

**68-O-11**

**AN ORDINANCE**

**Amending Title 8, Chapter 27 of the City Code,  
"Solid Waste Transfer Station Fee"**

**WHEREAS**, Article VII, Section 6 of the Illinois Constitution sets forth the powers of home rule units of government; and

**WHEREAS**, the City of Evanston is a home rule unit of government; and

**WHEREAS**, the powers of a home rule unit such as the City are to be construed liberally pursuant to Article VII, Section 6(m) of the Illinois Constitution; and

**WHEREAS**, the City has the authority to adopt ordinances and to promulgate rules and regulations that pertain to its government and affairs and that protect the public health, safety, and welfare of its citizens; and

**WHEREAS**, a multinational conglomeration headquartered in France, Veolia Environnement ("Veolia"), owns and operates a Solid Waste Transfer Station ("SWTS") for profit within the City of Evanston. The SWTS accepts waste generated by private entities within the City and those in adjacent communities, which is collected by private scavengers and solid waste collectors for profit; and

**WHEREAS**, Veolia operates, maintains, and seeks to expand the operations of the SWTS in order to increase its profits; and

**WHEREAS**, as documented in its 2010 annual financial report, Veolia's worldwide operations generated over 34 billion Euros in revenue, which adjusted to U.S. dollars comes out to approximately **\$50 billion in revenue in 2010** (currency

conversion as of July 28, 2011). Excerpts of the annual report are attached hereto as Exhibit 1; and

**WHEREAS**, Veolia's subsidiary which operates the SWTS in Evanston has 84,740 employees located in 33 countries worldwide; and

**WHEREAS**, Veolia's worldwide revenues in the waste collection sector **increased** 6.7% in 2010, for a total of 9,312 billion Euros (approximately \$13.2 billion); and

**WHEREAS**, the annual report highlights the fact that in 2010 the revenue margins in the waste collection sector **improved** despite increased pressure on prices; and

**WHEREAS**, Veolia's North American revenues **increased 6%** in 2010; and

**WHEREAS**, Veolia's annual report highlighted the significant revenue streams coming in via the Cook/Lake County market, specifically, the \$12 million annual waste collection contract recently executed with the City of Highland Park; and

**WHEREAS**, the City of Batavia, Illinois currently charges Veolia two dollars and twenty-eight cents (\$2.28) per ton of solid waste delivered to the SWTS in its jurisdiction; and

**WHEREAS**, the City of Plano charges the operator of a SWTS in its jurisdiction two dollars and seventy-five cents (\$2.75) per ton of solid waste delivered to said SWTS; and

**WHEREAS**, the \$2.00 per ton fee assessed by the City to Veolia is reasonable and comparable to the those similarly situated communities' fees; and

**WHEREAS**, one of the private solid waste collectors utilizing the SWTS, Groot, confirmed on December 21, 2010, that Veolia imposed a 1% increase on all of its commercial franchise accounts, which was applicable to Groot, said increase which took effect on January 1, 2011; and

**WHEREAS**, in its pursuit of profit, Veolia elected to **pass on the costs of the Solid Waste Station Transfer Fee to said commercial franchise accounts**; and

**WHEREAS**, Article XI, Section I of the Illinois Constitution mandates that it is the public policy of the State and the duty of each person to provide and maintain a healthful environment for the benefit of this and future generations; and

**WHEREAS**, from time to time, the operations of the SWTS cause environmental damage which adversely impacts the public health and welfare, and that in order to alleviate the burden on the City's enforcement departments, and to assure public participation in the task of protecting the environment, governmental remedies and programs directed to the operations of the SWTS must be provided; and

**WHEREAS**, in addition to the City's existing laws and regulations concerning transportation and storage of solid waste, there is a need for additional regulations that prevent possible damage to the environment and harm to the public health, safety and welfare of the people of the City resulting from the operations of the SWTS; and

**WHEREAS**, it is necessary to supplement and strengthen existing regulations regarding all solid waste operations in the City; and

**WHEREAS**, excessive quantities of refuse and inefficient and improper methods of refuse disposal result in scenic blight, cause serious hazards to public

health and safety, create public nuisances, divert land from more productive uses, depress the value of nearby property, offend the senses, and otherwise interfere with the City's community life and development; and

**WHEREAS**, pursuant to 415 ILCS 5/2(a)(iv), it is the obligation of the State Government to manage its own activities so as to minimize environmental damage and to encourage and assist local governments to adopt environmental regulations; and

**WHEREAS**, pursuant to standard condition 5c of its Construction and Development Permit from the Illinois Environmental Protection Agency ("IEPA") and special condition 17 of its December 2010 IEPA-issued Supplemental Permit for Operating Plan Modification, Veolia is required to meet and secure all necessary zoning approvals from the City in the use of said permits; and

**WHEREAS**, the Illinois Constitution authorizes home rule units to adopt and enforce zoning restrictions, as explained in the case of *Zeitz v. Village of Glenview*, 304 Ill.App.3d 586; and

**WHEREAS**, the enforcement and application of all permitted zoning regulations applicable to the Veolia SWTS costs the City of Evanston, and its residents, money and time in terms of staff resources expended in connection therewith; and

**WHEREAS**, pursuant to 65 ILCS 5/11-60-8, the City of Evanston is empowered with broad authority to define, prevent and abate nuisances, and to otherwise make, enact, and enforce all needful rules, regulations, and ordinances which may be conducive to the preservation of the public health, comfort, and convenience,

such power which extends to charging the owner and all users of the SWTS a reasonable charge for the use of that station; and

**WHEREAS**, enforcement of proper regulations directed to controlling the presence of vectors such as rats and other vermin, the existence of which are attributable to the operations of the SWTS, and which cost City staff time and resources in remediating, should permit the legitimate recovery of the costs of such enforcement; and

**WHEREAS**, pursuant to 65 ILCS 5/11-42-9, the City of Evanston may prohibit any offensive or unwholesome business or establishment within the municipality and within the distance of one (1) mile beyond the municipal limits; and

**WHEREAS**, pursuant to 65 ILCS 5/11-80-10, the City of Evanston may regulate and prevent the depositing of ashes, offal, dirt, garbage, or any other offensive matter in, and to prevent injury to streets, alleys, or other municipal property; and

**WHEREAS**, pursuant to 65 ILCS 5/11-42-10, the City of Evanston may compel the owner of any unwholesome or nauseous house or place, to cleanse, abate, or remove the same, and to regulate the location thereof; and

