

WASTE MANAGEMENT OF WASHINGTON, INC.



**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

**9380 SW Barney White Road
Bremerton, WA 98312
(360) 674-7359**

Waste Management of Washington, Inc.

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1. INTRODUCTION

Waste Management of Washington, Inc. (WMW) operates the Olympic View Transfer Station (OVTS) under the Transfer Station Development and Waste Disposal Project Agreement (the Agreement) KC-479-00 with Kitsap County Department of Public Works (KCPW). The Agreement, in its entirety, including all executed Agreement Amendments, is included as Appendix A, Transfer Station Development and Waste Disposal Project Agreement.

OVTS is a municipal solid waste transfer station and material recovery facility designed to serve incorporated and unincorporated portions of Kitsap County and other communities. The facility opened in July of 2002. OVTS is located at 9380 SW Barney White Road, Bremerton, Washington, 98312, in the Port of Bremerton's Olympic View Industrial Park and is situated adjacent to, and north of, the existing Brem-Air Collection Company (Brem-Air) office and maintenance facilities, and east of the Olympic View Sanitary Landfill property. The property is identified with Kitsap County Property Tax Account Number: 112301-2-002-1001.

This plan establishes the practices and guidelines for the operation, use, and maintenance of the facility in accordance with requirements of Kitsap County Board of Health, Ordinance Number 2010-1, and Chapter 173-304 Washington Administrative Code (WAC), Minimum Functional Standards for Solid Waste Handling, Sections 405 and 410. It is also intended to meet the requirements of Chapter 173-350 WAC, Solid Waste Handling Standards.

A copy of this plan is maintained at the facility. The plan, including all referenced Appendices, is reviewed annually and updated as necessary. Major revisions are submitted to the Kitsap Public Health District (KPHD) and the Kitsap County Solid Waste Division (SWD) for review prior to implementation.

Solid waste regulations require that permitted facilities be consistent with the local Comprehensive Solid Waste Management Plan. OVTS is consistent with the Kitsap County Comprehensive Solid and Hazardous Waste Management Plan, which outlines the requirements and implementation of waste export to a regional disposal facility.

1.1 Site Facilities

1.1.1 Site Description

Activities occur on a land parcel approximately 10.6 acres in size, adjacent to the Brem-Air facilities. The property is zoned as City, General Warehouse, Publicly-Owned and is consistent with the City of Bremerton's Comprehensive Land-Use Plan.

1.1.2 Site Features

The facility layout and following key features, with their approximate size, are shown on the site map in Figure 4, Appendix B, Site Maps & Engineering Drawings. Detailed specifications are also available in the engineering plans found in Appendix B, Site Maps & Engineering Drawings.

- Transfer Station, Tipping Floor approximately 45,686 square feet, Special Waste Handling Area approximately 3,560 square feet, and Employee Facilities approximately 1,840 square feet;
- Scalehouse, approximately 324 square feet;
- Fee-for-Service Public Recycle Drop-Off Area;
- Free Public Recycle Drop-Off Area, approximately 650 square feet (covered area) and 25,000 square feet (traffic area);

- Rail Spur and Intermodal Container Storage and Handling Area, approximately 77,600 square feet;
- Access and Maneuvering Areas, including entrance and exit, approximately 161,000 square feet;
- Paved commercial vehicle parking area, approximately 90,500 square feet; and
- Four (4) Stormwater Detention/Infiltration Ponds, approximately 63,750 square feet.

Security systems, including video surveillance and fire alarms, are installed throughout the site.

1.1.3 Compactors

A SSI 4500 SPH compactor and Track Car (motorized chassis), installed in November 2014, is used to compact wastes for shipment. The compactor is rated at 115 tons per hour throughput.

1.1.4 Scales

In-ground scales are used to weigh incoming and outgoing loads. Two (2) inbound scales and one (1) outbound scale are located near the facility entrance gate.

1.1.5 Public Information Area

A visible area for posting notices and distributing facility-related and County-provided recycling and solid waste information is located at the Scalehouse.

1.1.6 Hours of Operation

The facility is open to the general public daily from 8:00 a.m. to 5:00 p.m., except for designated holidays. Commercial garbage hauling traffic begins at 6:00 a.m. Current operating hours are posted at the entrance gate. The facility is closed on New Year's Day, Thanksgiving Day, and Christmas Day. The facility closes at 3:00 p.m. on Christmas Eve.

Operating hours may be modified under special or emergency conditions, or as business conditions warrant. OVTS will notify KCPW and KPHD of changes in operating hours. Procedures for the temporary closure of OVTS are included in Appendix C, Emergency Action Plan Program.

1.1.7 Rates

Rates are established by Kitsap County Resolution, as approved by the Board of County Commissioners, and subject to change. Rates vary depending on waste type. Current tipping fees are posted at the Scalehouse and included in Appendix D, Current OVTS rates.

1.1.8 Site Access

Access to the site is shown in Figure 3, Appendix B, Site Maps & Engineering Drawings. The entrance to the site is accessed via Barney White Road and an access driveway east of the existing Brem-Air facilities. Barney White Road intersects State Highway 3 in the southbound direction. Vehicles reach Barney White Road via Imperial Way when traveling northbound on State Highway 3. State Highway 3 connects the City of Bremerton and the Town of Belfair.

Entrances are secured by locking gates when the site is closed and access is restricted by a perimeter fence surrounding the site. "No Trespassing" signs are posted at regular intervals along the fence and gates.

Remote viewing access of the site is available through an onsite video surveillance system.

1.1.9 Signs

A sign posted at the entrance gate indicates the facility name, hours of operation, hazardous waste prohibition, and covered load requirement (Revised Code of Washington (RCW) 70.93.060, Littering Prohibited). Additional signs are used to direct traffic flow and provide safety alerts.

1.1.10 Scavenging Prohibited

Authorized personnel may conduct floor sorting activities to remove recyclable materials or unacceptable wastes from materials delivered to the tipping floor. Scavenging by unauthorized personnel is prohibited.

1.1.11 Onsite Traffic Flow

Traffic patterns are designed to optimize traffic flow and maximize safety as shown on Appendix B, Site Maps & Engineering Drawings, Figure 4. All-weather roads and driving surfaces are provided throughout the site. The site speed limit of 10 MPH is posted.

Vehicles enter the facility through the gate located along Barney White Road. Once onsite, they proceed along one of two entrance lanes which parallel the property line. The left inbound lane is primarily used by self-haul vehicles and the right inbound lane is dedicated to commercial vehicles with pre-registered tare-weight and a customer account card. The right inbound lane is also used occasionally by commercial vehicles requiring special handling by the Scalehouse.

Customers with wastes, tires, or white goods are directed to the scales for weighing, assistance, and fee collection. Customers with non-fee recyclables only may proceed directly to the recycling drop-off area. Customers with both fee and non-fee items may drop-off recyclables, then proceed over the scales to be weighed and/or charged for fee items, so that the gross weight will not include the weight of recyclable materials left in the drop-off area.

Vehicles then proceed to the Transfer Station where signs and facility staff direct them where and when to unload. Self-haul vehicles enter and unload in the southern portion of the building. Commercial vehicles enter and unload in the northern portion of the building. Vehicles containing approved special waste or segregated construction, demolition, landclearing debris and soils unload in the northwest corner of the building. Commercial vehicles containing commingled recyclables unload beneath the canopy on the northwest side of the building.

The paved area to the east of the Transfer Station is dedicated for use by vehicles to untarp or for temporary staging of transfer boxes. Haulers also use this area to clean out vehicles after tipping onto the Transfer Station floor.

Empty vehicles return to the outbound scale, and exit the site through the entrance gate onto Barney White Road. Commercial tare-weight vehicles may bypass the outbound scale.

Containers shipped using road transportation follow the same traffic pattern as other vehicles entering and leaving the site. Containers shipped via rail may be staged in the container storage and handling area prior to loading onto rail cars in the rail loading area.

1.1.12 Transfer Equipment

Mobile equipment available and used for daily solid waste transfer operations at OVTS include:

Mobile Equipment	Quantity
Loader (Primary and Secondary)	2
Top Picks	2
Yard Goat (small truck to move trailers on site)	1
Pickup Truck	2
Excavator	1

Over the period of operation of OVTS, equipment deletions, substitutions, or additions may occur. OVTS will maintain sufficient staffing and equipment to manage wastes, recyclables, and other materials in compliance with applicable laws, regulations, and permits.

1.1.13 Maintenance Schedule

Routine maintenance and cleaning is performed to keep onsite equipment in good working order. Preventive maintenance is performed according to manufacturer's specifications and company standards for each type of equipment. Scheduled maintenance is tracked by computer and maintenance records and invoices are maintained at the facility. Rolling stock, powered industrial trucks, and compactor equipment is inspected before and after each use to identify and correct potential safety and maintenance issues.

Containers used for off-site movement of materials are inspected for damage prior to loading and unloading. Containers requiring repair are removed from service until the repairs can be made.

1.2 Site Personnel

Staff functions involved in managing the facility include:

Senior District Manager

The Senior District Manager has management operating and financial responsibility for all aspects of site operations and compliance at the facility. The Senior District Manager is to be contacted regarding site operations if the District Manager is not available.

District Manager

The District Manager is directly responsible for operations and financial performance at the site, including compliance with environmental permits and regulations. The District Manager is the primary contact person for the site and is available onsite or by phone.

Operations Manager

The Operations Manager is responsible for personnel, equipment, and operations. The Operations Manager is responsible for ensuring that proper operational practices are maintained and that the site is operating in conformance with the engineering plans and applicable regulatory requirements. The Operations Manager, or a designee, conducts various facility inspections, to ensure safe and sound operations.

The Operations Manager is also responsible for reviewing all applications for the management of special waste at the facility. The Operations Manager reviews all incoming special waste profiles as described in Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan, coordinates with agencies, generators, and company staff as needed for appropriate handling and disposal.

The Operations Manager maintains a log of information required to be reported to local and state agencies, and manages reporting tasks.

Lead Operators/Equipment Operators/Spotters

The Lead Operator/Equipment Operator/Spotter activities include waste screening, directing traffic, instructing customers, maintaining safety, operating equipment, managing the Transfer Station floor and Public Recycle Drop-Off Areas, housekeeping and regular facility maintenance, and ensuring waste types are handled properly and efficiently. At least one (1) Lead Operator/Equipment Operator/Spotter is onsite during normal working hours and whenever materials are accepted from the general public.

Lead Operators/Equipment Operators/Spotters perform the following duties:

- Inspecting waste loads for suspicious and/or unacceptable materials;
- Sorting of waste and/or recyclables, managing tires and white goods in an orderly manner;
- Directing vehicles to proper unloading locations;
- Traffic control;
- Facility housekeeping;
- Assisting in educating customers regarding the recyclability and acceptability of materials; and
- Litter patrol and janitorial services.

Scalehouse Attendant

The Scalehouse Attendant activities include monitoring traffic over the scales, assisting customers, initial waste screening, providing educational materials such as brochures, managing paperwork associated with special wastes, and processing customer payments, as described in Appendix E, OVTS Scalehouse Operations. The Scalehouse Attendant is available during normal working hours.

Equipment Maintenance Personnel

Maintenance for most rolling stock and portable equipment occurs in the Brem-Air facilities or off-site, if an outside vendor is used. Maintenance activities for large, fixed, and heavy equipment occurs where the equipment is stationed, at the discretion of the Operations Manager.

Environmental Manager

The Environmental Manager assigned to the site is responsible for assessing environmental compliance at the site and working with the District Manager and other personnel to ensure that all applicable regulatory requirements are met. This individual may be located off-site.

Job descriptions may be combined. Number of personnel and specific job descriptions are subject to change.

2. WASTE ACCEPTANCE POLICY

The Transfer Station accepts residential, commercial, and industrial solid waste and recyclable materials.

OVTS screens all incoming waste materials in accordance with Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan. The plan is designed to prevent unacceptable waste from entering the facility, to detect any unacceptable waste that may have been tipped onto the Transfer Station floor, and to safely manage those unacceptable wastes that have been detected at the facility. Materials accepted for recycling may change over time as conditions warrant, based upon consultation with KCPW.

2.1 Acceptable Waste Materials

Acceptable waste is defined by the Agreement, and includes, but is not limited to all putrescible and non-putrescible waste including but not limited to garbage, rubbish, refuse, ashes, paper and cardboard, plant, grass clippings and leaves and other organic yard trimmings, commercial waste, demolition and construction waste, wood waste, Special Waste, discarded home and commercial appliances, and manure, vegetable or animal solid or semi-solid wastes.

Acceptable waste also includes other materials and substances that may, in the future, be included in the definition of “solid waste” or any successor term, in Chapter 70.95 RCW, Solid Waste Management-Reduction and Recycling, and regulations promulgated thereunder, but does not include Unacceptable Waste as shown in Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan.

2.2 Free Public Recyclable Materials

The following source-separated materials are collected in the Free Public Recycle Drop-Off Area for the purpose of recycling:

- Corrugated cardboard;
- Glass;
- Mixed paper;
- Commingled containers, including plastic bottles/containers, tin/steel cans, and aluminum cans;
- Scrap metal;
- Household batteries;
- Used motor oil;
- Used antifreeze;
- Textiles; and
- Used cooking oils

2.3 E-Cycle Recyclable Materials

The following source-separated materials are collected in a designated area for the purpose of recycling, as part of the Washington State E-Cycle recycling program managed through the Washington Material Management and Financing Authority (WMMFA):

- Computer CPU’s, monitors, TV’s, tablets, and laptops.

2.4 Fee-for-Service Recyclable Materials

The following source-separated materials are collected in the Fee-for-Service Public Recycle Drop-Off Area, for the purpose of recycling:

- Non-Commercial white goods (used appliances, including, but not limited to stoves, ovens, cook tops, refrigerators, dishwashers, washing machines, dryers, and water heaters); and
- Tires;

2.5 Unacceptable Waste Materials

The following waste types are NOT accepted at OVTS:

- Waste containing free liquids;
- Hazardous, dangerous, or radioactive waste, prohibited by local, state, or federal regulations, including, but not limited to, oil-based paints, solvents, PCB transformers and/or capacitors, and liquid petroleum products;
- Flammable or explosive materials;
- Water heaters and appliances;
- Motor vehicle components and parts, including vehicle engines, wheel components, and tires;
- Biomedical waste and sharps;
- Pressurized gas cylinders;
- Hot loads, meaning any item of waste that is either smoldering or on fire;
- Unapproved waste, as described in Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan;
- Waste not authorized for transportation to, or disposal at, a solid waste handling facility (e.g. Sharps) by those governmental entities having jurisdiction; and
- Any waste deemed to have a reasonable likelihood of damaging the facility, or the processing which is likely to pose a threat to health or safety or the violation of any applicable law.

3. WASTE HANDLING OPERATIONS

This section describes how materials are managed by the facility and how vehicles, customers, and materials move within the facility.

3.1 Handling Capacity

The capacity of any solid waste transfer station facility is based upon throughput. This, in turn, is influenced by several things, notably the amount of waste delivered, the size of the tipping floor, the availability of vehicles and containers to deliver and transport materials, and the amount of time devoted to accepting and processing materials.

The Transfer Station was designed for an average daily throughput of 1,000 tons per day. The average daily throughput could be changed while maintaining environmental protection by altering operating hours, waste processing methods, shipping methods or equipment, or other factors.

The Transfer Station tipping floor area available for storage during an emergency is approximately 28,600 square feet, with an average storage capacity of approximately 1,850 tons (depending on waste to volume ratio) at any given time. Calculated at the average volume of 600-700 tons per day, this equates to nearly 3 days storage capacity on the floor.

3.2 Daily Operations

3.2.1 Operations at the Scalehouse

Vehicles enter the facility through the entrance gate and proceed to one of two inbound scales or directly to the Free Public Recycle Drop-Off Area. The left inbound lane is primarily used by self-haul vehicles and the right inbound lane is dedicated to commercial vehicles with pre-registered tare-weight and a customer account card. The right inbound lane is also used occasionally by commercial vehicles requiring special handling by the Scalehouse.

At the left inbound scale, waste is initial screened and the vehicle weight is documented by the Scalehouse Attendant, as described in Appendix E, OVTS Scalehouse Operations. Customers are then directed to the appropriate location for unloading. Customers with unacceptable wastes are told that their materials may not be accepted and alternatives, such as the Kitsap County Household Hazardous Waste Collection Facility, are suggested, where appropriate.

Commercial customers with accounts may have a vehicle identification number entered into the Point-of-Sales system to record the vehicle's gross tare weight. Once the vehicle's tare weight is recorded, those vehicles may use the right inbound scale where the load weight will automatically be calculated and the driver will be presented with a receipt. If the vehicle's tare weight is not recorded in the computer, as is the case with many self-haul and third-party commercial customers, the driver will return to the outbound scale following unloading to complete their transaction and obtain a receipt.

3.2.2 Operations at the Free Public Recycle Drop-off Area

At the Free Public Recycle Drop-Off Area, customers may unload recyclables into specially-marked containers, then drive out of the facility without having to go through the scales. If customers are also delivering waste materials to the facility, they may then proceed to the scales.

Containers are clearly marked with the type of recyclable to help ensure good segregation. Dry recyclables are collected in open-top containers. Used oil, spent antifreeze, used cooking oil, and batteries are collected in a covered shed. Liquids are stored in tanks with secondary containment. Spill absorbent materials and a fire extinguisher are kept in or near the shed to be available in case of emergency.

Lead Operators/Equipment Operators/Spotters and/or Scalehouse Attendants check on the Free Public Recycle Drop-Off Area throughout the work day to assist customers, maintain cleanliness, and report full containers to the hauler for disposal.

3.2.3 Operations at the E-Cycle Drop-off Area

An area is available for collection of E-Cycle recyclable materials, as part of the Washington State E-Cycle recycling program managed through WMMFA. Computer CPU's, monitors, TV's, tablets, and laptops are collected near the entrance to the Transfer Station. Customers are directed to the location by the Scalehouse Attendants and/or the Lead Operators/Equipment Operators/Spotters.

Throughout the day, Lead Operators/Equipment Operators/Spotters assist customers, maintain cleanliness, and prepare collected recyclables for transport.

3.2.4 Operations at the Fee-for-Service Public Recycle Drop-Off Area

An area is available for collection of fee-for-service recyclables, which includes white goods and tires, near the entrance to the Transfer Station. Customers are directed to the location by the Scalehouse Attendant, who also assesses appropriate fees and ensures the customer is familiar with acceptance requirements. Tires are placed on the ground in a designated location. White goods are unloaded onto the ground and stored upright in an orderly manner either on the ground or in a shipping container. White goods are managed to prevent units containing refrigerants or fluids from leaking.

Lead Operators/Equipment Operators/Spotters check on the Fee-for-Service Public Recycle Drop-Off Area throughout the work day to assist customers, maintain cleanliness, and report full containers to the hauler for disposal.

3.2.5 Operations at the Transfer Station

The Lead Operator/Equipment Operator/Spotter directs drivers to the appropriate unloading position on the tipping floor. Unloading position is based on customer class, vehicle type, type of material, size of load, and floor conditions, and is shown in Appendix B, Site Maps & Engineering Drawings, Sheet C1.02.

The Lead Operator/Equipment Operator/Spotter observes the unloading process to screen out unacceptable waste. If unacceptable waste is discovered during unloading, it is typically returned to the customer so they can dispose of it properly. If unacceptable waste is discovered, but the responsible party is unknown, the waste is managed in accordance with Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan.

3.2.6 Compactor Loading and Transfer

Material from the Transfer Station tipping floor is pushed to the loading chute/hopper of the compactor. Waste feeds down through the hopper into the compaction chamber. The compactor ram is cycled to compact the waste into a bale suitable for transport. Compactor scales weigh the bale to ensure that loads meet weight limits.

When a bale is complete, the compactor ram discharges the load into an intermodal container or other transfer transport(s). The Lead Operator/Equipment Operator/Spotter secures a numbered seal the handle of the intermodal container indicating ready for transport. The seal number, container number, and rail car number are recorded for transport and disposal reporting. Filled containers are either placed directly onto a railcar using a top pick, or they are stored in the Intermodal staging area until loading is available. Containers are loaded on the railcar in a double-stack formation. Containers holding putrescible materials are given loading priority. Filled containers generally ship within 24 hours, but, based upon experience in similar climate conditions, may be stored up to 72 hours without potential impact.

3.3 De-Icing Procedure

During the cold weather season, OVTS may implement a de-icing program, as needed to facilitate unloading of intermodal containers at the Final Disposal Facility. A de-icing compound is sprayed on the inside of the intermodal container prior to loading. De-icing occurs in the compactor area so drips or spills are directed to the underground vault so they can be co-managed with contact water generated by the facility. Material Safety Data Sheets are maintained for de-icing compounds, and materials are managed in accordance with any safety and environmental precautions therein.

3.4 Final Waste Disposal

Materials are transferred to the following management facilities:

- Columbia Ridge Landfill and Recycling Center (CRLRC), Arlington, Oregon;
- Chemical Waste Management of the Northwest (Chem-Waste), Arlington, Oregon;
- Recycling, end-use, or re-processing facilities permitted in accordance with applicable regulations.

4. SPECIAL WASTE HANDLING OPERATIONS

The purpose of this section is to describe special handling techniques at OVTS for some specific waste types.

Within the broad category of acceptable materials, there are certain waste types which, due to size, volume, nature of the material, or regulatory requirements, require either a slightly different handling method and/or pre-approval. The pre-approval process is fully described in Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan.

Depending on the size or type of material, special wastes may be managed on the main tipping floor or in a separate covered area as shown in Appendix B, Site Maps & Engineering Drawings, Sheet C.1.02. Materials managed in the special wastes/additional unloading area are tipped onto the covered floor and pushed into an open-top railcar for shipment. The railcar may be lined with plastic sheeting, or unlined, depending on the material and its packaging. Materials managed on the tipping floor are pushed into a compactor and compacted into an intermodal container for shipment.

4.1 Asbestos

OVTS accepts friable and regulated non-friable asbestos for shipment to a permitted disposal facility. Asbestos containing materials are handled in accordance with Appendix G, Asbestos Management Program.

4.2 Compostable and Fiber-Rich Debris

Should market or operational needs dictate, OVTS may accept loads of source-separated compostable and fiber-rich debris (i.e. wood, construction, demolition, paper) for transport to permitted composting and/or recycling facilities. On-site composting is not available. Rather OVTS serves as a transfer point where loads of compostable or fiber-rich debris can be combined for efficient hauling to a compost or recycling facility.

Loads of source-separated compostable and fiber-rich debris may be tipped in the wood and compostable handling area or on a pre-cleared area of the tipping floor. Loads are then pushed into a storage pile using a loader or similar equipment. Shipping containers or vehicles are filled from the storage pile for transportation to an off-site grinding or composting facility. Material destined for composting or recycling is stored and managed separately in order to prevent contamination with waste materials. Material destined for composting is generally shipped off-site within 24 hours to minimize the potential for odors. Piles are managed in conformance with fire code specifications.

The outdoor area designated for compostable material is currently paved and drains to the storm management system. The tipping floor and special waste/alternative loading area is paved, covered, and drains to a holding tank. The contents of the holding tank are removed regularly and properly disposed.

4.3 Contaminated Soils and Sludges

OVTS accepts contaminated soils and sludges that do not designate as a Toxics Substances Control Act (TSCA) dangerous waste. Contaminated soils are either disposed or re-used for beneficial use or alternative daily cover at a permitted disposal site. Contaminated soils arrive at the facility in commercial vehicles or size-appropriate containers. Materials that arrive in rail-compatible containers are stored with other containers until they can be loaded onto a railcar. Materials that arrive by vehicle are directed to the special waste/additional unloading area so material can be tipped into a rail-compatible container for shipment.

4.4 TSCA Dangerous Waste Regulations

In addition to the approved special waste profile, designated dangerous waste must be accompanied by a bill of lading, or similar document, meeting the requirements of WAC 173-303-073(2)(f). A bill of lading referencing the Generator's Waste Profile Number(s) will accompany the dangerous waste during transit between OVTS and the disposal facility. These documents satisfy regulatory requirements governing the transport of Chapter 173-303 WAC, Dangerous Waste Regulations. Records which specifically address Chapter 173-303 WAC, Dangerous Waste Regulations, are maintained for a minimum of five (5) years.

4.5 Training

OVTS personnel involved in the management of TSCA Dangerous Waste are informed of the potential hazards of the materials they handle through training and written handling precautions. Specific hazards and the management techniques used to prevent exposure are communicated on a case-by-case basis through Appendix F, Special Waste Acceptance & Unacceptable Waste Exclusion Plan.

Personnel training programs are discussed in Section 7. Personnel training records are maintained by the Operations Manager.

5. FACILITY MAINTENANCE & PUBLIC SAFETY

The Transfer Station is maintained to assure cleanliness and environmental protection. This section describes activities critical in maintaining these standards.

5.1 Odor Control

Transfer stations and solid waste handling activities in general have the potential to emit objectionable odors. The following methods are used to minimize odors:

- The tipping floor is cleaned as needed to control odors;
- The compactor loading areas, conveyor pits, sumps and drains, and compaction equipment are cleaned regularly;
- Wastes are managed inside of buildings and containers;
- Loaded trailers and railcar containers are enclosed or covered with tarps;
- Loaded wastes are removed from the site frequently;
- The Operations Manager, or a designee, screens incoming loads for odor problems. Loads which have begun to degrade and may soon emit objectionable odors are given loading priority so they can be quickly placed in enclosed railcar containers and transferred from the facility. These loads are not stockpiled; and

- If odors become problematic, the Operations Manager will investigate the source of the problem and determine appropriate corrective action. Additional odor control methods may be implemented if needed.

5.2 Litter Control

Transfer stations and solid waste handling activities in general have the potential to be a source of litter. The following methods are used to minimize litter:

- The site and surrounding area are inspected for the presence of litter related to site activities on a daily basis;
- Litter is removed from the building, fence line, parking area, entrance, and from roadways used to access the facility on a regular basis;
- Trash containers are provided and maintained in the Free Public Recycle Drop-Off Area;
- Recyclables that tend to blow easily in the wind, such as paper and plastic, are stored in lidded containers; and
- Signs are posted onsite alerting customers to State and Local covered load requirements, including RCW 46.61.655, Dropping Load, Other Material – Covering, and Kitsap County Code 9.18.010, Litter Control Fee. Scalehouse Attendants provide outreach materials to customers whose loads repeatedly arrive unsecured and inform customers of potential infractions and/or violations that could be imposed by law enforcement agencies.

5.3 Noise Control

Noise is a potential concern for solid waste transfer stations. OVTS operates a noise management and hearing conservation program to minimize the potential for employee exposure to excessive noises. OVTS also takes measures to ensure the facility operates in accordance with local noise requirements, including Kitsap County Code Chapter 10.28, Noise. Measures include the following:

- The use of engineering controls, such as conducting many operations inside of covered buildings which face away from sensitive noise receptors,
- Enclosing engines, generators, and noisy machinery, as needed,
- Ongoing equipment maintenance, and
- Operational controls, training, and availability of personal protective equipment.

5.4 Pest Control

Transfer stations and solid waste handling activities in general have the potential to attract pests. The following methods are used to minimize pest occurrence:

- The design of the facility minimizes pest harborage areas;
- A pest control program, including rodent, insect, and bird control, is contracted to a qualified pest control company;
- Regular inspection of the facility focuses attention on areas or practices where pests may be encountered, such as behind push walls, so their occurrence can be prevented or minimized;
- Portions of the facility are equipped with noise-deterrent systems designed to minimize bird activity;

- Waste materials are removed from the site frequently; and
- Long-term pile storage within the facility is avoided.

5.5 *Dust Control*

Transfer stations and solid waste handling activities in general have the potential to create dust. The following methods are used to minimize fugitive dust:

- The design of the facility minimizes dust generation because it uses a tipping floor rather than a pit design. Because materials fall only a short distance, dust generation is significantly reduced when compared to pit facilities;
- Unloading occurs under cover so any dust which does occur is kept inside;
- Hose bibs and hoses with atomizing spray nozzles are strategically located in the Transfer Station to control dust;
- The Scalehouse Attendant can alert the Lead Operator/Equipment Operator/Spotter to the presence of dusty loads so appropriate precautions, such as wetting, can be taken;
- Facility access roadways and traffic areas are cleaned as needed to control dust; and
- Additional measures may be taken to control dust, should fugitive dust emissions exceed regulatory requirements.

5.6 *Surface and Groundwater Protection*

Transfer stations and solid waste handling activities in general have the potential to impact surface or ground waters to which they discharge. The following methods are used to minimize the potential for impacts to surface or ground water:

- Traffic, recycling, and waste handling activities occur on surfaces that are paved and graded to control surface drainage and prevent contamination of groundwater;
- Management of non-recyclable wet waste material occurs under cover. This minimizes the volume of stormwater that contacts the waste material, thereby reducing the volume of potentially contaminated contact wastewater;
- Areas that generate potentially-contaminated contact wastewater, including the Transfer Station floor and compactor area, do not discharge to surface water. Contact wastewater is collected in a holding tank and contents of the tank are hauled off-site and disposed of at a permitted location;
- Surface drainage from outdoor portions of the Transfer Station is pretreated using a series of oil-water separators and infiltration ponds (described below). Pretreatment devices are inspected regularly and maintained as needed to assure that they function as designed; and
- The Transfer Station implements best management practices for the protection of stormwater, as outlined in the site-specific Spill Prevention Countermeasure & Control (SPCC) Plan and Stormwater Pollution Prevention Plan (SWPPP) maintained by site management.

5.6.1 *Contact Wastewater*

The sanitary drainage system accepts contact wastewater from the tipping floor and compactor. The contact wastewater is pre-treated using a two-chambered oil-water separator and initially collected in a 1,150-gallon below-ground reinforced concrete vault, located below the compactor. The below-ground vault is lined with a leakproofing compound.

