



2 0 1 4 A N N U A L R E P O R T



Cape Fear
Public Utility Authority

Stewardship. Sustainability. Service.



To Our Customers and Stakeholders

Throughout 2014, Cape Fear Public Utility Authority achieved high levels of success and service for the nearly 200,000 people we serve every day. By solving short-term challenges and properly planning for long-term needs, CFPUA continued its track record of delivering water and wastewater services that provide a strong return on investment while gaining industry attention for the good work of the organization.

Since we opened our doors in July of 2008, the Authority has built more resilient and robust systems that have reduced the number of sewer overflows by 45% and the volume of the wastewater spilled into the environment by 76%. At the same time, it has instituted best practices and efficiencies that make its operations less costly today than the cost of operations prior to the Authority's founding.

CFPUA has also been able to attach the same fundamentally successful approaches to our long-range plans and forward-thinking projects. We have incorporated several tools focused on managing our assets to stay ahead of the infrastructure curve while managing our debt to save money and free up capital to support our economy. As a result, as the number of capital projects has increased since the Authority opened its doors, our operating requirements remained flat, even in this day and age of ever-increasing costs.

We have been able to achieve this financial strength, in large part, because of the professionalism and expertise exhibited by the women and men who work for the Authority. Working for CFPUA is a public service that provides our customers with a vital backbone for our community. With properly managed high-quality water and wastewater services, disease protection, fire protection, basic sanitation, environmental protection, and economic development – essentials for our daily life – are all safeguarded.

The people of the Authority also place a high priority on their safety and the safety of their colleagues. Their commitment resulted in CFPUA being named a recipient of the Safety & Health Achievement Recognition Program (S.H.A.R.P.)

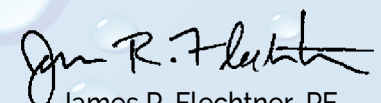
award from the North Carolina Department of Labor, Occupational Safety and Health Division (OSHA). To receive this award, our facilities went through an extensive review by the state, scored well on its safety and health assessment, and maintained a low injury/illness rate. North Carolina Department of Labor Commissioner Cherie Berry personally presented us with the award in late October.

Finally, CFPUA continues to strengthen personal relationships with the people we serve. We worked closely with the makers of the film "Max Steel" to shoot an important part of the movie from inside our Sweeney plant. After the shoot was over, the producers donated thousands of dollars to our CFPUA Assist program to help those in need pay their water and sewer bills.

We're also looking to expand our reach and take part in many of the great events hosted throughout the year in the City of Wilmington and New Hanover County. Later in the year, we will launch a CFPUA mobile water station, capable of supplying free, fresh drinking water to nearly any happening taking place in our service area. On behalf of the Board Members and employees of CFPUA, we want to thank you for taking the time to read our 2014 Annual Report. As we hope you will see, CFPUA, and the community we serve, have a lot to be proud of.