**WHEREAS**, the City Health Department expended, and continues to expend, enormous amounts of staff time on the SWTS station issues (approximating at least 1,070 hours as of July 28, 2011). A full-time staff member was hired on November 26, 2010 who is exclusively devoted to dealing with citizen complaints regarding the SWTS operations and monitoring the SWTS' operations in connection thereto; and

**WHEREAS**, in July 2011 alone, no fewer than four (4) citations have been issued to Veolia for violations of City Code Subsection 8-4-1-(A), which stem from the

noxious odors that emanate from the operation of the SWTS, requiring approximately fifty (50) hours' worth of City staff time for the investigation and prosecution thereof. City staff tasked with the prosecution and adjudication of the citation included the City Corporation Counsel, the Administrative Adjudication Division, as well as other City departments; and

**WHEREAS**, on July 14, 2011, the SWTS was adjudged guilty of violating City Code Section 8-4-1(A) due to the fact that an unwholesome odor of rotten garbage was emanating from the SWTS on June 14, 2011, and thereby befouling the neighborhood; and

**WHEREAS**, from May 16, 2011 to July 28, 2011, 54 complaints were registered with the City's 311 Center, complaining of the noxious nuisances caused by the SWTS' operations. The Service Request Report evidencing the complaints is attached as Exhibit 2 to this Ordinance; and

**WHEREAS**, these complaints received from residents were regarding odor, litter, speeding trucks, and noise, all of which are nuisances under the Illinois Compiled Statutes and the City Code; and

**WHEREAS**, as depicted in the pictures taken by City staff, attached hereto as Exhibit 3, on July 18, the nuisances present at the SWTS were of like kind and volume present on a daily basis at the SWTS, such nuisances which the City Council is fully aware of; and

**WHEREAS**, charging a fee for the benefit of the City will at least partially offset, but not come close to recapturing, the enormous financial burdens imposed upon the City as a result of the operation of the SWTS including, but not limited to,

responding to citizen complaints, regulating and abating associated nuisances, and repairing and maintaining adversely affected infrastructure; and

**WHEREAS**, in the case of *City of Chicago v. Krisjon Construction Co.*, 246 Ill.App.3d 950, the Illinois Appellate Court held that home rule units of government have the constitutional authority to regulate solid waste dump sites; and

**WHEREAS**, in the case of *Village of Carpentersville v. Pollution Control Board*, 135 Ill.2d 463, the Illinois Supreme Court held that the State Environmental Protection Act did not pre-empt the authority of either home rule or non-home rule units of government, to regulate liquid hazardous waste incinerators; and

**WHEREAS**, in the cases of *City of Chicago v. Pollution Control Board (1974)*, 59 Ill.2d 484, and *Cook County v. John Sexton Contractors Co.*, 75 Ill.2d 494, the Illinois Supreme Court held that the State Environmental Protection Act did not pre-empt the authority of home rule units of government to regulate landfills; and

**WHEREAS**, the City, as a home rule unit of government, has the authority to regulate solid waste dumps, liquid hazardous waste incinerators, landfills and, by extension, the directly analogous operations of the SWTS; and

**WHEREAS**, in 2010 and 2011, the Evanston City Council held numerous public hearings, pursuant to proper notice, to consider the impacts upon the City infrastructure, public health, and resources resultant from the activities generated by the SWTS, received information from City staff, received exhaustive input from City residents, convened numerous neighborhood and Ward meetings, and carefully and exhaustively deliberated regarding the setting of a reasonable user fee; and

**WHEREAS**, in 2010 and 2011, City staff and the City Council engaged Veolia in a dialog regarding the operations of the SWTS, such that any argument that the fee mandated by this Ordinance is being arbitrarily assessed, is not well-taken; and

**WHEREAS**, if the user fee is not established, the City's enforcement agencies will continue to be overly burdened in addressing and abating nuisances attributable to the SWTS, and Evanston residents will be severely impacted and suffer from deleterious health and environmental effects; and

**WHEREAS**, the City of Evanston must be allowed to impose a reasonable fee to partially defray its costs related to aforesaid impacts; and

**WHEREAS**, the City of Evanston has the right to classify businesses and their customers based upon reasonable classifications such as the cost of service, impacts upon city infrastructure, impacts upon City staff and residents, the purpose for which the service is received, the quantity or the amount received, the different character of the service furnished, the time of its use, or any other matter that presents a substantial difference as a ground of distinction; and

**WHEREAS**, the City of Evanston's police power is not limited to the regulation of such things that may already become nuisances, but extends to the regulation of those things that may become nuisances; and

**WHEREAS**, in the case of *PrimeCo Personal Communications, LP v. Illinois Commerce Commission*, 2000 WL 34016430 (citing *Dignet, Inc. v. Western Union ATS, Inc.*, 958 F.2d 1388), the Circuit Court of Cook County found that it is within a municipality's lawful regulatory power to impose user fees based on reasonable estimates of the costs imposed by the user(s); and



**WHEREAS**, the City Council considered and adopted the Solid Waste Station Transfer Fee pursuant to its home rule, zoning, regulatory, and police powers, and, following its deliberations, set a user fee that is rationally related to legitimate government purposes; and

**WHEREAS**, it is well-settled law in Illinois that the legislative judgment of the City Council must be considered presumptively valid, see *Glenview State Bank v. Village of Deerfield*, 213 Ill.App.3d 747; and

**WHEREAS**, the fee set forth herein is fair and equal to all similarly situated parties and that the City is entitled to partially recover its reasonably estimated costs through the collection of this fee; and

**WHEREAS**, a worldwide corporation such as Veolia with approximately \$50 billion in 2010 revenues has the means and ability to pay the reasonably established \$2.00/ton waste transfer fee;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS:**

**SECTION 1:** That the foregoing recitals are found as fact and incorporated herein by reference.

**SECTION 2:** That Title 8, Chapter 27 of the City Code is hereby deleted in its entirety and replaced with the following, titled "Solid Waste Station Transfer Fee":

**8-27-1: TITLE:**

This Chapter shall be referred to as the Solid Waste Transfer Station Fee.

**8-27-2: PURPOSE AND INTENT:**

The purpose of this Chapter is to promote the public health, safety, and welfare of the residents of the City of Evanston by requiring a fee for the use of a Solid Waste Transfer

Station. Said fee shall serve to defray the City's reasonably estimated costs incurred due to the operation of any such Solid Waste Transfer Station. Said costs include, but are not limited to, regulatory inspections, nuisance abatement measures, remediation of environmental damage, and the maintenance, repair, and replacement of adversely affected infrastructure.

