

2020 Annual Report



Cape Fear
Public Utility Authority
Stewardship. Sustainability. Service.



To our Customers and Stakeholders

Organizations typically measure performance against the past. Was this year better than last year?

As valuable as this analysis is, it often does not take uncertainty into account. For example, how does an organization perform when faced with a major, unforeseen challenge?

Certainly, since Cape Fear Public Utility Authority opened its doors in 2008, our staff have been presented with no small number of mettle-testing events – hurricanes, systemwide service disruptions, industrial pollution – tests they consistently passed.

The COVID-19 pandemic presents an unprecedented challenge. Yet again, when confronted with a challenge, even one on the scale of this pandemic, our staff have adapted, innovated, and persevered. They not only are doing what it takes to provide our customers with uninterrupted access to safe, reliable drinking water and wastewater services, but also are keeping major capital projects on track, maintaining and improving infrastructure to support our growing community, and recognizing and responding to the needs of all of our customers, each of whom also may be facing health, economic, and social concerns during this extraordinary time.

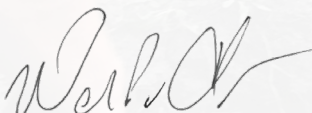
The cover of this year's Annual Report shows the substantial progress made this year on work to add eight additional Granular Activated Carbon filters to the Sweeney Water Treatment Plant. When completed in early 2022, these filters will provide our customers with effective treatment for the PFAS that continues to be detected in raw water from the Cape Fear River.

Work also has continued apace on the Kings Bluff Raw Water Transmission Main Project, a partnership with Brunswick County and the Lower Cape Fear Water and Sewer Authority that will help ensure our community has sufficient access to drinking water for decades.

Early in the pandemic and prior to government mandates, we changed our business practices to ensure customers had access to water for drinking and hygiene regardless of the financial hardships they might face. We also are exploring an innovative option to maintain access to drinking water for residential customers who may fall behind on bills.

All the while, we continue to focus on sustainability, including updates to our electric vehicle program and a comprehensive inventory of our greenhouse gas emissions. We invite you to learn more about these and other accomplishments from this challenging year in the pages of this Annual Report.

On behalf of our Board and our employees, we thank you for your continued support.



Wesley P. Corder
Board Chairman



James R. Flechtner
Executive Director

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***This report is available
at CFPUA.org.***





Sweeney Enhancements

The foundation has been installed for eight additional granular activated carbon (GAC) filters under construction at the Sweeney Plant to effectively treat water sourced from the Cape Fear River for PFAS.

While there have been some adjustments to accommodate social distancing and other measures made necessary by the COVID-19 pandemic, work on the Sweeney Treatment Enhancement Project has continued on schedule.

Since construction on the deep-bed GAC filters began in November 2019, crews have excavated roughly 4,500 cubic yards of soil and installed the 428 micropiles that form the deep foundation system for the project.

In addition, crews have installed more than 580 feet of under-slab

process piping ranging from 4 inches to 54 inches in diameter. Storm drain piping for the existing filter and chemical building also has been rerouted to make way for the additional filters.

A number of major milestones are on the horizon for the next few months. Concrete forms and reinforcing steel will be installed so concrete can be placed to build the slab and walls of the four northern contactors, along with wet wells for the system influent and backwash pumping stations. Under-slab piping for the wet wells will also be installed.

The site also will be backfilled to slab elevation.

The additional GAC filters are being constructed to treat PFAS that CFPWA continues to detect in regular monitoring of raw water from

the Cape Fear River. This PFAS largely results from decades of releases into the river by Chemours and DuPont, who have operated a chemical manufacturing plant upriver from Wilmington.

The \$43 million project is being funded by bonds sold in 2019. The new filters are expected to reduce PFAS in finished water by an average of 90 percent when they become operational in early 2022.

To reduce PFAS until then, GAC media is being replaced more frequently in existing filters at Sweeney. These interim steps have resulted in some reductions but are unsuited as a long-term solution. This temporary measure will continue until the new deep-bed GAC filters become operational.

Find out more at [CFPWA.org/sweeneyupgrades](https://www.cfpwa.org/sweeneyupgrades).

Raw Water Main

Keeping pace with population in one of the fastest-growing parts of North Carolina in the coming decades will require additional infrastructure, expanded treatment facilities, and, eventually, more water. In 2020, a joint project between CFPUA, Brunswick County, and Lower Cape Fear Water and Sewer Authority made major progress toward expanding Southeastern North Carolina's drinking water capacity.

The Kings Bluff Raw Water Transmission Main Project is managed by CFPUA on behalf of the other project partners. Once complete, the 14-mile pipeline will run parallel with an existing pipeline between the Kings Bluff Pump Station in Bladen County and a 3-million-gallon storage tank near Northwest in Brunswick County.

The main will also be part of

the raw water system that feeds CFPUA's Sweeney Water Treatment Plant in New Hanover County, increasing the plant's ability to draw raw water from the Cape Fear River by an additional 15 million gallons per day (MGD). Of the project's \$44.3 million cost, CFPUA will pay \$16.2 million (36.6 percent).

As of late summer, contractor Garney Companies Inc. had laid more than 40 percent of the main's planned length: 29,950 feet out of the 71,680-foot total. The overall project – which in addition to installing main entails welding the interior, hydrostatic testing, and grading – is roughly 35 percent complete.