Sincerely,


Patricia O. Kusek
Chair


James R. Flechtner, PE
Executive Director

Cape Fear Public Utility Authority Board Members



Jointly appointed by
City of Wilmington
and New Hanover
County

Seated in 2011
Term ends in 2017

Committees:
Executive, Finance,
Human Resources

Patricia O. Kusek
Chair



Appointed by the City
of Wilmington

Originally seated
in 2007
Term ends in 2016

Committees:
Executive, Long
Range Planning,
Nominating

James L. Quinn, III
Vice-Chair



Appointed by New
Hanover County

Seated in 2012
Term ends in 2016

Committees:
Executive, Human
Resources, Finance

James G. Brumit
Secretary



Appointed by New
Hanover County

Seated in 2010
Term ends in 2016

Committees:
Executive, Finance,
Communications

Michael C. Brown, III
Treasurer



Appointed by City
of Wilmington

Seated in 2013
Term ends in 2015

Committees:
Finance,
Communications

Bill Norris
Member



Appointed by City
of Wilmington

Seated in 2014
Term ends in 2016

Committees:
Human Resources,
Communications

Kevin O'Grady
Councilman



Appointed by City
of Wilmington

Seated in 2010
Term ends in 2015

Committees:
Long Range Planning,
Nominating

Charlie Rivenbark
Councilman



Appointed by New
Hanover County

Seated in 2012
Term ends in 2017

Committee:
Long Range Planning

C. Lawrence Sneed, Jr.
Member



Appointed by New
Hanover County

Seated in 2013
Term ends in 2015

Committee:
Nominating

Woody White
Commissioner



Appointed by City
of Wilmington

Seated in 2011
Term ends in 2017

Committees:
Long Range Planning,
Human Resources

Cindee Wolf
Member



Appointed by New
Hanover County

Seated in 2013
Term ends in 2015

Committees:
Finance, Human
Resources, Long
Range Planning

Thomas Wolfe
Commissioner



Donna S. Pope
Executive Secretary/
Clerk to the Board

Table of Contents



Introduction	4
Safeguarding Your Supply	5
Creating Your Drinking Water	7
Delivering Your Services	10
Protecting Your Environment	13
Committees	16
Awards	18
CFPUA Management Team	Inside Back Cover

Introduction

Your Water. How It All Comes Together.

Every day, Cape Fear Public Utility Authority (CFPUA) draws millions of gallons of water from the Cape Fear River and aquifers serving northern and central New Hanover County. Over the course of a day, maybe two, that water will be treated, delivered through one thousand miles of water mains, and used by more than 200,000 people.

Because of the drinking water's high quality, it can safely fulfill five public needs that are vital to a well-functioning society: disease protection, fire protection, sanitation, environmental protection and support of economic development. Take a safe, reliable supply of water away and these essentials are put at risk, harming the quality of life within a community like ours.

After the water serves its important purposes, it is collected and treated under rigorous state and federal standards and returned to the Cape Fear River without impacting the environment. At CFPUA, creating clean drinking water and safely returning it back to the environment after it has been used are the Authority's core duties in our society. This annual report details how the employees of CFPUA carry out these responsibilities, taking your water from its source to your tap and back again.



Safeguarding Your Supply



In 2011, the Nature Conservancy conducted a nationwide poll asking a simple question, "Do you know where your water comes from?" The numbers that came in weren't surprising to those who work in our industry. 77% of the people surveyed who are not on well water said they did not know where their water came from. In a way, this is confirmation of just how successful CFPUA, other utilities and regulatory agencies have been in ensuring source waters remain clean enough to be turned into a product that is safe to drink.

Your source waters – and their quality – are the starting point for a process that brings clean drinking water to your tap. For most of our service area, your water comes from the Cape Fear River, at a point north of Lock and Dam #1 in Bladen County. Because the river runs for more than 300 miles through the heart of southeastern North Carolina, its overall health can be affected by a variety of potential impurities that need to be monitored and addressed.

While we are ever watchful, CFPUA staff cannot keep their eyes everywhere up and down the river. We work with our colleagues in Pender and Brunswick counties, as well as the Urban Water Consortium, to consistently review issues, regulations and advancements in treatment technology.

CFPUA is also privileged to call upon a variety of environmental organizations that are dedicated to protecting the health of the Cape Fear River. We are proud of our partnerships and relationships with the Urban Water Consortium, the Cape Fear River Partnership, the Cape Fear River Assembly, and the Cape Fear River Watch.

While the Cape Fear River serves as the water source for the majority of our customers, CFPUA also relies on groundwater pumped from the Castle Hayne and Pee Dee aquifers to serve tens of thousands of people in northern New Hanover County. Groundwater is an excellent source; the layers of earth rainwater must travel through to get to the aquifer serve as a natural filter.

CFPUA, however, doesn't take the ground's filtration for granted. We have a robust wellhead protection plan that safeguards our wells from both short and long-term outside influences that could negatively impact its raw water's quality.



Providing the Flemington Community with Safe Drinking Water, Now and In the Future

When CFPUA was formed in 2008, it took over responsibility for two groundwater wells serving what is commonly known as the Flemington area east of the Cape Fear River in New Hanover County. These wells were built in the 1980s after the discovery of tainted groundwater caused by a landfill. Since the wells were built, the Flemington community has been served with safe, reliable water that meets or exceeds state and federal standards.

The Flemington community is located close to Duke Energy's Sutton Plant and its ponds containing coal ash, the byproduct created from the plant's previous use of coal for energy. The ash contains several chemicals that can seep into the ground and contaminate the water. While this development did not (and does not) pose an immediate threat to CFPUA's drinking water wells and there is no current health risk to CFPUA's customers in the Flemington area, the data from Duke Energy's monitoring program caused concern.

