe material (PCCP) of the force main makes it difficult to do emergency repairs. The FY-23 funding is in addition to prior year funding.
Southside WWTP - Interim Rehabilitation Phase II	\$1,200,000	Rehab or Replace/ Wastewater Collection	Mechanical components of the headworks at the Southside Wastewater Treatment Plant have exceeded their lifecycle and rehabilitation needs to be completed to reduce risk and ongoing repair costs. This includes the mechanical bar screen and the grit removal mechanism and repurposing the former chlorine building to a maintenance facility. The FY-23 funding is in addition to prior year funding.
PS-35 Force Main Redirect and Junction Box Rehabilitation	\$1,200,000	Rehab or Replace/ Wastewater Collection	By redirecting a major force main from a manhole to a large junction box with odor treatment, the PS-35 Force Main Redirect and Junction Box Rehabilitation corrects conditions at the Bradley Creek Pump Station that may be contributing to excess odor at the station and rehabilitates or replaces onsite manholes and mains that are past their lifecycle.

CAPITAL BUDGET

Project	FY-23 Investment	Project Type/Area	Description
Motor Fleet Capital	\$1,200,000	Rehab or Replace/ Other	CFPUA developed a long-term model for motor fleet replacements based on predetermined criteria. Each of these vehicles will be evaluated based on maintenance records and history. Replacement of those that can be extended in life cost effectively will be deferred. Fleet capital costs are an ongoing major capital expense. By setting aside regular appropriations of capital each year, the Authority is better financially prepared to prevent unplanned funding demands due to motor fleet expenses, without adequate resources. Motor Fleet investments support the Authority's sustainability goals by increasing the population of electric vehicles in the fleet, where operational requirements can be met by these vehicles. This a recurring project
Total	\$21,400,000		

CAPITAL BUDGET

Operating Budget Impact

Capital Improvement Projects affect future operating budgets either increasing costs due to expansion or possibly reducing costs through rehabilitation. When facilities or linear assets are added, costs will increase due to additional labor and materials needed to maintain them, as well as additional energy costs to run them. However, if an aging facility is taken offline or replaced with a new facility, costs could come down due to gained energy efficiencies and less maintenance cost. Of the top 10 projects for FY 23, 8 of them are non-recurring and will have varying effects on the operating budget once they are completed in future years. In addition, there are projects from prior year budgets that will be coming online this year with some having major impacts on the operating budget. The table below summarizes major CIP projects coming online in the next three years and their impact on the FY 23, FY 24 and FY25 operating budgets.

Project	Future Operating Budget Impact Description	Estimated Completion Date	FY 23 Impact	FY 24 Impact	FY 25 Impact
Pump Station 32	Fuel and Electricity savings, More efficient system	6/1/2022	-\$275.00	-\$275.00	-\$275.00
Pump Station 51	Fuel and Electricity savings, More efficient system	6/1/2022	-\$250.00	-\$250.00	-\$250.00
Kings Bluff Auxiliary Power	Fuel - Larger Generator	6/24/2022	\$10,000.00	\$12,000.00	\$14,000.00
Castle Hayne Sewer Expansion	Electricity, Fuel	7/20/2022	\$650.00	\$650.00	\$650.00
Sweeney Treatment Enhancements	\$3.7 Million filter replacements/ \$70,000 Lab Testing/\$60,000 Electricity/\$100,000 labor	8/1/2022	\$3,900,000.00	\$3,950,000.00	\$4,000,000.00
PS 34 Generator Replacement	None	9/30/2022	\$0.00	\$0.00	\$0.00
PS-14 Greenfield Lake FM Rehab/Replace	None	3/7/2023	\$0.00	\$0.00	\$0.00

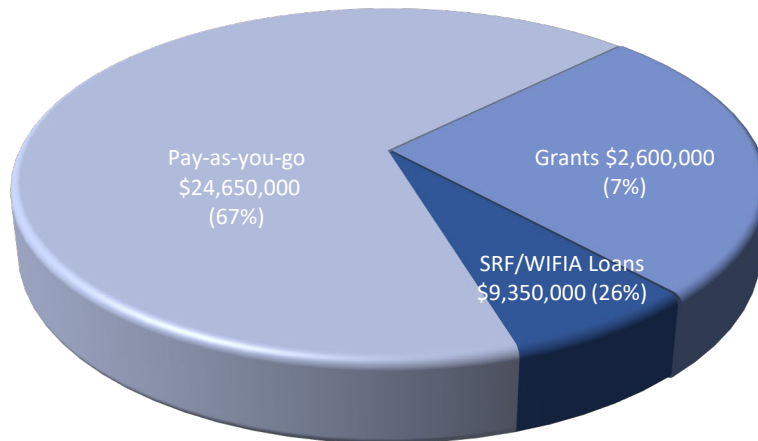
CAPITAL BUDGET

Project	Future Operating Budget Impact Description	Estimated Completion Date	FY 23 Impact	FY 24 Impact	FY 25 Impact
Southside WWTP - Interim Rehabilitation Phase II	Electricity - New Building	7/1/2023	\$0.00	\$4,500.00	\$4,500.00
HWY 421 Pump Station 1	Electricity, Fuel	7/5/2023	\$0.00	\$1,600.00	\$1,600.00
Pump Station 69 Replacement Project	Electricity, Fuel	7/13/2023	\$0.00	\$24,200.00	\$24,200.00
Southern NHC Regional Pump Station	Electricity and Fuel	8/1/2023	\$0.00	\$4,700.00	\$4,700.00
PS-9 Walnut Street Pump Station Replacement	Project will reduce operating cost due to the elimination of a pump station	10/1/2023	\$0.00	-\$1,400.00	-\$1,400.00
Twin 24 Raw Water Transmission Mains	None	4/1/2024	\$0.00	\$0.00	\$0.00
Chestnut and Grace Water Rehabilitation	None Rehab	12/31/2023	\$0.00	\$0.00	\$0.00
Chestnut and Grace Sewer Rehabilitation	None - Rehab	12/31/2023	\$0.00	\$0.00	\$0.00
PS-35 Force Main Redirect and Junction Box Rehabilitation	None - Rehab	12/31/2023	\$0.00	\$0.00	\$0.00
Total			\$3,910,125.00	\$3,995,725.00	\$4,047,725.00

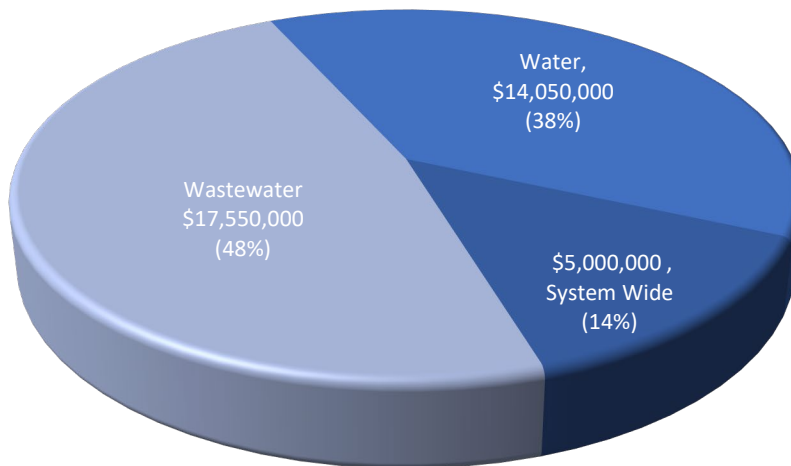
CAPITAL BUDGET

The FY 23 capital project appropriations total \$36,600,000. The pie charts on the following pages detail FY 22-23 capital project appropriations by fund, type and area and funding sources. The majority of the FY 22-23 appropriations are for wastewater projects and focus on rehabilitation and replacement. The FY 22-23 capital budget is mainly funded by transfers from the operating fund.

FY 22-23 CAPITAL FUNDING SOURCES

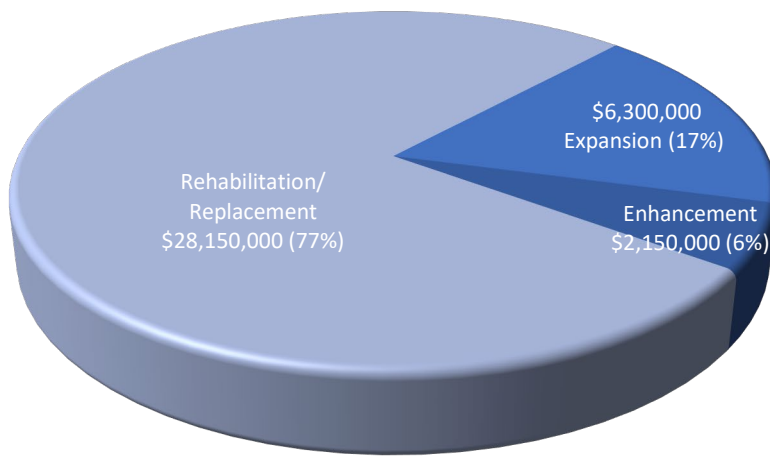


FY 22-23 CAPITAL APPROPRIATION BY FUND

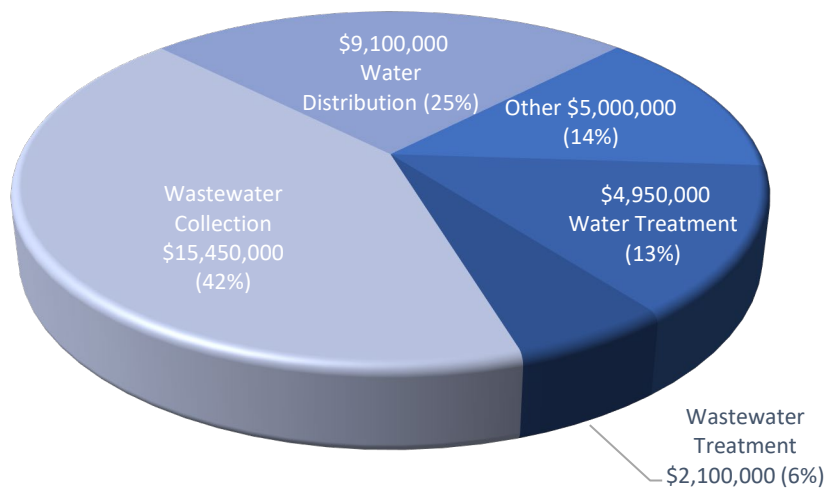


CAPITAL BUDGET

FY 22-23 CAPITAL APPROPRIATION BY PROJECT TYPE



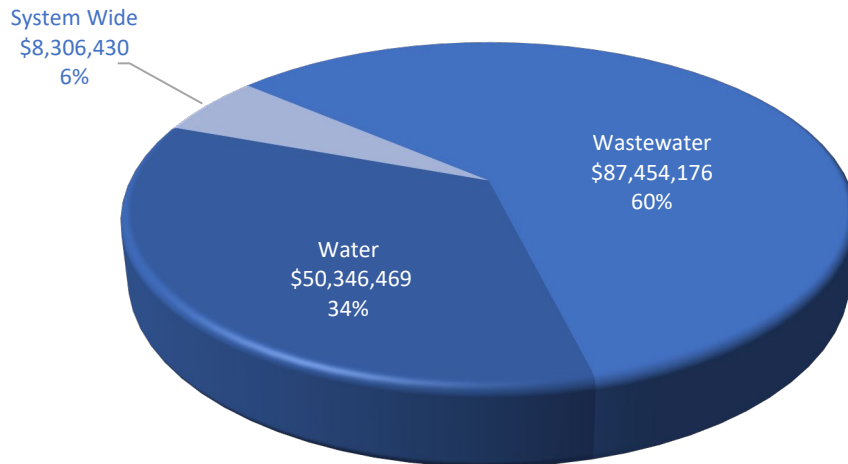
FY 22-23 CAPITAL APPROPRIATION BY PROJECT AREA



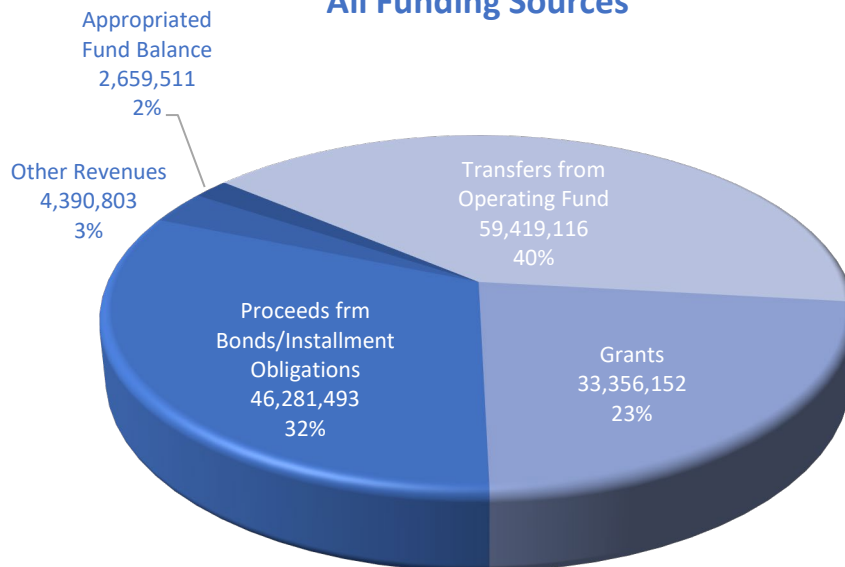
CAPITAL BUDGET

All capital appropriations for existing and new FY 23 appropriations total \$146,107,075. The breakdown by fund is shown below along with funding sources.

All Capital Appropriation by Fund



All Funding Sources



DEBT

Debt is an important funding mechanism for the Authority's capital program. The Authority issues debt in accordance with North Carolina General Statutes 162A and under the guidance of the Local Government Commission, a division within the North Carolina Department of State Treasurer. The Authority is authorized to issue revenue bonds and installment obligations under certain federal programs including the Clean Water Revolving Loan Program and the Drinking Water Revolving Loan Program to fund capital improvements. The Authority also carries a share of limited obligations bonds assumed from New Hanover County upon creation of the Authority.

