



Cape Fear **Public Utility Authority**

New Hanover County, N.C.

**Adopted
Budget
Fiscal
Year
2024**





**CAPE FEAR PUBLIC UTILITY AUTHORITY
RECOMMENDED BUDGET
FISCAL YEAR 2023-2024**

Board Members

Jennifer Adams, Chairwoman

Wesley P. Corder, Vice Chair

Jessica Cannon, M.D., Secretary

William A. Norris, Treasurer

Jonathan Barfield, Jr., New Hanover County Commissioner

Hollis B. Briggs, Jr.

Deans Hackney

Charlie 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

Board Members



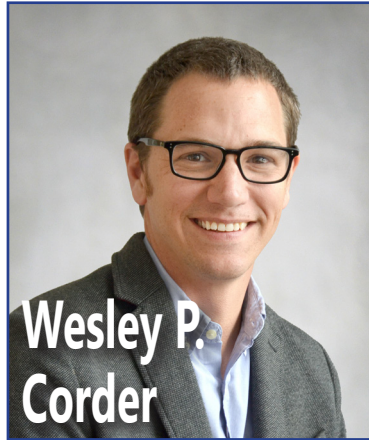
Chairwoman

Appointed by New Hanover County

Seated in 2016

Term ends 2025

Committees: Executive, Finance, Sustainability



Vice-Chairman

Jointly appointed by the City of Wilmington and New Hanover County

Seated in 2017

Term ends 2023

Committees: Communications, Executive, and Finance



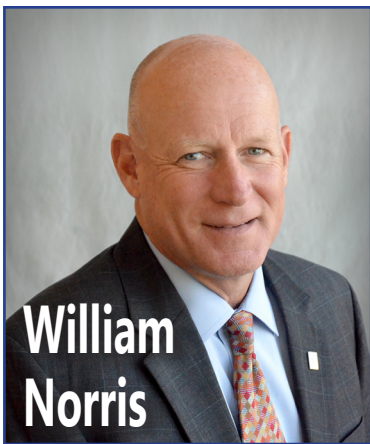
Secretary

Appointed by the City of Wilmington

Seated in 2019

Term ends 2026

Committees: Communications, Executive, Long Range Planning, and Sustainability



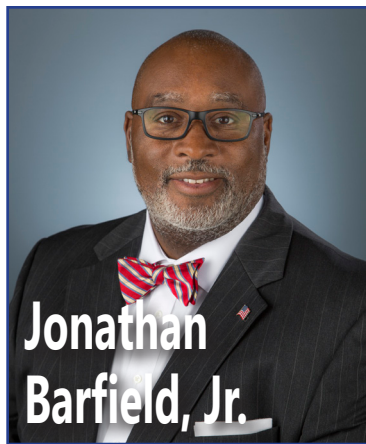
Treasurer

Appointed by the City of Wilmington

Seated in 2013

Term ends 2024

Committees: Executive, Finance, and Human Resources



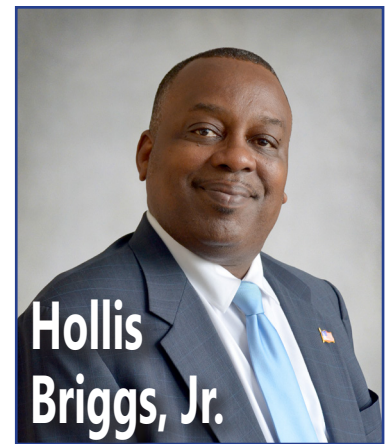
Commissioner

Appointed by New Hanover County

Seated in 2019

Term ends 2023

Committees: Communications and Human Resources



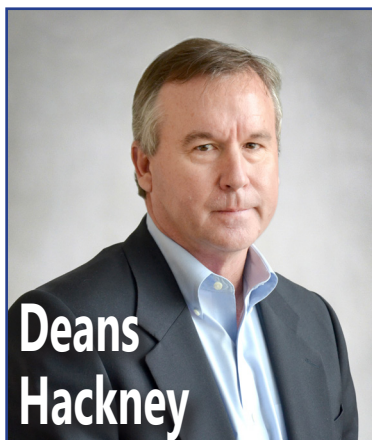
Member

Appointed by New Hanover County

Seated in 2019

Term ends 2022

Committees: Communications, Human Resources, and Long Range Planning



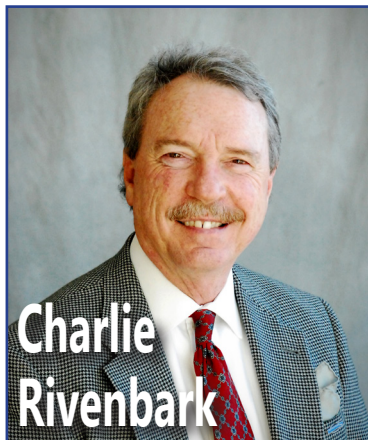
Member

Appointed by the City of
Wilmington

Seated in 2018

Term ends 2025

Committees: Finance and
Human Resources



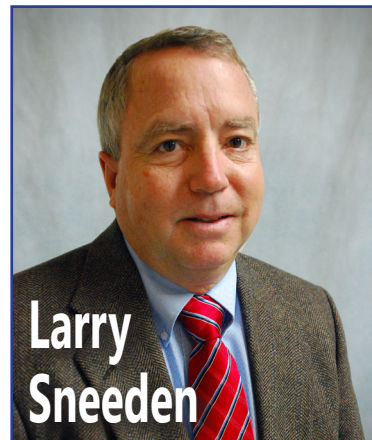
Councilman

Appointed by the City of
Wilmington

Seated in 2010

Term ends 2024

Committees: Long Range
Planning



Member

Appointed by New Hanover
County

Seated in 2012

Term ends 2023

Committees: Long Range
Planning and Sustainability



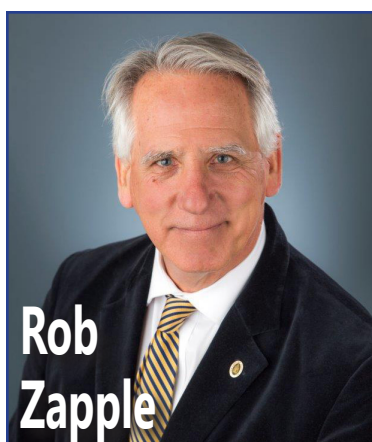
Councilman

Appointed by the City of
Wilmington

Seated in 2022

Term ends 2025

Committees: Sustainability



Commissioner

Appointed by New Hanover
County

Seated in 2019

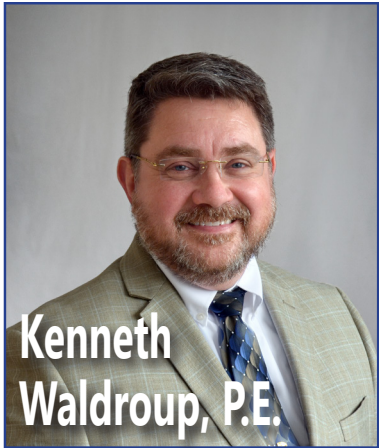
Term ends 2023

Committees: Finance, Long
Range Planning, and
Sustainability



Clerk to the Board

Executive Team



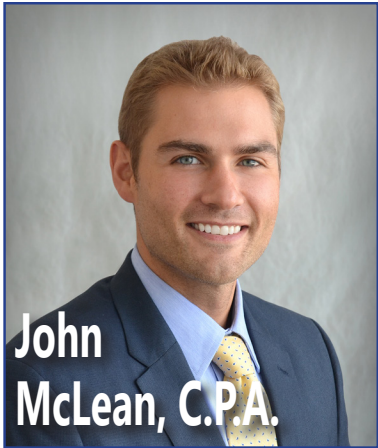
**Kenneth
Waldroup, P.E.**

Executive Director



**Beth
Eckert**

**Deputy Executive Director,
Linear Assets, Environmental
Management, and Sustainability**



**John
McLean, C.P.A.**

**Deputy Executive Director,
Chief Financial Officer**



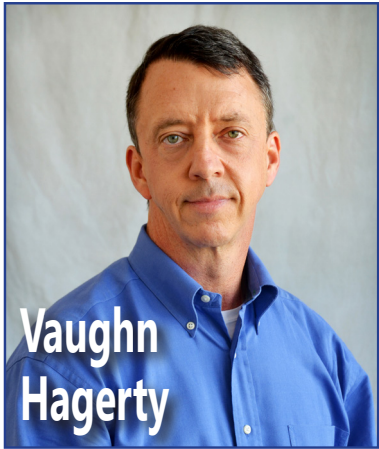
**Carel
Vandermeijden, P.E.**

**Deputy Executive Director,
Treatment, Engineering, and
Project Management**



**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, 2022

Christopher P. Morill

Executive Director

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BUDGET GUIDE

This document contains Cape Fear Public Utility Authority's Fiscal Year 2023-2024 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 2023-2024 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 2023-2024 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

September 1, 2023

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 2023-2024 budget. This budget was prepared in accordance with the Local Government Budget and Fiscal Control Act and contains the necessary investments to ensure we continue to successfully fulfill our mission to provide quality water and wastewater service to our community. Successful execution of CFPUA's mission is defined in our Strategic Plan in terms of five intended outcomes: Customer Satisfaction & Stakeholder Understanding, Infrastructure Reliability & Product Quality, Environmental Stewardship & Protection, Employee & Leadership Development, and Financial Viability.

CFPUA's operations are undertaken to achieve one or more of these intended outcomes. The budget serves as the financial plan to fund these activities. We continuously evaluate the economic, regulatory, social, and technological environment in which we operate to understand how changes in our environment affect our operations with respect to each intended outcome. Consequently, budget development is necessarily affected by environmental factors impacting each intended outcome. The following factors influenced decisions made in developing the budgets for FY 23-24:

- **Inflation** – With historically high increases in prices over the past two years, 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 6%, 2.3%, and 4.64% year over year, respectively. Although inflation has slowed over the past year compared to the prior year, inflation continues to be a major driver for the FY23-24 budget. Many contracts for goods and services are procured using multi-year contracts. As these contracts renew, CFPUA continues to experience cost increases. The FY 23-24 budget reflects significant increases in consumable commodities such as fuel, electricity, and chemicals.
- **Employee retention and workforce affordability** – Attracting and retaining a qualified, innovative, and safety-focused workforce is essential to CFPUA's mission. Having competitive compensation is critical to this outcome especially with inflationary pressure eroding employee buying power and historically low local unemployment. In addition, the Authority's overall turnover rate (the number of positions that become vacant as a percentage of authorized positions) at the time of budget development was 15.7%, with some departments and programs within the organization having turnover rates as high as 33.9%. The FY 23-24 budget includes salary increases for current employees, modifications to step programs for certain jobs, and a new range progression methodology designed to address employee retention. The budget also includes funding to increase pay grade minimums to address workforce affordability.
- **Brand perception and workforce development** – In June 2022, the Board adopted a new Strategic Plan with seven initiatives to be accomplished over the next 4 years. The FY23-24 budget contains

BUDGET MESSAGE

approximately \$692,000 to further the Strategic Plan including additional community outreach and workforce development.

- **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. We have taken legal action to recover our costs and continue to monitor and evaluate these compounds. This past year CFPUA completed a \$43.0 million treatment upgrade at the Sweeney Water Treatment Plant to more effectively remove PFAS. The FY 23-24 budget contains over \$7.3 million related to PFAS, including the cost of filter media replacement, ongoing legal costs related to the PFAS litigation, costs related to ongoing testing, and a portion of overall debt service.
- **Southside Wastewater Treatment Plant Replacement and Capacity Upgrade** – The Southside Wastewater Treatment Plant (SSWWTP) has reached the end of its useful life. In addition, accelerated growth in CFPUA's service area has dictated the need for additional wastewater treatment capacity. The 10-year Capital Improvement Plan includes \$246.9 million to replace and expand capacity at the SSWWTP. This large project is anticipated to significantly increase future debt service resulting in an estimated 25% - 30% increase in the average residential bill by FY28. To reduce the single year rate impact of this project, CFPUA is gradually increasing retail rates over the next several years beginning in FY 23-24. A portion of these rate increases will be used to fund a capital reserve for the project to delay the timing and reduce the amount of the debt issuance resulting in relatively lower retail rates in the long term.

OPERATING BUDGET

The total Fiscal Year 23-24 operating budget is approximately \$112.9 million. The tables below detail the approved operating budget by major revenue sources and major categories of expenditures.

Appropriations	FY23 Adopted	FY24 Proposed	Increase/ (Decrease)	% Difference
Salaries & Benefits	\$ 30,812,815	\$ 33,080,883	\$ 2,268,068	7.4%
Operating	29,618,091	31,218,714	1,600,623	5.4%
Debt Service	24,942,853	24,887,009	(55,844)	-0.2%
Transfers	13,800,000	23,730,000	9,930,000	72.0%
Total	\$ 99,173,759	\$ 112,916,606	\$ 13,742,847	13.9%

Revenues	FY 23 Adopted	FY 24 Proposed	Increase/ (Decrease)	% Difference
Water/Wastewater Charges - Fixed	\$ 35,301,275	\$ 38,387,038	\$ 3,085,763	8.7%
Water/Wastewater Charges - Volumetric	52,603,984	57,295,338	4,691,354	8.9%
System Development Charges	5,487,500	9,881,730	4,394,230	80.1%
Investment Earnings	200,000	1,200,000	1,000,000	500.0%
Other Charges for Service	5,081,000	5,652,500	571,500	11.2%
Appropriated Fund Balance	500,000	500,000	-	0.0%
Total	\$ 99,173,759	\$ 112,916,606	\$ 13,742,847	13.9%

Overall appropriations increased \$13.7 million from the FY 22-23 budget. The major drivers of the increase include:

BUDGET MESSAGE

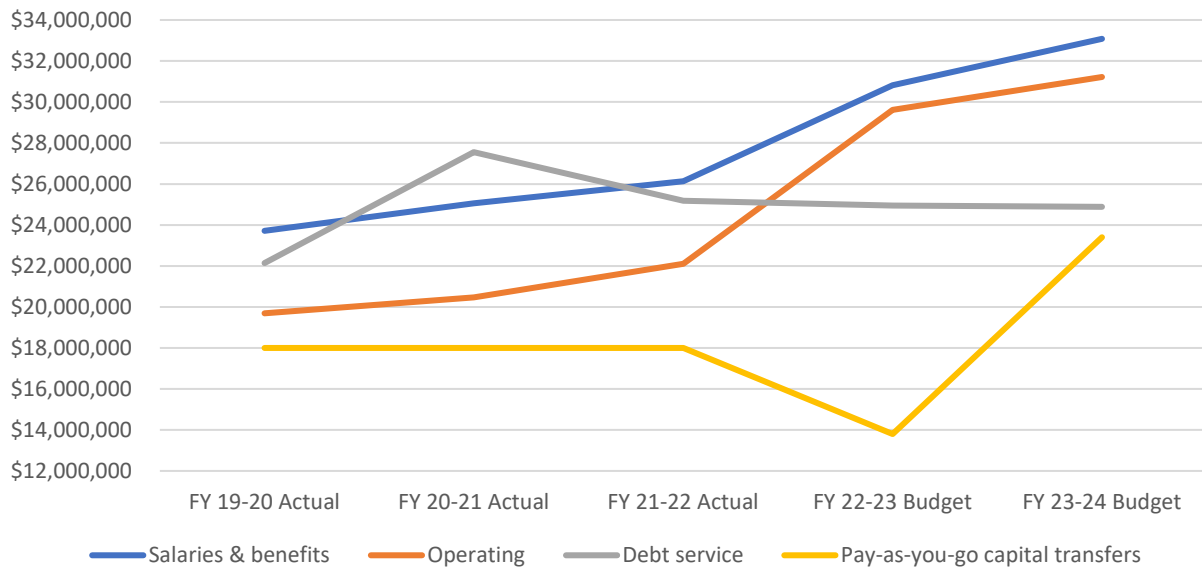
- Appropriations for salaries & benefits to support continued investment in CFPUA's workforce. The FY 23-24 operating budget includes a \$2.3 million increase to salaries & benefits to fund a 3% cost-of-living adjustment and a 3% merit adjustment; minimum salary increases for entry level positions to improve workforce affordability; market adjustments for positions at salaries below the external market; and a 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 12.1% to 12.85% and decreases in health insurance premiums.
- Appropriations for operating costs are projected to increase by \$1.6 million, driven mainly by inflation. Chemicals are projected to increase \$820,000, Electricity \$375,000 and Fuel \$195,000, all due to inflationary pressures. In addition, software is anticipated to increase \$215,000 due to new purchases and property and liability insurance is anticipated to increase by \$460,000 due to a contracting insurance market.
- The single largest driver is the appropriation for pay-as-you-go transfers, which increased \$9.9 million in conformance with debt coverage ratios and debt funding goals while initiating the smooth increase to rates over several years related to the SSWWTP Project discussed above.

Estimated revenues include an increase in other charges for services to reflect the increase in wholesale water rates and an increase in investment earnings due to recent increases in yields on allowable investments. The FY 23-24 budget includes an increase to system development charges (SDCs) as part of an overall plan to increase SDCs to the maximum allowed \$7,810 in FY 25-26. The single-ERU combined SDC for FY 23-24 is \$5,560. SDC revenues are projected to be approximately \$9.9 million, an increase of approximately \$4.4 million compared to the FY 22-23 adopted budget. The estimated increases in these other revenue sources reduce the burden on retail rates. Fixed and volumetric rate revenues are projected to increase by \$3.1 million and \$4.7 million, respectively, compared to the FY22-23 budget due to the rate increase and projected growth in customers. The increase in retail rates results in a \$3.18 (4.6%) increase in the average monthly residential bill.

For historical context, the following graph depicts trends in the Authority's expenditures over the past four years and appropriations in FY23-24 budget by major expenditure category.

BUDGET MESSAGE

Trends in Major Expenditure Categories



From FY 19-20 to FY 21-22 salaries and benefits and operating expenditures grew consistently with the growth in our system, the number of customers we serve, and inflation. Beginning in FY 22-23, salaries and benefits increased sharply in response to generationally high inflationary pressures as CFPUA implemented a tiered cost-of-living adjustment for existing employees. Operating expenditures increased in FY 22-23 due to inflation, increased funding to implement the Strategic Plan, and costs related to operation of the granular activated carbon facility at the Sweeney Water Treatment Plant. The increase in debt service in FY 20-21 was due to 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 from the recurring \$18 million which 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. In FY22-23 pay-as-you-go funding was deliberately decreased to \$13.8 million to smooth rate increases over two years. The increase in FY 23-24 reflects the initiation of smoothing of water rates over the next five years to reduce the future single-year rate impact of the debt service related to the SSWWTP Project.

CAPITAL BUDGET

Major drivers of the capital budget include system growth and aging infrastructure. New projects appropriated in FY23-24 total \$74.7 million. Combined with remaining unspent appropriations from prior years, the total capital budget is \$174.6 million. Major projects appropriated in FY 23-24 include extensions of water and sewer to the northern part of New Hanover County; an interconnection along River Road to provide water from the Sweeney Water Treatment Plant to the southern part of New Hanover County currently served by the Monterey Heights system; an upgrade of the force main for a major pump station in the southern part of the service area; and design costs for the SSWWTP Project.

The Authority adopts a 10-Year Capital Improvement Plan (CIP) each year. The total 10-Year CIP adopted for Fiscal Years 2024 through 2033 is \$648.4 million. All projects were evaluated by preparing initial

BUDGET MESSAGE

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 1, 2022. The Authority has received this prestigious award for eleven years. To receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as 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.

During the FY 22-23, CFPWA received the Gold Award for Exceptional Utility Performance from the American Metropolitan Water Association (AMWA) and the Gold Award for Excellence in Management from the National Association of Clean Water Agencies' (NACWA). The AMWA Gold Award was initiated in 2001 to recognize utilities exhibiting high levels of performance with respect to the ten Attributes of Effectively Managed Utilities. The NACWA Excellence in Management Award was launched in 2003 to acknowledge significant achievements in the utility management arena.

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 2022. In place since 1946, the NCDOL safety awards programs recognize private and public firms that achieve and maintain good safety records.

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 good

BUDGET MESSAGE

stewardship of resources, sustainable business prices, and excellent service for the betterment of our customers; I am confident we will continue this path in FY 23-24.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "K. Waldrup", written in a cursive style.

Kenneth Waldrup, 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. 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 74,133 actively billed water accounts, an increase of 1,720 compared to the previous year. 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 1,153 miles of distribution lines on June 30, 2022. 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, 2022 decreased 11% 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. The Authority also has the ability to draw an additional 10 MGD raw water from the Cape Fear River utilizing our raw water intake and pump station at King's Bluff. This provides flexibility for CFPUA's raw water source with a total Cape Fear River safe yield allocation of 48 MGD. The raw surface water is pumped to the Sweeney Water Treatment Plant (SWTP), which provides potable water to the majority of the Authority's service area. The SWTP has a rated capacity of 35 MGD. Average production during the fiscal year ended June 30, 2022 was 16.60 MGD. The surface water treatment and 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, CFPUA, and other partners share in the 106 MGD (combined) safe yield 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 (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, 2022 of 2.95 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 seven wells and a single 0.5 million gallon elevated storage tank. The groundwater receives disinfection, corrosion control, softening (at two wells), 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, 2022 was 0.88 MGD.