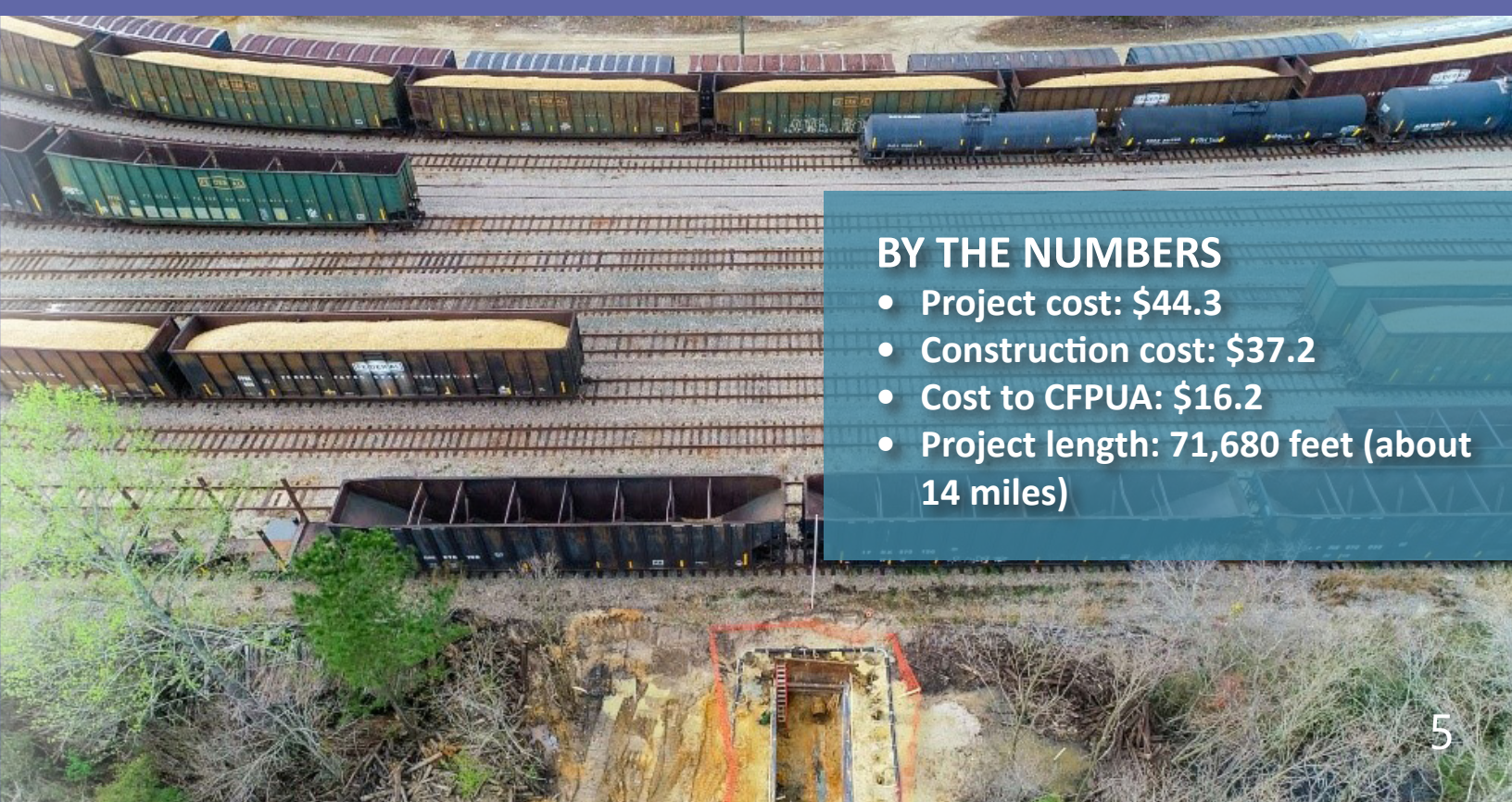
The CFPUA Board approved Garney's contract in October 2019, and construction was underway by December. While the past year brought minor delays from COVID-19 and inclement weather, the project

remains on track for substantial completion by January 2022.

Laying a path for the new raw water main has required crews to bore underneath N.C. 11 in Columbus County and the rail yard for International Paper in Riegelwood. Work is underway on an elevated section of the pipeline that will run over Livingston Creek.

The pipeline will include three interconnections with the existing 48-inch raw water line owned by LCFWASA, from which CFPUA can currently draw up to 23 MGD of raw water.

Combined with the existing main and CFPUA's supply from its own Kings Bluff Pump Station, this project will ensure CFPUA can continue to meet the water demands of our growing, thriving community.



BY THE NUMBERS

- Project cost: \$44.3
- Construction cost: \$37.2
- Cost to CFPUA: \$16.2
- Project length: 71,680 feet (about 14 miles)

Northern Water Mains

WHAT: Installation of a 16-inch water main to improve fire protection and increase water capacity in Northern New Hanover County.

PROJECT START: September 2019

PROJECT COMPLETE: September 2020

COST: \$4.5 million

DETAILS: The main was installed from Blue Clay Road, along Holland Drive, north along Castle Hayne Road to GE Hitachi Nuclear Energy, east along Hermitage and finally to Juvenile Center Drive, where it connects with an existing water main. The project increased area water capacity by 2 million gallons per day (MGD).

Under an interlocal agreement, New Hanover County also provided \$158,000 for the installation of 26 new fire hydrants.

UV Disinfection at Southside

WHAT: Replacing chlorine gas with ultraviolet (UV) light to disinfect effluent water prior to discharging to the Cape Fear River.

PROJECT START: February 2019

PROJECT COMPLETE: March 2020

COST: \$2.4 million

DETAILS: For decades, chlorine gas was used at the Southside Wastewater Treatment Plant to disinfect effluent. To eliminate the safety concerns associated with storing and using chlorine gas, UV treatment infrastructure was installed at Southside. Garney Construction and McKim & Creed served as the project's design-build team.