Contact water from the below-ground vault is periodically pumped to an above-ground storage tank, located near the special waste/additional unloading area. When the level of liquid in the below-ground vault reaches 675 gallons, a pump is automatically activated and the liquid is pumped to the above-ground storage tank. The pump is monitored by a control panel and high level alarm system that alerts the operator in case of malfunction. The system is inspected and maintained on a regular basis.

The above-ground storage tank is double-walled, and is equipped with a mechanical level indicator. Contact wastewater (leachate) from the tanks is managed at a sewage treatment plant permitted to accept the material. It may either be hauled directly to the treatment plant or it may also be co-managed with the leachate generated at Olympic View Sanitary Landfill, next door. The above-ground tank is inspected by checking the mechanical level indicator at least weekly to assist in scheduling pump-out service. In addition, the interstitial space is checked for the presence of fluid on a monthly basis.

A schematic drawing of the tank and pump system is shown in Appendix B, Site Maps & Engineering Drawings, Sheet P1.

In the future, if and when the wastewater treatment plant serving the Port of Bremerton's Olympic View Industrial Park expands its capabilities to be able to accept industrial wastewater, OVTS may choose to discharge directly, according to terms and conditions set by a discharge authorization.

5.6.2 Storm and Surface Water

The stormwater system accepts noncontact run-off from the paved parking and driving areas, the Transfer Station, and other portions of the site. The system is designed to capture, pre-treat, and infiltrate stormwater produced by a 24-hour, 100-year design storm, and to ensure that pre-existing flow conditions are not exceeded. The system includes an overflow discharge should a storm exceed the design capacity of the system. Discharge occurs per the terms of the facility National Pollutant Discharge Elimination System General Industrial Discharge Permit, which includes provisions for engineering and operational best management practices, spill prevention and management, employee training, and inspections. Details of the surface water management system, including the design of catchbasins, oil-water separators, and infiltration ponds are found in Appendix B, Site Maps & Engineering Drawings, Sheets C1.02, C1.03, C1.07, C1.08, and C1.09.

The stormwater system consists of catchbasins, underground piping, oil-water separators, pumps, infiltration ponds, and discharge structures. Four infiltration ponds serve the site, Pond A, B, C, and D.

Pond A, located between the Transfer Station and the Brem-Air truck parking area, collects stormwater from the western half of the Transfer Station roof and the Intermodal Area via below-ground piping and catchbasin structures. Stormwater in this area is pretreated with an oil-water separator, prior to entering Pond A. When the water level in Pond A reaches a set level, a pump is triggered, and the stormwater is pumped through an underground piping system to Infiltration Pond C located northwest of the recycling area. Infiltration Pond C has sufficient capacity to manage the stormwater generated in Pond A.

Pond B, located centrally in the lower property, collects stormwater from the Brem-Air truck parking area and the entrance road, Scalehouse, and recycling areas of the OVTS site. The stormwater is pretreated using oil-water separators prior to entering Pond B, and is directed via gravity flow through underground piping to the south end of Infiltration Pond D. Infiltration Pond D is located along the northern border of the site, and collects stormwater from Pond B and from the public recycling area. Stormwater from the public recycling area is pretreated using an oil-water separator prior to entering Infiltration Pond D at the north end of the Pond.

The infiltration ponds are designed to infiltrate all of the stormwater from the design storm. In the rare, but potential event the design storm is exceeded, Infiltration Pond D has a discharge outlet that would discharge to a natural drainage swale. The natural drainage swale eventually connects to the Union River.

Ponds, oil-water separators, and the Pond A pump are inspected at least monthly and maintained as needed. The Pond A pump is monitored using a control panel. It is also equipped with a warning beacon and auto dialer in case of malfunction.

5.7 Leaks and Spills

Leaks or spills at the transfer station are most likely to be caused by defective or broken equipment hoses. The substances most likely to be released include hydraulic fluid, diesel fuel, motor oil, or radiator fluid. The potential of a spill or leak from material in the waste stream is also present. The most likely substance released from material inadvertently placed in the waste stream is antifreeze or paint. Because waste materials are generated by a wide variety of people and businesses, OVTS must be prepared to manage waste streams or spills of any type.

Should a spill or leak occur, priority is given to the safety of the employees and general public first, and then to preventing the released substance from entering the sanitary and stormwater collection points. Should spilled material enter the stormwater or sanitary system, or any water body, the spill will be captured and cleaned. Regulatory agencies will be notified according to applicable regulatory requirements.

All Brem-Air collection vehicles are equipped with spill response kits, as is the Transfer Station, fueling area, and the Free Public Recycle Drop-Off Area. Brem-Air drivers and OVTS personnel receive annual spill prevention and response training, according to schedules outlined in the site-specific Emergency Action Plan Program, Appendix C, the SPCC and/or the SWPPP.

Intermodal containers are inspected to prevent leaks. If a filled container develops a leak, the container is inspected and absorbent material is placed on the ground to absorb any fluids. The ground is then cleaned so residues of spilled material do not continue to become a source of potential contamination. Once emptied, leaking containers are removed from service until they can be repaired.

6. RECORDS AND REPORTS

This section describes the records maintained by the facility, and the reports which are submitted by the facility. Daily, monthly, and annual records are maintained for the purpose of meeting applicable regulatory requirements, contractual obligations, and business objectives. The information recorded is sufficient to generate the data needed to meet contractual and regulatory reporting obligations.

Records required by the KPHD, which include inspection documentation and records of waste screening activities and tonnage reports, are maintained for a minimum of three (3) years. Other records are maintained according to pertinent regulatory requirements, contractual obligations, and company policies.

A Solid Waste Annual Report is submitted by April 1 of each year to the Washington State Department of Ecology (Ecology) and to the KPHD. The report provides the name and address of the facility, the calendar year covered, and the quantity and type of waste received during the calendar year.

Section 1.16 of the Agreement specifies quarterly reporting to KCPW, no later than 15 days following the end of each quarter, and includes the following:

- The condition of the transfer station, equipment and maintenance costs;
- An annual report identifying the remaining disposal capacity at the disposal site;
- Changes in the status and readiness of alternate facilities;
- Any complaints submitted and the response, if any;

- Any extraordinary occurrences deemed to have affected its performance including but not limited to occurrences affecting the Transfer Station, transportation facilities, or the disposal site;
- Documentation regarding unacceptable waste, if any, gathered, produced, and/or retained;
- Identification of all commodities other than Acceptable Waste transported from the intermodal facilities pursuant to Section 11.3 of the Agreement. Items to report include E-Cycle recyclables, pre-packed containers shipped, and commingled recyclables processed on-site at OVTS (WMW's Peninsula Recycling); and
- Camera Audit Form and Camera Observation Form;

6.1 Comments, Suggestions, and Complaints

Comments, suggestions, and complaints are accepted in writing at the site mailing address, electronically via email, and by telephone at the number shown on the cover of this Operations Plan. The Operations Manager assures that calls are returned promptly and that all valid complaints are addressed in a reasonable manner (within 10 days). A log showing complaints received, findings, and responses is maintained by the Operations Manager and are included in the quarter's end report as described above.

6.2 Operations Incident Reporting

The Operations Manager will notify KCPW of all injuries, accidents, incidents, or other mishaps associated with its operations, as described in Section 9.12 of the Agreement. Notification shall include verbal or email notification within 48 hours of the incident, as well as submission of incident details using the applicable forms (Appendix J, Forms & Reports).

6.3 Inspections

6.3.1 Self-Inspection

The Operations Manager, or a designee, conducts a daily visual inspection covering all aspects of transfer station operations. If deficiencies are noted, corrective action is taken. Deficiencies which cannot be corrected within 24 hours, or which impact regulatory compliance, are documented, and monitored through an internal tracking system to ensure timely resolution.

In addition to the daily visual inspections, documented inspections by the Operations Manager, or a designee, occur at a minimum of once per week on days not specified in advance. The OVTS Facility Inspection Form (Appendix J, Forms & Reports) is used to assure all aspects of the facility are inspected. The date and time of the inspection, the inspector's printed and written name, observations, and the date and nature of corrective actions are included on the form. The completed inspection forms constitute the Inspection Log and are kept in a binder at the facility for at least three (3) years.

Environmental, safety, or compliance issues noted on self-inspections are corrected as soon as is feasible, and the date and time of repair is noted.

6.3.2 Regulatory Inspection

Personnel from Regulatory Agencies, including the KPHD, Ecology, the Puget Sound Clean Air Agency, the Washington Department of Labor & Industries, and others, may inspect the site at any reasonable time. Agency inspections may be announced or unannounced. If noted, necessary corrective actions are monitored through an internal tracking system to ensure timely resolution.

7. TRAINING AND SAFETY

Safety is a key part of operating solid waste transfer stations. OVTS implements and continuously inspects, trains, and adjusts programs, procedures, and policies for the purpose of protecting public health and regulating personnel safety.

7.1 Training Regulations

Personnel safety is regulated under Chapter 296-62 WAC, General Occupational Health Standards, Chapter 296-65 WAC, Asbestos Removal and Encapsulation, and Chapter 296-24 WAC, General Safety and Health Standards, administered by Washington Department of Labor & Industries. Site-specific safety plans required by these rules are maintained by the Operations Manager.

7.2 Personnel Training

Site personnel is trained at the time of initial hiring or transfer and training is refreshed on a regular basis thereafter. The OVTS training program meets and exceeds the training requirements for transfer stations managing special wastes, as found in Chapter 173-303 WAC, Dangerous Waste Regulations.

The list of training topics is extensive, including, but not limited to, traffic control, special waste acceptance, unacceptable waste exclusion, equipment operation and inspection, employee right to know, safe work habits, hazard recognition and avoidance, spill prevention and management, bloodborne pathogens exposure, and emergency management procedures, and are further detailed in Appendix F, Special Waste Management & Unacceptable Waste Exclusion Plan, Appendix G, Asbestos Management Program, Appendix H, Standard Operating Procedure for Handling Suspect Methamphetamine Lab Waste, and Appendix I, Bloodborne Pathogens Exposure Control Plan.

An Emergency Action Plan is maintained and is posted for employee review. Appendix C, Emergency Action Plan Program, describes the type and location of potential hazards, as well as the location and type of emergency response equipment.

7.3 Personnel Safety Equipment

Personal protective equipment (PPE) appropriate to the duties performed is provided to employees, and proper use of PPE is required. PPE for Lead Operators/Equipment Operators/Spotters may include steel toe and shank boots, gloves, eye protection, hearing protection, dust masks, and hardhats, depending on the duties being performed and the material being handled.

7.4 Public Safety Equipment

First aid kits and fire extinguishers are located in buildings and near/on equipment, as specified by the Uniform Fire Code, the Washington Industrial Safety and Health Act of 1973, Chapter 49.17 RCW, and environmental regulations and permits, and are maintained as appropriate. Eyewash stations are located in the Transfer Station, in the Intermodal Yard, and inside the Scalehouse. Spill response kits are located in the Transfer Station, Intermodal Yard, outside the Scalehouse, in the Free Public Recycle Drop-Off Area, on all Brem-Air commercial vehicles, and in the Brem-Air maintenance shop.

8. PERMANENT FACILITY CLOSURE

At the time the facility is permanently closed, as described in WAC 173-304-100, Definitions, the following tasks will be performed:

- All waste material shall be removed and disposed of at a permitted disposal facility and recyclables shall be removed and managed appropriately.
- The tipping floor and trailer loading area will be thoroughly swept and cleaned.
- Debris will be removed from site drains, sumps, and catch basins.
- Litter around the site will be removed.
- The fence and gate will be left intact and unauthorized persons will be prevented from entering by means of a gate and signs.
- All regulatory agencies will be notified, as required by applicable laws, regulations and permits.
- The site may be converted to other uses, in accordance with applicable leases, contracts, permits, and regulations.

9. BACKUP OPERATIONS

9.1 *Equipment*

9.1.1 **Compactor**

Risk: A mechanical failure of the OVTS SSI 4500 SPH compactor that cannot be readily corrected may result in a shortage of containers for loading and transport. Rail containers used with the compactor are rear loaded. Based on experience at other compactor-equipped transfer stations, a significant repair could cause down time of anywhere from 48 hours to 2 weeks.

Contingency Plan: Two steps will be taken to ensure that waste materials can be efficiently handled in the event of a compactor failure:

- A one day supply of 48' open top containers that can be used for either rail or truck transport will be on site or on a nearby siding. The tipping floor was designed to store 3 to 4 days of waste material during emergencies.
 - During the use of top loaded containers, the average weight of each container will be maintained at road legal limits. As an added measure, during the repair period, the Operations Manager will substitute its existing excavator to provide an additional level of compaction.
- In order to quickly address a variety of potential mechanical failures, OVTS proposes to assemble the following back up parts:
 - SSI, the manufacturer of the pre-load compactor, will provide a stand by backup master cylinder (C-Ram) as well as one secondary cylinder (E-Ram), which will result in minimizing downtime associated with cylinder repairs.
 - In the event of a power outage, a backup power plant (GenSet) can be rented to power the compactor.
 - All other standard replacement parts will be stocked locally, e.g., standard hydraulic hoses, fittings.

9.1.2 **Top Pick**

Risk: Two (2) Taylor TXLC-975 top picks are used together on a daily basis to place loaded containers and to remove returning empty containers on and off of rail cars.

Contingency Plan: In the event of a failure of one of the top picks, Transfer Station operations can rely solely on the other piece of equipment to move containers until a repair is completed. A serious repair could cause down time of anywhere from 3 to 5 days. In the unlikely event that both top picks break down at the same time, the Operations Manager will rent a 40-ton crane from WMW’s approved vendor list. The vendor can deliver rental equipment within 24 hours, assuming the requisite equipment is in stock. In this circumstance, a crane will operate at approximately half of the efficiency level of a single top pick.

9.2 Disruption of Rail Transportation Service

Risk: There is a risk of a rail outage on one of the following four rail lines:

- The Puget Sound and Pacific Railroad (PSAP) short line that runs from OVTS to the junction with the North/South Burlington Northern Santa Fe (BNSF) Railway line at Centralia.
- The main North/South BNSF line between Centralia and the Portland junction with the East/West Union Pacific (UP) Railroad line.
- The East/West UP line between Portland and the Arlington spur line to CRLRC.
- The Arlington spur line running from the East/West UP line to CRLRC.

Contingency Plans: The following outlines the contingency planning for each of the potential disruptions noted above.

9.2.1 PSAP Short Line Outage

During the normal operation of OVTS, approximately 14 – 28 cars are moved daily from the transfer station toward the “Gate” staging area, located approximately 12 miles west of Centralia. Though PSAP may utilize several rail sidings en route for staging, the Gate staging area is the general point of assembly for the weekly waste train. A complete unit train will include an average of 72 cars.

- If service is disrupted on the short line between OVTS and the Gate staging area the primary alternative will be to transport containers from OVTS over road. However, containers loaded to meet rail transportation weight limits will exceed those set for transport by truck. These stranded containers could each weigh up to 34 tons, or, up to four tons over the limit for truck transport.
- A request would be made to Washington State Department of Transportation (WSDOT) for approval to transport stranded containers overweight from OVTS to the Argo intermodal facility in South Seattle.¹ Containers can be stored up to 72 hours at the Argo facility and added on to the daily Seattle waste train, which is also handled by UP.

¹ Weight limits for public highways in Washington are statutory, and the legislature grants only narrow discretion to the Washington State Department of Transportation (WSDOT) and local governments concerning those limits. Under RCW 46.44.090, WSDOT is authorized to adopt rules allowing for the issuance of special permits for overweight vehicles. However, to obtain an exemption OVTS would be required to file an application 36 hours prior to transport seeking certification by WSDOT that the loaded containers cannot be “dismantled.” Because there is no case law or agency guidance as to how OVTS can prove to the satisfaction of WSDOT that the loaded containers cannot be “dismantled,” OVTS intends to seek an advance letter of support from the Kitsap Public Health District as a means to convince WSDOT to quickly grant a temporary exemption. The proposed determination by KPHD would advocate that dismantling of loaded containers creates a potentially significant and overriding nuisance in terms of odor and other health issues. During the waiting period, an odor counteractant can be applied to (and around) sealed containers using a vapor phase essential-oil based neutralizer and a high pressure fogging system.

- All subsequent containers to be transported by truck to Argo would be loaded only to WSDOT road legal limits.
- Empty containers returning from CRLRC would be unloaded onto truck chassis at Argo for transport back to OVTS. And, as described above, WMW will provide additional containers for staging in an adjacent lot that will help meet the demand for empty containers in the event none can be efficiently returned to the facility.

Another potential group of stranded containers will be the set of containers already on rail cars and waiting at the Gate staging area. Though this group may be too small to make up a dedicated waste train, these containers will continue to the landfill by rail regardless of usual unit train requirements (as long as there is no blockage between the Gate staging area and CRLRC).

A third set of stranded containers will be those on rail cars en route from OVTS to the Gate staging area. If the blockage exists to the south, these rail cars will remain in place until service is restored because the Gate staging area and other rail sidings along the short line cannot accommodate the top pick or crane necessary to transfer containers to chassis during an outage. If odor creates a nuisance or health issue, these containers would be returned by rail (north) to OVTS for off-loading onto truck chassis and transfer over road to the Argo intermodal facility.

As owner of the short haul track, the U.S. Navy may at certain times restrict third party service on the short line between OVTS and the Centralia interchange. Generally, this type of outage is relatively short-lived and done with advance notice. Depending on when this occurs, all contingency planning described above for a general outage of the short haul track will apply.

9.2.2 BNSF/UP Main Line Outage in Washington (North/South)

Due to the tremendous volume of service on the North/South section of the UP main line, track outages are generally restored in 24 to 48 hours. Accordingly, in the event of a service disruption in the North/South track, the primary course of action is to wait for completion of track repair and communicate frequently with UP concerning the status of the blockage.

- Outage on UP line
 - UP and BNSF have an agreement that requires either carrier to grant access to its line if the other carrier has a serious (e.g. derailment) outage. Therefore, the BNSF rail line would be used until the UP line is restored.
- Outage on UP and BNSF lines
 - OVTS will immediately reduce the compaction rate for loose waste material not yet loaded into containers and utilize staged additional containers as necessary. During the downtime, an odor counteractant can be applied to (and around) sealed containers.
 - Once the inventory of empty containers on site is exhausted, additional containers are not expected to arrive within 24 hours, the storage of material on the transfer station floor has begun and the anticipated resumption of rail service is more than 24 hours into the future; trucking of material will begin. Containers will be trucked to Riverbend Landfill, located in McMinnville, Oregon. Riverbend Landfill is owned by Riverbend Landfill Co., Inc., a Waste Management affiliate. The Land Recovery, Inc. disposal facility in Tacoma, while closer, is not a feasible option due to waste importation restrictions in the Tacoma-Pierce County Solid Waste Management Plan. Similarly a back-up agreement with the Cedar Hills Regional Landfill, owned and operated by the King County Solid Waste Division, is unworkable due to County concerns for the landfill's declining capacity.

- Should conditions causing the outage, such as flooding, also severely disrupt use of nearby Interstate 5, vehicles will be re-routed to CRLRC via Interstate 90.
- Transport by road to either landfill will require an exemption application to both WSDOT and Oregon Department of Transportation (ODOT) in order to address weight restrictions for transport containers that have already been sealed. “Post-notice” containers will be weight-compliant because the facility will have adjusted its compaction rate.

It should be noted that for either type of outage on the UP main line, use of the track owned by the BNSF between Everett and Eastern Washington will not be a feasible alternative. ²

9.2.3 Union Pacific Railroad Main Line Outage in Oregon (East/West)

In the event of a service disruption in the East/West section of the UP main line, the primary course of action is to wait for completion of track repair and communicate frequently with UP concerning the status of the blockage.

- OVTS will also immediately reduce the compaction rate for loose waste material not yet loaded into containers and utilize staged additional containers as necessary. During the downtime, an odor counteractant can be applied to (and around) sealed containers.
- If the consensus of the parties is that service will not resume within two days, OVTS will proceed with a secondary alternative to transfer rail containers to truck chassis using the Barnes Street intermodal facility in Portland. From the Barnes Street facility, which is also operated by Northwest Container Services, containers may be trucked to Riverbend Landfill. Unloading at the Barnes Street facility will require an exemption application to the ODOT.

9.2.4 Union Pacific Railroad Main Line Outage in Oregon (East/West)

In the unlikely event of a service disruption on the spur line between UP’s East/West track and CRLRC, the contingency plan will be to continue the train east to the Hinkle intermodal facility near Hermiston.

- CRLRC would either rent a crane or transfer a top pick from the landfill to the Hinkle facility in order to transfer containers between rail cars and truck chassis and move them to and from the landfill over road. A rental crane can be delivered on a same day basis (or less) from Boardman, and adequate space exists at the Hinkle site to accommodate additional containers, chassis and heavy equipment.
- It is not feasible to utilize a crane or top pick at the siding area adjacent to the UP track in Arlington because the equipment would need to pass over the main track, which is located south of the rail siding area. The main track cannot be modified with material such as gravel in order to accommodate heavy equipment.
- An emergency exemption application to the ODOT will be required in order to move all containers from Hermiston to CRLRC that were loaded prior to notice of the outage. “Post-notice” containers will meet ODOT weight restrictions because OVTS will have the opportunity to reduce its compaction rate.

² Although UP may seek permission to use the “northern route” under other agreements between it and BN, the process of obtaining approval and traveling the increased distance will likely take longer than the time UP will need to address a track repair or blocking problem. Additionally, the low height of certain trestles between Spokane and the Tri-Cities area would restrict OVTS from shipping in a double-stack format.

Chassis

A truck chassis shortage may be triggered by an outage of the UP main line, particularly in the event of a disruption of service in the North/South track. In order to respond to widespread demand for over road carriers from other displaced rail customers, OVTS has established a network of back up third party transporters who utilize superchassis and walking floor trailers:

Western Ports	Wings Transportation
Puget Sound	Macmillan Piper
Summit Express	Cascade Express
Pacific Rim	M & M Trucking
ECTI	Sunset Transport Inc.
West Coast	GTL Enterprises
Freight Expeditors	Newman Transportation
Graham Trucking	Harbor Freight Lines
Atlas Trucking	Walsh & Sons
Seattle Freight	W.M. Dickson

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX A

**TRANSFER STATION DEVELOPMENT
AND WASTE DISPOSAL PROJECT AGREEMENT**

CONTRACT KC-479-00



Meeting Date: October 30, 2000
Agenda Item No.

FILE

Kitsap County Board of Commissioners

Department: Public Works, Solid Waste Division
Staff Contact: Gretchen Olsen, Solid Waste Division Manager, X4626

Title: Contract Amendment KC-479-00 with Waste Management of Washington, Inc.

Recommended Action: Move to approve and sign Contract KC-479-00

Summary: This agreement is made between Kitsap County and Waste Management of Washington, Inc. for the purpose of design and construction of a Solid Waste Transfer Station, operation of the Transfer Station, intermodal services, rail transport of solid waste, and final disposal at the Columbia Ridge Landfill in Arlington, Oregon.

This agreement provides the structure of the solid waste management system in Kitsap County to serve the Cities, the Navy, Tribes, and unincorporated County. All solid waste collected in Kitsap County will be managed through the Transfer Station. Fees collected at the Transfer Station will be used to pay the contractor. Construction, operation, transport, and disposal will be covered by the tipping fee at the Transfer Station. The value of the contract over the twenty-year term is expected to be between \$210,000,000 and \$240,000,000, depending on the tonnage received. The budget impacts will occur in June 2002 when the facility opens.

Attachments: Contract KC- 479-00

Fiscal Impact

Expenditure Required: \$12,000,000/annually

Total Cost: \$240,000,000

Amount Budgeted: Costs begin in 2002 *

New Appropriation Required: N/A

Revenue Generated: \$12,000,000/annually

Net Fiscal Impact: Solid Waste Enterprise Fund - fees constructed to cover operational costs

*11/1/00 copies: Sara R. Yarmuth
12/18/00 cc: Shelley/Randy/Gretchen*

Clearances

Affected Departments	Department Representative
Public Works	Randy Casteel <i>RAC</i>
Contract Number: KC-479-00	
<u>Contract Amendments</u>	
Approval Date of Original Contract:	
Amount of Original Contract: \$240,000,000	
Total Amount of Amended Contract:	

CONTRACT REVIEW SHEET

A. GENERAL INFORMATION

1. Contractor Waste Management of Washington, Inc.
2. Purpose Develop/operate transfer station and transport/dispose of solid waste
3. Contract Amount \$240,000,000.00 [X] Receive [X] Disburse
4. Contract Term 20 Years
5. Contract Administrator Gretchen Miller Phone x 4626
Approved: [Signature] Date 10/12/00
Department Head

B. AUDITOR-ACCOUNTING INFORMATION

1. Contract Control Number KC-479-00
2. Fund/Organization Name The contract will have no financial impact
3. Payment from or Revenue to or Refrap County for 2000-2001 Organization/Account Number
4. Encumbered by [Signature] Date 10/24/00

C. AUDITOR'S ACCOUNTING - GRANTS REVIEW

(No signature required if not grant funded.)

1. [X] Approve [] Not Approve
Reviewer [Signature] Date 10/24/00
2. Comments:

D. DEPARTMENT OF ADMINISTRATIVE SERVICES - RISK MANAGER REVIEW

1. [X] Approve [] Not Approve
Reviewer [Signature] Date 10/24/00
2. Comments:

E. PROSECUTING ATTORNEY REVIEW

1. Bidding Required [36.58] Yes/Type of Statute [X] No
2. Public Works Project [X] Yes [] No
3. County Resolutions Compliance [] Yes [] No [X] N/A
4. [X] Approve [] Not Approve
Reviewer Shelley P. Kneip Date 10-26-00
5. Comments: Per outside counsel Richard Yarnwith

F. CERTIFICATION BY CONTRACT ADMINISTRATOR. THIS CONTRACT IS READY FOR CONSIDERATION BY COUNTY COMMISSIONERS.

Contract Administrator [Signature] Date 10-24-00
Date Approved by County Commissioners 10/27/00

RETURN SIGNED ORIGINALS TO: DEBBIE DAVIS X4985

KC-479-00

**KITSAP COUNTY TRANSFER STATION
DEVELOPMENT AND WASTE DISPOSAL
PROJECT AGREEMENT**

between

KITSAP COUNTY, WASHINGTON

and

WASTE MANAGEMENT OF WASHINGTON, INC.

dated

October 30, 2000

DOCUMENT OVERVIEW

The Agreement for the Kitsap County Transfer Station Development and Waste Disposal Project consists of three primary components. The following brief description of these three parts is provided for informational purposes only, and the entire document shall be considered for determining terms, conditions, obligations, requirements, and related issues for the Project.

- 1. The Service Agreement**
The Service Agreement includes twelve (12) Sections and provides all legal provisions relating to design, construction, and operation of the Project. The Sections refer to the Technical Specifications, which provide additional details on Project provisions.
- 2. Technical Specifications**
Most of the detailed technical requirements for the Project are located in the Technical Specifications. The Technical Specifications provide for a Project Development Plan and an Operating Plan.
- 3. The Guaranty Agreement**
The Guaranty Agreement is a separate agreement, whereby Waste Management Holdings, Inc. agrees to serve as the Guarantor to Kitsap County for all obligations of the Contractor under the Agreement.

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SERVICE AGREEMENT

This Agreement is made and entered into this 30th day of October, 2000, by and between KITSAP COUNTY, a political subdivision of the State of Washington ("County"); WASTE MANAGEMENT OF WASHINGTON, INC. a Delaware corporation ("Contractor"); and WASTE MANAGEMENT HOLDINGS, INC., a Delaware corporation ("Guarantor"), collectively the "Parties," for the purpose of (1) developing and operating a Transfer Station, and (2) transporting and disposing of Acceptable Waste at a permitted solid waste landfill located outside of Kitsap County.

ARTICLE I PROJECT PROVISIONS

SECTION 1 GENERAL PROVISIONS

Section 1.1 Law Applicable

This Agreement is made in and shall be construed under the laws of the State of Washington.

Section 1.2 Entire and Complete Agreement

The Service Agreement, the Guaranty Agreement and the Technical Specifications, collectively the "Agreement," shall constitute the entire and complete agreement and final expression of the parties with respect to the Project, and this Agreement supersedes all prior or contemporaneous agreements, understandings, arrangements, commitments and representations, whether oral or written. In the event of any conflict between or among the documents constituting this Agreement, the language and provisions set forth in the Service Agreement shall prevail. In the event of a discrepancy or conflict in the provisions of the Agreement as a whole, the most specific or stringent provision shall apply.

Section 1.3 Severability

If any Agreement provision is for any reason determined to be invalid, illegal or unenforceable under any Applicable Law, the remaining provisions of the Agreement shall remain in effect and bind the Parties; however, the Parties shall negotiate in good faith to amend the Agreement to effectuate the intent of any invalid, illegal or unenforceable provision, if permissible under Applicable Law.

Section 1.4 Time of the Essence

Time is of the essence under this Agreement. County's or Contractor's failure to object to a breach of any provision of this Agreement is not and shall not be construed as a waiver of that provision. Payment or acceptance of compensation subsequent to any breach is not and shall not be deemed an acceptance of that breach. To be valid, any waiver of a breach of this Agreement must be in a writing signed by the parties.

Section 1.5 Construction of Terms

Unless otherwise specified in the Agreement, words describing material or work that have a well-known technical or trade meaning shall be construed in accordance with the well-known meaning generally recognized by solid waste professionals, engineers and trades. To the extent an approval is required by any Party, and to the extent not provided otherwise, such approval shall not unreasonably be withheld.

Section 1.6 County Access

County shall have the right and unlimited access to inspect any or all of the Contractor's and Subcontractor's operations, facilities or records related to performance of Contractor's obligations under this Agreement; however, the County's access to records under this Section shall be subject to the confidentiality provisions of this Agreement. In addition to having unlimited access to its own office building located at the site, the County shall have access to Transfer Station operations and facilities under this Section at any and all times during normal business hours or when there is activity of any kind at those operations or facilities, provided that the County shall not interfere with normal operations. The Contractor may require any person entering the Transfer Station, to comply with its reasonable safety rules and regulations.