In January 2023, CFPUA completed consolidation of the Richardson and Sweeney water systems. Monterey Heights continues to operate as a separate water system

The Wastewater System

Cape Fear Public Utility Authority has 74,453 wastewater accounts, an increase of 2,036 compared to the previous year. The Authority also provides wholesale wastewater treatment services for the Town of Wrightsville Beach and provides wastewater services to a portion of Pender County. The Authority's collection system consists of approximately 927 miles of gravity lines, 23,067 manholes, 154 pump stations and 160 miles of pressurized sewage force main. Wastewater consumption, based on metered water (excluding irrigation) for the fiscal year June 30, 2022 increased 7.89% 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 and SSWWTP is permitted to treat up to 12.0 MGD. For the fiscal year ended June 30, 2022, the combined average daily flows were 17.11 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 in accordance with the Authority’s NPDES discharge permit. The Authority has a hauled waste program that receives septage and other non-hazardous wastes at NSWWTP for processing.

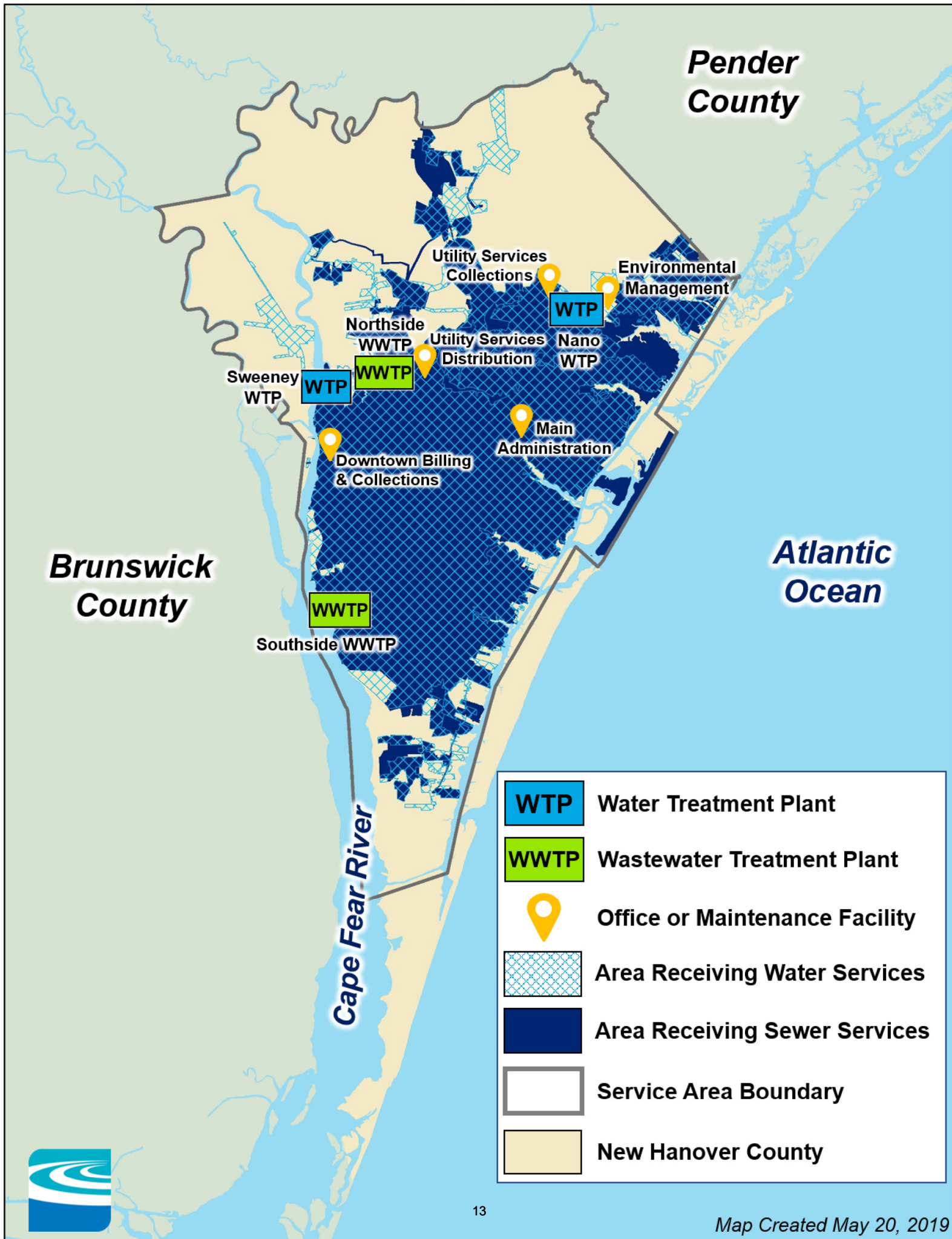


The Authority has a sewer use ordinance that is administered under the pretreatment program. Ordinance revisions were approved by the Board on May 10, 2017, to ensure compliance with state and federal requirements and incorporate federal streamlining revisions. The pretreatment program monitors and regulates 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

CAPE FEAR PUBLIC UTILITY AUTHORITY PROFILE

enforcement response plan ensures permit violations are addressed timely and equitably. Additionally, 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.

EXCELLENCE

Exhibiting ownership and pride by continuously improving in all we do.

STEWARDSHIP

Managing our organizational, community, and environmental resources responsibly.

SUSTAINABILITY

Making decisions today to meet the needs of current and future generations.

SERVICE

Providing professional, timely services while contributing to the needs and welfare of our community.

SAFETY

Making safety of our staff and the community our highest priority.

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 tasks 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.

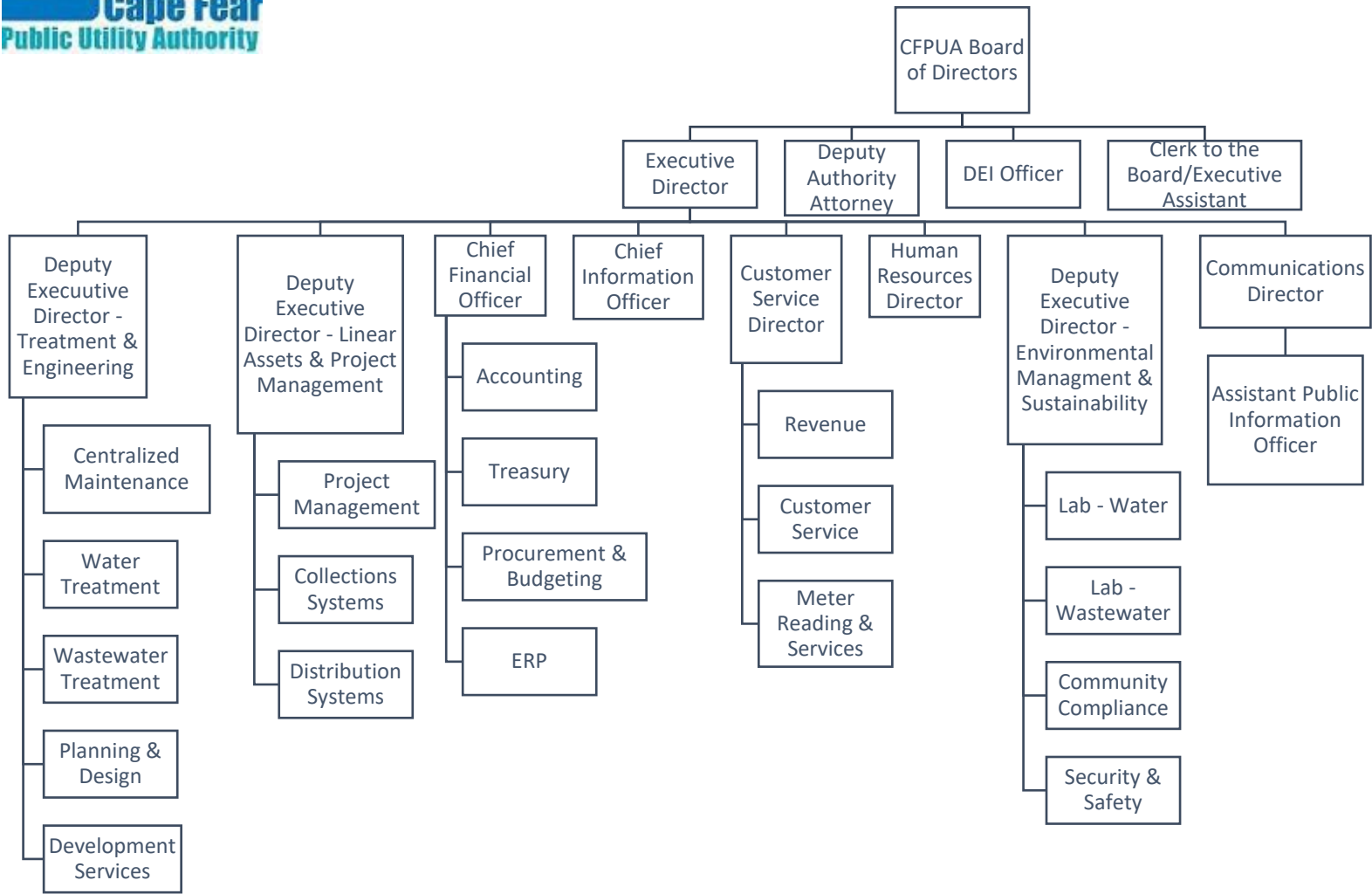
The SWOT and PESTLE data will be used in establishing the organizations strategic initiatives that will drive continual improvement over the next three to five years.

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. During the budget process the FY 24 implementation activities associated with the strategic initiatives were identified and approved as part of the operational budget and are detailed in the Expenditures Summary on page 26.

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.



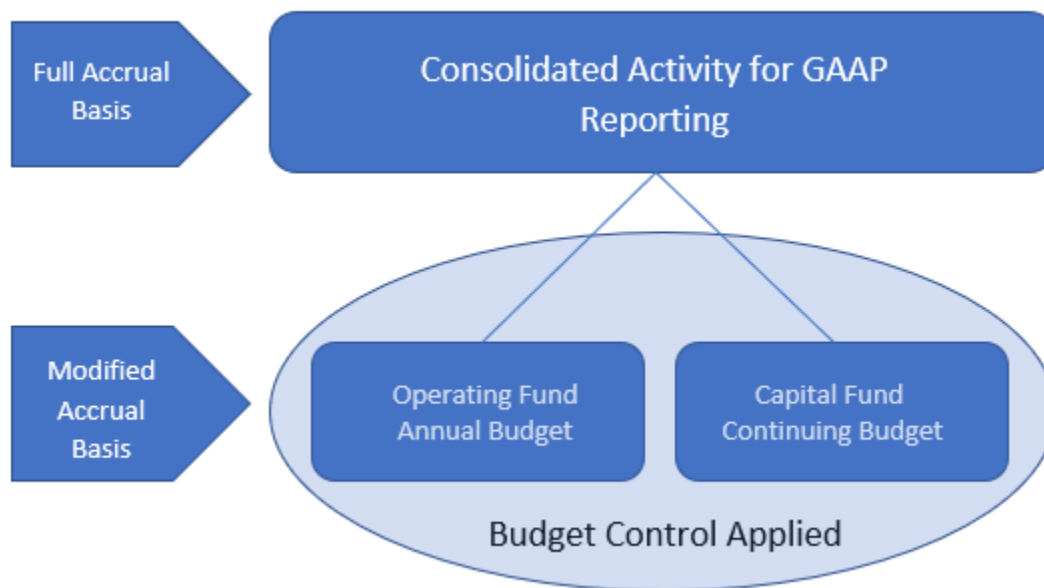
Total Budgeted Positions – 335.125

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. North Carolina General Statute 159-26(c) requires the Authority to budget and account for all transactions on the modified accrual basis. These transactions are converted to the accrual basis of accounting for external reporting in accordance with generally accepted accounting principles (GAAP). 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.

FINANCIAL STRUCTURE

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 159-13.2. 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 (e.g. new positions, position reclassifications, cost of living adjustment, etc.), including actions to achieve goals outlined in the Strategic Plan (a proposed 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. For line items in the operating category, Finance staff determine which departmental line items

BUDGET PROCESS

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 two years of historical actuals and current year revised budget. 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.

2. Salaries and benefits line items for the continuation budget consist of two pieces: 1) cost estimates related to existing staff levels and any required new staffing based on other operating choices (e.g. opening a new pump station that requires an additional maintenance worker) and 2) cost estimates for health, dental, life insurance, retirement, and other benefits associated with the approved staff.
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.

The proposed budget takes the continuation budget and adds multiple discretionary costs to it. The proposed budget is the final proposed set of expenditures that are presented to the Finance Committee and the Board for a budget presentation and workshop at least one month prior to the public hearing for budget adoption. The proposed budget is built on top of the continuation budget as follows:

1. Departments submit any requests for new positions and reclassifications of existing positions for analysis. The full cost of these positions, including benefits, is estimated and summarized in a package for the Board.
2. Departments submit budget enhancements that consist of two categories: 1) initiatives designed to achieve steps in the agency's adopted strategic plan and 2) any service level enhancements that departments want included in their budget. These requests are evaluated by the Executive Leadership Team and any approved requests are included in the corresponding departments recommended operating budget for adoption.
3. 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.

A number of service level decision packages are developed that combine the continuation operating budget and requested budget enhancements. 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

BUDGET PROCESS

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:

- 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 2022 – December 2022	Multi Departmental CIP Team Develops Draft FY24 CIP and Ten-Year CIP	Multi Departmental CIP Team
Wednesday, November 30, 2022	New Position/Reclassification Requests due to HR	
Thursday, December 22, 2022	Meeting to finalize new position/ reclassification requests for the Continuation Budget	Finance/HR
Thursday, December 22, 2022	Release Preliminary Budgets to departments for initial review	Finance
Friday, January 6, 2023	Performance Evaluations Due to HR	Human Resources
January 22, 2023- February 17, 2023	Review and meet with Departments to discuss Operating Budgets	CFPUA Staff
Friday, January 27, 2023	Centralized Maintenance non-recurring maintenance rankings due to Finance	CFPUA Staff
Thursday, February 23, 2023	FY24 CIP Draft Budget to LRPC	Engineering/LRPC
Wednesday, March 1, 2023	Business Insurance Estimates Due	CFPUA Staff
Tuesday, March 28, 2023	HR Committee Meeting Review Salary Recommendations	HR Committee
Wednesday, April 5, 2023, 9:00 am	Regular Finance Committee Meeting Preliminary Recommended Budget Review Review Salary Recommendations	Finance Committee
Wednesday, April 12, 2023, 9:00 am	Regular Board Meeting - Preliminary Recommended Budget Review	Authority Board
Thursday, April 13, 2023	Publish System Development Charge Analysis on CFPUA website for Public Comment	
Thursday, May 25, 2023	FY24 CIP Approval by LRPC	Engineering/LRPC
Wednesday, May 10, 2023, 10:30 am	Board Budget Workshop	Authority Board
Monday, May 29, 2023	End of public comment period for system development charge analysis	
Wednesday, May 31, 2023	Recommended Budget Completed	CFPUA Staff
Wednesday, June 7, 2023, 9:00 am	Regular Finance Committee Meeting - Recommended Budget Submitted - Finance Committee makes recommendation for FY 24 Budget - Finance Committee reviews SDC Charge Analysis for adoption	Finance Committee
Wednesday, June 14, 2023, 9:00 am	Regular Board Meeting/Public Hearing - Recommended Budget Submitted - Budget Public Hearing - SDC Analysis Public Hearing - Budget Adoption (including rates) - FY24 CIP Recommended for Approval - SDC Analysis Adoption	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.

Authority Integrated Management System

The Authority is implementing an Authority Integrated Management System (AIMS) to improve the Authority's management processes. AIMS is a management system program designed by the Authority staff to combine ISO standards and utility industry best management practices outlined in the Effective Utility Management (EUM). During the AIMS implementation the Authority will conduct a thorough review and update of existing policies and procedures including financial policies. AIMS processes will ensure continued regular review and updating of policies, procedures and training of staff.

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 23-24 operating budget is \$112,916,606, an increase of 13.9%, compared to the adopted FY 22-23 operating budget.

Appropriations	FY23 Adopted	FY24 Adopted	Increase/ (Decrease)	% Difference
Salaries & Benefits	\$ 30,812,815	\$ 33,080,883	\$ 2,268,068	7.4%
Operating	29,618,091	31,218,714	1,600,623	5.4%
Debt Service	24,942,853	24,887,009	(55,844)	-0.2%
Transfers	13,800,000	19,500,000	5,700,000	41.3%
Transfers to SSWWTP Capital Reserve	-	4,230,000	4,230,000	100.0%
Total	\$ 99,173,759	\$ 112,916,606	\$ 13,742,847	13.9%

The information below summarizes the major expenditure categories and some of the key factors and assumptions driving the FY 23-24 operating budget.

Salaries and Benefits

Salaries and benefits costs related to the Authority's employees and retirees budgeted for FY 23-24 are approximately \$33.1 million, which makes up 29% of the Authority's operating budget. It is a 7.4% increase over FY 22-23. The increase is driven by multiple factors including COLA and merit adjustments, benefits, retirement, inflation, and new positions. The following table details the change in individual salary and benefits line items compared to the adopted FY 22-23 operating budget.

	FY 23 Adopted	FY24 Adopted	Increase/ (Decrease)	% Difference
Regular Salary & Wages	\$ 20,941,277	\$ 22,999,984	\$ 2,058,707	9.8%
Health/Dental Insurance	3,695,618	3,409,877	(285,741)	-7.7%
LGERS Pension Contribution	2,638,120	3,050,465	412,345	15.6%
FICA - Social Security	1,312,545	1,432,617	120,072	9.1%
Overtime	858,608	705,414	(153,194)	-17.8%
401K Matching Contribution	774,507	850,712	76,205	9.8%
FICA - Medicare	307,000	335,251	28,251	9.2%
Standby	197,500	200,700	3,200	1.6%
Life/AD&D Insurance	39,542	43,019	3,477	8.8%
Long Term Disability	35,298	38,630	3,332	9.4%
Miscellaneous	4,800	5,214	414	8.6%
Employee License Incentive	8,000	9,000	1,000	12.5%
Grand Total	\$ 30,812,815	\$ 33,080,883	\$ 2,268,068	7.4%

EXPENDITURE SUMMARY

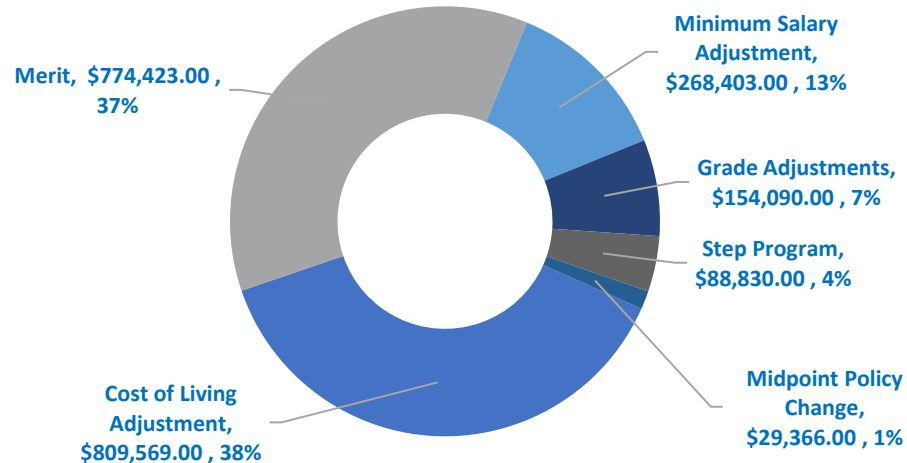
Benefit Increases

Required employer contributions to the North Carolina Local Government Employees Retirement System increased from 12.1% to 12.85% of covered payroll resulting in an overall increase of 15.6% compared to the FY 22-23 adopted budget. Other increases are attributed to the baseline salary increases.

Salary Increases

Inflation, workforce affordability, increased turnover, and a shallow labor market were all drivers behind a \$2.06 million salary increase for FY 23-24. The CPI, at the time of budget development, was around 6%. In addition, turnover levels were around 15.7% at CFPUA. The self-sufficiency standard for New Hanover County for one adult and one child was \$47,444. Prior to the increases, 31% of CFPUA employees had salaries below the self-sufficiency standard. Each of these drivers were factored in development of the recommended salary increases for FY 23-24. The table below details the various salary adjustment taken to address the issues presented above. The largest increases were for a cost-of-living adjustment of 3% and a merit adjustment of 3%. In addition, the salary increase included in the FY 23-24 budget includes increased 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.

Salary Adjustments



Position Summary and Effect on the Salary & Benefits Budget

The FY 23-24 budget authorizes a total of 335.13 full-time equivalent (FTE) positions, which maintains current staffing levels. While there were no new positions added in FY 23-24 there were 17 reclasses that resulted in a \$124,382 increase to the budget for FY 23-24.

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 Postitions by Fiscal Year

<u>Department</u>	<u>FY 21-22</u>	<u>FY 21-22 - Revised</u>	<u>FY 22-23</u>	<u>FY 23-24</u>
Administration (1101)	2.00	3.00	4.00	4.00
Communications (1102)	2.00	2.00	2.00	2.00
Finance (1201)	12.00	13.75	13.75	13.75
Human Resources (1301)	4.00	4.00	4.00	4.00
Public & Environmental Policy (1401)	3.00	0.00	0.00	0.00
Information Technology (2504)	9.00	9.00	11.00	12.00
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)	30.00	30.00	30.00	30.00
Wastewater Treatment (2700's)	33.00	33.00	33.00	33.00
Total	107.00	107.00	107.00	107.00
Linear Assets & Project Management:				
Adminstration (2501)	4.00	4.00	4.00	4.00
Utility Services (2800's & 2900's)	94.00	94.00	94.00	93.00
Project Management (2003)	6.00	6.00	6.00	6.00
Total	104.00	104.00	104.00	103.00
Environmental Management & Sustainab	30.75	32.75	32.75	32.75
Customer Service & Meters (3500's)	54.00	54.63	56.625	56.625
Total	327.75	330.13	335.13	335.13

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 23-24 total approximately \$31.2 million, an increase of 5.4% from the FY 22-23 adopted budget. The major driver of the increase to the baseline operating budget is due to inflation.