The following table contains information on the Authority's outstanding debt obligations:

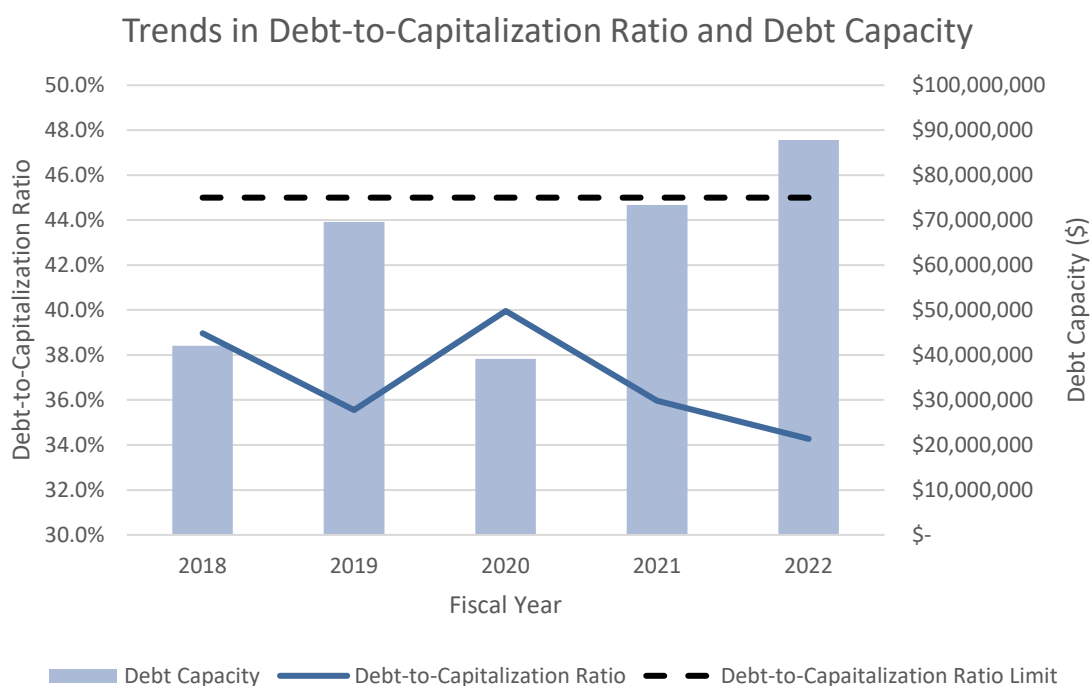
Type of Security	Series/Issue Description	Original Issuance	Remaining Principal at June 30, 2022	Purpose of Issuance
Revenue Bonds	Series 2019A	\$ 77,580,000	\$ 75,815,000	To pay the costs of granular activated carbon treatment upgrades at the Sweeney Water Treatment Plant; to pay for a share cost of a new raw surface water transmission line;
Revenue Bonds	Series 2019B	\$ 15,185,000	\$ 14,725,000	refund all of the outstanding 2017 Bonds
Revenue Bonds	Series 2016	\$ 155,770,000	\$ 114,290,000	To refund a portion of the outstanding 2014A Bonds
Revenue Bonds	Series 2014A	\$ 60,355,000	\$ 32,425,000	To refund all outstanding 2008 Bonds
Limited Obligation Bonds	Series 2012	\$ 20,540,000	\$ 5,760,000	To pay the costs of certain water and sewer system improvements and to refund a portion of outstanding 2005 Bonds
Clean Water State Revolving Loan	CS370923-02	\$ 429,000	\$ 257,400	To refund New Hanover County's 2003 Certificates of Participation
Clean Water State Revolving Loan	CS370923-03	\$ 1,086,266	\$ 651,760	To pay for the rehabilitation of Pump Station #28
Clean Water State Revolving Loan	CS370923-04	\$ 1,097,140	\$ 658,284	To pay for the rehabilitation of sewer on 30th Street
Clean Water State Revolving Loan	CS370923-05	\$ 2,201,480	\$ 1,320,888	To pay for the rehabilitation of the McCumber's Ditch sewer outfall
Clean Water State Revolving Loan	CS370923-06	\$ 1,913,623	\$ 1,148,174	To pay for the rehabilitation of the Greenfield Lake sewer outfall
Clean Water State Revolving Loan	CS370923-08	\$ 6,158,625	\$ 4,531,197	To pay for the rehabilitation of the Smith Creek Alandale pump station
Clean Water State Revolving Loan	CS370923-09	\$ 461,950	\$ 355,047	To pay for the rehabilitation of the Southside Wastewater Treatment Plant
Clean Water State Revolving Loan	CS370923-10	\$ 3,519,432	\$ 2,991,517	To pay for the rehabilitation and replacement of the Quail Woods Pump Station #137
Clean Water State Revolving Loan	CS370923-11	\$ 1,354,287	\$ 1,151,144	To pay for the rehabilitation and replacement of the Pump Station #10 Force Main
Drinking Water State Revolving Loan	H-LRX-F-10-1314B	\$ 204,082	\$ 105,552	To pay for the rehabilitation and replacement of the Pump Station #12 Force Main
Drinking Water State Revolving Loan (ARRA H-ARRA-09-1314		\$ 1,131,523	\$ 622,336	To pay for a portion of the cost to construct an aquifer storage and recover well

DEBT

The following table lists the principal and interest requirements through maturity on the Authority's outstanding debt obligations:

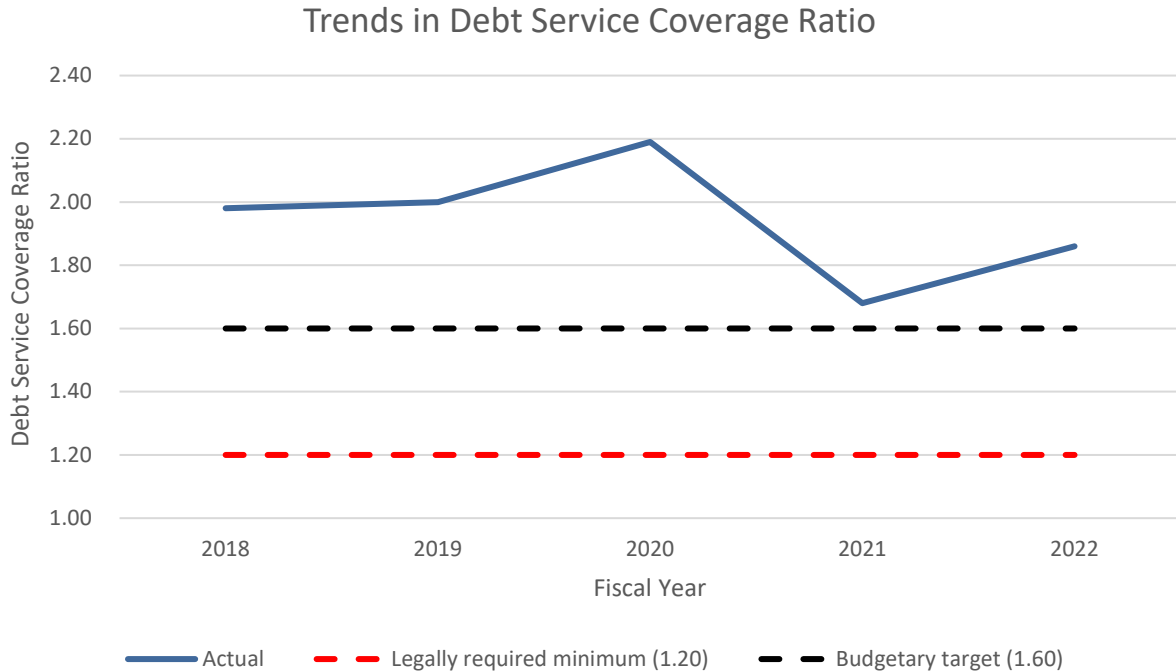
Fiscal Year	Revenue Bonds		Locality Compensation		Installment Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	12,850,000	9,723,908	980,000	248,950	932,860	207,135	14,762,860	10,179,993
2024	13,510,000	9,073,653	970,000	207,525	932,860	192,972	15,412,860	9,474,150
2025	12,740,000	8,458,731	960,000	164,100	932,860	178,809	14,632,860	8,801,640
2026	13,355,000	7,847,679	955,000	118,625	932,860	164,646	15,242,860	8,130,950
2027	13,985,000	7,211,683	950,000	71,000	932,860	150,482	15,867,860	7,433,165
2028 - 2032	79,840,000	26,159,041	945,000	23,625	4,664,298	539,966	85,449,298	26,722,632
2033 - 2037	64,965,000	9,617,315	-	-	3,402,479	206,072	68,367,479	9,823,387
2038 - 2042	16,800,000	3,443,267	-	-	1,062,224	22,307	17,862,224	3,465,574
2043 - 2045	9,210,000	562,600	-	-	-	-	9,210,000	562,600
	237,255,000	82,097,877	5,760,000	833,825	13,793,298	1,662,388	256,808,298	84,594,090

Under the Authority's debt policy, debt issuances are generally limited to only those projects that are high-dollar, emergency-related, or growth-oriented. Debt may not be issued if such issuance would cause the ratio of outstanding debt to the value of capital assets (debt-to-capitalization ratio) to exceed 45.0%. As of May 2022, the debt-to capitalization ratio is 33.8%. This means the Authority has the capacity to issue approximately \$92.1 million in debt before reaching the 45.0% limitation. The following chart shows trends in the Authority's debt-to-capitalization ratio and available debt capacity over the last 5 fiscal years:



DEBT

Under the rate covenant contained in the Authority's General Trust Indenture, the Authority must maintain debt service coverage ratio of at least 1.2 times. The Authority, however, budgets to achieve debt service coverage between 1.6 and 1.8 times. The chart below provides trends in the Authority's actual debt service coverage ratio over the past 5 fiscal years compared to the legally required minimum.

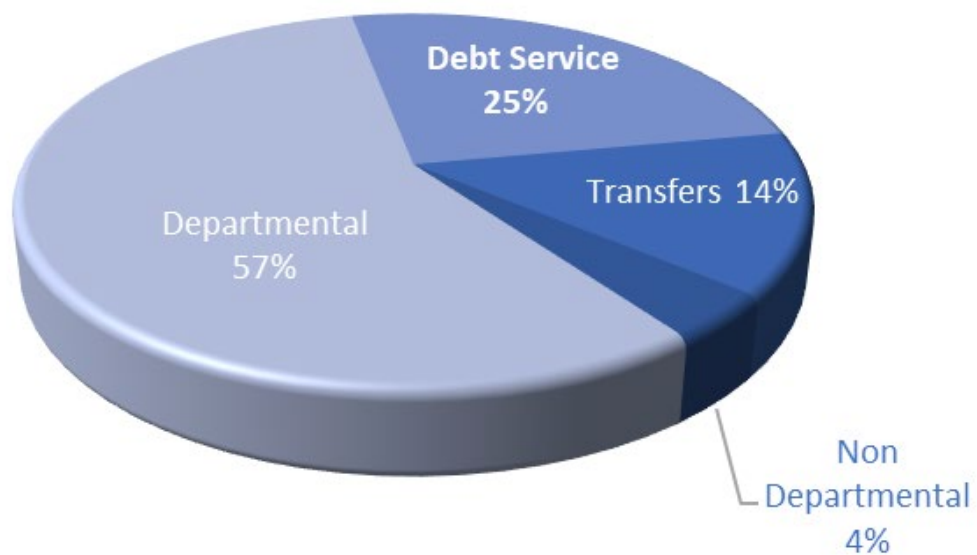


The Authority currently carries credit ratings of AA+ and Aa2 from Standard and Poor's and Moody's, respectively. The Authority does not plan to issue debt in FY 22-23.

DEPARTMENTAL SUMMARIES

As the chart below shows, 57% of the \$99.1 million FY 22-23 budget is controlled by the Authority's various departments including salaries and benefits and operational costs to execute the Strategic Plan. The remaining 43% are not controlled by individual departments and include transfers to the capital projects fund, debt service, and various overhead expenditures that aren't attributable to a specific department such as expenditures for rent and insurance.

Fiscal Year 2022-2023 Expenditures - Departmental Vs Non-Departmental



DEPARTMENTAL SUMMARIES

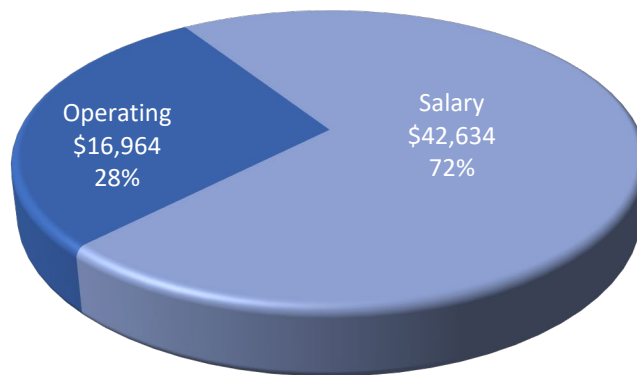
AUTHORITY BOARD

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, among other things, adopting the annual budget, setting water and sewer rates, making policy decisions, managing the Executive Director, and contracting with the Authority's Legal Counsel.

Departmental Budget

The Authority Board budget for FY 22-23 is \$69,357 or .06% of the total FY 22-23 operating budget. Of the total departmental budget 72% is budgeted to pay monthly stipends for the Board's 11 members. The remaining 28% is budgeted for various expenditures including costs to broadcast Board meetings, advertise public hearings, and cell phone and tablet stipends.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Facilitate staff in developing SMART (specific, measurable, attainable, realistic, time-bound) goals and performance metrics as they relate to the updated strategic plan.	Review and approve SMART goals as presented by staff	Annual	No Impact	All

Performance Measures

FY 21	FY 22	FY 23 Goal	Performance Metric	Dept Goal
NA	Completed	NA	Complete or Not Complete	Revise and approve a new Strategic Plan
NA	NA	Complete	Complete or Not Complete	Facilitate staff in developing SMART (specific, measurable, attainable, realistic, time-bound) goals and performance metrics as they relate to the updated strategic plan

DEPARTMENTAL SUMMARIES

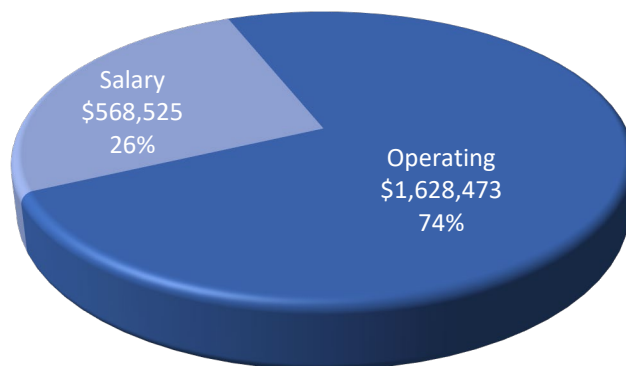
ADMINISTRATION

The Administration Department consists of the Executive Director and Clerk to the Board. The Executive Director serves at the pleasure of the Board and is responsible for executing the Board's strategic vision, policies, and objectives.

Departmental Budget

The Administration Department budget for FY 22-23 is \$2,196,998, or 2.2% of the total FY 22-23 operating budget. Of the total departmental budget, \$568,525 (or 26%) is budgeted to pay salaries and benefits for the department's 3 full-time equivalent positions. The remaining \$1,628,473 (or 74%) is budgeted for various expenditures including \$1.6 million for legal costs including those for the contracted attorney and the Annual PFAS lawsuit with Chemours.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Facilitate implementation process for all 7 initiatives in the new strategic plan	Identify SMART goals, roles and responsibilities	Annual	\$1 mil	All

Performance Measures

FY 21	FY 22	FY 23 Goal	Performance Metric	Dept Goal
NA	NA	Complete	Complete or Not Complete	Facilitate implementation process for all 7 initiatives in the new strategic plan

DEPARTMENTAL SUMMARIES

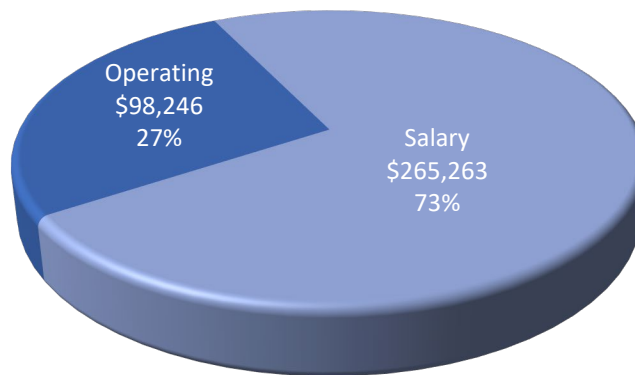
COMMUNICATIONS

The Communications Department consists of the Public Information Officer and Assistant Public Information Officer. The Public Information Officer and Assistant Public Information Officer are responsible for keeping customers and other key stakeholders, including the news media, informed about CFPUA's activities and issues affecting customers and the region. They also support departments with outreach to customers affected by scheduled construction projects or by providing emergency response assistance.