Section 1.7 Compliance With Law

(a) The Contractor shall during the Term of the Agreement satisfy all requirements of this Agreement and Applicable Law unless those requirements cannot be met or complied with as a result of County Fault or Uncontrollable Circumstances. Without limiting the generality of the foregoing Section 1, the Contractor shall specifically comply with all requirements of this Agreement and Applicable Law related to odor control and noise control.

(b) The County shall have the right and be given access to inspect complete copies of all correspondence or any other documents sent to or received from the Contractor or its Subcontractors related to the Contractor's compliance with any Applicable Law or the requirements of this Agreement.

(c) The Contractor shall not be deemed to have breached its obligation to at all times operate the Transfer Station in compliance with and to otherwise comply in all respects with the requirements of Applicable Law if the Contractor is contesting the Applicable Law in good faith by appropriate proceedings conducted with due diligence and the Applicable Law permits continued operation pending a final resolution of such contest.

Section 1.8 No Third Party Beneficiaries

This Agreement is entered into by the County in its governmental capacity and is not intended to nor does it create any third party beneficiary or other rights in any Person.

Section 1.9 Representatives

(a) Unless the Contractor notifies the County otherwise in writing, and as otherwise limited by law, the Contractor's Authorized Representative shall be the Contractor's agent and shall represent the Contractor for all purposes of this Agreement. The Contractor's Authorized Representative shall be in charge of the Project at all times and shall have authority to act on behalf of the Contractor.

(b) Unless the County notifies the Contractor otherwise in writing, and as otherwise limited by law, the County's Authorized Representative(s) shall represent the County for all purposes of this Agreement. All written or oral directions, instructions or notices given by the Contractor to the County's Authorized Representative(s) and related to the subject matter of the Agreement shall be considered to have been made to the County. The County's Authorized Representative(s) shall be in charge of the Project at all times and shall have authority to act on behalf of the County, subject to Sections 1.12 and 1.15(d).

(c) The County and the Contractor may change their respective Authorized Representatives on five days written notice to the other Party.

Section 1.10 Notices

(a) Except as otherwise expressly provided in the Contract, all approvals, requests, reports, notices, communications or other materials or information required or permitted to be made or

given by a Party to the other Party's Authorized Representative hereunder shall be deemed to have been given or made only if the same is reduced to writing and delivered either (1) personally or by means of the United States Postal Service, or (2) via facsimile, the transmission of which is confirmed by voice communication to the County's Authorized Representative or the Contractor's Authorized Representative, as the case may be, at their respective addresses as set forth below.

(b) For all purposes of this Agreement, any such approval, request, report, notice, communication or other material or information which is delivered by means of the United States Postal Service as aforesaid shall be deemed to have been delivered as of the fifth business day next following the date of the postmark thereof, or on the date delivery is evidenced by certified or express mail receipts, whichever is earlier.

(c) All approvals, requests, reports, notices, communications or other materials or information to either party hereunder shall be in writing and shall be given to such party at the following address, or such other address as such party may hereafter specify for the purpose of notice to the other party:

If to the County:
Kitsap County Public Works
Solid Waste Division
614 Divison, MS-27
Port Orchard, WA 98366
Facsimile: (360) 337-4867
Phone: (360) 337-4626

Attention: Solid Waste Division Manager

If to the Contractor:

Waste Management of Washington, Inc.
10015 SW Barney White Road
Port Orchard, WA 98366
Facsimile: (360) 674-7138
Phone: (360) 415-2751

PO Box 990
Bremerton, WA 98337

Attention: Division Manager

Section 1.11 Article, Section and Subsection References

Any articles, sections or subsections mentioned in this Agreement by number only (without reference to another document) refer to those Articles, Sections or subsections contained in this Agreement.

Section 1.12 Amendment or Waiver

Neither this Agreement nor any provision hereof may be changed, modified, amended or waived except by a writing signed by each of the parties. For purposes of this Section, in the case of the County, any such writing shall be signed by the Kitsap County Board of Commissioners; and in the case of the Contractor, shall be signed by an officer of Waste Management of Washington, Inc.

Section 1.13 Contractor as Independent Contractor

(a) Contractor shall perform all work under this Agreement as an independent contractor. Contractor is not and shall not be considered an employee, agent, subagent or servant of the County for this

Contract or otherwise; the Contractor's Subcontractors, employees or agents are not and shall not be considered employees, agents, subagents or servants of the County for purposes of this Agreement or otherwise.

(b) Contractor shall have the exclusive right to control the services and work performed under this Agreement and the Persons performing those services and work. Contractor shall be solely responsible for the acts and omissions of its officers, agents, employees, Contractors and Subcontractors. Nothing in the Agreement shall be construed as creating a partnership or joint venture between the County and the Contractor.

Section 1.14 Scheduling; Management; Quality of Performance

The Contractor shall coordinate and schedule in an orderly manner, and manage all work done by Contractor's officers, employees, Subcontractors and agents under this Agreement. The Contractor and Subcontractors shall perform every act or service under this Contract in a skillful and competent manner in accordance with the highest standards of the solid waste management industry. The Contractor shall be financially liable and otherwise responsible to the County for any errors, deficiencies or failures to perform under this Agreement. All workers and Subcontractors shall be skilled in their trades. All operators shall be licensed or otherwise qualified as required by law. The Contractor shall furnish evidence of the skill and licenses of its officers, employees, Subcontractors, agents and operators on the request of the County. The Contractor shall at all times enforce strict discipline and good order among its employees and all Subcontractors.

Section 1.15 Modifications and Changes to Work or Facilities

(a) Either Party may request modifications to the work or services contemplated by this Agreement by adding or deleting work, or by using alternative facilities, site or processes. Other than circumstances resulting from an Uncontrollable Circumstance, the Parties shall process a modification request in the following manner:

(i) By the Contractor. In the event the Contractor desires to modify work or services, the Contractor shall submit to the County a written request to add or delete work, or use alternative facilities, site or processes, and shall include a Cost Substantiation, a time schedule for such modification, and a proposed profit percentage. No modification proposal by the Contractor can take effect without written consent by the County. The County shall not increase any Service Fee components to reflect cost increases for providing alternate facilities if such facilities are required for the Contractor to carry out its obligations under the Agreement as a result of any Contractor fault or breach of the Agreement.

(ii) By the County. In the event the County elects to modify work or services, the County shall submit to the Contractor a written request to add or delete work, or use alternative facilities, site or processes. Within thirty days of that request, the Contractor shall submit to the County a cost substantiation, a time schedule, a proposed profit percentage, and the impact the performance of that modification to work or services will have (if any) on the Contractor's performance under this Contract.

Upon receipt of the Contractor's Cost Substantiation, the County in its sole discretion may notify the Contractor in writing of its approval of Contractor's performance of such requested modification or reject Contractor's proposal to perform such requested modification. If the County rejects Contractor's proposal, either party may submit the requested modification and Cost Substantiation for Dispute Resolution under Section 4 of this Agreement. Following the Dispute Resolution on Contractor's proposal, either Party may elect to either accept or decline performance of the requested modification under the terms and conditions as resolved. If Contractor declines performance, the County may solicit proposals from third parties for performance of the requested modification. Upon receipt of a third-party proposal for the requested modification, Contractor shall have the right to perform the modified work for the same price and under the same terms as the third-party's proposal. Unless the County has offered the work to Contractor and the Contractor does not exercise its right to perform the

modified work, the County shall not employ the services of a third-party to perform any work that could be performed under this Agreement.

(b) In the event the Transfer Station, Transport Facility or the Disposal Site shall be unavailable for use by the Contractor or by the County, and it shall be necessary to perform the obligations under this Agreement by utilizing transfer or disposal facilities other than the Transfer Station, Transport Facility or the Disposal Site, the additional costs, if any, incurred in the use of such alternative facilities shall be the responsibility of and paid by the Party responsible for creating the circumstances which rendered the Transfer Station, Transport Facility or Disposal Site to be unavailable for use. In the event the circumstances which rendered the Transfer Station, Transport Facility or Disposal Site to be unavailable were not the fault of either Party, the Parties shall negotiate so that Contractor is fairly compensated for additional services rendered. In the event the Transfer Station, Transport Facility or Disposal Site was unavailable as a result of Uncontrollable Circumstances, the provisions of Section 8 shall apply.

(c) Unless the Contractor remedied what a reasonable person would recognize as an emergency, the Contractor shall not be entitled to Service Fee or payment increases for modified work or services performed unless the County orders the Contractor to perform the work or services in accordance with this Section.

(d) Nothing in this Section is intended to authorize either Party to request modifications that materially change the essential nature of the work and services contemplated by this Agreement.

Section 1.16 Records, Reports and Plans by Contractor

(a) The Contractor shall keep accurate records of all transactions related to performance of its obligations under this Agreement after the Commercial Operations Date, including, but not limited to, all correspondence and invoices, copies of weigh tickets or receipts issued at the Transfer Station or the Disposal Site.

(b) The Contractor shall provide to the County a quarterly report summarizing routine and extraordinary activities during the prior period and plans and schedules for all new or revised future activities. The quarterly report shall be submitted to the County no later than 15 days following the end of each quarter. The quarterly report shall include, but shall not be limited to:

- (1) The condition of the Transfer Station;
- (2) The remaining capacity at the Disposal Site (this information need only be reported on an annual basis);
- (3) Changes in the status and readiness of alternate facilities;
- (4) Any complaints submitted to the Contractor and the Contractor's response, if any;
- (5) Any extraordinary occurrences the Contractor deems to have affected its performance including but not limited to occurrences affecting the Transfer Station, Transportation Facilities or the Disposal Site;
- (6) Documentation regarding Unacceptable Waste, if any, gathered, produced and/or retained; and
- (7) Identification of all commodities other than Acceptable Waste transported from the intermodal facilities pursuant to Section 11.3 of the Agreement.

The County or its agents will review records of performance over each contract year (the "Annual Review"). The primary objective of this Annual Review will be to verify that the Contractor is maintaining efficient and safe operations in accordance with the requirements of this Agreement.

(c) Within 45 days following the County's annual performance review and inspection, the County shall issue to the Contractor a summary of all finding and recommendations, if any, for changes to Transfer Station management operation, and maintenance. The Contractor shall be fully responsible for implementing directions and recommendations resulting from inspections which are in accord with the Agreement. Notwithstanding the annual review and inspection, the Contractor shall permit inspection of the Transfer Station by the County, its agents, and all governmental authorities having jurisdiction over the site and its operation, at all times.

Section 1.17 Public Records

Any copies of documents prepared by Contractor, its agents, contractors or consultants that are delivered to the County, may be considered public records under the Washington Public Records Act, RCW 42.17.250 et seq., and as such may be subject to public disclosure. The County recognizes that certain Contractor documents may contain proprietary information exempt from disclosure under RCW 42.17.310(1)(h), may constitute trade secrets as defined in RCW 19.108.010(4) and may include confidential information which is otherwise subject to protection from misappropriation or disclosure. Should such records become the subject of a request for public disclosure, the County shall use its best efforts to immediately notify Contractor of such request and the date by which it anticipates responding. Contractor must then assert in writing to the County any claim that such records contain proprietary information that is exempt from disclosure under RCW 42.17.310(1)(h) or is subject to protection from disclosure pursuant to RCW 19.108 or other state law, so that County may consider such assertion in responding to the requester. If Contractor fails to make such assertion at least 8 days prior to the date of the County's intended response that was provided in the County's notice to the contractor, the County shall make such disclosure. If Contractor made a timely request for nondisclosure and the County in its sole discretion believes Contractor has a valid claim that the records contain information that is exempt from disclosure, the County will deny the request for disclosure of such records or at Contractor's expense seek judicial declaration of the rights of the parties. If the County's denial of a request for disclosure of records is challenged in court and the County agrees to a Contractor request to defend its position, Contractor agrees that it will both assist the County in its defense and shall indemnify the County for any and all damages and/or penalties assessed and costs (including but not limited to the fees and costs of the County's attorneys) incurred in such defense, including but not limited to any attorneys' fees assessed against the County under RCW 42.17.340(4). If prior to, during or after judicial consideration, the County in its sole discretion believes Contractor does not have a valid claim, it shall so notify Contractor no less than three days prior to the date the County intends to make the disclosure to allow Contractor to take such action as it deems appropriate prior to disclosure.

Section 1.18 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

Section 1.19 Contracts or Approvals

Except as otherwise expressly provided herein, in any instance in which the consent or approval of the County or the Contractor is required hereunder, or under any agreements in connection with any transaction contemplated hereby, such consent or approval shall not be unreasonably withheld.

Section 1.20 Limitation of Liability of the County

(a) Obligations of the County under this Agreement are limited obligations payable solely from such amounts as may lawfully be paid by the County for services of the type required to be rendered by the Contractor under this Agreement from the Solid Waste Enterprise Fund. This Fund shall be

maintained in such a manner as to insure funds sufficient to satisfy the County's obligations under this Agreement.

(b) Execution and delivery of this Agreement by the County is not intended to and shall not impose any personal liability on any public official, officers, employees or agents of the County. No recourse shall be had by the Contractor for any claims based on this Agreement against any public official, officer, employee or other agent of the County in his or her individual capacity. All such liability, if any, is expressly waived by the Contractor by the Contractor's execution of this Agreement.

Section 1.21 Employment Discrimination

The Contractor shall not discriminate against any employee or applicant for employment because of race, religion, creed, color, sex, marital status, sexual orientation, political ideology, ancestry, national origin or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, color, sex, marital status, sexual orientation, political ideology, ancestry, national origin or presence of any sensory, mental or physical handicap, unless based on a bona fide occupational qualification. The Contractor's action under this Section shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and other applicants for employment, notices setting forth the provisions of this non-discrimination Section.

SECTION 2 REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Contractor

Contractor hereby makes the following representations and warranties to and for the benefit of the County:

(a) Contractor is duly organized and validly existing as a corporation in good standing under the laws of the State of Delaware, and it is duly qualified to do business in the State of Washington.

(b) Contractor has full legal right, power and authority to execute and deliver, and perform its obligations under this Agreement, and has duly authorized the execution and delivery of this Agreement by proper action of its governing body. This Agreement has been duly executed and delivered by the Contractor and constitutes a legal, valid and binding obligation of the Contractor enforceable against the Contractor in accordance with its terms.

(c) To the best of the Contractor's knowledge, neither the execution nor delivery by the Contractor of this Agreement, the performance by the Contractor of its obligations hereunder, nor the fulfillment by the Contractor of the terms and conditions hereof: (i) conflicts with, violates, or results in a breach of any Applicable Law; (ii) conflicts with, violates or results in a breach of any term or condition of any term or condition of any judgment, order or decree of any court, administrative agency or other governmental authority, or any agreement or instrument, to which the Contractor is a party or by which the Contractor is a party or any of its properties or assets are bound, or constitutes a default thereunder; or (iii) will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Contractor except as expressly provided herein or except as expressly approved by County in writing.

(d) Contractor has obtained, made, or received, as applicable, all approvals, authorizations, licenses, permits, orders, or consents of, or declarations, registrations or filings with, any governmental or administrative authority, commission, board, agency or instrumentality required for the valid execution and delivery of this Agreement by the Contractor, or the Contractor has given the County adequate assurance in

the County's sole discretion that all such approvals and declarations will be obtained or made before the commencement of services by the Contractor under this Agreement. However, the County's acceptance of such assurance shall in no way relieve the Contractor from its full responsibility of obtaining all the approvals, permits and other actions required hereunder. Contractor shall maintain all such approvals, permits and licenses as are needed, throughout the term of this Agreement.

(e) There is no action, suit, proceeding or, to the best of the Contractor's knowledge, investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality pending or, to the best of the Contractor's knowledge, threatened, against the Contractor, wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by the Contractor of its obligations hereunder or in connection with the transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Agreement or any other agreement or instrument entered into by the Contractor in connection with the transactions contemplated hereby.

(f) There has been no material adverse change in the Contractor's financial condition since the date of the financial statement submitted by the Contractor to the County in response to the County's RFP for this Project.

(g) The Contractor, its officers, employees, agents and Subcontractors shall comply with all Applicable Laws in performing its obligations under this Agreement. County shall have the right to inspect copies of all correspondence or any other documents sent to or received from the Contractor or its Subcontractors related to the Contractor's compliance with any Applicable Law under this Agreement.

(h) The Contractor has examined carefully and acquainted itself with the Agreement, the Technical Specifications, the Project, the necessary facilities, the difficulties that may be encountered in performing its obligations under this Agreement and all Applicable Laws and has made and shall make its own deductions and conclusions as to any and all problems that may arise from facility site conditions and accepts full legal responsibility for performing its obligations under this Agreement under those conditions.

(i) Contractor shall fulfill the conditions of any manufacturer's warranty for material or equipment. Up to the date this Agreement is terminated, Contractor shall correct any defects in workmanship that exist prior to or during the period of any guarantee and any damage caused by those defects or the repairing of those defects, at its own expense and without cost to the County or interruption of the services provided under this Agreement. Guarantees and warranties described in this Section shall not be construed to modify, limit or lessen in any way, any rights or remedies that the County may otherwise have against the Contractor or the Surety.

Section 2.2 Representations and Warranties of the County

County hereby makes the following representations and warranties to and for the benefit of the Contractor.

(a) County is a political subdivision of the State of Washington duly organized and validly existing under the Constitution and laws of the State of Washington, with full legal right, power and authority to enter into and perform its obligations under this Agreement.

(b) County has duly authorized the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it.

(c) To the best of the County's knowledge, neither the execution nor delivery by the County of this Agreement, the County's performance of its obligations hereunder nor its fulfillment of the terms or conditions hereof: (i) conflicts with, violates or results in a breach of any Applicable Law; or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment, order or decree of any court, administrative agency or other governmental authority, or any agreement or instrument, to which the

County is a party or by which the County or any of its properties or assets are bound, or constitutes a default thereunder.

(d) There is no action, suit, proceeding or, to the best of the County's knowledge, investigation, at law or in equity, before or by any court or governmental or administrative authority, commission, board, agency or instrumentality pending or, to the best of the County's knowledge, threatened, against the County wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance of the County's obligations hereunder or in connection with the other transactions contemplated hereby or which, in any way, would adversely affect the validity or enforceability of this Agreement or any agreement or instrument entered into by the County in connection with the transactions contemplated hereby.

(e) County does not warrant or admit the correctness of any investigation, interpretation, deduction or conclusion of the Contractor relative to the condition or conditions of any of the facilities, nor does the County warrant or admit the correctness of any information included in the County's Request for Proposals issued in connection with this Agreement or other documents associated with the Request for Proposals.

(f) To the extent permitted by Applicable Law, as determined in the County's sole discretion, the County shall enact and maintain in force and effect and use reasonable efforts to enforce applicable ordinances to require all Acceptable Waste to be delivered to the Transfer Station or other designated facilities. Furthermore, the County shall use its reasonable efforts to enter into, maintain and enforce agreements with Cities under which the Cities contractually designate Disposal Sites for waste collected in those Cities and will agree to enact and enforce appropriate laws to carry out the requirements of this Section with regard to such Acceptable Waste originating within the Cities. The County will request to the Navy that the Navy deliver to the Transfer Station all solid waste collected from Navy properties in the County. The County does not guarantee the quantity or composition of Acceptable Waste delivered to the Contractor.

(g) The County will use reasonable efforts to cooperate with the Contractor and to respond to the Contractor's reasonable requests for information and assistance, consistent with the provisions of this Agreement. However, it is not the County's responsibility to notify the Contractor when to begin, cease or resume the Project, nor to give early notice of rejection of faulty work, nor in any way to supervise the Project and in no event shall the Contractor be relieved of any liability, responsibility or consequence for neglect, negligence, carelessness, substandard or defective work, or for the use of substandard or defective materials or equipment, by the Contractor, its officers, employees, Subcontractors or agents. The County does not assume any liability as a result of inspections conducted of the Project and instructions, directions or suggestions given by the inspector shall not relieve the Contractor of any responsibility or liability associated with Contractor's performance under this Contract.

SECTION 3 TERM

Section 3.1 Term of the Agreement

(a) The Agreement shall be in force from and after the date the County signs this Agreement and, unless sooner terminated as provided herein, shall terminate on the twentieth anniversary of the Commercial Operations Date. The Commercial Operations Date shall be the earlier of either the first day that the Contractor begins processing Acceptable Waste at the Transfer Station after the County has approved the Operating Plan, or June 3, 2002. However, the County, in its sole discretion, shall have the right to terminate the Agreement on the seventh and fourteenth anniversaries of the Commercial Operations Date. The County shall give the Contractor 180 days written notice of its intention to exercise its seventh or fourteenth year option to terminate the Service Agreement.

(b) Ownership of the Transfer Station will be conveyed to the County upon termination of the Service Agreement pursuant to Section 7.6. Upon termination of the Service Agreement, the County

may elect either to assume operation of the Transfer Station and associated intermodal facility or to continue to contract for Transfer Station and intermodal facility operations with the Contractor or with any other party.

SECTION 4 DISPUTE RESOLUTION

Section 4.1 Dispute Resolution Process

All claims, disputes and other matters in question between the County and the Contractor arising out of, or relating to, this Agreement (except those matters specifically identified in Section 4.6 as Major Disputes) shall be resolved in accordance with the following procedure: (a) negotiation, (b) mediation, (c) reference to the Independent Panel, and (d) judicial resolution.

Section 4.2 Negotiation

(a) The County and the Contractor acknowledge the benefits of resolving, and attempting to resolve, all disputes by negotiation between themselves, without resort to any third parties, and agree therefore to negotiate in good faith to resolve all disputes before invoking any other method of dispute resolution as provided for in this Agreement, provided, however, that the period of time for good faith negotiations shall not exceed 30 days, unless a longer period is agreed to in writing by the parties.

(b) In the event any dispute cannot be resolved within the 30 day period provided for negotiations, any party may serve upon any other party a Dispute Notice. Service of a Dispute Notice is a condition to the initiation of additional dispute resolution procedures under this Agreement. A Dispute Notice shall describe the claim, dispute or matter in question in detail sufficient to inform the mediator or Independent Panel of the relevant facts, issues and concerns, and describe the relief requested.

Section 4.3 Mediation

Within seven days of the service of a Dispute Notice, the parties shall by agreement select and designate a trained mediator to serve as a mediator in the dispute. The mediator so designated shall fix a time and place for the mediation, which date shall not be later than 14 days from the date the mediator was selected, and shall give the parties at least 5 business days written notice of the initial mediation session. The mediator shall meet with the parties until either (a) the dispute is resolved or (b) the mediator decides that further meetings will not likely result in a resolution by agreement.

Section 4.4 Independent Panel

The parties agree to establish, within 45 days after issuance of any Dispute Notice, an Independent Panel to arbitrate all disputes which the parties have been unable to resolve by negotiation and mediation. In the event of any dispute between the parties which the parties cannot otherwise resolve, either party may invoke the services of the Independent Panel by giving written notice to the other of its intent to invoke the Independent Panel. The Independent Panel shall consist of 3 members chosen by agreement of the County and the Contractor. The Independent Panel shall consist of engineers or other persons with expertise and experience in the design, construction and operation of private or public solid waste transfer and disposal facilities, similar in size and complexity to the Transfer Station and Disposal Site, and it is intended that the members of the Independent Panel shall have expertise regarding the subjects raised by the Dispute Notice. All costs and expenses incurred by the Independent Panel in the performance of its duties and responsibilities shall be shared equally between the County and the Contractor.

Section 4.5 Independent Panel Arbitration

In the event the dispute is not resolved by mediation, the dispute shall be referred to the Independent Panel for arbitration by its three members, including the member who served as mediator in the dispute. The Independent Panel shall set a hearing date at the earliest agreeable time. Each party shall

then provide the Independent Panel with a memorandum (which shall not exceed 10 pages in length) presenting in concise form its contentions relating to the dispute, including both liability and damages. Copies of this memorandum shall be served upon the Independent Panel and exchanged between the parties at least 7 days before the scheduled hearing date.

The Independent Panel shall conduct itself in accordance with the Federal Rules of Evidence and the Rules of the American Arbitration Association. The Independent Panel shall render its decision regarding the dispute within 30 days of the notice of referral, unless the Independent Panel shall determine that additional time is necessary. In all matters other than Major Disputes, the decision of the Independent Panel in the matter shall be final and binding on the parties, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Section 4.6 Judicial Review

The parties acknowledge that there may be certain disputes that are of sufficient magnitude or involve matters of sufficient public interest or require legal interpretation such that they should be resolved in the public forums provided by the state or federal courts in Kitsap County, Washington having appropriate jurisdiction ("Major Disputes"). Major Disputes shall first be resolved by negotiation or by reference to the Independent Panel unless the parties agree that the nature of the dispute or other matters justify direct access to the courts. For this purpose, Major Disputes shall include (a) those in which the actual amount in controversy exceeds \$250,000 or (b) disputes in which matters of public concern or interest (such as public health and safety) provide a reason for resolution of the dispute in a public forum or (c) disagreements arising from legal interpretation of this Agreement or Applicable Laws. If there is a dispute regarding whether a dispute is a Major Dispute under this subparagraph, that matter shall be resolved by the Independent Panel.

SECTION 5 INSURANCE, INDEMNIFICATION AND BONDS

Section 5.1 Liability Insurance

(a) At all times during the Term of the Agreement, the Contractor shall obtain, maintain and pay for the insurance coverage designated in this Article from generally recognized financially responsible insurers that are approved by the County in its sole discretion and licensed in the State of Washington and whose claims paying ability is rated not less than "A" by A.M. Best Company, Inc. at all times during the Term of the Agreement. The insurance must fully protect the County from any and all claims, risks and losses in connection with any activity performed by Contractor under this Agreement. Each policy must provide for forty-five days, prior written notice of any cancellation, reduction, modification or change in coverage or deductibles required under this Section to be given by the insurer to the County. The Contractor shall also provide the County with 45 days prior written notice of any of the circumstances described in the previous sentence.

(b) In the event the Contractor fails to comply with any provision of this Section, the County in its sole discretion may procure and maintain, at the Contractor's sole expense, insurance to the extent the County deems proper. The Contractor shall reimburse the County for the cost of that insurance within fifteen days of receiving written notice by the County to do so.

(c) Within 30 days following the execution of this Agreement, the Contractor at its sole expense shall obtain and file with the County a certificate of the liability insurance that includes the coverage required under this Article which coverage shall take effect on the Commencement Date.

(d) All insurance policies obtained in connection with this Agreement must provide the following:

1. Coverages:

Extended Bodily Injury
Employees as Additional Insured
Premises/Operations Liability
Products and Completed Operations Liability
Blanket Contractual Liability
Broad form Property Damage Liability (including completed operations)
Personal Injury, including A, B, C, with no employee exclusion
Stop Gap or Employers Contingent Liability
Automobile Liability, including coverage for owned, non-owned leased or hired vehicles
Earthquake
Explosion, Collapse, Underground damage (referred to as "X.C.U.")
Owners and Contractors Protective Liability
Railroad Protective Coverage
Pollution Liability, if available at commercially reasonable rates, as determined by the County in its reasonable discretion

2. Minimum Limits for all Coverages:

\$3,000,000 per occurrence;
\$6,000,000 annual aggregate.

Any deductible shall be covered by a form of financial responsibility acceptable to the County in its sole discretion. Deductible limits may be revised by the County if the insurance underwriter's market changes to allow that revision. Providing insurance coverage under this Article shall not be construed to relieve the Contractor from liability in excess of these limits. These limits are subject to revision by the County to protect the interests of the Contractor and the County.

3. Additional Insured All insurance shall state:

The County shall be named as an additional insured for all insurance coverage required or obtained under or in connection with this Agreement and shall be fully and completely protected from all claims and risks by this policy and for any and every injury, death, damage and/or loss of any sort whatsoever, including consequential damages, sustained by any person, organization or corporation in connection with any activity performed by the Contractor under an Agreement between Kitsap County, Washington, and Waste Management of Washington, Inc. entitled "Kitsap County Transfer Station Development and Waste Disposal Project Agreement" dated October 30, 2000.

4. Separation of Insured

The insurance shall be endorsed to include a "cross liability," "severability of interests," or "separation of insureds" indicating essentially that "except with respect to the limits of insurance, and any rights or duties specifically assigned in this coverage part to the first named insured, this insurance applies as if each named insured were the only named insured and separately to each insured against whom claim is made or suit is brought."

5. Change in Coverage

The coverages provided by this policy to the County or any other named insured shall not be terminated, reduced or otherwise modified in any respect without providing at least forty-five calendar days prior written notice to the Kitsap County Department of

Public Works, Solid Waste Division, Attention: Solid Waste Division Manager, 614
Division Street, MS-27, Port Orchard, Washington, 98366.

(e) The Contractor shall provide Workers Compensation or evidence of participation in the Washington State Department of Labor and Industries program, or, in lieu thereof, the Contractor may provide a self insurance or alternate insurance program if approved by the County in the County's sole discretion.

(f) Maintenance of insurance by the Contractor as specified in this Article shall constitute the minimum coverage required and shall in no way lessen or limit the liability or responsibility of Contractor under this Agreement. Contractor may carry, at its own expense, any additional insurance it deems necessary.

(g) The Contractor immediately shall increase the amounts of insurance required to reflect any changes in state or federal law or other Applicable Law to ensure that the insurance provided shall cover, at a minimum and in addition to the designated insurance requirements listed in this Article, the maximum limits under any applicable tort claims act.

(h) The Contractor's failure to fully comply with any provision of this Article shall be considered a Contractor Event of Default under Section 7.

(i) In the event that any of the insurance required by this Article becomes unavailable, Contractor shall secure insurance with substitute provisions providing as much protection to the County as is reasonably available in the insurance marketplace and approved in writing by the County.

(j) If the Facility is damaged or destroyed due to events for which the Contractor is obligated to carry insurance, the Contractor shall act diligently to promptly collect and apply insurance proceeds to the repair or reconstruction of the Facility.