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

EXPENDITURE SUMMARY

	FY 23 Adopted	FY 24 Adopted	Increase/ (Decrease)	% Difference
Authority Board	\$ 16,964	\$ 18,520	\$ 1,556	9.2%
Administration	1,628,473	1,524,606	\$ (103,867)	-6.4%
Communications	98,246	281,672	\$ 183,426	186.7%
Finance	136,962	146,507	\$ 9,545	7.0%
Human Resources	116,750	492,450	\$ 375,700	321.8%
Information Technology	2,304,061	2,489,757	\$ 185,696	8.1%
Treatment & Engineering Services:				
Administration	44,517	43,548	\$ (969)	-2.2%
Engineering	52,563	60,160	\$ 7,597	14.5%
Centralized Maintenance	2,095,260	2,115,768	\$ 20,508	1.0%
Water Treatment	9,572,304	10,216,865	\$ 644,561	6.7%
Wastewater Treatment	2,859,291	2,884,772	\$ 25,481	0.9%
Linear Assets & Project Management				
Administration	9,917	10,032	\$ 115	1.2%
Utility Services	4,498,520	4,864,369	\$ 365,849	8.1%
Project Management	12,913	12,409	\$ (504)	-3.9%
Environmental Mangement/Subsustainability	842,871	852,059	\$ 9,188	1.1%
Customer Service/Meter Services	1,400,949	1,962,655	\$ 561,706	40.1%
Non-departmental	3,927,530	3,242,565	\$ (684,965)	-17.4%
Total	\$ 29,618,091	\$ 31,218,714	\$ 1,600,623	5.4%

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 23-24 baseline operating budget. The Authority is seeing this most in pricing for chemicals, electricity, fuel, and service contracts. The insurance market is also contracting which is fueling increases in the wind market. The table below summarizes the largest increases to cover existing service levels.

Expense	% Increase	\$ Increase	Reason
Water & WW Chemicals	34%	\$819,720	Inflation
Property & Liability Insurance	29%	\$462,000	Property/Wind & Hail/Cyber
Electricity	11%	\$375,340	Inflation
Service Contracts	6%	\$278,374	Inflation
Software	11%	\$213,915	Inflation/New Software
Fuel	16%	\$194,457	Inflation

EXPENDITURE SUMMARY

Strategic Initiatives

During the budget process the Board approved \$692,602 related to strategic initiatives, which is a reduction of approximately \$307,000 from FY 22-23. These initiatives go above and beyond the existing services levels of the Authority and serve as the foundation for moving CFPUA towards achieving our five intended outcomes. With targeted investment we can begin to move the needle towards achieving our mission and vision for 2027. The table below lists the budgeted strategic initiatives, how they tie to the Strategic Plan, and their potential budget impact.

Intended Outcome	Strategic Initiative	Implementation Activity	FY 24 Operating Budget Impact
Customer Satisfaction & Stakeholder Understanding	Positively transform brand perception with the public and our customers.	Brand Perception ad campaigns for the public and customers	\$61,002.00
		Various community engagement activities	\$54,700.00
		Customers Self Service Portal Enhancements	\$250,000.00
Environmental Stewardship & Protection	Manage processes and programs to reduce our carbon footprint.	Quality waste diversion, tree replacement, electricity education, SWPP team	\$9,900.00
Employee & Leadership Development	Develop our workforce for personal and professional growth.	Leadership and Organization Development	\$100,000.00
		Enhanced Tuition Assistance	\$17,000.00
	Create a culture for diversity, equity, and inclusion.	DEI Consulting	\$120,000.00
		DEI Agency Wide Training Curriculum	\$50,000.00
		Harassment Training Curriculum	\$30,000.00
Total Impact			\$692,602.00

EXPENDITURE SUMMARY

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 23-24 adopted budget:

	FY 23 Adopted	FY 24 Adopted	Increase/ (Decrease)	%Difference
Water and Sewer Rate Revenue Bonds	\$ 22,573,908	\$ 22,583,652	\$ 9,744.00	-1.3%
Debt Assumed from New Hanover County	1,228,950	1,177,525	\$ (51,425.00)	-4%
State Revolving Loans	1,139,995	1,125,832	\$ (14,163.00)	-16%
Total	\$ 24,942,853	\$ 24,887,009	\$ (55,844)	-1.0%

The debt service appropriation for the FY 23-24 budget is \$24.88 million, a decrease of 1.0% compared to the FY 22-23 adopted budget. The Authority does not intend to issue any new debt during FY 23-24.

Transfers to Capital Projects Fund

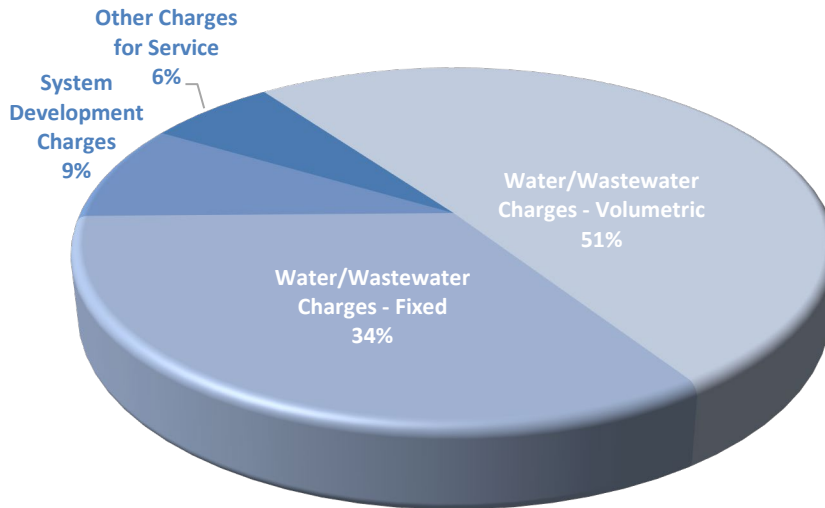
In addition to proceeds from the issuance of debt, transfers of current year revenues to the capital projects fund (pay-as-you-go funding) is the other major source of funding for the Authority's capital program. After deliberately decreasing this transfer amount to \$13.8 million in FY 22-23, transfers increased to \$23.73 million for FY 23-24 to facilitate the first of four planned rate increases due to the \$246.9 million SSWWTP project. This project is anticipated to significantly increase future debt service, which without rate smoothing, would result in an estimated 25%-30% increase in the average residential bill in FY28. Transfers will continue to increase over the next several years.

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 23-24 Revenues are projected to be 13.9% more than FY 22-23. The charts below detail the FY 23-24 Revenue Budget.

Revenues	FY23 Adopted	FY24 Adopted	Increase/ (Decrease)	% Difference
Water/Wastewater Charges - Fixed	\$ 35,301,275	\$ 38,387,038	\$ 3,085,763	8.7%
Water/Wastewater Charges - Volumetric	52,603,984	57,295,338	4,691,354	8.9%
System Development Charges	5,487,500	9,881,730	4,394,230	80.1%
Investment Earnings	200,000	1,200,000	1,000,000	500.0%
Other Charges for Service	5,081,000	5,652,500	571,500	11.2%
Appropriated Fund Balance	500,000	500,000	-	0.0%
Total	\$ 99,173,759	\$ 112,916,606	\$ 13,742,847	13.9%

Fiscal Year 23-24 Revenues by Type



REVENUE SUMMARY

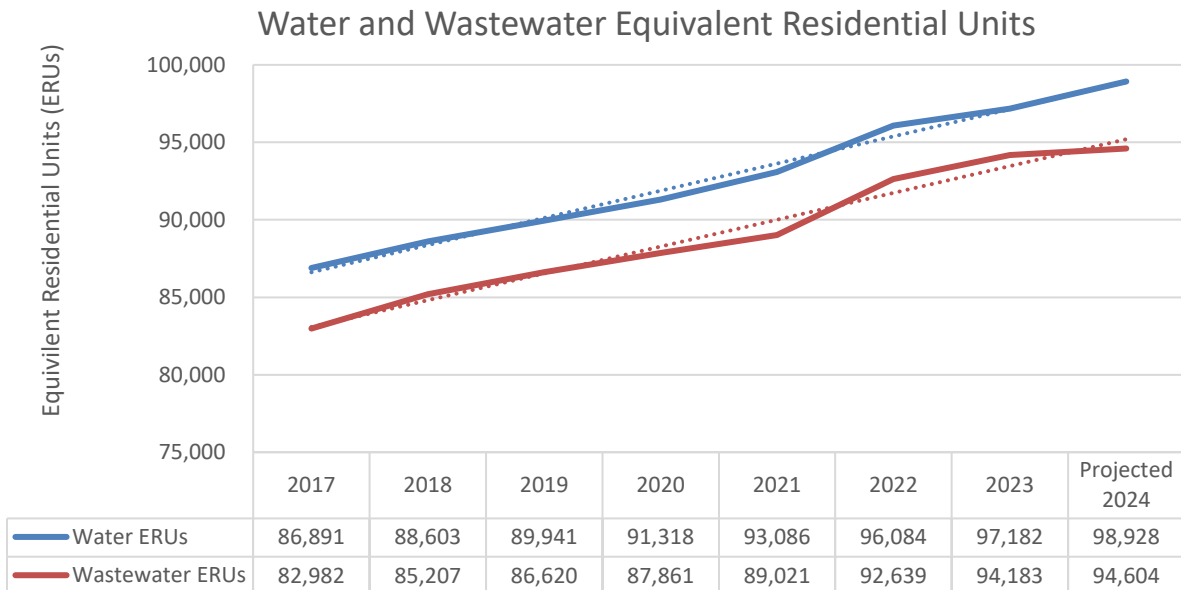
Water and Wastewater Fixed and Volumetric Charges

Most of the Authority's revenues (85%) 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 23-24, 51% of total budgeted revenue are from volumetric charges and 34% of total budgeted revenue are from fixed charges. Fixed charges are estimated to total \$38.4 million (\$19.2 million from water and \$19.1 million from wastewater), a 8.7% increase from the FY 22-23 adopted budget. Volumetric revenues are anticipated to total \$57.3 million (\$30.6 million from water and \$26.7 million from wastewater), a 8.9% increase from the FY 22-23 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 23-24 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 23-24 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 16-17 and projected water and wastewater ERUs for FY 23-24.



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 23-24 based on the number of plan reviews and building inspections.

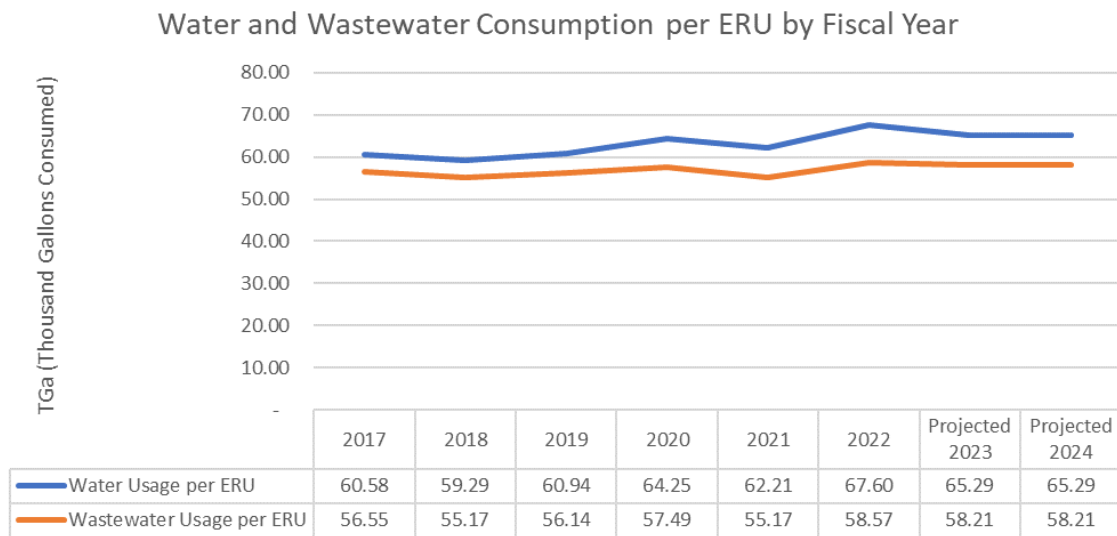
The table below compares the ERU assumptions and fixed charge revenues in the FY 22-23 and FY 23-24 budgets. The monthly fixed sewer charge is increasing from \$14.55 to \$16.86, a 15.9% increase.

	FY23 Adopted	FY24 Adopted	Increase/ (Decrease)	% Difference
Assumed ERUs - Water	97,378	98,928	1,550	1.6%
Monthly Fixed Water Charge	\$16.21	\$16.21	\$0.00	0.0%
Total Fixed Charges Water	\$18,945,271	\$19,243,475	\$298,204	1.6%
Assumed ERUs - Wastewater	93,677	94,604	927	1.0%
Monthly Fixed Wastewater Charge	\$14.55	\$16.86	\$2.31	15.9%
Total Fixed Charges Wastewater	\$16,356,004	\$19,143,564	\$2,787,560	17.0%
Total Fixed Charges	\$ 35,301,275	\$ 38,387,038	\$ 3,085,763	8.7%

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 16-17 and projected water and wastewater consumption per ERU for FY 22-23 and FY 23-24.



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.

The table below compares the usage assumptions and volumetric charge revenues in the FY 22-23 and FY 23-24 budgets. The volumetric rate for sewer is increasing from \$4.63 to \$4.84, an 4.5% increase. Water rates will remain stable.

	FY23 Adopted	FY24 Adopted	Increase/ (Decrease)	% Difference
Assumed ERUs - Water	97,378	98,928	1,550	1.6%
Assumed Annual Usage per ERU - Water	61.42	65.29	4	6.3%
Assumed Annual Usage - Water (TGal)	5,980,680	6,458,514	477,835	8.0%
Volumetric Charge - Water	\$ 4.74	\$ 4.74	-	0.0%
Total Volumetric Charges - Water	\$ 28,363,202	\$ 30,629,319	2,266,117	8.0%
Assumed ERUs - Wastewater	93,677	94,604	927	1.0%
Assumed Annual Usage per ERU - Wastewater	55.89	58.21	2	4.1%
Assumed Annual Usage - Wastewater (Tgal)	\$ 5,235,590	\$ 5,506,710	271,120	5.2%
Volumetric Charge - Wastewater	\$ 4.63	\$ 4.84	\$ 0.21	4.5%
Total Volumetric Charges - Wastewater	\$ 24,240,782	\$ 26,666,019	2,425,238	10.0%
Total Volumetric Charges	\$ 52,603,984	\$ 57,295,338	\$ 4,691,354	8.9%

Water and Sewer Rates

The CFPUA Board approved a rate increase that resulted in an 4.6% increase to the average water and wastewater bill which follows an 8.5% average increase in FY 22-23. The sewer fixed and volumetric rates are increasing by 15.9% and 4.5% respectively while water fixed and volumetric rates are remaining stable.

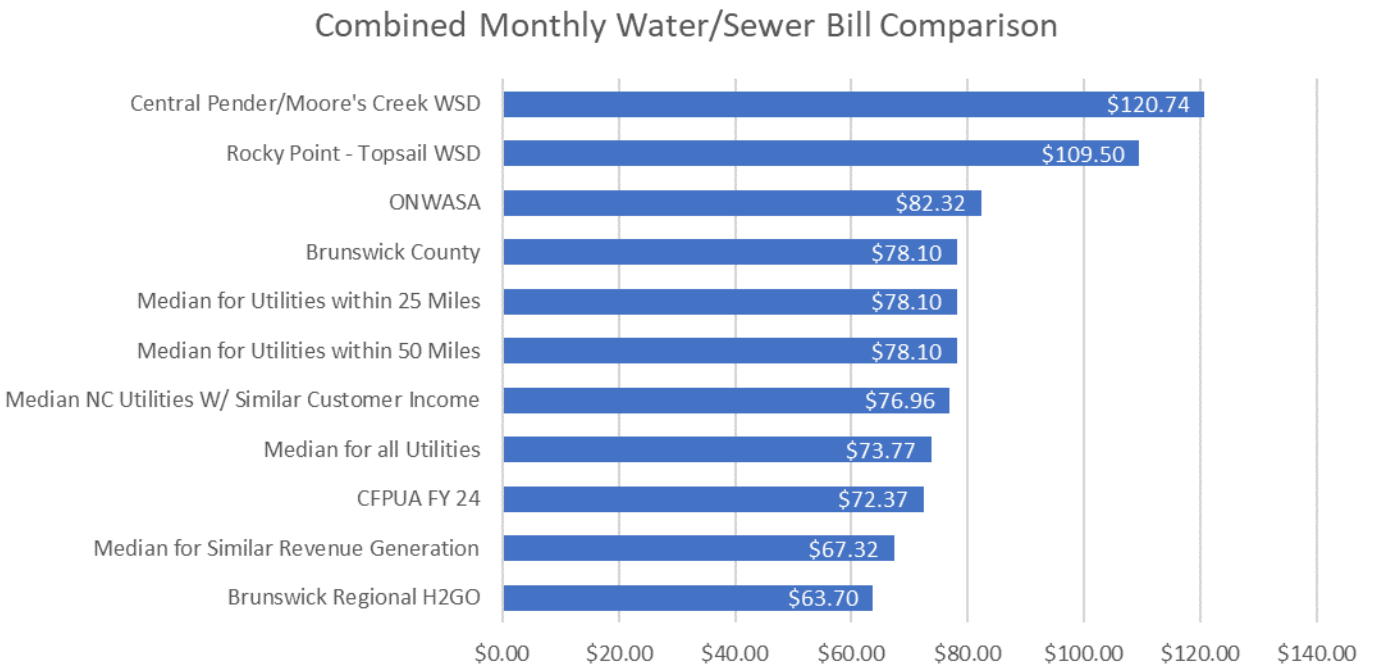
	FY 23 Adopted	FY 24 Adopted	Increase/ (Decrease)	% Difference
Water Fixed	\$ 16.21	\$ 16.21	\$ -	0.0%
Water Volumetric	\$ 4.74	\$ 4.74	\$ -	0.0%
Wastewater Fixed	\$ 14.55	\$ 16.86	\$ 2.31	15.9%
Wastewater Volumetric	\$ 4.63	\$ 4.84	\$ 0.21	4.5%

The FY 23-24 rate increase is the first of four planned rate increases designed to smooth increases over several years to reduce the single-year rate impact of debt service related to the SSWWTP project. This \$246.9 million project is anticipated to significantly increase future debt service, which without rate smoothing, would result in an estimated 25%-30% increase in the average residential bill in FY28. This rate smoothing was accomplished by increasing transfers to the capital fund. Transfers increased from \$13.8 million in FY 22-23 to \$23.73 million 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 \$72.37 per month in FY 23-24. 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 22-23. The amounts presented for the Authority are based on rates for FY 23-24. Therefore, any rate increases effective for FY 23-24 are not included in the peers' monthly bills.

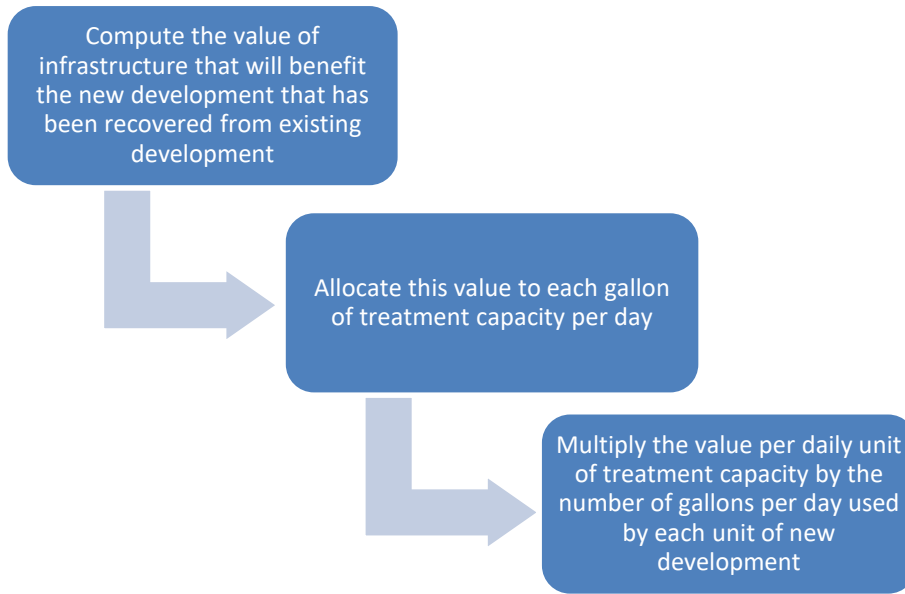


Source: Environmental Finance Center, *North Carolina Utilities Dashboard*

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 three basic steps of using the "buy-in" method are:

REVENUE SUMMARY



The table below presents the adopted SDCs (for 5/8" meters) for FY 22-23 and FY 23-24:

	FY 23 Adopted	FY 24 Adopted	Increase/ (Decrease)	% Difference
System Development Charge - Water	\$ 2,230	\$ 2,270	\$ 40	1.8%
System Development Charge - Wastewater	\$ 2,160	\$ 3,290	\$ 1,130	52.3%

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 \$9,881,730, which assumes 1,798 and 1,763 new ERUs will be assessed SDCs for water and wastewater, respectively. This is a 80.1 % increase in revenues from the adopted FY 22-23 budget. This assumed level of ERUs is consistent with recent trends over the last year.