Based on findings from its own groundwater experts, CFPUA contacted Duke Energy with concerns about the potential for future quality issues with the groundwater supply. The dialogue that followed resulted in the development of an agreement to put in place preventative short and long-term measures that will ensure the people of Flemington have safe drinking water for decades to come.

In the agreement, approved by CFPUA's Board, a water line will be constructed connecting Flemington-area residents and businesses to CFPUA's central drinking water system. The total cost of the project is estimated to be up to \$2.25 million dollars with funding contributed by Duke Energy and allocated from existing CFPUA funds. Two additional monitoring wells in the area were immediately constructed between the ash ponds and CFPUA's wells to track potential water quality issues as construction of the water line takes place.

Nothing is more important to Cape Fear Public Utility Authority than providing safe and reliable drinking water to our customers. Thanks to our agreement with Duke Energy, we are able to ensure all current or new residents who live or work in the Flemington area will continue to receive high-quality drinking water into the next century.

CFPUA has also taken the lead to prevent problems long before they can occur. In 2013, the Authority expressed concerns over the potential for future impacts from the Duke Energy Sutton Plant. The plant's ash ponds are in relative proximity to the Flemington area served by CFPUA wells and were found to be leaking into the groundwater on the plant site. While water quality concerns might be years away, we reached an agreement with Duke Energy to build a drinking water pipeline directly from our Sweeney Water Treatment Plant to the Flemington system. (SEE SIDEBAR)

Because we focus on protecting our source waters, working both as a self-sustaining utility and as a member of several partnerships, CFPUA is ensuring that our source waters remain a healthy source for our state-of-the-art water treatment facilities.



Creating Your Drinking Water



When source water reaches our water treatment plants, it begins the transformation into your drinking water. Every day, we create approximately 20 million gallons of potable water to serve the people of the City of Wilmington and New Hanover County. Create is an appropriate word to use; your drinking water is a product, created through processes that were both conceived centuries ago and perfected in recent years.

The Sweeney Water Treatment Plant north of Wilmington takes on the lion share of the load when it comes to producing our service area's drinking water; 17 million gallons are created every day. Fortunately, long-range planning efforts have placed the plant in the position of being able to treat 35 million gallons a day to fulfill the needs of our customers for decades to come.

In 2014, the plans took the form of major projects designed to strengthen the system and add to its ability to serve new customers in need for clean drinking water. At the Sweeney plant, an essential clearwell, which can store four millions gallons of fresh water, was drained and cleaned by our staff so that engineers could inspect and assess its condition and establish what work will be needed to ensure its safe use for years to come.

Meanwhile, near the northeastern edge of our service area, CFPUA began work to bring drinking water to the people of Bald Eagle Lane. A project conducted in partnership with New Hanover County, CFPUA is installing two miles of water lines so the residents can stop using wells that either now, or in the

future, will be affected by saltwater intrusion. The mains will also provide fire protection to more than 200 customers.

In 2014, several challenges to drinking water quality made news across the country, including a chemical spill in West Virginia. When another issue had a connection that hit closer to home, Sweeney's strengths were put on full display. Algae similar to the kind that shut down the water supply for the City of Toledo, Ohio, began to appear close to our source water intakes. Because of Sweeney's ability to address the algae, CFPUA could safely say what happened in Ohio would not happen here. (SEE SIDEBAR)



Attacking algae. Why Sweeney's state-of-the-art treatment can give customers confidence.

Water crises do not happen very often in the United States, but when they do, they make national news and raise understandable local questions. During the summer of 2014, more than 500,000 citizens served by the City of Toledo, Ohio's water system avoided drinking their water because high levels of algae toxins were found in samples taken from the city's treated water system.

Over the course of a week in August, the national media focused in on several essential questions as the crisis unfolded: What led to the algae's growth in the source waters? Why wasn't the treatment system fully equipped to treat the algae's impact? When would the public completely trust their drinking water again?

One more question was asked on behalf of the public. Can it happen where I live? In the days that followed the crisis, CFPUA answered that essential question and assured our customers of the safety of their water supply.