**8-27-3: DEFINITIONS:**

As used in this Chapter, the following terms are defined as follows:

**SCAVENGER SERVICE:** any person engaged in the removal of solid waste. The foregoing shall not apply to waste collected by, or on behalf of, the City of Evanston.

**SOLID WASTE TRANSFER STATION:** a privately-owned site or facility that accepts waste for sorting and/or consolidation, and further transfer to a waste disposal, treatment, or handling facility.

**8-27-4: PAYMENT OF FEE AND QUARTERLY REPORT REQUIRED:**

- (A) Any Scavenger Service that owns and operates a Solid Waste Transfer Station shall be assessed a fee of two dollars (\$2.00) per ton, or any fraction thereof, of solid waste delivered to said Solid Waste Transfer Station.
- (B) The fee shall be paid to the City of Evanston each calendar quarter within forty-five (45) days after the end of the previous calendar quarter.
- (C) Any Scavenger Service that owns and operates a Solid Waste Transfer Station shall provide, to the Director of Public Works of the City of Evanston, a quarterly report documenting the quantity of all solid waste delivered to the Solid Waste Transfer Station and shall identify the Scavenger Service(s) that delivered said waste. Said report shall be submitted to the City of Evanston each calendar quarter within forty-five (45) days after the end of the previous calendar quarter.

**8-27-5: PENALTY:**

- (A) If a Scavenger Service that owns and operates a Solid Waste Transfer Station fails to pay the fee within the time frame specified in Section 4 this Chapter, it shall be fined a mandatory fine of seven hundred fifty dollars (\$750.00). Each day that the fee remains unpaid after it is due shall be a separate and continuing offense.
- (B) The City may refuse to permit any Scavenger Service that owns and operates a Solid Waste Transfer Station to continue operation thereof if said Scavenger Service fails to pay all outstanding fees it owes the City for any two (2) consecutive calendar quarters.
- (C) If a Scavenger Service that owns and operates a Solid Waste Transfer Station fails to provide the quarterly report within the time frame specified in Section 4 of

this Chapter, it shall be fined a mandatory fine of fifty dollars (\$50.00). Each day that the report is not submitted after it is due shall be a separate and continuing offense.

**8-27-6: TERMS LIBERALLY CONSTRUED:**

The terms and provisions of this Chapter shall be liberally construed so as to effectuate the purposes set forth in Section 2 of this Chapter. Each and every recital and legislative finding regarding this Chapter is to be construed and interpreted severally.

**SECTION 3:** That if any provision of this ordinance or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this ordinance is severable.

**SECTION 4:** That all ordinances or parts of ordinances in conflict herewith are hereby repealed, and, specifically, Ordinance 82-O-10 is repealed in its entirety.

**SECTION 5:** That this Ordinance 68-O-11 shall be in full force and effective as of December 17, 2010, *nunc pro tunc*.


**SECTION 6:** That the findings and recitals contained herein are declared to be prima facie evidence of the law of the City and shall be received in evidence as provided by the Illinois Compiled Statutes and the courts of the State of Illinois.

Introduced: August 8, 2011

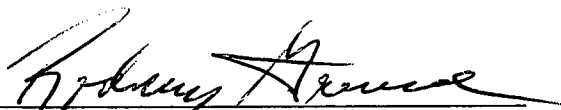
Adopted: August 8, 2011

Approved:

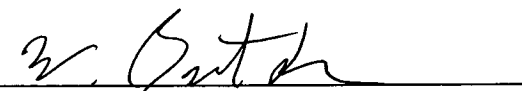
August 10, 2011

  
Elizabeth B. Tisdahl, Mayor

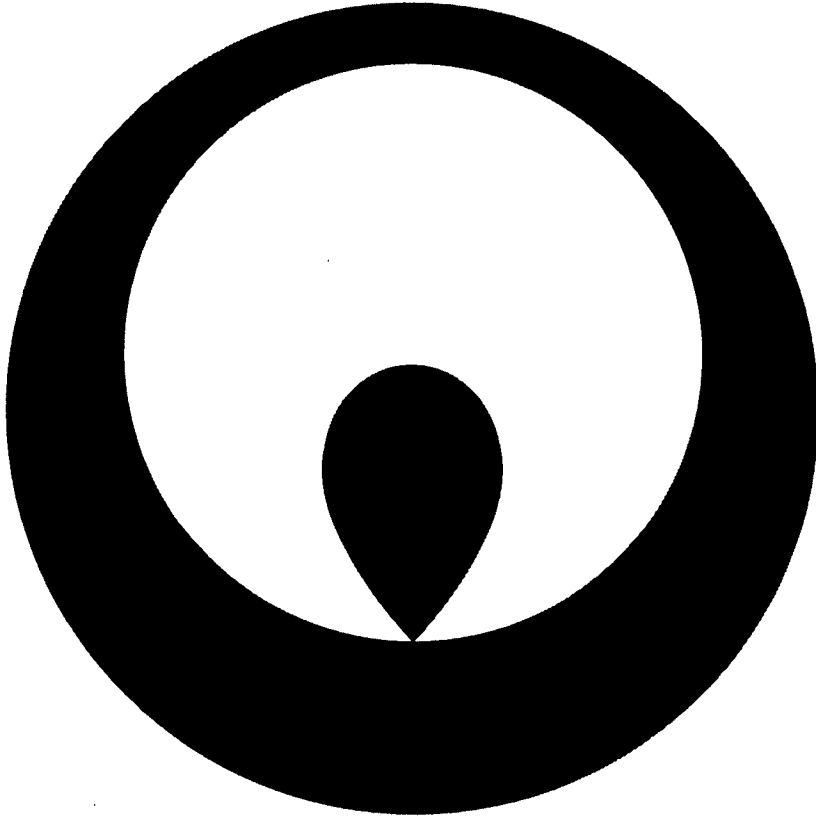
Attest:

  
Rodney Greene, City Clerk

Approved as to form:

  
W. Grant Farrar, Corporation Counsel

Exhibits 1, 2 & 3



This is a free translation into English of Veolia Environnement's *document de référence* (the "registration document"), filed by Veolia Environnement with the French Regulatory Authority (*Autorité des marchés financiers* (AMF)) on March 30, 2011 under number D.11-0200, and is provided solely for the convenience of English-speaking readers. This document does not include the annexes to the French version of the registration document.