Departmental Budget

The Communications Department budget for FY 22-23 is \$363,509 or 0.37% of the total FY 22-23 operating budget. Salaries for the 2 full time positions make up the majority of the departmental budget. The remaining amount is budgeted for various expenditures, including \$58,000 for community media outreach.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Increase awareness about online customer self-service offerings.	Produce and distribute materials through Paid Community Outreach program that demonstrate our online services and the benefits they offer customers.	Annual	\$185,000	Customer Satisfaction & Stakeholder Understanding
Expand frequency and reach of social media messaging	Increase frequency of Facebook, Twitter, and Instagram posts. Promote direct messaging as an effective channel for customers to communicate with CFPUA.	Annual	No Impact	Customer Satisfaction & Stakeholder Understanding
Continue paid community outreach program with local TV Stations	Increase awareness about key CFPUA initiatives, including customer education about preventing FOG-related sewer clogs.	Annual	Part of Paid Community Outreach	Customer Satisfaction & Stakeholder Understanding
Increase awareness about key CFPUA initiatives, including customer education about preventing FOG-related sewer clogs, promoting prudent irrigation practices, help for customers struggling financially, and providing updates on major projects such as the Sweeney Treatment Enhancements Project.	Produce and distribute materials through Paid Community Outreach program that address these key topics.	Annual	Part of Paid Community Outreach	Customer Satisfaction & Stakeholder Understanding

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Keep customers and the community updated on major projects such with a focus on their effectiveness at treating for PFAS and legal efforts to recoup costs	Produce and distribute materials through Paid Community Outreach program that address these key topics.	Annual	Part of Paid Community Outreach	Customer Satisfaction & Stakeholder Understanding
Identify and spotlight employees throughout the organization who exemplify the organization's dedication to customer service.	Feature one employee in each month's Customer Email Newsletter.	Annual	\$180.00	Customer Satisfaction & Stakeholder Understanding
Continue Monthly Employee Email Newsletter	This initiative shines a spotlight on a couple of staff each month at various locations and in various functions in our organization. This is also a tool to share information important to all employees, including events such as benefits signups and changes to policies.	Annual	No Impact	Employee & Leadership Development
Implement regular market survey to quantify brand perception among customers and community.	Obtain quantitative data on perception of CFPUA among customers, as well as level of awareness about the organization and key initiatives. Results of initial survey will establish benchmarks and metrics to gauge effectiveness communication efforts.	Initial survey by 12/2022	TBD	Customer Satisfaction & Stakeholder Understanding

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Establish regularly scheduled Citizens Water Academy to provide in-depth information about CFPUA's operations to engaged customers.	Deepen community understanding of and appreciation for CFPUA's water and wastewater services and provide a foundation to cultivate brand ambassadors among our customers.	First class by end of FY2023	TBD	Customer Satisfaction & Stakeholder Understanding
Increase frequency of and expand audiences for in-person participation by CFPUA staff to share information about our work with the community.	This includes participation at events, presentations to civic and business groups, facility tours, school visits, appearances by Wayne Drop mascot, and other activities.	Annual	No Impact	Customer Satisfaction & Stakeholder Understanding

Performance Measures

The Communications Department will use the results of their market survey to establish benchmarks and metrics to gauge effectiveness of communication effort.

DEPARTMENTAL SUMMARIES

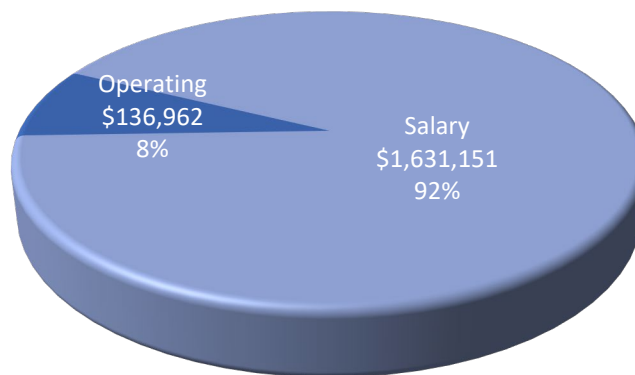
FINANCE

The Finance Department is responsible for developing and recommending financial policies that facilitate the fiscal sustainability of the organization and developing and executing budgets and financial plans in accordance with these policies including rate development, debt issuance, and the investment of public funds. Finance also supports organization wide operations through the timely, accurate payment of vendors, employees, and other parties; managing the procurement of goods and services; budget management; and enterprise resource planning system support. Finance also communicates financial information to stakeholders including customers, the Board, credit rating agencies, the development community, and governmental partners.

Departmental Budget

The Finance Department budget for FY 22-23 is \$ 1,768,113 or 1.78% of the total FY 22-23 operating budget. Finance has 13.75 full time positions that account for 92% of the departmental budget. The remaining 8% is budgeted for various expenditures including the cost of the annual financial audit, financial advisors/consultants, and professional development.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Explore revenue-neutral rate structure alternatives that optimize equity, affordability, and conservation.	Hire a consultant to help develop a new rate model	Jun-23	\$250,000	Financial Viability
Develop financial policies that support the goals of CFPUA	Develop annual budgets that balance rate affordability and provide the best level of service to the community	Annual	No Impact	Financial Viability
	Develop investment policies that efficiently use ratepayer funds to offset potential rate increases by maximizing investment yields	Annual	No Impact	Financial Viability
	Develop Accounts Payable policies that optimize the timing of vendor payments to delay cash outflows while avoiding business interruption due to late payment	Annual	No Impact	Financial Viability
Provide guidance on daily task to ensure business continuity and improve processes	Develop a finance procedures manual	Annual	No impact	Financial Viability
Provide employees the tools to advance by setting goals and training on new tasks	Offer one on one assistance and promote outside training and certifications	Annual	\$5,000	Employee & Leadership Development
Leverage technology to improve processes	Research electronic bidding services, document and contract management systems	Jun-23	no impact	Financial Viability

DEPARTMENTAL SUMMARIES

Performance Measures

FY 21	FY 22	FY 23 Goal	Performance Metric	Dept Goal
Received	Received	Submitted	Receive the GFOA Distinguished Budget Award	Develop financial policies that support the goals of CFPUA
Completed	Completed	In progress	Complete and send the LGC an ACFR by Oct 31 of each year	Develop financial policies that support the goals of CFPUA
Received	Received	Submit after completion	Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting	Develop financial policies that support the goals of CFPUA
NA	NA	In progress (year 1)	Finance staff (3) obtain the NC Local Finance Officer's Certification within 2 years	Provide employees the tools to advance by setting goals and training on new tasks
NA	NA	In progress (year 1)	Budget staff (2) obtain the NC Local Government Budget Association Certification within 2 years	Provide employees the tools to advance by setting goals and training on new tasks
NA	NA	In progress	Implement an Authority Integrated Management System (AIMS) by FY 25	Leverage technology to improve processes

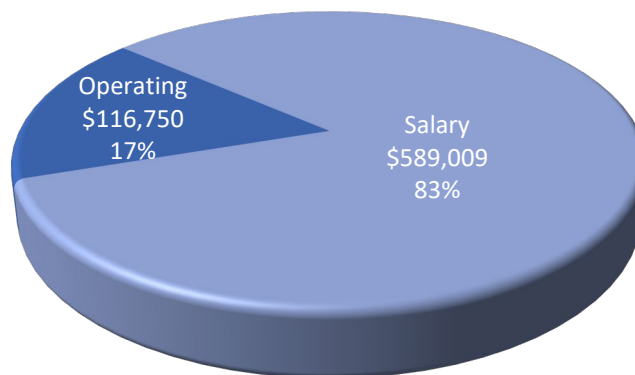
DEPARTMENTAL SUMMARIES

HUMAN RESOURCES

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

The Human Resources Department budget for FY 22-23 is \$705,759 or .71% of the total FY 22-23 operating budget. The majority of the departmental budget is for salaries and benefits for the department's 4 full-time equivalent positions. The remaining amount is budgeted for various expenditures including costs related to insurance brokerage services for employee benefits, worker's compensation claims administration, organizational training, employee recognition and education assistance, and advertisement of position vacancies.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
Competitive Compensation structure	100% of all positions are appropriately in grades comparable to the external market. 100% of all employees are placed within the range based upon compensation structure philosophy.	3/31/2023	No Impact	Employee & Leadership Development
Implement technology to manage human capital	Implement the first three modules of the human capital system including applicant tracking, onboarding and e-forms	30-Jun-23	No Impact	Employee & Leadership Development
Leadership Training	Develop leadership training from Leadership Team to Supervisors/Foreman.	6/30/2023	\$100K	Employee & Leadership Development
Diversity, Equity & Inclusion	Complete education and current state assessment.	6/30/2023	No Impact	Employee & Leadership Development

Performance Measures

FY 21	FY 22	FY 23 Target	Performance Metric	Dept Goal
NA	17%	10%	Reduce Employee Turnover	Leadership Training/Competitive Compensation Structure
NA	NA	TBD	Talent Acquisition time to fill	Implement technology to manage human capital
NA	NA	TBD	L&OD Percent Complete	Leadership Training

DEPARTMENTAL SUMMARIES

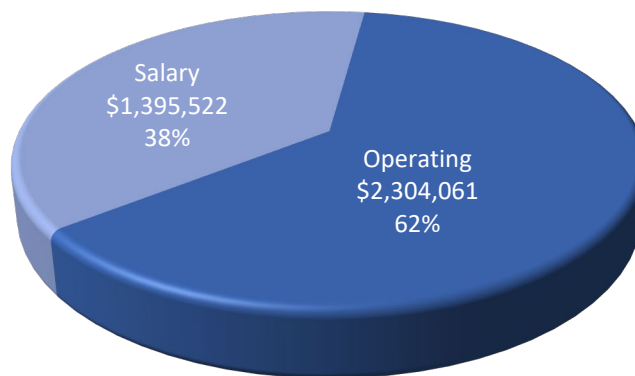
INFORMATION TECHNOLOGY

The Information Technology Department 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 telephone systems. In addition, the Information Technology Department is responsible for the Authority's technology security, the website, closed-circuit television (CCTV), and network security across the organization.

Departmental Budget

The Information Technology Department budget for FY 22-23 is \$ 3,699,583, or 3.73% of the total FY 22-23 operating budget. The salary consists of 11 full time positions and the operating expenditures include the cost of software licenses, scheduled replacement of computers, data connection services and regular maintenance on the Authority's SCADA system.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
Increase CFPUA's Cyber Security Posture	Continue adding technology resources to our existing monitoring application.	Annual	\$18K	Infrastructures Reliability & Product Quality
	Upgrade Network equipment to more sophisticated hardened devices.	Annual	None	Infrastructures Reliability & Product Quality
	Additional network segmentation which will allow for better redundancy and improve communication continuity and security across the business and ICS networks,	Annual	None	Infrastructures Reliability & Product Quality
	Continue adding remote devices to the existing Mobile Device Management solution in order to support security enhancements and remote wipe capability	Annual	(-\$60K)	Infrastructures Reliability & Product Quality
	Migrate all facilities to the new access control system which replaces antiquated equipment and improves security.	July 2021 - July 2023	None	Infrastructures Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
Improve management of technology resources to improve efficiency and IT support response time.	Continue implementing the SCADA Master Plan	July 2021 - July 2025	TBD	Infrastructures Reliability & Product Quality
Improve centralized management of technology resources to improve efficiency and IT support response time.	Expand Virtual Desktop Implementation	Annual	None	Infrastructures Reliability & Product Quality
Begin 3 year upgrade of all facilities Scada to Wonderware platform 2020	Continue implementing the SCADA Master Plan	July 2022 - July 2025		Infrastructures Reliability & Product Quality

Performance Measures

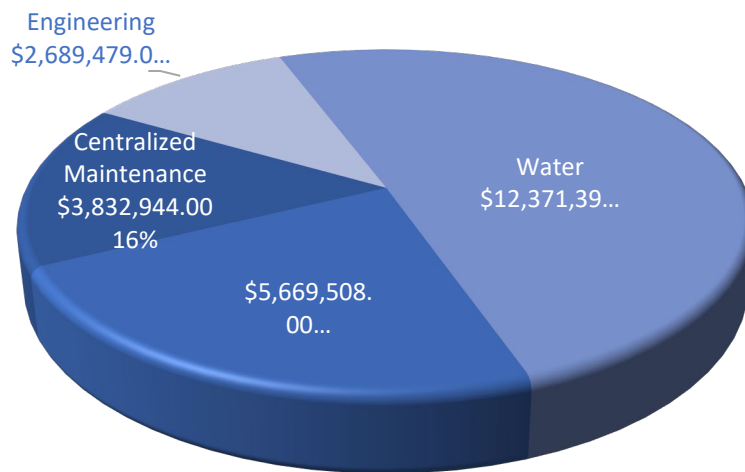
Through the implementation of the Authority Integrated Management System (AIMS), the IT Department will evaluate its processes and establish performance measure to increase its productivity and internal customer service.

DEPARTMENTAL SUMMARIES

TREATMENT/ENGINEERING

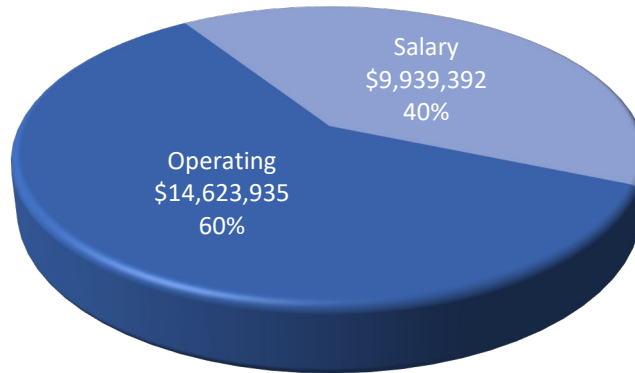
The Treatment/Engineering Department is comprised of Water and Wastewater Treatment, Centralized Maintenance and Engineering. Overall, the total departmental budget for FY 22-23 is \$ \$24,563,327. or 25% of the total FY 22-23 operating budget. The pie charts below detail the breakdown of the total departmental budget between divisions and the breakdown between salary and operating for the entire department.

Treatment/Engineering Total Budget



DEPARTMENTAL SUMMARIES

Departmental Salary vs Operating Budget



Treatment/Engineering - Engineering

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

The Engineering Department budget for FY 22-23 is \$2,689,479, or 3% of the total FY 22-23 operating budget. Of the total departmental budget, \$ 2,592,399 (or 96%) is budgeted to pay salaries and benefits for the department's 22 full-time equivalent positions. The remaining \$ 97,080 (or 4%) is budgeted for various expenditures including the cost of updates to the Authority's construction specifications and CIP database maintenance.

Treatment/Engineering – Centralized Maintenance

The Centralized Maintenance Division is responsible for maintenance activities associated with the water and wastewater treatment plants, well sites, buildings and other facilities, as well as fleet management. Efforts to consolidate maintenance resources have proven beneficial. Centralized Maintenance is continuing to evaluate strategies to become more efficient by moving towards a more predictive approach to maintenance. The Authority's Computerized Maintenance and Management System (CMMS) has proven to be a key component in this transition and will continue to prove effective.

The Centralized Maintenance budget for FY 22-23 is \$ 3,832,944, or 3.86% of the total FY 22-23 operating budget. Of the total division budget, \$1,737,684 (or 44%) is budgeted to pay salaries and benefits for the division's 22 full-time equivalent positions. The remaining \$2,095,260 (or 55%) is budgeted for various

DEPARTMENTAL SUMMARIES

expenditures including contracted services for fleet and equipment maintenance, landscaping, and materials costs for various plant and facilities maintenance.

Treatment/Engineering – Water Treatment

The Water Treatment Division processes source water from the Cape Fear River and confined aquifers to distribute clean, treated drinking water through three different 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, seven days per week to ensure that a supply of safe drinking water is available for customers of the Authority.

The Water Treatment budget for FY 22-23 is \$12,371,396 or 12% of the total annual operating budget. Of the total division budget, \$2,799,092 (or 23%) is budgeted to pay salaries and benefits for the division's 30 full-time equivalent positions. The remaining \$9,572,304 (or 77%) is budgeted for various expenditures including electricity and chemicals used in the treatment process, the purchase of raw water, maintenance and instrumentation contracts, plant maintenance, wellsite maintenance and equipment replacement. The Water Treatment Division non-salary budget is increasing 86% over the prior year due to the new Granular Activate Carbon Filtration system coming online.

