J-06

2007
Annual Report

Executive Summary

John P. McCulloch
Oakland County Drain Commissioner

OCDC
OAKLAND COUNTY DRAIN COMMISSIONER
John P. McCulloch

John P. McCulloch
DRAIN COMMISSIONER
248.858.0958

Kevin R. Larsen
CHIEF DEPUTY
DRAIN COMMISSIONER
248.858.0981

To: The Citizens of Oakland County

It gives me great pleasure to submit this, the executive summary of the 2007 Annual Report of the Oakland County Drain Commissioner's office.

Perhaps one of the biggest stories to come out of my office was our reorganization efforts. We've created a new administrative services division to be even more customer-focused. We've streamlined other operations and promoted cross-training opportunities so you, our customers, will receive the best service possible. I invite you to read more about it later in this summary.

Reducing costs and increasing service remain our primary objectives. In 2007, our innovative approach to cleaning sewer pipes captured unprecedented attention and the prestigious National Environmental Award from the National Association of Clean Water Agencies (NACWA).

I also invite you to read about two other national awards we won from NACWA this year. The Commerce Township Wastewater Treatment Plant and the Walled Lake-Novi Wastewater Treatment Plant each won top performance awards. In previous years, these two facilities have received either gold or silver awards. This year, both came home with the gold.

As in years' past, I continue to be proud of the conscientious men and women whose teamwork and dedication to excellence are beyond reproach. We've accomplished a great deal during 2007. Still, there always is room for improvement. In fact, continuous improvement is our mantra. Those aren't just empty words. Once again, we earned recertification for both our ISO 9000 quality system and ISO 14000 environmental management system. Our environmental management system represents our never-ending commitment to being responsible stewards of our planet.

Finally, we'd like to hear from you. If you have any helpful suggestions for improvement that you'd like to share, please let us know.

Very truly yours,

John P. McCulloch

ISO 9000 14000

Building 95 West, One Public Works Drive
Waterford, MI 48328-1907
E www.co.oakland.mi.us/drain
P 248.858.0958
F 248.858.1066

Passing Savings Along to You

John P. McCulloch

By keeping a close eye on the market and interest rates, we saved the 14 communities in the George W. Kuhn Drainage District more than $610,420 by refinancing bonds issued in 2000 and 2002. We were able to garner a true interest rate of 4.39 percent on the $12.5 million issues.

With today's low interest rates, we could take advantage of some very significant savings. What we did here at the drain office is similar to what a lot of people have done with their home mortgages. When citizens refinance their homes, they're taking advantage of the lower interest rates. We did the same thing by refinancing these bonds.

The refinancing marks another in a growing list of savings to numerous Oakland County communities since I took office in 2001. As with the previous savings, this current savings mean that these communities can use the money formerly earmarked for interest payments for other needed projects. In reality, we're just passing the savings directly back to the citizens where it belongs.

The 14 communities in the district which will share in the savings include the cities of Berkley, Birmingham, Clawson, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge, Royal Oak, Southfield, and Troy. Also benefiting are Royal Oak Township and the Village of Beverly Hills.

Everyone Lives in a Watershed

More than 150 signs announcing the boundaries of the Huron River Watershed were added throughout Oakland County in 2007. A watershed is the land area that captures rain and melted snow and drains it into a river or stream. We all live in a watershed. In fact, the headwaters of five major rivers are in Oakland County. The Huron River Watershed is one of our largest with an area of approximately 777 square miles with about 150 of those miles in Oakland County. Some 118,000 Oakland County residents call the Huron River Watershed home. Understanding how water travels across the ground surface or other features such as trees, houses, or parking lots is a critical component of watershed management.

We're ISO Compliant — Again!

Once again, we've successfully combined our certification requirements for both ISO 9000, the quality control component, and ISO 14000, the environmental mandates, to give you, our customers, the best service while protecting the air and water.

ISO REGISTERED 9000 14000

We're especially proud of our environmental management system because it represents our never-ending commitment to being responsible stewards of planet earth.

Enterprise Funds

Enterprise funds are funds that include salaries and contracted services as well as materials, water and sewer services from the City of Detroit, and a host of other expenses. Consequently, Enterprise Funds represent the largest single expenditure category in our annual budget.

In 2007, Enterprise Funds came in at slightly more than $138 million. It included the 14 communities in the George W. Kuhn Drainage District. It also included the 15 communities in the Evergreen-Farmington Sewage Disposal System, and the 12 municipalities in the Clinton-Oakland System. The Huron-Rouge System which serves the City of Novi, and a portion of the City of Northville also is included.