Veolia Environnement's Annual Report on Form 20-F, filed with the US Securities and Exchange Commission on April 18, 2011, contains substantially all of the information set forth in this registration document and certain additional information not included herein.



Pursuant to article 28 of European Regulation n° 809/2004, the following information is incorporated by reference in this registration document: (i) the consolidated financial statements and the corporate financial statements for the 2009 fiscal year and the corresponding statutory auditor's report, included in chapter 20, paragraphs 20.1 and 20.2, respectively, of Veolia Environnement's reference document for the 2009 fiscal year, filed with the French Regulatory Authority (AMF) financiers on March 30, 2010 under number D.10-0190, and (ii) the consolidated financial statements and the corporate financial statements for the 2008 fiscal year and the corresponding statutory auditor's report, included in chapter 20, paragraphs 20.1 and 20.2, respectively, of Veolia Environnement's reference document for the 2008 fiscal year, filed with the French Regulatory Authority (AMF) on March 30, 2009 under number D.09-0166.

## AMF

This registration document was filed with the French Regulatory Authority (AMF) on March 30, 2011, pursuant to Article 212-13 of its general regulations. This registration document may be used in connection with a financial transaction if supplemented by a *note d'opération* approved by the French Regulatory Authority (AMF). This document has been prepared by the issuer under the liability of the signatories.

## Main acquisitions and divestitures in 2010

The main acquisition and divestitures during the year include:

- in France, following the Memorandum of Understanding signed with Lyonnaise des Eaux (LDE) on December 19, 2008, an agreement concerning the redistribution of the subsidiaries held jointly by LDE and Veolia Eau – Compagnie Générale des Eaux came into effect on March 2010 and resulted in:
  - the sale to LDE of Société des Eaux du Nord, Société Nancéienne des Eaux, Société des Eaux de Versailles et de Saint Cloud, Société Martiniquaise des Eaux, Société Guyanaise des Eaux, Société Stéphanoise des Eaux, SERAM and Société Provençale des Eaux,
  - the acquisition by Veolia Eau - Compagnie Générale des Eaux of additional interests in Société des Eaux d'Arles, Société des Eaux de Marseille and certain of its subsidiaries and in particular Société Industrielle du Littoral Méditerranéen and Bronzo Environnement. Veolia Eau - Compagnie Générale des Eaux now holds more than 97% of the share capital of these companies;
- in Europe, the acquisition in November 2010 of certain United Utilities Group businesses, including:
  - a 77.1% shareholding, via Veolia Voda, in Sofiyska Voda, which operates water supply and treatment services for the city of Sofia in Bulgaria,
  - a 33.2% shareholding, via Veolia Voda, in Aqua SA, which operates water supply and treatment services for the city of Biesko Biala in southern Poland,
  - a portfolio of construction and management contracts for water treatment plants in the United Kingdom.
- again in Europe, the acquisition of a 9.52% shareholding by the company International Finance Corporation (IFC) in Veolia Voda, reducing Veolia Eau – Compagnie Générale des Eaux's shareholding in Veolia Voda to 75.2%, the divestiture in December 2010 to Rabobank and Evides of a portion (29%) of our shareholding in Delfluent B.V, the company operating the Hague BOT contract, reducing our shareholding in this company to 11% and the buyout by Veolia Water Systems of the remaining 25% minority interests in SIBA Spa increasing our shareholding in Siciliacque (in Sicily) and Sorical (in Calabre) to 74.7% and 46.5%, respectively.

Following the creation, acquisition or consolidation of sixty-four companies in 2010 and the liquidation, divestiture or transfer of thirty-seven companies, the Water Division (excluding Proactiva) is comprised of 755 companies as of December 31, 2010 compared to 728 in 2009.

### 6.1.3.2 Environmental Services

Veolia Environnement, through its subsidiary Veolia Propreté, is the number one reference in its sector<sup>(1)</sup>, where it is involved in waste collection, recycling and processing and handles waste in all forms and at all stages of the waste cycle. Veolia Propreté manages liquid and solid waste, non-hazardous and hazardous waste (with the exception of nuclear waste) from collection to recovery, on behalf of both public authorities and industrial customers.

As of December 31, 2010, Veolia Propreté employed 84,740 people<sup>(2)</sup> around the world, in approximately 33 countries.

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(1) Sources: internal studies and Eurostat

(2) Employees managed as of December 31, 2010, including 6,567 Proactiva employees allocated to its environmental services business.



Veolia Propreté is a partner of over 750,000 industrial and service-sector customers<sup>(3)</sup> and serves more than 75 million residents on behalf of public authorities.

As of December 31, 2010, Veolia Propreté managed approximately 817 waste processing units.

The term of Veolia Propreté contracts usually depends on the nature of services provided, applicable local regulations and the level of industrial investment required. Collection contracts usually range from one to five years, while waste processing contracts can range from one year (for services provided on sites belonging to Veolia Propreté), to thirty years (for services involving the financing, construction, installation and operation of new waste processing infrastructures).

The following table shows the consolidated revenue (revenue from ordinary activities under IFRS) and operating income of the Environmental Services Division, after elimination of inter-company transactions.

### Environmental Services\*

<i>(€ million)</i>	2010	2009 re-presented**	Change 2010/2009
Revenue	9,312.2	8,731.5	6.7 %
Operating income	610.4	449.4	35.8 %

\* Including Veolia Environnement's share in the results of the environmental services activities of Proactiva, Veolia Environnement's joint venture with FCC.

\*\* In accordance with IFRS 5, Non-current assets held for sale and discontinued operations, the Income Statements of the Waste-to-Energy entities in the Environmental Services Division (primarily divested in the second half of 2009, and at the beginning of 2010 for the Dade entity) and of Veolia Miljo (in the course of divestiture) are grouped together in a separate line, Net income from discontinued operations.

### Overview of Environmental Services

Veolia Propreté furnishes waste management and logistical services, which include waste collection, waste processing, cleaning of public spaces, maintenance of production equipment, treatment of polluted soil, and management of waste discharge at industrial sites.

Downstream, Veolia Propreté conducts basic or more complex waste processing operations in order to eliminate pollutants and transform waste into a resource. Thus, Veolia Propreté:

- sorts and processes waste in order to create new raw materials, otherwise referred to as recycling or material recovery;
- transforms organic material into compost to be returned to the soil, otherwise referred to as composting or agronomic recovery;
- processes waste in the least damaging way possible, through landfill sites or incineration;
- produces electricity or heat using waste in landfill sites or incineration, otherwise referred to as waste-to-energy recovery.