Treatment/Engineering – Wastewater Treatment

The Wastewater Treatment Division manages the operation and maintenance of the Authority's two wastewater treatment plants (WWTPs): Northside (NSWWTP) and Southside (SSWWTP). These facilities have received diligent operation and maintenance attention, exhibited exemplary regulatory permit compliance, and observed strict compliance with the approved budget.

The Staff has participated in many Cape Fear Public Utility Authority program initiatives including: asset management, SCADA master planning, centralized maintenance, contingency emergency generator connection provisions and treatment chemical bidding and award. The Staff has maintained high training and certification standards, including operator, backflow prevention, and pesticide application certifications.

The Wastewater Treatment budget for FY 22-23 is \$5,669,508 or 6% of the total FY 22-23 operating budget. Of the total division budget, \$2,810,217 (or 50%) is budgeted to pay salaries and benefits for the division's 33 full-time equivalent positions. The remaining \$2,859,291 (or 50%) is budgeted for various expenditures including electricity and chemicals used in the treatment process, the disposal of wastewater residuals, plant maintenance, and equipment replacement.

DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
Incorporate the Sweeney GAC Enhancement project into daily operation to remove PFAS	Develop operational and GAC replacement plans for the new GAC treatment process	Jan-23	\$3.7M	Infrastructure Reliability & Product Quality
Update 10-year Capital Improvements Plan Annually	Maintain financial and Infrastructure asset data to develop business case evaluations and facilitate incremental improvements to risk-based Capital Improvements Plan annually.	Draft CIP - January 2023 Final CIP - June 2023	No Impact	Infrastructure Reliability & Product Quality
Develop Beneficial Interlocal Agreements with the City and New Hanover County, where appropriate	Evaluate opportunities and draft Interlocal Agreements that benefit our customers and community by working with local movement agencies.	Annual	Capital Budget	Customer Satisfaction & Stakeholder Understanding
Review and Update CFPUA Construction Standards Annually	Review and update the CFPUA Construction Standards annually.	Update and publish by January 2023	No Impact	Infrastructure Reliability & Product Quality
Development Advisory Committee Coordination	Continuously improve exchange of information and stakeholder relationships with the Development Community through Development Advisory Committee meetings.	Meet as needed with the Committee throughout the year	No impact	Customer Satisfaction & Stakeholder Understanding
Promote electronic submittals and review of development plans	Perform electronic reviews of development plans whenever possible	Annual	No impact	Customer Satisfaction & Stakeholder Understanding
Provide online map that Development Customers can use to determine status of plan review and	Develop, implement and deploy online GIS map with plan review data available to customers in real time.	June 2023.	No impact	Customer Satisfaction & Stakeholder Understanding

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
details of previously reviewed projects.				
Update 30-year Sewer Master Plan	Evaluate 30-year growth projections and update Authority's 30-year sewer master plans. The water master plan was updated in 2019.	Dec-22	\$300k	Infrastructure Reliability & Product Quality
Effectively maintain water and wastewater treatment plant equipment	Effectively and timely maintain water and wastewater treatment plant equipment to support compliance with Federal and State wastewater regulations, standards, and permits.	Annual	Centralized Maintenance Budget	Infrastructure Reliability & Product Quality
Implement recommendations from the FY2021 Non-Revenue Water Analysis	Conduct annual calibration testing of water supply meters at the treatment plants and production wells; Perform annual audit utilizing the AWWA Water Audit Software	On-going	No impact	Infrastructure Reliability & Product Quality
Monitor and review energy consumption at treatment plants and well sites	Review energy consumption monthly and compare to historical trends. Investigate increases in energy consumption	Annual	No Impact	Environmental Stewardship & Product Quality
Comply with Federal and State drinking water treatment regulations, standards, and permits	Effectively manage the operation of CFPUA's drinking water treatment plants to comply with Federal and State drinking water regulations, standards, and permits.	Annual	Water Budget	Infrastructure Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcomes
Comply with Federal and State wastewater treatment regulations, standards, and permits	Effectively manage the operation of CFPUA's wastewater treatment plants to comply with Federal and State drinking water regulations, standards, and permits.	Annual	Wastewater Budget	Infrastructure Reliability & Product Quality
Effectively manage copper concentrations in the Southside Wastewater Treatment Plant effluent	Develop and conduct a pilot test for chemical addition to reduce copper concentrations	Complete pilot testing in the Fall of 2022	\$30K	Infrastructure Reliability & Product Quality
Evaluate Opportunities for Potable Reuse Annually	Evaluate and report changes to North Carolina Law and national trends regarding Potable Reuse to the Long Range Planning Committee.	Annual	\$5K	Environmental Stewardship & Product Quality
Improve Employee Effectiveness through Training	Provide employees access to training that improves customer service, safety, professional competency, and appropriate use of technology.	Annual	\$50K	Employee & Leadership Development
Develop and reinforce employee skills through Job specific training and certifications	Further reinforce a culture of employee pride and internal advancement throughout vital operational and maintenance staff positions as budgeted.	Annual	No Impact	Employee & Leadership Development
Improve Asset, Risk and GIS Data Quality	Improve data quality related to asset management, risk and geographical location of infrastructure assets.	Annual	No Impact	Infrastructure Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Performance Measures

FY 21 Actual	FY 22 Actual	FY 23 Goal	Performance Metric	Dept Goal
92%	98%	90%	90% of development plans reviewed within 20 business days	Promote electronic submittals and review of development plans
100%	97%	90%	90% of building permits reviewed within 100 business days	Promote electronic submittals and review of development plans
100%	100%	90%	90% of inspections reviewed within 10 business days	CFPUA Goal: Customer Satisfaction & Stakeholder Understanding
100%	100%	90%	90% of RFIs processed within 5 business days	CFPUA Goal: Customer Satisfaction & Stakeholder Understanding
100%	100%	90%	90% of FTSE's completed for new sewer permits within 20 days	CFPUA Goal: Customer Satisfaction & Stakeholder Understanding
20,127	3,012	Tracking only	Total number of feet of sewer main lined (tracking only)	Improve Asset, Risk and GIS Data Quality
100%	100%	90%	90% of as-built sheets entered into GIS within 30 business days after received	CFPUA Goal: Customer Satisfaction & Stakeholder Understanding
94%	98%	90%	90% of master plan requests completed within 5 business days	CFPUA Goal: Customer Satisfaction & Stakeholder Understanding
41	3	Tracking only	Total number of manholes rehabilitated	Improve Asset, Risk and GIS Data Quality
17.12	17	27	Maintain on average more than 27 hours of training per employee per year	Develop and reinforce employee skills through Job specific training and certifications
18,500,000 (99%)	18,900,000 (99.5%)	100%	Maintain annual electrical energy usage (KWH) at or	Monitor and review energy consumption at

DEPARTMENTAL SUMMARIES

FY 21 Actual	FY 22 Actual	FY 23 Goal	Performance Metric	Dept Goal
			below the goal for Water Treatment (100% of the time)	treatment plants and well sites
4,058 (100.1%)	4,011 (99%)	100%	Cumulative raw water purchased (MG) and percent within the budgeted amount	CFPUA Goal: Infrastructure Reliability & Product Quality
4.75%	6%	10%	No more than 10% of total raw water volume returned to plant	CFPUA Goal: Infrastructure Reliability & Product Quality
100%	98%	100%	100% Availability of emergency well water supply	CFPUA Goal: Infrastructure Reliability & Product Quality
100%	100%	100%	Comply with all State and Federal drinking water standards 100% of the time	Comply with Federal and State drinking water treatment regulations, standards, and permits
100%	100%	100%	Comply with all NPDES permit requirements 100% of the time	Comply with Federal and State drinking water treatment regulations, standards, and permits
11,200,000 (103%)	11,984,000 (107%)	100%	Maintain annual electrical energy usage (KWH) at or below the goal for Wastewater Treatment (100% of the time)	Monitor and review energy consumption at treatment plants and well sites
100%	100%	100%	Comply with all NPDES permit requirements 100% of the time	Comply with Federal and State wastewater treatment regulations, standards, and permits
98%	98%	97%	Produce average percent cake solids 97 percent of the time within the goal	Comply with Federal and State wastewater treatment regulations, standards, and permits

DEPARTMENTAL SUMMARIES

FY 21 Actual	FY 22 Actual	FY 23 Goal	Performance Metric	Dept Goal
96%	108%	100.00%	Manage hauling and disposal costs within the targeted budget (100% of the time)	Comply with Federal and State wastewater treatment regulations, standards, and permits
2.08	2.57	3.00	Target a 3:1 total annual ratio of PM:CM for overall lower life cycle costs	Effectively maintain water and wastewater treatment plant equipment

DEPARTMENTAL SUMMARIES

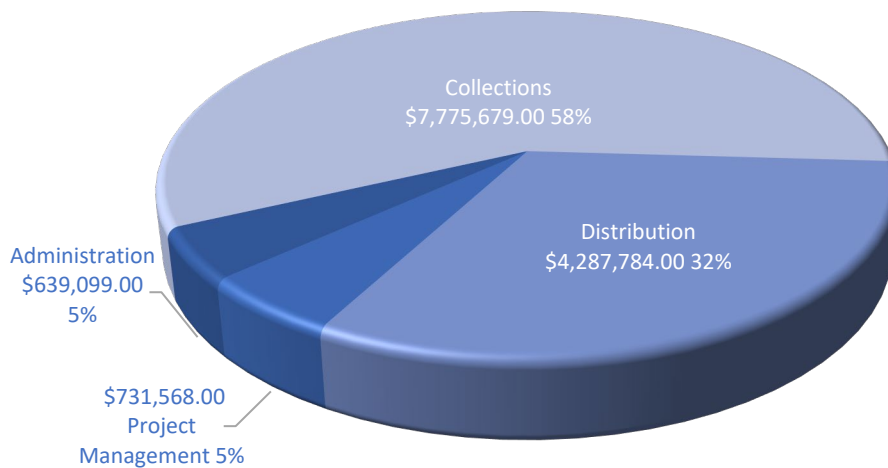
LINEAR ASSETS & PROJECT MANAGEMENT

Departmental Budget

The Linear Assets and Project Management Department is comprised of Administration, Project Management, Distribution and Collections. Overall, the total departmental budget for FY 22-23 is \$13,434,130 or 14% of the total FY 22-23 operating budget. The pie charts below detail the breakdown of the total departmental budget between divisions and the breakdown between salary and operating for the entire department.

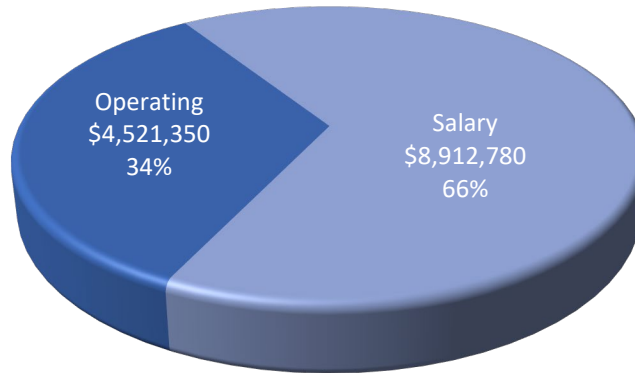


Linear Assets & Project Management Budget



DEPARTMENTAL SUMMARIES

Departmental Salary vs Operating Budget



Linear Assets & Project Management– Administration

The Administration Division is responsible for overseeing the project management, distribution and collections divisions and providing administrative support.

The Administration budget for FY 22-23 is \$639,099 or .64% of the total annual operating budget. Of the total departmental budget, \$629,182 (or 98%) is budgeted to pay salaries and benefits for the department's 4 full-time equivalent positions. The remaining \$9,917 (or 2%) is budgeted for various expenditures including cell phone stipends, dues and subscriptions, and office supplies.

Linear Assets & Project Management– Project Management

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

The Project Management budget for FY 22-23 is \$731,568 or .71% of the total FY 22-23 operating budget. Of the total departmental budget, \$718,655 (or 98%) is budgeted to pay salaries and benefits for the department's 6 full-time equivalent positions. The remaining \$12,913 (or 2%) is budgeted for various expenditures including cell phone stipends, dues and subscriptions, training, and office supplies.

DEPARTMENTAL SUMMARIES

Linear Assets & Project Management – Distribution

The Distribution Division repairs breaks to water and sewer lines, performs locate services, and ensures water quality through regular line flushing.

The Distribution budget for FY 22-23 is \$4,287,784 or 4% of the total FY 22-23 operating budget. Of the total division budget, \$3,122,074 (or 73%) is budgeted to pay salaries and benefits for the division's 37 full-time equivalent positions. The remaining \$1,165,710 (or 27%) is budgeted for various expenditures including contracted services for asphalt and concrete repair, fuel for service vehicles, and construction materials for water and sewer repairs.

Linear Assets & Project Management – Collections

The Collections Division maintains the collection systems through regular inspection and cleaning of gravity lines, maintains outfalls, and operates and maintains 151 pump stations. These duties help reduce the frequency and volume of sanitary sewer overflows (SSOs).

Collections Divisions budget for FY 22-23 is \$7,775,679, or 8% of the total annual operating budget. Of the total division budget, \$4,442,869 (or 57%) is budgeted to pay salaries and benefits for the division's 57 full-time equivalent positions. The remaining \$3,332,810 (or 43%) is budgeted for various expenditures including contracted service for odor and corrosion control and root control, pump replacement, electricity for pump stations, fuel for service vehicles and generators, materials costs for line and pump station repairs, maintenance costs for CCTV inspection equipment, and contracted surveying and clearing services for right-of-way maintenance.

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Effectively minimize odor and corrosion control in collection system.	Respond to odor complaints in a timely manner	Annual	No impact	Infrastructure Reliability & Product Quality
Effectively minimize odor and corrosion control in collection system.	Maintain contracted odor and corrosion prevention program.	Annual	\$1,322,012.37	Infrastructure Reliability & Product Quality
Effectively minimize odor and corrosion control in collection system.	Track location and frequency of odor complaints to identify systematic issues.	Annual	No impact	Infrastructure Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Program scheduled work to minimize public impacts.	Coordinate with City, County, and DOT to program scheduled work activities.	Annual	No impact	Infrastructure Reliability & Product Quality
Execute Capital Projects in most effective manner.	Consider projects implementation using traditional design-bid-build or design-build procurement based on project complexity, cost & schedule.	Annual	No impact	Infrastructure Reliability & Product Quality
Reduce the number and volume of sanitary sewer overflows.	Track routine collection systems asset inspections.	Annual	No impact	Infrastructure Reliability & Product Quality
Provide high quality drinking water.	Conduct routine distribution system flushing to ensure water quality in the distribution system.	Annual	\$54,000.00	Infrastructure Reliability & Product Quality
Provide high quality drinking water.	Respond to and address water main breaks in a timely manner.	Annual	Varies based on size and quantity of breaks.	Infrastructure Reliability & Product Quality
Consider safety as paramount.	Conduct routine safety training with work units.	Annual	\$10,800.00	Infrastructure Reliability & Product Quality
Protect public infrastructure	Conduct easement maintenance activities to provide for access to infrastructure.	Annual	\$856,146.00	Infrastructure Reliability & Product Quality
Protect public infrastructure	Continue to maintain the utility location program	Annual	\$595,833.00	Infrastructure Reliability & Product Quality
Utilize enterprise-wide asset management system for inventory & production tracking to promote informed decisions.	Track inspection and work activities using IBM-Maximo Computerized Maintenance Management System	Annual	\$100,000.00	Infrastructure Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Performance Measures

FY 21	FY 22	FY 23 Goal	Performance Metric	Dept Goal
0	2	1	Expedite one project using an alternative project delivery method	Execute Capital Projects in most effective manner.
25.5	25.5	25.5	12-month rolling number of miles of gravity sewer mains CCTV'd.	Reduce the number and volume of sanitary sewer overflows.
87	87	92.6	12-month rolling number of miles of gravity mains cleaned.	Reduce the number and volume of sanitary sewer overflows.
18.75	18.75	18.75	12-month rolling number of miles of outfall easements cleared.	Reduce the number and volume of sanitary sewer overflows.
100%	100%	100%	Number of weekly pump station inspections completed as percentage of total scheduled inspections.	Reduce the number and volume of sanitary sewer overflows.
<10%	<10%	<10%	12-month rolling percentage of routine distribution sampling events where additional corrective flushing is required.	Provide high quality drinking water.
≤ 3	≤ 3	≤ 3	12-month rolling number of complaints per thousand customer accounts.	Provide high quality drinking water.
<30	<30	<30	Average time to complete locate work orders per month (in minutes).	Protect public infrastructure.