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 23-24 are \$5.65 million, an increase of approximately \$571,500 from the FY 22-23 budget. The 11.2% increase is attributed to the increase to the bulk water and wastewater rates.

REVENUE SUMMARY

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 23-24 budget includes an estimated use of \$500,000 of appropriated fund balance to fund appropriations related to the provision of retiree health insurance benefits.

CONSOLIDATED FINANCIAL SCHEDULE

	Operating Fund		Capital Fund		All Funds	
	FY 23-24 Adopted	FY 23-24 Adopted	Prior Year			
	Budget	Budget	Appropriations	Available Budget	Available Budget	
REVENUES						
Water Revenues	\$ 49,872,794	\$ -	\$ -	\$ -	\$ -	\$ 49,872,794
Wastewater Revenues	45,809,582	-	-	-	-	45,809,582
Investment Earnings	1,200,000	-	-	-	-	1,200,000
System Development Charges	9,881,730	-	-	-	-	9,881,730
Grants	-	-	29,852,091	29,852,091	-	29,852,091
Other Revenues	5,652,500	-	-	-	-	5,652,500
TOTAL REVENUES	\$ 112,416,606	\$ -	\$ 29,852,091	\$ 29,852,091	\$ -	\$ 142,268,697
EXPENDITURES						
Operating						
Authority Board	\$ 57,506	\$ -	\$ -	\$ -	\$ -	\$ 57,506
Administration	2,101,771	-	-	-	-	2,101,771
Communications	583,024	-	-	-	-	583,024
Finance	1,830,494	-	-	-	-	1,830,494
Human Resources	1,194,847	-	-	-	-	1,194,847
Information Technology	4,118,553	-	-	-	-	4,118,553
Treatment & Engineering Services:						
Administration	920,976	-	-	-	-	920,976
Engineering	1,932,783	-	-	-	-	1,932,783
Centralized Maintenance	3,886,239	-	-	-	-	3,886,239
Water Treatment	13,071,949	-	-	-	-	13,071,949
Wastewater Treatment	5,974,716	-	-	-	-	5,974,716
Linear Assets & Project Management:						
Administration	674,267	-	-	-	-	674,267
Collections	8,397,974	-	-	-	-	8,397,974
Distribution	4,399,802	-	-	-	-	4,399,802
Project Management	749,169	-	-	-	-	749,169
Environmental Management	4,182,850	-	-	-	-	4,182,850
Customer Service	6,480,112	-	-	-	-	6,480,112
Nondepartmental	3,742,565	-	-	-	-	3,742,565
Debt Service	24,887,009	-	-	-	-	24,887,009
Total Operating	\$ 89,186,606	\$ -	\$ -	\$ -	\$ -	\$ 89,186,606
Capital						
System-wide	\$ -	\$ 4,300,000	\$ 4,355,925	\$ 8,655,925	\$ -	\$ 8,655,925
Water	-	30,550,000	27,809,718	58,359,718	-	58,359,718
Wastewater	-	39,878,000	67,686,548	107,564,548	-	107,564,548
Total Capital	\$ -	\$ 74,728,000	\$ 99,852,191	\$ 174,580,191	\$ -	\$ 174,580,191
TOTAL EXPENDITURES	\$ 89,186,606	\$ 74,728,000	\$ 99,852,191	\$ 174,580,191	\$ -	\$ 263,766,797
OTHER FINANCING SOURCES/(USES)						
Sale of Capital Assets		\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Bonds/Installment Obligations	-	1,000,000	17,252,591	18,252,591	-	18,252,591
Appropriated Fund Balance	500,000	7,328,000	1,625,064	8,953,064	-	9,453,064
Transfers to Capital Fund	(23,730,000)	-	-	-	-	(23,730,000)
Transfers from Operating Fund	-	66,400,000	51,122,445	117,522,445	-	117,522,445
TOTAL OTHER FINANCING SOURCES/(USES)	\$ (23,230,000)	\$ 74,728,000	\$ 70,000,100	\$ 144,728,100	\$ -	\$ 121,498,100
CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

THREE YEAR CONSOLIDATED AND FUND FINANCIAL SCHEDULES

CAPE FEAR PUBLIC UTILITY AUTHORITY

	Operating Fund			Capital Fund*			Total All Funds		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
	Actual	Projected	Budget	Actual	Projected	Budget	Actual	Projected	Budget
REVENUES									
Water Revenues	\$ 42,737,740	\$ 48,561,091	\$ 49,872,794	\$ -	\$ -	\$ -	\$ 42,737,740	\$ 48,561,091	\$ 49,872,794
Wastewater Revenues	41,877,862	41,270,652	45,809,582	-	-	-	41,877,862	41,270,652	45,809,582
Investment Earnings	(296,219)	1,189,965	1,200,000	-	803,605	-	(296,219)	1,993,570	1,200,000
System Development Charges	6,374,040	8,143,955	9,881,730	-	-	-	6,374,040	8,143,955	9,881,730
Grants	8,000	-	-	1,227,273	3,620,524	-	1,235,273	3,620,524	-
Other Revenues	5,294,473	4,973,017	5,652,500	2,334,383	587,005	-	7,628,856	5,560,022	5,652,500
TOTAL REVENUES	\$ 95,995,896	\$ 104,138,680	\$ 112,416,606	\$ 3,561,656	\$ 5,011,134	\$ -	\$ 99,557,552	\$ 109,149,814	\$ 112,416,606
EXPENDITURES									
Authority Board	\$ 52,905	\$ 55,833	\$ 57,506	\$ -	\$ -	\$ -	\$ 52,905	\$ 55,833	\$ 57,506
Administration	1,445,606	2,849,071	2,101,771	-	-	-	1,445,606	2,849,071	2,101,771
Communications	359,502	507,279	583,024	-	-	-	359,502	507,279	583,024
Finance	1,384,646	1,823,639	1,830,494	-	-	-	1,384,646	1,823,639	1,830,494
Human Resources	588,574	658,691	1,194,847	-	-	-	588,574	658,691	1,194,847
Public & Environmental Policy	97,100	-	-	-	-	-	97,100	-	-
Information Technology	3,257,290	3,393,108	4,118,553	-	-	-	3,257,290	3,393,108	4,118,553
Treatment & Engineering Services:									
Administration	816,525	871,820	920,976	-	-	-	816,525	871,820	920,976
Engineering	1,570,337	1,764,034	1,932,783	-	-	-	1,570,337	1,764,034	1,932,783
Centralized Maintenance	3,220,363	3,731,748	3,886,239	-	-	-	3,220,363	3,731,748	3,886,239
Water Treatment	7,533,715	9,222,032	13,071,949	-	-	-	7,533,715	9,222,032	13,071,949
Wastewater Treatment	5,238,276	5,762,436	5,974,716	-	-	-	5,238,276	5,762,436	5,974,716
Linear Assets & Project Management:									
Administration	592,295	633,874	674,267	-	-	-	592,295	633,874	674,267
Collections	6,956,845	7,608,325	8,397,974	-	-	-	6,956,845	7,608,325	8,397,974
Distribution	3,864,526	3,989,919	4,399,802	-	-	-	3,864,526	3,989,919	4,399,802
Project Management	661,884	696,762	749,169	-	-	-	661,884	696,762	749,169
Environmental Management	3,312,678	3,858,985	4,182,850	-	-	-	3,312,678	3,858,985	4,182,850
Customer Service	4,654,586	5,527,406	6,480,112	-	-	-	4,654,586	5,527,406	6,480,112
Capital Outlay	-	-	-	37,300,108	41,330,759	74,728,000	37,300,108	41,330,759	74,728,000
Nondepartmental	2,633,726	3,167,880	3,742,565	-	-	-	2,633,726	3,167,880	3,742,565
Debt Service	25,184,354	24,942,852	24,887,009	-	-	-	25,184,354	24,942,852	24,887,009
TOTAL EXPENDITURES	\$ 73,425,733	\$ 81,065,694	\$ 89,186,606	\$ 37,300,108	\$ 41,330,759	\$ 74,728,000	\$ 110,725,841	\$ 122,396,453	\$ 163,914,606
OTHER FINANCING SOURCES/(USES)									
Sale of Capital Assets	\$ 269,603	\$ 44,338	\$ -	\$ -	\$ -	\$ -	\$ 269,603	\$ 44,338	\$ -
Proceeds from Bonds/Debt	-	-	-	87,604	3,589,212	1,000,000	87,604	3,589,212	1,000,000
Appropriated Fund Balance	-	-	500,000	1,653,865	1,626,399	7,328,000	1,653,865	1,626,399	7,828,000
Insurance Proceeds	-	-	-	100,376	-	-	100,376	-	-
Transfers from Operating Fund	-	-	-	18,000,000	13,699,770	66,400,000	18,000,000	13,699,770	66,400,000
Transfers to Capital Projects	(18,000,000)	(13,800,000)	(23,730,000)	-	-	-	(18,000,000)	(13,800,000)	(23,730,000)
TOTAL OTHER FINANCING SOURCES/(USES)	\$ (17,730,397)	\$ (13,755,662)	\$ (23,230,000)	\$ 19,841,845	\$ 19,015,611	\$ 74,728,000	\$ 2,111,448	\$ 5,259,949	\$ 51,498,000
CHANGE IN FUND BALANCE	\$ 4,839,766	\$ 9,317,324	\$ -	\$ (13,896,607)	\$ (17,304,014)	\$ -	\$ (9,056,841)	\$ (7,986,690)	\$ -

* The budget amounts presented for the Capital Fund include total available appropriations as of July 1, 2023. 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 2022 and FY 2023 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 23-24.

	Projected July 1, 2023	Additions	Reductions	Projected June 30, 2024
Restricted:				
Debt service reserve	\$ 13,479,987	\$ 21,530,815	\$ (22,583,652)	\$ 12,427,150
Capital projects - unspent bond proceeds	-	-	-	-
Committed:				
Capital projects - capital reserves	5,811,997	14,598,581	(6,803,526)	13,607,052
Assigned:				
Capital projects	8,936,254	19,500,000	(17,904,110)	10,532,144
Post-employment healthcare benefits	830,155	1,000,000	(500,000)	1,330,155
PO Carryforwards	778,234	-	(778,234)	-
Unassigned	59,368,581	-	(9,368,581)	50,000,000
Total Fund Balance	\$ 89,205,208	\$ 56,629,396	\$ (57,938,103)	\$ 87,896,501

Total fund balance is projected to decrease by \$1.31 million (1.5%) during FY 23-24 to \$87.9 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. Capital reserves committed for capital projects are projected to increase overall during the FY 23-24 due to the designation of projected FY 22-23 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 increase during

PROJECTED CHANGES IN FUND BALANCE & NET POSITION

the year as pay-as-you-funding is projected to exceed planned capital expenditures in FY 23-24. Fund balance assigned for post-employment healthcare benefits is projected to increase to fund benefits in FY 23-24. Finally, unassigned fund balance is projected to decrease to the \$50 million target as FY 22-23 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 23-24.

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 that are anticipated to occur during FY 23-24.

Projected balance July 1, 2023	\$ 658,426,315
Projected changes to net position	
Capitalized expenditures funded with current year revenues	\$ 23,730,000
Capital contributions	10,000,000
Depreciation on capital assets	(29,630,931)
Retirement of debt principal funded with current year revenues	16,093,663
Amortization of bond premiums	3,185,895
Amortization of deferred outflows related to debt refundings	(1,099,655)
Total adjustments	\$ 22,278,972
Projected balance June 30, 2024	\$ 680,705,287
Projected percentage change in net position	3.4%

Net position is projected to increase by \$22.3 million (3.4%) during FY 23-24 to \$680.7 million. The biggest drivers of the projected change in net position are the addition of capital assets funded with FY 23-24 revenues less depreciation expense and the repayment of principal on the Authority's long-term debt funded with FY 23-24 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 rate increases over the next 5 years by gradually increasing the transfer appropriation to \$19.5 million and introducing a capital reserve transfer for the Southside Wastewater Treatment Plant upgrade of \$4.23 million results in a projected net position that is \$5.73 million greater than it would have been had the Authority appropriated the normal recurring \$18.0 million.

LONG-TERM FINANCIAL MANAGEMENT

Financial viability is an intended outcome of the Authority's Strategic Plan. The Authority defines financial viability as maintaining 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 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 customers. 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 aging infrastructure, facilitate growth, and foster economic development; key financial metrics including debt service coverage and liquidity; and rate affordability.

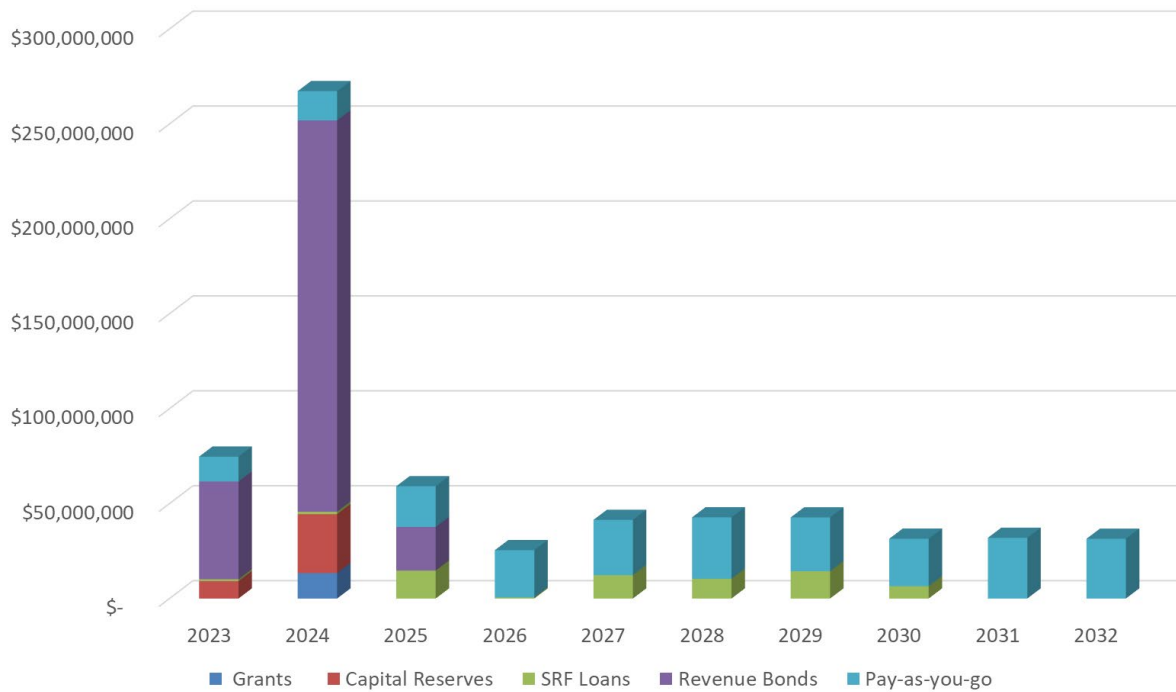
Operational Sustainability

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.

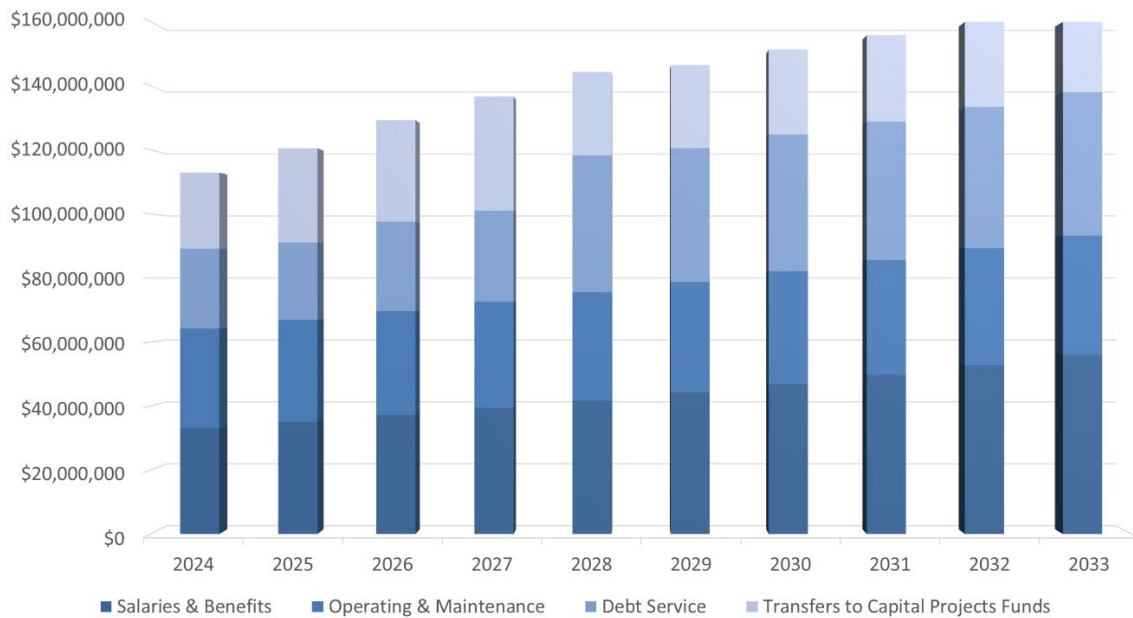
Capital expenditure projections are based on the Authority's Ten-Year Capital Improvement Program (CIP), which is developed using risk-based analyses to plan the extent and timing of water and wastewater system improvements. Capital expenditures funded with water and wastewater rate revenues throughout the 10-year time horizon include scheduled replacement and rehabilitation of water and wastewater system assets that average approximately \$25.3 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 (SSWWTP). Projected expenditures funded with state revolving loans include rehabilitation of replacement of pump stations, force mains, and wastewater collection lines.

LONG-TERM FINANCIAL MANAGEMENT

10-Year CIP Appropriations by Funding Source by Year



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. 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. Transfers to capital project funds (also referred to as "pay-go funding") is projected to increase through FY 26-27 and includes gradual increases to maintain desired levels of debt service coverage once the debt service related to the SSWWTP project begins in FY 27-28 and funding for a capital reserve related to SSWWTP project.

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.

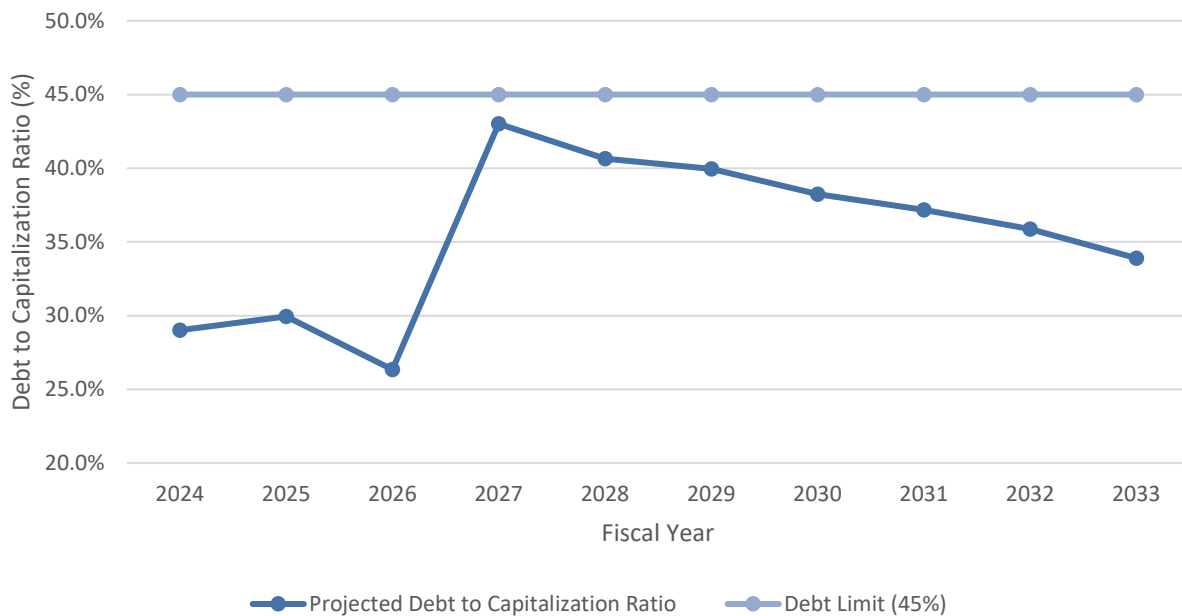
The Authority's debt management policy explicitly limits debt in two ways. First, the policy provides specific attributes that projects should generally have to be candidates for debt funding (e.g. for high-dollar projects where pay-go funding is impractical or for growth-oriented projects in which it 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.

The single largest driver in the Authority's long-term financial plan is the replacement and capacity upgrade of the Southside Wastewater Treatment Plant. The plant, constructed in the early 1970s, is nearing the end of its useful life. In addition, current and projected growth in the service area dictates the addition of 4 MGD in treatment capacity. The 10-year Capital Improvement Plan includes \$7.3 million for

LONG-TERM FINANCIAL MANAGEMENT

design for the project in FY 23-24 and \$239.0 million for construction in FY 24-25. Funding the project exclusively with debt is projected to result in a 30% increase in the average monthly residential bill. To avoid this large rate increase, the long-term financial plan incorporates a rate smoothing approach over a 5-year period. The rate smoothing approach is projected to generate \$31 million in revenues to fund the project. These revenues will supplement existing capital reserves that will allow the Authority to delay the issuance of debt for the project and reduce the amount of the overall borrowing resulting in relatively lower retail rates due to debt service savings.