The services referred to above fall into three major business sectors: environmental services and logistics for public sectors and industrial companies, sorting and recycling of materials and waste recovery, and processing through composting, incineration and landfilling.

(3) The commercial figures appearing in Chapter 6.1.3.2 (in terms of customers, number of residents served, tonnage, etc.) do not include Proactiva, unless otherwise indicated.

### **Key factors**

The key factors that may influence the activities of Veolia Propreté are of a technical, contractual and economic nature. They mainly concern the following success factors:

- A presence at all points of the waste value chain, from pre-collection through to processing and recovery, in an appropriate range of geographical areas at different stages of maturity, enabling the identification and control of innovative, tailored solutions for proposal to customers and setting the Company apart from the competition in the market;
- The management of risks relating to the protection of the environment and the safety of individuals and installations (see Section 4.2.3 above);
- The quality of employee management in sectors which are often labor-intensive (limiting absenteeism and industrial action, developing skills and training);
- The ability to innovate using new technologies (processing, rolling stock) and processes (sorting-recycling), founded on an effective technology, regulatory and competition watch system;
- Operating efficiency (purchases, sales, logistics, maintenance management) enabling the optimization of unit costs and the utilization rate of equipment, while ensuring the high level of quality required for products and services delivered;
- Investment management in certain capital-intensive activities (selectivity, risk analysis, installation size);
- The quality of contractual management for long-term contracts (major clauses, price review formulae, guarantees and deposits, etc.) (see Section 4.1.2.2 above);
- Management of economic and financial risks: volumes fluctuation, volatility of raw material prices (fuel, materials sold such as paper and metals), customer risk, foreign exchange and interest rate risk (see Section 4.2.3.2 above).

## **Environmental Services and Logistics for Public Sectors and Industrial Companies**

### **Maintenance of Public Spaces and Urban Cleaning**

Each day, Veolia Propreté provides urban cleaning services in many cities throughout the world, including London, Paris, Alexandria, Singapore and Dresden. Veolia Propreté also provides mechanized street cleaning and building facade treatment services.

### **Cleaning and Maintenance of Industrial Sites**

Veolia Propreté provides cleaning services at the sites of its industrial and service sector customers, including cleaning of offices and maintenance of production lines.

In the industrial sector, cleaning services are extended to food-processing plants, and heavy industry and hightech sites, where Veolia Propreté offers specialized cleaning services (high pressure or extreme high pressure cleaning). Veolia Propreté also offers cryogenic cleaning, and reservoir cleaning services at refineries and petrochemical sites. Finally, Veolia Propreté has developed emergency services to treat site contamination in the event of an accident or other incident.

### ***Liquid Waste management***

Through its specialized subsidiary SARP, Veolia Propreté provides liquid waste management services that consist primarily of pumping and transporting sewer network liquids and oil residues to treatment centers.

Veolia Propreté has developed liquid waste management procedures that emphasize environmental protection, such as on-site collection and the recycling and reuse of water during the processing of liquid waste. Used oil, which is hazardous for the environment, is collected before processing and re-refining by a Veolia Environment Services subsidiary specializing in the management of hazardous waste.

### ***Soil Decontamination***

Land redevelopment and the expansion of residential and business areas may lead to the use of sites where the soil has been polluted through prior use. Veolia Propreté has specific techniques for treating difficult sites, which include treating polluted soil and rehabilitating temporarily inactive industrial areas, cleaning accidental spills and bringing active industrial sites into compliance with applicable environmental regulations.

### ***Collection***

In 2010, more than 75 million people around the world benefited from Veolia Propreté's waste collection services. Veolia Propreté collects household waste through door-to-door pickup or through pickup at designated drop-off sites, and collects commercial and non-hazardous industrial waste. It maintains the cleanliness of green areas and carries away "green" waste and also collects hazardous waste on behalf of its service sector and industrial customers, including hospital waste, laboratory waste and oil residue (ships, gas stations and drilling platforms) and diffused hazardous waste.

Veolia Propreté also offers related services to its service sector and industrial customers, such as preliminary studies of future waste collection needs and waste tracking after collection.

### ***Transfer and Regrouping of Materials***

Waste of the same type is transported either to transfer stations in order to be carried in large capacity trucks, or to grouping centers where it is separated by type and then sorted before being sent to the appropriate processing center.

Hazardous waste is usually transported to specialized physico-chemical processing centers, recycling units, special industrial waste incineration units or landfill sites designed to receive inert hazardous waste.

### ***Sorting and Recycling of Materials***

Veolia Propreté processes waste with a view to reintroducing such waste into the industrial production cycle.

Veolia Propreté's recycling activities generally involve the selective collection of paper, cardboard, glass, plastic, wood and metal that customers either separate into different containers or mix with other recyclable materials.

Veolia Propreté recovers solid waste received at its 329 sorting and recycling centers. These specialized centers separate the different components of complex waste, such as electric and electronic products and fluorescent lamps. Veolia Propreté works upstream in partnership with industrial customers and with the Group's research center to develop new recycling activities. Recycled material is sold or distributed to intermediaries or directly to industrial customers.

## **Waste Recovery and Treatment through Composting, Incineration and Landfilling**

Veolia Propreté has a wide range of treatment centers, comprising sorting and recycling centers, composting units, hazardous waste treatment centers, incineration units and landfill sites.

### *Composting and Recovery of Organic Material from Fermentable Waste*

Veolia Propreté and Veolia Eau work together to recover sludge from wastewater treatment plants. At its 127 composting units, Veolia Propreté processes urban and industrial sludge, part of which is then reintroduced into the agricultural cycle through land spreading, with a related tracking service.

### *Incineration and Waste-to-Energy Recovery*

Veolia Propreté operates 64 waste-to-energy recovery and incineration plants, which process non-hazardous solid waste (mainly urban waste).

Energy is generated from the heat created by incinerating waste at these plants. Veolia Propreté uses this energy to supply urban heating networks or sells it to electricity providers.

### *Landfilling and Waste-to-Energy Recovery*

In 2010, Veolia Propreté had 137 non-hazardous waste landfill sites. Veolia Propreté has developed the expertise to process waste through methods that reduce emissions of liquid and gas pollutants. In addition, 92 landfill sites have recovery systems to transform biogas emissions into alternative energies.