Section 5.2 Delivery of Policies; Certain Required Provisions

The Contractor shall deliver to the County copies of all certificates of insurance for required insurance and any policy amendments and policy renewals. A certified copy of the insurance policy will be provided to the County upon request. All insurance shall be subject to the County's approval of the company, terms and coverages. Each policy must provide for 45 days prior written notice of termination or cancellation or of any change in coverage or deductibles to be given by the insurer to the County.

Section 5.3 Indemnification

(a) Subject only to the limitations set forth in Section 5.3(b), the Contractor covenants and agrees that, to the maximum extent permitted by law, it will indemnify the County against and hold the County harmless from any and all liabilities, actions, damages, claims, demands, judgment, losses, costs, expenses, suits and actions, including but not limited to attorneys' fees and expenses at trial and on appeal, and including but not limited to reasonable attorneys' fees expended in determining whether the indemnification provisions of the Agreement apply to a party or matter if it is determined that such provisions do apply to all or part of a matter, relating to or resulting from:

(i) any injury to or death of any Person or Persons, or loss of or damage to property caused or alleged to be caused by the Contractor or any of its officers, agents, employees, Subcontractors (or any officer, agent or employee of any Subcontractor), or any person under the control of or alleged to be under the control of or acting at the direction of the Contractor or any Subcontractor or Hauler, arising in connection with or as a result of:

(A) the performance by the Contractor of its obligations under this Agreement;

- (B) the use or operation of the Transfer Station, the Trailers or the loading area by the Contractor or by any other person;
- (C) the condition of the Transfer Station, the Trailers, and loading area between the time the notice to proceed is given and the termination of the Term of this Agreement;

(ii) any condition of the Transfer Station or Disposal Site, now existing or arising during the Term of this Agreement, relating to hazardous or toxic substances or any other condition that causes environmental liabilities at the Transfer Station or Disposal Site.

(iii) an allegation of infringement, violation or conversion of any patent, license, proprietary right, trade secret or other similar interest, in connection with the operation of the Transfer Station by the Contractor or the design, technology, processes, machinery or equipment used at the Transfer Station by the Contractor.

Notwithstanding anything express or implied in this Agreement to the contrary and in addition to the indemnity and hold harmless agreements of the Contractor set forth above but without regard to any express or implied limits on the Contractor's indemnity and hold harmless agreement set forth above, the Contractor shall indemnify the County against and hold the County harmless from any and all penalties, fines and charges of any federal, state or local government having jurisdiction over the Transfer Station or Disposal Site, or the operations at the Transfer Station or Disposal Site, arising from any violation or alleged violation of Applicable Law by the Contractor in connection with or as a result of the operations at the Transfer Station or Disposal Site or otherwise relating to Contractor's performance of its obligations under this Agreement.

(b) The Contractor is not required to indemnify the County or hold the County harmless pursuant to the provisions of this Section for any loss, damage or claim caused solely by the active (as opposed to passive) negligence of the County or its willful misconduct.

(c) In the event of joint or concurrent negligence of the Parties giving rise to a loss or claim against either or both of them, it is the intention of the Parties that the Contractor's indemnification of the County under Section 5.3 (a) shall apply to the concurrent negligence of the County and the Contractor. Each party shall have the right of contribution against the other.

(d) The County shall notify the Contractor within ten working days of the County's receipt of written notice from any third party of any act, omission or occurrence with respect to which the County intends to seek indemnification in accordance with this Agreement and, if requested by the Contractor, shall also supply the Contractor all records, data, contracts and documents reasonably related to that third party claim to enable the Contractor to evaluate that claim for purposes thereof. If the Contractor replies in writing to the County within twenty days from the date of such notice that it will undertake the defense of the County and will hold the County harmless with respect to such claims, then no additional attorneys' fees incurred by the County in its own defense shall be compensable as a claim entitled to indemnity, unless (a) the Contractor has agreed to pay such fees and expenses, (b) the Contractor shall have failed to assume the defense of that claim or has failed to employ counsel reasonably satisfactory to the County, or (c) the named parties in any action or proceeding relating to that claim (including any impleaded parties) include the Contractor and the County, and the County has been advised by its counsel that the County has a conflicting interest from the Contractor or that there may be one or more legal defenses available to the County which are different from or additional to those available to the Contractor. The County will reasonably cooperate in providing information and testimony to assist in the defense of the matter, but all out-of-pocket costs thereof shall be a part of the indemnified amounts for which the Contractor shall hold the County harmless. Control of the defense of the claims shall be the right and responsibility in this case of the Contractor, which shall have authority to contest, compromise or settle the matter in its sole discretion.

In the event the Contractor replies in writing within the twenty days that it accepts responsibility for the indemnified claim regarding the matter in question but does not desire to take an active role in the defense of the matter, then alternatively, the Contractor may consent, in writing, to the County's selection of an attorney to defend the matter who is satisfactory to the Contractor, which consent and satisfaction with the selection shall be evidenced in writing with the selection of the attorney in writing. However, no matter will be settled or compromised without the written consent of the Contractor; further, at any time the Contractor may elect to assume the active control of the matter, including the replacement of the selected counsel by other counsel satisfactory solely to it, and thereafter may consent, settle or compromise the case in its sole discretion.

If, the Contractor replies to the County within twenty days from the date of such notice, but denies its responsibility to indemnify and hold the County harmless with respect to such claim, the Parties shall attempt to agree on a mutually satisfactory attorney to represent them and agree on who shall control the defense of the claim and has the authority to approve any proposal, settlement or compromise. If an agreement cannot be reached within 20 days, or if the Contractor does not reply to the County within twenty days from the date of such notice, each party may designate its own attorney, whose reasonable fees shall be compensable as an indemnified claim to the county. Whether or not any such agreement can be reached or the Contractor does or does not reply, each party shall reasonably cooperate in providing information and testimony to assist in the defense of the matter, and the costs thereof (including out-of-pocket expenses) shall be a part of the indemnified amounts for which the Contractor shall hold the County harmless under the assumptions of liability and other provisions for indemnification under this Agreement. Any indemnification in this Agreement shall include an indemnification of the respective officers, directors, employees, agents, shareholders and successors and assigns of the County.

(e) The foregoing indemnification and hold harmless provisions are for the sole and exclusive benefit and protection of the County and its officers, officials, agents and employees, and are not intended, nor shall they be construed, to confer any rights or impose any liabilities on any Person or Persons other than the County and its respective officers, officials, agents and employees.

(f) If a court of competent jurisdiction determines that this Agreement is subject to RCW 4.24.115, then the Contractor's liability to indemnify the County for liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from concurrent negligence of the Contractor and the County shall be limited to the Contractor's negligence.

(g) It is further specifically and expressly understood that the indemnification provided in this Section constitutes the Contractor's waiver of immunity under industrial insurance and Title 51 RCW solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

(h) If any claims indemnified against under this Section have the potential for coverage under any insurance, then before pursuing recovery under this indemnity, the County shall pursue all recovery for such claim from any third party insurance. Once the County has determined, in its sole discretion, that it has exhausted all recovery under all such available insurance, the Contractor shall pay only the amount of the loss, if any, that exceeds the total amount that all insurance has paid for the loss. Nothing in this Agreement shall constitute a waiver or relinquishment of any claims which the parties may have against insurers, nor shall any provision of this Agreement waive or relinquish any subrogation or contribution rights that the parties or their insurers may have against another insurer or potentially liable party.

(i) Except as otherwise expressly stated herein, the Parties do not under this Article waive or surrender indemnity available under any federal, state, regional or local law. This Article shall survive termination or expiration of the Agreement.

Section 5.4

Construction Bond; Letter of Credit

(a) (1) Prior to the Commencement Date of and during the acquisition, construction, installation and startup of the Transfer Station, the Contractor shall provide the County with and maintain a

construction bond from a Surety in an amount equal to \$500,000.00, as approved by the County, and acceptable to the County in its sole discretion. Any surety providing a construction bond must be licensed to conduct business in Washington State and included on the current list of Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies, as published in Circular 570, as amended, by the Audit Staff Bureau of Accounts, United States Treasury Department. The County may in its sole discretion require additional payment and performance bonds from time to time during construction as circumstances, including Uncontrollable Circumstances, may dictate. The Contractor shall be compensated for the cost of providing any additional bonds required by the County. The County may in its sole discretion permit the Contractor to substitute, for the Construction Bond, a letter of credit from a bank acceptable to the County.

(2) The Construction Bond shall provide that notwithstanding the termination of the construction period, at any time within two years after the date construction terminates, the County may make a claim against the Construction Bond for the Contractor's failure to perform its obligations under the Agreement. Contractor shall be liable for all construction defects in the Transfer Station regardless of the termination of the Construction Bond.

(b) For purposes of this subsection, the word "bond" shall mean any bond, letter of credit or other financial guarantee referred to in this Article and provided to guarantee or provide the funds to guarantee the performance of the Contractor's obligations under this Agreement. All bonds given under this Section that are signed by the Surety's agent must be accompanied by a certified copy of that agent's authority to act for the Surety at the time the bond is signed. The County must approve in writing the Surety providing and the form and substance of all bonds. The Contractor may satisfy the bond obligations under this Article by providing bonds in a form acceptable to the County in its sole discretion from one or more bonding companies meeting the qualifications set forth in this Section.

Section 5.5 Financial Guarantee of Performance

(a) To secure performance and payment obligations of Contractor's obligations under this Agreement, the Contractor shall cause to be provided and maintained during the Term hereof financial security in the form of the Guaranty Agreement, included as part of this Agreement.

(b) If, prior to expiration of the Term of this Agreement, a Material Decline in Guarantor's Credit Standing occurs, the Guarantor shall cause to be provided credit enhancement of its obligations hereunder within 30 days after such occurrence. Such credit enhancement shall be in the form either of (1) an unconditional guarantee of all of the Contractor's obligations hereunder provided by a corporation or financial institution whose long-term senior debt is or would be rated investment grade by either Moody's Investors Service or Standard & Poor's Rating Services, or (2) a letter of credit securing the Contractor's obligations hereunder in the face amount of \$5,000,000 provided by a financial institution whose long-term senior debt is or would be rated investment grade by either Moody's Investors Service or Standard & Poor's Rating Services.

(c) For purposes of this Section, a "Material Decline in Guarantor's Credit Standing" shall be deemed to have occurred if (1) in the event that the Guarantor has long-term senior debt outstanding which has a credit rating by either Moody's Investors Service or Standard & Poor's Rating Services, such rating by either rating service is established at or is reduced below investment grade level, or (2) in the event that the Guarantor does not have long-term senior debt outstanding or such debt is not rated by either rating service, the credit standing of the Guarantor declines to a level which is insufficient to support an investment grade credit rating by either rating service on long-term senior debt of the Guarantor, whether or not any such debt is outstanding. The Contractor immediately shall notify the County of any Material Decline in the Guarantor's Credit Standing

SECTION 6

ASSIGNMENT, DELEGATION, SUBCONTRACTING AND CHANGE OF CONTROL

Section 6.1 Contractor Assignment and Delegation

The County executes this Agreement with the Contractor as a qualified party to accomplish the Project. The Contractor shall not assign or delegate any rights or obligations under or arising from this Agreement without the prior written consent of the County unless otherwise permitted under this Section. Any assignment or delegation of duties shall not relieve the Contractor or the Surety of any liability and/or obligation to perform.

Section 6.2 Contractor Subcontracts

(a) During the Term of this Agreement, Contractor shall supply County with a list of all Subcontractors which will be providing substantial services on the Project, and the County shall have the right to reject any or all subcontracts of all or part of Contractor's obligations to perform the Project if the County reasonably believes that the Subcontractors involved either have not or will not adequately perform the tasks assigned to them. Upon request by the Contractor, the County shall provide to Contractor the basis for its rejection of any Subcontractor, and the Parties will confer to determine whether the County's concerns may be addressed in any manner other than rejection of that Subcontractor. In no event shall the Contractor's subcontracting or the County's failure to reject Contractor's subcontracting in any way relieve the Contractor of its responsibilities under this Agreement.

(b) Unless a reasonable dispute exists concerning payment, the Contractor shall promptly pay all subcontractors, material men, suppliers or laborers engaged for purposes of this Agreement in accordance with the contract or agreement between that Person and the Contractor.

Section 6.3 Change In Control or Ownership

Any direct or indirect change in control or the transfer of a direct or indirect controlling interest in the beneficial ownership of the Contractor shall constitute a Contractor Event of Default under the terms of this Agreement, unless the County consents in writing to that transfer. The "change in control" or "transfer of a direct or indirect controlling interest" of Contractor shall include, but is not limited to, the transfer or assignment of twenty-five percent or more of the beneficial ownership of Contractor to or from a single entity; however, intra-company transfers in the form of transfers between different subsidiaries or branches of the Contractor's parent corporation shall not be construed as a "change in control" or "the transfer of a controlling interest" of Contractor.

Notwithstanding the foregoing, the County may in its sole discretion and at Contractor's sole expense (including but not limited to the County's attorneys fees, if any) determine that new ownership can adequately and faithfully render the service called for in this Agreement for the remaining Terms of the Agreement, and the County may then elect to execute a novation, allowing new ownership to assume the rights and duties of this Agreement and releasing the previous ownership of all obligations and liability. The new ownership would then be solely liable for any work and/or claims related to this Agreement.

Section 6.4 Binding Effect

This Agreement shall bind and inure to the benefit of the successors or assigns hereto, whether by merger, consolidation, transfer of assets or transfer of ownership of the Contractor.

SECTION 7

DEFAULT AND TERMINATION

Section 7.1

Contractor Events of Default

Each of the following shall constitute a Contractor Event of Default for purposes of this Agreement to the extent the Contractor is unable to fulfill any of its material obligations under this Agreement (unless caused by an Uncontrollable Circumstance, a County Event of Default or the County's unreasonable act or omission or willful misconduct):

(a) Any failure by the Transfer Station or the Disposal Site to satisfy the standards set forth in the Technical Specifications and Applicable Law and/or begin operations by the date required under this Agreement, provided the County shall have given the Contractor 60 days' prior written notice of the Contractor's failure to meet a specific obligation and Contractor shall have failed to remedy the deficiency within that 60 days;

(b) Any failure of the Contractor to comply with the requirements of this Agreement that the County reasonably determines threatens public health or safety; provided that the County may not exercise its remedies under Section 7.3 until the County shall have given the Contractor five days' prior written notice of the failure and Contractor shall have failed to (1) commence a cure within the five-day period or (2) continuously and diligently pursued a complete cure. Notwithstanding the foregoing, the County may at Contractor's expense use all reasonable means to eliminate the threat to public health or safety, including but not limited to assuming operations at the Transfer Station;

(c) Failure to perform the basic Transport and/or Disposal services required under this Contract and it appears to County's Representative, in that representative's reasonable judgment, that the Contractor has abandoned the Project;

(d) Failure to substantially perform the basic Transport and/or Disposal services under this Agreement on three or more occasions of three days duration in any given year; or

(e) The Contractor's failure to carry out any of its other material obligations under this Agreement, provided the County shall have given the Contractor 60 days' prior written notice of the Contractor's failure to meet a specific obligation and Contractor shall have failed to remedy the deficiency within that 60 days; provided, however, that if Contractor's compliance hereunder requires Contractor to repair or reconstruct the Transfer Station, and Contractor is acting with diligence to repair or reconstruct the Transfer Station, Contractor shall not be deemed in default until six months after the County gives Contractor notice;

(f) There is entered, without the consent of the Contractor, a decree or order under Title 11 of the United States Code, or any other applicable bankruptcy, insolvency, reorganization or similar law, or appointing a receiver, liquidator, trustee or similar official of Contractor or any substantial part of its properties, and such decree or order shall remain in effect (and not be stayed) for 60 consecutive days;

(g) The Contractor shall file a petition, answer or consent seeking relief under Title 11 of the United States Code, or any other applicable bankruptcy, insolvency, reorganization or other similar law, or shall consent to the institution of proceedings thereunder or to the filing of that petition or to the appointment of a receiver, liquidator, trustee or other similar official of the Contractor or of any substantial part of the properties of the Contractor, or shall make a general assignment for the benefit of creditors;

(h) An Assignment or a Change in Control or Ownership of the Contractor other than that expressly permitted under Section 6.2 or 6.3 of this Agreement;

(i) The Contractor fails to procure and/or maintain the Construction Bond or the Parental Guaranty required under Sections 5.4 and 5.5 of this Agreement, provided that such failure shall not constitute a Contractor Event of Default if the Contractor provides a new Construction Bond or

replacement security meeting the requirements of this Agreement at any time before the expiration or termination of the existing security; or

(j) The Contractor fails to procure and maintain the insurance in accordance with Section 5 of this Agreement, provided the County shall have given Contractor 30 days' prior notice of the Contractor's failure to remedy the deficiency and the Contractor fails to remedy it.

Section 7.2 County Event of Default

The following shall constitute a County Event of Default for purposes of this Agreement:

The repeated or persistent failure or refusal by the County to fulfill any of its material obligations under this Agreement (unless that failure or refusal results from an Uncontrollable Circumstance or the fault of the Contractor), provided that the Contractor shall have given the County 60 days' prior written notice of the County's failure to meet the specific obligation.

Section 7.3 Remedies for Default

(a) (1) Upon the occurrence of any Contractor Event of Default pursuant to Section 7.1, the County shall provide the Contractor's Authorized Representative with a written notice (a "Default Notice") specifying the Contractor Event of Default that has occurred, and then the County may, in its sole discretion:

- (A) be released from its obligations under this Agreement and use any other method or Person to process Acceptable Waste, including the County itself;
- (B) seek the judicial remedy of specific performance;
- (C) in the event of a Contractor Event of Default described in Sections 7.1(d) or (e), seek the appointment of a receiver for any one or more of the Facilities in the Superior Court of Kitsap County, Washington, such receiver to continue operations of any one or more of the Facilities under the direction of the court; or
- (D) pursue any combination of the foregoing or any other remedy, including money damages, available at law, equity or under this Agreement.

(2) In addition, if applicable and to the extent that proof of actual money damages is impossible to calculate, the County may, in its sole discretion recover the following liquidated damages:

- (A) in the event of a Contractor Event of Default described in Section 7.1(a) which prevents Contractor from being able to process Kitsap County Solid Waste, or Section 7.1 (b), charge the Contractor liquidated damages in the amount of \$10,000 per day from the date of the Default Notice to the date the default is remedied;
- (B) in the event the Contractor fails to procure and maintain the insurance required under Section 5, charge the Contractor a per day fee equal to twice the annual cost of obtaining insurance of the type and in the amounts required on the day of the default divided by 365 (i.e., twice the daily cost of the insurance); and
- (C) in the event that Contractor fails to procure and maintain the construction bond required by Section 5.4, charge the Contractor \$5,000 per day for Contractor's failure to procure and/or maintain the construction bond.

The payment of liquidated damages for the failure to procure and/or maintain insurance under Section 7 shall be paid notwithstanding Contractor's reimbursement to the County of any cost incurred by the County to obtain or maintain insurance coverage. Liquidated damage amounts under this Agreement shall increase annually by 80% of the CPI.

(3) In addition to liquidated damages, actual damages, specific performance and other applicable remedies provided in this Section upon the occurrence of a Contractor Event of Default, the County shall have the right except as expressly provided herein to terminate this Agreement:

- (A) if any of the Contractor Events of Default referred to in Subsections 7.1(c) or (f) shall occur and be continuing for 90 days beyond the date that the Contractor receives the Default Notice; or
- (B) immediately if any Contractor Event of Default referred to in Subsections 7.1(a), (b), (d), or (e) shall occur.

(4) If this Agreement is terminated by the County due to a Contractor Event of Default, the Contractor shall, in a timely manner, permit the continued operation of the Transfer Station by an assignee acceptable to the County in writing and in its sole discretion, including the County itself, and:

- (A) grant a nonexclusive sublicense to any patents, trademarks, copyrights and trade secrets and "shop rights" as necessary for, and limited to, the operation of the Transfer Station;
- (B) supply at the fair market price any proprietary components needed for continuing the operations of the Transfer Station;
- (C) assist the assignee by providing initial training of personnel as may be reasonably necessary to enable the assignee to continue with operation of the Facilities.
- (D) provide non-technical and technical design, construction and operation information, whether or not proprietary, including technical specifications and as-built plans of the Transfer Station and assign or provide any other license or consent which is necessary for the operation, maintenance and repair of the Transfer Station; and
- (E) promptly convey the Transfer Station and its equipment to the County for the amount specified in and pursuant to the Amortization Table in the Technical Specifications.

(b) In the event the County terminates this Agreement, the Contractor shall be entitled to payment of any Service Fee due prior to the date of termination of this Agreement, but only to the extent the amount that the Service Fee exceeds amounts owed to the County. The County shall retain the right to pursue any cause of action or assert any claim or remedy it may have against the Contractor.

(c) Upon the occurrence of any of the events described in Section 7.2, the Contractor shall provide the County with a Default Notice specifying the County Event of Default that has occurred. If the County has not cured the County Event of Default described in the Default Notice within the time specified in Section 7.2, the Contractor shall have the right to seek damages from the County, but shall not be entitled to equitable relief.

Section 7.4 Survival of Certain Rights and Obligations

The rights and obligations of the Parties for Unacceptable Waste and any claims for damages therefore shall survive any termination of this Agreement.

Section 7.5

No Waiver by County

Nothing in this Article, and no actions taken pursuant to this Section shall constitute a waiver or surrender of any rights, remedies, claims or causes of action the County may have against Contractor or its Surety under any other provision of this Agreement or any provision of law.

Section 7.6

County Purchase of Transfer Station

The County, in its sole discretion, shall have the right to terminate this Agreement on the seventh, fourteenth, and twentieth anniversaries of the Commercial Operations Date. At each such instance when the County has the right to terminate this Agreement (i.e., on the seventh, fourteenth, and twentieth anniversaries of the Commercial Operations Date), the County may in its sole discretion exercise its right to purchase the Transfer Station. At any time during the term of this Agreement, the County may purchase the land on which the Transfer Station is located.

(a) If the County determines to exercise its purchase rights herein for the Transfer Station, it shall provide written notice to the Contractor at least 180 days prior to the anniversary date specifying the approximate date of the intended purchase, the amount(s) to be paid, and any other information necessary to effectuate the purchase. In determining the amount to be paid, the County shall compensate the Contractor for the fair market value of the Transfer Station at the time of the purchase, as reflected in the Amortization Schedules for the Transfer Station and equipment, attached as Exhibit B to this Service Agreement.

(b) If the County determines to exercise its rights to purchase the land on which the Transfer Station is located, the County may purchase the property from the Contractor by paying the Contractor for the property value at the time of the purchase, as indicated in the Amortization Schedule attached to this Agreement; or the County may, within six months following the execution of this Agreement, purchase the land directly from the Port of Bremerton if the Port of Bremerton releases the Contractor from its obligations to purchase the property under current agreements between the parties. If the County chooses to purchase the property directly from the Port of Bremerton, the Service Fee shall be adjusted by reducing the Fixed Monthly Fee in an amount of \$3686.00, and the County shall reimburse the Contractor for lease payments made by it to the Port of Bremerton prior to the County's ownership of the property.

SECTION 8 UNCONTROLLABLE CIRCUMSTANCES

Section 8.1

Uncontrollable Circumstance – Defined

“Uncontrollable Circumstance” means any act, event or condition that has had or may reasonably be expected to have a material adverse effect on the rights or obligations of a party to this Agreement, or a material adverse effect on the Transfer Station or Disposal Site, if that act, event or condition is beyond the reasonable control of the party relying thereon as justification for not performing an obligation or complying with any condition required of that party under this Agreement. Those acts, events or conditions are the following:

(a) An act of God (except normal weather conditions for the geographic area of the Facility), hurricanes, tornadoes, epidemic, landslide, lightning, earthquake, volcano eruption, nuclear radiation, fire or explosion, extreme flooding, substantially in excess of flooding that typically occurs in the County, annually or other extreme and atypical weather condition, an act of public enemy, war, blockade, insurrection, riot, general arrest, or restraint of government and people, civil disturbance or similar occurrence, that directly affects the operation of a Facility (but not including any labor shortage caused by those events);

(b) Failure of any appropriate federal, state or local agency or public or private utility having operational jurisdiction in the area of location of the Facility, to provide and maintain and assure the maintenance of any necessary utility;

- (c) Appeals by third parties of permits necessary for the construction and/or operation of the Transfer Station;
- (d) A change in law that specifically affects the processing of Acceptable Waste;
- (e) For Contractor, a non-Contractor or industry-wide strike which substantially impacts and makes impossible to perform Contractor's Obligations under this Agreement; or
- (f) For the County, any strike or labor dispute.

It is expressly understood and agreed that, notwithstanding any other provision of this definition, the following events or conditions, in and of themselves, shall not constitute an Uncontrollable Circumstance:

- (i) adverse changes in the financial ability of any party to this Agreement to perform its obligations under this Agreement;
- (ii) the consequences of errors of design, construction, start-up, operation or maintenance on the part of the Contractor or any of its employees, agents, Subcontractors or affiliates;
- (iii) the failure of the Contractor to secure permits necessary to design, construct, operate, or maintain the Transfer Station or Disposal Site.
- (iv) the lack of fitness for use, or the failure to comply with the specifications or the design of any materials, equipment or parts constituting any part of the Transfer Station or Disposal Site;
- (v) the failure of any technology to perform;
- (vi) with respect to the County, a change in law initiated by the County or any political subdivision of the County (other than the Cities), except as expressly mandated by state or federal law;
- (vii) as to the Contractor, any act or event the occurrence against which the Contractor is obligated to carry insurance under this Agreement to the extent the Contractor is so obligated; and
- (viii) typical ice, snow and flood conditions, including those resulting in road restrictions.

Section 8.2 Obligations In the Event of an Uncontrollable Circumstance

(a) The Contractor's obligations to provide the services provided for in this Agreement and the County's obligation to pay Service Fees under the Agreement are subject to Uncontrollable Circumstances that may necessarily and unavoidably prevent or substantially increase the cost of Contractor's performance of the Project or the County's performance of its obligations hereunder. Neither Party to this Agreement shall be liable to the other for any loss, damage, delay or failure to perform any obligation under this Agreement to the extent it results from an Uncontrollable Circumstance. No other events shall excuse nonperformance of the obligations of the parties.

(b) As soon as possible after the occurrence of an Uncontrollable Circumstance, but in no event later than forty-eight hours following the time the knowledgeable Party becomes aware that the Uncontrollable Circumstance is likely to interfere with its ability to perform its obligations under this Agreement, such Party shall notify the other Party by telephone call (in person, not via message or voice mail) to the Party's Authorized Representative of the event. As promptly as possible, but not later than two weeks, following such notice, the knowledgeable Party shall provide to the other a written description of (1) the Uncontrollable Circumstance and the cause thereof (to the extent known), (2) the date the Uncontrollable Circumstance began, its estimated duration, and the impact, if any, on the Commercial Operations Date, and (3) its estimated impact on the other obligations of such party under this Agreement.

Each Party shall provide prompt written notice of the cessation of such Uncontrollable Circumstance. Whenever such act, event or condition shall occur, the Party claiming to be adversely affected thereby shall, as promptly and as reasonably as possible, use its best efforts to eliminate the cause therefor, reduce costs and resume performance under this Agreement. While the delay continues, the affected Party shall give notice to the other Party, before the first day of each succeeding month, updating the information previously submitted. The Contractor shall furnish promptly (if and to the extent available to the Company) any additional documents or other information relating to the Uncontrollable Circumstance reasonably requested by the County.

(c) If the occurrence of the Uncontrollable Circumstance materially damages, destroys or otherwise incapacitates any of the facilities, the Contractor shall, at the earliest practical time and to the extent necessary, activate the Contingency Plan and the Contractor shall submit to the County as soon as practicable a plan for correcting, repairing, replacing or reconstructing the affected facility. The plan should include review by the appropriate regulatory agencies. To the extent the Contractor utilizes the Contingency Plan and to the extent the County directs the Contractor in writing to undertake the actions proposed in Contractor's repair plan, the County shall increase Service Fees by one hundred percent of the Contractor's reasonable actual increased costs of utilizing the Contingency Plan and of correcting, repairing or reconstructing the affected facility, net of insurance proceeds or any other recoveries obtained by the Contractor, which costs must be documented and substantiated to the satisfaction of the County, plus a reasonable amount under the circumstances for profit to be paid to the Contractor. The Contractor shall not receive a Service Fee increase or any other additional compensation for the use of alternative facilities unless that use is necessitated by the occurrence of an Uncontrollable Circumstance or as otherwise provided for in this Agreement.

(d) If any of the facilities are damaged or destroyed due to explosion, floods, fire, or other events for which the Contractor is obligated to carry insurance, the Contractor shall act diligently to promptly collect and apply insurance proceeds to the correction or reconstruction of those facilities.

Section 8.3 Termination Due to Uncontrollable Circumstances

(a) Upon the occurrence of an Uncontrollable Circumstance after the Commercial Operations Date, the County shall calculate any increase in the Service Fee as a result of that event. The County shall compare the Service Fee as increased by a result of that event to the Service Fee which would have been in effect if that event had not occurred. The comparison shall be computed on a per month basis after adjustment of other increases provided for in this Section. For purposes of this Section the County shall take into account the aggregate of any increases in the Service Fee occurring after the Commercial Operations Date.

(b) The County may, at its option, terminate this Agreement effective thirty days after the County gives the Contractor written notice of termination upon the occurrence of any Uncontrollable Circumstance which:

(i) Prevents the Contractor from processing any Acceptable Waste for a period of one hundred twenty consecutive days or one hundred twenty days (whether or not consecutive) out of any one hundred eighty day period; or

(ii) If the Uncontrollable Circumstance and its expected effect on the Facility would prevent the Contractor from processing any Acceptable Waste at least at seventy-five percent of the normal operational standard for at least eighteen months; or

(iii) If the cumulative increase in the Service Fee as a result of any and all Uncontrollable Circumstance is greater than fifty percent, excluding all adjustments to the Service Fee otherwise authorized by this Agreement, (including adjustments due to a County Fault).

