



September 9, 2010 – Walworth County Board Meeting

**Report of the County Clerk Regarding  
Communications Received After the Agenda Mailing**

County Clerk

The following items were placed on Supervisors' desks and are attached to this cover sheet:

Kimberly S. Bushey  
County Clerk

- Communication from John Dickman, Powers Lake, Randall Township, Kenosha County, regarding Golf Gifts & Gallery Rezoning Request – To be referred to the County Zoning Agency
- Communication from DeWitt Ross & Stevens S.C., Law Firm, representing Veolia ES Mallard Ridge Landfill, Inc., regarding Notice of Intent to Acquire Facilities (Replacement Guaranty, Certificate of Incumbency of Republic Services, Inc., Consolidated Financial Statements, and Veolia Environmental Services informational brochure are on file in the County Clerk's Office) – To be referred to the Public Works Committee
- Communication from Supervisor Randy Hawkins, District # 10, with concerns regarding funding for WCEDA – To be placed on file
- *Walworth County Senior Review*, September, 2010 – To be placed on file
- Res. No. 44-09/10 – Extending the Employment Contract of County Administrator David A. Bretl-*Vote required: Two-thirds* (Recommended by the Executive Committee 5-0) – Not available for agenda packet/will be considered at meeting
- Res. No. 45-09/10 – Approving a Fourth Revised Amendment to the Employment Contract of Michael Cotter for Performing the Duties of Deputy Corporation Counsel-*Vote required: Two-thirds* (Recommended by the Executive Committee 5-0) – Not available for agenda packet/will be considered at meeting

Date: Sept 4, 2010

To: Ms. Nancy Russell, Chair  
Walworth County Board of Supervisors

From: John Dickman   
8635 406<sup>th</sup> Ave.  
Powers Lake, WI. 53127  
262-279-6044

RECEIVED  
SEP 08 REC'D  
Walworth County Board

Re; Golf Gifts & Gallery Rezoning Request

You will find enclosed copies of letters I have written to both the Randall Township and Wheatland Township supervisors. This same information will be sent to the Kenosha County Board Chair.

I am a resident of Randall Township and Kenosha County but the decision your board makes on the above referenced rezoning request issue will have a major impact on me and my neighbors. Therefore it is very important that you clearly realize how serious we take the issue before your board.

I hope you will take the time to read these letters and share them with the Walworth Board Supervisors because they do, to the best of my ability to state them, list the reasons we are so opposed to this rezoning.

I will attend the public meeting when this issue is discussed and I expect many of my neighbors will also be there. I don't know if we will be heard. We will do everything we can at the Randall and Wheatland boards to stop the rezoning from happening but, if you see fit to ignore our concerns and if, as result, there is an accident similar to what occurred recently in Kenosha County, then we will take whatever legal action that is available to us to see that justice is served.

**Date:** September 4, 2010  
**To:** Randall Township Supervisors

Robert Stoll – Chairperson  
Rose Nolan  
Mark Halvey  
Robert Gehring  
Michael Halvorson

**From:** John Dickman  
8635 406<sup>th</sup> Ave.  
Powers Lake WI. 53159  
262-279-6044

**Re:** Golf Gifts & Gallery Rezoning Request

The purpose of this letter is to express my deep concern and the concern of my neighbors with the proposal from Dean Chudy to change the zoning of 5.58 acres of land from residential to manufacturing. The land in question is in Bloomfield Township and residents of that township are taking action with Walworth County to attempt to stop this from taking place.

My concern, and that of other Randall Township residents in the area, is that if this rezoning is allowed to take place Mr. Chudy intends to erect a 60,000 sq. ft. warehouse on the land. The servicing of this warehouse will require a significant increase in the number of 18 wheel semis to pass through a residential area that is serviced by a small country road.

The road in question begins as 402nd Ave. It starts on the north at Bloomfield Road, also known as County Road U or County Road F. It winds southward along Powers Lake, becomes 406<sup>th</sup> Ave., and exits at the south end at a dead end crossroad, Nippersink Road. The road passes through Wheatland, Randall and Bloomfield Townships. A map is included showing the road and the location of the proposed new warehouse.

The warehouse location is .5 miles from the junction of Bloomfield Road and 402nd Ave. and is only a very short distance into Bloomfield Township so the

traffic burden is almost totally on roads maintained by Wheatland and Randall Townships. The Randall Township portion is also very short, only a couple hundred yards.

The distance to the warehouse is almost totally residential. In the .5 miles there are 26 driveways, 17 of which can be easily defined as hidden. Some of those are in Randall Township. In addition to the driveways there are two parking areas serving a residential area. There can be as many as 15 cars entering and leaving these two areas, moving on or off of 406<sup>th</sup> Ave. There are also two side road intersections, one of which is in Randall Township.

There is a steady number of 18 wheel semi trucks servicing the three warehouses that already exist and there is already significant damage to the road. These trucks are very heavy resulting in loads much heavier than was ever intended for this road when it was built. There are cracks and gouges and there are ruts along the road sides where truck wheels have been off the road.

The road is so narrow that these large vehicles must drive down the center of the road. They are too large to stay in one lane forcing approaching vehicles to almost leave the roadway when the two vehicles pass each other.

Turns on the road are necessary because the road twists quite a bit. The trucks must then use all lanes to navigate. There are also a number of rises and falls on this road and that, combined with the number of turns, makes long range vision on the road very difficult.

A neighbor watched a semi go past our residential area. The driver realized too late that there was a sharp turn ahead. The driver's only recourse was to slam on the brakes and steer the truck up into a very narrow access road. He then had to back up blindly on to 406<sup>th</sup> Ave. This took place on the roadway under the jurisdiction of Randall Township. It also occurred on a clear day. When a driver's vision is impaired by rain, snow, ice, fog etc., the danger is greatly magnified.

There are no sidewalks and what road shoulders exist are very narrow. The road is used by walkers, runners and bikers and when one of these trucks approaches the only place to go, in most cases, is off into the weeds or into a ditch. It is already a very dangerous situation.

When I attended the Randall Township meeting I talked about this. I was advised by the chairman that Wheatland Township has some concerns about this since they have jurisdiction over the largest portion of the road in question. What makes the situation even more troubling is that Bloomfield Township, who will get the benefit of the increased taxes that this expansion will bring, recognizes the safety issues and road damage possibilities and has banned these large trucks from going south out of the warehouse and using Bloomfield Township roads. Therefore the total maintenance burden and safety problems fall on Randall Township and Wheatland Township without any compensation from taxes.

I was told that there will be a joint committee with representatives from each of the three townships. They will attempt to establish a plan that addresses these issues. Will the public be invited to participate when this issue is discussed? We would like to have input with this committee.

I was also advised to attend and make my concerns known at the Walworth County public hearing on this matter. We will do so but I don't think we will be recognized since we are from Kenosha County not Walworth County and if the joint committee makes recommendations that we do not agree with, our protests will not carry any weight.

We believe the township supervisors have the responsibility to represent and protect its' residents. You have a fiscal responsibility in this matter and you have a public safety responsibility.

Today I talked to a truck driving school and asked how long it takes for an 18 wheeler to stop if it becomes necessary to do so quickly. The formula for stopping at speeds of 20 to 25 miles per hour is 1 second for every 10 feet of truck length. These trucks are easily 50 to 60 feet in length so in the case of an emergency, a car coming out of a hidden driveway or a child running out into the road, it will take 5 to 6 seconds for the truck to stop. A truck can move a very long way in 5 to 6 seconds. A truck can move a very long way in half that time and remember there is no place for a truck of this size to swerve in order to avoid a vehicle or a pedestrian.

We recognize that it is probably too late to stop the damage that has already been done although I have a very hard time understanding the thought process that went into allowing this kind of traffic in the first place. What you can do is deny increased traffic and you can limit the size of the trucks on that road. You can demand to see the traffic records of Golf Gifts & Gallery and set what they are now doing as the limit. You can demand compensation from Bloomfield Township for all road repairs that are caused by this traffic.

What we are asking is that you do your job as our representatives. If you do not and if, as a result of your inaction, there is an accident as occurred earlier this year in Kenosha County on a road similar to ours, or if there are uncompensated costs for repairs on that road, we will take whatever legal action is available to us to see that justice is served.

**Date:** September 4, 2010

**To:** Wheatland Township Supervisors  
William Glembocki – Chairperson  
Andrew J. Lois  
Robert E. Herda

**From:** John Dickman  
8635 406<sup>th</sup> Ave.  
Powers Lake WI. 53159  
262-279-6044

**Re:** Golf Gifts & Gallery Rezoning Request

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The warehouse location is .5 miles from the junction of Bloomfield Road and 402nd Ave. and is only a very short distance into Bloomfield Township so the traffic burden is almost totally on roads maintained by Wheatland and Randall

Townships. The Randall Township portion is also very short, only a couple hundred yards so the real burden is on Wheatland Township.

The distance to the warehouse is almost totally residential. In the .5 miles there are 26 driveways, 17 of which can be easily defined as hidden. In addition to the driveways there are two parking areas serving a residential area. There can be as many as 15 cars entering and leaving these two areas, moving on or off of 406<sup>th</sup> Ave. There are also two side road intersections, one of which is in Wheatland Township.

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there is no place for a truck of this size to swerve in order to avoid a vehicle or a pedestrian.

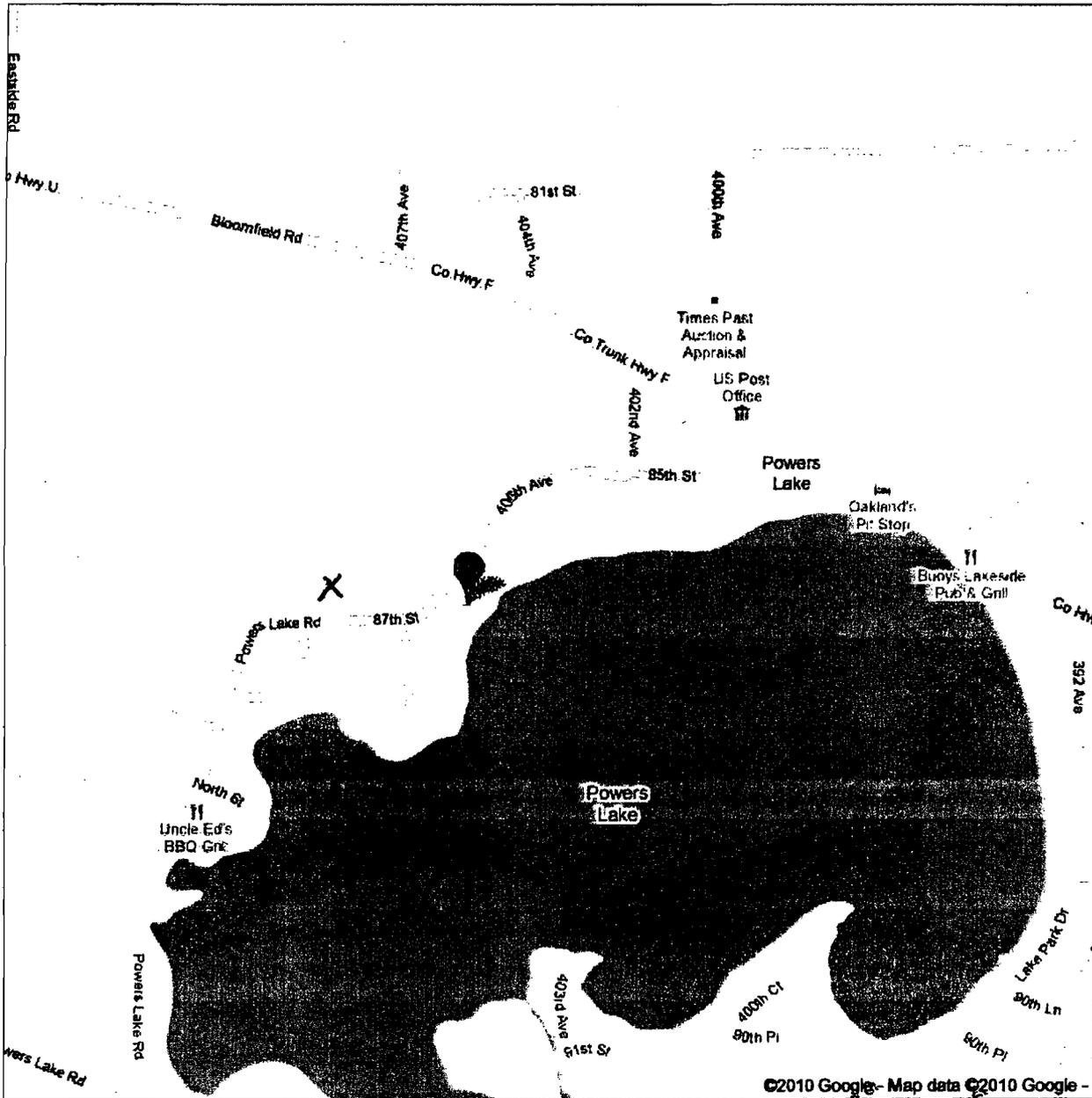
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# Google maps