Construction Funds

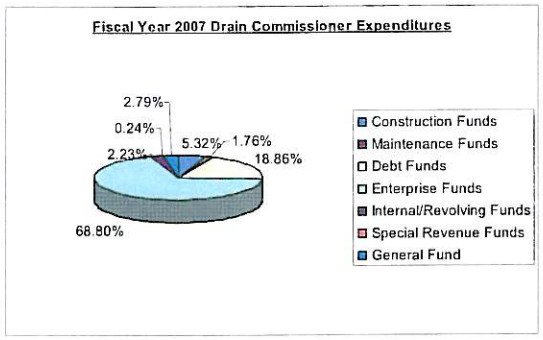
Construction expenditures were a distant second in terms of expenditures for the OCDC in 2007. With approximately $11 million being spent in this category, construction expenditures represented nearly 5.5 percent of our budget.

Debt Funds

There were about $38 million in our Debt Funds category. Debt Funds, which represent money set aside to meet current and future obligations, were about 19 percent of our annual budget.

Maintenance Funds, Internal/Revolving Funds

Maintenance Funds and Internal/Revolving Funds, at approximately $3.5 million, accounted for slightly more than two percent of the budget.



General Fund

The General Fund is the chief operating fund for Oakland County and represents only a small portion of our total operating budget, less than three percent, or approximately $5.6 million. That means that the majority of our funding came from water and/or sewer rate payers in communities with systems that we operate and maintain.

Special Revenue Fund

The Special Revenue Fund represents the amount of pollution control grants in our spending plan. It amounted to approximately $473,000 in 2007.

Fiscal Year 2007 Drain Commissioner Expenditure by the Numbers

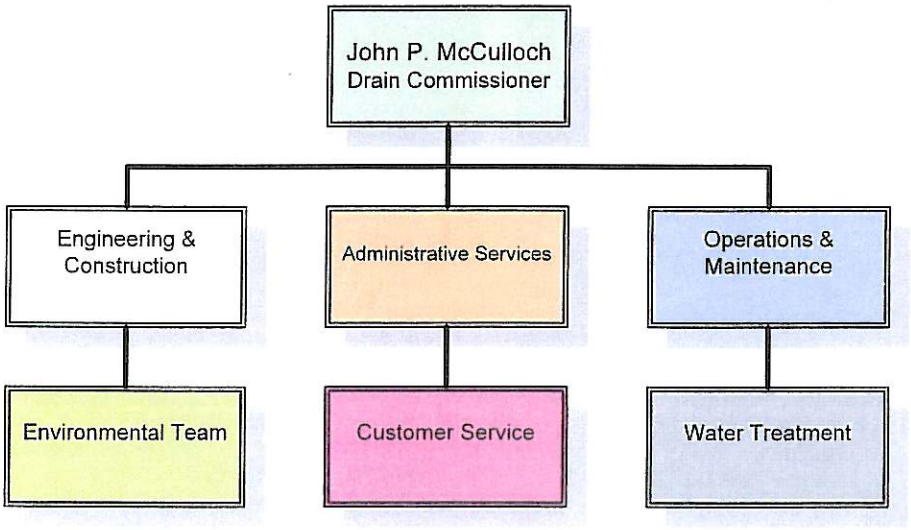
Category	Expenditures	Revenues	Income (Loss)	% of Expenditures
Construction Funds	$10,680,772.15	$4,130,587.52	($6,550,184.63)	5.32%
Maintenance Funds	$3,528,986.63	$3,320,057.08	($208,929.55)	1.76%
Debt Funds	$37,838,520.35	$37,961,580.36	$123,060.01	18.86%
Enterprise Funds	$138,041,960.74	$138,590,071.73	$548,110.99	68.80%
Internal/Revolving Funds	$4,479,070.01	$3,494,401.98	($984,668.03)	2.23%
Special Revenue Funds	$472,955.20	$624,690.55	$151,735.35	0.24%
General Fund	$5,600,052.77	$1,747,792.46	($3,852,260.31)	2.79%
Total	$200,642,317.85	$189,869,181.68	($10,773,136.17)	100.00%

Reorganization

Teamwork means superior customer service

There have been some remarkable changes to the Oakland County Drain Commissioner's office in 2007. Topping the list is our reorganization. Building on our culture of continual improvement, we completed a reorganization effort that improved both our operational efficiency and our service orientation.

Specifics of the reorganization include moving water and sewer billing services to a newly created Administrative Services Division. Geographic Information System (GIS) mapping services, along with information technology support services, also was transferred to the Administrative Services Division. In addition, drain and lake level responsibilities joined the Operations and Maintenance Division. Finally, sewer, water, drain plan review, and permitting were consolidated into the Engineering and Construction Division.