### *Processing of Hazardous Waste*

In 2010, Veolia Propreté had 24 incineration units for specialized industrial waste, 64 processing units using physico-chemical and stabilization methods, 15 class 1 landfill sites and 34 specialized recycling centers.

The principal methods used for processing industrial hazardous waste are incineration (for organic liquid waste, salt-water and sludge), solvent recycling, waste stabilization followed by processing at specially-designed landfill sites, and physico-chemical processing of inorganic liquid waste.

Through its specialized subsidiaries, SARP Industries and VES Technical Solutions (in the United States), Veolia Propreté has a worldwide network of experts, which has helped it become a world leader in the processing, recycling and recovery of hazardous waste.

## **Description of activities in 2010**

In 2010, at constant consolidation scope and exchange rates, the Environmental Services Division reported a 6.9% increase in revenue on 2009, driven by the rise in the price of recycled materials sold (particularly paper/cardboard and metals), which had dropped sharply in 2008/2009. Waste volumes collected and processed on behalf of companies recovered on 2009, although only moderately. Thanks to adaptation measures taken in 2009 and efficiency actions implemented in 2010, margins improved despite increased pressure on prices.

In France, revenue increased 7% (at constant consolidation scope). In addition to the positive impact of the rise in material prices, growth was driven by an increase in non-hazardous waste volumes incinerated and placed in landfills (thanks in particular to the policy of insourcing tonnage collected) and hazardous waste volumes processed. The contract renewal rate remained highly satisfactory, particularly with public authorities, while major contact wins were also recorded (collection services in Dijon and Mulhouse, incineration services in Beauvais, methanization in Angers and Pays de Caux). Finally, moderate price increases were achieved in a context of higher inflation (increase in fuel prices in particular).

In the United Kingdom, revenue increased 5.9% (at constant consolidation scope and exchange rates). Growth was primarily driven by the construction of installations under PFI (Private Finance Initiative) contracts, the full-year impact of the Merseyside contract and the increase in the price of recycled materials. This increase was achieved despite a difficult first six months due to the poor economic climate in the UK, resulting in a drop in non-hazardous waste volumes collected and placed in landfill before stabilizing in the second half of the year.

In Germany, revenue increased 9.8% (at constant consolidation scope), mainly due to the rise in the price of recycled materials (primarily paper/cardboard) and the increase in non-hazardous industrial waste volumes collected.

Revenue rose 4.2% in the rest of Europe (at constant consolidation scope and exchange rates). Growth was driven by the increase in the price of recycled materials and a moderate recovery in waste volumes collected and processed.

In North America, revenue increased 6% (at constant consolidation scope and exchange rates). This rise benefited in particular from a recovery in non-hazardous waste landfill volumes, mainly tied to one-off projects and a marked upturn in the industrial services and hazardous waste sectors.

The rest of the world reported a rise in revenue of 9.5% (at constant consolidation scope and exchange rates), primarily driven by growth in industrial services in Australia and the processing of hazardous waste in China.

## Major Contracts in 2010

The following table shows the major contracts signed in 2010 with either public authorities or industrial or service sector companies<sup>(1)</sup>:

Public authority or company and location thereof	Month of signature of contract	New contract or renewal	Contract term	Estimated cumulative revenue (in euros)	Services provided
<b>France</b>					
SYMOVE waste disposal authority for the Oise Department	June	New	23 years*	347 million	Contract to design, build, finance and operate a multi-process recovery center for household and similar waste
Pays de Caux Waste Disposal Authority	September	New	23 years*	110 million	Contract to design, build, finance and operate a household waste processing plant and two non-hazardous waste landfill sites
South East Seine-et-Marne Household Waste Disposal Authority	June	New	10 years	47 million	Operation of the Montereau waste-to-energy center
Angers Loire Conurbation	April	New	6 years	44 million	Operation of the Biopole household waste recovery center
Greater Dijon Conurbation	August	New	5 years	44 million	Collection of household waste and equivalent
Flandre Morinie Authority	June	New	8 years	40 million	Operation of the Flamoval waste-to-energy center
City of Mandelieu-la-Napoule	June	Renewal	7 years	17 million	Collection of household waste and equivalent
<b>Europe (excl. France)</b>					
Staffordshire County Council (United Kingdom)	July	New	25 years	approx. 1 billion	Integrated comprehensive waste management contract
City of Westminster (United Kingdom)	September	Renewal	7 years (+ 7 years option)	302 million (excl. option)	Recycling and waste management contract
Medway Council (United Kingdom)	June	Renewal	7 years	91 million	Waste collection and recycling and town cleaning services
Medway Council (United Kingdom)	June	Renewal	25 years	150 million	Landfill disposal of residual waste
Abfallwirtschaftsgesellschaft Nordfriesland mbH (Germany)	October	Renewal	6 years	30 million	Collection of household waste and equivalent
<b>North America</b>					
City of Sanibel (Florida)	May	New	5 years	9 million	Collection of household waste and equivalent
City of Highland Park (Chicago)	July	Renewal	5 years	9 million	Collection of household waste and equivalent

\* including an operating period of 20 years.

(1) Revenues expected under the contracts won in 2010 have been converted into euros at the closing exchange rate as of December 31, 2010 and represent the portion due to Veolia Propreté under such contracts. Accordingly, these amounts may differ from the amounts announced in earlier Group press releases.

## Replacement costs

Replacement costs totaled -€364.0 million in 2010, compared to -€360.9 million in 2009.

As of January 1, 2010 pursuant to the amendment to IAS 7, replacement costs are no longer eliminated from operating depreciation, amortization, provisions and impairment losses. They are deducted from adjusted operating cash flow and reduce the amount of maintenance-related investments presented in the Statement of change in net financial debt. This amendment does not impact net financial debt, net income or equity.

## 9.2.2 Revenue

### 9.2.2.1 Overview

Year ended December 31, 2010 (€ million)	Year ended December 31, 2009 re-presented (*) (€ million)	% Change 2010/2009	Internal growth	External growth	Foreign exchange impact
34,786.6	33,951.8	2.5%	1.3%	-1.5%	2.7%

(\*) A reconciliation of 2009 published and re-presented consolidated revenue may be found in the Appendix.

For the year ended December 31, 2010 Veolia Environnement consolidated revenue was €34,786.6 million, an increase of 2.5% compared to re-presented revenue of €33,951.8 million for the year ended December 31, 2009. At constant consolidation scope and exchange rates, consolidated revenue increased 1.3% during the same period.