DEPARTMENTAL SUMMARIES

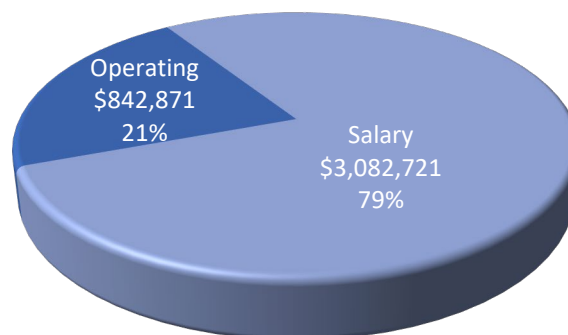
ENVIRONMENTAL MANAGEMENT & SUSTAINABILITY

The Environmental Management and Sustainability Department supports the core mission of the Authority's operational and administrative activities. Laboratory Services provides critical operational and compliance lab data daily to support the operation of both the water and wastewater systems. Community Compliance ensures proper implementation of the Sewer Use and Cross Connection control ordinances to help prevent treatment disruptions at the wastewater treatment plants and eliminate sanitary sewer overflows. The oversight of the cross-connection program helps ensure the protection of public health and drinking water quality by minimizing system vulnerabilities that could allow system contamination. Emergency Response and Security and Safety Management works with staff in each department and other agencies to identify system threats and vulnerabilities and to develop and implement plans and training opportunities to mitigate and respond to risk. Safety Management works with staff and OSHA to ensure safe work practices meet or exceed safety requirements. These programs ensure staff are performing their work safely. Environmental and Safety auditing supports compliance and best practice efforts and activities to help drive continual improvement and stewardship. The Sustainability Division collaborates with staff and other environmental community agencies to develop and implement environmentally and socially sustainable programs and identify opportunities to drive innovation. Sustainability aims to reduce negative impacts and increase resiliency with data-driven solutions for today's issues that can affect future generations such as greenhouse gas emissions and source water quality.

Departmental Budget

The Environmental Management and Sustainability budget for FY 22-23 is \$3,925,592 or 4% of the total FY 22-23 operating budget. Much of the departmental budget is made up of salaries and benefits for the department's 32.75 full-time equivalent positions. The remaining 21% is budgeted for various expenditures including the cost of chemicals and supplies for in-house lab testing, third party lab testing services, maintenance agreements on lab equipment, and employee safety training.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Monitor organizational greenhouse gas emissions; set ghg emissions reduction goals; maintain electric vehicle program; Provide support and guidance across functional areas to reduce GHG emissions and overall carbon footprint	Work towards using the Southside WWTP campus as a pilot for energy management system implementation	FY 2023	No impact	Environmental Stewardship & Protection
	Using energy management principles, identify opportunities for improved process energy tracking	Annual	No impact	Environmental Stewardship & Protection
	Evaluate and implement programs/processes for energy reductions	Annual	No impact	Environmental Stewardship & Protection
	Track / report energy usage per million gallons treated in areas of focus, where possible, and overall at the campus	Annual	No impact	Environmental Stewardship & Protection
	Determine appropriate target reduction	1/1/2023	No impact	Environmental Stewardship & Protection
	Produce annual GHG inventory and set GHG reduction goal	Annual	No impact this year	Environmental Stewardship & Protection
	add new EVs and hybrids to fleet	annually	impact on fleet CIP	Environmental Stewardship & Protection

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Maintain the source water protection plan; help the organization approach policymakers at the state and federal levels on this topic	Continue to meet with SWPP group to identify opportunities to partner with regional groups to improve and protect source water quality and quantity	Annual	No impacts	Environmental Stewardship & Protection
Ensure all testing on water and wastewater is performed and reported accurately and timely	Maintain up to date testing schedules and open communication with operations on changing needs and data results/trends	Annual	No impact	Infrastructure Reliability & Product Quality
Improve Compliance of all Food Service establishments FOG requirements	Evaluate the need to update the FOG commercials	4/1/2023	No impact	Customer Satisfaction & Stakeholder Understanding
	Ensure all FSEs are inspected and educated on requirements	Annual	No impact	Environmental Stewardship & Protection
Improve cross connection compliance rate	Identify gap areas within the system; provide communication and timelines to comply with enforcement to follow if not brought into compliance	12/1/2022	No impact	Customer Satisfaction & Stakeholder Understanding
	Update Cross-Connection Ordinance to support enforcement efforts	12/1/2022	No impact	Infrastructure Reliability & Product Quality
	Utilize UMAX to improve the efficiency, enforcement, and compliance of Cross Connection	Annual	No impact	Customer Satisfaction & Stakeholder Understanding

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Continue and enhance community education around current programming, environmental stewardship, and CFPUA's role in protecting the environment.	Continue to participate in community events such as river fest, earth day, and look for other opportunities to participate and promote CFPUA's role in the community	Annual	\$1,000.00	Environmental Stewardship & Protection
Participate in regional water quality centric environmental groups	Maintain active memberships in Cape Fear River Assembly, Lower Cape Fear River Program, and enhance relationships with other regional environmental groups	Annual	\$1,000	Environmental Stewardship & Protection
	Remain active in water quality groups such as the NHC water quality round table and Lower Cape Fear River Program	Annual	No impact	Environmental Stewardship & Protection
	Provide cross agency resource support of regional water quality improvement programs where CFPUA resources provide enhancement of data and resource protection	Annual	No impact	Environmental Stewardship & Protection
Ensure all testing is conducted to maintain the Reclaimed Water permit	Maintain testing schedules and training of staff on requirements	Annual	No impact	Infrastructure Reliability & Product Quality

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Provide growth and development to recruit and retain a high quality work force	Provide opportunities for cross training and growth that provide skills and knowledge to move lab staff to the next levels of the lab step plan	Annual	No impact	Employee & Leadership Development
	Evaluate opportunities to expand the step plan to other areas of the department such as community compliance	FY 23	No impact	Employee & Leadership Development
	Identify opportunities throughout the department and organization to cross train and enhance training of all staff to build succession plans	Annual	potential training dollars	Employee & Leadership Development
Use technology to improve data management	Evaluate and budget for Laboratory Information management system	Spring 2023	No impact	Infrastructure Reliability & Product Quality
Identify and apply for external grant funding opportunities that will reduce pressure on rates.	Apply for at least 3 grants per year	Per fiscal year	No impact	Environmental Stewardship & Protection
Identify partnerships around environmental education and collaboration; build alliances with nonprofits to assist in bill affordability	Reach out to professors at UNCW, teachers at local schools; nonprofit orgs; work with County affordable housing task force; build support and awareness for CFPUA Assist; Build collaboration with Cape Fear Collective	Continuous	Approx. \$1000 in supplies for educational events	Customer Satisfaction & Stakeholder Understanding

DEPARTMENTAL SUMMARIES

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Continue to analyze bill affordability in the service area and find ways to improve customer assistance options; find ways to utilize the data to support environmental justice efforts and improve grant opportunities.	Update affordability dashboard each year and expand it to include data to support stronger grant applications	Annual basis	No impact	Customer Satisfaction & Stakeholder Understanding
Monitor legislation at the state and federal levels that would allow for more reuse at CFPUA; work with engineering and local planners to begin community education on the topic.	Participate in webinars and other training materials from Water Reuse Association; Participate in wastewater master planning process with ENG	Annual	No impact	Environmental Stewardship & Protection

Performance Measures

FY 21 Actual	FY 22 Actual	FY 23 Goal	Performance Metric	Dept Goal
75.40%	71.2%%	80%	Cross Connection Control	Improve cross connection compliance rate
99.50%	99.2%%	100.0%	Food Service Establishment Compliance	Improve Compliance of all Food Service establishments FOG requirements

DEPARTMENTAL SUMMARIES

FY 21 Actual	FY 22 Actual	FY 23 Goal	Performance Metric	Dept Goal
297	311	tracking only	Lab - Tests/Analyst/Month	Ensure all testing on water and wastewater is performed and reported accurately and timely
\$34.34	\$32.32	tracking only	Lab - Costs/Test/Month	Ensure all testing on water and wastewater is performed and reported accurately and timely
99.20%	92.11%	100%	Safety - % training completed	Consistently maintain and operate the utility, and all its human and physical assets, in a manner that optimizes the safety and health of all employees and the public
8.12	8.29	10	Safety Training hours/employee	Consistently maintain and operate the utility, and all its human and physical assets, in a manner that optimizes the care and use of water and other natural resources.

DEPARTMENTAL SUMMARIES

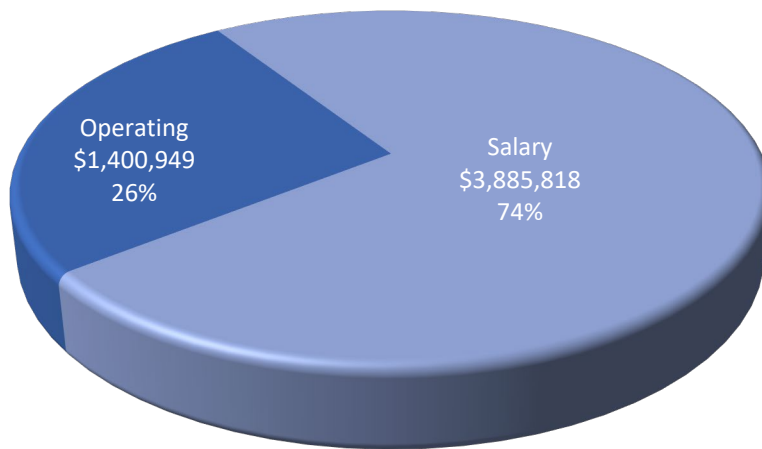
CUSTOMER SERVICE

The Customer Service Department is responsible for customer service-related functions including reading and maintaining meter services, billing customer accounts, addressing customer concerns and collecting on customer accounts. In addition, Customer Service bills for miscellaneous receivables and processes payments for service through multiple payment channels. There are two customer service locations and a call center staffed to address customer inquiries in an efficient and timely manner. The Department's objective is to provide an exceptional customer experience by meeting our customers' needs through timely response, effective service and managed financial costs.

Departmental Budget

The Customer Service Department budget for FY 22-23 is \$5,286,767, or 5% of the total annual operating budget. The department has 56.625 full time equivalent positions making up 74% of the overall budget. The remaining 26% is budgeted for various expenditures including contracted services for utility bill printing and mailing, materials to repair/replace water meters, licenses for automatic meter reading software, fuel for meter reading vehicles, fees to third-party collections agencies, and annual fees for the interactive voice response system.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Goals

Dept Goal(s)	Objectives	Timeline	Impact on FY 22-23 Budget	CFPUA Intended Outcome
Move from bi-monthly billing to monthly billing.	Continue customer communication on monthly billing	Annual	NA	Customer Satisfaction & Stakeholder Understanding
Respond to customer needs in a timely manner	Be responsive to customer work orders and remain on schedule for meter reads	Annual	Meter Service Division	Customer Satisfaction & Stakeholder Understanding
Offer additional on-line services and payment options.	research unassisted options for customers to utilize for convenience and immediate results.	6 mo; 12 mo	No impact	Customer Satisfaction & Stakeholder Understanding
Review customer facing solutions (i.e., application and form submittal)	Find more feasible and customer friendly methods to receive and complete to speed up customer response time	12 months	No impact	Customer Satisfaction & Stakeholder Understanding

Performance Measures

FY 21	FY 22	FY 23 Target	Performance Metric	Dept Goal
95%	98%	98%	Percentage of meters read on time	Respond to customer needs in a timely manner
10 days	7 days	5 days	Minimize the time to complete meter service work orders	Respond to customer needs in a timely manner
6:05	6:00	6:00	Average call length	Review customer facing solutions
6 months	1 month	1 month	Process leak adjustments timely	Respond to customer needs in a timely manner

Budget Ordinance

Ordinance Making Appropriations For the Fiscal Year Beginning July 1, 2022

LEGISLATIVE INTENT/PURPOSE:

Appropriations and estimated revenues for the Fiscal Year Beginning July 1, 2022.

THEREFORE, BE IT ORDAINED by the Board of the Cape Fear Public Utility Authority:

SECTION I: The following appropriations are hereby made. The following revenues are estimated to be available during the fiscal year to meet these appropriations.

Appropriations

Salaries & Benefits	\$30,812,815
Operating	29,618,091
Debt Service	24,942,853
Transfers to Capital Projects Funds	13,800,000
Total Appropriations	\$99,173,759

Revenues

Water/Wastewater Charges - Volumetric	\$52,603,984
Water/Wastewater Charges - Fixed	35,301,275
System Development Charges	5,487,500
Investment Earnings	200,000
Other Charges for Service	5,081,000
Appropriated Fund Balance	500,000
Total Revenues	\$99,173,759

SECTION II: That appropriations herein authorized shall have the amount of outstanding purchase orders as of June 30, 2022 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: Pursuant to NCGS 159-15, the Chief Financial Officer is hereby authorized to transfer moneys among appropriations in SECTION I above. Such transfers shall be reported to the Board at the next regular meeting after such transfer has occurred. The transfers shall be entered in the minutes.

SECTION IV: Pursuant to NCGS 159-13.2, the following appropriations are hereby made. Expenditures authorized by these appropriations may occur over multiple fiscal years. The following revenues are estimated to be available in the fiscal year the expenditures occur.

Appropriations

System-Wide Capital Improvement Projects	\$5,000,000
Water Capital Improvement Projects	14,050,000
Wastewater Capital Improvement Projects	17,550,000
Total Appropriations	\$36,600,000

Revenues

Transfers from Operating Fund	\$24,650,000
Grants	2,600,000
State Revolving Loan Proceeds	9,350,000
Total Revenues	\$36,600,000

SECTION V: Pursuant to NCGS 159-15, the Chief Financial Officer is hereby authorized to transfer moneys among available appropriations authorized in this and prior project ordinances. Such transfers shall be reported to the Board at the next regular meeting after such transfer has occurred. The transfers shall be entered in the minutes.

SECTION VI: The Chief Financial Officer is hereby authorized to reduce appropriations and estimated revenues adopted as part of a project or grant ordinance if and only if (1) the appropriations and estimated revenues are related to state revolving loans, grants, or other contributions from outside parties that are restricted for a specific project, (2) the project for which such state revolving loans, grants, or other contributions from outside parties were to be used is complete, and (3) actual expenditures under such projects are less than the amounts appropriated from such state revolving loans, grants, or other contributions.