The project culminated in the de-registration of Southside from EPA's Risk Management Program.

RWTP Membrane Replacement

WHAT: Project to maintain and update filtration units at the Richardson Water Treatment Plant, which serves approximately 29,000 customers.

PROJECT START: March 2020

PROJECT COMPLETE: October 2020

COST: \$1.05 million

DETAILS: The project replaced 900 semi-permeable membranes, used to purify groundwater into drinking water. The membrane technology, used since 2009, was upgraded from nanofiltration to low-pressure reverse osmosis. While both technologies are extremely effective at removing PFAS compounds from water, reverse osmosis can remove salts and compounds with which PFAS can combine to a higher degree. In addition to the replacement, six new membrane housing vessels are scheduled to be installed, collectively increasing the plant's yield by up to 10 percent to satisfy growing water demand in the service area.

Pump Station 10 Replacement

WHAT: Replacement of Pump Station 10, which is CFPUA's largest capacity station and has been in service since 1967.

PROJECT START: February 2019

PROJECT COMPLETE: October 2020

COST: \$11.5 million, supported by a 50/50-split grant from the State

DETAILS: The project consisted of full replacement of the pump station, which conveys untreated wastewater to the Northside Wastewater Treatment Plant. The new station includes four new dry-pit submersible pumps, a backup generator, electrical controls, monorail hoist, piping, valves, and associated equipment.

The station also includes a diesel pump system, odor control, headworks, flow meter, and junction box.



Meter Replacement, Phase 3

WHAT: Third and final phase of CFPUA's Meter Replacement Program, which includes replacing or retrofitting approximately 33,000 water meters.

PROJECT START: May 2018

PROJECT COMPLETE: October 2020

COST: \$9.3 million

DETAILS: The Meter Replacement Program is part of CFPUA's effort to upgrade technology and ensure services meet or exceed industry standards. The new meters replaced ones that are near end-of-life and allow CFPUA to read meters with greater efficiency and in less time. New meters use automatic meter reading (AMR) technology to transmit readings to handheld and mobile devices, reducing the likelihood of billing errors while improving employee safety. They also record consumption with greater accuracy, capturing water usage that may not have been registered by an aging meter.



Find-it Fix-it

WHAT: Ongoing series of projects to repair and rehabilitate water and sewer lines with a history of maintenance issues, inflow and infiltration, and backups.

PROJECT START: July 2018

PROJECT COMPLETE: August 2021

COST: \$15.4 million (multiple projects; includes State grant funding)

DETAILS: Several Find-it Fix-it projects advanced in 2020, including repairs to key sewer lines under main roads and other various water and sewer repairs throughout CFPUA's service area. In August, crews completed Phase 2 of repairs to the gravity sewer system in downtown Wilmington. In 2020, crews cleaned 28,276 feet of gravity sewer mains, installed cured-in-place pipe liner in 13,026 feet of mains, completed 19 sewer point repairs, and replaced 27 manholes.





Employee Spotlight
Chris Fulcher

Water Control Operator
Treatment/Engineering
Department

5 years

Chris Fulcher is one of the people who keeps the water flowing to customers served by CFPWA's Richardson Water Treatment Plant. During days at the plant, he monitors the distribution system and ensures a steady water supply.

In his five years at CFPWA, Chris has worked through emergency operations such as Hurricane Florence and COVID-19. This year, Chris was one of several staff members who sheltered-in-place at Richardson for week-long shifts to reduce the risk of COVID-19 leading to staffing shortages.

"Our goal every day is to provide our customers with the best and safest drinking water possible," he said.

2020 Timeline

February 25: Customer Service launches CFPWA's new UMAX Customer Information System, which includes significant enhancements to allow customers to manage their accounts online and simplifies the interactive voice response telephone system.

March 12: An ultraviolet disinfection facility comes online at the Southside Wastewater Treatment

Meeting the Challenge of COVID-19

Since opening our doors in 2009, CFPWA has weathered emergencies from hurricanes to floods to prolonged power outages. Never has a crisis altered CFPWA operations as drastically and for so long as COVID-19.

Despite challenges posed by the pandemic, staff adapted to meet customers' needs and maintain essential water and wastewater services throughout 2020.

Weeks before the first COVID-19 cases were reported in New Hanover County, CFPWA leadership was planning for pandemic operations. Adapting an emergency action plan written during 2009's

H1-N1 outbreak, roughly a third of staff dispatched to work from home while the rest took steps to ensure continued staffing at critical infrastructure. CFPWA facilities closed temporarily to the public and underwent more frequent cleaning. Meetings moved online, and staff adopted social distancing, face-coverings, and additional sanitation practices.

In April, water treatment plant operators began sheltering in-place at our Sweeney Water Treatment Plant and Richardson Nanofiltration Plant. CFPWA rented fully furnished trailers for each on-site staff member and provided groceries and other supplies. Through June,

Plant. The \$2.4 million project will allow CFPWA to discontinue the use of chlorine gas for the disinfection process. (See June 5 item.)

March 13: In response to the developing COVID-19 pandemic, CFPWA suspends delinquency-related service disconnections and late fees. The suspension precedes by more than two weeks an order from Gov. Roy Cooper directing utilities to suspend disconnections and late fees. The suspension will remain in place for residential cus-

tomers through the end of 2020. (See September 9 item.)

March 18: CFPWA temporarily closes facilities to the public to protect customers and staff from potential coronavirus infection. Customer Service remains available by phone and online. (See May 11 item.)