Revenue in the fourth quarter of 2010 showed a significant increase, with +7.9% growth marking a clear inflexion after +4.9% growth in the third quarter, +1.5% growth in the second quarter and -4.3% revenue decline in the first quarter of 2010.

This improvement was also observed at constant consolidation scope and exchange rates: +4.7% in 4Q 2010, after +2.7% in 3Q 2010, +0.9% in 2Q 2010 and -3.3% in 1Q 2010, confirming a return to positive organic growth.

This evolution in revenue growth is explained principally by the progressive improvement of the global economic environment, the increase and maintenance of recycled raw material prices, and energy prices, a positive climate effect both within and outside of France, as well as the benefits of successful commercial development.

On the other hand, 2010 full year Group revenue was negatively impacted by the non-renewal of certain significant contracts in 2009, notably in the Transportation division (-€637 million impact compared to 2009), as well as the completion of certain large construction contracts outside of France (Marafiq, Fujairah, Ras Laffan) in the Water division (-€311 million impact compared to 2009).

In total, the decline in revenue resulting from net divestments completed in 2009 and 2010 amounted to -€495.6 million (-1.5% versus full year 2009) and is composed of: -€150.7 million in the Water division, -€312.4 million in the Environmental Services division (principally Veolia Propreté Nettoyage et Multiservices or VPNM), -€26.5 million in the Energy Services division and -€6.0 million in the Transportation division.

The share of revenue generated outside France for 2010 was €20,748.8 million, which is 59.6% of total revenue compared to 59.5% for full year 2009 on a re-presented basis.

The positive effect of the evolution of average exchange rates during 2010 was €911.8 million, reflecting essentially the appreciation compared to the euro of the Australian dollar for €194.6 million, the U.S. dollar for €154.0 million, the U.K. pound sterling for €82.9 million, Central European currencies for €97.4 million, Northern European currencies (Norway and Sweden) for €75.6 million.

### 9.2.2.2 Revenue by business

(€ million)	Year ended December 31, 2010	Year ended December 31, 2009 re-presented	% Change 2010/2009
Water	12,127.9	12,318.3	-1.5%
Environmental Services	9,312.2	8,731.5	6.7%
Energy Services	7,581.8	7,041.3	7.7%
Transportation	5,764.7	5,860.7	-1.6%
Revenue	34,786.6	33,951.8	2.5%
Revenue at 2009 exchange rates	33,874.8	33,951.8	-0.2%

#### Water

Year ended December 31, 2010 (€ million)	Year ended December 31, 2009 re-presented (€ million)	% Change 2010/2009	Internal growth	External growth	Foreign exchange impact
12,127.9	12,318.3	-1.5%	-2.9%	-1.2%	2.6%

The revenue decline in the Water division is due essentially to the decline in Works activities given the end of three large construction contracts (Marafiq, Fujairah, Ras Laffan). Excluding construction works, 2010 division revenue improved +0.5% at constant consolidation scope and exchange rates.

- In **France**, revenue at constant consolidation scope declined 0.9% due to a slowdown in Works activities, as well as a 1% decline in volumes of water sold compared to 2009 and the end of the contract with the city of Paris.
- **Outside France**, excluding Veolia Water Solutions & Technologies, revenue increased 2.4% (+1.8% at constant consolidation scope and exchange rates). In Europe, growth was 4.1% at constant consolidation scope and exchange rates, driven by Germany, the United Kingdom and Eastern Europe. Revenue in Asia increased 3.9% at constant consolidation scope and exchange rates due to the ramp-up of certain contracts in Central China and new contracts in Southern China. In the Pacific zone, revenue declined by 10.7% at constant consolidation scope and exchange rates, reflecting the completion of the construction of the Sydney, Australia desalination plant.



- **Veolia Water Solutions & Technologies** achieved €2,147.5 million in revenue, down 16.8% compared to 2009 at constant consolidation scope and exchange rates. The decline in VWST revenue reflects the completion of certain large “Design and Build” contracts outside of France. Excluding the impact of the end of the three large construction contracts in Fujairah, Marafiq and Ras Laffan, Veolia Water Solutions & Technologies revenue would have declined 0.5% compared to 2009.

In addition, the division benefited from a recovery in industrial solutions activities, as well as “Design and Build” activities for industrial clients during the second half of 2010, notably during the fourth quarter. Finally, the backlog for VWST activities is slightly higher at the end of 2010 compared to the end of 2009, with an acceleration of business wins during the last quarter of 2010.

- Net divestments in the Water division in 2009 and 2010, had an impact on revenue of -1.2% (-€150.7 million for the full year 2010 compared to 2009).

### Environmental services

Year ended December 31, 2010 (€ million)	Year ended December 31, 2009 re-presented (€ million)	% Change 2010/2009	Internal growth	External growth	Foreign exchange impact
9,312.2	8,731.5	6.7%	6.9%	-3.6%	3.4%

The positive movement in recycled raw materials prices (notably in France and Germany), the good progression of certain activities in the United States, and the ramp-up and growth of integrated contracts in the United Kingdom contributed to 6.9% organic revenue growth in the Environmental Services division in 2010. In addition, after a volume effect that was still marginally negative during the first quarter, the three remaining quarters of 2010 confirmed signs of volume recovery within certain division activities in many countries. Compared to the first three quarters of 2010, the fourth quarter of 2010 benefited from a less favorable base effect as the sector recovery commenced in the fourth quarter of 2009.

- In **France**, revenue increased 7.0% at constant consolidation scope (-1.2% at current consolidation scope due to the divestment of Veolia Propreté Nettoyage and Multi-Services in 2009) due principally to higher recycled raw material prices (paper/cardboard and metal). Volumes on a global basis were stable in 2010, despite strong commercial discipline maintained at contract renewals, due to a partial improvement in activity.
- **Outside France**, revenue grew 11.9% (+6.9% at constant consolidation scope and exchange rates). Revenue in Germany increased 9.8% at constant consolidation scope, and benefited from higher paper and cardboard prices, and since the third quarter, a rebound in activity in the commercial and industrial segment. Revenue in the United Kingdom increased 5.9% at constant consolidation scope and exchange rates due to the continued ramp and growth of integrated contracts and despite the continuing difficult economic environment which negatively impacted other division activities. In North America, 6.0% growth at constant consolidation scope and exchange rates was driven by the recovery of industrial services activities and special waste, and reinforced by one-time projects in solid waste. In Asia-Pacific, 10.7% revenue growth at constant consolidation scope and exchange rates benefited from the ramp and growth of our activities in China, notably in the treatment of special waste, as well as strength in industrial services activities in Australia.
- Net divestments in the Environmental Services division in 2009 and 2010, notably the activities of Veolia Propreté Nettoyage and Multi-Services in France in August 2009, had an impact on revenue of -3.6% (-€312.4 million for the full year 2010 compared to 2009).