Projected Debt to Capitalization Ratio



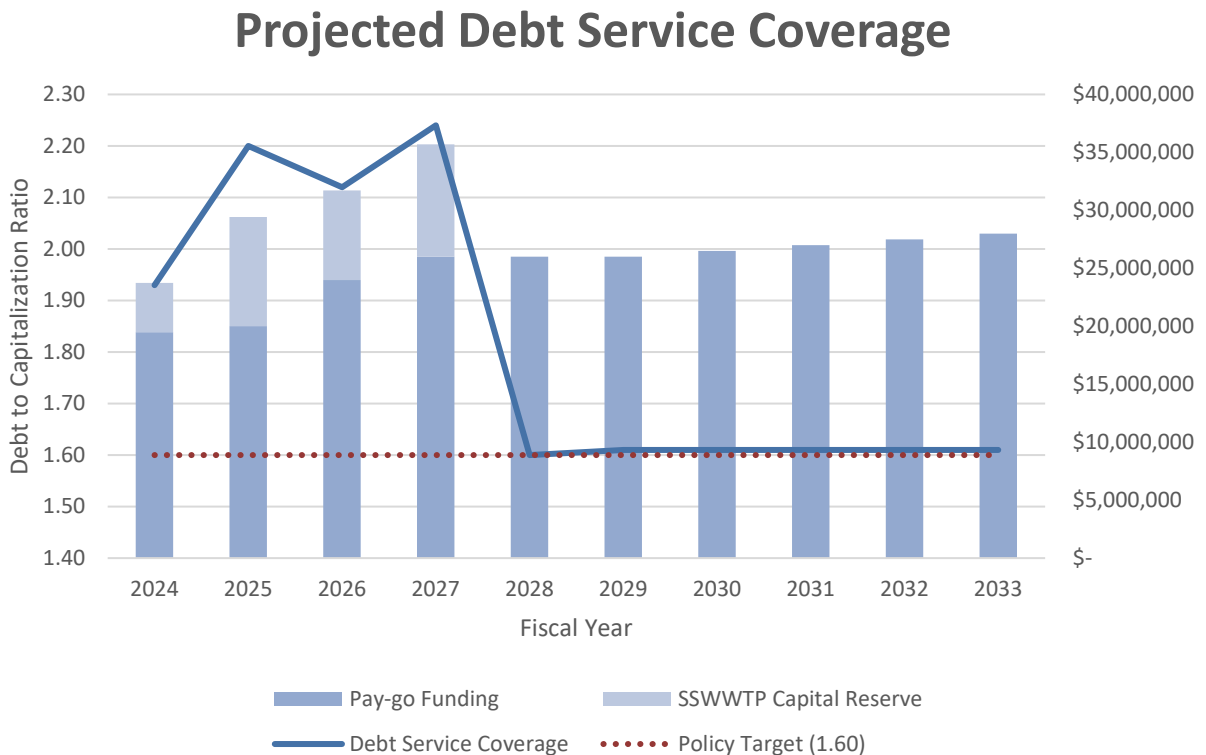
Over the 10-year forecast horizon, the debt-to-capitalization ratio is projected to be below the 45% policy debt limit. The debt-to-capitalization ratio is projected to increase slightly in FY 24-25 due to increased debt service related to an estimated \$51.5 million revenue bond issue. The ratio is projected to increase sharply due in FY 25-26 due to increased debt service related to an estimated \$229.1 million revenue bond issuance that will include funding for the Southside Wastewater Treatment Plan project. The ratio is projected to decrease in each subsequent year as repayment of principal is projected and pay-go-funded capital investments are projected to exceed new debt issuances.

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 the principal and interest due on its outstanding debt obligations. However, credit

LONG-TERM FINANCIAL MANAGEMENT

markets and raters generally prefer higher debt service coverage ratios. The Authority's debt service coverage target is 1.6.

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, including pay-go transfers dedicated for the SSWWTP project.



Smoothing retail rates over a five-period to coincide with increase in debt service related to borrowing for SSWWTP project is accomplished by gradual increases in pay-as-you-go funding. These gradual increases consist of two components. The first component smooths the increase in debt service. Debt service is projected to be \$42.8 million in FY 28-29 compared to \$24.9 million in FY 23-24. The gradual increases to smooth this increase over 5-years are represented in light blue and will be used to supplement capital reserves for the project. The second component, represented in darker blue, smooths the increase in pay-as-you-go funding needed to maintain minimum debt service coverage of 1.6 times when the debt service related to the project begins in FY 28-29.

LONG-TERM FINANCIAL MANAGEMENT

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 Authority maintains the \$50 million unassigned fund balance target via a Board-adopted policy related to non-recurring revenues. At the end of each year, any surplus funds are considered one-time revenues and must be appropriated for non-recurring expenditures including early debt retirement, designation to capital reserve funds, or supplementing fund balance assigned for the payment of post-employment healthcare benefits.

Rate Affordability

The Authority recently adopted an affordability metric to plan and assess the effectiveness of affordability activities. The metric represents the average percentage that the annual cost of basic water and sewer service comprises of income for customers likely experiencing difficulties in paying for essential needs, including water and sewer service. The Authority's goal is for this percentage to be no greater than that of a hypothetical, average-consuming customer earning an income sufficient to meet all essential needs.

With recent increases in retail rates and the expiration of pandemic-related customer assistance, the cost of service has become increasingly less affordable. This trend is expected to continue in the future given projected rate increases over the next four years. The Authority is exploring potential options to address this issue including procuring sufficient, recurring sources of customer assistance, rate structure changes, and initiatives aimed at controlling costs while accommodating the growth in the service area.

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 \$250 million capacity upgrade to the Southside Wastewater Treatment Plant, specifically the impact of this project on rate affordability. Management has developed a plan to gradually increase rates over the next several years to avoid a large, single-year rate increase that results in relatively lower rates in the long term while achieving desired levels of debt service coverage and unassigned fund balance. In addition, the Authority will continue to monitor affordability issues in our community and implement specific actions to address them.

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.



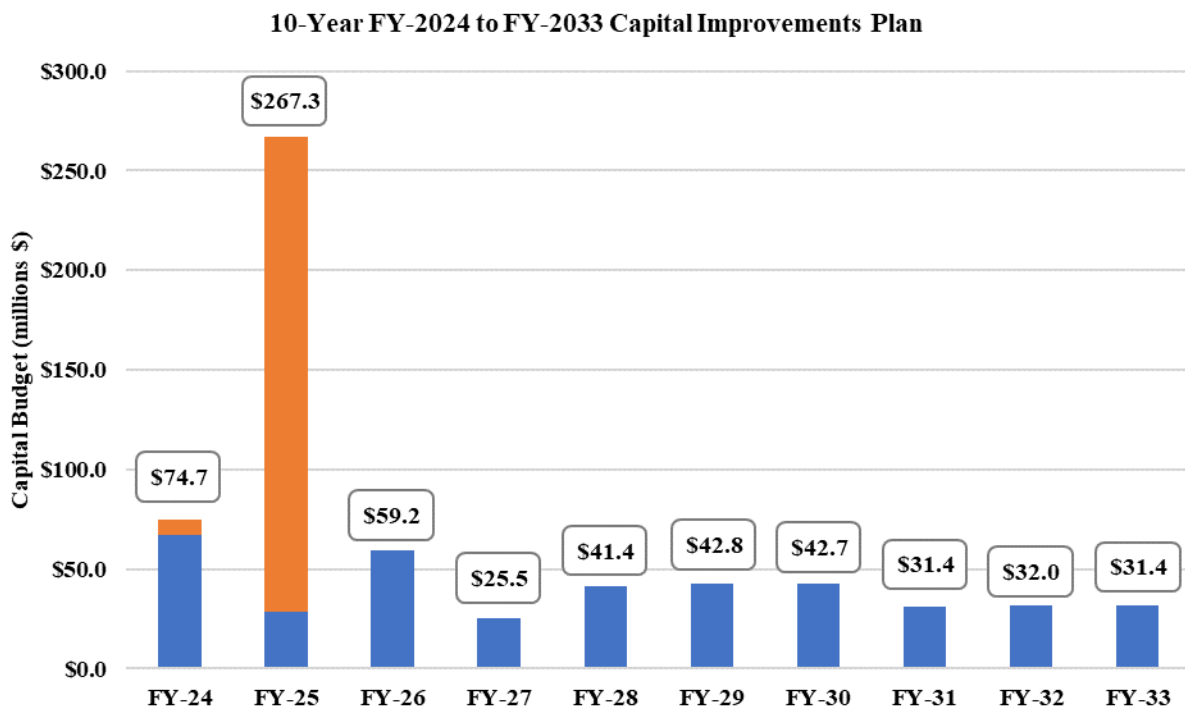
The draft plan is incorporated into the Authority's long-term financial planning model to determine whether the plan is financially feasible. Financial feasibility is assessed by determining whether the draft plan is projected to maintain target levels of debt service coverage, debt-to-capitalization 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

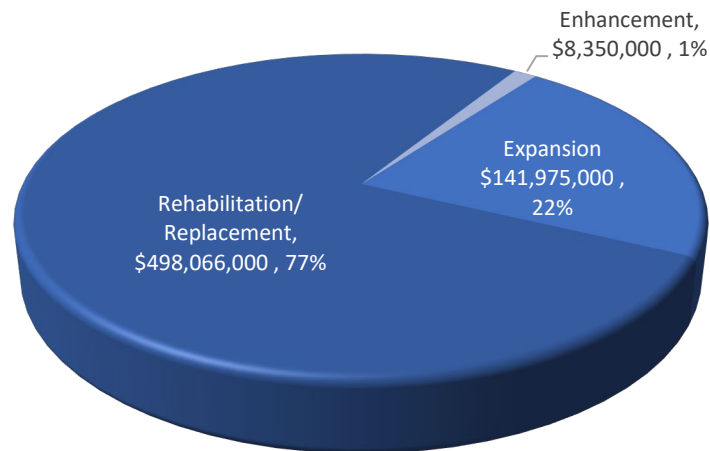
The 10-Year FY-2024 to FY-2033 Capital Improvements Plan (CIP) totals \$648.40 million. This is approximately \$136 million more than was programmed in the CIP last year. \$100 million of this increase is attributable to the Southside Wastewater Treatment Plant Replacement/Capacity Upgrade Project. A new cost analysis was conducted for the project this year due to rising costs in the construction industry. The project also makes up 53% of the total 10-year CIP with the majority occurring in FY-25.



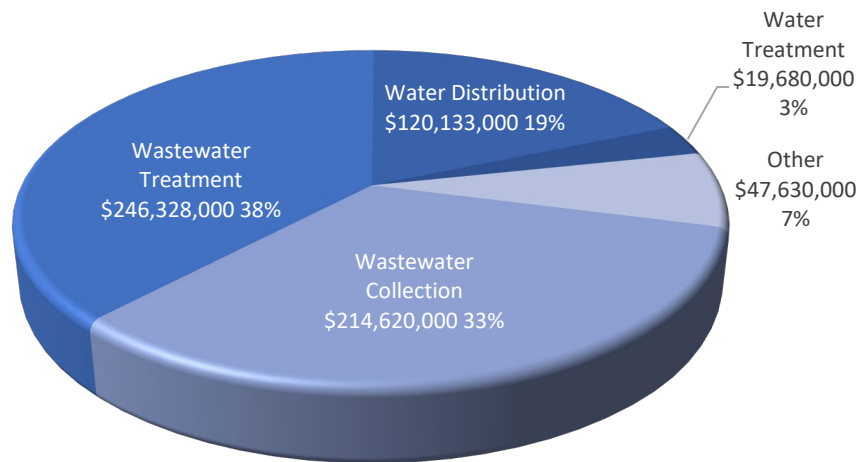
CAPITAL BUDGET

The largest portion (76.8%) of the 10-Year CIP will be invested into the rehabilitation and replacement of aging infrastructure. 22.0% will be invested into expansion.

10 YEAR CIP BY PROJECT TYPE



10 YEAR CIP BY PROJECT AREA



CAPITAL BUDGET

FY 23-24 Capital Improvement Plan

Overview

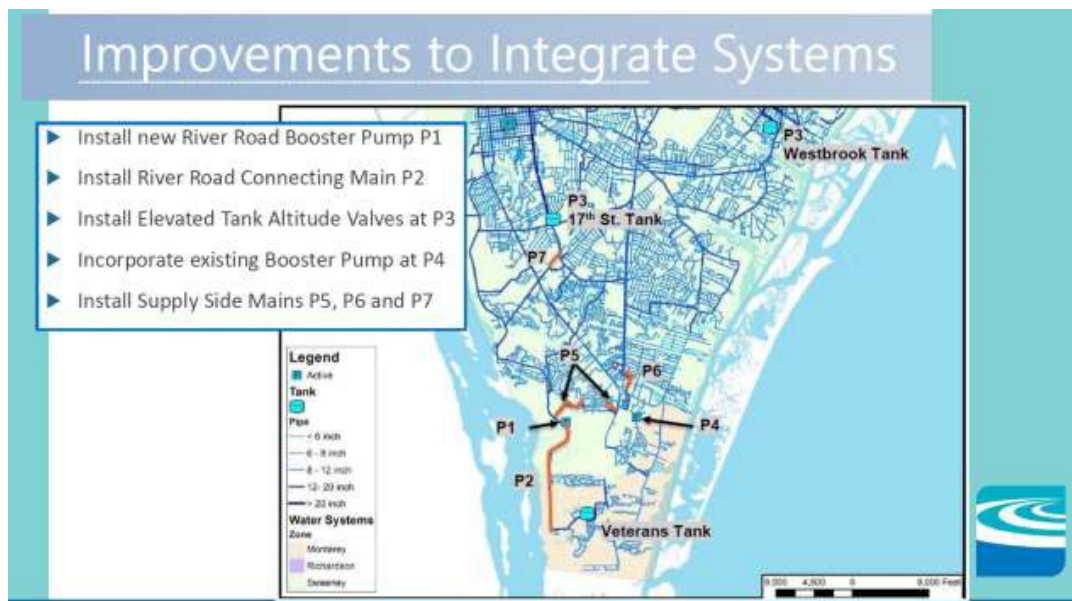
Although a 10-Year Capital Improvement Plan is developed each year, only the first year in the plan is appropriated. For FY 23-24, capital budget appropriations total \$74.7 million. A large portion, (43.5%) of the FY 23-24 capital budget, is focused on improving wastewater collection and conveyance and 61.4% of the budget is for expansion.

Market Constraints

The Capital Budget is \$22 million higher than was projected last year. This can be attributed to an increase in material and labor cost throughout the industry. The Final Demand for Construction for Government under the Producer Price Index from April 2022 to April 2023 was 10.00%. The CPI and overall PPI saw 4.9% and 2.3% respectively. Overall, the Authority has seen bid prices increase over the last two years which is in turn driving up engineer's opinions of probable costs.

Significant Projects

The largest capital investment included in the FY 23-24 Capital Budget is for the River Road Booster Pump Station and Interconnections Project. \$11.5 million is budgeted for the project in addition to \$7.3 million already invested. The project will add a booster pump station and a 16-in water main extension to provide water from the Sweeney Water Treatment Plant. This will replace wells that are currently serving the Monterey Heights area. The project will strengthen the interconnectivity at key areas of CFPUA's water system. The wells will be turned into emergency wells reducing reliance on aquifers and reducing operating cost to operate and maintain the wells.



CAPITAL BUDGET

The top 10 projects for FY 23 -24 are detailed in the chart below. They make up about 84.3% of the total FY 23-24 Capital Budget. The full FY 24 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-24 Investment	Project Type/Area	Description
River Road Booster Pump Station and Interconnections	\$11,500,000	Expansion/Water Distribution	River Road Booster Pump Station and Interconnections project will enable the existing Monterey Heights Groundwater System to be supplied by Sweeney Water Treatment Plant. This will enable all groundwater wells in New Hanover County to become emergency wells, reducing reliance on aquifers and reducing operating costs to operate and maintain the wells. The project will strengthen interconnectivity at key areas of the Authority's water system, including a booster pump and 16-inch water main extension from RiverLights to Veteran's Park.
Northern Regional PS & FM Phase B	\$11,300,000	Expansion/Wastewater Collection	Cape Fear Public Utility Authority received a \$30 million American Rescue Plan Act (ARPA) grant for the Northern New Hanover County Pump Stations and Force Main projects. The overall project was divided into two components, Phase A and Phase B. These projects are necessary to provide sewer conveyance capacity throughout northern New Hanover County. Phase B of the project consists of construction of a new regional pump station and construction of approximately 16,350 feet of 24-inch diameter sewer force main from the pump station on North Kerr Avenue to the Northside Wastewater Treatment Plant. Capital funding requested in FY-2024 is to address construction inflation cost increases identified in the Engineer's Opinion of Probable Cost.

CAPITAL BUDGET

Project	FY-24 Investment	Project Type/Area	Description
Motts Creek PS-69 Force Main Capacity Upgrade	\$9,700,000	Expansion/ Wastewater Collection	Pump Station 69 (Motts Creek) force main currently conveys the flow from 20 pump stations to Southside WWTP and will also convey the flow from the new Southern Regional pump station once completed. The capacity in the pump stations force main cannot be increased without a major project that is beyond the scope of any one development.
Southside WWTP – Rehab/Replace and Capacity Upgrade	\$7,328,000	Expansion/ Wastewater Treatment	Southside WWTP was originally constructed in 1972, upgraded in 1985 and has had repeated investment to incrementally extend its life over the last 5 years. This project substantially constructs a new plant with increased capacity on an existing and expanded footprint by using design build contract methods to keep the existing plant functioning. The replacement will have a capacity increase to 16 or 20 MGD and will add sustainability features such as digester gas utilization and designing a footprint for future potable water reuse facilities.
Richardson Concentrate Treatment	\$6,500,000	Enhancement/ Water Treatment	The Richardson Water Treatment Plant uses low pressure reverse osmosis membranes to separate permeate water for further treatment and distribution from mineral salts and other groundwater constituents from the portion of the groundwater (concentrate) that does not pass through the pores of the treatment membranes. The concentrate is discharged by permit to surface water. The purpose of this project is to treat the concentrate discharge in advance of future regulatory changes. Treatment of concentrate enables significantly increased flexibility and efficiency when blending wells for water production because permit limits for total suspended solids are easier to meet from Castle Hayne aquifer water.

CAPITAL BUDGET

Project	FY-24 Investment	Project Type/Area	Description
Northern Regional FM Phase A	\$6,200,000	Expansion/ Wastewater Collection	Cape Fear Public Utility Authority received a \$30 million American Rescue Plan Act (ARPA) grant for the Northern New Hanover County Pump Stations and Force Main projects. The overall project was divided into two components, Phase A and Phase B. These projects are necessary to provide sewer conveyance capacity throughout northern New Hanover County. Phase A of the project consists of improvements at Pump Station 155 and construction of approximately 5,200 feet 16-inch; 4,300 feet of 10-inch; and 19,950 feet of 24-inch diameter sewer force main along North College Road, North Kerr Avenue, and through various easements. Capital funding requested in FY-2024 is to address construction inflation cost increases identified in the Engineer's Opinion of Probable Cost.
South Castle Hayne Road Water Main	\$4,500,000	Expansion/ Water Distribution	South Castle Hayne Water Main installs approximately 9,300 feet of new 16-inch water from the vicinity of Sweeney Water Treatment Plant up Castle Hayne Road to the vicinity of the Kerr Avenue intersection. This pipe was identified in the Sidbury and Greenview Preliminary Engineering Report as being necessary to provide water capacity to planned development in the northern portion of New Hanover County.
Lead Gooseneck & Galvanized Water Service Replacement	\$2,500,000	Rehab or Replace/ Water Distribution	CFPUA has active water service lines that are over 100 years old. Copper, galvanized and poly are typical materials. Galvanized residential service lines are connected to the main with short, flexible connections made of lead. A total of 447 galvanized connections have been identified to date. This project includes replacement of lead gooseneck connections and galvanized service mains identified during an inventory of residential service lines which is being conducted to comply with the Federal Lead and Copper Revised Rule. In FY-2024, the project would replace 295 services in downtown Wilmington. A funding solicitation for a low interest loan has been submitted to the NC Department of Water Infrastructure.

CAPITAL BUDGET

Project	FY-24 Investment	Project Type/Area	Description
Find It, Fix It Methodology Sewer Collection Rehab	\$2,000,000	Rehab or Replace/ Wastewater Collection	Areas of our collection 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 rehabilitating or replacing gravity sewer mains that are over 70 years old in downtown Wilmington and the surrounding vicinity. CFPUA has approximately 915 miles of gravity sewer. Approximately 110 miles of gravity sewer mains in the City are over 70 years old.
PS-79 Bayshore 1 Capacity Expansion	\$1,500,000	Expansion/ Wastewater Collection	Pump Station 79 (Bayshore 1) receives flow from two additional pump stations (Pump Station 80 (Bayshore 2) and Pump Station 81 (Bayshore 3). Pump Station 79 is out of capacity. The capacity in the pump station cannot be increased without a major project that is beyond the scope of any one development.
Total	\$63,028,000		

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 24, 9 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 24, FY 25 and FY26 operating budgets.

