

**OPTION AGREEMENT TO ENTER INTO A NEW AGREEMENT FOR
TRANSFER STATION OPERATION AND SOLID WASTE TRANSPORTATION
AND DISPOSAL
BETWEEN
THE COUNTY OF MENDOCINO
AND
SOLID WASTES OF WILLITS, INC.**

This Option Agreement to enter into a new Agreement for the Transfer Station Operation and Solid Waste Transportation and Disposal is made this ____ day of August, 2010 at Ukiah, California by Solid Wastes of Willits, Inc., hereinafter (“CONTRACTOR”) and the County of Mendocino hereinafter (“COUNTY”).

WHEREAS, in February and March, 2000, CONTRACTOR and COUNTY and other parties executed the Agreement for Transfer Station Operation and Solid Waste Transportation and Disposal hereinafter, (“Transfer Station Agreement”) for the Willits Solid Waste Transfer Station and Recycling Center hereinafter (“SWTS”); and

WHEREAS, the Transfer Station Agreement will expire on December 3, 2015; and

WHEREAS, CONTRACTOR has separately negotiated and reached agreement with the COUNTY for extension of the terms of CONTRACTOR’S three existing franchise collection contracts in unincorporated Mendocino County, and separately has reached agreement for CONTRACTOR to assume operation of five COUNTY owned transfer stations; and

WHEREAS, in consideration for, and contingent upon, the foregoing three franchise collection contract extensions and separate operating agreement for the five existing publicly owned transfer stations being formally approved and executed by COUNTY, CONTRACTOR is willing to grant COUNTY an option at COUNTY’S discretion to enter into a new Transfer Station Agreement with an expiration date of February 23, 2030, as set forth herein.

NOW, THEREFORE, it is agreed as follows:

1. CONTRACTOR grants COUNTY an option, at COUNTY’S sole discretion, to enter into a new agreement with CONTRACTOR setting forth the terms and conditions under which CONTRACTOR shall operate the SWTS hereinafter, (“New Transfer Station Agreement.”)
2. COUNTY may exercise this option by written notice to CONTRACTOR at any time prior to December 3, 2014.
3. The New Transfer Station Agreement shall have a term of December 3, 2015 to February 23, 2030.

4. If COUNTY option is timely exercised, the terms and conditions of the New Transfer Station Agreement shall be identical to the existing Transfer Station Agreement, as it has been amended through December 2, 2015, except as follows:
 - A. "Agencies" shall generally be replaced by "COUNTY", insofar as the New Transfer Station Agreement shall be between only CONTRACTOR and COUNTY, and shall not include the City of Fort Bragg and City of Willits as parties. Any reference to the City of Fort Bragg and the City of Willits shall be inoperable.
 - B. Article 4, COUNTY "Waste Flow to Transfer Station" shall be amended to include, and defined as "only unincorporated area waste collected by COUNTY Franchise curbside haulers in COUNTY Franchise Area 1, and COUNTY Franchise Area 2 (Coastal Zone)".
 - C. Article 6, "Competing Facilities Owned or Operated by Contractor" shall not apply to any newly established publically owned commercial transfer station which becomes operational in the greater Fort Bragg coastal area after December 3, 2015.
 - D. The Construction Cost Component of the gate fee, currently \$2.55 per ton, shall expire and the gate fee reduced by this amount on December 3, 2015.

CONTRACTOR:

 Gerald W. Ward, President
 Solid Wastes of Willits, Inc.

Date: _____

COUNTY OF MENDOCINO

Attest:

 Carre Brown,
 Chair, Board of Supervisors

 Kristi Furman, Clerk of the Board

Date: _____

Approved as to Form

 Jeanine B. Nadel,
 Mendocino County Counsel

Date: _____