# Veolia - Service Request Report

Run Date: 7/28/2011 3:07:10 PM

Exhibit  
2

## Veolia Complaints

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W004894-051611	5/16/2011	5/16/2011	Completed		Muffy Mcauley
Ashley McIlwee	W005940-053111	5/31/2011	6/1/2011	Completed		Cindy Levitt
Ashley McIlwee	W005944-060111	6/1/2011	6/1/2011	Completed		Leslie Nordstrum
Ashley McIlwee	W005952-060111	6/1/2011	6/1/2011	Completed		Patrick Conway
Ashley McIlwee	W005964-060111	6/1/2011	6/1/2011	Completed		Craig Baxa
Ashley McIlwee	W005972-060111	6/1/2011	6/1/2011	Completed		Mrs Katherine Halley
Ashley McIlwee	W006778-061311	6/13/2011	6/13/2011	Completed		Tomasz Czajka
Christina Ferguson	W006888-061411	6/14/2011	7/19/2011	Completed		Brandi Pitts
Ashley McIlwee	W007219-061711	6/17/2011	6/20/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W007693-062311	6/23/2011	6/23/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W008717-070711	7/7/2011	7/7/2011	Completed		Mr. Sam Davis

**Total: 11**

## Veolia Complaints - Litter

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W008105-062811	6/28/2011	6/30/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W010567-072611	7/26/2011	7/27/2011	Completed		Kim Parnello

**Total: 2**

## Veolia Complaints - Odor

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W004891-051611	5/16/2011	5/16/2011	Completed		Muffy Mcauley
Ashley McIlwee	W004974-051711	5/17/2011	5/17/2011	Completed		Cindy Levitt
Ashley McIlwee	W006631-060911	6/9/2011	6/9/2011	Completed		Cindy Levitt
Carl Caneva	W007072-061611	6/16/2011	6/28/2011	Completed		Mrs Katherine Halley
Ashley McIlwee	W007187-061711	6/17/2011	6/20/2011	Completed		Cindy Levitt

### Veolia Complaints - Odor

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W007188-061711	6/17/2011	6/20/2011	Completed		Megan Baxa
Ashley McIlwee	W007213-061711	6/17/2011	6/20/2011	Completed		Kristi Cahill
Ashley McIlwee	W007433-062111	6/21/2011	6/21/2011	Completed		Ike Dickson
Ashley McIlwee	W007857-062411	6/24/2011	6/24/2011	Completed		Fredrik Nordstrom
Ashley McIlwee	W008103-062811	6/28/2011	6/28/2011	Completed		Mrs Katherine Halley
Ashley McIlwee	W008528-070511	7/5/2011	7/5/2011	Completed		Jose Diaz
Ashley McIlwee	W008561-070511	7/5/2011	7/5/2011	Completed		Cindy Levitt
Ashley McIlwee	W008592-070511	7/5/2011	7/5/2011	Completed		John Leineweber
Ashley McIlwee	W008594-070511	7/5/2011	7/5/2011	Completed		Harry Nickel (311)
Ashley McIlwee	W008596-070511	7/5/2011	7/5/2011	Completed		Carl Sutton
Ashley McIlwee	W008598-070511	7/5/2011	7/5/2011	Completed		Muffy Mcauley
Ashley McIlwee	W008732-070711	7/7/2011	7/7/2011	Completed		Muffy Mcauley
Ashley McIlwee	W008742-070711	7/7/2011	7/7/2011	Completed		John Dyer
Ashley McIlwee	W008757-070711	7/7/2011	7/7/2011	Completed		Cindy Levitt
Ashley McIlwee	W009287-071211	7/12/2011	7/12/2011	Completed		Megan Baxa
Ashley McIlwee	W009417-071311	7/13/2011	7/13/2011	Completed		Mrs Katherine Halley
Ashley McIlwee	W009429-071311	7/13/2011	7/13/2011	Completed		Megan Baxa
Ashley McIlwee	W009608-071511	7/15/2011	7/15/2011	Completed		Ike Dickson
Ashley McIlwee	W009847-071911	7/19/2011		In Progress		Megan Baxa
Ashley McIlwee	W009872-071911	7/19/2011		In Progress		Chris Tirres
Ashley McIlwee	W010339-072511	7/25/2011	7/25/2011	Completed		Cindy Levitt
Ashley McIlwee	W010366-072511	7/25/2011	7/26/2011	Completed		Lesli Nordstrom
Ashley McIlwee	W010385-072511	7/25/2011	7/26/2011	Completed		William Stuart
Ashley McIlwee	W010387-072511	7/25/2011	7/26/2011	Completed		Megan Baxa
Ashley McIlwee	W010404-072511	7/25/2011	7/26/2011	Completed		Chris Tirres

**Veolia Complaints - Odor**

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W010407-072511	7/25/2011	7/26/2011	Completed		Chris Tirres
Ashley McIlwee	W010435-072511	7/25/2011	7/26/2011	Completed		Tina Galberath
Ashley McIlwee	W010494-072611	7/26/2011	7/26/2011	Completed		Cindy Levitt
Ashley McIlwee	W010497-072611	7/26/2011	7/26/2011	Completed		Chris Tirres
Ashley McIlwee	W010519-072611	7/26/2011	7/26/2011	Completed		Janice Fleckman
<b>Total: 35</b>						

**Veolia Complaints -Speeding Trucks**

Assigned Staff	Reference No	Create Date	Close Date	Request Status	Request Address One	Customer Full Name
Ashley McIlwee	W005480-052411	5/24/2011	5/26/2011	Completed		Ben Gaines
Ashley McIlwee	W007195-061711	6/17/2011	6/20/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W007200-061711	6/17/2011	6/20/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W007240-061811	6/18/2011	6/20/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W007269-062011	6/20/2011	6/20/2011	Completed		Mr. Sam Davis
Ashley McIlwee	W007776-062411	6/24/2011	6/24/2011	Completed		Mr. Sam Davis
<b>Total: 6</b>						