Project	Future Operating Budget Impact Description	Estimated Completion Date	FY 23 Impact	FY 24 Impact	FY 25 Impact
HWY 421 Pump Station 1	Electricity, Fuel	7/5/2023	\$1,600.00	\$1,632.00	\$1,665.00
Pump Station 69 Replacement Project	Electricity, Fuel	7/13/2023	\$24,200.00	\$24,684.00	\$25,178.00
PS-9 Walnut Street Pump Station Replacement	Project will reduce operating cost to the elimination of a pump station	10/1/2023	\$(1,400.00)	\$(1,400.00)	\$(1,400.00)
Southern NHC Regional Pump Station	Electricity and Fuel	8/1/2023	\$4,700.00	\$4,794.00	\$4,890.00
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

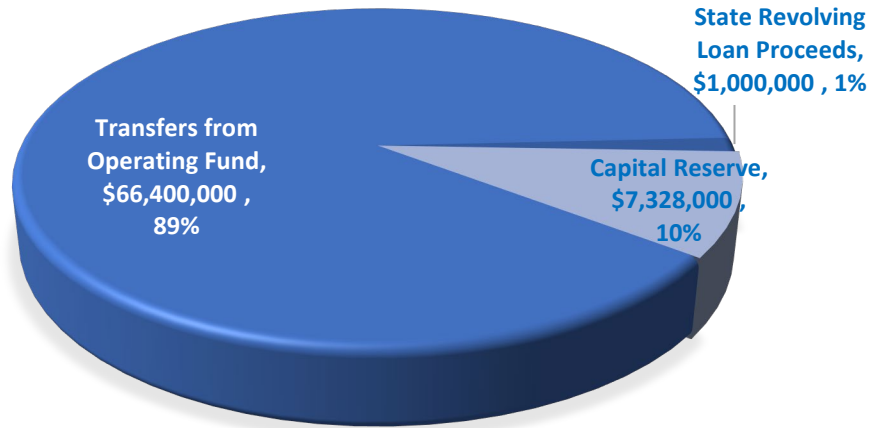
CAPITAL BUDGET

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	\$4,500.00	\$4,590.00	\$4,682.00
PS-35 Force Main Redirect and Junction Box Rehabilitation	Non, Rehab and piping work only.	12/31/2023	\$0.00	\$0.00	\$0.00
Northern NHC Water & Sewer Mains	None, only Piping	1/1/2026	\$0.00	\$0.00	\$0.00
Sidbury Road & Greenview Area Force Main	None, only piping	12/1/2025	\$0.00	\$0.00	\$0.00
Richardson Concentrate Treatment	Electricity- new building	9/4/2025	\$0.00	\$173.00	\$177.00
Pump Station 33 and 114	Electricity and fuel- New buildings and generators	8/24/2025	\$4,262.00	\$4,348.00	\$4,435.00
Northern Regional Pump Station	Electricity and Fuel New building and generator	11/6/2026	\$0.00	\$0.00	\$49,837.00
Northern Regional Pump Station & Force	Electricity and Fuel	4/7/2025	\$31,663.00	\$32,296.00	\$32,942.00
Pump Station 61 Replacement	Elimination of a pump station	2/28/2024	\$(2,497.00)	\$(2,546.00)	\$(2,597.00)
Pump Station 41 Rehab	None, pump station pumps to remain the same size; adding a backup generator	2/28/2024	\$710	\$725	\$739
Total			\$67,740.00	\$69,295.00	\$120,546.00

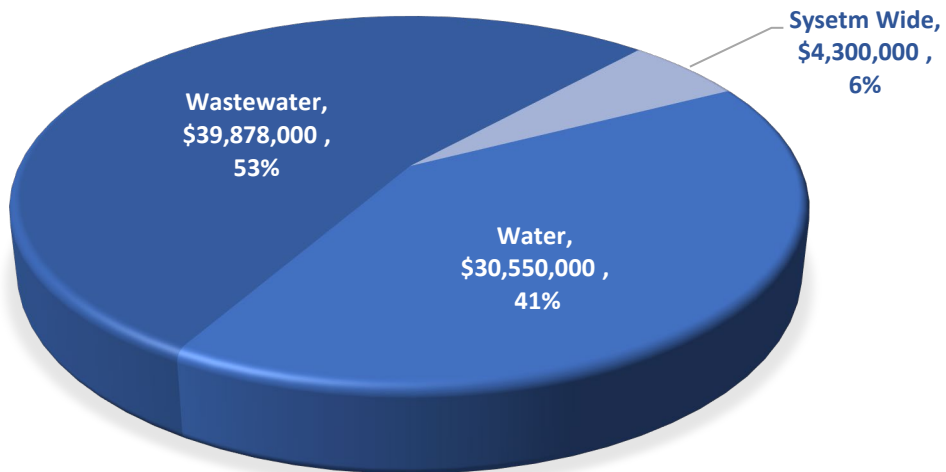
CAPITAL BUDGET

The FY 24 capital project appropriations total \$74,728,000. The pie charts on the following pages detail FY 23-24 capital project appropriations by fund, type and area and funding sources. The majority of the FY 23-24 appropriations are for wastewater projects and focus on expansion. The FY 23-24 capital budget is mainly funded by transfers from the operating fund.

FY 23-24 CAPITAL FUNDING SOURCES

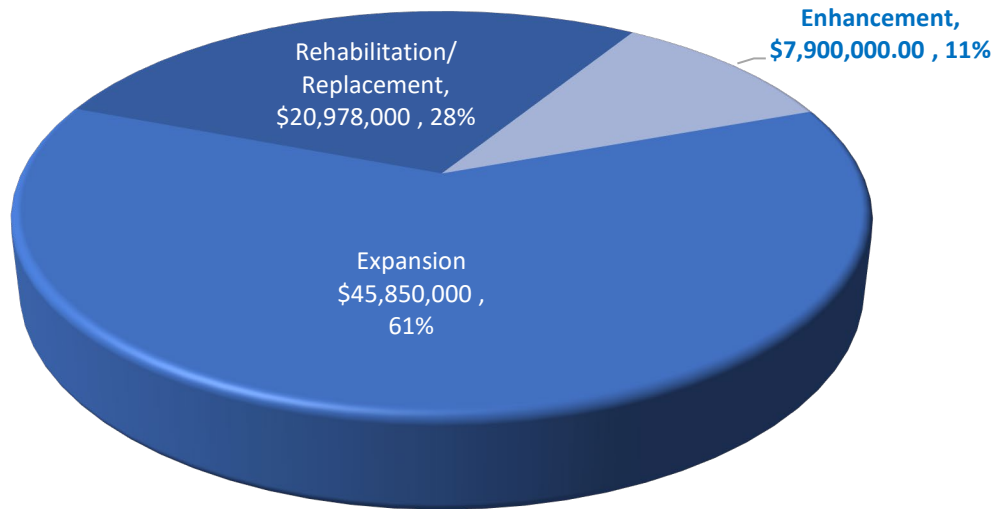


FY 23-24 CAPITAL APPROPRIATIONS BY FUND

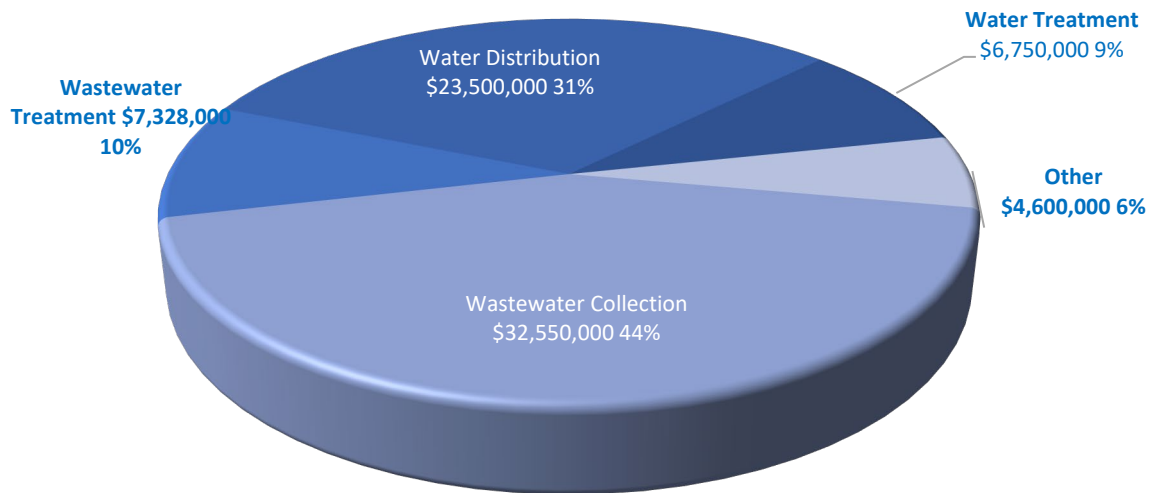


CAPITAL BUDGET

FY 23-24 CAPTIAL APPRORIATION BY PROJECT TYPE



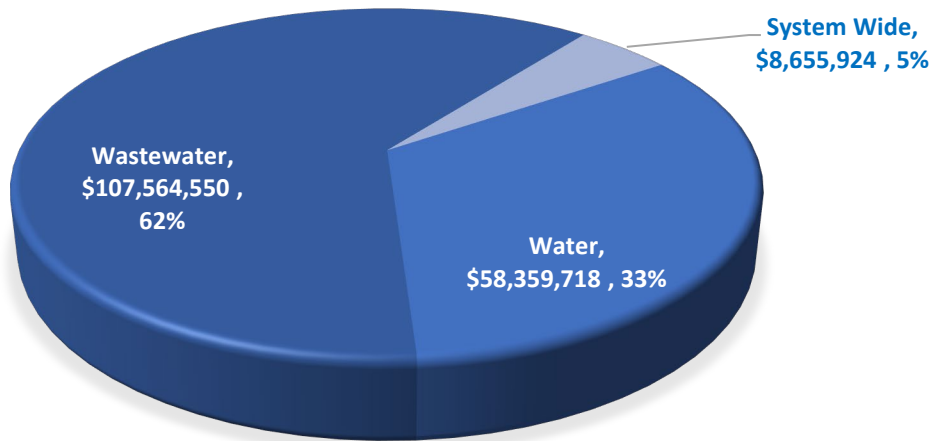
FY 23-24 Capital Appropriation by Project Area



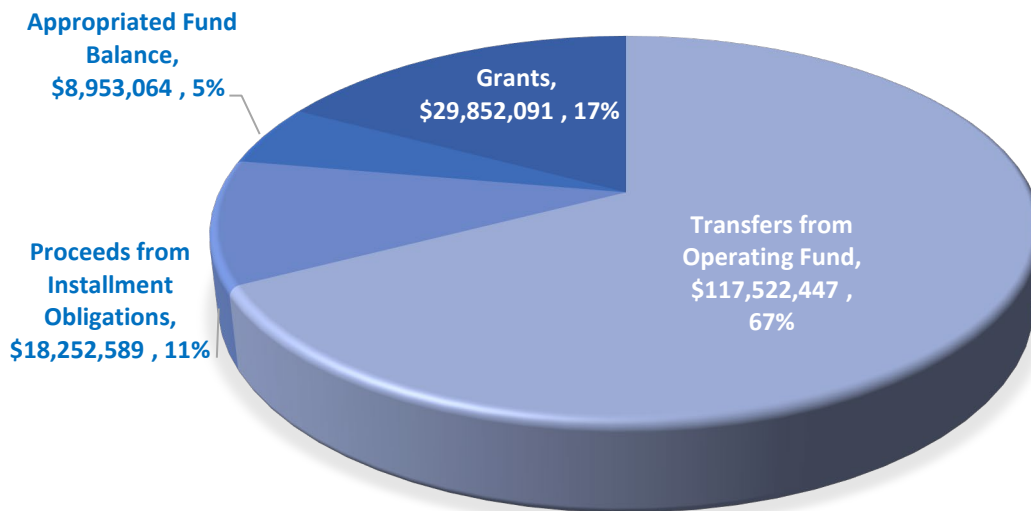
CAPITAL BUDGET

All capital appropriations for existing and new FY 24 appropriations total \$174,580,192. The breakdown by fund is shown below along with funding sources.

ALL CAPITAL APPROPRIATIONS 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-8 and under the guidance and approval 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. State statutes do not impose any limits on the amount of debt for which the Authority is authorized to issue; however, the Authority is bound to comply with the provisions of the General Trust Indenture including minimum debt service coverage requirements.

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

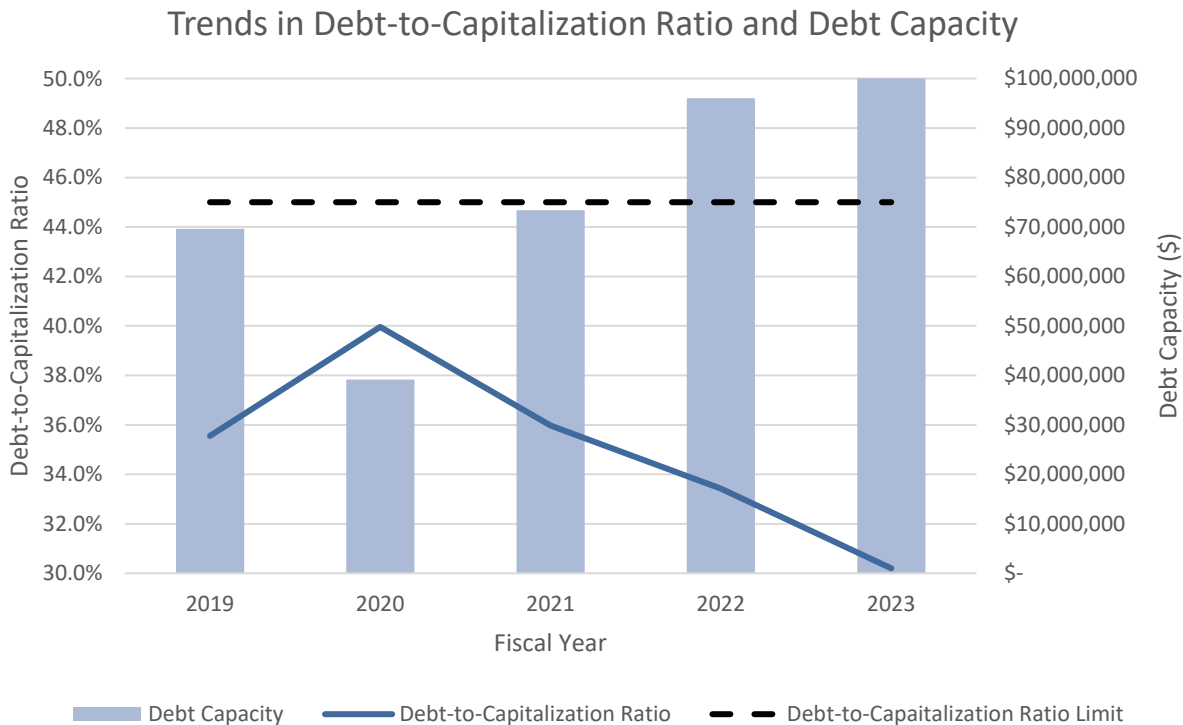
Type of Security	Series/Issue Description	Original Issuance	Remaining Principal at June 30, 2023	Purpose of Issuance
Revenue Bonds	Series 2019A	\$ 77,580,000	\$ 73,340,000	To pay the costs of granular activated carbon treatment upgrades at the Sweeney Water Treatment Plant; to pay for a share cost of a new raw surface water transmission line; refund all of the outstanding 2017 Bonds
Revenue Bonds	Series 2019B	\$ 15,185,000	\$ 14,540,000	To refund a portion of the outstanding 2014A Bonds
Revenue Bonds	Series 2016	\$ 155,770,000	\$ 106,575,000	To refund all outstanding 2008 Bonds
Revenue Bonds	Series 2014A	\$ 60,355,000	\$ 29,950,000	To pay the costs of certain water and sewer system improvements and to refund a portion of outstanding 2005 Bonds
Limited Obligation Bonds	Series 2012	\$ 20,540,000	\$ 4,780,000	To refund New Hanover County's 2003 Certificates of Participation
Clean Water State Revolving Loan	CS370923-02	\$ 429,000	\$ 235,950	To pay for the rehabilitation of Pump Station #28
Clean Water State Revolving Loan	CS370923-03	\$ 1,086,266	\$ 597,446	To pay for the rehabilitation of sewer on 30th Street
Clean Water State Revolving Loan	CS370923-04	\$ 1,097,140	\$ 603,427	To pay for the rehabilitation of the McCumber's Ditch sewer outfall
Clean Water State Revolving Loan	CS370923-05	\$ 2,201,480	\$ 1,210,814	To pay for the rehabilitation of the Greenfield Lake sewer outfall
Clean Water State Revolving Loan	CS370923-06	\$ 1,913,623	\$ 1,052,493	To pay for the rehabilitation of the Smith Creek Alandale pump station
Clean Water State Revolving Loan	CS370923-08	\$ 6,158,625	\$ 4,264,656	To pay for the rehabilitation of the Southside Wastewater Treatment Plant
Clean Water State Revolving Loan	CS370923-09	\$ 461,950	\$ 334,162	To pay for the rehabilitation and replacement of the Quail Woods Pump Station #137
Clean Water State Revolving Loan	CS370923-10	\$ 3,519,432	\$ 2,815,546	To pay for the rehabilitation and replacement of the Pump Station #10 Force Main
Clean Water State Revolving Loan	CS370923-11	\$ 1,354,287	\$ 1,083,430	To pay for the rehabilitation and replacement of the Pump Station #12 Force Main
Drinking Water State Revolving Loan	H-LRX-F-10-1314B	\$ 204,082	\$ 96,754	To pay for a portion of the cost to construct an aquifer storage and recover well
Drinking Water State Revolving Loan (ARRA)	H-ARRA-09-1314	\$ 1,131,523	\$ 565,762	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:

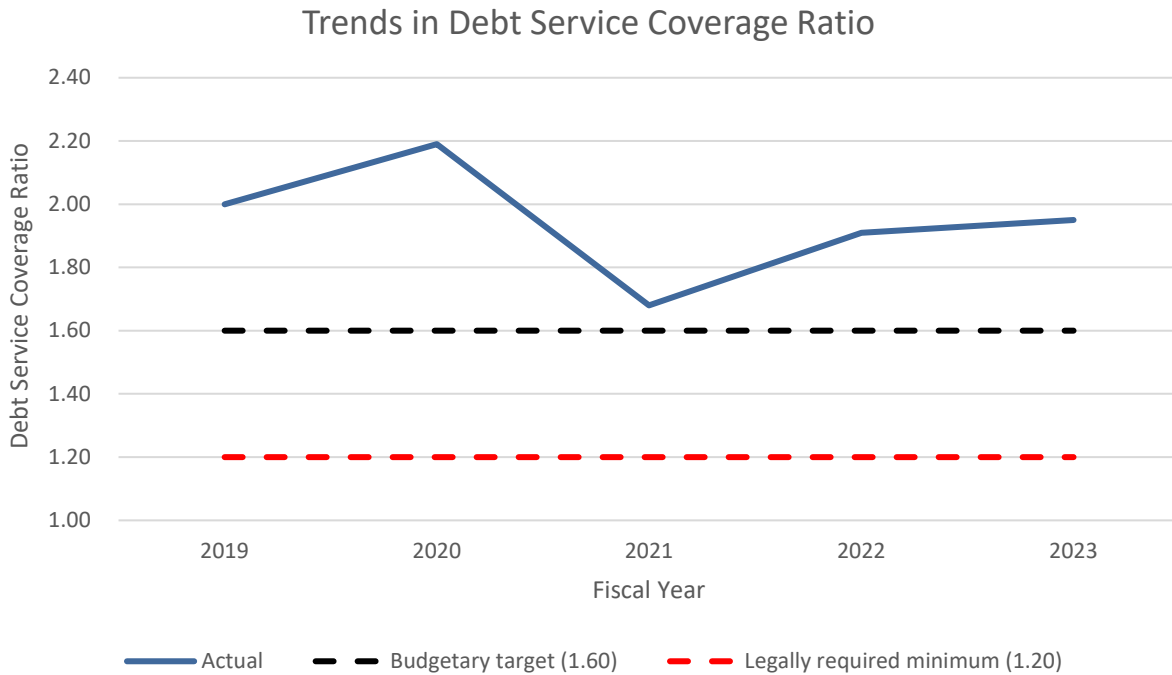
Fiscal Year	Revenue Bonds		Locality Compensation		Installment Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	13,510,000	9,073,653	970,000	207,525	932,860	192,972	15,412,860	9,474,150
2025	12,740,000	8,458,731	960,000	164,100	932,860	178,809	14,632,860	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	14,580,000	6,618,362	945,000	23,625	932,860	136,319	16,457,860	6,778,306
2029 - 2033	83,320,000	22,679,964	-	-	4,664,298	469,151	87,984,298	23,149,115
2034 - 2038	50,515,000	7,445,644	-	-	3,000,732	155,439	53,515,732	7,601,083
2039 - 2043	16,135,000	2,785,153	-	-	531,112	7,436	16,666,112	2,792,589
2044 - 2045	6,265,000	253,100	-	-	-	-	6,265,000	253,100
	224,405,000	72,373,969	4,780,000	584,875	12,860,439	1,455,253	242,045,439	74,414,097

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 June 2023, the debt-to capitalization ratio is 30.23%. This means the Authority has the capacity to issue approximately \$126.37 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 to maintain its strong credit ratings. 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.

