



LIFE'S MOST CRITICAL CONNECTIONS REQUIRE US TO
LOOK BELOW THE SURFACE.

MAKING CONNECTIONS

NORTHEAST OHIO REGIONAL SEWER DISTRICT **ANNUAL REPORT**
2003

MESSAGE FROM THE BOARD PRESIDENT AND EXECUTIVE DIRECTOR



Michael L. Nelson, Sr.
Board President



Hundreds of feet below ground lay miles and miles of sewer line, connecting homes and businesses to our three treatment facilities. On an average day, the process probably never crosses your mind.

But in our business, as in life, critical connections like this are often hidden from the naked eye. For example, improving water quality in northeast Ohio improves the regional economy while promoting a cleaner environment and a higher quality of life. **WE TAKE THESE CRITICAL CONNECTIONS SERIOUSLY.** Investing in Cleveland's greatest natural asset, Lake Erie, only increases our ability to realize its full potential.

In our mind, wastewater treatment is more than treating wastewater. In a holistic approach to wastewater treatment and environmental responsibility, we recognize that if we take care of our environment, it will take care of us. We want our customers to understand how the prudent investments we make—in our environment and in our community—connect to the increasing prosperity of the region. Ultimately, it is these connections that improve our quality of life.

LIFE IS CONNECTIONS.



Erwin J. Odeal
Executive Director



HOW DO WE CONNECT WITH YOU?

MAKING PRUDENT INVESTMENTS

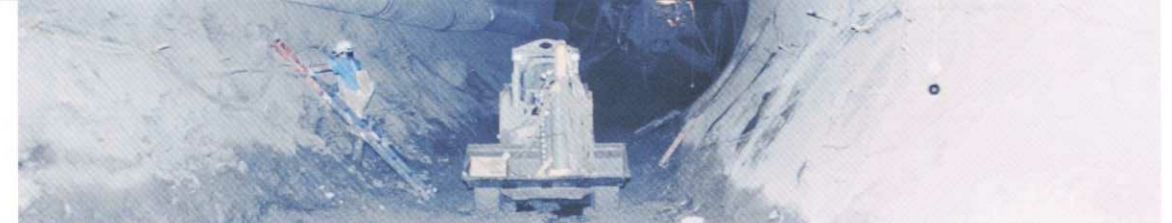
■ We designed our **PROPOSED 30-YEAR COMBINED SEWER OVERFLOW FACILITIES PLAN** to balance the financial impact on our ratepayers while improving water quality and meeting ever more stringent state and federal mandates. At an anticipated cost of \$1.6 billion, our goal was to schedule construction of the program over a three-decade timeframe. A series of public meetings held across our service area in November allowed ratepayers to comment on the proposal.

■ Our administrative employees' **MOVE TO THE NEW GEORGE J. McMONAGLE BUILDING** last fall improves our efficiency by reuniting our engineering staff with the rest of our support services. Furthering the vision of the Judge who created the District and after whom the building is named, our focus is the increased productivity of our employees in a professional working environment. The new 80,000-square-foot facility provides state-of-the-art technology, additional meeting space, and constitutes a financial investment in MidTown Cleveland.

■ In 2003, we developed our **FIVE-YEAR STRATEGIC PLAN** — an employee-driven outline of the organization's specific goals through 2008 — which will increase productivity by linking employees' work to shared, realistic goals and attainable objectives. Our intent was to make this plan a living document that showed how employees' work reflects the core values of the organization. Making that connection further encourages excellence.

Our administrative employees moved into the new McMonagle Building in September. The facility is an investment in the MidTown Corridor that unified several departments for more efficient operation.

Our construction projects and how they are funded directly affect the communities we serve.

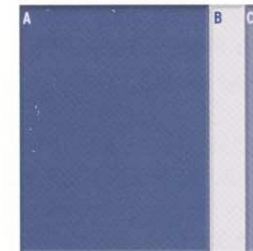


By proposing a 30-year facilities plan for combined sewer overflow projects, we hope to balance the financial impact on ratepayers while still meeting federal mandates. The Mill Creek Tunnel, as seen looking down a 20-foot diameter passage for the future interceptor leg, is one of those projects.