March-April: Because of ongoing risks from the pandemic, CFPWA cancels a number of public meetings, including the April 8 Board meeting. Until June, most subse-



four-person teams of operators rotated through week-long shifts at the plants, reducing their chances of contracting the virus. Even as cases spiked in the state and region, CFPUA maintained staffing necessary to keep the water flowing.

In the early days of the pandemic, it became clear that access to clean water, particularly for hand-washing, was critical to slowing the spread of the virus.

On March 13 CFPUA announced a temporary suspension of late fees and service disconnections for delinquent accounts, two weeks before Gov. Roy Cooper would announce a statewide moratorium on utility shutoffs.

While the Governor's moratorium lapsed at the end of July, CFPUA would extend its suspension of late fees and service disconnections for residential customers through the end of 2020.

With the virus still prevalent in the region and the timeline for a vaccine uncertain, the safety and sanitation measures CFPUA implemented in 2020 will remain in place into 2021.

Whatever trajectory COVID-19 follows in the coming months, the safety of customers and staff – as well as ensuring high-quality, consistent service – will remain CFPUA's priorities.

quent meetings of the Board and its committees are held virtually.

April 3: Chemours' proposed Corrective Action Plan (CAP) to correct the damages done by Chemours' and DuPont's decades of PFAS releases "falls far short of the actions needed" to provide equitable relief for the hundreds of thousands of people who rely on the Cape Fear River for drinking water, CFPUA writes in public comments submitted to NCDEQ. In a subsequent statement, NCDEQ Secretary Regan

calls the CAP "clearly deficient."

April 6: To minimize the risk of infection for vital water treatment plant staff, CFPUA begins dispatching operational teams for seven-day periods, working 12-hour shifts, at the Sweeney Water Treatment Plant and the Richardson Water Treatment Plant. At the end of the seven-day period, staff on site are relieved by another team, which operates the plant for the next seven days. Each team member is provided with a rented



Employee Spotlight
Jude Eden

IT Systems Admin

Information Technology Department

12 years

Whether handling a coworker's Help Desk ticket or managing online accounts used by customers, IT Systems Admin Jude Eden works with technology in nearly every area of CFPUA.

A native of Nova Scotia, Canada, Jude enjoys a little low-tech gardening outside of the office. At work, she appreciates tackling challenges with the IT team, such as getting much of CFPUA's staff geared up for remote work and socially distanced meetings in 2020.

"IT is constant problem-solving," she said. "That can be frustrating, but working through problems to successful solutions or completing projects that improve business operations is really satisfying."

trailer provisioned and placed at the plants. This program ended June 1.

April 22: CFPUA releases its 2020 Source Water Risk and Resiliency Plan, a detailed summary of sites with the potential to affect water quality at the raw water intakes on the Cape Fear River. Work on the plan started in response to 2014's North Carolina House Bill 894: An Act to Improve Source Water Protection. CFPUA's plan identifies more than 150 potential contam-

Sustainability

at CFPUA



Employee Spotlight
Makeba Robinson

Compliance Coordinator
Environmental Management
Department

2 years

Though she started her CFPUA career in the Customer Service Department, Makeba Robinson's curiosity led her to research the treatment and engineering side of CFPUA's work. Eventually, she shifted to the Environmental Management Department.

Makeba's work now includes helping lab staff with sampling, preparing materials for CFPUA Board meetings, and assisting with projects from departments across the organization.

"I'm a Gemini, so I'm a jack of many trades," she said. "I'd advise new hires to learn as much as you can about everything at CFPUA. I still learn interesting things about the organization all the time."

inant sources along 160 miles of the Cape Fear River watershed.

May 11: CFPUA resumes certain in-person business with limited hours at its 235 Government Center Drive offices.

May 22: Replacement of low-pressure reverse-osmosis membranes at Richardson Water Treatment Plant is completed. The membranes filter groundwater sourced from the Castle Hayne and Pee Dee aquifers for distribution to

Electric Vehicle Program

CFPUA's vehicle fleet enables staff to read customer meters, conduct water quality sampling, and maintain infrastructure throughout our service area. Though the fleet is a necessary part of CFPUA's operations, it also contributes to local greenhouse gas emissions. In 2019, CFPUA vehicles emitted 1,261 tons of carbon dioxide.

In an effort to cut emissions, staff began an electric vehicle pilot study in 2018. During the pilot study, a 2019 Ford Escape was replaced by a 2019 Kia Niro plug-in hybrid electric vehicle that was used by lab staff from the Environmental Management Department. A side-by-side comparison of the

two vehicles revealed that when driven the same number of miles, the Kia Niro produces substantially less carbon dioxide emissions. Under a scenario where each vehicle drove 7,382 miles, the Escape emitted 5,562 pounds of carbon dioxide while the Niro emitted 2,528 pounds of carbon dioxide. After a successful pilot study, staff created an implementation process to evaluate whether aging vehicles can be replaced with electric alternatives. CFPUA plans to purchase two additional electric vehicles in 2020.

Greenhouse Gas Inventory

In early 2020, the CFPUA Energy Team finalized results of the organization's first-ever greenhouse gas (GHG) inventory. The inventory,

customers in northern New Hanover County. To ensure optimal performance the membranes must be replaced about every 10 years. But higher-than-average use during 2019's drought led CFPUA to begin the replacement process several months early. Work began in October 2020 to install additional membranes.

June 5: Following the successful installation of the ultraviolet disinfection system at the Southside Wastewater Treatment Plant (see

March 12 item), staff complete disassembly of the old chlorine feed system and removal of bulk storage gas cylinders from the plant. This four-year process culminated with the de-registration of Southside from EPA's Risk Management Program and an important mitigative step to a safer environment.