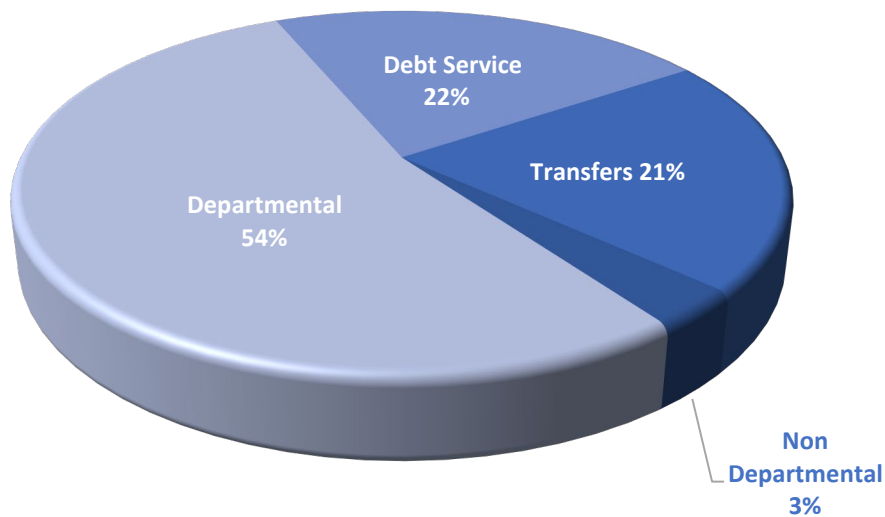


The Authority currently carries credit ratings of AA+ and Aa2 from Standard and Poor's and Moody's, respectively. The Authority does not plan to issue debt in FY 23-24.

DEPARTMENTAL SUMMARIES

As the chart below shows, 54% of the \$112.9 million FY 23-24 budget is controlled by the Authority's various departments, including salaries and benefits and operational costs, to execute the Strategic Plan. The remaining 46% 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 2023-2024 Expenditures -
Departmental Vs Non-Departmental**



This budget document does not attempt to list all performance measures associated with the operations of Cape Fear Public Utility Authority. The intention is to emphasize those measures that are the most pertinent to the operations of the organization as it relates to the 2022 Strategic Plan Intended Outcomes and Initiatives.

DEPARTMENTAL SUMMARIES

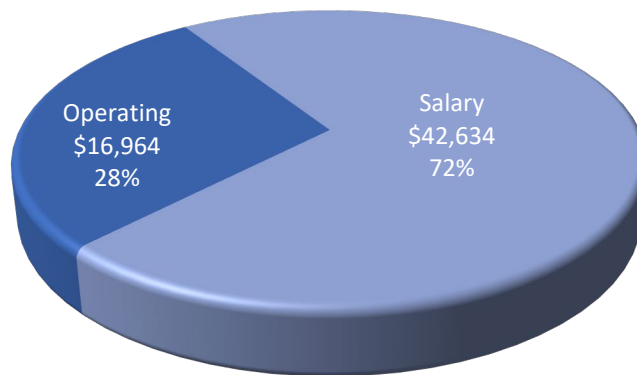
AUTHORITY BOARD

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 23-24 is \$57,506 or .05% of the total FY 23-24 operating budget. Of the total departmental budget, 68% is budgeted to pay monthly stipends for the Board's 11 members. The remaining 32% 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
ALL	Facilitate developing SMART (specific, measurable, attainable, realistic, time-bound) goals and performance metrics for strategic plan.	Review and approve SMART goals as presented by staff for all intended outcomes by end of FY 24	N/A	N/A	Established two organizational SMART goals	Identify SMART Goals for remaining intended outcomes
Environmental Stewardship & Protection	Manage processes and programs to reduce carbon footprint by 43% from 2019 baseline by 2030	% reduction of Scopes 1 and 2 emissions	19% reduction	27% reduction	Data currently unavailable	31% reduction
Customer Satisfaction & Stakeholder Understanding	Enhance affordability and equitability to ensure access for rate payers	Average cost burden of census tracts with median household incomes below the self-sufficiency standard.	N/A	N/A	1.89%	1.7%

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

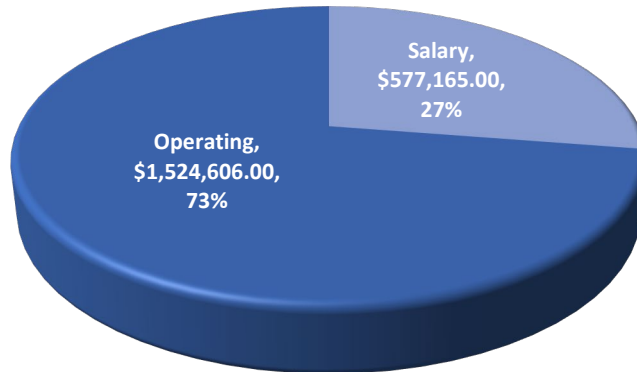
ADMINISTRATION

The Administration Department consists of the Executive Director, Clerk to the Board and Deputy Authority Attorney. 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 23-24 is \$2,101,771, or 2% of the total FY 23-24 operating budget. Of the total departmental budget, \$577,165 (or 27%) is budgeted to pay salaries and benefits for the department's 3 full-time equivalent positions. The remaining \$1,524,606 (or 73%) is budgeted for various expenditures including \$1.45 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
ALL	Facilitate implementation process for each initiative in the strategic plan and identify SMART goals.	# of initiatives with SMART Goals	N/A	N/A	2	4

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

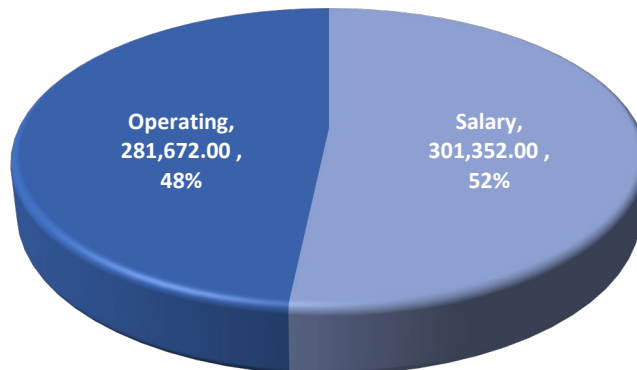
COMMUNICATIONS

The Communications Department consists of the Communications Director and Public Information Officer. The Communications Director and 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 23-24 is \$583,024 or 1% of the total FY 23-24 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 \$158,000 for community media outreach.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Customer Satisfaction & Stakeholder Understanding	Positively transform brand perception with the public and our customers	Complete Objective	N/A	N/A	Develop and Conduct community survey – complete	Establish baseline and SMART Goal
Customer Satisfaction & Stakeholder Understanding	Increase frequency of social media messaging.	# of social media post weekly	N/A	N/A	5	7
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.	# of events attended by CFPUA Staff	N/A	N/A	18	20

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

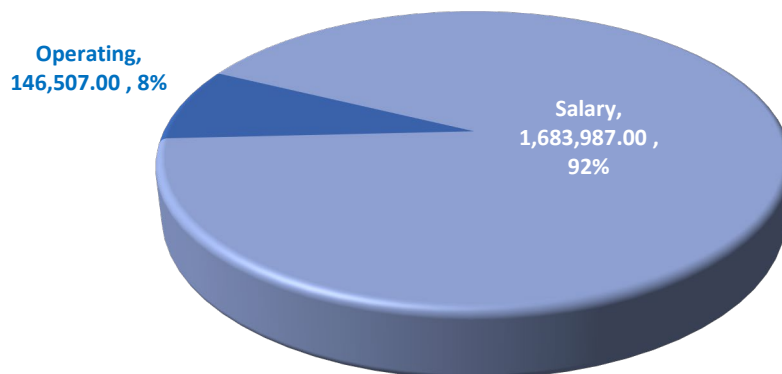
FINANCE

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 development and management; enterprise resource planning system support; and strategic planning. 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 23-24 is \$ 1,830,494 or 2% of the total FY 23-24 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Financial Viability	Implement an Authority Integrated Management System by FY 25	Complete or Not Complete	N/A	N/A	In progress	In progress
Financial Viability	Maintain 250 days cash on hand to ensure	Cash on hand divided by average daily expenditures	328	413	364	250
Financial Viability	Ensure utility has enough revenues to cover debt	(Operating Revenues minus Operating Expenditures) divided by (Debt Service Expenditures	1.77	1.82	1.93	1.8
Financial Viability	Ensure debt to capitalization ratio does not exceed 45%	Outstanding debt divided by Depreciated value of water/wastewater system	33.9%	33.8%	30.3%	45.0%

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

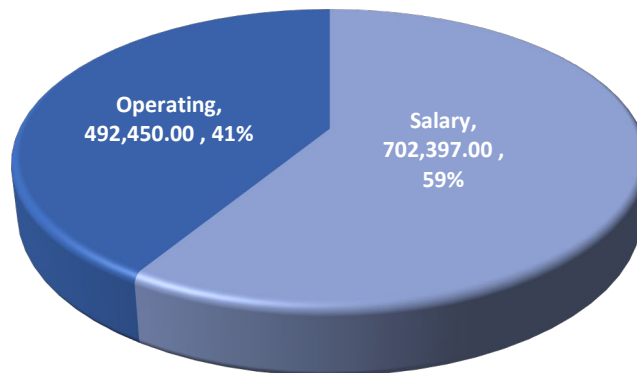
DEPARTMENTAL SUMMARIES

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 23-24 is \$ 1,194,847 or 1% of the total FY 23-24 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 leadership development, insurance brokerage services for employee benefits, organizational training, employee recognition and education assistance, and advertisement of position vacancies.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Employee and Leadership Development	Implement a Leadership Development Program	Develop program and implement by FY 25	N/A	N/A	Program developed with Mangers and above completing 75% of program	Complete training for initial group and start training with remaining organization leaders
Employee and Leadership Development	Increase usage of education tuition reimbursement program	Dollars spent on employee education	N/A	N/A	12,730	\$25,000
Employee and Leadership Development	Reduce employee turnover year over year to meet AWWA industry standards	Number of employee departures divided by total number of FTEs	N/A	17%	10%	5%

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

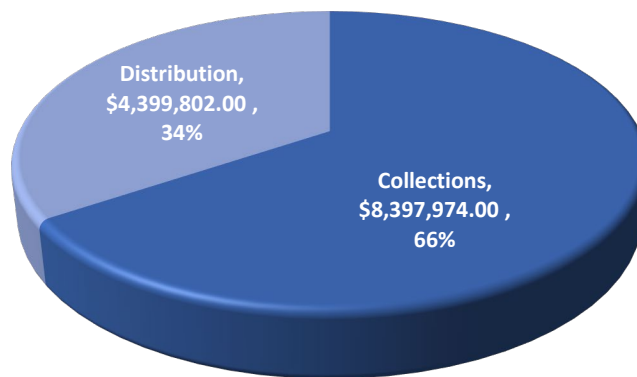
INFORMATION TECHNOLOGY

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 23-24 is \$ 4,118,553, or 4% of the total FY 23-24 operating budget. The salary consists of 12 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Infrastructure Reliability & Product Quality	Implement SCADA Master Plan by July 2025	Complete or Not Complete	In Progress	In Progress	In Progress	In Progress
Financial Viability	Develop Data Management Master Plan	Complete or Not Complete	N/A	N/A	N/A	In Progress
Infrastructure Reliability & Product Quality	Evaluate processes and establish performance measure to increase its productivity and internal customer service	Complete or Not Complete	N/A	N/A	N/A	Complete

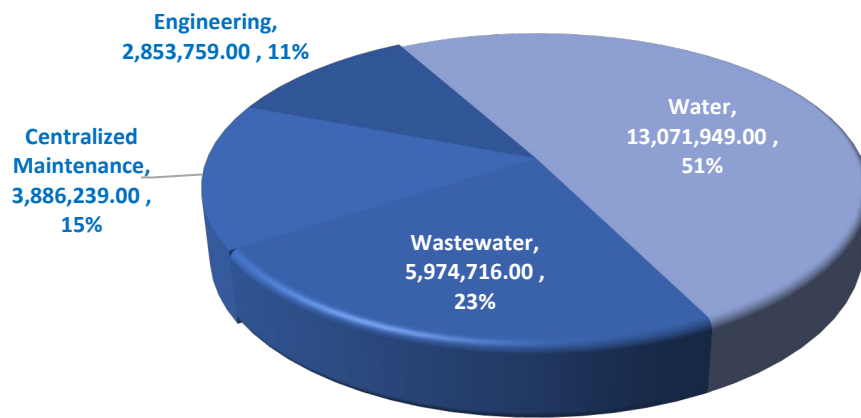
***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

TREATMENT/ENGINEERING

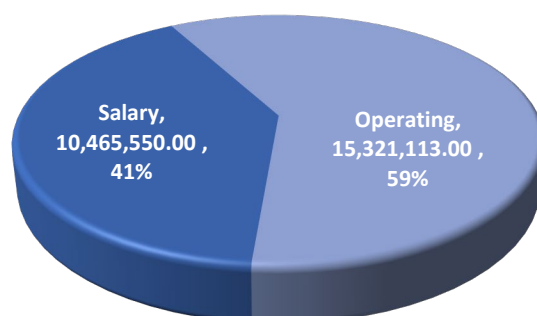
The Treatment/Engineering Department is comprised of Water and Wastewater Treatment, Centralized Maintenance and Engineering. Overall, the total departmental budget for FY 23-24 is \$25,786,663 or 22.8% of the total FY 23-24 operating budget. The pie charts below detail the breakdown of the total departmental 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 Engineering 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 Engineering Division is comprised of three sections: Administration, Planning and Design, and Development Services.

The Engineering Division budget for FY 23-24 is \$2,853,759, or 2.5% of the total FY 23-24 operating budget. Of the total division budget, \$2,750,051 (or 96%) is budgeted to pay salaries and benefits for 22 full-time equivalent positions. The remaining \$103,708 (or 4%) is budgeted for various expenditures including the cost of updates to the Authority's construction specifications and Capital Improvement Plan 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 23-24 is \$ 3,886,239, or 3.4% of the total FY 23-24 operating budget. Of the total division budget, \$1,770,471 (or 46%) is budgeted to pay salaries and benefits for the division's 22 full-time equivalent positions. The remaining \$2,115,768 (or 54%) is budgeted for various expenditures including contracted services for fleet and equipment maintenance, landscaping, and materials costs for various plant and facilities maintenance.

DEPARTMENTAL SUMMARIES

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 23-24 is \$13,071,949 or 11.6% of the total annual operating budget. Of the total division budget, \$2,855,084 (or 22%) is budgeted to pay salaries and benefits for the division's 30 full-time equivalent positions. The remaining \$10,216,865 (or 78%) is budgeted for various expenditures including, carbon filters for the GAC facility, electricity and chemicals used in the treatment process, the purchase of raw water, maintenance and instrumentation contracts, plant maintenance, wellsite maintenance and equipment replacement.

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 23-24 is \$5,974,716 or 5.3% of the total FY 23-24 operating budget. Of the total division budget, \$3,089,944 (or 52%) is budgeted to pay salaries and benefits for the division's 33 full-time equivalent positions. The remaining \$2,884,772 (or 48%) 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Infrastructure Reliability and Product Quality	Comply with all State and Federal drinking water standards	100% Compliance	100%	100%	100%	100%
Infrastructure Reliability and Product Quality	Comply with all NPDES Permit requirements	100% Compliance	100%	100%	100%	100%
Customer Service & Stakeholder Understanding	Promote electronic submittals and review of development plans	90% of development plans reviewed within 20 business days	92%	98%	95%	90%

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

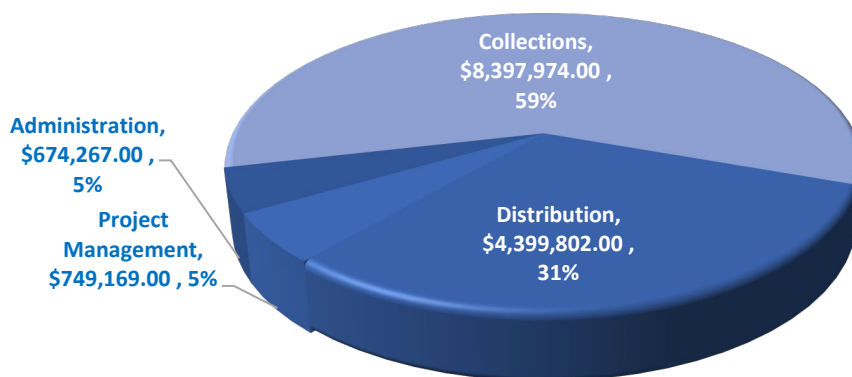
LINEAR ASSETS & PROJECT MANAGEMENT

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 23-24 is \$14,221,212 or 12.6% of the total FY 23-24 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.

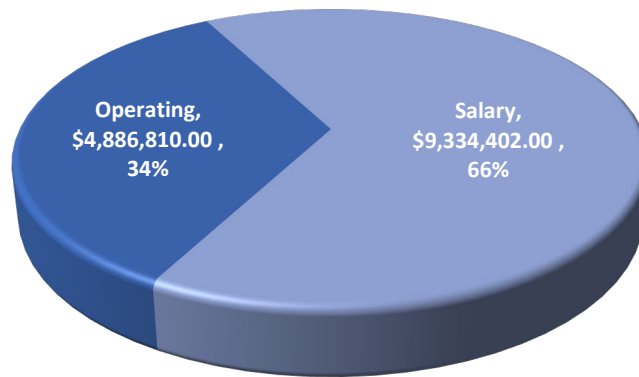


Linear Asset & Project Management Budget



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 23-24 is \$674,267 or .6% of the total annual operating budget. Of the total departmental budget, \$664,235 (or 99%) is budgeted to pay salaries and benefits for the division's 4 full-time equivalent positions. The remaining \$10,032 (or 1%) 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 23-24 is \$ 749,169 or .7% of the total FY 23-24 operating budget. Of the total departmental budget, \$736,760 (or 98%) is budgeted to pay salaries and benefits for the department's 6 full-time equivalent positions. The remaining \$12,409 (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 23-24 is \$4,399,802 or 4% of the total FY 23-24 operating budget. Of the total division budget, \$3,232,113 (or 73%) is budgeted to pay salaries and benefits for the division's 36 full-time equivalent positions. The remaining \$1,167,689 (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 23-24 is \$8,397,974, or 7.4% of the total annual operating budget. Of the total division budget, \$4,701,294 (or 56%) is budgeted to pay salaries and benefits for the division's 57 full-time equivalent positions. The remaining \$3,696,680 (or 44%) 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 SUMMARIES

Departmental Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Infrastructure Reliability and Product Quality	Clean 10% (92.6 miles) of collection system annually	Miles of gravity sewer cleaned	87	87	119	92.6
Infrastructure Reliability and Product Quality	Complete CCTV Inspections on 25.5 miles of gravity sewer annually	Miles of gravity sewer inspected	25.5	25.5	22	25.5
Infrastructure Reliability and Product Quality	Reduce Sanitary Sewer Overflows (SSO)	SSOs per 12 months divided by 100 miles of Sewer Line	0.75	0.37	0.55	0.96

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

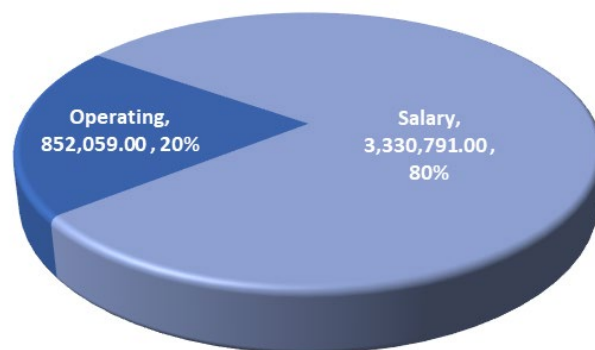
ENVIRONMENTAL MANAGEMENT & SUSTAINABILITY

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 23-24 is \$4,182,850 or 3.7% of the total FY 23-24 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 20% 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 Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Employee and Leadership Development	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	% of Safety Training Completed annually	99.20%	92.11%	98.82%	100%
Infrastructure Reliability and Product Quality	Ensure all testing on water and wastewater is performed and reported accurately and timely	# of lab test per analyst per month	297	311	362	Tracking Only
Infrastructure Reliability and Product Quality	Inspect all Food Service Establishments (FSE) annually	% of FSE inspections completed	100%	100%	100%	100%

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

DEPARTMENTAL SUMMARIES

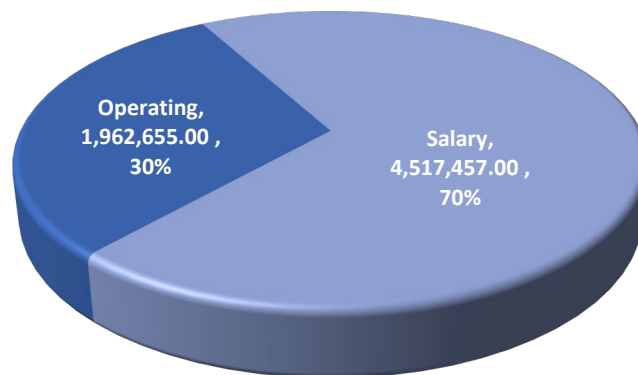
CUSTOMER SERVICE

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 23-24 is \$6,480,112, or 5.7% of the total annual operating budget. The department has 56.625 full time equivalent positions making up 70% of the overall budget. The remaining 30% 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 and fuel for meter reading vehicles.