Wesley P. Corder, Chairman

Adopted at a regular meeting
On May 11, 2022

ATTEST:


Donna S. Pope, Clerk to the Board



CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 22-23

		Rates and Fees Effective 12/08/21	Rates and Fees Effective 07/01/2022	Ordinance Reference
1	WATER RATES & FEES			
	Water rates include both a fixed meter charge based on meter size and consumption charge based on metered consumption, billed monthly.			
A.	Fixed Meter Charge by Meter Size*	Monthly	Monthly	
	5/8"	\$ 13.78	\$ 16.21	Sec. 1-97 (1) f
	1" (Single-Family Residential with fire sprinkler system)	\$ 13.78	\$ 16.21	Sec. 1-97 (1) f
	1"	\$ 34.45	\$ 40.53	Sec. 1-97 (1) f
	1 1/2"	\$ 68.90	\$ 81.05	Sec. 1-97 (1) f
	2"	\$ 110.24	\$ 129.68	Sec. 1-97 (1) f
	3"	\$ 206.70	\$ 243.15	Sec. 1-97 (1) f
	4"	\$ 344.50	\$ 405.25	Sec. 1-97 (1) f
	6"	\$ 689.00	\$ 810.50	Sec. 1-97 (1) f
	8"	\$ 1,102.40	\$ 1,296.80	Sec. 1-97 (1) f
	10"	\$ 1,722.50	\$ 2,026.25	Sec. 1-97 (1) f
	12"	\$ 2,067.00	\$ 2,431.50	Sec. 1-97 (1) f
	* Fixed Meter Charge is not applied to Irrigation Meters if a separate Water Meter exists.			
B.	Consumption Charge (per 1,000 gallons)**	\$ 4.02	\$ 4.74	Sec. 1-97 (1) c
	** Single-Family Residential is serviced by one domestic meter			
C.	Availability Charge for unconnected 5/8" water service; Availability Charge for larger meters based on meter size	Monthly	Monthly	
		\$ 13.78	\$ 16.21	Sec. 1-97 (1) a
D.	Bulk Water Rates			
	Bulk Water Resale Rate (per 1,000 gallons)	\$ 3.48	\$ 4.11	Sec. 1-97 (1) b
	Bulk Reclaimed Water In-Service Area Rate (per 1,000 gallons)	\$ 2.55	\$ 2.55	Sec. 1-97 (1) b
	Bulk Reclaimed Water Deposit In-Service Area Rate ***	\$100 minimum	\$100 minimum	Sec. 1-97 (1) b
	Bulk Reclaimed Water Out-of-Service Area Rate (per 1,000 gallons)	\$ 3.19	\$ 3.19	Sec. 1-97 (1) b
	Bulk Reclaimed Water Deposit Out-of-Service Area Rate***	\$125 minimum	\$125 minimum	Sec. 1-97 (1) b
	*** Greater of 3 months estimated usage or the minimum			
E.	Water Service Connection Fee*			
	Service Line Connection Fee by Service Size			
	1" Service	\$ 1,850.00	\$ 1,850.00	Sec. 1-97 (2) a; Sec. 1-5 c
	2" Service	\$ 2,300.00	\$ 2,300.00	Sec. 1-97 (2) a; Sec. 1-5 c
	Inspection Fee for Developer-Installed Connection	\$ 55.00	\$ 55.00	Sec. 1-97 (2) b; Sec. 1-6 a
	Inspection Fee for Developer-Installed Connection (After hours - Minimum of 2 hours)	\$75/hour	\$75/hour	Sec. 1-97 (2) b; Sec. 1-6 a
F.	Meter Set Fee by Meter Size (includes labor and materials)			
	5/8"	\$ 250.00	\$ 250.00	Sec. 1-97 (2) c; Sec. 1-5 c
	5/8" Split Service	\$ 575.00	\$ 575.00	Sec. 1-97 (2) c; Sec. 1-5 c
	1"	\$ 350.00	\$ 350.00	Sec. 1-97 (2) c; Sec. 1-5 c
	1 1/2"	\$ 1,600.00	\$ 1,600.00	Sec. 1-97 (2) c; Sec. 1-5 c
	2"	\$ 1,800.00	\$ 1,800.00	Sec. 1-97 (2) c; Sec. 1-5 c
G.	System Development Charges			
	Water by Meter Size			Sec. 4-27 (a)
	5/8"	\$ 2,120.00	\$ 2,230.00	Sec. 1-97 (2) d
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,120.00	\$ 2,230.00	Sec. 1-97 (2) d
	1"	\$ 5,300.00	\$ 5,575.00	Sec. 1-97 (2) d
	1 1/2"	\$ 10,600.00	\$ 11,150.00	Sec. 1-97 (2) d
	2"	\$ 16,960.00	\$ 17,840.00	Sec. 1-97 (2) d
	3"	\$ 31,800.00	\$ 33,450.00	Sec. 1-97 (2) d
	4"	\$ 53,000.00	\$ 55,750.00	Sec. 1-97 (2) d
	6"	\$ 106,000.00	\$ 111,500.00	Sec. 1-97 (2) d
	8"	\$ 169,600.00	\$ 178,400.00	Sec. 1-97 (2) d
	10"	\$ 265,000.00	\$ 278,750.00	Sec. 1-97 (2) d
H.	Special Use of Water			
	Water Rates include both a fixed meter charge as referenced in Section A based on meter size or backflow preventer size, whichever is less, plus consumption charge based on metered consumption as referenced in Section B, billed monthly.			
	Fixed Meter Charge by Size	Initial Fee	Initial Fee	
	5/8"	\$ 31.00	\$ 31.00	Sec. 1-97 (3) g
	3/4"	\$ 35.00	\$ 35.00	Sec. 1-97 (3) g
	1"	\$ 45.00	\$ 45.00	Sec. 1-97 (3) g
	1 1/2"	\$ 56.00	\$ 56.00	Sec. 1-97 (3) g
	2"	\$ 96.00	\$ 96.00	Sec. 1-97 (3) g
	3"	\$ 165.00	\$ 165.00	Sec. 1-97 (3) g
	4"	\$ 254.00	\$ 254.00	Sec. 1-97 (3) g
	Lost or stolen special use sign	\$ 50.00	\$ 50.00	Sec. 1-97 (3) g
I.	Water Quality Fees			
	Inspection Fees Backflow Assembly			
	Initial inspection	No Charge	No Charge	Sec. 1-97 (2) b
	Subsequent inspections	\$ 55.00	\$ 55.00	Sec. 1-97 (2) b
J.	Fire Line Service			
	Fixed Fire Line Charge by Size	Monthly	Monthly	
	2"	\$ 10.00	\$ 10.00	Sec. 1-97 (1) e
	3"	\$ 15.00	\$ 15.00	Sec. 1-97 (1) e

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 22-23

		Rates and Fees Effective 12/08/21	Rates and Fees Effective 07/01/2022	Ordinance Reference
	4"	\$ 20.00	\$ 20.00	Sec. 1-97 (1) e
	6"	\$ 40.00	\$ 40.00	Sec. 1-97 (1) e
	8"	\$ 70.00	\$ 70.00	Sec. 1-97 (1) e
	10"	\$ 110.00	\$ 110.00	Sec. 1-97 (1) e
	12"	\$ 160.00	\$ 160.00	Sec. 1-97 (1) e
2 SEWER RATES & FEES				
Sewer rates include both a fixed meter charge based on meter size and consumption charge based on metered consumption, billed monthly.				
A. Fixed Meter Charge by Meter Size		Monthly	Monthly	
	5/8"	\$ 14.55	\$ 14.55	Sec. 1-97 (1) f; Sec. 1-75
	1" (Single-Family Residential with fire sprinkler system)	\$ 14.55	\$ 14.55	Sec. 1-97 (1) f; Sec. 1-75
	1"	\$ 36.38	\$ 36.38	Sec. 1-97 (1) f; Sec. 1-75
	1 1/2"	\$ 72.75	\$ 72.75	Sec. 1-97 (1) f; Sec. 1-75
	2"	\$ 116.40	\$ 116.40	Sec. 1-97 (1) f; Sec. 1-75
	3"	\$ 218.25	\$ 218.25	Sec. 1-97 (1) f; Sec. 1-75
	4"	\$ 363.75	\$ 363.75	Sec. 1-97 (1) f; Sec. 1-75
	6"	\$ 727.50	\$ 727.50	Sec. 1-97 (1) f; Sec. 1-75
	8"	\$ 1,164.00	\$ 1,164.00	Sec. 1-97 (1) f; Sec. 1-75
	10"	\$ 1,818.75	\$ 1,818.75	Sec. 1-97 (1) f; Sec. 1-75
	12"	\$ 2,182.50	\$ 2,182.50	Sec. 1-97 (1) f; Sec. 1-75
B. Consumption Charge (per 1,000 gallons) See Notes 1 & 2		\$ 4.63	\$ 4.63	Sec. 1-97 (1) c; Sec. 1-75
Note 1	Single-Family Residential metered consumption capped at 15,000 gallons per monthly billing			Sec. 1-97 (1) c; Sec. 1-75
Note 2	No cap for non-residential metered consumption			Sec. 1-97 (1) g; Sec. 1-75
C. Flat Sewer Charge				
	Residential (Note 1)	\$ 34.46	\$ 33.53	Sec. 1-97 (1) c; Sec. 1-75
	Non-residential (Note 2)			
	5/8"	\$ 70.11	\$ 36.77	Sec. 1-97 (1) c; Sec. 1-75
	1"	\$ 70.11	\$ 92.87	Sec. 1-97 (1) c; Sec. 1-75
	1 1/2"	\$ 70.11	\$ 188.96	Sec. 1-97 (1) c; Sec. 1-75
	2"	\$ 70.11	\$ 387.72	Sec. 1-97 (1) c; Sec. 1-75
	3"	\$ 70.11	\$ 627.54	Sec. 1-97 (1) c; Sec. 1-75
	4"	\$ 70.11	\$ 1,199.00	Sec. 1-97 (1) c; Sec. 1-75
	6"	\$ 70.11	\$ 1,942.41	Sec. 1-97 (1) c; Sec. 1-75
	8"	\$ 70.11	\$ 4,058.21	Sec. 1-97 (1) c; Sec. 1-75
	10"	\$ 70.11	\$ 5,189.39	Sec. 1-97 (1) c; Sec. 1-75
Note 1	The residential flat sewer rate consists of the fixed meter charge for a 5/8" meter plus assumed consumption based on the average consumption for residential customers having domestic metered water service during the most recent calendar year			
Note 2	Each tier of the non-residential flat sewer rate consists of the fixed meter charge for the assumed meter size plus assumed consumption based on the average metered consumption for non-residential customers having that meter size during the most recent calendar year			
		Monthly	Monthly	
D. Availability Charge for unconnected 5/8" sewer service; Availability Charge for larger meters based on meter size		\$ 14.55	\$ 14.55	Sec. 1-97 (1) a
D. Bulk Wastewater Collection and Treatment Rate (per 1,000 gallons)		\$3.34	\$3.34	Sec. 1-97 (1) b
E. Sewer Service Connection Fee				
Installation Fee by Service Size				
	4" Service	\$ 2,200.00	\$ 2,200.00	Sec. 1-97 (2) a; Sec. 1-5 c
	6" Service	\$ 2,800.00	\$ 2,800.00	Sec. 1-97 (2) a; Sec. 1-5 c
Inspection Fee for Developer-Installed Connection		\$ 55.00	\$ 55.00	Sec. 1-97 (2) b; Sec. 1-6 a
Inspection Fee for Developer-Installed Connection (After hours - Minimum of 2 hours)		\$75/hour	\$75/hour	Sec. 1-97 (2) b; Sec. 1-6 a
F. System Development Charges				
Sewer by Meter Size				
	5/8"	\$ 2,180.00	\$ 2,160.00	Sec. 4-47 (a)
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,180.00	\$ 2,160.00	Sec. 1-97 (2) d
	1"	\$ 5,450.00	\$ 5,400.00	Sec. 1-97 (2) d
	1 1/2"	\$ 10,900.00	\$ 10,800.00	Sec. 1-97 (2) d
	2"	\$ 17,440.00	\$ 17,280.00	Sec. 1-97 (2) d
	3"	\$ 32,700.00	\$ 32,400.00	Sec. 1-97 (2) d
	4"	\$ 54,500.00	\$ 54,000.00	Sec. 1-97 (2) d
	6"	\$ 109,000.00	\$ 108,000.00	Sec. 1-97 (2) d
	8"	\$ 174,400.00	\$ 172,800.00	Sec. 1-97 (2) d
	10"	\$ 272,500.00	\$ 270,000.00	Sec. 1-97 (2) d
	Unmetered service (sewer only)	\$10/gallon projected flow	\$10/gallon projected flow	Sec. 1-97 (2) d
G. Grinder Pump Fees				
Residential grinder pump fee, monthly		\$15.00	\$15.00	
Developer grinder pump fee per platted lot		\$300.00	\$300.00	

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 22-23

		Rates and Fees Effective 12/08/21	Rates and Fees Effective 07/01/2022	Ordinance Reference
3 Wastewater Pretreatment				
A. Discharge Permit Applications and Annual Fees:				
Significant Industrial Users, Industrial Users flow > 15,000 gallons/day				
	Initial and Annual Permit	\$ 750.00	\$ 750.00	Sec. 5-58; Sec. 5-91 (b)
	Modification of Permit (each occurrence)	\$ 200.00	\$ 200.00	Sec. 5-58; Sec. 5-91 (b)
	Restoration of Revoked Permit (each occurrence)	\$ 1,500.00	\$ 1,500.00	Sec. 5-58; Sec. 5-91 (b)
	Monitoring Fee	Individually determined	Individually determined	Sec. 5-58
	Enforcement Cost Recovery	Individually determined	Individually determined	Sec. 1-97 (3) j; Sec. 5-58
B. Other Wastewater Permits				
	Flow Less than 1,000 gallons/day (initial and annual)	\$ 100.00	\$ 100.00	Sec. 5-58; Sec. 5-91 (a)
	Flow Between 1,000 and 7,500 gallons/day (initial and annual)	\$ 200.00	\$ 200.00	Sec. 5-58; Sec. 5-91 (a)
	Flow Between 7,501 and 15,000 gallons/day (initial and annual)	\$ 300.00	\$ 300.00	Sec. 5-58; Sec. 5-91 (a)
	Monitoring Fee	Individually determined	Individually determined	Sec. 5-58
	Food Service Establishment Permit and Annual Inspection Fee (per location)	\$ 100.00	\$ 100.00	Sec. 5-58; Sec. 5-91 (a)
	Grease Interceptor Pumping Variance (each occurrence)	\$ 220.00	\$ 220.00	Sec. 5-58
	Enforcement Cost Recovery	Individually determined	Individually determined	Sec. 1-97 (3) j; Sec. 5-58
	Restoration Fee of Revoked Other Wastewater Permit (each occurrence)	2x permit fee	2x permit fee	Sec. 1-97 (1) d; Sec. 5-58
	Residuals permit application fee (initial and renewals)	\$ 100.00	\$ 100.00	Sec. 5-58
C. Pretreatment Wastewater Treatment Surcharges		Monthly	Monthly	
	Surcharge for BOD (per 100 lbs; when BOD>200mg/L and COD < 3x BOD)****	\$ 36.00	\$ 36.00	Sec. 1-97 (1) d; Sec. 5-57
	Surcharge for COD (per 100 lbs; when COD>600mg/L and >=3xBOD)****	\$ 36.00	\$ 36.00	Sec. 1-97 (1) d; Sec. 5-57
	Surcharge for TSS (per 100 lbs; when TSS >200mg/l)	\$ 21.00	\$ 21.00	Sec. 1-97 (1) d; Sec. 5-57
	**** Surcharge is assessed for either BOD or COD, but not both.			
D. Charges for Septage Haulers		Monthly	Monthly	
	In-Service Area Rate (per gallon)	\$ 0.1378	\$ 0.1378	Sec. 1-97 (1) b; Sec. 5-33
	Out-of-Service Area Rate (per gallon)	\$ 0.1723	\$ 0.1723	Sec. 1-97 (1) b; Sec. 5-33
	Utility Deposit	\$ 500.00	\$ 500.00	Sec. 1-6
E. Charges for Miscellaneous Hauled Wastewater Fees (subject to applicable surcharges)				
Short-Term Permit		Monthly	Monthly	
	Per gallon Within Service Area	\$ 0.030	\$ 0.032	Sec. 1-97 (1) b; Sec. 5-33
	Per gallon Out-of-Service Area	\$ 0.060	\$ 0.064	Sec. 1-97 (1) b; Sec. 5-33
Long-Term Permit				
	One Time System Development Charge In accordance with Fee Schedule and specified in permit.			Sec. 1-97 (2) d; Sec. 5-58
	Long-Term Permit Monthly Consumption Charge (per 1,000 gallons)	\$ 4.63	\$ 4.63	Sec. 1-97 (1) c; Sec. 5-58
	Long-Term Permit Monthly Fixed Meter Charge by Meter Size/Flow:			
	5/8" (Flow between 0-28,800 gpd)	\$ 14.55	\$ 14.55	Sec. 1-97 (1) f; Sec. 5-58
	1" (Flow between 28,801-72,000 gpd)	\$ 36.38	\$ 36.38	Sec. 1-97 (1) f; Sec. 5-58
	1 1/2" (Flow between 72,001-144,000 gpd)	\$ 72.75	\$ 72.75	Sec. 1-97 (1) f; Sec. 5-58
	2" (Flow between 144,001-230,400 gpd)	\$ 116.40	\$ 116.40	Sec. 1-97 (1) f; Sec. 5-58
	3" (Flow between 230,401-460,800 gpd)	\$ 218.25	\$ 218.25	Sec. 1-97 (1) f; Sec. 5-58
	4" (Flow between 460,801-720,000 gpd)	\$ 363.75	\$ 363.75	Sec. 1-97 (1) f; Sec. 5-58
	6" (Flow between 720,001-1,440,000 gpd)	\$ 727.50	\$ 727.50	Sec. 1-97 (1) f; Sec. 5-58
	8" (Flow between 1,440,001-2,304,000 gpd)	\$ 1,164.00	\$ 1,164.00	Sec. 1-97 (1) f; Sec. 5-58
	10" (Flow between 2,304,001-3,312,000 gpd)	\$ 1,818.75	\$ 1,818.75	Sec. 1-97 (1) f; Sec. 5-58
	12" (Flow > 3,312,001 gpd)	\$ 2,182.50	\$ 2,182.50	Sec. 1-97 (1) f; Sec. 5-58
F. Processing Charge for Haulers of Non-Hazardous Wastewater Treatment Plant (WWTP) Residuals as delivered to a designated CFPWA WWTP (Per Pound Total Solids Dry Weight Basis as Delivered/Received)		Monthly	Monthly	
	Unstabilized/Less Than Class B Residuals In-Service Area Rate	\$ 0.8020	\$ 0.8020	Sec. 1-97 (1) b; Sec. 5-33
	Stabilized/Equal to or Better Than Class B Residuals In-Service Area Rate	\$ 0.6015	\$ 0.6015	Sec. 1-97 (1) b; Sec. 5-33
	Unstabilized/Less Than Class B Residuals Out-of-Service Area Rate	\$ 1.0025	\$ 1.0025	Sec. 1-97 (1) b; Sec. 5-33
	Stabilized/Equal to or Better Than Class B Residuals Out-of-Service Area Rate	\$ 0.7519	\$ 0.7519	Sec. 1-97 (1) b; Sec. 5-33
4 Penalties				
A. Tampering Violations				
	Unauthorized non-metered use of water (greater of 15,000 gallons consumption or the highest billed consumption in the past 24 months)	\$60.30	\$60.30	Sec. 1-97 (3) m; Sec 1-166 (c)
	Unauthorized non-metered use of sewer (capped at 15,000 gallons consumption)	\$69.45	\$69.45	Sec. 1-97 (3) m; Sec 1-166 (c)
	Cut Lock Fee	\$75.00	\$75.00	Sec. 1-97 (3) f; Sec. 1-166 (c)
	Unauthorized turn on or turn off water supplied by Authority	\$55.00	\$55.00	Sec. 1-9 (g); Sec. 1-9(h)
	Meter Obstruction Fee	\$55.00	\$55.00	Sec. 1-97 (3) q
	System Tampering Civil Action Violation, in accordance with N.C.G.S. 14-151(e)	Triple the amount of losses and damages sustained by the Authority or \$5,000, whichever is greater	Triple the amount of losses and damages sustained by the Authority or \$5,000, whichever is greater	Sec. 1-97 (3) r
	Violation of Cross Connection Control Ordinance	Up to \$1,000/day	Up to \$1,000/day	Sec. 2-10 (j)
B. Backflow Preventer Violations				