Address **8635 406th Ave**  
**Powers Lake, WI 53128**

Get Google Maps on your phone  
Text the word "GMAPS" to 466453



**DEWITT  
ROSS & STEVENS**<sub>sc.</sub>  
LAW FIRM

www.dewittross.com

RECEIVED  
WALWORTH COUNTY CLERK

2010 SEP -8 AM 9:11

Capitol Square Office  
Two East Mifflin Street  
Suite 600  
Madison, WI 53703-2865  
Tel 608-255-8891  
Fax 608-252-9243

Metro Milwaukee Office  
13935 Bishop's Drive  
Suite 300  
Brookfield, WI 53005-6605  
Tel 262-754-2840  
Fax 262-754-2845

Please respond to: Capitol Square Office  
Direct line: 608-252-9319

September 2, 2010

Walworth County Clerk  
Walworth County Courthouse  
P.O. Box 1001  
Elkhorn, WI 53121

Town of Darien  
Town Hall  
P.O. Box 30  
Darien, WI 53114

County Solid Waste Management Board  
Walworth County Annex  
Box 1007  
Highway NN  
Elkhorn, WI 53121-7001

RE: Notice of Intent to Acquire Facilities

Gentlefolk:

Pursuant to Article IV.V. of the Mallard Ridge Landfill Southeast Expansion Negotiated Agreement dated March 2, 2005 ("Agreement") and Article IV.24. of the Mallard Ridge Landfill Negotiated Agreement dated December 30, 1991 ("Prior Agreement"), Veolia ES Mallard Ridge Landfill, Inc. ("Veolia") provides notice of its intent to acquire the facilities subject to the Agreement and Prior Agreement. Veolia acknowledges the existence of the Agreement and Prior Agreement and the obligations thereunder.

Attached to this letter is a draft Replacement Guaranty and documentation demonstrating both Veolia's and Veolia ES Solid Waste of North America, LLC's ability, both financially and operationally, to comply with the requirements of the Agreement and Prior Agreement, the DNR, the landfill license and/or State law.

September 2, 2010  
Page 2

If you have any questions, please contact me. Thank you for your anticipated cooperation in this matter.

Very truly yours,

DEWITT ROSS & STEVENS s.c.

A handwritten signature in black ink that reads "Timm P. Speerschnieder /jav". The signature is written in a cursive style.

Timm P. Speerschnieder

TPS:jav

Enclosures

cc: Kim Howarth, Esq. (w/enclosures, via email and Federal Express)

**DRAFT**

**REPLACEMENT GUARANTY**

This Replacement Guaranty is given pursuant to Article IV V.4 of the Mallard Ridge Landfill Southern Expansion Negotiated Agreement (hereinafter referred to as the "Agreement"). It is given as the result of Veolia ES Mallard Ridge Landfill, Inc.'s acquisition of the Mallard Ridge Recycling & Disposal Solid Waste Facility. Pursuant to Article IV V. 1 of the Agreement and Sections 289.33(11) and 289.46(1), Wis. Stats., the Agreement is applicable to Veolia ES Mallard Ridge Landfill, Inc. Veolia ES Solid Waste of North America, LLC, for valuable consideration which is hereby acknowledged, does hereby guarantee the performance of the obligations of Veolia ES Mallard Ridge Landfill, Inc. provided for in the Agreement in the event Veolia ES Mallard Ridge Landfill, Inc. fails to perform. This Replacement Guaranty releases Republic Services, Inc. from its obligations under the Guaranty dated 3/4/2005 and located at page 41 of the Agreement; a copy of which is attached.

This guaranty shall remain in force upon a further transfer of ownership of the Mallard Ridge Recycling & Disposal Solid Waste Facility, provided, however, that if the transferee provides, in the manner set for in Section IV.V.4 of the Agreement, a guaranty that is at least equivalent to the guaranty provided hereunder and if Veolia ES Mallard Ridge Landfill, Inc. or Veolia ES Solid Waste of North America, LLC, can demonstrate that the replacement guarantor has the ability, both financially and operationally, to comply with the requirements of this Agreement, the DNR, the landfill license, and/or State Law then, this Guaranty shall be released and of no further force and effect and Veolia ES Solid Waste of North America, LLC shall have no obligation under this Guaranty.

Veolia ES Solid Waste of North America, LLC acknowledges receipt of the Agreement and certifies that the officers signing below have authority to act on behalf of Veolia ES Solid Waste of North America, LLC. A notarized copy of a certification by the secretary or assistant secretary of Veolia ES Solid Waste of North America, LLC reflecting such authority is attached hereto.

Dated: \_\_\_\_\_

Veolia ES Solid Waste of North America, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

GUARANTY

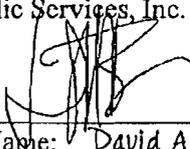
Republic Services, Inc., for valuable consideration, including the mutual covenants and benefits stated in the Mallard Ridge Landfill Southern Expansion Negotiated Agreement (hereinafter referred to as the "Agreement") by and between the Town of Darien, Mallard Ridge Landfill Southern Expansion Local Committee and Republic Services of Wisconsin, Limited Partnership, a subsidiary of Republic Services, Inc., such consideration and the receipt of which is hereby acknowledged, does hereby guaranty the performance of the obligations of Republic Services of Wisconsin, Limited Partnership provided for in the Agreement in the event Republic Services of Wisconsin, Limited Partnership fails to perform.

This guaranty shall remain in force upon a transfer of ownership of the Mallard Ridge Recycling & Disposal Solid Waste Facility, provided, however, that if the transferee provides, in the manner set forth in Section IV.V.4 of the Agreement, a guaranty that is at least equivalent to the guaranty provided hereunder and if Republic Services of Wisconsin, Limited Partnership or Republic Services, Inc. can demonstrate that the replacement guarantor has the ability, both financially and operationally, to comply with the requirements of this Agreement, the DNR, the landfill license, and/or State law, then this Guaranty shall be released and of no further force and effect and Republic Services, Inc. shall have no obligation under this Guaranty.

Republic Services, Inc. acknowledges receipt of the Agreement and certifies that the officers signing below have authority to act on behalf of Republic Services, Inc. A notarized copy of a certification by the secretary or assistant secretary of Republic Services, Inc. reflecting such authority is attached hereto.

Dated: 3/4/05

Republic Services, Inc.

By:   
Print Name: David A. Barclay  
Title: Vice President, General Counsel and  
Assistant Secretary

Attest:

  
Print Name: Tim M. Benter  
Title: Assistant Secretary



CONSOLIDATED FINANCIAL STATEMENTS

Veolia ES Solid Waste of North America, LLC  
Years Ended December 31, 2009 and 2008  
With Report of Independent Auditors

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Veolia ES Solid Waste of North America, LLC

Consolidated Financial Statements

Years Ended December 31, 2009 and 2008

**Contents**

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Consolidated Statements of Cash Flows.....	4
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## Report of Independent Auditors

The Board of Directors and Shareholder  
Veolia ES Solid Waste of North America, LLC

We have audited the accompanying consolidated balance sheets of Veolia ES Solid Waste of North America, LLC (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Veolia ES Solid Waste of North America, LLC at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

*Ernst & Young LLP*

March 29, 2010

Veolia ES Solid Waste of North America, LLC

Consolidated Balance Sheets  
(In Thousands)

	December 31	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,886	\$ 1,833
Accounts receivable, net of allowance for doubtful accounts of \$1,628 and \$2,778 in 2009 and 2008, respectively	110,998	121,480
Deferred tax assets	6,205	5,634
Prepaid expenses and other current assets	11,721	9,296
Due from affiliates	2,671	-
Total current assets	134,481	138,243
Property and equipment, net	729,614	749,399
Intangible assets, net	13,090	18,747
Goodwill	867,728	866,047
Restricted funds held in trust	1,805	1,794
Investment in unconsolidated affiliates	15,712	15,189
Due from affiliates	-	2,549
Other assets	2,862	3,011
Total assets	\$ 1,765,292	\$ 1,794,979
<b>Liabilities and shareholder's equity</b>		
Current liabilities:		
Accounts payable	\$ 42,344	\$ 48,733
Accrued payroll and related expenses	16,397	18,759
Other accrued expenses	66,392	51,171
Deferred revenue	48,319	47,884
Total current liabilities	173,452	166,547
Disposal site closure and long-term care obligation	158,619	142,244
Deferred tax liabilities	85,436	81,003
Due to affiliates	208,618	269,320
Other liabilities	25,177	28,082
Total liabilities	651,302	687,196
Shareholder's equity:		
Due from parent	(123,962)	(115,362)
Paid-in capital	1,045,034	1,045,034
Retained earnings	192,918	178,111
Total shareholder's equity	1,113,990	1,107,783
Total liabilities and shareholder's equity	\$ 1,765,292	\$ 1,794,979

See accompanying notes.

Veolia ES Solid Waste of North America, LLC

Consolidated Statements of Income and Retained Earnings  
(In Thousands)

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
Revenues	<b>\$ 751,155</b>	<b>\$ 803,416</b>
Expenses:		
Cost of operations	441,181	493,051
Selling, general, and administrative expenses	75,411	78,020
Depreciation and amortization	112,325	116,395
Total expenses	<b>628,917</b>	<b>687,466</b>
Income from operations	<b>122,238</b>	<b>115,950</b>
Other income (expense):		
Earnings from equity investee	1,223	1,200
Interest expense – related party	(3,693)	(10,512)
Other, net	(15,860)	(14,259)
Income before income taxes	<b>103,908</b>	<b>92,379</b>
Provision for income taxes	<b>37,924</b>	<b>36,424</b>
Net income	<b>65,984</b>	<b>55,955</b>
Retained earnings at beginning of year	<b>178,111</b>	<b>122,156</b>
Dividends paid to VESNA (Note 7)	<b>(51,177)</b>	–
Retained earnings at end of year	<b>\$ 192,918</b>	<b>\$ 178,111</b>

*See accompanying notes.*

Veolia ES Solid Waste of North America, LLC

Consolidated Statements of Cash Flows  
(In Thousands)

	<b>Year Ended December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Net income	\$ 65,984	\$ 55,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	112,325	116,395
Deferred income taxes	3,862	740
Gain on sales of assets	(1,086)	(2,183)
Dividends in excess of earnings from equity investee	(523)	400
Changes in operating assets and liabilities, net of effects of acquired businesses:		
Accounts receivable	10,769	3,813
Prepaid expenses and other current assets	(2,407)	4,389
Accounts payable and accrued expenses	3,373	554
Disposal site closure and long-term care obligation	8,164	(726)
Other	(2,756)	(1,813)
Net cash provided by operating activities	197,705	177,524
<b>Investing activities</b>		
Acquisition of businesses, net of cash acquired	(2,226)	(17,527)
Purchases of property and equipment	(76,318)	(126,913)
Proceeds from sale of assets	2,503	2,916
Increase in restricted funds held in trust	(11)	(79)
Net cash used in investing activities	(76,052)	(141,603)
<b>Financing activities</b>		
Repayments to affiliates, net	(69,423)	(34,088)
Dividends paid to VESNA (Note 7)	(51,177)	-
Net cash used in financing activities	(120,600)	(34,088)
Net change in cash and cash equivalents	1,053	1,833
Cash and cash equivalents at beginning of year	1,833	-
Cash and cash equivalents at end of year	\$ 2,886	\$ 1,833

*See accompanying notes.*

# Veolia ES Solid Waste of North America, LLC

## Notes to Consolidated Financial Statements (In Thousands)

December 31, 2009

### **1. Organization and Basis of Presentation**

Veolia ES Solid Waste of North America, LLC (VES-SW LLC or the Company) is a wholly owned subsidiary of Veolia ES Solid Waste, Inc. (VES-SW), which is a wholly owned subsidiary of Veolia Environmental Services North America Corp. (VESNA), which is an indirect subsidiary of Veolia Environnement (VE). VE is publicly traded on the Paris stock exchange, with American Depository Receipts also traded on the New York Stock Exchange.