The new reorganization also includes measures to facilitate and promote cross-training opportunities for staff members. We've always taken pride in being a customer-friendly organization. As we move forward with these changes, we'll be able to tap into our increased efficiency to provide you with truly superior service.

Testing the Waters

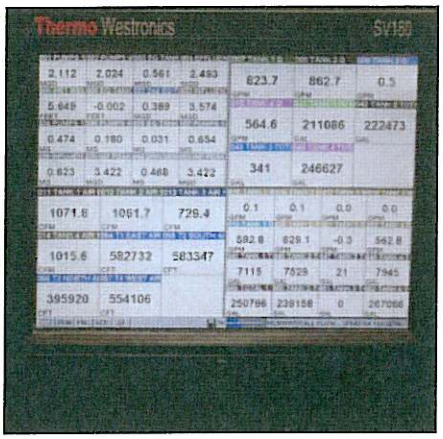
Historic accord reached with Genesee and Macomb counties

An historic agreement was signed with Genesee and Macomb counties to study alternatives to the single-source water supply from Detroit. The plan sought to do two things — provide a backup to the existing Detroit system and save money at the same time. We didn't want a repeat of what happened the major power outage of 2003 where we found ourselves too dependent on a single water source. When that source was eliminated, even for a few days, we had no viable alternative. We've taken the first steps to create a water authority to evaluate regional water supply alternatives to supplement the single-source from the Detroit Water and Sewerage Department.

Called the "Karegnondi Regional Water Planning Group" after the Native American name for Lake Huron, the group will build on preliminary studies already conducted by Genesee and Oakland Counties and the City of Detroit. Those studies confirm that an alternative water supply is needed to provide reliable water service to the region. It is estimated that the new study will cost $250,000 with the charges being shared by the participating counties.

The formation of the planning group marked the first regional cooperative effort to provide safe, secure water to Southeastern Michigan. While our top priority is safety, we also are looking at cost savings wherever possible. In this case, competition may be a good thing. Fed up with double-digit increases in water rates, many suburban communities throughout Oakland County and the surrounding metropolitan region have been calling for an alternative to the Detroit water monopoly.

Cooperation Merits Two Gold Medals



Monitoring the Plant

The Commerce Township Wastewater Treatment Plant and the Walled Lake-Novi Wastewater Treatment Plant each won top performance awards from the National Association of Clean Water Agencies (NACWA).

Both facilities were awarded the prestigious Gold Peak Performance Award. The award recognizes excellence and complete compliance with their National Pollutant Discharge Elimination System Permits.

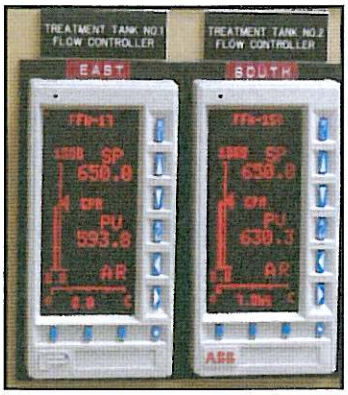
These top awards put us in some very elite company. We're extremely proud of that. It evidences the level of conscientious professionalism displayed by the people working at these two facilities. It is a remarkable achievement.

Besides the national recognition that comes with the awards, they also represent our level of service and commitment to the citizens of Oakland County. This marks the fourth year that the Walled Lake-Novi plant and the third year that the Commerce Township plant have been cited for top honors. In previous years, these two facilities have received either gold or silver awards. This year, both came home with the gold.

NACWA Executive Director Ken Kirk emphasized that winning two gold awards represented "an outstanding example of environmental efforts."

He said, "NACWA is honored to showcase the achievements of the Oakland County Drain Commissioner's office and our nation's public wastewater utilities through the Peak Performance Awards Program."

The award recognizes public wastewater treatment facilities for uncompromising compliance with clean water standards. The gold award goes to facilities achieving 100 percent compliance with the National Pollution Discharge Elimination System Permit for a calendar year.



Flow Control Meters

2007 NACWA National Environmental Award Winner

It's a sled that rides waves of sewage and uses the force of the flowing muck passing underneath to clean sewer pipes. It's the "hydrosled" and it was the principal reason why the Oakland County Drain Commissioner's office captured the 2007 National Environmental Achievement Award from the National Association of Clean Water Agencies (NACWA).

We're extremely pleased with this recognition because it shows that technical innovation and environmental stewardship go hand-in-hand.