Departmental Salary vs Operating Budget



DEPARTMENTAL SUMMARIES

Departmental Performance Summary

CFPUA Intended Outcome	Goal	Performance Measure	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Obj
Customer Satisfaction and Stakeholder Understanding	Complete 98% of meter readings on time each month.	% of meter reads on time	95%	98%	99%	98%
Customer Satisfaction and Stakeholder Understanding	Identify more feasible and customer friendly methods to reduce customer response times	Average call length in minutes	6:05	6:00	5:54	6:00
Customer Satisfaction and Stakeholder Understanding	Process leak adjustments in a timely manner	Time to process leak adjustments in days	180	30	3	5

***All performance measures are annual and on-going measures unless otherwise stated in the goal or measure**

Budget Ordinance

Ordinance Making Appropriations For the Fiscal Year Beginning July 1, 2023

LEGISLATIVE INTENT/PURPOSE:

Appropriations and estimated revenues for the Fiscal Year Beginning July 1, 2023.

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	\$ 33,080,883
Operating	31,218,714
Debt Service	24,887,009
Transfers to Capital Projects Funds	19,500,000
Transfers to SSWWTP Capital Reserve	4,230,000
Total Appropriations	\$ 112,916,606
Revenues	
Water/Wastewater Charges - Volumetric	\$ 57,295,338
Water/Wastewater Charges - Fixed	38,387,038
System Development Charges	9,881,730
Investment Earnings	1,200,000
Other Charges for Service	5,652,500
Appropriated Fund Balance	500,000
Total Revenues	\$ 112,916,606

SECTION II: That appropriations herein authorized shall have the amount of outstanding purchase orders as of June 30, 2023 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 appropriations among categories 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	\$ 4,300,000
Water Capital Improvement Projects	30,550,000
Wastewater Capital Improvement Projects	39,878,000
Total Appropriations	\$ 74,728,000

Revenues

Transfers from Operating Fund	\$ 66,400,000
Capital Reserves	7,328,000
State Revolving Loan Proceeds	1,000,000
Total Revenues	\$ 74,728,000

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 funded from such revenues are less than the amounts appropriated.

Adopted at a regular meeting
On June 14, 2023

ATTEST:


Donna S. Pope, Clerk to the Board




Jennifer Adams, Chairman

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 23-24

		Rates and Fees Effective 07/01/2022	Rates and Fees Effective 07/01/2023	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"	\$ 16.21	\$ 16.21	Sec. 1-97 (1) f
	1" (Single-Family Residential with fire sprinkler system)	\$ 16.21	\$ 16.21	Sec. 1-97 (1) f
	1"	\$ 40.53	\$ 40.53	Sec. 1-97 (1) f
	1 1/2"	\$ 81.05	\$ 81.05	Sec. 1-97 (1) f
	2"	\$ 129.68	\$ 129.68	Sec. 1-97 (1) f
	3"	\$ 243.15	\$ 243.15	Sec. 1-97 (1) f
	4"	\$ 405.25	\$ 405.25	Sec. 1-97 (1) f
	6"	\$ 810.50	\$ 810.50	Sec. 1-97 (1) f
	8"	\$ 1,296.80	\$ 1,296.80	Sec. 1-97 (1) f
	10"	\$ 2,026.25	\$ 1,945.20	Sec. 1-97 (1) f
	12"	\$ 2,431.50	\$ 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)**		\$ 4.74	\$ 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	
		16.21	16.21	Sec. 1-97 (1) a
D. Bulk Water Rates				
Bulk Water Resale Rate (per 1,000 gallons)		\$ 4.11	\$ 1.70	Sec. 1-97 (1) b
Bulk Water Resale Rate (per monthly MGD reserved)			\$ 28,604.00	Sec. 1-97 (1) b
E. Water Service Connection Fee*				
Service Line Connection Fee by Service Size				
	1" Service	\$ 1,850.00	\$ 2,035.00	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	\$ 300.00	Sec. 1-97 (2) c; Sec. 1-5 c
	5/8" Split Service	\$ 575.00	\$ 640.00	Sec. 1-97 (2) c; Sec. 1-5 c
	1"	\$ 350.00	\$ 390.00	Sec. 1-97 (2) c; Sec. 1-5 c
	1 1/2"	\$ 1,600.00	\$ 1,660.00	Sec. 1-97 (2) c; Sec. 1-5 c
	2"	\$ 1,800.00	\$ 1,875.00	Sec. 1-97 (2) c; Sec. 1-5 c
G. System Development Charges				
Water by Meter Size				Sec. 4-27 (a)
	5/8"	\$ 2,230.00	\$ 2,270.00	Sec. 1-97 (2) d
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,230.00	\$ 2,270.00	Sec. 1-97 (2) d
	1"	\$ 5,575.00	\$ 5,675.00	Sec. 1-97 (2) d
	1 1/2"	\$ 11,150.00	\$ 11,350.00	Sec. 1-97 (2) d
	2"	\$ 17,840.00	\$ 18,160.00	Sec. 1-97 (2) d
	3"	\$ 33,450.00	\$ 34,050.00	Sec. 1-97 (2) d
	4"	\$ 55,750.00	\$ 56,750.00	Sec. 1-97 (2) d
	6"	\$ 111,500.00	\$ 113,500.00	Sec. 1-97 (2) d
	8"	\$ 178,400.00	\$ 181,600.00	Sec. 1-97 (2) d
	10"	\$ 278,750.00	\$ 272,400.00	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 plus consumption charge based on metered consumption as referenced in Section B, billed monthly. In addition, an initial set up fee will be assessed when the hydrant meter is issued based on meter size as follows:				
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
	6"	\$ 437.00	\$ 437.00	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
	Initial inspection	\$ 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
	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

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 23-24

		Rates and Fees Effective 07/01/2022	Rates and Fees Effective 07/01/2023	Ordinance Reference
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	\$ 16.86	Sec. 1-97 (1) f; Sec. 1-75
	1" (Single-Family Residential with fire sprinkler system)	\$ 14.55	\$ 16.86	Sec. 1-97 (1) f; Sec. 1-75
	1"	\$ 36.38	\$ 42.15	Sec. 1-97 (1) f; Sec. 1-75
	1 1/2"	\$ 72.75	\$ 84.30	Sec. 1-97 (1) f; Sec. 1-75
	2"	\$ 116.40	\$ 134.88	Sec. 1-97 (1) f; Sec. 1-75
	3"	\$ 218.25	\$ 252.90	Sec. 1-97 (1) f; Sec. 1-75
	4"	\$ 363.75	\$ 421.50	Sec. 1-97 (1) f; Sec. 1-75
	6"	\$ 727.50	\$ 843.00	Sec. 1-97 (1) f; Sec. 1-75
	8"	\$ 1,164.00	\$ 1,348.80	Sec. 1-97 (1) f; Sec. 1-75
	10"	\$ 1,818.75	\$ 2,023.20	Sec. 1-97 (1) f; Sec. 1-75
	12"	\$ 2,182.50	\$ 2,529.00	Sec. 1-97 (1) f; Sec. 1-75
B. Consumption Charge (per 1,000 gallons) See Notes 1 & 2		\$ 4.63	\$ 4.84	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)	\$ 33.53	\$ 36.70	Sec. 1-97 (1) c; Sec. 1-75
	Non-residential (Note 2)			
	5/8"	\$ 36.77	\$ 40.58	Sec. 1-97 (1) c; Sec. 1-75
	1"	\$ 92.87	\$ 98.29	Sec. 1-97 (1) c; Sec. 1-75
	1 1/2"	\$ 188.96	\$ 210.14	Sec. 1-97 (1) c; Sec. 1-75
	2"	\$ 387.72	\$ 424.80	Sec. 1-97 (1) c; Sec. 1-75
	3"	\$ 627.54	\$ 703.50	Sec. 1-97 (1) c; Sec. 1-75
	4"	\$ 1,199.00	\$ 1,241.88	Sec. 1-97 (1) c; Sec. 1-75
	6"	\$ 1,942.41	\$ 2,134.80	Sec. 1-97 (1) c; Sec. 1-75
	8"	\$ 4,058.21	\$ 4,915.88	Sec. 1-97 (1) c; Sec. 1-75
	10"	\$ 5,189.39	\$ 5,461.54	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			
D. Availability Charge for unconnected 5/8" sewer service; Availability Charge for larger meters based on meter size		Monthly	Monthly	
		\$ 14.55	\$ 16.86	Sec. 1-97 (1) a
E. Bulk Wastewater Collection and Treatment Rates				Sec. 1-97 (1) b
	Bulk Wastewater Collection and Treatment Rate (per 1,000 gallons)	\$3.34	\$2.69	Sec. 1-97 (1) b
	Bulk Wastewater Resale Rate (per monthly MGD reserved)		\$45,272	Sec. 1-97 (1) b
F. Sewer Service Connection Fee				
	Installation Fee by Service Size			
	4" Service	\$ 2,200.00	\$ 2,420.00	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
G. System Development Charges				
	Sewer by Meter Size			Sec. 4-47 (a)
	5/8"	\$ 2,160.00	\$ 3,290.00	Sec. 1-97 (2) d
	1" (Single-Family Residential with fire sprinkler system)	\$ 2,160.00	\$ 3,290.00	Sec. 1-97 (2) d
	1"	\$ 5,400.00	\$ 8,225.00	Sec. 1-97 (2) d
	1 1/2"	\$ 10,800.00	\$ 16,450.00	Sec. 1-97 (2) d
	2"	\$ 17,280.00	\$ 26,320.00	Sec. 1-97 (2) d
	3"	\$ 32,400.00	\$ 49,350.00	Sec. 1-97 (2) d
	4"	\$ 54,000.00	\$ 82,250.00	Sec. 1-97 (2) d
	6"	\$ 108,000.00	\$ 164,500.00	Sec. 1-97 (2) d
	8"	\$ 172,800.00	\$ 263,200.00	Sec. 1-97 (2) d
	10"	\$ 270,000.00	\$ 394,800.00	Sec. 1-97 (2) d
H. Grinder Pump Fees				
	Residential grinder pump fee, monthly	\$15.00	\$15.00	
	Developer grinder pump fee per platted lot	\$300.00	\$300.00	
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

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 23-24

		Rates and Fees Effective 07/01/2022	Rates and Fees Effective 07/01/2023	Ordinance Reference
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	\$ 500.0000	\$ 500.0000	Sec. 1-6
E. Charges for Miscellaneous Hauled Wastewater Fees (subject to applicable surcharges)		Monthly	Monthly	
	Short-Term Permit			
	Per gallon Within Service Area	\$ 0.032	\$ 0.032	Sec. 1-97 (1) b; Sec. 5-33
	Per gallon Out-of-Service Area	\$ 0.064	\$ 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)	Monthly 4.63	Monthly 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				
	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	\$ 120.00	Sec. 1-97 (3) c
	Late Day Reconnect Fee	\$ 55.00	\$ 60.00	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	\$ 60.00	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	\$ 60.00	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	\$ 60.00	Sec. 1-97 (3) o
	Incorrect Read (CFPUA error)	No Cost	No Cost	Sec. 1-97 (3) o
	Reconnection Fee (after disconnect)	\$ 55.00	\$ 60.00	Sec. 1-97 (3) n
	Utility Deposit Single-Family Residential (may be adjusted based on services provided and prior payment history)			Sec. 1-6

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 23-24

		Rates and Fees Effective 07/01/2022	Rates and Fees Effective 07/01/2023	Ordinance Reference
	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	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	\$ 2,200.00	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	\$1.61 per gpd	\$1.72 per gpd	Per Contract
	CFPUA Cost Recovery - Northwest Forcemain Improvements Only	\$3.87 per gpd	\$3.87 per gpd	Sec. 4-4 (c)
	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 (2)	Local Unemployment Rate % (3)	Median Household Income (2)
2023	118,063	229,943	Not available	3.3%	Not available
2022	117,247	225,730	Not available	3.1%	Not available
2021	115,465	237,448	39.5	4.6%	66,212
2020	122,891	239,272	39.0	8.8%	65,615
2019	121,910	237,689	39.1	3.8%	57,252
2018	121,150	230,919	38.7	4.0%	53,419
2017	117,255	226,410	38.7	4.5%	53,692
2016	115,498	223,260	38.4	5.0%	51,373
2015	113,910	218,510	37.8	5.8%	52,456
2014	111,773	215,497	37.7	6.2%	49,905

(1) North Carolina Office of State Budget and Management's certified municipal and county estimates

(2) Statistics are for New Hanover County from the most recent U.S. Census Bureau American Community Survey:

(3) Statistics are for New Hanover County from the North Carolina Department of Commerce

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

2023					2014				
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	141,979	2.19%	\$ 759,165	1.54%	1 UNC Wilmington	115,416	2.36%	\$ 430,840	1.43%
2 Town of Wrightsville Beach	110,746	1.71%	446,416	0.90%	2 New Hanover Regional Medical Center	54,201	1.11%	233,916	0.78%
3 Tribute Properties	73,637	1.14%	554,854	1.12%	3 New Hanover County Schools	40,244	0.82%	256,121	0.85%
4 Wilmington Housing Authority	63,638	0.98%	353,152	0.71%	4 Wilmington Housing Authority	39,723	0.81%	171,647	0.57%
5 Novant Health	56,711	0.88%	352,841	0.71%	5 New Hanover County	33,044	0.68%	195,769	0.65%
6 New Hanover County	46,624	0.72%	322,125	0.65%	6 Tribute Properties	31,404	0.64%	270,820	0.90%
7 New Hanover County Schools	41,132	0.64%	330,702	0.67%	7 College Manor Apartments	28,858	0.59%	120,226	0.40%
8 Lake Forest Apartments	25,819	0.40%	139,721	0.28%	8 Mayfaire Complex	28,674	0.59%	190,109	0.63%
9 City of Wilmington	23,066	0.36%	251,348	0.51%	9 Lake Forest Apartments	25,255	0.52%	102,088	0.34%
10 Elementis	22,395	0.35%	108,995	0.22%	10 NC State Ports Authority	20,287	0.41%	109,378	0.36%
Total Net Consumption / Net Revenue	605,747	9.36%	\$ 3,619,319	7.33%	Total Net Consumption / Net Revenue	417,106	8.53%	\$ 2,080,914	6.93%
Total Annual System Net Consumption / Net Revenue	6,468,372		\$ 49,396,523		Total Annual System Net Consumption / Net Revenue	4,888,957		\$ 30,041,130	

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

2023					2014				
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	214,449	3.80%	\$ 382,372	0.88%	1 Town of Wrightsville Beach	210,681	4.52%	\$ 575,746	1.67%
2 UNC Wilmington	105,331	1.87%	563,939	1.29%	2 UNC Wilmington	76,958	1.65%	334,630	0.97%
3 Tribute Properties	65,336	1.16%	482,141	1.10%	3 New Hanover Regional Medical Center	53,613	1.15%	280,865	0.81%
4 Wilmington Housing Authority	63,416	1.12%	340,096	0.78%	4 Wilmington Housing Authority	39,564	0.85%	206,411	0.60%
5 Novant Health	52,092	0.92%	310,637	0.71%	5 New Hanover County Schools	39,552	0.85%	299,798	0.87%
6 New Hanover County	41,626	0.74%	268,961	0.62%	6 New Hanover County	31,201	0.67%	210,889	0.61%
7 New Hanover County Schools	36,404	0.65%	283,703	0.65%	7 Tribute Properties	30,293	0.65%	310,317	0.90%
8 Lake Forest Apartments	25,819	0.46%	135,815	0.31%	8 College Manor Apartments	28,858	0.62%	146,045	0.42%
9 Coming	21,726	0.39%	102,324	0.23%	9 Mayfaire Complex	27,624	0.59%	219,025	0.63%
10 Amberleigh Shores	19,100	0.34%	92,798	0.21%	10 Lake Forest Apartments	25,255	0.54%	124,402	0.36%
Total Net Consumption / Net Revenue	645,299	11.44%	\$ 2,962,786	6.79%	Total Net Consumption / Net Revenue	563,599	12.08%	\$ 2,708,128	7.84%
Total Annual System Net Consumption / Net Revenue	5,640,149		\$ 43,642,746		Total Annual System Net Consumption / Net Revenue	4,664,457		\$ 34,533,187	

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

2023				2014			
Employers	Employees (1)	Rank	Percentage of Total County Employment	Employers	Employees (3)	Rank	Percentage of Total County Employment
Novant Health	8,581	1	6.66%	New Hanover Regional Medical Center	5,991	1	5.75%
New Hanover County Schools	3,600	2	2.79%	New Hanover County Schools	4,226	2	4.06%
GE Hitachi Nuclear Energy and GE Aerospace	3,200	3	2.48%	GE Wilmington	2,175	3	2.09%
University of North Carolina Wilmington	2,236	4	1.73%	University of North Carolina at Wilmington	1,844	4	1.77%
Wal-Mart Stores	2,088	5	1.62%	Wal-Mart Stores	1,834	5	1.76%
New Hanover County Government	2,054	6	1.59%	New Hanover County	1,563	6	1.50%
Thermo Fisher Scientific	1,800	7	1.40%	PPD, Inc.	1,500	7	1.44%
Brunswick County Schools	1,664	8	1.29%	Verizon Wireless	1,216	8	1.17%
Pender County Schools	1,400	9	1.09%	Cape Fear Community College	1,176	9	1.13%
Brunswick County Government	1,209	10	0.94%	City of Wilmington	1,100	10	1.06%
			21.59%				21.72%
Total # Employed at June 30 of the respective FY (2)			128,921	Total # Employed at June 30 of the respective FY (3)			104,163

(1) Source: 2023 Book on Business; www.wilmingtonbiz.com

(2) Source: www.nccommerce.com, Area Profile for New Hanover County

(3) Source: CFPUA ACFR for the fiscal year ended June 30, 2014

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water System										
Locations with actively billed services	74,133	72,413	70,985	70,564	69,634	68,612	67,352	66,136	65,064	64,673
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	16.06	15.47	15.34	15.44	14.49	14.63	14.35	13.56	13.44	13.20
Number of groundwater systems	2	2	2	2	2	2	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	43	41	39	37	38	37	34	36	36	36
Treatment capacity (mgd) - groundwater plant	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Treatment capacity (mgd) - other groundwater systems	1.31	1.02	1.02	1.02	1.02	0.90	0.70	0.70	0.70	0.70
Average production (mgd) - groundwater	4.04	3.89	3.49	3.49	3.07	3.08	3.04	2.94	2.48	2.95
Miles of water mains	1,153	1,160	1,150	1,142	1,131	1,113	1,114	1,089	1,041 ⁽²⁾	1,078
Wastewater System										
Locations with actively billed services	74,453	72,417	71,106	70,000	69,135	67,623	66,384	65,730	64,999	63,804
Number of treatment plants	2	2	2	2	2	2	3	3	3	3
WPC plant permit (mgd)	28.00	28.00	28.00	28.00	28.10	28.10	28.10	28.10	22.10	22.10
Average annual daily flow (mgd)	17.11	18.19	16.85	19.59	17.49	17.16	18.76	17.48	16.45	16.17
Number of lift stations	154	151	150	147	148	146	142	143	141	141
Miles of wastewater gravity mains	927	917	907	912	892	877	848	844	827 ⁽²⁾	850
Miles of wastewater force mains	160	155	154	144	143	142	131	131	112	110
Number of manholes	23,067	22,729	22,395	22,134	22,097	22,017	21,221	21,049	20,918	20,300

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

	2023		2022		2021		2020		2019		2018		2017		2016		2015		2014	
	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	4,388,084	67.84%	4,538,801	69.63%	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%
Commercial	1,491,456	23.06%	1,469,151	22.54%	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%
Town of Wrightsville Beach ⁽¹⁾	110,746	1.71%	58,587	0.90%	45,689	0.78%	47,968	0.81%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Industrial	61,203	0.95%	76,570	1.17%	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%
Institutional and Government	416,883	6.44%	375,759	5.76%	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%
Total	6,468,372	100.00%	6,518,868	100.00%	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%
Wastewater Customers																				
Residential	3,693,492	65.49%	3,817,961	65.92%	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%
Commercial	1,348,764	23.91%	1,314,078	22.69%	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%
Town of Wrightsville Beach	214,449	3.80%	212,429	3.67%	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%
Pender County	13,465	0.24%	16,397	0.28%	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%
Industrial	17,174	0.30%	26,578	0.46%	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%
Institutional and Government	352,805	6.26%	404,389	6.98%	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%
Total ⁽²⁾	5,640,149	100.00%	5,791,832	100.00%	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%

(1) Beginning in Fiscal Year 2020, CFPWA entered into a bulk water sales contract with the Town of Wrightsville Beach.

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

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

Fiscal Year Ended June 30	Water			Wastewater		
	Locations with Actively Billed Services	Increase/ (Decrease)	% Increase/ (Decrease)	Locations with Actively Billed Services	Increase/ (Decrease)	% Increase/ (Decrease)
2023	75,373	1,240	1.67%	75,686	1,233	1.66%
2022	74,133	1,720	2.38%	74,453	2,036	2.81%
2021	72,413	1,428	2.01%	72,417	1,311	1.84%
2020	70,985	421	0.60%	71,106	1,106	1.58%
2019	70,564	930	1.34%	70,000	865	1.25%
2018	69,634	1,022	1.49%	69,135	1,512	2.24%
2017	68,612	1,260	1.87%	67,623	1,239	1.87%
2016	67,352	1,216	1.84%	66,384	654	0.99%
2015	66,136	1,072	1.65%	65,730	731	1.12%
2014	65,064	391	0.60%	64,999	1,195	1.87%

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