The Company is an integrated solid waste services company providing a range of collection, transfer, transportation, disposal, and recycling services to generators of solid waste and special waste. The Company provides these services in Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, New Jersey, Pennsylvania, and Wisconsin. As of December 31, 2009, the Company owned and operated 27 landfills, one closed landfill, 71 solid waste collection operations, 12 recycling facilities, and 35 solid waste transfer stations. The Company also manages two other third-party-owned landfills, two recycling facilities, and five transfer stations.

The Company markets its services principally through its facility managers and direct-sales representatives. The Company also obtains new customers from referral sources, reputation, and local media marketing. The Company has a diverse customer base, with no single customer accounting for more than 3% of the Company's revenues during the years ended December 31, 2009 and 2008. The Company does not believe that the loss of any single customer would have a material adverse effect on the Company's results of operations.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

### **2. Significant Accounting Policies**

#### **Revenue Recognition**

The Company earns revenue principally by providing collection, transportation, recycling, and disposal services to generators of solid and special waste. Revenues are recorded as services are performed. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Significant Accounting Policies (continued)**

The Company grants credit to the majority of its customers. It is not the policy of the Company to require collateral from its customers in order to provide credit. On a periodic basis, the Company evaluates its accounts receivable and establishes the allowance for doubtful accounts based on a combination of specific customer circumstances and credit conditions, as well as the Company's history of write-offs and collections. The Company's policy is, generally, to not charge interest on trade receivables after the invoice becomes past due. A receivable is considered past due if payments have not been received by the due date listed on the invoice terms. Write-offs are recorded against the allowance for doubtful accounts when all reasonable efforts for collection have been exhausted.

#### **Cash and Cash Equivalents**

The Company considers all short-term investments with maturities of three months or less when purchased to be cash equivalents.

#### **Property and Equipment**

Property and equipment are stated at cost. Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the respective assets. Vehicles and equipment are depreciated over useful lives ranging from 3 to 10 years. Containers and carts are depreciated over useful lives ranging from 5 to 10 years. Buildings are depreciated over useful lives ranging from 5 to 20 years. Leasehold improvements are depreciated over the lesser of the life of the asset or the remaining term of the lease.

Landfill costs include the purchase price of the landfill, landfill construction, engineering, and permit costs and certain other professional fees. These costs are amortized using the units-of-production method. Under this method, an amortization cost per ton is calculated for various types of solid waste for each of the Company's landfills. The cost per ton is based on landfill-specific compaction factors, the determination of airspace utilization, and estimated remaining permitted airspace. The determination of airspace utilization and remaining permitted airspace is performed annually by conducting annual topographic surveys, using aerial and field survey techniques of the Company's landfill facilities to determine remaining airspace in each landfill. The surveys are reviewed by the Company's consulting engineers, the Company's internal engineering staff, and its accounting staff. Amortization is recorded by multiplying the respective cost per ton by the tonnage deposited into the landfill.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Significant Accounting Policies (continued)**

Landfill costs incurred for future development are not amortized until the permit is obtained and operations have commenced. Until such time, these costs are included with land and land improvements. If the Company determines that the landfill cannot be developed, these costs are charged to expense.

#### **Goodwill and Other Intangible Assets**

Goodwill is not amortized, but is subject to an annual impairment test. Amortizable intangible assets primarily consist of customer lists, which are amortized over 8 to 10 years.

The Company is required to perform goodwill impairment tests on an annual basis and between annual tests in certain circumstances. The Company performs its annual test for impairment in its fourth fiscal quarter and, in 2009 and 2008, concluded that an impairment charge was not required. There can be no assurance that future goodwill impairment tests will not result in a charge to earnings.

#### **Restricted Funds Held in Trust**

Restricted funds held in trust at December 31, 2009 and 2008 consisted of amounts on deposit with various regulatory bodies in accordance with state and local requirements. These funds, together with letters of credit, performance bonds (see Financial Assurance Bonds section in Note 2), and corporate guarantees, support the Company's financial assurance obligations for its facilities' closure and post-closure costs.

#### **Disposal Site Closure and Long-Term Care**

The Company has material financial obligations relating to closure and post-closure costs (long-term care), or remediation of disposal facilities it operates, or for which it is or may become responsible. Estimates for final closure and post-closure costs are developed using input from the Company's engineers and accountants and are reviewed by management, typically at least once per year. These estimates involve projections of costs that will be incurred after the landfill ceases operations and during the legally required post-closure monitoring period. Once the final costs have been estimated, the Company inflates those costs to the expected time of payment and

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 2. Significant Accounting Policies (continued)

discounts the expected future costs back to present value. An inflation rate of 2.50% and a discount rate, using a credit-adjusted, risk-free discount rate, of 5.94%, were used to determine the present value of the initial future closure and post-closure costs. The discount rate, established upon adoption of Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations* (now codified in Accounting Standards Codification Topic 410, *Asset Retirement and Environmental Obligations*), is based on the risk-free interest rate on obligations of similar maturity, adjusted for VE's credit rating. Interest accretion on closure and post-closure liabilities is recorded using the effective-interest method and is included in the cost of operations on the consolidated statements of income and retained earnings.

The Company accrues prospectively for a landfill's estimated total final closure and post-closure costs on a units-of-consumption basis by applying a rate per ton over the permitted capacity of the landfill. The debit corresponding to the increase in the accrual is recorded as an increase to landfill assets. These assets are then fully depreciated in the same period through depreciation expense. Closure and post-closure costs are fully accrued for each landfill once the site discontinues accepting waste. In addition, the Company accrues for landfill retirement costs arising from final capping obligations as discrete events, rather than as a part of closure costs. These capping obligations are also accrued prospectively on a units-of-consumption basis.

The Company does not believe that it is practical to develop a methodology to reliably estimate a market-risk premium and has, therefore, excluded any such market-risk premium from the determination of expected cash flows for landfill asset retirement obligations.

The changes to disposal site closure and long-term care obligation for the years ended December 31, 2009 and 2008, are as follows:

January 1, 2008	\$ 138,736
Liabilities incurred	13,734
Liabilities settled	(10,605)
Accretion expense	9,879
December 31, 2008	<u>151,744</u>
Liabilities incurred	11,211
Liabilities settled	(2,476)
Accretion expense	10,640
December 31, 2009	<u><u>\$ 171,119</u></u>

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Significant Accounting Policies (continued)**

##### **Financial Assurance Bonds**

For certain obligations, the Company elects to satisfy its financial assurance obligations through the use of bonds. The Company pays annual premiums to obtain performance bonds underwritten by insurance carriers. These premiums are amortized over the life of the bond when material. At December 31, 2009 and 2008, the Company had \$65,242 and \$60,811, respectively, of coverage under performance bonds for closure and post-closure activities and coverage of \$75,339 and \$91,350, respectively, for other activities.

##### **Investments in Unconsolidated Affiliates**

The Company has a 50% equity interest in Urban Sanitation Company Limited, a Bahamian company. The 50% interest provides the Company significant influence but is not a controlling interest; therefore, the Company accounts for its investment using the equity method.

##### **Income Taxes**

The operations of the Company and certain affiliates are included in the consolidated federal income tax return of Veolia Environnement North America Operations, Inc. (VENAO), a subsidiary of VE. Taxes payable to VENAO are included with other accrued expenses on the balance sheet (see also Note 6) and are calculated as if the Company were a stand-alone taxpayer (see also Note 8). Actual federal taxes paid are determined at the VENAO consolidated level.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The Company recognizes a tax benefit for positions taken on a tax return when such positions are considered “more likely than not” to be sustained based solely on the technical merits of each tax position. Although the Company believes that the positions taken on previously filed tax returns are appropriate, it nevertheless has established tax and interest reserves for tax positions that do not meet the recognition threshold based on an evaluation of all available evidence. The tax reserves are reviewed as circumstances warrant and adjusted as events occur that affect the

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 2. Significant Accounting Policies (continued)

Company's estimated liability for additional taxes, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposure based on current calculations, identification of new issues, issuance of administrative guidance, or rendering of a court decision affecting a particular tax issue.

#### Consolidated Statements of Cash Flows

Supplemental disclosures of cash flow information are as follows:

	Year Ended December 31	
	2009	2008
Interest paid, including payments to affiliates	\$ 5,577	\$ 11,160
Income taxes paid, including payments to affiliates	31,184	30,785
Income tax refunds received	3,376	7,167

#### Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, restricted funds held in trust, accounts payable, debt instruments with related parties, and amounts due from and due to affiliates. None of the Company's debt instruments outstanding at December 31, 2009, have readily ascertainable market values due to the related-party status. It was not practicable to estimate the fair value of these amounts. See Note 7 for the terms and carrying values of the Company's various debt instruments. The carrying values of the other financial instruments are considered to be representative of their respective fair values.

#### Impairment of Long-Lived Assets

Property and equipment and amortizable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 2. Significant Accounting Policies (continued)

##### Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Although management believes that the Company's estimates and assumptions are reasonable, they are based upon information presently available. Actual results may differ significantly from the estimates.

##### New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2009-01, *Generally Accepted Accounting Principles amendments based on Statement of Financial Accounting Standards No. 168 – The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles*, which established the FASB Accounting Standards Codification (the Codification or ASC) as the official single source of authoritative GAAP. All existing accounting standards are superseded. All other accounting guidance not included in the Codification will be considered non-authoritative. Following the Codification, the FASB will not issue new standards in the forms of Statements, FASB Staff Positions, or Emerging Issues Task Force (EITF) Abstracts. Instead, FASB will issue an Accounting Standards Update (ASU) that will update the Codification. The Codification is not intended to change GAAP, but it does change the way GAAP is presented and organized. The Codification is effective for the Company's 2009 financial statements. The principal impact of this adoption is limited to disclosures, because all references to authoritative accounting guidance have been updated to reference the Codification.

Effective January 1, 2009, the Company adopted FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109*, now codified in ASC 740, *Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of the provisions within ASC 740-10 with respect to tax uncertainties did not have a material effect on the Company's financial position or results of operations.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 2. Significant Accounting Policies (continued)

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, now codified in ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies under other accounting pronouncements that require or permit fair value measurements. As permitted, the Company applied the provisions of ASC 820 with respect to financial assets and financial liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements during 2008, and adopted the provisions of ASC 820 to non-financial assets and non-financial liabilities during 2009. The adoption of ASC 820 did not have a material effect on the Company's financial statements.

Effective January 1, 2009, the Company adopted FASB SFAS No. 141(R), *Business Combinations*, as codified in ASC 805, *Business Combinations*. ASC 805 establishes the principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; (b) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This guidance applies prospectively to business combinations with an acquisition date on or after the effective date except for certain provisions related to deferred income tax accounts that apply to certain prior year acquisitions. The adoption of ASC 805 did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2009, the Company adopted FASB Staff Position FAS No. 142-3, *Determination of the Useful Life of Intangible Assets*, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*, as codified in ASC 350, *Intangibles – Goodwill and Other*. The adoption did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2009, the Company adopted FASB Staff Position 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, as codified in ASC 805-20, *Business Combination: Identifiable Assets and Liabilities, and Any Non-controlling Interest*. ASC 805-20 amends and clarifies accounting standards to address application issues associated with initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **2. Significant Accounting Policies (continued)**

contingencies in a business combination. ASC 805-20 is effective for assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after the Company's effective date. The adoption of ASC 805-20 did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2009, the Company adopted SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an Amendment of ARB No. 5*, as codified in ASC 810, *Consolidation*. ASC 810 establishes accounting and reporting standards that improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. This guidance applies prospectively beginning in the fiscal year in which the guidance is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements must be applied retrospectively for all periods presented. The adoption of ASC 810 did not have a material effect on the Company's consolidated financial statements.

Effective December 31, 2009, the Company adopted SFAS No. 165, *Subsequent Events*, as codified in ASC 855, *Subsequent Events*. ASC 855 refers to subsequent events that provide additional evidence about conditions that existed at the balance sheet date as "recognized subsequent events." Subsequent events that provide evidence about conditions that arose after the balance sheet date, but prior to the issuance of the financial statements, are referred to as "non-recognized subsequent events." It also requires companies to disclose the date through which subsequent events have been evaluated and whether this date is the date the financial statements were available to be issued for non-public companies, including the Company. The adoption of ASC 855 did not have a material effect on the Company's consolidated financial statements. In connection with the Company's adoption of ASC 855, the Company evaluated subsequent events through March 26, 2010, the date these financial statements were available to be issued.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 3. Acquisitions

During 2009, the Company paid \$2,226 in cash to acquire certain businesses, including three solid waste collection operations with certain equipment, customers, and routes that the Company can integrate with its existing landfills and solid waste transfer operations.