June 10: The CFPUA Board approves an \$89.98 million operating budget for Fiscal Year 2021. The budget is a 5.2 percent increase over the previous year's and



Employee Spotlight
Steve McGowan

Operations Project Manager
Utility Services Department

11 years

While Steve McGowan starts his mornings in the office, most of each day is spent out in the field. Between checking ongoing construction, responding to emergency repairs, and helping with projects within CFPUA's Find-it Fix-it program, Steve's work covers the entire service area.

"I could be at the wastewater treatment plants one day or working in the city; it varies a lot," he said. "Everywhere that CFPUA has infrastructure, I go."

When customers see a CFPUA crew digging or working on construction in their neighborhood, Steve wants those customers to know: "It's all in an effort to benefit the neighbors and the community."

which covered emissions produced during 2018 and 2019, provides a benchmark for CFPUA as it begins to identify opportunities to reduce GHG emissions. In 2018, CFPUA operations produced approximately 20,906 tons of carbon dioxide, equivalent to the emissions produced by 2,412 homes' electricity use in one year. The largest contributors to CFPUA's total emissions are electricity and natural gas consumption at CFPUA facilities. CFPUA staff intends to conduct annual inventories and use the data to develop an action plan that outlines realistic GHG reduction strategies.

Social Sustainability

Environmental policies are just one aspect of sustainability. A

holistic approach to sustainability includes building water and wastewater systems that meet the current and future needs of customers, including their financial needs. Through partnerships with the New Hanover County Department of Health and Human Services, the City of Wilmington, and local nonprofits, staff has been working to understand CFPUA's role in overall community affordability.

CFPUA also works with nonprofits to help facilitate financial assistance programs that help customers who are behind on their bills. In 2021, CFPUA will begin a pilot study on the use of flow restrictors as an alternative to water shutoffs, allowing customers with delinquent accounts to retain limited water access.

provides the resources to keep up with system capacity and repair and replace aging infrastructure in the community's water and sewer system. Water and sewer rates remain unchanged.

July 8: The CFPUA Board elects Wesley P. Corder as Chairman. Mr. Corder, previously Board Vice-chairman, has served on the Board since 2017.

July 22: Chemours sends an email to CFPUA stating that PFAS remedi-

ation work at its Fayetteville Works plant apparently sent an increased volume of sediment into the river. The plant is about 55 miles up the Cape Fear River from CFPUA's raw water intakes. CFPUA immediately begins daily sampling of raw, untreated river water and seeks guidance from NCDEQ. Chemours sends a follow-up email on July 25 stating sediment in river was "not caused by construction activities."

July 23: CFPUA submits public comments on a proposed Special

Order of Consent (SOC) between NCDEQ and the City of Greensboro to address 1,4-dioxane discharged into the Cape Fear River from Greensboro's T.Z. Osborne Wastewater Treatment Plant. CFPUA supports efforts by the State to reduce levels of 1,4-dioxane in the river but urges NCDEQ to ensure the SOC will result in continued reductions in Greensboro's discharge and to address other sources of 1-4-dioxane in the river.

August 3: Hurricane Isaias makes
(Cont'd on next page)

Finances

Statement of Net Position*

Date: June 30, 2020

ASSETS

Current assets	\$165,547,534
Capital assets	\$778,700,774
Total assets	\$944,248,308

DEFERRED OUTFLOWS OF RESOURCES

\$18,460,029

LIABILITIES

Current liabilities	\$42,018,695
Noncurrent liabilities	\$328,181,130
Total liabilities	\$370,199,825

DEFERRED INFLOWS OF RESOURCES

\$1,421,171

NET POSITION

Net investment in capital assets	\$512,151,108
Restricted	\$19,742,979
Unrestricted	\$59,193,254
Total net position	\$591,087,341

This statement shows the Authority's net position – the extent to which the Authority's assets exceed its liabilities. This statement categorizes net position into three types:

1) Net investment in capital assets is equal to the depreciated value of the Authority's capital investment in water and sewer infrastructure less any outstanding amount of debt used to acquire or construct those assets. These amounts are not available to fund the Authority's ongoing operations.

2) Restricted net position represents assets and liabilities that are restricted by law, Board action, or outside parties. For the Authority, the amounts in this category are restricted to pay principal and interest on outstanding debt and to pay for certain capital projects

3) Unrestricted net position is the portion of total net position that is available to fund the Authority's ongoing operations. A relatively high amount of unrestricted net position is an indication of financial health and resilience.

*Information contained on this page is unaudited. CFPUA maintained Aa1 and AA+ credit ratings from Moody's and S&P, respectively. Both ratings are just one notch below the highest-possible rating.

Employee Spotlight Matt Weincek

Senior Wastewater Treatment Control Operator

Wastewater Treatment

5 years

Matt Weincek works out of the Southside Wastewater Treatment Plant, one of CFPUA's two wastewater treatment facilities.

Daily work for Matt includes testing wastewater samples to ensure the treatment processes are operating correctly, calibrating and cleaning equipment, and ordering supplies. Before COVID-19 temporarily closed CFPUA's facilities to the public, he also guided tours of the plant.

"Water goes down the drain and it disappears, so customers may not think about where it goes," he said. "We do a really good job of treating the city's wastewater and protecting the Cape Fear River's resources."

landfall as a Category 1 storm. Despite widespread loss of commercial power, impact on CFPUA's system is minimal, thanks to careful planning and prompt response from staff.