(c) If the County fails to terminate within ninety days of the date the County receives notice of the Uncontrollable Circumstance that caused a Service Fee increase in excess of fifty percent, the

County may terminate pursuant to this Section only if a separate Uncontrollable Circumstance causes a further increase in the Service Fee or the Uncontrollable Circumstance described in this Section.

(d) Notwithstanding anything to the contrary in this Section, if the County provides the Contractor with written notice of its intention to terminate this Agreement pursuant to Section 8.3(b)(iii), then, if the Contractor elects to forego that portion of the increase that causes the Service Fee to increase more than fifty percent, the County's right of termination may not be exercised.

(e) If the County elects to terminate this Agreement as a result of an Uncontrollable Circumstance, the County shall pay to the Contractor an amount intended to fairly compensate the Contractor for the Contractor's activities under this Agreement.

ARTICLE II DEVELOPMENT AND OPERATION OF TRANSFER STATION

SECTION 9 CONTRACTOR RESPONSIBILITIES

Section 9.1 General

(a) The Contractor shall construct the Transfer Station to comply with the Technical Specifications and shall be solely responsible for the development, construction, Startup and operation of the Transfer Station in accordance with the Technical Specifications and the Final Operating Plan.

(b) The Contractor shall be responsible for acceptance, handling, transport and disposal of Special Wastes delivered to the Transfer Station, in accordance with Applicable Law. Special Waste also includes certain wastes described in the RFP.

(c) The Contractor shall provide a separate public drop-off facility at the Transfer Station for acceptance, handling and disposal of certain household hazardous wastes as described in the Technical Specifications.

(d) The Contractor shall provide a separate public drop-off facility at the Transfer Station for acceptance and management of recyclables as described in the Technical Specifications.

(e) The Contractor shall provide areas at the Transfer Station facility for separate acceptance, handling and management of Yard Waste as described in the Technical Specifications.

(f) The Contractor shall assist the County in billing and invoicing for the Tip Fees, including assessing Tip Fee charges to self-haul customers and remitting any cash payments to the County, and by providing documentation of tonnages for other customers to the County.

(g) The Contractor shall maintain a closure and post-closure trust fund or alternative funding mechanism for the Transfer Station in accordance with the Washington State Minimum Functional Standards and with its Solid Waste Handling Permit issued and administered by the Bremerton-Kitsap County Health District, if required therein.

(h) The Contractor shall pay all permit fees, penalties, fines and other payments related to the ownership and/or operation of the Transfer Station.

Section 9.2

Staff

(a) The Contractor shall, at its own expense, train and maintain a staff sufficient to carry out its obligations under this Agreement which staff shall be responsible for all aspects of the design, construction, equipment, testing, starting up and operation of the Transfer Station in accordance with this Agreement. Each individual on the staff shall have appropriate knowledge, experience and training in the type of work he or she is to perform. The Contractor shall consult with the County prior to appointing or replacing the person responsible for management of the Project, but the selection of such person shall be in the sole discretion of the Contractor.

(b) To facilitate performance of its billing functions, the County has an option to substitute a County employee for the Contractor's scale house attendant. If it elects to do so, the County shall provide to the Contractor 60 days written notice prior to the Commercial Operations Date, or 120 days written notice after the Commercial Operations Date, and the Parties will handle the replacement as a modification in accordance with the procedures set forth in Section 1.15. If the Contractor has already hired a scale house attendant when the County exercises its rights hereunder, the County shall take into consideration the Contractor's employee and any labor contract obligations the Contractor may have in making its scale house attendant hiring decision.

Section 9.3

Requirements of RCW 36.58.090(8)

The Contractor shall be responsible for compliance with the provisions of RCW 36.58.090(8) to the extent applicable, and the County shall inform the Contractor as soon as possible if it becomes aware of any possibility of noncompliance. No modification or interpretation of that statute or the statutes referred to therein shall constitute an Uncontrollable Circumstance.

Section 9.4

Liens and Encumbrances; Property Rights

(a) The Contractor shall, at its sole expense during the duration of the Agreement or as a result of the Agreement:

(i) discharge any valid liens of any sort that attach to the Transfer Station or any facilities arising out of the activities of the Contractor or approved Subcontractors under this Agreement, except those liens approved by the County in writing.

(ii) discharge of record, by bond or otherwise, any lien or encumbrance that may be filed against the Transfer Station by any Subcontractor; and

(iii) indemnify the County for any injury or expense, including reasonable attorneys' fees, incurred by the County due to the filing of any lien or the Contractor's failure to have any lien discharged.

(b) On execution of this Agreement, and in the event the Contractor is to be the owner of the property upon which the Transfer Station is to be located, within ten days of Contractor's acquisition of property rights for the Transfer Station not yet acquired at the time the Agreement is executed, the Contractor shall at its sole expense provide the County with copies of current title insurance policies for all real property on which the Transfer Station is located (not including the real property on which the rail track is located). The title insurance policies shall be acceptable to the County in its sole discretion and guarantee that the Contractor, or other owner of real property on which the Transfer Station is located, holds title to the real property in fee simple with such liens and encumbrances as are acceptable to the County in its sole discretion.

(c) Within ten days of delivering the executed Agreement to the County, and in the event the Contractor is to be the owner of the property upon which the Transfer Station is to be located, within ten days of Contractor's acquisition of property rights for the Transfer Station on locations not yet acquired, the

Contractor shall record a memorandum of this Agreement in Kitsap County, which memorandum shall include a legal description of the property affected.

Section 9.5 Trailers

(a) The Contractor shall supply and maintain at all times throughout the term of the Agreement a sufficient number of Trailers to accommodate the shipment of all Acceptable Waste delivered to the Transfer Station. This requirement shall include a sufficient number of Trailers for loading at the Transfer Station, storage of loaded Trailers and shipment of the Trailers to and from the Landfill.

(b) The Trailers shall be constructed and sealed so as to prevent leakage of solid or liquid waste during storage and transport.

(c) The Contractor shall sweep and/or wash each Trailer both internally and externally, as frequently as necessary to avoid public nuisance.

Section 9.6 Maintenance of Transfer Station Records

(a) The Contractor shall maintain all books, records and accounts necessary for the County to perform the billing and collection function required under this Agreement.

(b) The Contractor shall retain copies of weigh tickets and scale reports. In addition, the Contractor shall make available for review by the County copies of all documentation necessary to compute the Service Fee.

(c) For purposes of enabling the County to verify the computation of the Service Fee, the County shall have the right, from time to time, upon forty-eight hours notice to the Contractor, to examine, inspect, audit and copy all of the Contractor's books, records and accounts that are related to the computation of the Service Fee.

(d) All books, records and accounts related to the Transfer Station shall be retained by the Contractor and the County for at least seven years.

Section 9.7 Repair and Replacement of the Transfer Station

The Contractor shall maintain the Transfer Station in conformance with industry standards in accordance with (1) the best engineering and operations practices as existing at the time the RFP was issued, (2) the Technical Specifications and (3) Applicable Law, normal wear and tear excepted. The County may require the Contractor at its sole expense to replace or repair any part or portion of the Transfer Station, including equipment, that it reasonably believes does not comport with the standards in this Section.

Section 9.8 Restoration and Replacement of the Transfer Station

(a) The parties intend and agree that at such time as the Transfer Station is acquired or otherwise obtained by the County, that the Transfer Station shall in all respects comport with the standards in Section 9.6, and that the Contractor shall, at its sole expense, restore and remediate the Transfer Station as required to meet those standards.

(b) Three months prior to the seventh, fourteenth, and twentieth year of the Term, the Contractor shall certify in writing to the County that the Transfer Station comports with the standards in Section 9.6.

(c) Any dispute regarding whether the Transfer Station comports with the standards in Section 9.6 shall be referred for Dispute Resolution pursuant to Section 4.

event may the time allowed to remedy the problem exceed ninety days from the date that the County furnishes notice of the reduction in processing capacity to the Contractor.

(d) Contractor's compliance with the provisions of this Section shall not reduce its obligations to pay applicable damages or other costs in accordance with Section 7.3, or other Agreement provisions or Applicable Law.

Section 9.12 Accidents; Complaints

(a) The Contractor shall be responsible for all injuries, accidents and other mishaps associated with its operations. The Contractor shall report to the County the complete details (including witness statements) of any accidents resulting from the performance of this Agreement. For purposes of this Section, "accident" shall include the death of any person, any personal injury resulting in inpatient hospitalization or outpatient treatment by a physician or damage to any real or personal property exceeding \$3,000.

(b) The Contractor shall respond in a reasonable manner to complaints, charges and allegations related to Contractor's performance under the Agreement within thirty days of receipt of that complaint, charge or allegation, including, but not limited to, those complaints made or actions brought by citizens, citizen groups and public agencies. The Contractor shall report to the County the details of all significant complaints received including, but not limited to, the name and address of the complainant (if available), the substance of the complaint including the activity or service at issue, the action, if any, the Contractor has taken to investigate or remedy the problem or an explanation of why no action has been taken, in the quarterly report required under Section 1.16.

Section 9.13 Coordination Meetings

The County and the Contractor shall hold periodic coordination meetings at the Transfer Station no less than once every three months to review the progress of the work and ongoing operations, and to discuss operations, problems and/or complaints. Either the County or the Contractor may organize, call and notify the other party of a coordination meeting.

Section 9.14 Fines and Royalties

(a) The Contractor shall be liable for all fines or civil penalties that may be imposed by any regulatory agency for violations of permits, regulations or any other Applicable Laws; the County shall not be liable for and shall not reimburse Contractor for payment of those fines or civil penalties. The Contractor reserves the right to contest in good faith any fine in an administrative proceeding or in court prior to its payment.

(b) The Contractor shall pay all royalties, fees and license payments, shall defend all suits and hold the County harmless therefrom, any loss resulting there from in accordance with Section 5.

Section 9.15 Taxes and Fees

The Contractor shall be responsible and liable for payment of all federal, state and local taxes and fees, and surcharges of every form, that apply to any and all Persons, property, income, equipment, materials, supplies, structures or activities that are involved in its performance of the Agreement; however, the Contractor shall not be responsible or liable for payment of any tax or fee for which the County is ordinarily responsible without regard to the services provided by the Contractor under this Agreement. The extent to which the Contractor is permitted to adjust the Service Fee(s) for increases in the rates of taxes, fees or surcharges, if at all, is set forth in Section 12.

SECTION 10 ACCEPTANCE OF WASTE

Section 10.1 Acceptance of Acceptable Waste

(a) Beginning on the Commercial Operations Date and continuing throughout the Term of this Agreement, but subject to the provisions of this Article, the Contractor shall, in accordance with the Technical Specifications, accept and process all Acceptable Waste delivered to the Facility. At all times the Contractor shall be capable of processing Acceptable Waste in the amounts and in accordance with the Technical Specifications. Acceptable Waste delivered to the Transfer Station shall be processed regardless of its composition.

(b) Contractor may refuse to process any Acceptable Waste delivered or sought to be delivered to the Transfer Station only if and to the extent that the Transfer Station cannot process and Transport the Acceptable Waste due to a County Fault or an Uncontrollable Circumstances. In the event Contractor does not process Acceptable Waste due to County Fault, the County shall pay the Contractor a monthly Service Fee based on the amount that would be due the Contractor for processing the amount of Acceptable Waste that was processed the month prior to the date on which the event of County Fault occurred.

Section 10.2 Ownership of Acceptable Waste

Title to and responsibility for processing Acceptable Waste shall pass from the party delivering Acceptable Waste to the Transfer Station, to the Contractor as soon as the Contractor accepts that waste but in no event later than the moment the Trailer is removed from the boundaries of the Transfer Station. The Contractor shall have the right to recycle or reuse any waste to which it receives title under this Contract and to retain any payments it receives for the sale of recycled or reused materials.

Section 10.3 Ownership of Unacceptable Waste

(a) Notwithstanding any provisions of this Agreement to the contrary, title to any Unacceptable Waste that is delivered to the Contractor at the Transfer Station shall pass to the Contractor the moment the Contractor accepts that waste unless the Contractor rejects and returns that Unacceptable Waste to the person that delivered the Unacceptable Waste.

(b) If title to Unacceptable Waste passes to the Contractor pursuant to this Section, Contractor shall dispose of that Unacceptable Waste in accordance with Section 10.4.

(c) The County shall have access to the Transfer Station at any time for the purpose of inspecting for or testing Unacceptable Waste or reviewing Contractor's procedures or observing Contractor's implementation of those procedures for identifying Unacceptable Waste delivered to the Transfer Station and for handling and disposing of that waste after it is identified.

Section 10.4 Disposal of Unacceptable Waste; Special Procedures for Hazardous Waste

(a) The Parties recognize that title to Unacceptable Waste may pass to the Contractor in accordance with Section 10.3. In that event, Contractor shall take immediate action to minimize any environmental damage that may be caused by the delivery of Unacceptable Waste to the Transfer Station and, subject to the provision for Unacceptable Waste, handle, transport and dispose of that Unacceptable Waste in accordance with all Applicable Laws and the requirements of this Section.

(b) The Contractor shall make reasonable efforts to exclude deliveries to the Transfer Station that Contractor knows or has reason to know contain Unacceptable Waste. Contractor shall comply with all requirements of and implement the waste screening program required in its Operations Plan. Nothing in this Agreement shall create any liability of the County or the Contractor to any third party for the failure to detect Hazardous Waste.

(c) The Contractor agrees to bear the risk as between the County and the Contractor for the possibility that despite Contractor's efforts, materials which constitute Unacceptable Waste may in fact enter the Transfer Station. The Contractor agrees to indemnify and hold harmless the County from any claim or cause of action arising out of an occurrence in which any Unacceptable Waste has entered the Transfer Station. In addition, the Contractor agrees to indemnify and hold the County harmless from any claim of whatever nature arising from any release of hazardous materials into the environment if and when those materials are discovered to have been released into the environment at the Transfer Station by contaminating soil or groundwater or the air as a result of Contractor's operation under this Agreement.

ARTICLE III TRANSPORT AND DISPOSAL
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SECTION 11 CONTRACTOR RESPONSIBILITIES

Section 11.1 General

(a) The Contractor shall provide transportation from the Transfer Station to the Disposal Site for all Acceptable Waste delivered to the Transfer Station. The Contractor shall supply, operate, maintain, repair and replace the Trailers, chassis, and rolling stock, or other means of conveyance, as necessary, to ensure sealed and litter-free transportation of the waste to the Disposal Site. The Contractor's Transport and Disposal services are described in the Technical Specifications.

(b) The Contractor shall provide capacity at the Disposal Site for all Acceptable Waste delivered to the Transfer Station and provide for the use of all necessary facilities at the Disposal Site. The Contractor shall operate, maintain and close the Disposal Site according to the terms of this Agreement and the description of the Contractor's disposal services set forth in the Technical Specifications.

(c) The Contractor shall own, operate and/or lease facilities necessary to perform its transport and disposal obligations under this Agreement.

(d) The Contractor shall procure and maintain insurance in accordance with Section 5.

(e) The Contractor shall maintain a closure and post-closure trust fund or alternative funding mechanism for the Disposal Site in accordance with its operating permit issued and administered by appropriate regulatory bodies, if required therein, and shall be responsible for all closure and post-closure costs relating to the Disposal Site.

Section 11.2 Disposal Site Capacity

The Contractor shall provide capacity at the Disposal Site sufficient for the disposal of all Acceptable Waste delivered to the Transfer Station for the full 20 year Term of the Agreement, irrespective of whether this Agreement is terminated prior to the end of such Term.

Section 11.3 Contractor Use of Facility

The Contractor may use the intermodal facilities for commodities other than Acceptable Waste if used in accordance with all Applicable Laws, so long as such activities do not interfere with or impinge upon the ability to process the County's Acceptable Waste. If the facility is so used, the Contractor shall be solely responsible for all losses, damages, costs, charges, expenses, judgments or any liabilities whatsoever resulting from that use and shall indemnify, defend and hold harmless the County for any liability it incurs including but not limited to the County's reasonable attorneys' fees as a result of that use. Other than the

land upon which the intermodal facilities are located, no County property shall be in any way used during Contractor's use of any intermodal facilities for Contractor's own purposes.

ARTICLE IV	PAYMENT PROVISIONS
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SECTION 12 **PAYMENT PROVISIONS**

Section 12.1 **Tip Fee to be Collected by County**

The County shall charge the Haulers and other Persons a Tip Fee for each ton or portion thereof of Acceptable Waste that is delivered to the Contractor at the Facility. The Tip Fee shall include but not be limited to (1) the Service Fee payments made to the Contractor for all Transfer Station, Transport, and Disposal Fees, and (2) the cost of activities identified in the Kitsap County Comprehensive Solid Waste Management Plan; and shall be determined and adjusted by the County in its sole discretion. Tip fees may be set at various amounts based on different types of Acceptable Waste, differences among the Persons or vehicles delivering that waste, or for any other reason permitted by law.

Section 12.2 **Transfer Station Service Fee**

The County shall pay the Contractor the Component I Transfer Station Service Fee in accordance with Section 12.3 as long as the Contractor is providing the services in accordance with the requirements of this Agreement and the Contractor is otherwise materially in compliance with the terms of this Agreement.

Section 12.3 **Calculation of Transfer Station Service Fee Paid to Contractor**

The Contractor's Transfer Station Service Fee will provide for monthly payment to the Contractor for all services rendered in accordance with the Service Fee Schedule attached as Exhibit A. The Service Fee Schedule shall be adjusted annually, as provided for in Sections 12.4 and 12.7, without requiring an amendment to this Agreement. The Transfer Station Service Fee will consist of the following, as set forth in the Service Fee Schedule:

- A fixed monthly fee for capital, financing, and other fixed costs.
- A variable monthly fee based on actual tons of MSW received at the Transfer Station. Contractor shall be compensated according to its proposed per-ton rates for the various tonnage ranges. The variable monthly fee shall be adjusted annually by escalating the proposed per-ton rates based on a percentage of the Consumer Price Index (CPI). The percentage CPI escalation shall be on the basis of the Contractor's Annual Escalation Factor (Z), that will be applied to the CPI to compute an annual Variable Service Fee Adjustment.
- A variable monthly fee based on the actual amount of each type of Special Waste received times the Contractor's unit prices for each type. The variable monthly fee shall be adjusted annually by escalating the proposed unit prices based on a percentage of the Consumer Price Index (CPI). The percentage CPI escalation shall be on the basis of the Contractor's Annual Escalation Factor (Z), that will be applied to the CPI to compute an annual Variable Service Fee Adjustment.

The Contractor's Total Transfer Station Service Fee shall be calculated as follows:

Monthly Service Fee (MSF) in Month "x" =

Fixed Monthly Fee (FMF)
+ AVR₁ x (Actual tons up through 20,833 tons)
+ AVR₂ x (Actual tons from 20,834 tons and above)
+ [sum of ASW_N x USW_N]

where:

FMF = Fixed Monthly Fee
AVR_N = Adjusted Variable Rate (AVR₁ and AVR₂)
VR₁ = Variable Rate (Per-Ton) for 0 - 250,000 annual tons
VR₂ = Variable Rate (Per-Ton) for over 250,000 annual tons
SW_N = Per-Ton Rate (or Unit) for Special Waste Type "N"
ASW_N = Adjusted Rate for Special Waste Type "N"
USW_N = Actual Monthly Units of Special Waste "N"

NOTE: Tonnage rounded up to the nearest one ton. Tonnage will be estimated by scale house attendant for Acceptable Waste delivered in self-haul vehicles. Special waste rates may differ for different types of waste.

Section 12.4 Adjustment of Transfer Station Rates and Fees

The Rates for Component I shall be adjusted annually on January 1 of each year following the date of commercial operations utilizing the following formula:

$$AVR_N = VR_N \times (1 + (((CPI_y / CPI_{00}) - 1) \times Z))$$
$$ASW_N = SW_N \times (1 + (((CPI_y / CPI_{00}) - 1) \times Z))$$

where:

AVR_N = Adjusted Variable Rate (AVR₁ and AVR₂)
ASW_N = Adjusted Unit Price for Special Waste Type "N"
VR_N = Variable Rates VR₁ and VR₂
SW_N = Per-unit Rate for Special Waste Type "N"
CPI_y = First half CPI for year y, where y = the year preceding the year in which the adjustment will take place, e.g., y = 2002 for the first annual CPI adjustment that will become effective on January 1, 2003.
CPI₀₀ = First half CPI for 2000.
Z = Annual Price Escalation Factor, expressed in percentage, as set forth in the Service Fee Schedule.

The Contractor will be reimbursed monthly (with an allowance of 30 days from the last day of the preceding month before payment is received). Actual tipping fees charged to customers using the Transfer Station will be set by the County on either a per-ton basis or another unit based charge.

Section 12.5 Transport and Disposal Service Fee

The County shall pay the Contractor the Component II Transport and Disposal Service Fee in accordance with Section 12.6 as long as Contractor performs the Transport and Disposal requirements of this Agreement.

Section 12.6 Calculation of Transport and Disposal Service Fee Paid to Contractor

The Contractor's Transport and Disposal Service Fee will provide for monthly payment

to the Contractor for all such services rendered. The Transport and Disposal Service Fee will consist of the monthly rear load and top load tons received by the Contractor times the following applicable rates:

- A rate per ton for long haul transport of materials from the Transfer Station facility to the proposed Disposal Site in rear load Trailers. The Contractor's Annual Escalation Factor (Z), will be annually applied to the CPI to adjust the rate.
- A rate per ton for long haul Transport of materials from the Transfer Station facility to the proposed Disposal Site in open top Trailers. The Contractor's Annual Escalation Factor (Z), will be applied annually to the CPI to adjust the rate.
- A rate per ton for Disposal of Acceptable Waste at the proposed Disposal Site. The Contractor's Annual Escalation Factor (Z), will be applied to the CPI to annually adjust the rate.

The Transport and Disposal Service Fee shall be calculated as follows:

Component II Monthly Service Fee for MSW =

$$(OTR \times Tons_{OT}) + (RLR \times Tons_{RL}) + DR (Tons_{OT} + Tons_{RL})$$

where:

OTR	=	Rate per ton for transport in open top Trailers
Tons _{OT}	=	Tons received in open top Trailers
RLR	=	Rate per ton for transport in rear load Trailers
Tons _{RL}	=	Tons received in rear load Trailers
DR	=	Disposal Rate per ton

If Kitsap County agrees to allow receipt of out-of-County waste, per ton rates for out-of-County waste will be added to the monthly service fee in accordance with the prices negotiated pursuant to this Agreement.

Section 12.7 Annual Adjustment of Transport and Disposal Rates

The Rates for Component II shall be adjusted annually on January 1 of each year following the date of commercial operations utilizing the following formula:

$$AR = BR \times (1 + (((CPI_y / CPI_{00}) - 1) \times Z))$$

where:

AR	=	Adjusted Rate
BR	=	Base Rate is the original price proposal for the Component II per ton rates, expressed in 2000 dollars.
CPI _y	=	First half CPI for year y, where y = the year preceding the year in which the adjustment will take place, e.g., y = 2002 for the first annual CPI adjustment that will become effective on January 1, 2003.
CPI ₀₀	=	First half CPI for 2000.
Z	=	Annual Price Escalation Factor, expressed in percentage, as proposed by the Contractor.

The Contractor will be reimbursed monthly (with an allowance of 30 days from the last day of the preceding month before payment is received). Actual tipping fees charged to customers using the Transfer Station will be set by the County.

Section 12.8

Service Fee Calculation Example

An example of how the Service Fee is to be calculated pursuant to this Section 12 is set forth in the attached Exhibit C.

Section 12.9

Reimbursement of Approved Charges

The Parties acknowledge the potential for the Contractor to incur costs in the nature of fees or charges during operation of the Transfer Station that are in addition to the ongoing costs upon which the Service Fees in the Service Fee Schedule are based, and which are not anticipated to be permanent operating costs. The County may agree to reimburse the Contractor for those costs, and unless the County so agrees the Contractor is solely responsible for such fees or charges.

DEFINITIONS

As used in this Agreement, including the Exhibits hereto, the following terms shall have the following meanings set forth in this Section unless another meaning is expressly provided for a particular term elsewhere in this Agreement:

"Acceptable Waste" means all putrescible and nonputrescible waste including but not limited to garbage, rubbish, refuse, ashes, paper and cardboard; plant, grass clippings and leaves and other organic yard trimmings; commercial waste, demolition and construction wastes; wood waste; Special Waste, discarded home and commercial appliances; and manure, vegetable or animal solid and semisolid wastes. The term includes other materials and substances that may in the future be included in the definition of "solid waste", or any successor term, in Chapter 70.95 RCW and regulations promulgated thereunder, but the term does not include Unacceptable Waste as defined in this Agreement.

"Acceptance Testing" means the activities conducted at the Transfer Station during Startup to demonstrate the operational ability of the Transfer Station to handle and process Acceptable Waste, in accordance with the Technical Specifications and the Project Development Plan to be developed thereunder.

"Agreement" means the Service Agreement, Guaranty Agreement and Technical Specifications, as the same may be amended, modified and supplemented from time to time in writing by mutual agreement of the Parties.

"Amortization Schedules" means the documents contained in Exhibit B, and specifically include the amortization schedules for the Transfer Station, for equipment, and for real property.

"Applicable Law" means all federal, state, regional or local statutes, rules, codes, regulations, resolutions and ordinances that apply to the Transfer Station or any of Contractor's operations or obligations under this Agreement.

"Asbestos" means asbestos or asbestos-containing waste materials as defined under and that are packaged in accordance with regulation of the U.S. Environmental Protection Agency at 40 C.F.R. Part 61.142 or other Applicable Law.

"Bio-Medical Waste" means noninfectious and/or noninjurious waste or treated and properly packaged infectious and/or injurious waste which is generated in the diagnosis, treatment or immunization of humans or animals, in research pertaining thereto, or in the production or testing of biologicals and that may be deposited in the general solid waste stream under federal, state and local laws and regulations including, but not limited to, the regulations of the local Health District; the term does not include infectious waste originating in a medical, veterinary or intermediate care facility that has not been treated and may not be deposited in the general solid waste stream under applicable federal, state or local laws or

regulations, including but not limited to, the local Health District regulations. As used above, the term "biologicals" means substances made from living organisms and byproducts of such substances including but not limited to vaccines and cultures, intended for use in diagnosing, treating or immunizing humans or animals or in research pertaining thereto.

"Cities" means one or more of the incorporated cities or towns in the County that participate in the Comprehensive Solid Waste Management Plan.

"Commencement Date" means the day after the date the County gives the Contractor notice to proceed with the Project.

"Commercial Operations Date" means the earlier of either the first day that the Contractor begins processing Acceptable Waste at the Transfer Station after the County has approved the Operating Plan, or June 3, 2002.

"Comprehensive Solid Waste Management Plan" means the County's Comprehensive Solid Waste Management Plan adopted in accordance with Chapter 70.95 RCW, including any subsequent amendments thereto.

"Consumer Price Index" or "CPI" means the Consumer Price Index — All Urban Consumers for the Seattle-Tacoma, Washington, Standard Metropolitan Statistical Area (1982-1984 = 100), as published from time to time by the United States Department of Labor, Bureau of Labor Statistics, or any other appropriate index as may be mutually agreed upon by the parties.

"Contingency Plan" means the plans to be developed as part of and included within the Project Development Plan and the Operating Plan, setting forth the Contractor's back-up and alternative arrangements for processing Acceptable Waste in the event that (1) the Transfer Station is not operational at the time that Olympic View Sanitary Landfill closes, or (2) following the Commercial Operations Date, if any circumstances should occur that limits or restricts the ability of the Transfer Station, Transport Facility, or Disposal Site to process Acceptable Waste.

"Contractor" means Waste Management of Washington, Inc., and to the extent permitted by the express terms of this Agreement, its successors and assigns.

"Contractor Event of Default" means the occurrence of any one or more of the events described in Section 7.1.

"Cost Substantiation" means: with respect to any cost incurred by the Contractor for which Cost Substantiation is required by this Agreement for the purpose of any increases in any component of the Service Fee, delivery to the County of a certificate signed by the principal engineering officer and the principal financial officer of the Contractor stating the amount of that cost and the reason why that cost is properly chargeable to the County, and stating that the cost is an arm's length and competitive price for the service or materials supplied.

"County" means Kitsap County, a political subdivision of the State of Washington, its successors and, to the extent expressly permitted by this Agreement or otherwise required by law (whether now existing or hereafter enacted), its assigns.

"County Event of Default" means the occurrence of any one or more of the events described in Section 7.2.

"County Fault" means: (a) any negligent or wrongful act or omission by the County that results in or significantly contributes to a cost increase, delay, failure to meet performance standards or other adverse event, and (b) any County Event of Default.

"Delivery Hours" means the operating schedule set forth in the Technical Specifications.

"Disposal Site" means the Columbia Ridge Landfill and Recycling Center, in Arlington, Oregon, intended to be used by the Contractor for the treatment, utilization, processing, and/or deposit of any Acceptable Waste received under this Agreement including all personal property used at that site for purposes of this Agreement.

"Dispose or Disposal" means all work, services or operations performed by the Contractor pursuant to this Agreement after Acceptable Waste enters the boundaries of a Disposal Site pursuant to this Agreement.

"Dispute" means any controversy or difference between the Parties hereto arising out of or in connection with or concerning the meaning, application, performance or breach of the Agreement.

"Dispute Notice" means a written notice given by one Party to the other pursuant to the provisions of Section 4 hereof or pursuant to any other provision of this Agreement which sets forth procedures for initiating the resolution of any Dispute.

"Drop-Box Facility or Drop-Box Station" means the existing drop-box stations at Hansville, Bainbridge Island, Silverdale, and Olalla.

"Haulers" means any Person authorized to collect and transport Acceptable Waste in the unincorporated areas of the County or in the Cities, pursuant to a certificate of authority granted by the Washington Utilities and Transportation Commission or any successor agency or pursuant to any other authorization required under Applicable Laws.