During 2008, the Company paid \$17,527 in cash to acquire certain businesses, including two solid waste collection operations with certain equipment, customers, and routes that the Company integrated with its existing landfills and solid waste transfer operations.

During 2009 and 2008, the Company recorded net increases to goodwill of \$1,681 and \$14,406, respectively, related to acquisition activity, which primarily represents the premium paid to acquire employees and potential synergies involved in integrating the purchased solid waste collection operations with the Company's existing landfills and solid waste transfer operations.

As an integral part of certain acquisitions, the former shareholders signed contracts not to compete, and in certain situations, key management members entered into employment agreements to continue in the management of these businesses. Costs associated with these arrangements are charged to operations over their respective lives.

#### 4. Property and Equipment

Property and equipment consist of the following:

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Land and land improvements	\$ 970,485	\$ 930,882
Vehicles and equipment	402,292	392,258
Containers and carts	163,877	150,758
Buildings and leasehold improvements	103,371	100,769
	<u>1,640,025</u>	<u>1,574,667</u>
Less accumulated depreciation and amortization	910,411	825,268
	<u>\$ 729,614</u>	<u>\$ 749,399</u>

Veolia ES Solid Waste of North America, LLC

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**4. Property and Equipment**

Gross landfill costs of approximately \$937,075 and \$901,417 are included in land and land improvements at December 31, 2009 and 2008, respectively. Landfill costs incurred for future development are also included in land and land improvements. These costs represent various landfill properties and costs related to potential additional airspace expansions for which the Company intends to seek permits, with an aggregate book carrying value of approximately \$46,594 and \$45,599 at December 31, 2009 and 2008, respectively, which is not being amortized. During the years ended December 31, 2009 and 2008, interest of approximately \$162 and \$448, respectively, was capitalized related to land being actively developed.

Total depreciation expense recorded in 2009 and 2008 was \$106,613 and \$107,833, respectively.

**5. Intangible Assets**

The following tables present details of the Company's intangible assets:

		<b>December 31, 2009</b>		
		<b>Accumulated</b>		
		<b>Gross</b>	<b>Amortization</b>	<b>Net</b>
	Customer lists	\$ 82,635	\$ 71,040	\$ 11,595
	Other	2,953	1,458	1,495
		\$ 85,588	\$ 72,498	\$ 13,090
		<b>December 31, 2008</b>		
		<b>Accumulated</b>		
		<b>Gross</b>	<b>Amortization</b>	<b>Net</b>
	Customer lists	\$ 82,580	\$ 65,654	\$ 16,926
	Other	2,953	1,132	1,821
		\$ 85,533	\$ 66,786	\$ 18,747

Total amortization expense recorded was \$5,712 and \$8,562 in 2009 and 2008, respectively, related to these identifiable intangible assets. The estimated future amortization expense of purchased intangible assets for the five years succeeding December 31, 2009, are as follows: 2010 – \$3,172; 2011 – \$1,676; 2012 – \$1,322; 2013 – \$1,197; and 2014 – \$1,160.

Veolia ES Solid Waste of North America, LLC

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**6. Other Current Accrued Expenses**

Other accrued expenses consist of the following:

	December 31	
	2009	2008
Insurance	\$ 12,000	\$ 10,000
Current portion of disposal site closure and long-term care obligation	12,500	9,500
State income taxes payable	3,474	838
Income tax payable to VENA0 (Note 7)	9,800	7,720
Accrued VESNA interest expense (Note 7)	532	2,266
Accrued Veolia Proprete S.A. royalty expense (Note 7)	3,889	1,939
Accrued taxes (property and environmental)	16,402	14,027
Other	7,795	4,881
	\$ 66,392	\$ 51,171

**7. Transactions With Affiliates**

Amounts due from affiliates are as follows:

	December 31	
	2009	2008
Veolia ES Industrial Services	\$ 2,671	\$ 2,549
VES-SW	123,962	115,362
	\$ 126,633	\$ 117,911

Amounts due from Veolia ES Industrial Services represents net cash transactions.

Amounts due from VES-SW are primarily related to Veolia Proprete S.A. debt service payments and certain allocations of income tax benefits from VES-SW and are not represented by note receivable agreements and do not bear interest. These amounts are reflected as a reduction to shareholder's equity.

Veolia ES Solid Waste of North America, LLC

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**7. Transactions With Affiliates (continued)**

Amounts due to affiliates are as follows:

	December 31	
	2009	2008
Income taxes payable to VENAO	\$ 9,800	\$ 7,720
Veolia Proprete S.A.	3,889	1,939
VES-SW	180,532	182,266
VESNA	28,618	89,320
	\$ 222,839	\$ 281,245

Income taxes payable to VENAO are included in other accrued expenses and represent amounts due under tax-sharing arrangements with affiliates.

Amounts due to Veolia Properte S.A., an affiliate of VESNA, are included in other accrued expenses and represent unpaid brand royalty fees at December 31, 2009 and 2008.

The amount due to VES-SW represents the outstanding balance on a 10-year promissory note plus accrued interest as of December 31, 2009. The note was initiated on October 26, 2006, to fund a \$180,000 dividend payment to VES-SW. The note bears interest at a rate of LIBOR plus 0.90% (1.84% at December 31, 2009). Interest accrued on the principal balance is payable quarterly. The principal balance plus any unpaid interest are payable in full on October 30, 2016. Interest expense related to the note payable to VES-SW was \$3,175 and \$8,070 for the years ended December 31, 2009 and 2008, respectively.

Amounts due to VESNA represent liabilities for insurance coverage paid by VESNA on behalf of the Company, accrued interest expense, unpaid management fees, and net cash sweeps relating to a cash-pooling arrangement. At December 31, 2009, the amounts due to VESNA has been classified as a non-current liability on the accompanying consolidated balance sheet, since management does not currently anticipate that any significant amounts related to this liability will be repaid during 2010. The balance due under the cash-pooling arrangement bears interest at a rate of 4.01% in 2009. Interest expense on the principal balance due to VESNA is payable monthly and was \$518 and \$2,442 during 2009 and 2008, respectively.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 7. Transactions With Affiliates (continued)

On October 30, 2009, the Board of Directors of the Company authorized a dividend payment of \$51,177 to VES-SW. The dividend was paid to VES-SW during 2009.

Interest and fees to affiliates were as follows:

	Year Ended December 31	
	2009	2008
Interest expense	\$ 3,693	\$ 10,512
Veolia Proprete S.A. royalty fee (included in other, net)	7,506	8,057
VESNA management fee (included in other, net)	10,410	10,209

Interest expense, net includes interest on balances due to and from VESNA and VES-SW. VESNA provides VES-SW with various additional management and administrative services, and the management fee related to these services has been allocated to the Company.

#### Debt Payable to Veolia Proprete S.A.

On July 28, 2000, VES-SW entered into a debt agreement with Veolia Proprete S.A. The debt bore interest at a rate of LIBOR plus 0.90%. VES-SW LLC did not have any direct obligation for the debt or accrued interest payable to Veolia Proprete S.A., and therefore, the balance had not been reflected as liabilities on the Company's consolidated balance sheets.

The outstanding principal balance of \$318,359 and accrued interest under this debt agreement were paid in full on December 6, 2007, with proceeds from borrowings under two new debt agreements between VES-SW and Veolia Proprete S.A. The first of the new agreements (Medium-Term Loan) allowed for a maximum principal balance of \$211,000. The Medium-Term Loan bore interest at a rate of LIBOR plus 0.60% (5.12% at December 31, 2008) and had a maturity date of December 6, 2012. The second debt agreement (Long-Term Loan) allowed for a maximum principal balance of \$110,958. The Long-Term Loan bore interest at a rate of LIBOR plus 1.60% (6.12% at December 31, 2008) and had a maturity date of December 6, 2022. Like the previous debt, VES-SW LLC did not have any direct obligation for this debt or accrued interest payable to Veolia Proprete S.A., and therefore, these balances are not reflected as liabilities on the Company's consolidated balance sheets.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **7. Transactions With Affiliates (continued)**

The outstanding principal balance of \$321,958 and accrued interest under the Medium-Term and Long-Term Loan agreements were paid in full on August 26, 2009 with proceeds from borrowings under two new debt agreements with VESNA. The first of the new agreements (VESNA Medium-Term Loan) allows for a maximum principal balance of \$211,000 and matures on August 26, 2014. During the period from August 26, 2009 to December 31, 2009, the VESNA Medium-Term Loan bore interest at a fixed rate of 4.01%. Following that period, the VESNA Medium-Term Loan bears interest at a rate of LIBOR plus 0.60%. The second debt agreement (VESNA Long-Term Loan) allows for a maximum principal balance of \$110,958 and matures on August 26, 2024. During the period from August 26, 2009 to December 31, 2009, the VESNA Long-Term Loan bore interest at a fixed rate of 4.01%. Following that period, the VESNA Long-Term Loan bears interest at a rate of LIBOR plus 1.60%. At December 31, 2009, outstanding borrowings under the VESNA Medium-Term and Long-Term Loan agreements were \$211,000 and \$110,958, respectively. Interest expense related to the VESNA Medium-Term and Long-Term Loan agreements totaled \$2,828 and \$1,487 for 2009. Like the previous debt, VES-SW LLC does not have any direct obligation for this debt or accrued interest payable to VESNA, and therefore, these balances are not reflected as liabilities on the Company's consolidated balance sheets.

Although the Company is not required to make any payments to VES-SW to fund repayment of VES-SW's debt, VES-SW is the parent of the Company, and it is expected that the Company's net free cash flow will be made available to VES-SW to fund debt service and other corporate purposes.

#### **Veolia Environnement Letter-of-Credit Facility**

The Company participates in a \$1.23 billion letter-of-credit facility with VE and certain of its U.S. subsidiaries (VE LOC Facility). At December 31, 2009, the Company had open letters of credit totaling approximately \$160,669 under the VE LOC Facility. Total expenses related to the VE LOC Facility were \$1,038 and \$1,087 during 2009 and 2008, respectively.

Veolia ES Solid Waste of North America, LLC

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**8. Income Taxes**

Current and deferred taxes have been presented by the Company on a stand-alone basis. The provision for income taxes consists of the following:

	Year Ended December 31	
	2009	2008
Current:		
Federal	\$ 32,857	\$ 30,356
State	1,205	3,831
	<u>34,062</u>	<u>34,187</u>
Deferred:		
Federal	3,179	1,072
State	683	1,165
	<u>3,862</u>	<u>2,237</u>
	<u>\$ 37,924</u>	<u>\$ 36,424</u>

The differences in the provisions for income taxes and the amounts determined by applying the federal statutory rate of 35% for both 2009 and 2008 to income before income taxes are as follows:

	Year Ended December 31	
	2009	2008
Tax at statutory rate	\$ 36,368	\$ 32,332
State income taxes, net of federal benefit	2,379	3,655
Other	(823)	437
Tax expense	<u>\$ 37,924</u>	<u>\$ 36,424</u>

Veolia ES Solid Waste of North America, LLC

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**8. Income Taxes (continued)**

The deferred income tax balances consist of the following:

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Deferred tax liabilities:		
Property and equipment	\$ 85,893	\$ 81,695
Intangible assets	72,331	65,648
Other	2,182	2,006
Total deferred tax liabilities	<u>160,406</u>	<u>149,349</u>
Deferred tax assets:		
Closure and long-term care obligations	69,378	61,725
Other expenses not currently deductible	10,857	11,044
State net operating loss carryforwards and tax credits	2,575	3,036
	<u>82,810</u>	<u>75,805</u>
Valuation allowance for deferred tax assets	(1,635)	(1,825)
Total deferred tax assets	<u>81,175</u>	<u>73,980</u>
Net deferred tax liabilities	<u>\$ 79,231</u>	<u>\$ 75,369</u>

At December 31, 2009 and 2008, the Company has net operating loss carryforwards of approximately \$26,047 and \$29,051, respectively, for state income tax purposes that began to expire in 2008. The Company also has state tax credit carryovers of approximately \$1,446, which have no expiration date.