What quickly became apparent in Toledo was the fact that the algae and its toxins were not unique to their system; in fact, the Cape Fear Region has dealt with similar issues for several years. Just after the algae impacted Toledo, UNCW staff and students monitoring the area near our region's water intakes in Bladen County reported a potential bloom. Questions quickly arose from the news media about CFPUA's water treatment process and how well it could handle such a situation.

Fortunately, because of the investments made at our Sweeney Water Treatment Plant over the years, CFPUA was able to quickly and confidently state that the algae was not a cause for concern for our customers. Sweeney's advanced treatment process, which includes the use of ozone and biologically active carbon filters, has been proven to destroy the algae, killing any toxins as it physically removes them from the water. A UNCW biologist, whose concerns were highlighted in the news media, clearly stated his certainty in CFPUA's system, while reporters were given tours of the plant so they could see and understand the strength of our water treatment process.

As a result of Sweeney's state-of-the-art systems, CFPUA customers can be confident that the Authority's treatment process can prevent algae issues in their drinking water.

With the exception of the Flemington system and another smaller ground water system in Monterey Heights, the rest of CFPUA's water is treated by its advanced Nanofiltration Water Treatment Plant in Ogden. Every day, close to three million gallons of water are pulled from the ground and treated by technologies developed in recent years. Because the ground already acts as a naturally substantial filter, when you add a process like membrane filtration to the mix, the drinking water produced is enviably high in quality.

In the coming year, the water system fed by the Sweeney plant will be connected with the system served by the Nano plant. While our customers may not notice a change, CFPUA's service area will gain improvements in the overall water quality, while strengthening the ability to manage our supply of water during emergencies or weather-related impacts.



While it's easy to say that our water is of the highest quality, there's only one way to make sure that treatment plants operate properly during all hours of the day and night. That's where CFPUA's staff of dedicated laboratory employees steps in. Every day, they sample hundreds of sites at our plants and throughout our thousand miles of mains to monitor the quality of the water for our customers. In the past year alone, nearly 80,000 water tests were conducted on tens of thousands of samples.

That kind of diligence and dedication gains attention. As a result of our staff's work to create the highest-quality drinking water, CFPUA received its fifth straight award for water quality from the N.C. Department of Environment and Natural Resources. This year, the Authority was one of 38 water systems - and the only system in the Cape Fear region - honored for surpassing "significantly more stringent" federal and state drinking water performance goals.



Delivering Your Services

When our award-winning drinking water leaves our plants, it begins a journey toward our customers' taps. In some cases, it's a short trip to their home, office, coffee shop or restaurant. In others, it makes its way through miles of water mains. Overall, CFPUA's Operations employees keep an eye on more than 1,000 miles of water pipes, ranging from two inches to four feet in diameter. At the same time, they make sure that more than 7,700 fire hydrants are at the ready in case they are called upon.

Some of the hydrants are also essential for water quality. Throughout our system, there are several end points in our lines where water quality can be affected if it becomes stagnant. That's where CFPUA flushing crews go to work. By keeping constant vigil at these at-risk spots, customers in difficult locations can rest assured that their water is of the same quality as their friends through the service area. Our people also flush the entire system once a year to ensure its overall quality remains consistently high.



Of course, not everything goes perfectly every day of the year. At times, our system suffers water main breaks that we cannot avoid because some of our mains are more than 60, 70, 80 or even 90 years old. Our on-call crews of men and women immediately turn their attention to repairing the main, no matter what hour of the day or night, to fulfill the goal of restoring service as quickly as possible.

Overall, however, CFPUA stays ahead of the curve when it comes to main breaks. Our asset management program tracks incidents so we can

efficiently focus future efforts on the locations that need the most help. As a result, we are able to stop many failures before they can occur.

While our Operations staff treats and delivers the water, CFPUA's Customer Service staff is dedicated to making sure it keeps flowing by maintaining more than 67,000 customer accounts. In fiscal year 2014, employees processed more than 400,000 bills with an accuracy rate of more than 99%. Approximately 105,000 phone calls were handled and nearly 56,000 service orders were generated so our Operations staff could quickly and accurately address the wide variety of water and sewer issues reported by our ratepayers.





Confirming Costs and Care for Our Customers

Across the United States, the tens of thousands of water and sewer utilities that serve the nation consider a wide range of factors to set their usage rates and customer fees. They all have the same goal; to establish a rate structure that remains affordable while properly funding the delivery of safe and reliable services that provide the backbone for our quality of life: disease protection, fire protection, sanitation, environmental protection, and support for economic development.