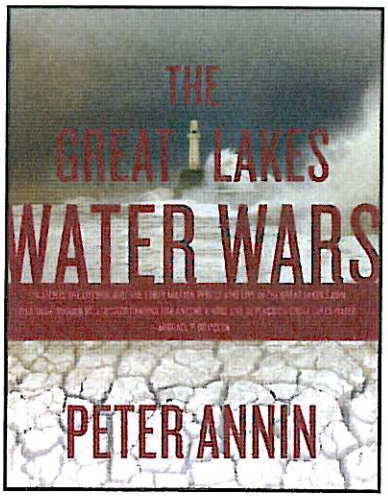
Inland Waters Pollution Control, Inc. (IWPC), a Detroit industrial and environmental services contracting firm, engineered and fabricated the hydrosled for the OCDC at a cost of $21,000.

The hydrosled, which is about three feet wide, two feet tall, and weighs about 300 pounds, has more than paid for itself.

Before utilizing the hydrosled, a typical cleaning often required multiple passes and cost about $125 per foot of pipe. The hydrosled, on the other hand, requires just one pass, does a better job, and does it for less than half the cost. It was used on one job to remove about 250 cubic yards of sand, gravel, and rocks from a large sewer pipe between Pontiac and Waterford Township at a cost of $52 per foot. That means Oakland County ratepayers saved nearly $577,000 on that project alone.

To Preserve and Protect

Clinton River Review featured distinguished author

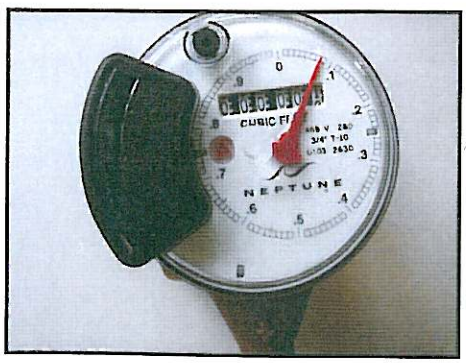


In his book, *The Great Lakes Water Wars,* investigative reporter Peter Annin tackled an important subject that's critical to those of us fortunate enough to live in the Great Lakes watershed. Mr. Annin brought his expertise and unique insight as our guest in the fourth annual Clinton River Review held in September at Oakland University in Rochester. He explained that the Great Lakes, although vast, are nevertheless fragile and subject to the consequences of our actions.

In his book, Annin says the era of warring over the Great Lakes has begun with almost one-fifth of the world's fresh water hanging in the balance.

A trip to the Aral Sea in Uzbekistan provided a chilling influence for his book. Once the world's fourth largest body of water, it has been decimated by withdrawal and ecologically disastrous water-use decisions.

He writes in his book, "It kind of defies the bounds of the mind to grasp how dire the ecological situation is there. When you're standing on the bottom of a sea bed where there should have been water 45 feet over your head, and instead there's none as far as the eye can see, how do you describe that?"



Innovation Merits Top Honors, Customer Praise

Our innovative leak detection brochure was selected as a finalist for the 2007 Research and Technical Practices Award by the Michigan Section of the American Water Works Association's Research and Technical Practices Committee.

The brochure provides our customers with an easy-to-understand tutorial on how to read their water meters to determine if they have a leak. As a result, service calls have been reduced and complaints about leaks have dwindled. As an additional benefit, in the event of a leak, less water is wasted because the leak is discovered earlier. That's a winning combination for our customers and for the environment.

Water & Wastewater Master Plan

In 2007, we unveiled Oakland County's first ever comprehensive water and wastewater master plan. The plan, which was in the works for more than two years, allows community leaders to make informed decisions on how to proceed toward long-term infrastructure solutions.

The new master plan is designed to assess the needs of each of Oakland County's 61 communities so they can be coordinated with their neighbors to develop a comprehensive, watershed-based approach to addressing water-related challenges.

This comprehensive plan evaluates, among other things, alternatives for Oakland County communities to consider based upon the costs and feasibility of options. It also serves as a development tool for practical, well-planned, and environmentally sound solutions.

Kids' Clean Water Calendar Popularity Explodes!

In 2006, nearly 400 fourth and fifth-grade students throughout Oakland County submitted drawings for our annual calendar contest. In 2007, that number more than tripled! Winning entries, along with imaginative and ingenious tips to improve water quality, are featured in a calendar that provides an artistic reminder that clean water is everyone's responsibility. It's a lesson best learned early in life. Take a look at the winning creations on our Web site: www.oakgov.com/drain.

OCDC
OAKLAND COUNTY DRAIN COMMISSIONER
John P. McCulloch

One Public Works Drive
Building 95 West
Waterford, Michigan 48328-1907
248-858-0958
www.oakgov.com/drain