ASSETS

as of December 31, 2003 (in millions)

\$1,648.9

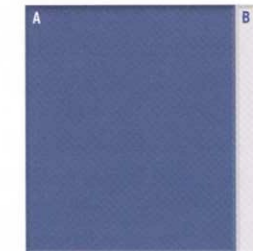


A. Plants, equipment:	\$ 1,259.6
B. Construction fund:	\$ 236.3
C. Cash, investments:	\$ 81.3
D. Other assets:	\$ 71.7

REVENUES

as of December 31, 2003 (in millions)

\$151.5

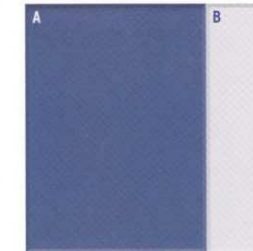


A. User charges:	\$ 129.9
B. Interest:	\$ 12.2
C. Construction grants:	\$ 9.4

LIABILITIES & NET ASSETS

as of December 31, 2003 (in millions)

\$1,648.9

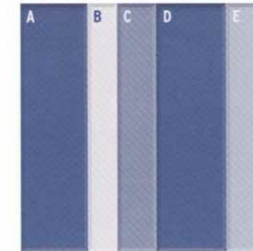


A. Net assets:	\$ 1,202.8
B. Long-term debt:	\$ 395.6
C. Other liabilities:	\$ 50.5

EXPENSES

as of December 31, 2003 (in millions)

\$126.2



A. Personnel:	\$ 36.1
B. Utilities:	\$ 14.5
C. Interest:	\$ 19.4
D. Depreciation:	\$ 34.8
E. Other:	\$ 21.4

Strategic planning involves long-range thinking to chart goals and anticipate obstacles and challenges we might face over the next five, 10, or 20 years. The development of the 2004-2008 Strategic Plan is a step to unify our employees' day-to-day work with our long-term vision.



MAKING ENVIRONMENTAL IMPROVEMENTS

Treating wastewater doesn't just improve water quality. Our work touches all aspects of a healthy environment.



■ We participated in a study of three local beaches last year which examined potential bacteria-prediction models to **IMPROVE MEASUREMENT OF RECREATIONAL WATER QUALITY**. Working with the US Geological Survey, we devised preliminary models to estimate levels of *E. coli* (an organism that indicates poor water quality) in a fraction of the time it takes for current test results. By reducing this period in which bacteria levels can change dramatically, we hope to predict beach water quality more quickly, and also more accurately. We will further refine two of the three prediction models through another study in 2004.

■ Natural channel-design techniques — known as bioengineering — can reduce flooding while improving both water quality and stream aesthetics. Last year, we managed two **STREAM RESTORATION PROJECTS** along the Chevy Branch of Big Creek, in which more than 900 feet of stream bank along Milligan and Brookfield Avenues were stabilized to alleviate residents' flooding and erosion problems. Each project was a joint effort between the District and Cleveland's Department of Port Control, funded through mitigation funds and supported by the Cuyahoga Soil and Water Conservation District.

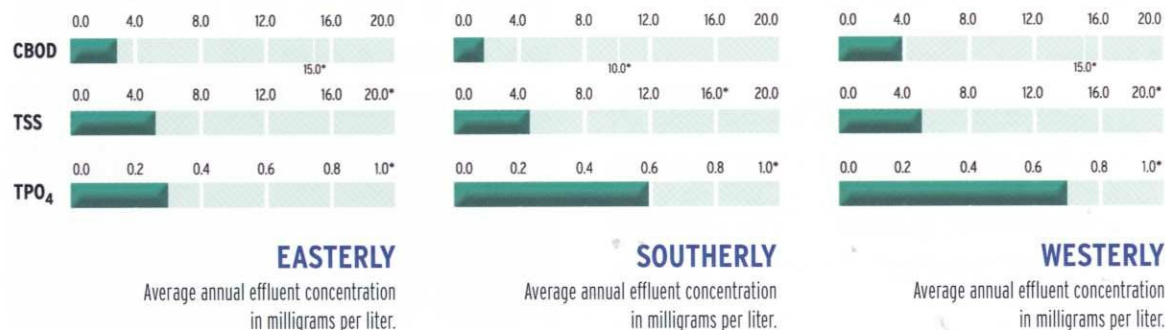
By accurately and more quickly predicting bacteria levels at local beaches, citizens can be better informed of recreational water quality. A study conducted in 2003 laid the foundation for further refinement of bacteria-prediction models at three local beaches.

Netting facilities at key outfalls, like this enclosed unit at the USS Cod on Lake Erie, have captured floatable debris at a success rate of 90 percent.



■ **FLOATABLES CONTROL** projects greatly improve a stream's health and appearance. Litter and trash that are washed into sewers during heavy rain are known as floatables once they reach a nearby lake or stream. Netting facilities can control such debris by trapping floatables at the sewer's discharge point. Since 1999, we have installed five netting facilities responsible for capturing more than 90 percent or 101,000 pounds of floatables at their locations. Five additional facilities were designed last year and are slated to begin construction in 2004.