As we have invested in our system, there has naturally been discussion about rates. CFPUA and its customers have been able to take comfort in the recent findings of the University of North Carolina School of Government's Environmental Finance Center (EFC), which annually surveys hundreds of water and wastewater utilities across North Carolina.

For the past few years, the EFC has found that CFPUA's rates compared favorably against other utilities when it came to their actual cost, affordability and recovery of cost. However, as with many surveys, the data was a bit difficult to understand. Readers had to sift through a variety of numbers to uncover the results.

In 2014, the EFC took a new route and created an online, interactive dashboard for their survey data to help the public better understand their findings. Customers can now view the rate structures for CFPUA and more than 370 other water and wastewater utilities across the state to see exactly how their costs compared at a variety of consumption levels. The dashboard also uses clear red, yellow and green zones of performance for a variety of factors so a customer can easily understand how their utility stacks up against hundreds of others, including those in the Cape Fear Region.

The dashboard details CFPUA's strong financial performance and how the Authority's approach to setting rates successfully strikes the balance between affordability and proper delivery of services. The dashboard places CFPUA's rates in its GREEN, "optimal" zones in just about every performance category for both water and sewer rates. The rates were found to be favorable when compared to the rest of the state when it came to 1) their actual dollars and cents cost, 2) their percentage of an area's per capita income, and 3) how well CFPUA's rates pay for its operations and debt service.

After the results came in, CFPUA created a mini-presentation about the EFC's findings, containing screenshots of the dashboard's data, and posted it on its homepage, www.cfpua.org. Thanks to the EFC's work, CFPUA can easily show its customers how it is balancing the need to keep our systems both sustainable and affordable, now and for future generations.



Good customer service is not just about responding when you are contacted. It is also about providing reliable and efficient service at all times. In the last year, CFPUA staff turned its attention to increasing efficiency and public safety by installing global positioning satellite (GPS) technology in Authority vehicles.

An internal audit showed that the new GPS system helped reduce mileage traveled by Authority vehicles and lowered fuel costs. In the first 12-week period after its policy governing the system was put in place, CFPUA vehicles traveled almost 29,000 fewer miles, saving nearly \$8,000 in gasoline costs. In addition, the data showed CFPUA's GPS system will also "save" the Authority from replacing one vehicle a year, cutting an additional \$20,000 a year in costs.



Another area where CFPUA is increasing efficiency is through our replacement of every water meter in our system over the course of the next four years. The new meters will allow staff to avoid time-consuming touch reads when capturing a customer's usage. At the same time, the accuracy of all of our meters will increase. 2014 focused on a pilot program of 3,000-meter replacements; in the coming years, all 67,000-plus water meters in our system will be replaced.

The new water meters represent the end of CFPUA's infrastructure dedicated to bring our water to your home. When you turn on your tap, its journey is complete.



Protecting Your Environment



One of the unique qualities of CFPUA's drinking water is that, almost as soon as it is used, it's sent back to begin its return to its original sources. For water used inside a home, office, business or other building, it immediately makes its way to the Authority's sewer system for treatment. For water used outside, either it is returned to the aquifers by seeping into the ground or it flows back to our area's waterways via stormwater systems.

For the water that is returned into CFPUA's system, the trip to our wastewater treatment plants can involve a great many twists and turns through some of the Authority's 900-plus miles of sewer mains. Most of the sewer system is in Isaac Newton's hands; the wastewater uses gravity to move from higher points to lower points in our area. These low spots are not the end of the line, however. The wastewater must travel even farther to get to the plants.

To make sure the 16 million gallons of wastewater we handle every day reaches its final destination, CFPUA uses a significant network of pump stations and

pressurized force mains. While CFPUA is considered a large utility by industry standards, the number of pumps stations for a system of our size is above average. Because of our service area's relatively flat topography, CFPUA must maintain more than 140 pump stations throughout our system. These stations are particularly sensitive because of the role they play; they collect sewage so it can be pumped to our plants.