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 22-23

		Rates and Fees Effective 12/08/21	Rates and Fees Effective 07/01/2022	Ordinance Reference
	Commercial failure to submit required backflow preventer test report	\$200.00	\$200.00	Sec. 2-10 (d)
	Residential failure to submit required backflow preventer test report	\$100.00	\$100.00	Sec. 2-10 (d)
	Submission of falsified backflow preventer test report	\$200.00	\$200.00	Sec. 2-10 (d)
	First violation of backflow installation requirements	\$250.00	\$250.00	Sec. 2-10 (b)
	Subsequent violation of backflow installation requirements	\$1,000.00	\$1,000.00	Sec. 2-10 (b)
C. Pretreatment Violations				
	Violation of Wastewater Discharge Permit	Up to \$25,000	Up to \$25,000	Sec. 5-189
	Violation of Sewer Use Ordinance	Up to \$25,000	Up to \$25,000	Sec. 5-189
D. Water Emergency Management Ordinance				
	Violation of Water Emergency Management Regulations	Up to \$500/day	Up to \$500/day	Sec. 3-13 (d)
5 Miscellaneous and Other				
A. Service/repair costs				
	Contracted services at actual cost plus 10% administrative fee	Individually determined	Individually determined	Sec. 1-9 (e)
	CFPUA staff and equipment at FEMA reimbursable cost	Individually determined	Individually determined	Sec. 1-9 (e)
B. Other Fees				
	After Hours Fee	Individually determined	Individually determined	Sec. 1-97 (3) a
	Emergency Reconnect Fee	\$ 110.00	\$ 110.00	Sec. 1-97 (3) c
	Late Day Reconnect Fee	\$ 55.00	\$ 55.00	Sec. 1-97 (3) b
	Late Fee	5% of current charges	5% of current charges	Sec. 1-97 (3) h
	Loan Processing Fee/Deferral Fee	Actual Cost to File	Actual Cost to File	Sec. 1-97 (3) k
	Meter Test	\$ 55.00	\$ 55.00	Sec. 1-97 (3) i; Sec. 1-36; Sec. 1-161
	Large Meter Test (requested by Customer) (Meters 3" and larger)	\$ 150.00	\$ 150.00	Sec. 1-36; Sec. 1-161
	New Service Charge	\$ 55.00	\$ 55.00	Sec. 1-97 (3) d; Sec. 1-6 (a)
	Premise Visit Fee	\$ 55.00	\$ 55.00	Sec. 1-97 (3) p; Sec. 1-15
	Delinquency Fee	\$ 55.00	\$ 55.00	Sec. 1-97 (3)m; Sec. 1-166 (a)
	Reread Fee (requested by Customer)			
	Correct Read	\$ 55.00	\$ 55.00	Sec. 1-97 (3) o
	Incorrect Read (CFPUA error)	No Cost	No Cost	Sec. 1-97 (3) o
	Reconnection Fee (after disconnect)	\$ 55.00	\$ 55.00	Sec. 1-97 (3) n
	Utility Deposit Single-Family Residential (may be adjusted by Customer Service Director based on services provided and prior payment history)			Sec. 1-6
	Utility Deposit Commercial			Sec. 1-6
	Hydrant Meter Deposit for festivals (up to 1 1/2" meter size)	\$ 500.00	\$ 500.00	Sec. 1-97 (3) g
	Hydrant Meter Deposit for festivals (2" and higher meter size)	Actual Cost	Actual Cost	Sec. 1-97 (3) g
	Hydrant Meter Installation & Removal for festivals (per meter)	\$ 55.00	\$ 55.00	Sec. 1-97 (3) g
	Plan Review Fees:			
	Minor Subdivisions - no required NCDEQ water or sewer permits	\$ 120.00	\$ 120.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Commercial Plans (multi-family residential/commercial) - no required NCDEQ water and sewer permits	\$ 120.00	\$ 120.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Main Extensions/Utility relocation/ROW widening less than 500 Linear Feet	\$ 240.00	\$ 240.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Main Extensions/Utility relocation/ROW widening 500-999 Linear Feet	\$ 300.00	\$ 300.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Main Extensions/Utility relocation/ROW widening 1,000-4,999 linear feet	\$ 600.00	\$ 600.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Main Extensions/Utility relocation/ROW widening 5,000-9,999 linear feet	\$ 850.00	\$ 850.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Main Extensions/Utility relocation/ROW widening 10,000 linear feet and greater	\$ 1,400.00	\$ 1,400.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Pump Station Review (plus the main extensions fee above)	\$ 350.00	\$ 350.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Re-review Fee	\$ 50.00	\$ 50.00	Sec. 1-97 (3) i; Sec. 4-3 (a)
	Water/Sewer Line Acceptance Testing Reinspection	\$55/hour	\$55/hour	Sec. 4-3 (c)
	Water/Sewer Line Acceptance Testing Reinspection - After Hours Fee	\$75/hour	\$75/hour	Sec. 4-3 (c)
	Inspection Fee for Developer-Installed Main Lines (After hours - Minimum of 2 hours)	\$75/hour	\$75/hour	Sec. 1-97 (2) b; Sec. 1-6 (a)
	Demolition Inspection Fee	\$ 55.00	\$ 55.00	Sec. 1-97 (3) s; Sec. 1-6 (a)
	Violation of Extension Policy	\$100, \$200, \$500	\$100, \$200, \$500	Sec. 4-103
	Copy and Printing Fees, including Public Records Request	Actual cost	Actual cost	
	Tank Mounted Equipment Structural Analysis Review Fee	\$ 2,025.00	\$ 2,025.00	Sec. 1-97 (3) t
	Water Tower Lease	Individually determined; \$2,500 minimum	Individually determined; \$2,500 minimum	Set by contract
	Additional Antenna Fee - per antenna exceeding nine antennas	\$ 300.00	\$ 300.00	
	Ground Space Fee - Additional ground space above 400 square feet	\$5.92/square foot	\$5.92/square foot	
C. Miscellaneous Administrative Fees				
	Returned Check Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Vendor issued Check)	\$ 25.00	\$ 25.00	Sec. 1-97 (3) j
	Convenience Fee per transaction; maximum payment amount up to \$300 per transaction.	\$ 3.00	\$ 3.00	
	Dishonored Bank Draft Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Vendor Draft)	\$ 25.00	\$ 25.00	Sec. 1-97 (3) j
	Check Stop Payment Fee (Stop Payment of CFPUA issued Check requested by Customer/Vendor)	\$ 5.00	\$ 5.00	Sec. 1-97 (3) j
D. Development Capacity Fees				
	Chair Road Associates - Regional Lift Station (PS #157) Only	\$1.55 per gpd	\$1.61 per gpd	Per Contract
	CFPUA Cost Recovery - Northwest Forcemain Improvements Only	\$4.09 per gpd	\$3.87 per gpd	Sec. 4-4 (c)

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 22-23

			Rates and Fees Effective 12/08/21	Rates and Fees Effective 07/01/2022	Ordinance Reference
		CFPUA Cost Recovery - Pump Station 36 Improvements	\$2.31 per gpd	\$2.31 per gpd	Per Contract
		CFPUA Cost Recovery - Northern Water Main	\$2.13 per gpd	\$2.13 per gpd	Per Contract
		CFPUA Cost Recovery - Forest Creek Outfall	\$12.87 per gpd	\$12.87 per gpd	Per Contract
		CFPUA Cost Recovery - Chair Road Water Main	\$1.12 per gpd	\$1.12 per gpd	Per Contract

**Cape Fear Public Utility Authority
Demographic Statistics
Current Fiscal Year and Last Nine 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, in thousands (4)	Per Capita Income (5)
2021	123,744	234,473	39.8	25,938	4.6%	\$11,261,502	\$ 48,029
2020	122,616	232,256	39.3	25,952	8.8%	10,829,425	46,627
2019	120,836	228,728	38.8	25,512	3.8%	10,036,982	43,882
2018	118,770	224,809	38.5	26,263	4.0%	9,649,613	42,924
2017	115,050	219,422	38.4	26,096	4.5%	9,262,330	42,212
2016	113,320	215,963	38.2	25,901	5.0%	8,742,269	40,480
2015	111,686	212,921	37.9	26,241	5.8%	8,007,235	37,607
2014	109,658	209,045	37.7	25,470	6.2%	7,718,255	36,922
2013	108,141	205,966	37.5	25,364	7.8%	7,543,019	36,623
2012	106,754	203,284	37.4	25,253	9.5%	7,165,876	35,251

(1) Data is from the US Census Bureau. Information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

(2) Data from the U.S. Department of Education, National Center for Education Statistics

(3) June seasonally adjusted rate for New Hanover County from the North Carolina Department of Commerce

(4) Personal income and population are for New Hanover County using information from the Bureau of Economic Analysis. Personal income and population information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

**Cape Fear Public Utility Authority
Principal Water Customers
Current Fiscal Year and Nine Years Prior**

2021					2012				
Ten Largest Users of the Water System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues	Ten Largest Users of the Water System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues
1 UNC Wilmington	107,526	1.83%	\$ 500,786	1.30%	1 UNC Wilmington	170,172	3.15%	\$ 716,357	2.35%
2 New Hanover Regional Medical Center	52,797	0.90%	269,530	0.70%	2 New Hanover Regional Medical Center	59,221	1.10%	280,798	0.92%
3 Wilmington Housing Authority	50,324	0.86%	237,630	0.62%	3 New Hanover County Schools	51,685	0.96%	322,386	1.06%
4 Town of Wrightsville Beach	45,689	0.78%	30,898	0.08%	4 New Hanover County	38,079	0.70%	229,145	0.75%
5 New Hanover County	39,716	0.68%	241,398	0.63%	5 Wilmington Housing Authority	37,422	0.69%	181,080	0.60%
6 Tribute Properties	37,068	0.63%	266,595	0.69%	6 Tribute Properties	32,791	0.61%	257,418	0.85%
7 Bedrock Holdings	35,677	0.61%	219,561	0.57%	7 College Manor Apartments	31,032	0.57%	142,864	0.47%
8 New Hanover County Schools	32,048	0.55%	241,331	0.63%	8 Lake Forest Apartments	29,306	0.54%	128,283	0.42%
9 NC State Port Authority	23,923	0.41%	140,027	0.36%	9 Mayfaire Complex	27,112	0.50%	194,082	0.64%
10 Lake Forest Apartments	23,738	0.40%	108,881	0.28%	10 City of Wilmington	25,392	0.47%	186,388	0.61%
Total Net Consumption / Net Revenue	448,506	7.65%	\$ 2,256,637	5.85%	Total Net Consumption / Net Revenue	502,212	9.30%	\$ 2,638,801	8.67%
Total Annual System Net Consumption / Net Revenue	5,863,130		\$ 38,550,365		Total Annual System Net Consumption / Net Revenue	5,402,454		\$ 30,431,045	

**Cape Fear Public Utility Authority
Principal Wastewater Customers
Current Fiscal Year and Nine Years Prior**

2021					2012				
Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues	Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues
1 Town of Wrightsville Beach	228,198	4.25%	\$ 410,756	1.03%	1 Town of Wrightsville Beach	207,561	4.18%	\$ 346,627	1.11%
2 UNC Wilmington	148,922	2.77%	367,368	0.92%	2 UNC Wilmington	102,554	2.06%	421,251	1.35%
3 New Hanover Regional Medical Center	51,182	0.95%	293,230	0.73%	3 New Hanover Regional Medical Center	57,991	1.17%	263,030	0.84%
4 Wilmington Housing Authority	49,136	0.92%	263,677	0.66%	4 New Hanover County Schools	50,996	1.03%	311,645	1.00%
5 Tribute Properties	35,180	0.66%	286,279	0.71%	5 Wilmington Housing Authority	37,335	0.75%	171,391	0.55%
6 Bedrock Holdings	35,148	0.65%	234,889	0.59%	6 New Hanover County	35,249	0.71%	197,141	0.63%
7 New Hanover County	34,297	0.64%	229,882	0.57%	7 Tribute Properties	32,203	0.65%	286,588	0.92%
8 New Hanover County Schools	30,701	0.57%	252,554	0.63%	8 College Manor Apartments	31,032	0.62%	134,654	0.43%
9 Lake Forest Apartments	23,738	0.44%	124,113	0.31%	9 Lake Forest Apartments	29,306	0.59%	119,139	0.38%
10 Corning, Inc.	22,167	0.41%	103,681	0.26%	10 Mayfaire Complex	26,702	0.54%	188,417	0.60%
Total Net Consumption / Net Revenue	658,669	12.27%	\$ 2,566,429	6.40%	Total Net Consumption / Net Revenue	610,929	12.30%	\$ 2,439,883	7.80%
Total Annual System Net Consumption / Net Revenue	5,368,064		\$ 40,071,680		Total Annual System Net Consumption / Net Revenue	4,966,659		\$ 31,278,202	