A valuation allowance of \$1,635 and \$1,825 has been recorded as of December 31, 2009 and 2008, respectively, related to a portion of the state net operating loss carryforwards that management believes will not be available to offset the future taxable income of the Company.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) *(In Thousands)*

#### **9. Employee Benefit Plans**

##### **Defined-Contribution Plans**

The Company has two defined-contribution 401(k) savings plans that cover substantially all non-union employees meeting certain minimum eligibility requirements. Participating employees can elect to defer a portion of their compensation and contribute to the plan on a pretax basis. The Company also matches certain amounts, as defined in the plan documents. Contributions made by the Company under the various plans were \$1,907 and \$1,726 for the years ended December 31, 2009 and 2008, respectively.

##### **Multi-Employer Pension Plans**

The Company also participates in various trustee-managed “multi-employer” pension plans under collective bargaining agreements covering union-represented employees. These plans generally provide retirement benefits to participants based on their service to contributing employers. The Company does not have access to current plan financial information and, therefore, is unable to determine its portion of the projected benefit obligation, plan assets, and unfunded liability of the multi-employer pension plans to which it contributes. The Company’s expense for multi-employer pension plans was \$3,178 and \$3,146 for the years ended December 31, 2009 and 2008, respectively, and is based on its required contributions to such plans.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### 10. Commitments and Contingencies

##### Leases

The Company rents certain facilities and certain equipment under non-cancelable operating leases expiring at various dates through 2017. Future minimum lease payments under these leases as of December 31, 2009, are as follows:

Year ending December 31:	
2010	\$ 6,632
2011	6,147
2012	5,760
2013	5,608
2014	4,327
Thereafter	133
	<u>\$ 28,607</u>

Rent expense for facilities and equipment was \$4,424 and \$4,673 for the years ended December 31, 2009 and 2008, respectively.

##### Environmental

The Company engages independent environmental consulting firms as necessary to assist the Company in conducting environmental assessments of existing landfills or other properties and in connection with companies acquired from third parties.

The ultimate amounts for environmental liabilities cannot be precisely determined, and estimates of such liabilities made by the Company, after consultation with the Company's independent environmental engineers and legal counsel, require assumptions about future events due to a number of uncertainties, including the extent of any contamination, the appropriate remedy, the financial viability of other potentially responsible parties, and the final apportionment of responsibility among the potentially responsible parties. Where management has concluded that the Company's estimated share of potential liabilities is probable, an undiscounted provision has been made in the financial statements.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **10. Commitments and Contingencies (continued)**

The Company is subject to various laws and governmental regulations concerning environmental matters and continually monitors its operations with respect to potential environmental issues, including changes in environmental regulations and remediation technologies. The Company accrues for anticipated environmental monitoring and remediation costs for its landfills in the long-term care accrual (see Note 2).

The Company or its subsidiaries have been notified that they are potentially responsible parties at certain sites listed on the National Priorities List published by the U.S. Environmental Protection Agency. When the Company concludes that it is probable that a material liability has been incurred with respect to a site, a provision will be made in the Company's financial statements reflecting the Company's best estimate of the liability based on management's judgment and experience, information available from regulatory agencies, and the number, financial resources, and relative degree of responsibility of other potentially responsible parties who are jointly and severally liable for remediation of the site, as well as the typical allocation of costs among such parties. The Company believes that ultimate resolution of these environmental liabilities will not have a material adverse effect on the Company's results of operations or financial condition.

As is the case with all sites, the performance of the elected remedies will be subject to periodic review by regulatory agencies. In the event the selected remedies do not perform adequately to meet applicable state and federal standards, additional remedial measures beyond those currently anticipated could be required by regulatory agencies. Implementation of any such additional remedial measures may involve substantial additional costs beyond those currently anticipated.

#### **Legal**

The Company is subject to extensive and evolving laws and regulations and has implemented the Company's own environmental safeguards to respond to regulatory requirements. In the normal course of conducting the Company's operations, the Company may become involved in certain legal and administrative proceedings. Some of these actions may result in fines, penalties, or judgments against the Company, which may have an impact on earnings for a particular period. The Company accrues for litigation and regulatory compliance contingencies when such costs are probable and can reasonably be estimated. The Company expects that matters in process at December 31, 2009, which have not been accrued in the consolidated financial statements, will not have a material adverse effect on liquidity, financial position, or results from operations.

## Veolia ES Solid Waste of North America, LLC

### Notes to Consolidated Financial Statements (continued) (In Thousands)

#### **10. Commitments and Contingencies (continued)**

In the normal course of its business and as a result of the extensive government regulation of the solid waste industry, the Company periodically may become subject to various judicial and administrative proceedings and investigations involving federal, state, or local agencies. The Company is involved in various environmental matters and governmental proceedings, including original or renewal permit filings in connection with the establishment, operations, expansion, and closure and post-closure activities of certain landfills and other facilities. There can be no assurance that such permits will be granted or that other related proceedings will be resolved in a manner favorable to the Company. From time to time, the Company also may be subjected to actions brought by citizen's groups in connection with the permitting of landfills and other facilities or alleging violations of the permits pursuant to which the Company operates. The Company is also subject from time to time to general commercial claims and litigation and personal injury or property damage claims and litigation arising out of accidents involving its vehicles. The Company believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

#### **Insurance**

The Company, through arrangements with VESNA, has insurance coverage for workers' compensation and motor vehicle liabilities in excess of certain occurrence deductibles. Provisions are recorded each period for incidents and claims below the occurrence deductible and represent management's best estimate of the ultimate settlement of developed claims, including claims incurred but not reported. Such provisions representing the obligations of the Company are reflected in the accompanying consolidated financial statements. VESNA purchases insurance coverages on behalf of the Company. To the extent the insurance purchased by VESNA provides coverage for claims in excess of certain occurrence deductibles that are higher than the arrangements between the Company and VESNA, the additional liability is paid by VESNA on behalf of the Company and is not reflected as a liability in the accompanying consolidated financial statements.

The Company also carries a commercial general liability policy and a property damage policy. The Company maintains a limited environmental impairment liability policy on its landfills and transfer stations that provides coverage, on a "claims made" basis, against certain third-party, off-site environmental damage. There can be no assurance that the limited environmental impairment policy will remain in place or provide sufficient coverage for existing, but not yet known, third-party, off-site environmental liabilities.



# Veolia ES Solid Waste

**NORTH AMERICA  
SOLID WASTE**

**[www.VeoliaES.com](http://www.VeoliaES.com)**



**VEOLIA**  
**ENVIRONMENTAL  
SERVICES**

- **Solid waste collection**
- **Transfer**
- **Recycling**
- **Disposal**
- **Bioremediation**
- **Liquid solidification**
- **Biodegradable waste composting**
- **Waste evaluations**
- **Industrial in-plant services**
- **Landfill Operation**



**NORTH AMERICA  
SOLID WASTE**

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 **VEOLIA**  
ENVIRONMENTAL  
SERVICES

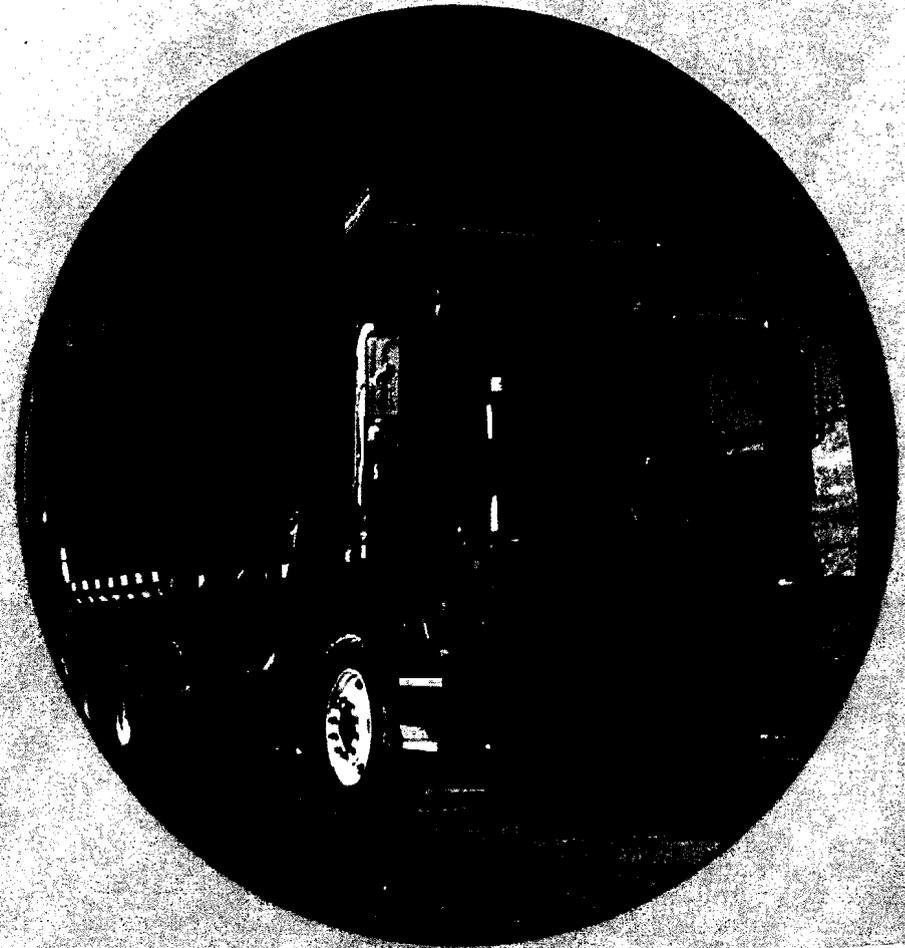
- **Fifth largest waste services firm in U.S.**

- 10 million tons processed
- 3,700 employees
- \$783 million revenues (2009)

- Services provided to more than 1.7 million residential, commercial and industrial customers.

- Facilities:

- 2,900+ vehicles in fleet
- 75 collection operations
- 41 transfer stations
- 16 recycling stations
- 30 solid waste landfills



**NORTH AMERICA  
SOLID WASTE**

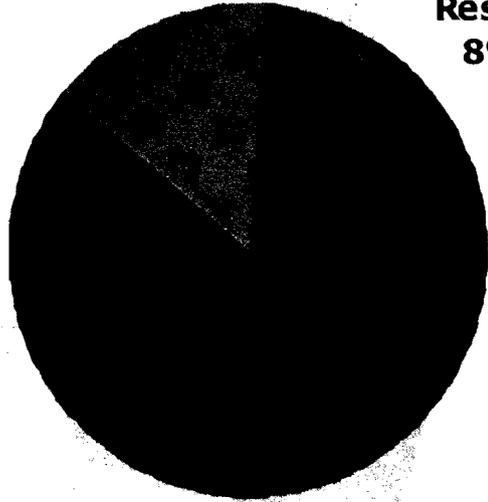
[www.VeoliaES.com](http://www.VeoliaES.com)