If something goes wrong, even for a few minutes, the impact caused by a malfunctioning pump station can be a wastewater spill, also known as a Sanitary Sewer Overflow or SSO. Fortunately, because of our dedicated employees, CFPUA has greatly reduced the number of SSOs that occur every year. Combined with forward-thinking investment, CFPUA has created a dramatic turnaround in the health of the service area's sewer system in relatively short period of time. (SEE SIDEBAR).

Fewer sewer spills: No longer a pipe dream

When Cape Fear Public Utility Authority began operations in July of 2008, one of its primary goals was to tackle problems caused by aging infrastructure, especially when it came to sewer-related issues. For years, what would become CFPUA's service area suffered dozens of sewer spills that had released millions of gallons of wastewater into the environment.

CFPUA has placed an emphasis on increasing investment in the sewer system to cut the number of sewer-related incidents for the benefit of our customers, the community, and the environment. Necessary rate increases were put in place, allowing more money to be spent to assess the system, which includes nearly 1,000 miles of sewer mains and more than 140 pump stations. Much of the funding was put toward determining points in our system where potential issues could arise so we could prevent them from impacting the environment. Additional allocations were also made to fund major projects so CFPUA could solve existing problems while strengthening the infrastructure for the future.

As a result of these efforts, in its last five years of operation, CFPUA has cut the number of wastewater spills (also known as sanitary sewer overflows or SSOs) by 45% when compared to the five years before CFPUA began operations. At the same time, the volume of the sewage spilled – the sewage that can make its way into our waterways – was reduced by 76%.

As reported in the Star News, during the five-year period prior to CFPUA's creation, 166 incidents occurred, putting more than 11.33 million gallons of wastewater into the environment. During the last five fiscal years of CFPUA's operations – July 2009 to June 2014 – the Authority has cut the number of sewer spills to 92 and the total amount spilled to 2.71 million gallons.

The phrase "return on investment" is often mentioned when determining the success of major construction or infrastructure programs. Our numbers show a tangible connection between the funding we have received through our rates and the improvements made in CFPUA's systems.

Our work is not done, however. While we take pride in our progress, the goal is always to get to zero sewer spills. While that might not be realistic for a utility that manages a thousand miles of sewer mains and over 140 pump stations, the people of CFPUA are committed to building on the progress that has been made since we opened our doors. We also hope to continue to add to the growing sense of the confidence the people City of Wilmington and New Hanover County have in their sewer system.

Making sure wastewater utilities have proper funding has long been an issue for the industry. Our mains are out of sight and out of mind, often thought of only when there is a break that impacts service. Thankfully, CFPUA has been able to obtain the necessary funding to carry out its duties.

This investment is reflected in construction work like our Northern Force Main project, which is building a new 24" sewer force main between a key pump station and the Northside Wastewater Treatment Plant. At the same time, significant sections of an existing main between two of our largest pump stations are being rehabilitated to improve their resiliency.

The force main work is part of our continued compliance with the Consent Decree, our landmark agreement with the U.S. Environmental Protection Agency. Under the agreement, which resolves issues concerning SSOs that occurred before the Authority was formed, CFPUA is completing more than \$40 million of specific capital improvement projects aimed at reducing overflows. To date, we have invested more than \$30 million in these projects.





CFPUA is also working to resolve long-standing issues for New Hanover County through our project work. This year, we began our partnership with the county in the Heritage Park community, which has historically had the second highest rate of septic tank failure in the county. In this community, more than 70 septic tanks have failed since the year 2000. Thanks to contributions from the county and CFPUA, we will spend the next year-and-a-half constructing much-needed sewer and water lines, as well as a new pump station. A similar project, for similar reasons, will get under way in the Marquis Hills area of the county later this year.

While we are continuing to upgrade our existing assets, CFPUA is also looking ahead and researching how advancements in wastewater-related technologies can be applied to our system. We are looking into new ways to handle septage and manage digester gases formed by our wastewater treatment process. We are also researching how we can turn our high-quality reclaimed water, the water created after it is properly treated, into a resource available to our customers for irrigating or other such uses.

Managing a sewer system so it can handle the needs of the citizens of the City of Wilmington and much of New Hanover County takes more than the people of CFPUA. It takes an improved partnership with the residential and business communities. In the last year, CFPUA's Community Compliance and Communications staff has undertaken several initiatives to encourage businesses to properly handle their wastewater, and to educate the public about what they can do to protect our environment.