**Cape Fear Public Utility Authority
Principal Employers
Current Fiscal Year and Nine Years Ago**

2021				2012			
Employers	Employees (1)	Rank	Percentage of Total County Employment	Employers	Employees (3)	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,477	1	6.38%	New Hanover Regional Medical Center	4,738	1	4.45%
New Hanover County Schools	4,187	2	3.57%	New Hanover County Schools	3,666	2	3.44%
GE Hitachi Nuclear Energy and GE Aviation	2,650	3	2.26%	Wal-Mart Stores	2,592	3	2.43%
Wal-Mart Stores	2,519	4	2.15%	GE Wilmington	2,100	4	1.97%
University of North Carolina Wilmington	2,479	5	2.11%	University of North Carolina at Wilmington	1,898	5	1.78%
New Hanover County Government	1,850	6	1.58%	PPD	1,500	6	1.41%
PPD	1,800	7	1.53%	New Hanover County	1,480	7	1.39%
Duke Energy	1,100	8	0.94%	Verizon Wireless	1,346	8	1.26%
City of Wilmington	1,050	9	0.90%	Corning, Inc.	1,000	9	0.94%
Corning, Inc.	1,000	10	0.85%	City of Wilmington	981	10	0.92%
			22.27%				19.99%
Total # Employed at June 30 of the respective FY (2)			117,275	Total # Employed at June 30 of the respective FY (3)			106,569

(1) Source: 2021 Book on Business; www.wilmingtonbiz.com

(2) Source: www.nccommerce.com

(3) Source: CFPUA ACFR for the fiscal year ended June 20, 2012

Cape Fear Public Utility Authority
Operating Statistics
Current Year and Last Nine Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water System										
Number of available service connections ⁽¹⁾	80,696	74,883	75,772	74,700	73,118	71,439	70,356	68,794	68,033	67,067
Number of treatment plants - surface water system	1	1	1	1	1	1	1	1	1	1
Treatment capacity (mgd) - surface water	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Average production (mgd) - surface water	15.47	15.34	15.44	14.49	14.63	14.35	13.56	13.44	13.20	13.50
Number of groundwater systems	2	2	2	2	2	3	3	3	3	3
Number of treatment plants - groundwater system	1	1	1	1	1	1	1	1	1	1
Number of active wells - groundwater system	41	39	37	38	37	34	36	36	36	36
Treatment capacity (mgd) - groundwater plant	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Treatment capacity (mgd) - other groundwater systems	1.02	1.02	1.02	1.02	0.90	0.70	0.70	0.70	0.70	0.70
Average production (mgd) - groundwater	3.89	3.49	3.49	3.07	3.08	3.04	2.94	2.48	2.95	2.95
Miles of water mains	1,160	1,150	1,142	1,131	1,113	1,114	1,089	1,041 ⁽²⁾	1,078	1,072
Wastewater System										
Number of available service connections ⁽¹⁾	76,941	75,409	74,116	73,043	71,539	69,222	68,246	66,829	66,059	64,529
Number of treatment plants	2	2	2	2	2	3	3	3	3	3
WPC plant permit (mgd)	28.00	28.00	28.00	28.10	28.10	28.10	28.10	22.10	22.10	22.10
Average annual daily flow (mgd)	18.19	16.85	19.59	17.49	17.16	18.76	17.48	16.45	16.17	15.10
Number of lift stations	151	150	147	148	146	142	143	141	141	141
Miles of wastewater gravity mains ⁽²⁾	917	907	912	892	877	848	844	827 ⁽²⁾	850	840
Miles of wastewater force mains	155	154	144	143	142	131	131	112	110	104
Number of manholes	22,729	22,395	22,134	22,097	22,017	21,221	21,049	20,918	20,300	20,300

(1) In prior billing system, non-irrigation base services available at a premise were not removed from the total count which inflated the number of available services.

(2) Based on more accurate information as a result of implementing and improving the accuracy of an asset management system.

Cape Fear Public Utility Authority
Consumption by Customer Group
Current Fiscal Year and Last Nine Fiscal Years

	2021		2020		2019		2018		2017		2016		2015		2014		2013		2012	
	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption
Water Customers																				
Residential	4,155,305	70.87%	4,107,969	69.05%	3,718,024	67.27%	3,614,451	68.57%	3,651,875	69.45%	3,630,541	69.20%	3,461,812	68.80%	3,415,831	69.87%	3,522,531	69.85%	3,806,074	70.45%
Commercial	1,222,972	20.86%	1,284,322	21.59%	1,238,734	22.41%	1,175,036	22.29%	1,151,382	21.90%	1,128,569	21.51%	1,053,502	20.94%	1,006,253	20.58%	1,026,039	20.35%	1,059,983	19.62%
Town of Wrightsville Beach ⁽¹⁾	45,689	0.78%	47,968	0.81%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Industrial	70,801	1.21%	69,941	1.18%	109,343	1.98%	90,719	1.72%	68,109	1.30%	74,645	1.42%	65,334	1.30%	63,349	1.30%	59,116	1.17%	62,267	1.15%
Institutional and Government	368,363	6.28%	439,476	7.39%	460,658	8.34%	391,058	7.42%	386,583	7.35%	413,036	7.87%	451,090	8.96%	403,523	8.25%	435,048	8.63%	474,130	8.78%
Total	5,863,130	100.00%	5,949,676	100.00%	5,526,758	100.00%	5,271,263	100.00%	5,257,949	100.00%	5,246,790	100.00%	5,031,738	100.00%	4,888,957	100.00%	5,042,734	100.00%	5,402,454	100.00%
Wastewater Customers																				
Residential	3,628,685	67.60%	3,524,127	66.88%	3,312,519	66.11%	3,259,728	66.14%	3,277,428	67.57%	3,287,280	67.36%	3,171,068	67.33%	3,184,447	68.27%	3,246,521	68.52%	3,424,127	68.94%
Commercial	1,099,639	20.48%	1,173,859	22.28%	1,143,289	22.82%	1,078,506	21.88%	1,048,627	21.62%	1,019,892	20.90%	956,150	20.30%	922,045	19.77%	923,952	19.50%	941,927	18.96%
Town of Wrightsville Beach	228,198	4.25%	234,896	4.46%	223,691	4.46%	254,728	5.17%	184,695	3.81%	227,370	4.66%	207,905	4.41%	210,681	4.52%	203,370	4.29%	207,561	4.18%
Pender County	15,172	0.28%	8,296	0.16%	12,715	0.25%	14,374	0.29%	11,291	0.23%	10,562	0.22%	10,033	0.21%	9,008	0.19%	10,473	0.22%	11,550	0.23%
Industrial	24,304	0.45%	17,330	0.33%	16,613	0.33%	17,144	0.35%	15,470	0.32%	18,257	0.37%	21,027	0.45%	19,468	0.42%	16,296	0.34%	16,197	0.33%
Institutional and Government	372,066	6.93%	311,014	5.90%	302,154	6.03%	303,850	6.17%	312,907	6.45%	316,946	6.49%	343,878	7.30%	318,809	6.83%	337,107	7.12%	365,297	7.35%
Total ⁽²⁾	5,368,064	100.00%	5,269,523	100.00%	5,010,981	100.00%	4,928,329	100.00%	4,850,418	100.00%	4,880,306	100.00%	4,710,062	100.00%	4,664,457	100.00%	4,737,719	100.00%	4,966,659	100.00%

(1) Beginning in Fiscal Year 2020, CFPUA entered into a bulk wholesale water agreement with the Town of Wrightsville Beach limited to 45 million gallons per calendar year.

(2) The Total value for Thousand Gallons listed for Wastewater Customers does not include an estimation for the volumetric value of the Flat Wastewater customer class.

Cape Fear Public Utility Authority
Schedule of New Connections
Current Fiscal Year and Last Nine Fiscal Years

Fiscal Year Ended June 30	Increase In Available Services Water	Cumulative Available Services Water (1)(2)	% Water Growth - Available Services	Increase in Water Connections	Cumulative Water Connections (1)	% Water Growth - Connections
2021	5,813	80,696	7.76%	7,410	78,873	10.37%
2020	(889)	74,883	-1.17%	899	71,463	1.27%
2019	1,072	75,772	1.44%	930	70,564	1.34%
2018	1,582	74,700	2.16%	1,022	69,634	1.49%
2017	1,679	73,118	2.35%	1,260	68,612	1.87%
2016	1,083	71,439	1.54%	1,216	67,352	1.84%
2015	1,562	70,356	2.27%	1,072	66,136	1.65%
2014	761	68,794	1.12%	391	65,064	0.60%
2013	966	68,033	1.44%	1,224	64,673	1.93%
2012	2,465	67,067	3.82%	457	63,449	0.73%

Fiscal Year Ended June 30	Increase In Available Services Wastewater (2)	Cumulative Available Services Wastewater	% Wastewater Growth - Available Services	Increase In Wastewater Connections	Cumulative Wastewater Connections	% Wastewater Growth - Connections
2021	1,532	76,941	2.03%	1,979	73,654	2.76%
2020	1,293	75,409	1.74%	1,675	71,675	2.39%
2019	1,073	74,116	1.47%	865	70,000	1.25%
2018	1,504	73,043	2.10%	1,512	69,135	2.24%
2017	2,317	71,539	3.35%	1,239	67,623	1.87%
2016	976	69,222	1.43%	654	66,384	0.99%
2015	1,417	68,246	2.12%	731	65,730	1.12%
2014	770	66,829	1.17%	1,195	64,999	1.87%
2013	1,530	66,059	2.37%	448	63,804	0.71%
2012	199	64,529	0.31%	571	63,356	0.91%

(1) Water connections and available services include domestic and irrigation.

(2) Available Services include domestic and irrigation both connected and non-connected services.

Connected services are defined as Locations that have Active Billed Customers.

Non-Connected Services are defined as Locations that have Services available but have no Active Billed Customers.

ACRONYMS

TERM	STANDS FOR
ACFR	Annual Comprehensive Financial Report
AIMS	Authority Integrated Management System
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
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
COVID-19	Coronavirus disease 2019
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
DHS	Department of Homeland Security
DMR	Discharge Monitoring Report
DO	Dissolved Oxygen
DR	Disaster Recovery
DWQ	Division of Water Quality
EDC	Endocrine Disrupting Compound
EDMR	Electronic Discharge Monitoring Report
EEOC	Equal Employment Opportunity Commission
EFT	Electronic Funds Transfer
EMS	Environmental Management System
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
ERP	Enterprise Resource Planning
ERT	Encoder Receiver Transmitter

ACRONYMS

TERM	STANDS FOR
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 Principals
GASB	Government Accounting Standards Board
GC	Gas Chromatograph
GFOA	Government Finance Officers Association
GHG	Green House Gas
GIS	Geographic Information Systems
GPD	Gallons per day
GPS	Global Positioning System
GS	General Statute
HAZMAT	Hazardous Material
HMI	Human Machine Interface
HVAC	Heating, Ventilation and Air Conditioning
I/I	Infiltration and Inflow
ICP-MS	Inductively Coupled Plasma-Mass Spectrometry
ICS	Incident Command System
ILA	Interlocal Agreement
IRR	Irrigation
ISO	International Organization for Standardization (Greek)
IT	Information Technology
IU	Industrial User
IVR	Interactive Voice Response
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
NACWA	National Association of Clean Water Agencies
NCDENR	North Carolina Department of Environment & Natural Resources
NCDOL	North Carolina Department of Labor
NCDWQ	North Carolina Division of Water Quality
NCRWA	North Carolina Rural Water Association

ACRONYMS

TERM	STANDS FOR
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
PFAS	Polyfluoroalkyl Substances
pH	Potential of Hydrogen
POSM	Pipeline Observation System Management
POTW	Public Owned Treatment Works
PPCP	Pharmaceuticals and Personal Care Products
PPM	Parts per million
PS	Pump Station
PSA	Protective Security Advisor
PWS	Public Water Supply
QA	Quality Assurance
QC	Quality Control
RFP	Request for Proposal
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
SWPP	Source Water Protection Plan
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

ACRONYMS

TERM	STANDS FOR
TTHM	Total Trihalomethanes
UNCW	University of North Carolina at Wilmington
USACE	United States Army Corp. of Engineers
USEPA	United States Environmental Protection Agency
VPN	Virtual Private Network
WEA	Water Environment Association
WEF	Water Environment Federation
WERF	Water Environment Research Foundation
WTP	Water Treatment Plant

GLOSSARY

WORD/CONCEPT	DEFINITION
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; used interchangeably with the term “Final Budget”.
Amortization	The action or process of gradually writing off the initial cost of an asset.
Annualized	Taking charges 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	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 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.
Balanced Budget	Refers to a budget in which revenues are equal to expenditures. Thus, neither a budget deficit nor a budget surplus exists.
Benchmarking	The process of comparing one’s business processes and performance metrics to industry bests and/or best practices from other industries; often treated as a continuous process in which organizations continually seek to improve their practices.
Collateral	Property acceptable as a 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.

GLOSSARY

WORD/CONCEPT	DEFINITION
Compensated Absences	Refers to employees' time off with pay for vacations, holidays and sick days.
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 its' 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; each department can 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.
Discrete Fund	Funds which are considered an independent fiscal entity with a separate set of self-balancing accounts.
Distinguished Budget	A voluntary awards program administered by the Government of Finance.
Effluent	An outflowing of water or gas from a natural body of water, or from a human-made structure.
Encoder Receiver Transmitter (ERT)	Communications modules that fit on electric, gas or water meters. ERT's encode consumption and tamper information from the meters and communicates the data to Itron data collection systems including handheld devices, mobile automatic reading devices and networks.
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; are common in local government.
Environmental Management System (EMS)	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)	The 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; 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.

GLOSSARY

WORD/CONCEPT	DEFINITION
Fixed Assets	Assets of long-term character that are intended to continue to be held or used; includes land, buildings, machinery, furniture and other equipment.
Full time Equivalent	A position converted to the decimal equivalent of a full-time position .
Fund Accounting	System used by non-profit organizations, particularly governments.
Fund Balance	Difference between assets and liabilities reported in a governmental fund on the modified accrual basis of accounting.
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; general and timeless.
Government Accounting Standards Board	The accepted standard setting body for establishing accounting and financial reporting principles.
Governmental Fund	Funds used to account for activities primarily supported by taxes, grants, and similar revenue sources.
Ground Water	Water located beneath the ground surface in soil pore spaces and in the fractures of rock formations.
Infrastructure	The basis physical and organizational structures needed for the operation of a society of enterprise (1), or the services the facilities necessary for an economy to function (2). It can be generally defined as the set of interconnected structural elements that provide the 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.
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; 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; 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, etc. A wastewater treatment system discharges treated effluent to a water body from an outfall.

GLOSSARY

WORD/CONCEPT	DEFINITION
Pay-As-You-Go Basis	AKA “Pay-Go”; a term used to describe a financial policy by which capital outlays or capital projects are financed from current revenues rather than from 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 or 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.
Revenues	Sources of income financing the operations of the Authority.
Risk Management	The process of identifying, assessing and controlling risks arising from operational factors and making decisions that balance risk costs with mission benefits.
SCADA (Supervisory Control & Data Acquisition)	A computer system that monitors and controls industrial, infrastructure or facility-based processes.
Septage	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); 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. This 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.
UMAX	CFPUA Billing System