 **VEOLIA**  
ENVIRONMENTAL  
SERVICES

## Mix of Business

Third Party Disposal  
15%

Recycling Collection &  
Resale  
8%

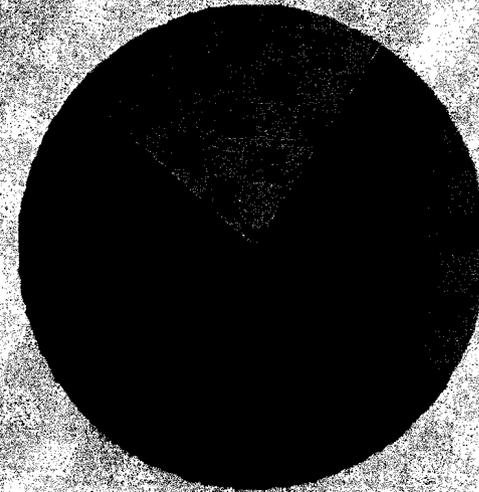


Collection, Transfer &  
Disposal  
77%

Residential / Municipal  
37%

## Collection Mix

Industrial  
23%



Commercial  
40%

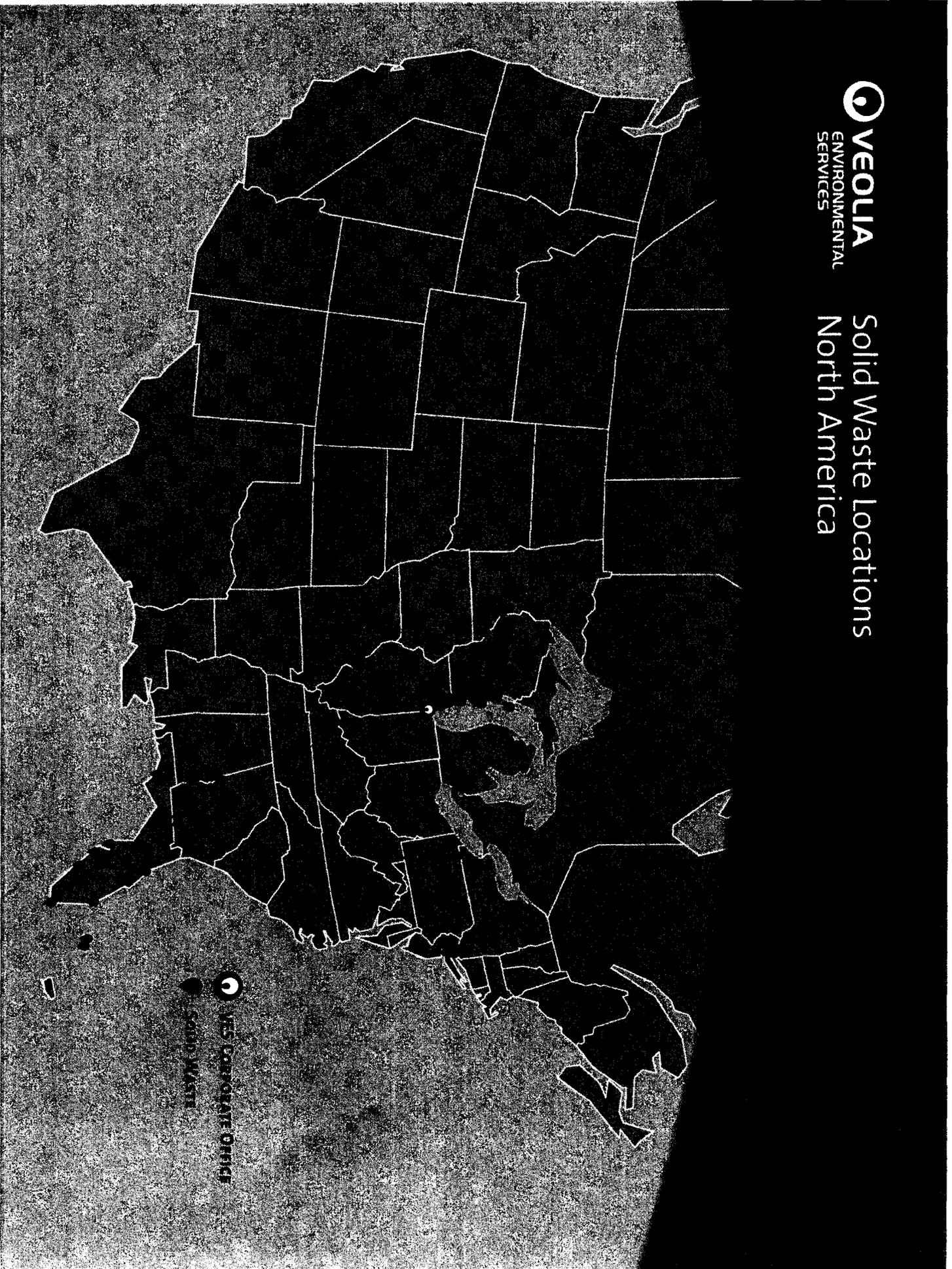
**2009 Revenue: \$783 Million**

**NORTH AMERICA  
SOLID WASTE**

[www.VeoliaES.com](http://www.VeoliaES.com)

 **VEOLIA**  
ENVIRONMENTAL  
SERVICES

Solid Waste Locations  
North America



# Wisconsin Solid Waste Operations

## Facilities:

- 14 collection operations
- 14 transfer stations
- 2 recycling stations
- 5 solid waste landfills

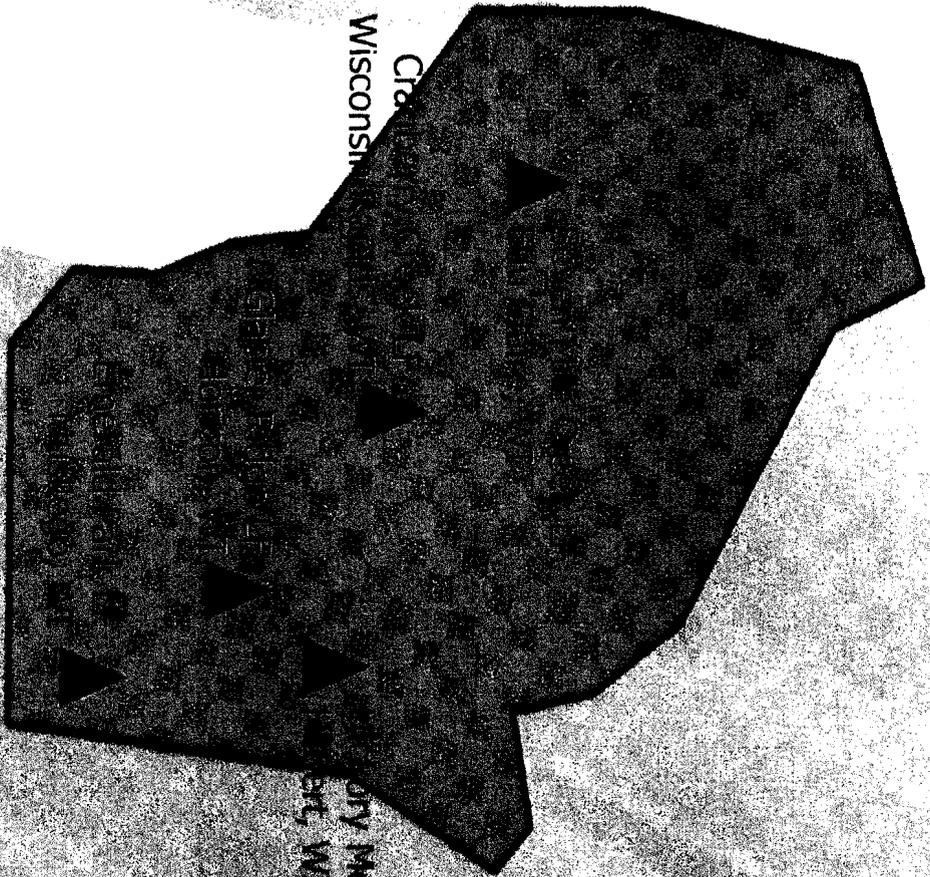
**NORTH AMERICA  
SOLID WASTE**

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SOLID WASTE**

**www.VeoilAES.com**

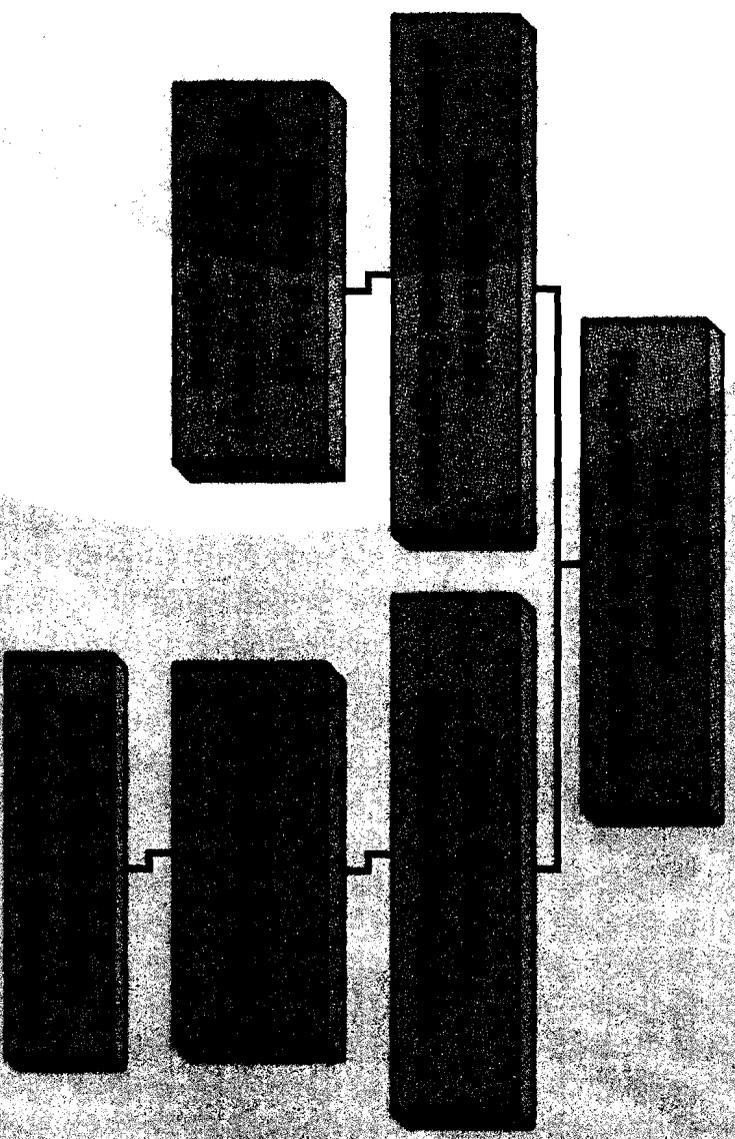


Wisconsin

City Meadows LE  
ct, WI

**VEOLIA**  
ENVIRONMENTAL  
SERVICES

# Organizational Structure



**NORTH AMERICA  
SOLID WASTE**

[www.VeoliaES.com](http://www.VeoliaES.com)

## Wisconsin Landfill Operations

Name	Location	Permitted Capacity (Cubic Yards)	Date of Veolia/ Predecessor Operation	Comments
Veolia ES Cranberry Creek Landfill, LLC	Wood County, WI	10,238,500	January, 1993	Municipal Solid Waste Landfill, 1,000 Tons Per Day (tpd), Part of Original Superior Services, Inc. Consolidation
Veolia ES Emerald Park Landfill, LLC	Waukesha County, WI	13,191,360	November, 1994	Municipal Solid Waste Landfill, 1,900 Tons Per Day (tpd), Part of Original Superior Services, Inc. Consolidation, Greenfield Site
Veolia ES Glacier Ridge Landfill, LLC	Dodge County, WI	15,127,400	January, 1993	Municipal Solid Waste Landfill, 1,600 Tons Per Day (tpd), Part of Original Superior Services, Inc. Consolidation
Veolia ES Hickory Meadows Landfill, LLC	Calumet County, WI	7,546,000	April, 1997	Municipal Solid Waste Landfill, 2,600 Tons Per Day (tpd), Acquired by Superior Services, Inc.
Veolia ES Seven Mile Creek Landfill, LLC	Eau Claire County, WI	9,110,076	October, 1996	Municipal Solid Waste Landfill, 1,400 Tons Per Day (tpd), Acquired by Superior Services, Inc.
Veolia ES Valley Meadows Landfill, LLC	Jefferson County, WI	0	January, 1993	Municipal Solid Waste Landfill, Closed in 1995, Part of Original Superior Services, Inc. Consolidation

**NORTH AMERICA  
SOLID WASTE**

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**VEOLIA**  
 ENVIRONMENTAL  
 SERVICES

*Turning waste into a resource*

**Questions? Thank You.**





**Veolia ES Solid Waste**

AMERICA  
WASTE  
VeoliaES.com

  
**VEOLIA**  
ENVIRONMENTAL  
SERVICES

# SERVICE CAPABILITIES

- **Solid waste collection**
- **Transfer**
- **Recycling**
- **Disposal**
- **Bioremediation**
- **Liquid solidification**
- **Biodegradable waste composting**
- **Waste evaluations**
- **Industrial in-plant services**
- **Landfill Operation**



**NORTH AMERICA  
SOLID WASTE**

[www.VeoliaES.com](http://www.VeoliaES.com)

 **VEOLIA**  
ENVIRONMENTAL  
SERVICES

## KEY FIGURES

- **Fifth largest waste services firm in U.S.**
  - 10 million tons processed
  - 3,700 employees
  - \$783 million revenues (2009)
- Services provided to more than 1.7 million residential, commercial and industrial customers.
- Facilities:
  - 2,900+ vehicles in fleet
  - 75 collection operations
  - 41 transfer stations
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  - 30 solid waste landfills