In the last year, CFPUA worked with dozens of restaurants to make sure they are intercepting large quantities of grease instead of releasing it into our sewer system, where it can clog and cause major problems in a very short period of time. When it comes to our customers, we have handed out more than 10,000 "Cease the Grease" lids and FatTrappers to make sure cooking fats, oils and grease (FOG) are kept from hardening in their personal pipes and our mains. To date, hundreds of thousands of ounces of FOG are being kept out of our wastewater system, providing another level of protection for our environment.

By putting together a team of professionals who work with the varieties of communities we serve, CFPUA helps more than 6 billion gallons of wastewater flow through our system and reach our Northside and Southside Wastewater Treatment Plants. These plants represent the final stage of the Authority's water cycle, where we use a combination of long-standing and new technologies to treat the wastewater. After treatment, the product meets stringent federal and state standards for the benefit of our environment.





Executive Committee

The Executive Committee, which comprises officers of the Board, met monthly to review Board meeting schedules and agendas, appoint committee members, receive legal advice, and guide the internal audit program. The Executive Committee also reviewed legal issues that may affect the Authority. This committee consults with other members of the Board who have expertise or interest in certain areas and solicits input from the public. Members oversee and monitor performance of the Executive Director.

Human Resources Committee

The Human Resources Committee is a standing committee that meets on an as-needed basis. The function of the Human Resources Committee is to review, advise, and recommend action as it relates to matters that involve the Authority's employees, and other matters as designated by the Board.

The Human Resources Committee met seven times during fiscal year 2014. Items considered at these meetings were: recruitment for the Executive Director replacement, review of the Clerk to the Board's job performance, review of the Internal Auditor's job performance, review of the consulting attorney firm's contract performance, review and approval of the FY 15 employee benefit programs and contract renewals, and review and approval of the FY 15 pay plan and employee compensation adjustments.

Long Range Planning Committee

The Long Range Planning Committee met monthly during fiscal year 2014. Long Range Planning Committee Reports including items requiring Board Action and other noteworthy information and were reported to the Board during its regularly scheduled Board meetings.

Significant achievements during this reporting period included the development and approval of the FY 15 Capital Improvement Program, the 10-year Capital Improvement Program, the Growth Policy, and revisions to the Capacity Allocation Ordinance. The committee also received updates on the progress of various programs such as the Mandatory Connection Program, Groundwater Management Program, Capacity Management Program, and updates on various capital projects, master planning efforts, and developer agreement negotiations.

Finance Committee

The Finance Committee meets monthly to review financial information and to make financial recommendations to the Board. The Authority Treasurer serves as Finance Committee Chair.

The Finance Committee recommends a budget calendar, water and sewer rates, and the operating budget to the Board. The Committee reviewed and discussed the recommended FY 15 budget presented by the Executive Director and Chief Financial Officer, and recommended a budget at the June Board meeting.

The Committee received and discussed the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013 prepared by Authority staff. The auditor presented a “clean” opinion on these financial statements. The Committee reviews the monthly financial reports and discusses financial trends. Throughout the year, the Committee tracked the decline in water consumption, and as a result, recommended a 4% mid-year budget reduction.

The Committee reviewed and recommended over 100 agenda items requiring Board action relating to construction and engineering contracts, contract amendments, a lease, ordinance revisions, consultant contracts, state loan approvals, cost sharing agreements, sole source approvals, large equipment purchases, official depositories, interlocal agreements, chemical contracts, budget amendments, write-off accounts, surplus item disposals, deputy finance director designation, use of contingency funds, easement condemnations, service contracts, vehicle GPS contract, automated Board agenda software, fees for new services, cash-flow investment program, policy revisions, audit contract and other issues.

Throughout the year, the Committee received customer service updates and approved revisions to certain customer service procedures and ordinances relating to bill adjustments, customer deposit policies, change of ownership provisions, and landlord-tenant accounts. The Committee also received reports on changes to the construction bidding process and bonds to be issued in FY 15 to fund new capital projects, as well as refunding bonds that will be issued to reduce debt service on bonds sold by the City of Wilmington in 2005.