August 5: Jim Flechtner informs the CFPUA Board that he will retire as Executive Director of the Authority, effective in June 2021. Mr. Flechtner joined CFPUA at its inception in 2007 as an engineering manager and has been executive director since August 10, 2013.

August 13: CFPUA is surprised when NCDEQ announces a proposed addendum to the consent order between the State, Cape Fear River Watch, and Chemours governing steps the company must undertake to address decades of PFAS releases from its chemical manufacturing plant on the Cape Fear River. The addendum proposes measures meant to prevent highly contaminated groundwater from seeping from the Chemours site into the Cape Fear River.

September 9: The Northern Water Mains project, which will improve fire protection and increase available water capacity in Northern New Hanover County, reaches completion. The \$4.5 million project increases water capacity in the area by 2 million gallons per day.

September 9: CFPUA announces plans to start a pilot program in January 2021 to test a new approach for residential customers who previously would have been eligible for water service discon-

Statement of Revenues, Expenses, and Changes in Net Position*

Fiscal year ended June 30, 2020

REVENUES

Operating revenues	
Charges for services	\$86,038,040
System development charges	\$6,570,775
Other operating revenues	\$3,269,113
Nonoperating revenues	
Investment earnings	\$2,046,294
Grants	\$8,157,813
Other nonoperating revenues	\$382,313
Total revenues	\$106,464,348

EXPENSES

Operating expenses	\$57,612,326
Depreciation and amortization	\$23,985,127
Nonoperating expenses	\$9,607,794
Total expenses	\$91,205,247

Increase in net position before capital contributions	\$15,259,101
Capital contributions	\$9,299,824
Increase in net position	\$24,558,925

Net position, July 1, 2019	\$566,528,416
Net position, June 30, 2020	\$591,087,341

This statement shows how the Authority's net position has changed from the prior fiscal year. The Authority's net position increased by \$24.6 million during FY20 due to the following:

1) CFPUA paid down \$12.5 million in debt with current year revenues

2) Investments in CFPUA's water and wastewater system funded with current year revenues exceeded depreciation during the year by \$4.6 million

3) The remaining revenues during the year exceeded operating expenses (other than depreciation) by \$7.0 million largely due to customer growth and consumption per customer that exceeded budgeted estimates.

The improvement in the CFPUA's net position is directly attributable to recent financial policy revisions aimed at funding more of the investment in CFPUA's water and wastewater system with rate revenues as opposed to debt. Because of these policies, CFPUA has limited the amount debt used to fund capital investments. This means that there is relatively more revenue to fund these investments which improves our financial position. The excess of available revenues over operating expenses will be used as a funding source for capital projects that are planned to be funded with debt. This will save rate payers in the future through reduced interest costs.



Employee Spotlight
Crystal Callahan

Senior Chemist

Environmental Management Department

11 years

Crystal Callahan's first lab job was with the former City of Wilmington water department in 2004. After briefly heading to Durham, Crystal returned to Wilmington in 2009 after CFPUA was formed, joining a lab staff including former City and New Hanover County employees.

Work for Crystal can include prepping water testing kits, fielding calls from lab technicians, and managing departmental reports. This summer, she oversaw CFPUA's annual lead and copper compliance testing program, helping customers prepare and submit water samples.

"We come in to work every day to provide a service to our community," she said. "We definitely take pride in our work."

nections because of unpaid bills. Instead of shutting off water at these residential accounts, CFPUA staff will install a device that provides a restricted, but still usable, flow of water.

September 9: CFPUA files a motion asking a Bladen County Superior Court to grant it equal standing with the State and Cape Fear River Watch in negotiations about measures Chemours must take to address PFAS releases, including contamination in the drinking

water of CFPUA's customers. The motion to intervene is ultimately denied.

September 17: In comments submitted to NCDEQ, CFPUA writes that a proposed addendum to the Chemours Consent Order offers relief for downstream water users that is neither as timely nor as certain as that provided to private well owners near Chemours' plant. Moreover, the State has not provided a definitive answer when asked if the measures proposed in

the Consent Order and the Addendum will reduce PFAS concentrations in the Cape Fear River to levels the State believes is protective of human health, absent the measures CFPUA is undertaking at ratepayers' cost to treat the community's drinking water.

October 7: Work is completed on an \$11.5 million project to replace Pump Station 10, CFPUA's largest-capacity station, which had been in service since 1967.

Board Members



Wesley P. Corder

Chairman

Jointly appointed by City of
Wilmington and New Hanover County
Seated in 2017
Term ends 2023
Committees: Executive, Finance, &
Communications



William Norris

Vice-Chairman

Appointed by the City of Wilmington
Seated in 2013
Term ends in 2021
Committees: Executive & Finance



Jennifer Adams

Treasurer

Appointed by New Hanover County
Seated in 2016
Term ends in 2022
Committees: Executive, Finance, &
Sustainability



Deans Hackney

Secretary

Appointed by City of Wilmington
Seated in 2018
Term ends 2022
Committees: Executive, Finance, &
Human Resources



Jonathan Barfield, Jr.

Commissioner

Appointed by New Hanover County
Seated in 2019
Term ends 2020
Committees: Communications &
Human Resources



Hollis Briggs, Jr.

Member

Appointed by New Hanover County
Seated in 2019
Term ends in 2022
Committees: Long Range Planning



Jessica Cannon, M.D.