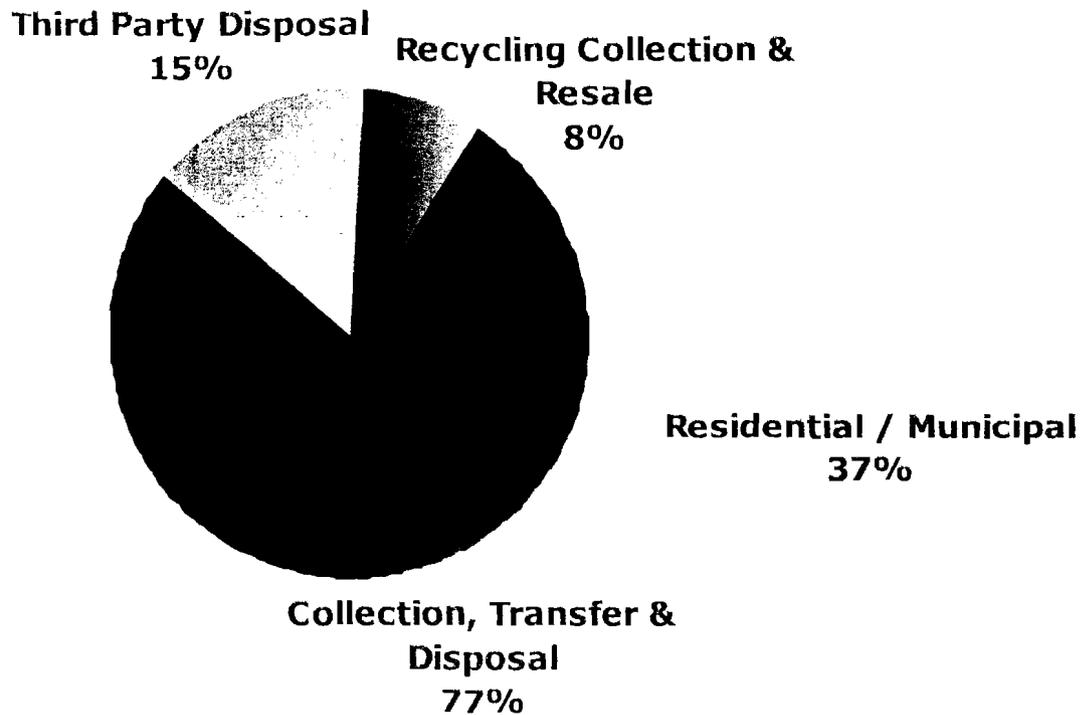
**NORTH AMERICA  
SOLID WASTE**

[www.VeoliaES.com](http://www.VeoliaES.com)

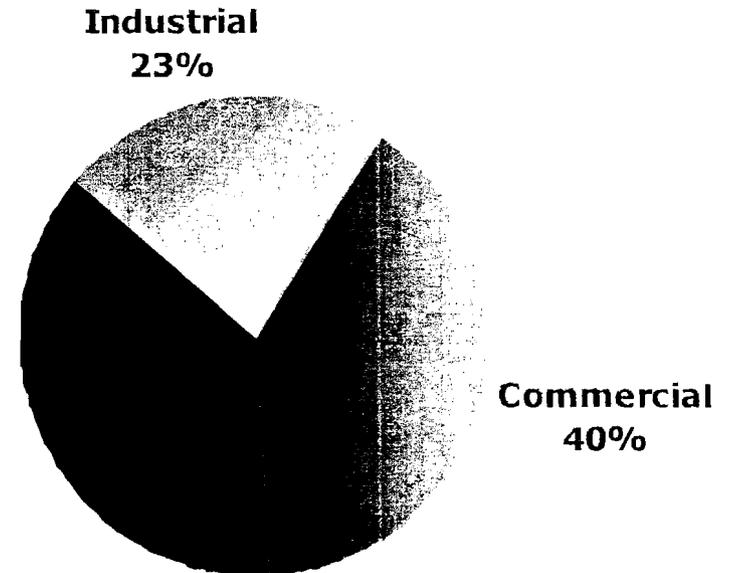
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SERVICES

# MIX OF BUSINESS - COLLECTION MIX

## Mix of Business



## Collection Mix



**2009 Revenue: \$783 Million**

NORTH AMERICA  
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ENVIRONMENTAL  
SERVICES

# Solid Waste Locations North America



 VES CORPORATE OFFICE  
 SOLID WASTE

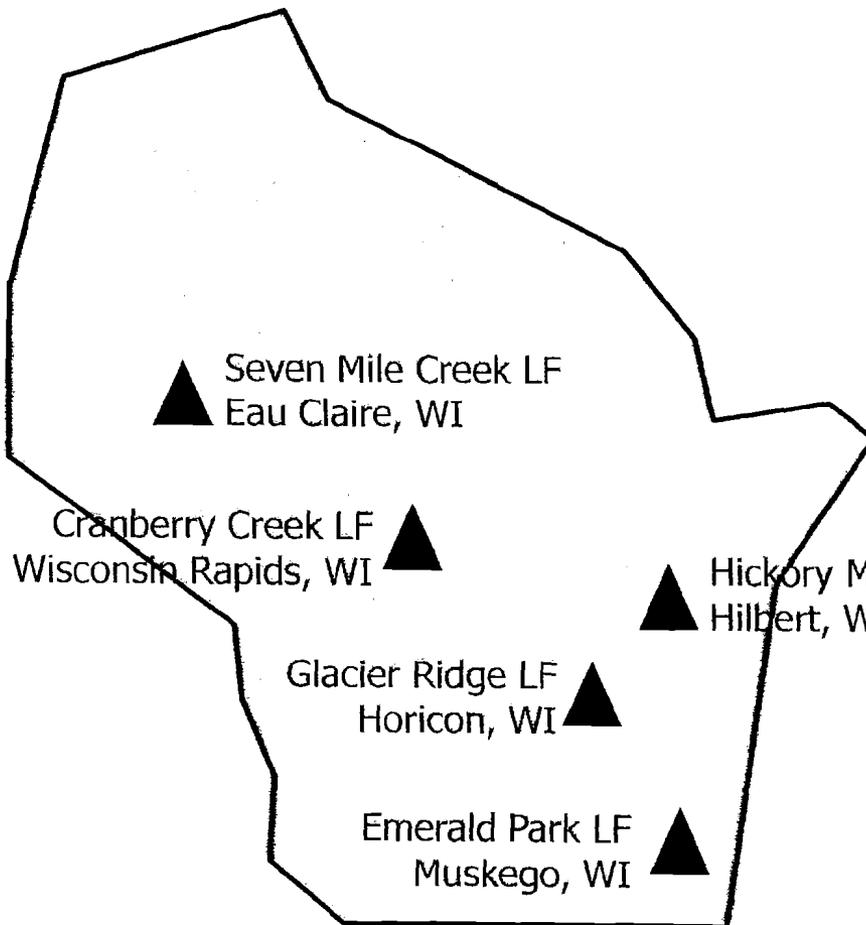
## Wisconsin Solid Waste Operations

Facilities:

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NORTH AMERICA  
SOLID WASTE

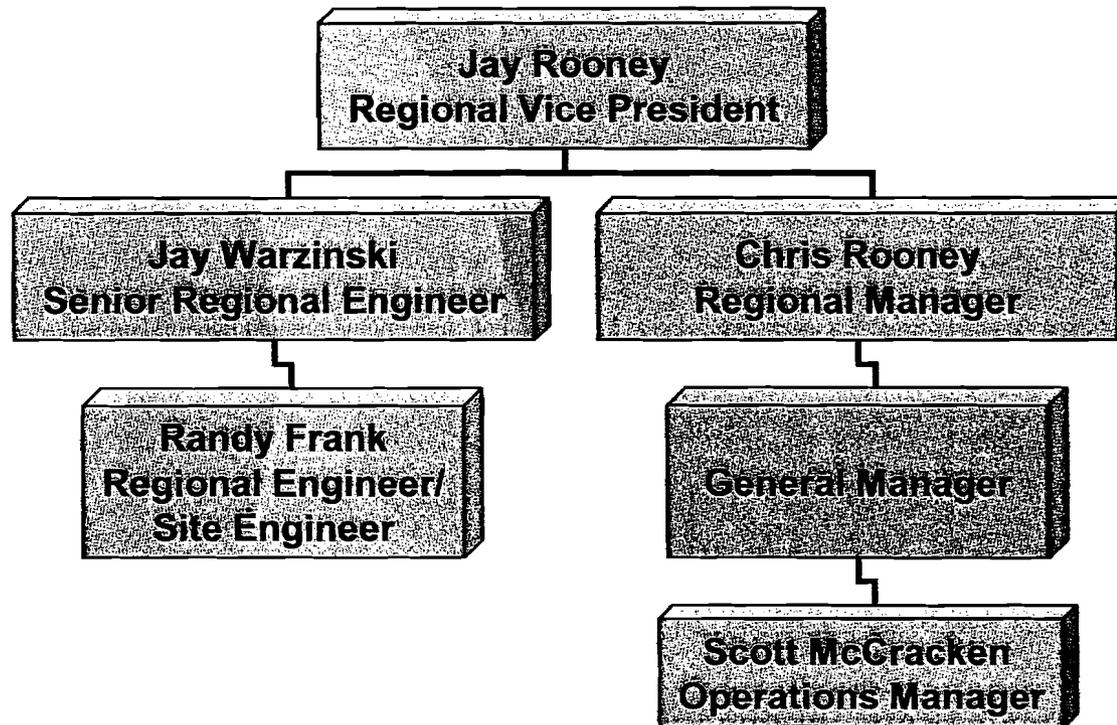
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SOLID WASTE**

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## Organizational Structure



NORTH AMERICA  
SOLID WASTE

[www.VeoliaES.com](http://www.VeoliaES.com)

## Wisconsin Landfill Operations

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Veolia ES Valley Meadows Landfill, LLC	Jefferson County, WI	0	January, 1993	Municipal Solid Waste Landfill, Closed in 1999, Part of Original Superior Services, Inc. Consolidation

NORTH AMERICA  
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*Turning waste into a resource*

**Questions? Thank You.**

 **VEOLIA**  
ENVIRONMENTAL  
SERVICES

To: Walworth County Board Supervisors

cc: David Bretl  
Kimberly S. Bushey

RECEIVED  
WALWORTH COUNTY CLERK

2010 SEP -8 AM 10: 27

From: Supervisor Randy Hawkins District 10

RE: WCEDA Funding

September 7, 2010

Attached is an article which I wrote in 2009 regarding the 2010 budget and my concerns about the continued funding of WCEDA. I included the article as a historical reference to show that the problems and concerns I noted with WCEDA a year ago, still exist today.

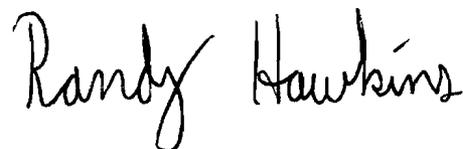
In the attached article I refer to past criteria which was established and required WCEDA to pursue funding outside of the county government. I even listed two ways to do so; financial support from the cities, towns, and villages that want WCEDA services and secondly for WCEDA to go to their members for support. Recently we heard from WCEDA that the economic summits had over 300 people in attendance. If this type of interest truly exists, then building WCEDA membership and member based funding should be there for the asking.

In my 2010 amendment I requested a reduction in the budgeted amount, for payments to be made quarterly, and for those payments to be subject to approval by the executive committee. That amendment failed and WCEDA received an unconditional \$50,000.00 check. Our payback, WCEDA reached a \$72,000.00 deficit in 2009, submitted inaccurate grant information, failed to pay taxes, and maintains a list of questionable loans.

In recent efforts to get some statistics I contacted WCEDA and learned that since WCEDA was established they have assisted only three businesses in my area. However, due to "confidentiality" WCEDA cannot provide information other than to tell me that one of the three has gone out of business. The remaining two businesses have yet to contact me with any type of feedback or support of WCEDA. Also, in speaking with locals the message that I have heard, is that there is no interest in WCEDA, therefore no need to spend their taxes on it.

I encourage you to contact WCEDA and ask your own questions. Find out how many businesses in the area that you represent have received help and where they are today. Talk to the local representatives and find out what they think about spending taxes on it. At last months County Board meeting a statement was made about the possibility of establishing an exit strategy and establishing specific criteria to be met in conjunction with any future funding. Those attempts have already been pursued. My past efforts to require accountability, transparency, goals, and benchmarks have not been successful. It is time to turn our efforts towards exiting, make it effective December 31, 2010, and stop funding WCEDA.

Respectfully submitted,



Supervisor Randy Hawkins  
District 10

## District 10 notebook

# County board spending lacks accountability

On Sept. 24, the Walworth County Board Finance Committee met to review all of the submitted appeals for the 2010 budget.