"Hazardous Waste" means any waste, material or substance (other than Asbestos and Moderate Risk Waste), which is:

(a) defined as hazardous by 40 CFR Part 261 and regulated as hazardous waste by the United State Environmental Protection Agency under Subtitle C of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901, et seq., as amended by the Hazardous and Solid Waste Amendments ("HSWA") of 1984; the Toxic Substances Control Act, 15 U.S. C. § 2601 et seq.; the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S. § 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act ("SARA") of 1986, or any other federal statute or regulation governing the treatment, storage, handling, or disposal of waste, materials or substances, which imposes special handling or disposal requirement similar to those required by Subtitle C of RCRA; or

b) defined as dangerous or extremely hazardous by chapters 173-303 or 173-340 WAC and regulated as dangerous waste or extremely hazardous waste by the Washington Department of Ecology under the State Hazardous Waste Management Act, Chapter 70.105 RCW, the Model Toxics Control Act, Chapter 70.105D RCW, or any other Washington State statute or regulation governing the treatment, storage, handling or disposal of wastes, materials or substances, which imposes special handling requirements similar to those required by Chapter 70.105 RCW.

Certain waste that is not as of the effective date of this Agreement included in this definition may after that date come within its scope as determined by a governmental entity with jurisdiction; certain other waste that is within the definition may cease to be so included. Accordingly, any waste, material or substance shall be deemed Hazardous Waste at the time, but only so long as and to the extent that, it is included in the definition of Hazardous Waste set forth above.

"Independent Panel" means the three member panel chosen by agreement of the County and Contractor to facilitate dispute resolution described in Section 4.

"Moderate Risk Waste" means moderate risk waste as that term is defined in RCW 70.105.010(17), as it may be amended from time to time.

"Municipal Solid Waste (MSW)" means all Acceptable Waste excluding Special Waste and Moderate Risk Waste.

"Operating Plan" means the Contractor's final operating plan approved by the County prior to the Commercial Operations Date, as described in the Technical Specifications.

"Person" means any natural person, partnership, joint venture, limited liability company, corporation or other entity or organization, public or private, and any unit of government or agency thereof.

"Project" means any and all matters and things that the Agreement requires to be done, kept, performed and furnished by the Contractor and by the County, respectively.

"Project Development Plan" means the Contractor's design, development and construction plan and schedule developed by the Contractor and approved by the County in accordance with the Technical Specifications.

"Proposal" means the response to the County's RFP provided by Contractor entitled "Kitsap County Transfer Station and Disposal Project – Brem-Air Site" dated July 14, 2000.

"RFP" means the Request for Proposals for the project entitled "Transfer Station Development and Waste Disposal Project".

"Service Fee" means the fee the County pays the Contractor for performance of its obligations under this Agreement.

"Service Fee Calculation Example" means the document contained in Exhibit C, illustrating the application of the Service Fee adjustments set forth in Section 12 of the Service Agreement.

"Service Fee Schedule" means the document contained in Exhibit A presenting the Contractor's compensation for performing its obligations under this Agreement, as adjusted annually pursuant to the term of the Service Agreement.

"Special Waste" means tires, refrigerated white goods, Bio-medical waste, biosolids, creosote treated railroad ties, Asbestos, contaminated soils and any other Acceptable Waste that, in the County's determination, requires special handling.

"Specifications" means the technical specifications issued by Kitsap County as part of "RFP" documents and included as part of the Technical Specifications, Exhibit A hereto.

"Startup" means a period of time, not to exceed 90 days, between substantial completion of the Transfer Station and the Commercial Operation Date, as more fully described in the Technical Specifications.

"Subcontractor" means any Person with whom Contractor contracts for the purpose of having that Person provide labor, materials or services for the construction or operation of the Transfer Station and performance of any of Contractor's obligations under this Agreement.

"Surety" means the Person approved by the County to provide the construction bond, letter(s) of credit or other financial guarantee required under Section 5 guaranteeing or providing the funds to guarantee performance of the Contractor's obligations under this Agreement.

"Technical Specifications" means those specifications for the design, construction and operation of the Transfer Station, including Waste Transfer and Disposal and any other written technical specifications agreed to by the Contractor and the County.

"Term" means the term of this Agreement commencing on the date of the Agreement and, unless sooner terminated as provided herein, expiring on the twentieth anniversary of the Commercial Operations Date.

"Tip Fee" means the prices per ton paid by Haulers and the general public to the County at the Transfer Station which prices shall be determined by the County in its sole discretion. Units other than tons may be specified by the County from time to time.

"Trailer" means a transfer trailer, or intermodal shipping container, used for the transportation of Acceptable Waste for disposal.

"Transfer Station" means Transfer Station, real property and associated equipment used for the performance of Contractor's obligations under this Agreement. Unless otherwise specified herein, the Transfer Station will include the loading facilities required for long-haul export transport and will exclude the Trailers and the top-pick equipment.

"Transport" or "Transportation" means but is not limited to the transportation of Trailers to and from the Transfer Station and the Disposal Site and includes but is not limited to the storage and handling of Trailers at any transfer facility used by the Contractor to deliver waste to the Disposal Site.

"Transport Facility" or "Transportation Facility" means tractors, Trailers, rail lines, public highways and all other property owned, leased used or furnished by Contractor in providing Transport of waste under this Agreement.

"Unacceptable Waste" means:

- (i) Regulated Hazardous Waste;
- (ii) Radioactive waste or materials;
- (iii) All wastes requiring special handling to comply with applicable federal, state or local law governing (A) pathological, infectious (other than properly treated Bio-Medical Waste), or explosive materials; (B) oil sludge; (C) cesspool or human waste.
- (iv) Any item of waste either smoldering or on fire or at its kindling point or in the process of initiating combustion;
- (v) Tires in quantities in excess of those normally collected from residential units except as Contractor may elect to accept;
- (vi) Assuming the Transfer Station is properly operated and maintained, any item posing a reasonable likelihood of damaging the Transfer Station, or the processing of which would be likely to impose a threat to health or safety in violation of any judicial decision, order, or action of any federal, state or local government or any agency thereof, or any other regulatory authority or Applicable Law;
- (vii) All waste not authorized for disposal at the Columbia Ridge Landfill and Recycling Center by those governmental entities having jurisdiction over the Disposal Site; and
- (viii) Any other wastes which the County and the Contractor may at any time agree in writing to designate as "Unacceptable Waste."

Unacceptable Waste shall not include any residential waste unless this exclusion of residential waste is prohibited by a Change in Law that becomes effective after the date of this Agreement.

"Uncontrollable Circumstance" means the events described in Section 8.1.

"White Goods" means residential appliances including but not limited to stoves, ovens, cook tops, refrigerators, dishwashers, washing machines, dryers and water heaters.

"Yard Waste" means all grass, leaves, brush, limbs, branches and other urban wood waste and organic material resulting from the landscape and maintenance of household and commercial landscape, yards and gardens. This definition does not include pallets and other dimensional lumber type materials.

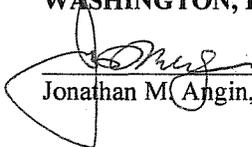
Unless otherwise specified in this Agreement, words describing material or work that have a well-known technical or trade meaning shall be construed in accordance with the well-known meaning generally recognized by solid waste professionals, engineers and trades.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first set forth above.

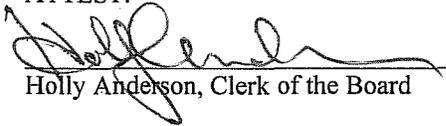
Dated this 26th day of OCT, 2000.

Dated this 30th day of Oct, 2000.

**WASTE MANAGEMENT OF
WASHINGTON, INC.**

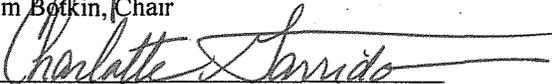

Jonathan M. Angin, Region Vice President

ATTEST:


Holly Anderson, Clerk of the Board

**KITSAP COUNTY BOARD OF
COMMISSIONERS**


Tim Botkin, Chair


Charlotte Garrido, Commissioner

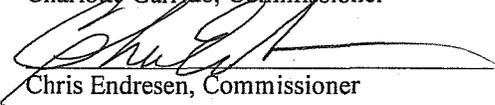

Chris Endresen, Commissioner

EXHIBIT A: SERVICE FEE SCHEDULE

EXHIBIT A

SERVICE FEE SCHEDULE

Initial service fees listed below are stated in 2000 dollars.

Type of Fee (% of CPI Escalator Applied Annually)	Monthly Service Fees	Per Unit Service Fee	Per Ton Service Fee
Fixed Monthly Fee	\$89,470		
Transfer Station Variable Rates (70% CPI)			
0-250,000 tons/year			\$5.38
Over 250,000 tons/year			\$4.51
Long-Haul Transport (75% CPI)			
Rear Load Trailers			\$13.48
Open Top Trailer			\$14.93
Waste Disposal (60% CPI)			\$16.28
Special Waste Rates (70% CPI)			
Yard Waste			\$48.07
Contaminated Soils			\$30.00
Bulky Wastes			\$74.78
Asbestos			\$113.50
Coal Ash			\$35.78
White Goods		\$19.55	
Self Haul Tires		\$5.00	
Processed Wood Waste			\$29.77
Creosote Treated Lumber			\$35.78
Dredge Spoils			\$30.00
Biosolids (delivered loose)			\$48.48
Biosolids (delivered in intermodal containers)			\$43.10

EXHIBIT B: AMORTIZATION SCHEDULES

Kitsap County

Equipment Amortization Schedule (Initial Capital Requirement)

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$28,489.73
FINAL PAYMENT: \$28,488.40
PRINCIPAL: \$ 2,426,701

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
				\$0.00	\$2,426,701.00
	1	28,489.73	14,661.32	13,828.41	2,412,872.59
	2	28,489.73	14,577.77	13,911.96	2,398,960.63
	3	28,489.73	14,493.72	13,996.01	2,384,964.62
	4	28,489.73	14,409.16	14,080.57	2,370,884.05
	5	28,489.73	14,324.09	14,165.64	2,356,718.41
	6	28,489.73	14,238.51	14,251.22	2,342,467.19
	7	28,489.73	14,152.41	14,337.32	2,328,129.87
	8	28,489.73	14,065.78	14,423.95	2,313,705.92
	9	28,489.73	13,978.64	14,511.09	2,299,194.83
	10	28,489.73	13,890.97	14,598.76	2,284,596.07
	11	28,489.73	13,802.77	14,686.96	2,269,909.11
	12	28,489.73	13,714.03	14,775.70	2,255,133.41
	13	28,489.73	13,624.76	14,864.97	2,240,268.45
	14	28,489.73	13,534.96	14,954.77	2,225,313.67
	15	28,489.73	13,444.60	15,045.13	2,210,268.54
	16	28,489.73	13,353.71	15,136.02	2,195,132.52
	17	28,489.73	13,262.26	15,227.47	2,179,905.05
	18	28,489.73	13,170.26	15,319.47	2,164,585.58
	19	28,489.73	13,077.70	15,412.03	2,149,173.55
	20	28,489.73	12,984.59	15,505.14	2,133,668.41
	21	28,489.73	12,890.91	15,598.82	2,118,069.60
	22	28,489.73	12,796.67	15,693.06	2,102,376.54
	23	28,489.73	12,701.86	15,787.87	2,086,588.67
	24	28,489.73	12,606.47	15,883.26	2,070,705.41
	25	28,489.73	12,510.51	15,979.22	2,054,726.19
	26	28,489.73	12,413.97	16,075.76	2,038,650.43
	27	28,489.73	12,316.85	16,172.88	2,022,477.55
	28	28,489.73	12,219.14	16,270.59	2,006,206.95
	29	28,489.73	12,120.83	16,368.90	1,989,838.06
	30	28,489.73	12,021.94	16,467.79	1,973,370.27
	31	28,489.73	11,922.45	16,567.28	1,956,802.98
	32	28,489.73	11,822.35	16,667.38	1,940,135.60
	33	28,489.73	11,721.65	16,768.08	1,923,367.52
	34	28,489.73	11,620.35	16,869.38	1,906,498.14
	35	28,489.73	11,518.43	16,971.30	1,889,526.84
	36	28,489.73	11,415.89	17,073.84	1,872,453.00
	37	28,489.73	11,312.74	17,176.99	1,855,276.00
	38	28,489.73	11,208.96	17,280.77	1,837,995.23
	39	28,489.73	11,104.55	17,385.18	1,820,610.06

Done 2/2003

Kitsap County

Equipment Amortization Schedule(Initial Capital Requirement)

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$28,489.73
FINAL PAYMENT: \$28,488.40
PRINCIPAL: \$ 2,426,701

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	40	28,489.73	10,999.52	17,490.21	1,803,119.85
	41	28,489.73	10,893.85	17,595.88	1,785,523.97
	42	28,489.73	10,787.54	17,702.19	1,767,821.78
	43	28,489.73	10,680.59	17,809.14	1,750,012.64
4	44	28,489.73	10,572.99	17,916.74	1,732,095.90
	45	28,489.73	10,464.75	18,024.98	1,714,070.92
	46	28,489.73	10,355.85	18,133.88	1,695,937.03
	47	28,489.73	10,246.29	18,243.44	1,677,693.59
	48	28,489.73	10,136.07	18,353.66	1,659,339.92
	49	28,489.73	10,025.18	18,464.55	1,640,875.37
	50	28,489.73	9,913.62	18,576.11	1,622,299.26
	51	28,489.73	9,801.39	18,688.34	1,603,610.92
	52	28,489.73	9,688.48	18,801.25	1,584,809.68
	53	28,489.73	9,574.89	18,914.84	1,565,894.84
5	54	28,489.73	9,460.61	19,029.12	1,546,865.72
	55	28,489.73	9,345.65	19,144.08	1,527,721.64
	56	28,489.73	9,229.98	19,259.75	1,508,461.90
	57	28,489.73	9,113.62	19,376.11	1,489,085.79
	58	28,489.73	8,996.56	19,493.17	1,469,592.62
	59	28,489.73	8,878.79	19,610.94	1,449,981.68
	60	28,489.73	8,760.31	19,729.42	1,430,252.25
	61	28,489.73	8,641.11	19,848.62	1,410,403.63
	62	28,489.73	8,521.19	19,968.54	1,390,435.09
	63	28,489.73	8,400.55	20,089.18	1,370,345.91
	64	28,489.73	8,279.17	20,210.56	1,350,135.35
	65	28,489.73	8,157.07	20,332.66	1,329,802.69
	66	28,489.73	8,034.22	20,455.51	1,309,347.18
6	67	28,489.73	7,910.64	20,579.09	1,288,768.09
	68	28,489.73	7,786.31	20,703.42	1,268,064.67
	69	28,489.73	7,661.22	20,828.51	1,247,236.16
	70	28,489.73	7,535.39	20,954.34	1,226,281.82
	71	28,489.73	7,408.79	21,080.94	1,205,200.87
	72	28,489.73	7,281.42	21,208.31	1,183,992.56
	73	28,489.73	7,153.29	21,336.44	1,162,656.12
	74	28,489.73	7,024.38	21,465.35	1,141,190.77
	75	28,489.73	6,894.69	21,595.04	1,119,595.74
7	76	28,489.73	6,764.22	21,725.51	1,097,870.23
	77	28,489.73	6,632.97	21,856.76	1,076,013.47
	78	28,489.73	6,500.91	21,988.82	1,054,024.65
	79	28,489.73	6,368.07	22,121.66	1,031,902.99
	80	28,489.73	6,234.41	22,255.32	1,009,647.67

Kitsap County

Equipment Amortization Schedule(Initial Capital Requirement)

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$28,489.73
FINAL PAYMENT: \$28,488.40
PRINCIPAL: \$ 2,426,701

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	81	28,489.73	6,099.95	22,389.78	987,257.90
	82	28,489.73	5,964.68	22,525.05	964,732.85
	83	28,489.73	5,828.59	22,661.14	942,071.71
	84	28,489.73	5,691.68	22,798.05	919,273.67
	85	28,489.73	5,553.95	22,935.78	896,337.88
	86	28,489.73	5,415.37	23,074.36	873,263.53
	87	28,489.73	5,275.97	23,213.76	850,049.77
	88	28,489.73	5,135.72	23,354.01	826,695.75
	89	28,489.73	4,994.62	23,495.11	803,200.64
	90	28,489.73	4,852.67	23,637.06	779,563.58
	91	28,489.73	4,709.86	23,779.87	755,783.72
	92	28,489.73	4,566.19	23,923.54	731,860.18
	93	28,489.73	4,421.66	24,068.07	707,792.11
	94	28,489.73	4,276.24	24,213.49	683,578.62
	95	28,489.73	4,129.95	24,359.78	659,218.84
	96	28,489.73	3,982.78	24,506.95	634,711.89
	97	28,489.73	3,834.72	24,655.01	610,056.88
	98	28,489.73	3,685.76	24,803.97	585,252.91
	99	28,489.73	3,535.90	24,953.83	560,299.08
	100	28,489.73	3,385.14	25,104.59	535,194.50
	101	28,489.73	3,233.47	25,256.26	509,938.23
	102	28,489.73	3,080.88	25,408.85	484,529.38
	103	28,489.73	2,927.36	25,562.37	458,967.01
	104	28,489.73	2,772.93	25,716.80	433,250.21
	105	28,489.73	2,617.55	25,872.18	407,378.03
	106	28,489.73	2,461.24	26,028.49	381,349.54
	107	28,489.73	2,303.99	26,185.74	355,163.80
	108	28,489.73	2,145.78	26,343.95	328,819.85
	109	28,489.73	1,986.62	26,503.11	302,316.74
	110	28,489.73	1,826.50	26,663.23	275,653.51
	111	28,489.73	1,665.41	26,824.32	248,829.19
	112	28,489.73	1,503.34	26,986.39	221,842.80
	113	28,489.73	1,340.30	27,149.43	194,693.37
	114	28,489.73	1,176.27	27,313.46	167,379.91
	115	28,489.73	1,011.25	27,478.48	139,901.44
	116	28,489.73	845.24	27,644.49	112,256.94
	117	28,489.73	678.22	27,811.51	84,445.43
	118	28,489.73	510.19	27,979.54	56,465.89
	119	28,489.73	341.15	28,148.58	28,317.31
	120	28,488.40	171.08	28,317.31	0.00

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Sept 09

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Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
				\$0.00	\$7,153,899.60
	1	56,542.71	43,221.48	13,321.23	7,140,578.37
	2	56,542.71	43,140.99	13,401.72	7,127,176.65
	3	56,542.71	43,060.03	13,482.68	7,113,693.97
	4	56,542.71	42,978.57	13,564.14	7,100,129.82
	5	56,542.71	42,896.62	13,646.09	7,086,483.73
	6	56,542.71	42,814.17	13,728.54	7,072,755.19
	7	56,542.71	42,731.23	13,811.48	7,058,943.71
	8	56,542.71	42,647.78	13,894.93	7,045,048.79
	9	56,542.71	42,563.84	13,978.87	7,031,069.92
	10	56,542.71	42,479.38	14,063.33	7,017,006.59
	11	56,542.71	42,394.41	14,148.30	7,002,858.29
	12	56,542.71	42,308.94	14,233.77	6,988,624.52
	13	56,542.71	42,222.94	14,319.77	6,974,304.75
	14	56,542.71	42,136.42	14,406.29	6,959,898.46
	15	56,542.71	42,049.39	14,493.32	6,945,405.14
	16	56,542.71	41,961.82	14,580.89	6,930,824.25
	17	56,542.71	41,873.73	14,668.98	6,916,155.27
	18	56,542.71	41,785.10	14,757.61	6,901,397.66
	19	56,542.71	41,695.94	14,846.77	6,886,550.90
	20	56,542.71	41,606.25	14,936.46	6,871,614.43
	21	56,542.71	41,516.00	15,026.71	6,856,587.73
	22	56,542.71	41,425.22	15,117.49	6,841,470.24
	23	56,542.71	41,333.88	15,208.83	6,826,261.41
	24	56,542.71	41,242.00	15,300.71	6,810,960.69
	25	56,542.71	41,149.55	15,393.16	6,795,567.54
	26	56,542.71	41,056.55	15,486.16	6,780,081.38
	27	56,542.71	40,962.99	15,579.72	6,764,501.66
	28	56,542.71	40,868.86	15,673.85	6,748,827.82
	29	56,542.71	40,774.17	15,768.54	6,733,059.28
	30	56,542.71	40,678.90	15,863.81	6,717,195.47
	31	56,542.71	40,583.06	15,959.65	6,701,235.81
	32	56,542.71	40,486.63	16,056.08	6,685,179.73
	33	56,542.71	40,389.63	16,153.08	6,669,026.65
	34	56,542.71	40,292.04	16,250.67	6,652,775.98
	35	56,542.71	40,193.85	16,348.86	6,636,427.12
	36	56,542.71	40,095.08	16,447.63	6,619,979.49
	37	56,542.71	39,995.71	16,547.00	6,603,432.49
	38	56,542.71	39,895.74	16,646.97	6,586,785.52
	39	56,542.71	39,795.16	16,747.55	6,570,037.97
	40	56,542.71	39,693.98	16,848.73	6,553,189.24

Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT					
DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	41	56,542.71	39,592.19	16,950.52	6,536,238.72
	42	56,542.71	39,489.78	17,052.93	6,519,185.78
	43	56,542.71	39,386.75	17,155.96	6,502,029.82
	44	56,542.71	39,283.10	17,259.61	6,484,770.21
	45	56,542.71	39,178.82	17,363.89	6,467,406.32
	46	56,542.71	39,073.91	17,468.80	6,449,937.52
	47	56,542.71	38,968.37	17,574.34	6,432,363.18
	48	56,542.71	38,862.19	17,680.52	6,414,682.67
	49	56,542.71	38,755.37	17,787.34	6,396,895.33
	50	56,542.71	38,647.91	17,894.80	6,379,000.53
	51	56,542.71	38,539.79	18,002.92	6,360,997.62
	52	56,542.71	38,431.03	18,111.68	6,342,885.93
	53	56,542.71	38,321.60	18,221.11	6,324,664.83
	54	56,542.71	38,211.52	18,331.19	6,306,333.63
	55	56,542.71	38,100.77	18,441.94	6,287,891.69
	56	56,542.71	37,989.35	18,553.36	6,269,338.32
	57	56,542.71	37,877.25	18,665.46	6,250,672.87
	58	56,542.71	37,764.48	18,778.23	6,231,894.64
	59	56,542.71	37,651.03	18,891.68	6,213,002.96
	60	56,542.71	37,536.89	19,005.82	6,193,997.14
	61	56,542.71	37,422.07	19,120.64	6,174,876.50
	62	56,542.71	37,306.55	19,236.16	6,155,640.33
	63	56,542.71	37,190.33	19,352.38	6,136,287.95
	64	56,542.71	37,073.41	19,469.30	6,116,818.65
	65	56,542.71	36,955.78	19,586.93	6,097,231.72
	66	56,542.71	36,837.44	19,705.27	6,077,526.45
	67	56,542.71	36,718.39	19,824.32	6,057,702.13
	68	56,542.71	36,598.62	19,944.09	6,037,758.03
	69	56,542.71	36,478.12	20,064.59	6,017,693.44
	70	56,542.71	36,356.90	20,185.81	5,997,507.63
	71	56,542.71	36,234.94	20,307.77	5,977,199.86
	72	56,542.71	36,112.25	20,430.46	5,956,769.40
	73	56,542.71	35,988.82	20,553.89	5,936,215.51
	74	56,542.71	35,864.64	20,678.07	5,915,537.43
	75	56,542.71	35,739.71	20,803.00	5,894,734.43
	76	56,542.71	35,614.02	20,928.69	5,873,805.74
	77	56,542.71	35,487.58	21,055.13	5,852,750.61
	78	56,542.71	35,360.37	21,182.34	5,831,568.26
	79	56,542.71	35,232.39	21,310.32	5,810,257.95
	80	56,542.71	35,103.64	21,439.07	5,788,818.88
	81	56,542.71	34,974.11	21,568.60	5,767,250.28
	82	56,542.71	34,843.80	21,698.91	5,745,551.38

Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT					
DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	83	56,542.71	34,712.71	21,830.00	5,723,721.37
	84	56,542.71	34,580.82	21,961.89	5,701,759.48
	85	56,542.71	34,448.13	22,094.58	5,679,664.90
	86	56,542.71	34,314.64	22,228.07	5,657,436.83 <i>Sept 09</i>
	87	56,542.71	34,180.35	22,362.36	5,635,074.47
	88	56,542.71	34,045.24	22,497.47	5,612,577.00
	89	56,542.71	33,909.32	22,633.39	5,589,943.61
	90	56,542.71	33,772.58	22,770.13	5,567,173.48
	91	56,542.71	33,635.01	22,907.70	5,544,265.77
	92	56,542.71	33,496.61	23,046.10	5,521,219.67
	93	56,542.71	33,357.37	23,185.34	5,498,034.33
	94	56,542.71	33,217.29	23,325.42	5,474,708.91
	95	56,542.71	33,076.37	23,466.34	5,451,242.56
	96	56,542.71	32,934.59	23,608.12	5,427,634.44
	97	56,542.71	32,791.96	23,750.75	5,403,883.69
	98	56,542.71	32,648.46	23,894.25	5,379,989.45
	99	56,542.71	32,504.10	24,038.61	5,355,950.84
	100	56,542.71	32,358.87	24,183.84	5,331,767.00
	101	56,542.71	32,212.76	24,329.95	5,307,437.05
	102	56,542.71	32,065.77	24,476.94	5,282,960.10
	103	56,542.71	31,917.88	24,624.83	5,258,335.28
	104	56,542.71	31,769.11	24,773.60	5,233,561.68
	105	56,542.71	31,619.44	24,923.27	5,208,638.40
	106	56,542.71	31,468.86	25,073.85	5,183,564.55
	107	56,542.71	31,317.37	25,225.34	5,158,339.21
	108	56,542.71	31,164.97	25,377.74	5,132,961.46
	109	56,542.71	31,011.64	25,531.07	5,107,430.40
	110	56,542.71	30,857.39	25,685.32	5,081,745.08
	111	56,542.71	30,702.21	25,840.50	5,055,904.58
	112	56,542.71	30,546.09	25,996.62	5,029,907.96
	113	56,542.71	30,389.03	26,153.68	5,003,754.27
	114	56,542.71	30,231.02	26,311.69	4,977,442.58
	115	56,542.71	30,072.05	26,470.66	4,950,971.92
	116	56,542.71	29,912.12	26,630.59	4,924,341.33
	117	56,542.71	29,751.23	26,791.48	4,897,549.85
	118	56,542.71	29,589.36	26,953.35	4,870,596.50
	119	56,542.71	29,426.52	27,116.19	4,843,480.31
	120	56,542.71	29,262.69	27,280.02	4,816,200.30
	121	56,542.71	29,097.88	27,444.83	4,788,755.46
	122	56,542.71	28,932.06	27,610.65	4,761,144.82
	123	56,542.71	28,765.25	27,777.46	4,733,367.36
	124	56,542.71	28,597.43	27,945.28	4,705,422.08

Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT					
DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	125	56,542.71	28,428.59	28,114.12	4,677,307.96
	126	56,542.71	28,258.74	28,283.97	4,649,023.98
	127	56,542.71	28,087.85	28,454.86	4,620,569.13
	128	56,542.71	27,915.94	28,626.77	4,591,942.36
	129	56,542.71	27,742.99	28,799.72	4,563,142.63
	130	56,542.71	27,568.99	28,973.72	4,534,168.91
	131	56,542.71	27,393.94	29,148.77	4,505,020.13
	132	56,542.71	27,217.83	29,324.88	4,475,695.25
	133	56,542.71	27,040.66	29,502.05	4,446,193.20
	134	56,542.71	26,862.42	29,680.29	4,416,512.91
	135	56,542.71	26,683.10	29,859.61	4,386,653.30
	136	56,542.71	26,502.70	30,040.01	4,356,613.29
	137	56,542.71	26,321.21	30,221.50	4,326,391.78
	138	56,542.71	26,138.62	30,404.09	4,295,987.69
	139	56,542.71	25,954.93	30,587.78	4,265,399.90
	140	56,542.71	25,770.12	30,772.59	4,234,627.32
	141	56,542.71	25,584.21	30,958.50	4,203,668.82
	142	56,542.71	25,397.17	31,145.54	4,172,523.27
	143	56,542.71	25,208.99	31,333.72	4,141,189.56
	144	56,542.71	25,019.69	31,523.02	4,109,666.53
	145	56,542.71	24,829.24	31,713.47	4,077,953.06
	146	56,542.71	24,637.63	31,905.08	4,046,047.98
	147	56,542.71	24,444.87	32,097.84	4,013,950.14
	148	56,542.71	24,250.95	32,291.76	3,981,658.38
	149	56,542.71	24,055.85	32,486.86	3,949,171.53
	150	56,542.71	23,859.58	32,683.13	3,916,488.39
	151	56,542.71	23,662.12	32,880.59	3,883,607.80
	152	56,542.71	23,463.46	33,079.25	3,850,528.55
	153	56,542.71	23,263.61	33,279.10	3,817,249.45
	154	56,542.71	23,062.55	33,480.16	3,783,769.29
	155	56,542.71	22,860.27	33,682.44	3,750,086.86
	156	56,542.71	22,656.77	33,885.94	3,716,200.92
	157	56,542.71	22,452.05	34,090.66	3,682,110.26
	158	56,542.71	22,246.08	34,296.63	3,647,813.63
	159	56,542.71	22,038.87	34,503.84	3,613,309.80
	160	56,542.71	21,830.41	34,712.30	3,578,597.50
	161	56,542.71	21,620.69	34,922.02	3,543,675.48
	162	56,542.71	21,409.71	35,133.00	3,508,542.48
	163	56,542.71	21,197.44	35,345.27	3,473,197.21
	164	56,542.71	20,983.90	35,558.81	3,437,638.40
	165	56,542.71	20,769.07	35,773.64	3,401,864.76
	166	56,542.71	20,552.93	35,989.78	3,365,874.98

Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	167	56,542.71	20,335.49	36,207.22	3,329,667.76
	168	56,542.71	20,116.74	36,425.97	3,293,241.80
	169	56,542.71	19,896.67	36,646.04	3,256,595.76
	170	56,542.71	19,675.27	36,867.44	3,219,728.31
	171	56,542.71	19,452.53	37,090.18	3,182,638.13
	172	56,542.71	19,228.44	37,314.27	3,145,323.86
	173	56,542.71	19,003.00	37,539.71	3,107,784.14
	174	56,542.71	18,776.20	37,766.51	3,070,017.63
	175	56,542.71	18,548.02	37,994.69	3,032,022.94
	176	56,542.71	18,318.47	38,224.24	2,993,798.71
	177	56,542.71	18,087.53	38,455.18	2,955,343.53
	178	56,542.71	17,855.20	38,687.51	2,916,656.02
	179	56,542.71	17,621.46	38,921.25	2,877,734.77
	180	56,542.71	17,386.31	39,156.40	2,838,578.38
	181	56,542.71	17,149.74	39,392.97	2,799,185.41
	182	56,542.71	16,911.75	39,630.96	2,759,554.45
	183	56,542.71	16,672.31	39,870.40	2,719,684.05
	184	56,542.71	16,431.42	40,111.29	2,679,572.76
	185	56,542.71	16,189.09	40,353.62	2,639,219.14
	186	56,542.71	15,945.28	40,597.43	2,598,621.71
	187	56,542.71	15,700.01	40,842.70	2,557,779.00
	188	56,542.71	15,453.25	41,089.46	2,516,689.54
	189	56,542.71	15,205.00	41,337.71	2,475,351.83
	190	56,542.71	14,955.25	41,587.46	2,433,764.37
	191	56,542.71	14,703.99	41,838.72	2,391,925.66
	192	56,542.71	14,451.22	42,091.49	2,349,834.16
	193	56,542.71	14,196.91	42,345.80	2,307,488.37
	194	56,542.71	13,941.08	42,601.63	2,264,886.73
	195	56,542.71	13,683.69	42,859.02	2,222,027.71
	196	56,542.71	13,424.75	43,117.96	2,178,909.75
	197	56,542.71	13,164.25	43,378.46	2,135,531.29
	198	56,542.71	12,902.17	43,640.54	2,091,890.75
	199	56,542.71	12,638.51	43,904.20	2,047,986.55
	200	56,542.71	12,373.25	44,169.46	2,003,817.09
	201	56,542.71	12,106.39	44,436.32	1,959,380.77
	202	56,542.71	11,837.93	44,704.78	1,914,675.99
	203	56,542.71	11,567.83	44,974.88	1,869,701.11
	204	56,542.71	11,296.11	45,246.60	1,824,454.51
	205	56,542.71	11,022.75	45,519.96	1,778,934.55
	206	56,542.71	10,747.73	45,794.98	1,733,139.57
	207	56,542.71	10,471.05	46,071.66	1,687,067.91
	208	56,542.71	10,192.70	46,350.01	1,640,717.90

Kitsap County

Transfer Station Facility Amortization Schedule

Brem-Air Site

INTEREST RATE: 7.250%
MONTHLY PAYMENT: \$56,542.71
FINAL PAYMENT: \$56,539.72
PRINCIPAL: \$ 7,153,900

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	209	56,542.71	9,912.67	46,630.04	1,594,087.86
	210	56,542.71	9,630.95	46,911.76	1,547,176.10
	211	56,542.71	9,347.52	47,195.19	1,499,980.91
	212	56,542.71	9,062.38	47,480.33	1,452,500.59
	213	56,542.71	8,775.52	47,767.19	1,404,733.40
	214	56,542.71	8,486.93	48,055.78	1,356,677.62
	215	56,542.71	8,196.59	48,346.12	1,308,331.51
	216	56,542.71	7,904.50	48,638.21	1,259,693.30
	217	56,542.71	7,610.65	48,932.06	1,210,761.24
	218	56,542.71	7,315.02	49,227.69	1,161,533.54
	219	56,542.71	7,017.60	49,525.11	1,112,008.43
	220	56,542.71	6,718.38	49,824.33	1,062,184.11
	221	56,542.71	6,417.36	50,125.35	1,012,058.76
	222	56,542.71	6,114.52	50,428.19	961,630.57
	223	56,542.71	5,809.85	50,732.86	910,897.71
	224	56,542.71	5,503.34	51,039.37	859,858.34
	225	56,542.71	5,194.98	51,347.73	808,510.61
	226	56,542.71	4,884.75	51,657.96	756,852.65
	227	56,542.71	4,572.65	51,970.06	704,882.59
	228	56,542.71	4,258.67	52,284.04	652,598.55
	229	56,542.71	3,942.78	52,599.93	599,998.62
	230	56,542.71	3,624.99	52,917.72	547,080.90
	231	56,542.71	3,305.28	53,237.43	493,843.47
	232	56,542.71	2,983.64	53,559.07	440,284.40
	233	56,542.71	2,660.05	53,882.66	386,401.74
	234	56,542.71	2,334.51	54,208.20	332,193.54
	235	56,542.71	2,007.00	54,535.71	277,657.83
	236	56,542.71	1,677.52	54,865.19	222,792.64
	237	56,542.71	1,346.04	55,196.67	167,595.97
	238	56,542.71	1,012.56	55,530.15	112,065.82
	239	56,542.71	677.06	55,865.65	56,200.17
	240	56,539.72	339.54	56,200.17	0.00

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site

(10.60 acres)

INTEREST RATE: 7.25%
 MONTHLY PAYMENT: \$3,685.95
 FINAL PAYMENT: \$3,683.09
 PRINCIPAL: \$ 466,353.32

PMT	DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
					\$0.00	\$466,353.32
		1	3,685.95	2,817.55	868.40	465,484.92
		2	3,685.95	2,812.30	873.65	464,611.28
		3	3,685.95	2,807.03	878.92	463,732.36
		4	3,685.95	2,801.72	884.23	462,848.12
		5	3,685.95	2,796.37	889.58	461,958.55
		6	3,685.95	2,791.00	894.95	461,063.60
		7	3,685.95	2,785.59	900.36	460,163.24
		8	3,685.95	2,780.15	905.80	459,257.44
		9	3,685.95	2,774.68	911.27	458,346.17
		10	3,685.95	2,769.17	916.78	457,429.40
		11	3,685.95	2,763.64	922.31	456,507.08
		12	3,685.95	2,758.06	927.89	455,579.20
		13	3,685.95	2,752.46	933.49	454,645.70
		14	3,685.95	2,746.82	939.13	453,706.57
		15	3,685.95	2,741.14	944.81	452,761.76
		16	3,685.95	2,735.44	950.51	451,811.25
		17	3,685.95	2,729.69	956.26	450,854.99
		18	3,685.95	2,723.92	962.03	449,892.96
		19	3,685.95	2,718.10	967.85	448,925.11
		20	3,685.95	2,712.26	973.69	447,951.42
		21	3,685.95	2,706.37	979.58	446,971.84
		22	3,685.95	2,700.45	985.50	445,986.35
		23	3,685.95	2,694.50	991.45	444,994.90
		24	3,685.95	2,688.51	997.44	443,997.46
		25	3,685.95	2,682.48	1,003.47	442,993.99
		26	3,685.95	2,676.42	1,009.53	441,984.46
		27	3,685.95	2,670.32	1,015.63	440,968.84
		28	3,685.95	2,664.19	1,021.76	439,947.07
		29	3,685.95	2,658.01	1,027.94	438,919.14
		30	3,685.95	2,651.80	1,034.15	437,884.99
		31	3,685.95	2,645.56	1,040.39	436,844.60
		32	3,685.95	2,639.27	1,046.68	435,797.92
		33	3,685.95	2,632.95	1,053.00	434,744.91
		34	3,685.95	2,626.58	1,059.37	433,685.54
		35	3,685.95	2,620.18	1,065.77	432,619.78
		36	3,685.95	2,613.74	1,072.21	431,547.57
		37	3,685.95	2,607.27	1,078.68	430,468.89
		38	3,685.95	2,600.75	1,085.20	429,383.69
		39	3,685.95	2,594.19	1,091.76	428,291.93

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site

(10.60 acres)

INTEREST RATE: 7.25%
MONTHLY PAYMENT: \$3,685.95
FINAL PAYMENT: \$3,683.09
PRINCIPAL: \$ 466,353.32

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	40	3,685.95	2,587.60	1,098.35	427,193.58
	41	3,685.95	2,580.96	1,104.99	426,088.59
	42	3,685.95	2,574.29	1,111.66	424,976.93
	43	3,685.95	2,567.57	1,118.38	423,858.54
	44	3,685.95	2,560.81	1,125.14	422,733.41
	45	3,685.95	2,554.01	1,131.94	421,601.47
	46	3,685.95	2,547.18	1,138.77	420,462.70
	47	3,685.95	2,540.30	1,145.65	419,317.04
	48	3,685.95	2,533.37	1,152.58	418,164.47
	49	3,685.95	2,526.41	1,159.54	417,004.93
	50	3,685.95	2,519.40	1,166.55	415,838.38
	51	3,685.95	2,512.36	1,173.59	414,664.79
	52	3,685.95	2,505.27	1,180.68	413,484.10
	53	3,685.95	2,498.13	1,187.82	412,296.29
	54	3,685.95	2,490.96	1,194.99	411,101.29
	55	3,685.95	2,483.74	1,202.21	409,899.08
	56	3,685.95	2,476.47	1,209.48	408,689.60
	57	3,685.95	2,469.17	1,216.78	407,472.82
	58	3,685.95	2,461.81	1,224.14	406,248.69
	59	3,685.95	2,454.42	1,231.53	405,017.15
	60	3,685.95	2,446.98	1,238.97	403,778.18
	61	3,685.95	2,439.49	1,246.46	402,531.73
	62	3,685.95	2,431.96	1,253.99	401,277.74
	63	3,685.95	2,424.39	1,261.56	400,016.18
	64	3,685.95	2,416.76	1,269.19	398,746.99
	65	3,685.95	2,409.10	1,276.85	397,470.14
	66	3,685.95	2,401.38	1,284.57	396,185.57
	67	3,685.95	2,393.62	1,292.33	394,893.24
	68	3,685.95	2,385.81	1,300.14	393,593.10
	69	3,685.95	2,377.96	1,307.99	392,285.11
	70	3,685.95	2,370.06	1,315.89	390,969.22
	71	3,685.95	2,362.11	1,323.84	389,645.37
	72	3,685.95	2,354.11	1,331.84	388,313.53
	73	3,685.95	2,346.06	1,339.89	386,973.64
	74	3,685.95	2,337.97	1,347.98	385,625.66
	75	3,685.95	2,329.82	1,356.13	384,269.53
	76	3,685.95	2,321.63	1,364.32	382,905.21
	77	3,685.95	2,313.39	1,372.56	381,532.64
	78	3,685.95	2,305.09	1,380.86	380,151.79
	79	3,685.95	2,296.75	1,389.20	378,762.59
	80	3,685.95	2,288.36	1,397.59	377,364.99

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site
(10.60 acres)

INTEREST RATE: 7.25%
MONTHLY PAYMENT: \$3,685.95
FINAL PAYMENT: \$3,683.09
PRINCIPAL: \$ 466,353.32

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	81	3,685.95	2,279.91	1,406.04	375,958.96
	82	3,685.95	2,271.42	1,414.53	374,544.43
	83	3,685.95	2,262.87	1,423.08	373,121.35
	84	3,685.95	2,254.27	1,431.68	371,689.67
	85	3,685.95	2,245.63	1,440.32	370,249.35
	86	3,685.95	2,236.92	1,449.03	368,800.32
	87	3,685.95	2,228.17	1,457.78	367,342.54
	88	3,685.95	2,219.36	1,466.59	365,875.95
	89	3,685.95	2,210.50	1,475.45	364,400.50
	90	3,685.95	2,201.59	1,484.36	362,916.14
	91	3,685.95	2,192.62	1,493.33	361,422.81
	92	3,685.95	2,183.60	1,502.35	359,920.45
	93	3,685.95	2,174.52	1,511.43	358,409.02
	94	3,685.95	2,165.39	1,520.56	356,888.46
	95	3,685.95	2,156.20	1,529.75	355,358.71
	96	3,685.95	2,146.96	1,538.99	353,819.72
	97	3,685.95	2,137.66	1,548.29	352,271.43
	98	3,685.95	2,128.31	1,557.64	350,713.79
	99	3,685.95	2,118.90	1,567.05	349,146.73
	100	3,685.95	2,109.43	1,576.52	347,570.21
	101	3,685.95	2,099.90	1,586.05	345,984.16
	102	3,685.95	2,090.32	1,595.63	344,388.54
	103	3,685.95	2,080.68	1,605.27	342,783.27
	104	3,685.95	2,070.98	1,614.97	341,168.30
	105	3,685.95	2,061.23	1,624.72	339,543.57
	106	3,685.95	2,051.41	1,634.54	337,909.03
	107	3,685.95	2,041.53	1,644.42	336,264.62
	108	3,685.95	2,031.60	1,654.35	334,610.26
	109	3,685.95	2,021.60	1,664.35	332,945.92
	110	3,685.95	2,011.55	1,674.40	331,271.52
	111	3,685.95	2,001.43	1,684.52	329,587.00
	112	3,685.95	1,991.25	1,694.70	327,892.30
	113	3,685.95	1,981.02	1,704.93	326,187.37
	114	3,685.95	1,970.72	1,715.23	324,472.14
	115	3,685.95	1,960.35	1,725.60	322,746.54
	116	3,685.95	1,949.93	1,736.02	321,010.51
	117	3,685.95	1,939.44	1,746.51	319,264.00
	118	3,685.95	1,928.89	1,757.06	317,506.94
	119	3,685.95	1,918.27	1,767.68	315,739.26
	120	3,685.95	1,907.59	1,778.36	313,960.90
	121	3,685.95	1,896.85	1,789.10	312,171.80

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site
(10.60 acres)

INTEREST RATE: 7.25%
MONTHLY PAYMENT: \$3,685.95
FINAL PAYMENT: \$3,683.09
PRINCIPAL: \$ 466,353.32

PMT	DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
		122	3,685.95	1,886.04	1,799.91	310,371.89
		123	3,685.95	1,875.16	1,810.79	308,561.10
		124	3,685.95	1,864.22	1,821.73	306,739.37
		125	3,685.95	1,853.22	1,832.73	304,906.64
		126	3,685.95	1,842.14	1,843.81	303,062.84
		127	3,685.95	1,831.00	1,854.95	301,207.89
		128	3,685.95	1,819.80	1,866.15	299,341.74
		129	3,685.95	1,808.52	1,877.43	297,464.31
		130	3,685.95	1,797.18	1,888.77	295,575.54
		131	3,685.95	1,785.77	1,900.18	293,675.36
		132	3,685.95	1,774.29	1,911.66	291,763.70
		133	3,685.95	1,762.74	1,923.21	289,840.49
		134	3,685.95	1,751.12	1,934.83	287,905.66
		135	3,685.95	1,739.43	1,946.52	285,959.14
		136	3,685.95	1,727.67	1,958.28	284,000.86
		137	3,685.95	1,715.84	1,970.11	282,030.75
		138	3,685.95	1,703.94	1,982.01	280,048.73
		139	3,685.95	1,691.96	1,993.99	278,054.74
		140	3,685.95	1,679.91	2,006.04	276,048.71
		141	3,685.95	1,667.79	2,018.16	274,030.55
		142	3,685.95	1,655.60	2,030.35	272,000.20
		143	3,685.95	1,643.33	2,042.62	269,957.59
		144	3,685.95	1,630.99	2,054.96	267,902.63
		145	3,685.95	1,618.58	2,067.37	265,835.26
		146	3,685.95	1,606.09	2,079.86	263,755.40
		147	3,685.95	1,593.52	2,092.43	261,662.97
		148	3,685.95	1,580.88	2,105.07	259,557.90
		149	3,685.95	1,568.16	2,117.79	257,440.11
		150	3,685.95	1,555.37	2,130.58	255,309.53
		151	3,685.95	1,542.50	2,143.45	253,166.07
		152	3,685.95	1,529.55	2,156.40	251,009.67
		153	3,685.95	1,516.52	2,169.43	248,840.24
		154	3,685.95	1,503.41	2,182.54	246,657.70
		155	3,685.95	1,490.22	2,195.73	244,461.97
		156	3,685.95	1,476.96	2,208.99	242,252.98
		157	3,685.95	1,463.61	2,222.34	240,030.64
		158	3,685.95	1,450.19	2,235.76	237,794.87
		159	3,685.95	1,436.68	2,249.27	235,545.60
		160	3,685.95	1,423.09	2,262.86	233,282.74
		161	3,685.95	1,409.42	2,276.53	231,006.21
		162	3,685.95	1,395.66	2,290.29	228,715.92

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site
(10.60 acres)

INTEREST RATE: 7.25%
MONTHLY PAYMENT: \$3,685.95
FINAL PAYMENT: \$3,683.09
PRINCIPAL: \$ 466,353.32

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	163	3,685.95	1,381.83	2,304.12	226,411.79
	164	3,685.95	1,367.90	2,318.05	224,093.75
	165	3,685.95	1,353.90	2,332.05	221,761.70
	166	3,685.95	1,339.81	2,346.14	219,415.56
	167	3,685.95	1,325.64	2,360.31	217,055.24
	168	3,685.95	1,311.38	2,374.57	214,680.67
	169	3,685.95	1,297.03	2,388.92	212,291.75
	170	3,685.95	1,282.60	2,403.35	209,888.39
	171	3,685.95	1,268.08	2,417.87	207,470.52
	172	3,685.95	1,253.47	2,432.48	205,038.04
	173	3,685.95	1,238.77	2,447.18	202,590.86
	174	3,685.95	1,223.99	2,461.96	200,128.90
	175	3,685.95	1,209.11	2,476.84	197,652.06
	176	3,685.95	1,194.15	2,491.80	195,160.26
	177	3,685.95	1,179.09	2,506.86	192,653.40
	178	3,685.95	1,163.95	2,522.00	190,131.40
	179	3,685.95	1,148.71	2,537.24	187,594.16
	180	3,685.95	1,133.38	2,552.57	185,041.59
	181	3,685.95	1,117.96	2,567.99	182,473.60
	182	3,685.95	1,102.44	2,583.51	179,890.09
	183	3,685.95	1,086.84	2,599.11	177,290.98
	184	3,685.95	1,071.13	2,614.82	174,676.16
	185	3,685.95	1,055.34	2,630.61	172,045.55
	186	3,685.95	1,039.44	2,646.51	169,399.04
	187	3,685.95	1,023.45	2,662.50	166,736.54
	188	3,685.95	1,007.37	2,678.58	164,057.96
	189	3,685.95	991.18	2,694.77	161,363.19
	190	3,685.95	974.90	2,711.05	158,652.14
	191	3,685.95	958.52	2,727.43	155,924.72
	192	3,685.95	942.05	2,743.90	153,180.81
	193	3,685.95	925.47	2,760.48	150,420.33
	194	3,685.95	908.79	2,777.16	147,643.17
	195	3,685.95	892.01	2,793.94	144,849.23
	196	3,685.95	875.13	2,810.82	142,038.41
	197	3,685.95	858.15	2,827.80	139,210.61
	198	3,685.95	841.06	2,844.89	136,365.72
	199	3,685.95	823.88	2,862.07	133,503.65
	200	3,685.95	806.58	2,879.37	130,624.28
	201	3,685.95	789.19	2,896.76	127,727.52
	202	3,685.95	771.69	2,914.26	124,813.26
	203	3,685.95	754.08	2,931.87	121,881.39

Kitsap County

Transfer Station Property Amortization Schedule

Brem-Air Site
(10.60 acres)

INTEREST RATE: 7.25%
MONTHLY PAYMENT: \$3,685.95
FINAL PAYMENT: \$3,683.09
PRINCIPAL: \$ 466,353.32

PMT

DATE	PMT#	PAYMENT	INTEREST	PRINC'PL	BALANCE
	204	3,685.95	736.37	2,949.58	118,931.81
	205	3,685.95	718.55	2,967.40	115,964.40
	206	3,685.95	700.62	2,985.33	112,979.07
	207	3,685.95	682.58	3,003.37	109,975.70
	208	3,685.95	664.44	3,021.51	106,954.19
	209	3,685.95	646.18	3,039.77	103,914.42
	210	3,685.95	627.82	3,058.13	100,856.29
	211	3,685.95	609.34	3,076.61	97,779.68
	212	3,685.95	590.75	3,095.20	94,684.48
	213	3,685.95	572.05	3,113.90	91,570.58
	214	3,685.95	553.24	3,132.71	88,437.87
	215	3,685.95	534.31	3,151.64	85,286.23
	216	3,685.95	515.27	3,170.68	82,115.55
	217	3,685.95	496.11	3,189.84	78,925.72
	218	3,685.95	476.84	3,209.11	75,716.61
	219	3,685.95	457.45	3,228.50	72,488.12
	220	3,685.95	437.95	3,248.00	69,240.11
	221	3,685.95	418.33	3,267.62	65,972.49
	222	3,685.95	398.58	3,287.37	62,685.12
	223	3,685.95	378.72	3,307.23	59,377.90
	224	3,685.95	358.74	3,327.21	56,050.69
	225	3,685.95	338.64	3,347.31	52,703.38
	226	3,685.95	318.42	3,367.53	49,335.84
	227	3,685.95	298.07	3,387.88	45,947.96
	228	3,685.95	277.60	3,408.35	42,539.62
	229	3,685.95	257.01	3,428.94	39,110.68
	230	3,685.95	236.29	3,449.66	35,661.02
	231	3,685.95	215.45	3,470.50	32,190.52
	232	3,685.95	194.48	3,491.47	28,699.06
	233	3,685.95	173.39	3,512.56	25,186.50
	234	3,685.95	152.17	3,533.78	21,652.72
	235	3,685.95	130.82	3,555.13	18,097.58
	236	3,685.95	109.34	3,576.61	14,520.97
	237	3,685.95	87.73	3,598.22	10,922.76
	238	3,685.95	65.99	3,619.96	7,302.80
	239	3,685.95	44.12	3,641.83	3,660.97
	240	3,683.09	22.12	3,660.97	0.00

EXHIBIT C: SERVICE FEE CALCULATION EXAMPLE

Kitsap County Transfer Station and Disposal Project Service Fees and Escalation Rates				
Type of Fee	Fixed Monthly Fee	% of CPI Adj.	Service Fee	
			Per Unit	Per Ton
Fixed Monthly Fee	\$89,470			
Transfer Station Variable Rate				
0-250,000		70%		\$5.38
Over 250,000		70%		\$4.51
Long-Haul Transport and Disposal				
Rear Load Trailers		75%		\$13.48
Open Top Trailer		75%		\$14.93
Waste Disposal		60%		\$16.28
Special Waste Rates				
Yard Waste				\$48.07
Contaminated Soils		70%		\$30.00
Bulky Wastes		70%		\$74.78
Asbestos		70%		\$113.50
Coal Ash		70%		\$35.78
White Goods		70%	\$19.55	
Self Haul Tires		70%	\$5.00	
Processed Wood Waste		70%		\$29.77
Creosote Treated Lumber		70%		\$35.78
Dredge Spoils		70%		\$30.00
Biosolids		70%		\$48.48

**Example Service Fee Calculation
January 2003**

Assumptions

Monthly tons (estimated)	
MSW	16,700
Yard Waste	1,200
Contaminated Soil	500
Other special wastes	-
CPI 2002 (estimated)	192.2
CPI 2000 (actual)	177.2

Note: First CPI adjustment is Jan 2003.

Component 1

FMF	\$89,470
VR MSW	\$5.38
Z	70%
CPI % Increase	8.5%
CPI % Increase * Z	5.9%
AVR MSW	\$5.70
AVR * Tons MSW	\$95,170
SW Yard Waste	\$48.07
Z	70%
CPI % Increase	8.5%
CPI % Increase * Z	5.9%
ASW Yard Waste	\$50.92
ASW * Tons Yard Waste	\$61,102
SW Contaminated Soil	\$30.00
Z	70%
CPI % Increase	8.5%
CPI % Increase * Z	5.9%
ASW Contaminated Soil	\$31.78
ASW * Tons Cont. Soil	\$15,889
Component 1 Fee	\$172,161

Component 2

Tons Rear Load	15,030
RLR	\$13.48
Z	75%
CPI % Increase	8.5%
CPI % Increase * Z	6.3%
AR Rear Load	\$14.34
AR * Tons Rear Load	\$215,467
Tons Open Top	1,670
OTR	\$14.93
Z	75%
CPI % Increase	8.5%
CPI % Increase * Z	6.3%
AR Open Top	\$15.88
AR * Tons Open Top	\$26,516
Tons Disposal (MSW)	16,700
DR	\$16.28
Z	60%
CPI % Increase	8.5%
CPI % Increase * Z	5.1%
AR Disposal (MSW)	\$17.11
AR * Tons Disposal (MSW)	\$285,685

Component 2 Fee \$527,668

Total Service Fee	\$699,829
Tons MSW	16,700
Total Payment for MSW	\$622,838
\$/ton MSW	\$41.91

TECHNICAL SPECIFICATIONS

IN SUPPORT OF

**KITSAP COUNTY TRANSFER STATION
DEVELOPMENT AND WASTE
DISPOSAL
PROJECT AGREEMENT**

dated

October 30, 2000

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TECHNICAL SPECIFICATIONS

DIVISION ONE – GENERAL INFORMATION

1.1 Purpose

This Project is intended to provide the facilities, equipment and services to recover for reuse and recycling, transfer, transport and dispose:

- 1) The Acceptable Waste generated in unincorporated Kitsap County, incorporated cities within Kitsap County, and U.S. Navy facilities within Kitsap County.
- 2) Certain Special Waste streams included within the definition of Acceptable Waste, as discussed in these Technical Specifications.
- 3) Other sources of Acceptable Waste as agreed to by the County.

Hazardous Wastes and recyclable materials that are diverted from the Transfer Station by waste reduction programs and programs for curbside collection of recyclables are not included in the Project scope.

1.2 Introduction

These Technical Specifications have been prepared as part of the Agreement between Kitsap County, Washington, and Waste Management of Washington, Inc. for the siting, design, construction, and operation of solid waste transfer, long-haul, and disposal facilities. The Technical Specifications supplement the terms of the Agreement by providing additional information on the technical requirements for project implementation.

1.3 Contractor's Proposal

The Agreement is intended to reflect agreement between the Parties for the Kitsap County Transfer Station and Disposal Project, as presented in Contractor's Proposal dated July 14, 2000. The Proposal is not part of the Agreement, but may be referenced for the purpose of illustrating the intent of the Parties, except as otherwise specifically noted.

1.3.1 Site Plans

The Transfer Station site plans and drawings included in Contractor's proposal for the Brem-Air Transfer Station site are not a part of the Agreement, but may be referenced for the purpose of defining necessary features of and pricing for the Project.

1.3.2 Modifications to Original Proposal

The most recent, revised site plan for the Transfer Station is attached. It reflects the Project as contemplated by the Agreement, subject to further refinement as necessary and as agreed to by the Parties during the development phase of the Project.

Other modifications to Contractor's Proposal include:

- Elimination of vertical separation between public and commercial tipping areas
- Usage of independent steel push walls instead of steel-lined concrete walls
- Elimination of a separate building for County offices, and incorporation of the County offices into the Transfer Station

1.4 Definitions

Definitions of terms used in the Technical Specifications shall be the same as those provided in the Service Agreement.

DIVISION TWO – TRANSFER STATION PROJECT DEVELOPMENT

2.1 Introduction and Project Schedule

The Contractor shall be responsible for all Project development activities, including siting, land-use permitting, design, construction (supervision, management, quality assurance, inspection, and examination), and Startup of the Transfer Station. The work conducted during Project development shall lead to a completely integrated and operating facility capable of processing Acceptable Waste, including Transport and Disposal. The Contractor shall be responsible for all costs during development, including insurance and other fees related to Contractor's work.

Table A-1 sets forth the Transfer Station Development Process and Project Deliverables.

Deliverables	Scheduled Delivery Date
Draft Project Development Plan	15 days after Commencement Date
Revised Project Development Plan	Prior to County approval of Project Development Plan
Monthly status reports and Project schedule updates	Before 10th day of each calendar month
Participation in public involvement process	As requested by County
Design review materials	At conceptual design, 50%, 90%, and 100% design stages
Design reviews (meeting with County)	Within 15 days after County receipt of review materials
Written response to design reviews	Within 10 days after each design review
Contractor initiated design modifications	At any time

Deliverables	Scheduled Delivery Date
Preliminary Draft Transfer Station Operating Plan	Concurrent with application for building permits
Draft Transfer Station Operating Plan	180 days prior to scheduled Transfer Station Completion or Startup (whichever is earlier)
As-built Transfer Station documentation	Prior to Startup
Start-up and Acceptance Testing	After approval of Final Draft Transfer Station Operating Plan and all project permit requirements are met.
Final Transfer Station Operating Plan	By completion of Startup, prior to Commercial Operations Date

2.2 Transfer Station Siting

The Contractor’s Transfer Station site is located in the Olympic View Industrial Park, adjacent to Brem-Air Disposal’s existing facility, which is located at 9300A Barney White Road in Bremerton. The following legal description describes the location of the proposed transfer station site: That portion of the north half of the Northwest quarter of the Northwest quarter and that portion of the north half of the Northeast quarter of the Northwest quarter of Section 11, Township 23 North, Range 1 West of the Willamette Meridian in Kitsap County, Washington.

The Contractor has a lease/purchase option with the current owner of the property, the Port of Bremerton. This Lease Agreement includes an executed purchase option. The County has indicated its intention to obtain the rights of Contractor under the Lease Agreement, and purchase and/or lease the property directly from the Port.