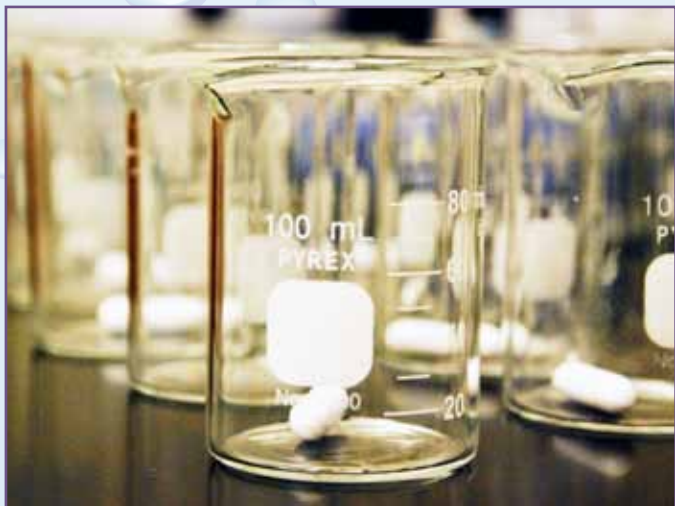
Communications Committee

The Communications Committee meets quarterly when it discusses the Authority’s work to inform our customers and other key external audiences through a variety of methods and venues. It provides guidance about CFPUA’s strategies to deliver vital information to our customers and other key stakeholders in a timely manner.

The committee met three times in the past year to determine the CFPUA’s communications approach. Brainstorming sessions were held with committee members to fully assess the Authority’s strengths, weaknesses, opportunities, and challenges. This input enabled staff to develop and implement successful communications strategies for the organization. Later in the year, it assessed and approved the Authority’s new community outreach program and approved a plan to enhance CFPUA’s website for the benefit of our customers.

Awards

- ★ Government Finance Officers Association Distinguished Budget Presentation Award – 2nd consecutive year
- ★ Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (CAFR) – 5th consecutive year
- ★ NC Area Wide Optimization Award (AWOP) for Drinking Water Systems – 6th consecutive year
- ★ Sweeney Water Treatment Plant – Safety & Health Achievement Recognition Program - S.H.A.R.P. Recognition
- ★ James A Laughlin Wastewater Treatment Plant - Safety & Health Achievement Recognition Program - S.H.A.R.P. Recognition
- ★ NC AWWA – WEA Disaster Preparedness Award for a Large Utility (three out of four years)
- ★ Administrative Services - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 5th consecutive year **GOLD**
- ★ Centralized Maintenance - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 1st year **SILVER**
- ★ Customer Service - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 1st year **SILVER**
- ★ Engineering - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 3rd consecutive year **GOLD**
- ★ Environmental Management Lab Services - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 3rd consecutive year **GOLD**
- ★ Environmental Management Community Compliance - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 5th consecutive year **GOLD**
- ★ Water Treatment Division @ Sweeney Water Treatment Plant - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 2nd consecutive year **GOLD**
- ★ Water Treatment Division @ Nano Filtration Plant - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 5th consecutive year **GOLD**
- ★ Wastewater Treatment @ James A Laughlin Wastewater Treatment Plant - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 2nd year **GOLD**
- ★ Wastewater Treatment @ M'Kean Maffitt Wastewater Treatment Plant- North Carolina Department of Labor Achievement in Outstanding Safety and Health – 5th consecutive year **GOLD**
- ★ Utility Services – Collection Systems Operations & Maintenance - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 2nd consecutive year **SILVER**
- ★ Utility Services – Pump Station Maintenance - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 3rd consecutive year **SILVER**
- ★ Utility Services – Water & Sewer Construction - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 2nd consecutive year **SILVER**
- ★ Utility Services – Water Quality - North Carolina Department of Labor Achievement in Outstanding Safety and Health – 5th consecutive year **GOLD**





Cape Fear Public Utility Authority Management Team



James R. Flechtner, PE
Executive Director



Frank C. Styers, PE
Chief Operations Officer



Cheryl J. Spivey, CPA
Chief Financial Officer



Carel Vandermeiden, PE
Director of Engineering



Beth Eckert
Environmental
Management Director



Tom Morgan
Human Resources Director



Mike McGill
Chief Communications
Officer



Karen F. Durso
Assistant to the
Executive Director



Cape Fear Public Utility Authority

Stewardship. Sustainability. Service.

www.cfpua.org

(910) 332-6550

235 Government Center Drive
Wilmington, NC 28403