Member

Appointed by City of Wilmington
Seated in 2019
Term ends 2023
Committees: Long Range Planning & Sustainability



Kevin O'Grady

Councilman

Appointed by City of Wilmington
Seated in 2014
Term ends 2022
Committees: Communications & Human Resources



Larry Sneed

Member

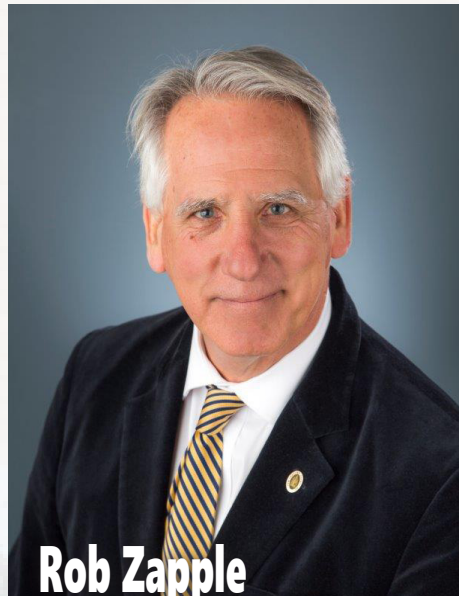
Appointed by New Hanover County
Seated in 2012
Term ends in 2023
Committees: Long Range Planning



Charlie Rivenbark

Councilman

Appointed by City of Wilmington
Seated in 2010
Term ends in 2021
Committees: Long Range Planning



Rob Zapple

Commissioner

Appointed by New Hanover County
Seated in 2019
Term ends in 2020
Committees: Finance, Long Range Planning, & Sustainability



Donna S. Pope

Clerk to the Board

Management Team



James R. Flechtner, P.E.

Executive Director



Frank C. Styers, P.E.

Deputy Executive Director,
Linear Assets



Carel Vandermeijden, P.E.

Deputy Executive Director,
Treatment/Engineering



Beth Eckert

Environmental
Management Director



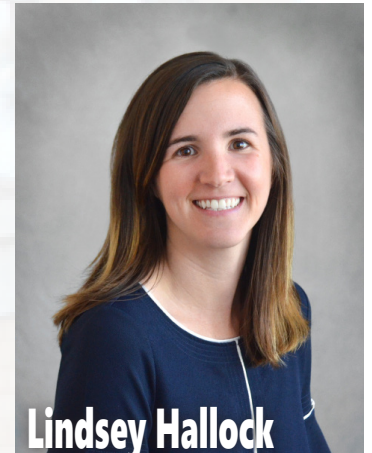
Cord Ellison

Chief Information
Officer



Vaughn Hagerty

Public Information
Officer



Lindsey Hallock

Public and Environmental
Policy Director



Kristi Irick

Customer Services
Director



Lori McKoy

Human Resources
Director



John McLean, C.P.A.

Chief Financial Officer

CFPUA Committee Reports

Communications Committee



The Communications Committee provides guidance about CFPUA's strategies to deliver information to our customers and other key stakeholders in a timely manner. The committee also reviews communication and public relations strategies.

In 2020, the Communications Committee reviewed plans for a pilot program to test the efficacy of paid community outreach. The four-month program will gauge the effectiveness of local television stations and online marketing to communicate messages to CFPUA customers about topics ranging from water conservation to online account-management options on CFPUA.org.

Sustainability Committee



In 2019, the CFPUA Board formed a new committee designed to guide the organization's environmental and social sustainability policies and programs. The committee meets on an as-needed basis and reviews work from all CFPUA departments.

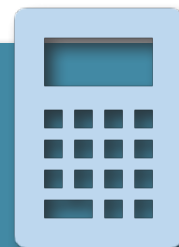
The Sustainability Committee held its first meeting in fall 2019 to review ongoing projects that may fall under its scope and provide direction on future projects. Initiatives reviewed included CFPUA's electric vehicle program, the LED lightbulb replacement program, the new Source Water Protection Plan, and work to increase recycling.

Finance Committee

The Finance Committee met monthly to review financial reports, significant contracts, budgets, policies, and other finance-related matters to make recommendations to the Board.

The Authority's Treasurer serves as Finance Committee Chair. During 2019, the Committee reviewed and recommended more than 100 agenda items relating to a variety of financial issues. Most notably, the committee approved the issuance of revenue bonds to finance treatment enhancements to the Sweeney Water Treatment Plant to reduce per- and polyfluoroalkyl substances (PFAS) in finished water, CFPUA's proportionate share of the cost to construct a new raw water transmission main in partnership with Brunswick County, and the refunding of some of CFPUA's outstanding debt that resulted more than \$3 million in net-present-value-savings to customers.

The committee received and discussed the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020, prepared by CFPUA staff. The auditor presented a "clean" opinion on this report, which also received the Government Financial Officers Association's Certificate of Achievement.