PLANT PERFORMANCE DATA



WHAT DOES PLANT PERFORMANCE DATA REPRESENT? Our treatment plants' performance is based on the quality of their effluent (the treated water we release to the environment) compared to their respective permit limits. Of the many criteria we evaluate, the three highlighted in the graphs above indicate the high quality of our effluent and the impact of our treatment process on the environment. The * numbers represent permit limits for 30-day averages.

CARBONACEOUS BIOCHEMICAL OXYGEN DEMAND (CBOD) is a measurement of the amount of dissolved oxygen consumed to break down carbon-containing compounds in the water. High levels of CBOD deprive aquatic life of its oxygen.

TOTAL SUSPENDED SOLIDS (TSS) indicates the amount of insoluble solids floating or suspended in water.

TOTAL PHOSPHORUS (TPO₄) is the sum of all forms of phosphorus, an essential nutrient for aquatic life. But in large amounts, phosphorus may stimulate the growth of nuisance quantities of algae, which can negatively affect the aquatic environment.

MAKING A DIFFERENCE IN THE COMMUNITY

- In 2003, our **EMPLOYEE-DRIVEN FUNDRAISING EFFORTS** collected the most donations in Sewer District history, benefiting charities across Northeast Ohio. The year was highlighted by our fall Charity Choice campaign in which employees donated \$35,000 to the United Way, the United Negro College Fund, and Community Shares. More than \$92,000 has been donated to charitable causes over the last two years through our employees' various fundraising programs.
- Dozens of **PUBLIC MEETINGS** are held across the District's service area every year to present study findings or project schedules, and allow customers to address the professionals who can answer their questions.
- We strive to be an active and dynamic part of the community we serve. Participating in **OUTREACH ACTIVITIES** such as presentations, special-event information booths, environmental clean-up efforts, and career days allow us those opportunities. While our good work speaks for itself, good work is about good people: Our dedicated employees, as well as informed customers.

We are in business to serve the public. When they see our work and understand the value it has in the community, we've done our job.

To assist member communities with stormwater management planning, we presented public officials with an overview of the EPA's Phase II Storm Water Permit regulations.



A class of East Tech High School seniors learned skills to help them become qualified candidates for today's job market through a District-sponsored career-readiness program. Lessons on writing cover letters and resumes, computer basics, and being interviewed walked participants through experiences they would encounter in their job searches.



Knowledgable employees encourage a knowledgable public. Our future success relies on that connection.

Outreach events such as exhibit booths are an opportunity for the public to see how the work we do positively affects them and our region.

MAKING WAVES IN OUR INDUSTRY

- For its ability to manage challenges facing wastewater utilities, the Association of Metropolitan Sewerage Agencies (AMSA) recognized the District with the 2003 **EXCELLENCE IN MANAGEMENT AWARD**. While our treatment plants are regularly honored for their permit compliance, this was the first time AMSA recognized entire agencies for overall excellence in management. The distinction is valid through 2006.
- AMSA honored our three treatment plants with **SILVER AWARDS** for excellent performance last year. Easterly, Southerly, and Westerly consistently met their National Pollutant Discharge Elimination System (NPDES) permit limits, each having only one violation in 2003.
- Our comprehensive annual financial report was recognized by the Government Finance Officers Association with the 2003 **AWARD FOR EXCELLENCE IN REPORTING**. It was our eighth consecutive honor.
- Safety will always be a priority, for our customers and our employees. Our Westerly facility earned the Ohio Water Environment Association's **TREATMENT SAFETY AWARD** for its performance in 2003. The honor recognizes the ongoing safety programs of a treatment plant with more than 20 employees.

The improved and ever improving quality of the lake and river speak highly of our performance.



Easterly Treatment Plant



Southerly Treatment Plant



Westerly Treatment Plant

Our treatment plants are at the heart of our services. Their ongoing compliance with rigorous permit limits earned each of them the 2003 Silver Award from the Association of Metropolitan Sewerage Agencies.

We have built a reputation in our industry. One that has taken 30 years to forge, and will require excellence to maintain.

For our superb managerial performance, Easterly Assistant Superintendent Ray Weeden accepts our 2003 Excellence in Management Award presented by the Board of Trustees.



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Michael L. Nelson, Sr.
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Gerlad M. Boldt



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Edgewater Park, Cleveland

CONNECTIONS ARE OUR BUSINESS.

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 **Northeast Ohio Regional
Sewer District**
Protecting Your Health and Environment

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