Planning for the county budget is a long process and typically starts every May. In the final stages, supervisors are allowed to submit appeals to add and/or remove spending. On this day, the finance committee had 11 appeals to consider, three of which I had submitted and a fourth that I co-sponsored. The following is a list of my \$95,275 tax saving efforts and their unfortunate outcomes:

**Accountability:** When I ran for county supervisor, one of the things that I promised was to pursue accountability for those who would be receiving government funding. In attempt to do that my Walworth County's Economic Development Alliance, or WCEDA, appeal included requests for benchmarks and accountability.

In 2009, I advocated for pursuing sources other than WCEDA for economic development and supported opening the process to outside bids. Unfortunately, the bid process fell short and the executive committee moved forward without formally

evaluating the submissions. As a result, the county decided to once again award the contract to WCEDA along with the addition of a Community, Natural Resources and Economic Development, or CNRED, agent, through the University of Wisconsin-Extension. At that point, I was successful in including criteria that was to be met by WCEDA before additional funding would be granted in 2009. Part of this criteria required WCEDA to pursue additional funding sources independent of county government, thus reducing the burden on taxpayers. Two methods that WCEDA could choose to pursue would be to request funds from its members as well as from the municipalities that are interested in WCEDA services.

For 2010, our administrator's budget includes \$50,000 for WCEDA. Another \$20,000 is allocated for CNRED. Based on WCEDA's track record, the contract requirements to secure other funding, and the fact that CNRED will be reducing WCEDA's workload by providing support, maintaining a Web site, and pursuing Main Street projects, as well as additional services, I submitted an appeal



By  
**RANDY  
HAWKINS**  
County  
Supervisor

My 2010 appeal was to reduce the WCEDA amount to \$30,000, with quarterly payments to be made subject to approval by the county executive committee's criteria.

I do support economic development and believe in financial support by the county; however I have been disappointed with WCEDA's efforts, results, and their reporting. Currently, WCEDA is operating with more than a \$72,000 deficit. I feel it is incredibly irresponsible to blindly turn over \$50,000 to an entity that is responsible for economic growth, but is unable to be financially responsible itself. Unfortunately, all but one member of the finance committee did not see it that way and voted to grant them the \$50,000 without any benchmarks or accountability.

• The Walworth County Visitor's Bureau, or WCVB, received \$122,000 in 2009. For

2010, the allocated amount is \$130,000. I support WCVB in its efforts and I do believe that tourism revenue is worthwhile; however, based on today's economy and our need to pursue countywide budget savings I co-sponsored an appeal to reduce the allocation to \$110,00. Like WCEDA, I believe financial support needs to be stronger from those that directly benefit. By this I mean WCVB members.

### • Capital Improvement project appeals:

1. Electronic county agenda posting: The budget includes \$15,000 for computers and monitors to be installed in three locations for electronic viewing of county board and committee agendas. Given the status of today's economy, the concern of people being able to view materials as needed, and using a much more cost efficient method of a bulletin board, I proposed removing the cost completely.

2. Live Internet streaming of meetings: I support communication, healthy debate, informing the public, and creating a transparent government; however, I couldn't support spending more than \$40,000 to install cameras that would allow meetings to be viewed live on the

Internet. This viewing will be only available to those with high-speed Internet access and does not allow for any cable TV viewing. Also, there has not been any public demand for this. For those reasons I proposed removing the item completely.

My attempts to create accountability and to eliminate wasteful spending were not achieved. I will not be deterred and I promise to continue to pursue savings as well as ways to increase countywide revenue.

### • What can you do?

Whether you see it my way and wish to support my proposed cuts, have ideas of your own or support the budget as a whole, you will have an opportunity to be heard at the public hearing on Tuesday, Nov. 3, when the public is invited to address the board about programs and proposed spending. I hope to see you there. If you would like to discuss this or other county government matters I can be reached at (262) 903-6098 or e-mail: [supv\\_rhawkins@yahoo.com](mailto:supv_rhawkins@yahoo.com)

*Randy Hawkins is a Walworth County Board supervisor representing Dist. 10. The opinions expressed here are his and not necessarily of this newspaper or Southern Lakes Newspapers LLC.*

Resolution No. 44 - 09/10

**Extending the Employment Contract of County Administrator David A. Bretl**

1 Moved/Sponsored by: Executive and Human Resources Committees

2  
3 **WHEREAS**, the current employment contract by and between Walworth County ("County")  
4 and County Administrator David A. Bretl ("Bretl") is scheduled to end on November 30, 2010;  
5 and,

6  
7 **WHEREAS**, the executive committee recommends extending Bretl's employment contract  
8 through November 30, 2011 pursuant to the terms and conditions of the Original Agreement, as  
9 modified by the First Amendment, and as further modified by the attached Second Amendment  
10 (collectively "Contract").

11  
12 **NOW, THEREFORE, BE IT RESOLVED** by the Walworth County Board of Supervisors that  
13 the attached contract Amendment be and the same is hereby approved.

14  
15  
16  
17 \_\_\_\_\_  
18 Nancy Russell  
19 County Board Chair

\_\_\_\_\_

Kimberly S. Bushey  
County Clerk

20  
21  
22 County Board Meeting Date: September 9, 2010

23  
24 Action Required: Majority Vote \_\_\_\_\_ Two-thirds Vote  X  Other \_\_\_\_\_

Policy and Fiscal Note is attached.

Reviewed and approved pursuant to Section 2-91 of the Walworth County Code of Ordinances:

 9/9/10  
\_\_\_\_\_  
Duffy Dillon, Esq. Date  
Special Counsel

 9/9/10  
\_\_\_\_\_  
Nicole Andersen Date  
Deputy County Administrator - Finance

If unsigned, exceptions shall be so noted by the County Administrator.

**Policy and Fiscal Note**  
**Resolution No. 44 - 09/10**

- I. Title:** Extending and Amending the Employment Contract of County Administrator David A. Bretl
- II. Purpose and Policy Impact Statement:** The purpose of this resolution is to extend the County Administrator's Contract through November 30, 2011, and amend its terms regarding Bretl's compensation as Corporation Counsel.
- III. Budget and Fiscal Impact:** The attached Amendment would provide for a \$1,373.00 increase to the stipend Bretl receives for performing the duties of Corporation Counsel, raising the total Corporation Counsel stipend to \$23,000 per year.
- IV. Referred to the following standing committees for consideration and date of referral:**

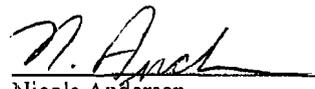
Committee: Executive Meeting Date: August 16, 2010

Vote: 5 - 0

County Board Meeting Date: September 9, 2010

Policy and fiscal note has been reviewed and approved as an accurate statement of the probable policy and fiscal impacts associated with passage of the attached resolution.

 9/9/10  
\_\_\_\_\_  
Duffy Dillon, Esq. Date  
Special Counsel

 9/9/10  
\_\_\_\_\_  
Nicole Andersen Date  
Deputy County Administrator - Finance

**WALWORTH COUNTY**  
**SECOND AMENDMENT TO EMPLOYMENT AGREEMENT**

**THIS EMPLOYMENT AGREEMENT AMENDMENT** ("Second Amendment") is made and entered into by and between Walworth County (the "County") Wisconsin and David A. Bretl ("Bretl").

**WHEREAS**, an Employment Agreement ("Original Agreement") by and between Bretl and the County was entered into on the 8<sup>th</sup> day of October 2002; and,

**WHEREAS**, the aforesaid Original Agreement was extended by virtue of County Board resolutions on September 11, 2007 and May 13, 2008; and subsequently amended by an Amendment to Employment Agreement ("First Amendment") by virtue of a County Board resolution on June 10, 2008; and,

**WHEREAS**, the County, through its executive committee, has voted unanimously to recommend continuation of Bretl's employment until November 30, 2011, under the following terms and conditions of the Original Agreement as modified by this Amendment (collectively "Contract"), which Bretl has also agreed to.

**NOW, THEREFORE**, in consideration of the promises, terms and conditions thereof, the County and Bretl agree as follows:

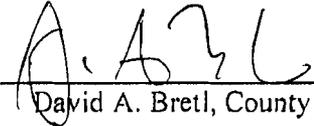
1. **Scope of Second Amendment.** Except as specifically modified herein, all terms of the Original Agreement, as amended by the First Amendment, shall remain in full force and be binding upon the parties throughout the employment term specified below
2. **Employment term.** The County will continue to employ Bretl, and Bretl accepts such employment, until November 30, 2011.
3. **Compensation.** Paragraph 5 of the First Amendment is hereby superceded and replaced by the following language:

**Performance evaluation.** For Bretl's duties as Corporation Counsel, Bretl's compensation shall be \$23,000 per annum, payable biweekly, effective January 1, 2011. For Bretl's duties as County Administrator only, the executive committee shall evaluate Bretl's performance annually at its November meeting. During the term of this Contract, as amended, Bretl shall be subject to the County's performance-based pay plan. The pay raise, if any, for each year shall be determined on the basis of the performance-based pay matrix approved by the Human Resources Committee. For purposes of calculating any raise, the "second quartile" of the plan shall be utilized as a basis for the increase. Any performance-based raise shall be applied only to Bretl's salary as County Administrator and not to Bretl's stipend as Corporation Counsel.

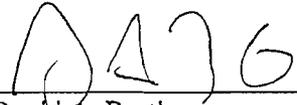
4. Drafting and reliance on counsel. All terms and conditions included in this Second Amendment are understood as **no construction against any party**. This Contract is the product of informed negotiations between Walworth County and Bretl, who acknowledge to have been represented by competent and informed counsel. If any part of this Contract is deemed to be unclear or ambiguous, it shall be construed as if it were drafted jointly by both parties.

**Walworth County**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Nancy Russell, County Board Chair

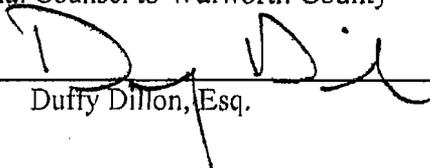
 \_\_\_\_\_ Date: 9/9/10  
David A. Bretl, County Administrator

This Amendment was jointly drafted as an Amendment to Employment Agreement by David A. Bretl, individually, and by Attorney Duffy Dillon of Brennan Steil S.C., representing Walworth County as special counsel.

 \_\_\_\_\_  
David A. Bretl

Date: 9/9/10

Brennan Steil S.C.  
Special Counsel to Walworth County

By:  \_\_\_\_\_  
Duffy Dillon, Esq.



Policy and Fiscal Note  
Resolution No. 45 – 09/10

- I. **Title:** Approving a Fourth Revised Amendment to the Employment Contract of Michael Cotter for Performing the Duties of Deputy Corporation Counsel
- II. **Purpose and Policy Impact Statement:** The purpose of this resolution is to extend the amended portion of the employment contract by and between the County and Cotter. Cotter's duties will continue to be primarily administrative within the Corporation Counsel office. This resolution extends Cotter's contract as Deputy Corporation Counsel to November 30, 2011.
- III. **Budget and Fiscal Impact:** Cotter will receive \$18,000 for performing Deputy Corporation Counsel duties. Funds will be included for this expense in the 2011 budget.
- IV. **Referred to the following standing committees for consideration and date of referral:**

Committee: Executive

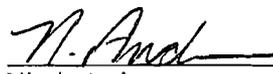
Meeting Date: August 16, 2010

Vote: 5 – 0

County Board Meeting Date: September 9, 2010

Policy and fiscal note has been reviewed and approved as an accurate statement of the probable policy and fiscal impacts associated with passage of the attached resolution.

  
Duffy Dillon, Esq.      9/9/10  
Special Counsel      Date

  
Nicole Andersen      9/9/10  
Deputy County Administrator – Finance      Date

### Amendment to Employment Agreement

For the period of January 1, 2011 through November 30, 2011, paragraph 3 c) of the employment agreement by and between Walworth County and Michael Cotter dated May 13, 2003, as previously amended from time to time, shall be and is hereby further amended as follows (additions shown by underline; deletions shown by strike-through):

- c) Cotter shall receive supplemental compensation for his work as Deputy Corporation Counsel in the amount of ~~\$15,000~~ \$18,000 per annum, payable bi-weekly. ~~This stipend shall be increased by \$1000 from May 31, 2008 to May 31, 2009 and an additional \$1000 from May 31, 2009 to May 31, 2010 payable bi-weekly.~~ This supplemental compensation shall not be raised during the period of this agreement ~~except as provided above.~~"

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Michael P. Cotter

Date

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Walworth County

Date