Long Range Planning Committee

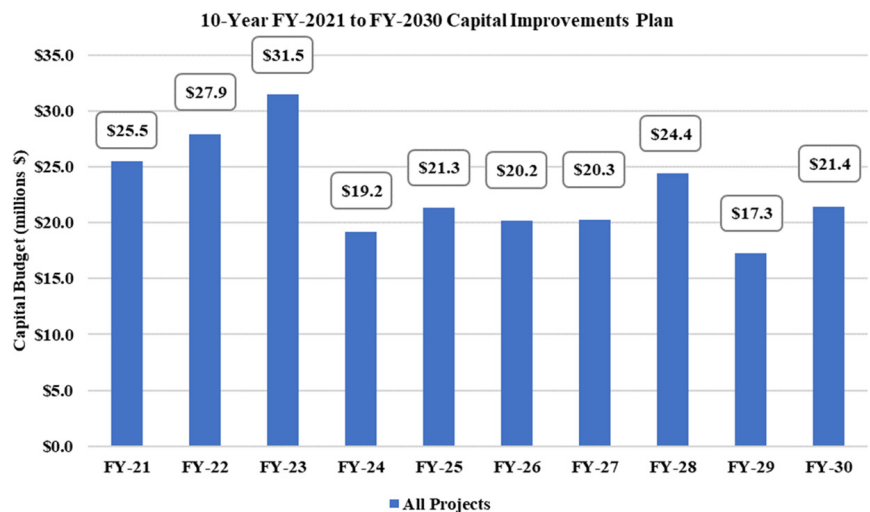
The Long Range Planning Committee generally met monthly during fiscal year 2020 and reviewed more than 18 action/information items and presentations. The committee's reports included items requiring Board action and other noteworthy information that were reported to the Board during its regular meetings. Significant achievements during this reporting period included the development and approval of the FY2021 Capital Improvement Program and the 10-year Capital Improvement Program for FY2021 through FY2030.

The committee also reviewed and considered several ordinance revisions and policies, including:

- Incorporating low-pressure sewer in the Authority's ordinance and rate and fee schedule
- Requiring conveyance of fee simple ownership of pump station parcels

In addition, the committee received updates on strategic projects and initiatives, including:

- Significant utility expansion projects in New Hanover County
- Master planning evaluation of direct potable reuse under current North Carolina law
- Capital planning trends and significant projects for FY2021 through FY2030
- Long-term planning for aging infrastructure and asset management
- USACE Locks and Dams disposition study update
- LCFWASA Kings Bluff raw water supply emergency management plan
- Mandatory connection deferral policy in response to COVID-19



Human Resources Committee



The Human Resources Committee is a standing committee that meets as needed. The committee reviews, advises on, and recommends actions on matters involving CFPUA employees or as designated by the Board.

The Human Resources Committee met periodically during the fiscal year. Items considered at the meetings included a review and approval of the FY2020 pay plan, compensation adjustments, and employee benefits. In addition, the committee approved changes to supplemental retirement savings programs.

Executive Committee



The Executive Committee, which comprises officers of the Board, met monthly to review board meeting schedules and agendas, appoint committee members, and receive legal advice. The Executive Committee also reviewed legal issues that affect CFPUA.

The 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 the performance of the Executive Director.

CFPUA Awards

- Administrative Services: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Tenth consecutive year. GOLD
- Centralized Maintenance: North Carolina Department of Labor Achievement in Outstanding Safety and Health – First year. GOLD
- Customer Service, Meter Services: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Second consecutive year. SILVER
- Engineering: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Ninth consecutive year. GOLD
- Environmental Management Community Compliance: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Eleventh consecutive year. GOLD
- Environmental Management Laboratory Services: North Carolina Department of Labor Achievement in Outstanding Safety and Health – First year. SILVER
- Utility Services, Collection System Operations & Maintenance: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Eighth consecutive year. SILVER
- Utility Services, Pump Station Maintenance: North Carolina Department of Labor Achievement in Outstanding Safety and Health – First year. SILVER
- Utility Services, Water Quality and Locate Services: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Second consecutive year. SILVER
- Utility Services – Water/Sewer Construction: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Fourth consecutive year. SILVER
- Wastewater Treatment, James A. Loughlin Wastewater Treatment Plant: North Carolina Department of Labor Achievement in Outstanding Safety and Health – First year. GOLD
- Wastewater Treatment, M’Kean Maffitt Wastewater Treatment Plant: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Third consecutive year. GOLD
- Water Treatment, Nano Filtration Plant: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Eleventh consecutive year. GOLD
- Water Treatment, Sweeney Water Treatment Plant: North Carolina Department of Labor Achievement in Outstanding Safety and Health – Third consecutive year. GOLD
- Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting – Ninth consecutive year.
- Government Finance Officers Association’s Distinguished Budget Presentation Award – Sixth consecutive year.
- DBIA Southeast Chapter Design-Build Project/Team Award, Water/Wastewater Under \$25 Million: M’Kean Maffitt Wastewater Treatment Plant Rehabilitation.

Years of Service

40 years

Dennis Hicks, Wastewater Treatment

25 years

Angelo Walker, Collections System

20 years

Leroy Age Sr., Distribution/Construction
Christopher A. Benegasi, Collections System
Sandra Coombs, Retiree, Customer Service
Susan Jackson, Customer Service

15 years

Kevin W. Boyett, Centralized Maintenance
Stephanie Floyd, Customer Service
Anthony Garcia, Collections System
Billy Holder, Wastewater Treatment
Bernice S. Johnson, Engineering
Maureen Smith, Retiree, Customer Service
James Tayson, Distribution/Construction

10 years

Crystal Callahan, Environmental Management

Robert Gunter, Wastewater Treatment
Tommy Miller, Wastewater Treatment
Andrew Szewczyk, Customer Service

5 years

Tara Arnette, Environmental Management
Kasey Blais, Collections System
Bobbi Bostian, Customer Service
Todd Childers, Centralized Maintenance
Sara Eskew, Customer Service
Kurt Evers, Project Management
Jordan Frye, Collections System
Melvin Horne, Distribution
Kevin Knapp, Engineering
Randolph (Greg) Mintz Jr., Collections System
Todd Overturff, Customer Service - Meters
Viktoriya Sickle, Information Technology
Jeffrey Theberge, Engineering
Matthew Wiencek, Wastewater Treatment
Lisa Wrede, Environmental Management





Cape Fear
Public Utility Authority
Stewardship. Sustainability. Service.

235 Government Center Drive
Wilmington, NC, 28403

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