2.3 Transfer Station Permitting

The Contractor shall obtain all federal, state, and local permits and approvals applicable to the Transfer Station, including permits associated with Transfer Station siting and construction, installation of equipment, Transfer Station operations, and any transportation of Acceptable Waste. The Contractor shall be designated as the permit applicant and shall be responsible for completing and processing permit applications, and providing all information required by the regulatory agencies for the review processes and approvals. The Contractor shall promptly notify the County of any delays in the Project Schedule caused by delays in obtaining permits.

The Contractor shall assume full responsibility for the identification of any and all permits, that may be required for Transfer Station development and operation.

All mitigation measures, both on- and off-site, required by the State Environmental Policy Act or other approvals or permits shall be the responsibility of the Contractor, and at the Contractor’s expense.

2.4 Public Involvement and Information

The Contractor in concert with Kitsap County will be responsible for providing all public involvement and public information services required by Applicable Law during Transfer Station development. The Contractor shall work with the County in a timely manner to provide information whenever necessary.

2.5 Transfer Station Design

2.5.1 Requirements for Design Phase

The Contractor shall have the sole responsibility for design of the facility such that it conforms to the Technical Specifications. The Contractor shall supply all materials and resources needed to complete the design phase in accordance with all applicable requirements set forth in these Technical Specifications and the Agreement. The Contractor shall perform all design work in accordance with Applicable Law, established engineering principles and practices, and applicable code requirements.

2.5.2 Submission and Review of Design Materials

During design of the facility, the Contractor shall make available for review by the County, all plans, drawings, calculations, specifications, schedules and other materials related to the design and construction of the Transfer Station. These materials shall be provided at the conceptual design, 50%, 90%, and 100% design stages. The Contractor shall also provide reproducible as-built Transfer Station documentation within two months of project completion. The County's review of the reference materials will be limited to determining whether the design conforms to the requirements of the Technical Specifications and Service Agreement. The reviews will not be a design approval or disapproval process. The reviews and any comments made by the County on the plans, specifications, drawings, schedules, and the like, shall not relieve the Contractor from its obligations under the Agreement, and those representations made in its Proposal.

The Contractor shall submit for design review, at a minimum, four sets of the following documents:

- General Transfer Station site layout (Scale not smaller than 1" = 100)
- Building plans: floor plans, sections, elevations, interior and exterior details, finish schedules, and specifications
- Electrical and Mechanical Drawings
- Utility connections drawings
- General equipment arrangements and elevation drawings
- Control system schematic and logic

- Major Equipment specifications
- Status of construction permits
- Status of equipment procurement

At each design review, within 15 days of receipt of all review documents, the County will meet with the Contractor. Within 10 working days after each such meeting, the Contractor shall provide to the County a written item-by-item response, including descriptions of intended actions, for each County comment.

In the event that the County's design review leads to a County determination that the Transfer Station design, construction, or operational plans are not consistent with the Proposal, the Technical Specifications, or the Service Agreement, the County, no later than 15 days from receipt of the review documents, will provide the Contractor with a written notice of the discrepancies. As soon as practicable after Contractor's receipt of the County's notification, the parties shall meet to attempt to resolve any disagreements related to the County's review and comments. In the event that a disagreement arises under this Division and cannot be resolved to the mutual satisfaction of the parties, the parties shall enter into dispute resolution pursuant to the Service Agreement.

The County's review of these materials will not constitute a determination as to the sufficiency or adequacy of the design plans, specifications, or engineering or construction judgments made by the Contractor, nor shall the review act as a waiver of liability or relieve the Contractor of any obligation to design, construct, and operate the Transfer Station in a manner which conforms to the Technical Specifications and the Service Agreement.

Nothing in this Division shall excuse the Contractor from proceeding with performance of its obligations under the Agreement.

2.5.3 Contractor Changes to Facility Design Specifications

The Contractor shall be solely responsible for determining whether it is necessary to modify the Transfer Station design to meet the Technical Specifications and guarantees of the Agreement. Upon a determination by the Contractor that the Transfer Station design must be modified (other than as to means and methods within the Contractor's discretion), the Contractor shall provide the County with notice of the proposed modification.

The Contractor's proposed design modification shall be deemed acceptable unless the County, within 15 calendar days of receipt of notice of the proposed modification, notifies the Contractor in writing that it objects to the proposed modification on the grounds that it will have a material adverse effect on the ability of the Transfer Station to meet the requirements of the Technical Specifications and Service Agreement, using the procedures under Section 1.15 of the Service Agreement.

2.6 Facility Construction

2.6.1 Commencement of Construction

Construction may commence when the Contractor has obtained necessary construction permits, financing has been obtained, and the County has accepted final Transfer Station design. The Contractor shall furnish or procure all services, labor, equipment, materials, and the like necessary to construct and complete the Transfer Station in its entirety and in full working order in accordance with the final design, Applicable Laws, the Technical Specifications and Service Agreement.

2.6.2 Subcontractors

The Contractor shall independently verify that all proposed Subcontractors are fully qualified and licensed for their intended role in the Project. The Contractor will be responsible for ensuring that all Subcontractors are provided with complete information regarding all aspects of the specifications for their part of the Project. The Contractor is encouraged to employ Subcontractors from Kitsap County during the facility construction period.

2.6.3 Procurement of Equipment, Components, and Services

The Contractor shall manage the procurement of equipment, components, and services, and expedite the procurement to assure fulfillment of all delivery schedules for subcontracted or purchased equipment and material in accordance with the Project schedule. The County will not be responsible for delivered materials to the site, if the Contractor or Subcontractor fails to perform under the terms of the Agreement.

2.6.4 Completion of Construction

Upon notification by the Contractor, the County shall inspect the facility for completion and conformance to the Transfer Station design and construction plans and specifications and with respect to the Revised Draft Transfer Station Operating Plan. The Contractor shall provide the County with reproducible as-built Transfer Station construction documentation prior to Startup.

If the County determines that the Transfer Station is substantially complete and in conformance with the terms of the Agreement, design and construction documents, and the Revised Draft Transfer Station Operating Plan, the County will notify the Contractor that Transfer Station construction is substantially complete. The County shall notify the Contractor of its determination within 15 calendar days after receipt of as-builts.

2.7 Startup and Acceptance Testing Phase

Startup and Acceptance Testing shall commence when the County has determined that Transfer Station construction is substantially complete, that all necessary permits, regulatory approvals, and all other Project permit requirements are satisfied, all equipment is installed, all utility installations are complete, personnel have been trained in startup and commercial operations procedures, contingency operating plans are in place, and safety and emergency procedures have

been established. The County shall also receive the Final Transfer Station Operating Plan within 15 calendar days of completion of Startup and Acceptance Testing.

Startup shall consist of a period not to exceed 90 calendar days, during which the Contractor shall conduct Acceptance Testing to demonstrate the Transfer Station meets the requirements of the Agreement.

Startup and Acceptance Testing shall include but is not limited to the following activities:

- Adherence to the Startup procedure and schedule as defined in the Preliminary Transfer Station Operating Plan
- Training of all personnel required for commercial operations
- Checking, adjustment, repair, and or replacement of all mechanical, electrical, and data management equipment and utilities as necessary to satisfy the Technical Specifications and equipment specifications.
- Modification of Transfer Station operations to satisfy requirements of the Service Agreement
- Conducting Acceptance Testing necessary to demonstrate adherence to performance requirements of the Service Agreement. The Contractor shall record data related to the Acceptance Testing and provide the County with a written report documenting tests.
- Revision and finalization of the Transfer Station Operating Plan to reflect changes to equipment and operations made during Startup and Acceptance Testing.

The Contractor shall provide all personnel, services, utilities, equipment, supplies, and other elements to carry out and complete the Startup and Acceptance Testing. The Transfer Station shall be operated by employees of the Contractor, who are intended to be regularly employed by the Contractor during Commercial Operation. The County and its designated representatives shall have access to the Transfer Station and will observe the Acceptance Testing.

2.8 Commercial Operations

The County will authorize the Contractor to begin Commercial Operations when the County, acting reasonably, determines that the Contractor has met and successfully completed Acceptance Testing, and the Contractor has submitted and the County has approved the Final Transfer Station Operating Plan.

2.9 Project Deliverables

The Contractor shall provide documentation for Transfer Station design, procurement, construction, operations and maintenance. Documentation must be provided as required in the Project Development Plan and Operating Plan (more fully described in the following sections) and as required by Applicable Law.

2.9.1 Project Development Plan

Fifteen days after the Commencement Date, the Contractor shall submit for review and comment by the County a Draft Project Development Plan specifying the Project schedule, staffing, status reporting through the start of Commercial Operations and any other elements of Appendix C to the REP that are appropriately included. Specific considerations to be included in the Project Development Plan must include the following items:

2.9.1.1 Scheduling of Permitting and Construction Activities

The contractor shall submit a detailed Project schedule for all development activities through Startup and Acceptance Testing. Scheduling of Transfer Station design and construction activities shall include, at a minimum, the expected completion date of the key tasks for the design, construction, Startup and Acceptance Testing phases of the Transfer Station, including design review by the County and submittal of all deliverables during Transfer Station development required by these Technical Specifications. The Contractor shall assume a Commercial Operations Date of no later than the closure of Olympic View Sanitary Landfill. The Project schedule shall be updated monthly as a part of the monthly progress report as required by these Technical Specifications.

2.9.1.2 Staffing

The Contractor shall establish a Project management organization reporting to a Project manager responsible for Transfer Station development. In addition to the Project manager, the Contractor's key personnel shall be identified in the management plan.

2.9.1.3 Project Status Reporting Requirements

From the Commencement Date through the Commercial Operations Date, the Contractor shall prepare a monthly progress report to be submitted to the County no later than ten (10) calendar days after the close of the previous calendar month. Where expedient, the initial monthly progress reports may be combined with a summary of the meeting minutes during design review meetings as required in these Technical Specifications. This report shall present:

- The Contractor's assessment of the Project's progress during the previous month compared to the approved Project schedule.
- Identification of any significant problems that may have arisen during the reporting period, with a discussion of the possible effects of these problems on the Contractor's compliance with the Technical Specifications and the Agreement, and plans for correcting the problems.
- An updated Project schedule.
- Planned activities for the next monthly period.

The Contractor shall also be available for monthly Project review meetings with the County, within 7 days of submittal of each monthly Project status report. During Transfer Station design,

the monthly Project review meetings may be combined, as appropriate, with the design review meetings indicated in Division 2.6.

A County representative may attend any or all construction project meetings. The meeting shall take place in Kitsap County or a mutually agreeable location.

2.9.1.4 Contingency Plan for Delays or Early Landfill Closure

The Contractor shall submit with the Project Development Plan a detailed Contingency Plan for backup methods that will be used if the Transfer Station and associated long-haul/disposal facilities are not operational by the closure of Olympic View Sanitary Landfill. The plan shall describe proposed methods for temporary storage, intermodal loading (if applicable), Transport and Disposal of Acceptable Waste until the alternate transfer station, Transport and Disposal facilities become fully operational.

2.9.2 Transfer Station Operating Plan

The Contractor shall prepare and submit to the County for review and comment a preliminary draft Transfer Station Operating Plan. The preliminary draft Transfer Station Operating Plan shall be prepared as soon as building permits are applied for. This plan will describe the sequence of operations and testing to be performed during Startup, and Acceptance Testing. The plan will also describe the schedule for Acceptable Waste deliveries; phasing in of commercial and self-haul waste streams; plans for screening and handling of Unacceptable Waste; plans for recyclables, and Special Wastes receipt and handling. The plan will describe planned procedures for conducting Startup and commercial operations in accordance with these Technical Specifications.

In addition, the preliminary draft Transfer Station Operating Plan shall include a Contingency Plan. The Contingency Plan will be prepared to address circumstances where operations are restricted or interrupted at the Transfer Station, Transport Facilities, or Disposal Site

The County will review and comment on the preliminary draft Transfer Station Operating Plan. The Contractor shall incorporate responses to County comments on the preliminary draft Transfer Station Operating plan prior to the beginning of construction and submit prior to Startup a revised Draft Transfer Station Operating Plan in accordance with Table A- 1 herein.

Following completion of Startup and Acceptance Testing the Contractor shall submit a Final Transfer Station Operating Plan reflecting changes in Transfer Station operating procedures found necessary during Startup and Acceptance Testing. The proposed Final Transfer Station Operating Plan shall include an Acceptance Testing report as well as revised plans for all Transfer Station management, operating, and maintenance issues addressed in the Preliminary Draft Operating Plan.

The County shall prepare a response that confirms whether or not the Acceptance Testing and the Final Transfer Station Operating Plan have been completed in conformance with requirements of the Service Agreement. The response will specify any further requirements to be implemented prior to and during commercial operations. On the basis of the County's report, the County will determine if the Transfer Station is ready to begin Commercial Operation. The

County will not unreasonably withhold issuance of the report or approval of the commencement of Commercial Operations. The Contractor shall provide the County a complete and accurate set of final as built plans for the Transfer Station within 30 Days of the County's acceptance of the Transfer Station, and within 30 Days of any subsequent modifications to the as built plans.

The County's review of the Final Transfer Station Operating Plan and approval of commencement of Commercial Operations shall not be deemed County approval or acquiescence to any conditions or Contractor activities that do not conform to Applicable Law or with these Technical Specifications or the Service Agreement, nor shall that review and approval impose any liability on the County for Contractor errors, omissions, or actions. Approval of the Final Transfer Station Operating Plan by the County shall in no way relieve the Contractor of adherence to these Technical Specifications and the Agreement.

DIVISION THREE – TRANSFER STATION OPERATIONAL TECHNICAL SPECIFICATIONS

3.1 General

The Transfer Station shall be capable of receiving Acceptable Waste. The Contractor shall be responsible for weighing, routing, processing, loading and preparing Acceptable Waste for Transport and Disposal. The specific procedures for processing Acceptable Waste shall be set forth in the final Operating Plan.

3.2 Waste Receiving Operations

The Contractor shall be responsible for all systems and services necessary to process incoming and outgoing Acceptable Waste at Transfer Station, including weighing and inspection of incoming and outgoing loads, management of on-site queuing and traffic for all incoming and outgoing vehicles, and any other necessary operations. The County will determine the Tip Fee for such Acceptable Waste, and the Contractor shall be compensated in pursuant to the Service Fee Schedule, as adjusted in accordance with the terms of the Service Agreement, attached thereto and incorporated herein by this reference.

The Contractor shall provide computerized weigh systems, scales, and toll booth facility capable of weighing all incoming and outgoing loads of Acceptable Waste processed at the Transfer Station. The scale house facility and functions shall be as more fully described in the final Operating Plan.

The Transfer Station shall provide separate incoming and outgoing scales of a minimum 80-foot length, with an accompanying scale attendants' booth. The scales must be capable of weighing all vehicle types utilizing the Transfer Station, including transfer Trailers. Scale facilities shall be designed, maintained and operated so as to be legal for trade, and usable for charging and payment of fees. Scales used for weighing waste shall be designed and maintained in accordance with the requirements set forth in "Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices," U.S. Department of Commerce, National Bureau of Standards, Handbook 44.

Scale Attendants will be responsible for the correct weighing in and out of vehicles as each customer enters the Transfer Station. Scale attendants screen loads through a series of questions posed to each customer, and provide information to the customer. Scale attendant duties will be specified in the Operating Plan.

3.3 Staffing

Contractor shall provide staffing adequate to perform its obligations under the Service Agreement.

3.4 Waste Processing

The Transfer Station shall be operated by the Contractor to process Acceptable Waste by utilizing a tipping floor for waste unloading by customers and waste loading into Trailers. The Transfer Station shall load Acceptable Wastes into top-loading Trailers and rear loading Trailers.

The Contractor shall screen all wastes delivered to the Transfer Station in a manner sufficient to determine whether or not Unacceptable Wastes are present. The procedures for waste screening shall be set forth in the final Operating Plan.

Most commercial and publicly hauled wastes will be unloaded onto a tipping floor within the Transfer Station building and moved by rubber-tired loaders to a compactor. Special Wastes, such as petroleum-contaminated soils or Asbestos will be loaded into intermodal Trailers at the dedicated Special Waste loading area just outside the East Side of the Transfer Station. Special Waste Trailers will be moved directly to the rail siding for loading onto rail cars. The Special Waste Area is covered but is on the exterior of the main Transfer Station floor to minimize potential customer exposure to dust, odors, and fumes from Special Waste loads.

All other Acceptable Waste will be pushed into the compactor through an opening in the Transfer Station. The waste will be loaded into a intermodal Trailers placed on flat bed trailers. Scales mounted on the compactor unit will indicate to the loader operator when the intermodal Trailer has reached its optimum weight of 30 to 32 tons. Once the Trailers are loaded, and closed and sealed, they will be moved to rail siding to the west of the Transfer Station. A top pick will lift the intermodal Trailer off of the flat bed trailer and onto the rail car.

For bulky waste that cannot be processed through the compactor, or in the event that the compactor is not operable, waste would be loaded directly into open-top Trailers through the floor slot without compaction. A grapple will be centrally positioned behind the top-load slot to be used in loading these Trailers. Once full, these Trailers would then be moved to a nearby rail siding and loaded into rail cars.

Some waste may be delivered to the transfer station already loaded in shipping Trailers and ready to be loaded onto the rail-line. Generally, these materials will bypass the tipping floor and will be loaded directly into the rail cars.

3.5 Recycling

The Transfer Station will include facilities for the public to drop-off recyclables and for sorting of recyclables from mixed loads of Acceptable Waste delivered to the Transfer Station.

The Transfer Station will include a separate public drop-off area for source-separated recyclables from public and small business customers. Site space will be provided for public parking during unloading, container pick-up, equipment maneuvering, and for the drop-off containers. Adequate sorting and storage shall be provided either within the drop-off area, on the Transfer Station site property, or on property adjacent to the Transfer Station.

Self-haul customers with recyclables (other than white goods and tires) will be directed to a public recycling area before they reach the scale house so that recyclables will not be weighed in the waste delivered for disposal. Customers will leave their recyclables in designated containers for recycling. Initially, containers will be provided for corrugated cardboard, magazines, newspaper, tinned cans, yard debris, #1-#7 plastic bottles, container glass, non-ferrous metals, ferrous metals, and mixed waste paper. Recycling facilities for textiles, polycoated paperboard, and film plastics may be provided, at the option of the County. The recycling area will also drop-off facilities for household hazardous waste (use motor oil, anti-freeze and auto and household batteries). Customers will not be charged for these recyclables, and the Contractor will receive no Service Fee for processing these drop-off recyclables.

There will also be a public drop-off area for residential customers to deliver white goods and tires, located after the scale house. Customers will be charged a fee for these recyclables, according to the County's discretion; and the Contractor shall be compensated for processing these recyclables pursuant to the Service Fee Schedule, as adjusted in accordance with the terms of the Service Agreement.

From waste delivered into the Transfer Station building, the Contractor will divert up to 2% of the waste stream, through floor sorting of the waste.

The Contractor shall be responsible to process all material received at the drop-off recycling facility and diverted from waste delivered into the Transfer Station building, except to the extent that the County contracts separately for used motor oil, antifreeze, and white goods. The Contractor shall provide all equipment necessary for handling recyclables, including containers, and loading and unloading equipment.

The recycling facilities will be located so that future expansions of the site can be easily accommodated, if required. At such time that the County desires to enhance or modify recycling services at the Transfer Station, the Contractor and the County will negotiate in good faith to respond to such request as a modification, pursuant to the procedures set forth in Section 1.15 of the Service Agreement

3.6 Yard Waste

The Contractor will provide yard waste handling and management services at the Transfer Station in a manner to be specified in the Operating Plan.

For the purposes of this Agreement, yard waste includes all grass, leaves, brush, limbs, branches and other urban wood waste and organic material resulting from the landscaping and maintenance of household and commercial landscapes, yards and gardens. This definition does not include pallets and other dimensional lumber type materials. This definition is intended to illustrate the types of materials anticipated for this waste category, but should not be construed to be inclusive of a broader range of such materials.

3.7 Special Waste

The Contractor will provide for separate facilities for handling, processing, and disposal of all Special Wastes, including contaminated soil, coal ash, bulky wastes, Asbestos and Biosolids. They will not be commingled with other MSW accepted at the Transfer Station without the expressed written permission of Kitsap County.

In addition, in accordance with the 1999 Comprehensive Solid Waste Management Plan, the following waste streams will also be incorporated into the Operating Plans for the Transfer Station: processed wood wastes; creosote treated lumber; and dredge spoils.

The Contractor shall provide separate areas and facility for receiving, handling and/or transfer of Special Waste. The Contractor may elect to load large quantities of Special Wastes through the Transfer Station directly into Trailers at the site of generation.

Customers will be charged a fee for Special Wastes, according to the County's discretion; and the Contractor shall be compensated for processing Special Wastes in pursuant to the Service Fee Schedule.

3.8 Equipment

The Transfer Station will utilize an SSI compactor, or equivalent, to precompact the waste into intermodal Trailers. Three eighty-foot scales will be located for incoming and outgoing traffic at the Scale House. In addition, The Contractor expects to use the following equipment (rolling stock) at the County's Transfer Station:

**Equipment List Kitsap County Transfer Station
(Base Proposal)**

Equipment	Number
950 Loader	1
966 Loader (Backup)	1
Top Picks	2
Yard Jockey (small truck to move trailers on site)	2
Track Car	1
Roll-off Truck (Services provided by Brem-Air Disposal Company)	1

Equipment	Number
20-40 yard containers	(10)
Air Compressor	1
Diesel Tank	1
Used Oil Tank	1
Pickup Truck	1
Grapple	1

3.9 Delivery Hours

The Transfer Station must be open for deliveries by the public at least from 8:00 am to 5:00 pm Monday through Saturday; but the Contractor may at its option extend Delivery Hours and days of operation at the Transfer Station as it deems appropriate for commercial Haulers and delivery of County drop boxes. The Transfer Station may be operated on Sunday, if necessary.

The Transfer Station shall be closed on the following holidays: New Years Day, Easter, Thanksgiving Day, and Christmas Day. The County may require changes in operating hours and days, and the Contractor may negotiate changes to operating hours and days.

3.10 Public Information Area

The Transfer Station shall include an area for posting of notices and distribution of information provided by the Contractor and County to users of the Transfer Station. The public information area shall be prominently visible to both commercial and self-haul Transfer Station users, and shall be readily accessible to all customers. The County will provide public information on Tipping Fees, handling policies for Special Wastes and household hazardous waste, descriptions of Acceptable and Unacceptable Waste, summaries of recycling opportunities in the County, and notices regarding other County solid waste and environmental information.

3.11 Billing

The Contractor will provide documentation to the County necessary for the County to bill commercial Haulers and confirm payment of self-hauled waste. Tip fee collection and billing procedures will be managed as follows:

1. Contractor shall remit all self-haul cash payments directly to the County by direct deposit into an account specified by the County.
2. The County will bill commercial Haulers for payment. Payment by commercial Haulers will be directed to the County.
3. The County will pay the Contractor for Transfer Station services in accordance with the Service Agreement.

4. The County will assume responsibility for collection of bad debts by self-haulers and commercial Haulers.

3.12 Separate County Office

The Contractor shall provide a separate office space for the County.

DIVISION FOUR – TRANSPORT AND DISPOSAL

4.1 Intermodal Facility

The Transfer Station shall include an integrated rail intermodal facility located adjacent to the Transfer Station. The intermodal facility shall include a maneuvering and storage area for storing intermodal Trailers, and loading and off-loading railcars onto a rail siding adjacent to a paved area for Transporting Acceptable Waste and other commodities. The intermodal facility is located on Transfer Station property, except that the U.S. Navy owns the land on which the rail spur is located.

The Contractor shall be responsible for the full cycle of transfer operations, including moving empty Trailers from the staging area to the compactor, loading Trailers by use of a compactor or open-top loading technology as applicable, weighing and preparation of all required documentation, and returning the sealed transfer Trailer to the Trailer staging area. All Trailers shall be delivered to and removed from the staging area by the Contractor. The Contractor shall be fully responsible for loading Trailers according to legal gross vehicle and axle weights, and shall unload and reload Trailers as necessary to achieve compliance with applicable weight limits. The Contractor shall be responsible for payment of all overweight fines received for Trailers loaded by the Contractor.

The Contractor will own and operate the top picks at the Transfer Station and at the Disposal Site, along with the required shuttle superchassis and yard jockey at the Transfer Station. In addition to the number of Trailers necessary to process the County's Acceptable Waste, The Contractor will own and maintain a reserve amount to ensure adequate handling capabilities.

4.2 Transportation

The Contractor shall transport waste from the Transfer Station, in accordance with procedures set forth in the Operating Plan. The Contractor shall provide for backup transportation as necessary to ensure Transport of Acceptable Waste to the Disposal Site, all as provided in the Operating Plan.

4.3 Disposal Site

The designated Disposal Site is the Columbia Ridge Landfill and Recycling Center (CRLRC), on property owned by Waste Management, Inc. and located approximately 10 miles south of Arlington, Oregon. The CRLRC is directly accessible by either road or rail transportation. All required permits for the CRLRC have been issued, and will be kept current throughout the term of the Agreement. CRLRC has an estimated remaining service life of 40 years. Under the terms

of the Service Agreement, the Contractor has guaranteed the County to have disposal capacity for its Acceptable Waste for a twenty-year period.

GUARANTY AGREEMENT

from

WASTE MANAGEMENT HOLDINGS, INC.

to

THE COUNTY OF KITSAP, WASHINGTON

Effective

October 30, 2000

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GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is made and dated as of October 30, 2000 between Waste Management Holdings, Inc., a corporation organized and existing under the laws of Delaware (together with any permitted successors and assigns hereunder, the "Guarantor"), and the County of Kitsap, Washington, (the "County").

RECITALS

The County and the Waste Management of Washington, Inc. (the "Company"), a Delaware corporation, have entered into a Kitsap County Service Agreement, as amended from time to time (the "Service Agreement") whereby the Company has agreed to permit, design, construct, start-up, operate and maintain a solid waste transfer station (the "Facility"), and process Kitsap County's solid waste for disposal, all as more particularly described therein.

The Company is a direct or indirect subsidiary of the Guarantor.

The County will enter into the Service Agreement only if the Guarantor guarantees the performance by the Company of all of the Company's responsibilities and obligations under the Service Agreement as set forth in this Guaranty Service Agreement (the "Guaranty")

In order to induce the execution and delivery of the Service Agreement by the County and in consideration thereof, the Guarantor agrees as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. For the purposes of this Guaranty, the following words and terms shall have the respective meanings set forth as follows. Any capitalized word or term used but not defined herein is used as defined in the Service Agreement.

"Obligations" means the amounts payable by, and the covenants and agreements of, the Company pursuant to the terms of the Service Agreement.

"Transaction Agreement" means any agreement entered into by the Company or the County in connection with the transactions contemplated by the Service Agreement, including the Service Agreement, and any supplements thereto.

1.2 Interpretation. In this Guaranty, unless the context otherwise requires:

(a) References Hereto. The terms "hereby," "hereof," "herein," "hereunder" and any similar terms refer to this Guaranty, and the term "hereafter" means after, and the term "heretofore" means before, the date of execution and delivery of this Guaranty.

(b) Gender and Plurality. Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(c) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(d) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Guaranty shall be solely for convenience of reference and shall not constitute a part of this Guaranty, nor shall they affect its meaning, construction or effect.

(e) Entire Agreement: Authority. This Guaranty constitutes the entire agreement between the parties hereto with respect to the transactions contemplated by this Guaranty. Nothing in this Guaranty is intended to confer on any person other than the Guarantor, the County and their permitted successors and assigns hereunder any rights or remedies under or by reason of this Guaranty.

(f) Counterparts. This Guaranty may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Guaranty.

(g) Applicable Law. This Guaranty shall be governed by and construed in accordance with the applicable laws of the State of Washington.

(h) Severability. If any clause, provision, subsection, Section or Article of this Guaranty shall be ruled invalid by any court of competent jurisdiction, the invalidity of any such clause, provisions, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Guaranty shall be construed and enforced as if such invalid portion did not exist provided that such construction and enforcement shall not increase the Guarantor's liability beyond that expressly set forth herein.

(i) Approvals. All approvals, consents and acceptances required to be given or made by any party hereto shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(j) Payments. All payments required to be made by the Guarantor hereunder shall be made in lawful money of the United States of America.

2. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

2.1 Representations and Warranties of the Guarantor. The Guarantor hereby represents and warrants that:

(a) Existence and Powers. The Guarantor is duly organized and validly existing as a corporation under the laws of Delaware, with full legal right, power and authority to enter into and perform its obligations under this Guaranty.

(b) Due Authorization and Binding Obligation. The Guarantor has duly authorized the execution and delivery of this Guaranty, and this Guaranty has been duly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms except insofar

as such enforcement may be affected by bankruptcy, insolvency, and other similar laws affecting creditors' rights generally.

(c) No Conflict. Neither the execution or delivery by the Guarantor of this Guaranty nor the performance by the Guarantor of its obligations hereunder (i) to the Guarantor's knowledge conflicts with, violates or results in a breach of any law or governmental regulation applicable to the Guarantor, (ii) conflicts with, violates or results in a material breach of any term or condition of the Guarantor's corporate charter or by-laws or any judgment, decree, agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument, or (iii) to the Guarantor's knowledge will result in the creation or imposition of any material encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor except as permitted hereby or by any Transaction Agreement.

(d) No Governmental Approval Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any governmental authority is required of the Guarantor for the valid execution and delivery by the Guarantor of this Guaranty, except such as shall have been duly obtained or made.

(e) No Litigation. Except as disclosed in the Guarantor's filings with the Securities and Exchange Commission pursuant to the requirements of the Securities Exchange Act of 1934, as amended, there is no action, suit or other proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the Guarantor's knowledge, threatened against the Guarantor which has a likelihood of an unfavorable decision, ruling or finding that would materially and adversely affect the validity or enforceability of this Guaranty.

(f) No Legal Prohibition. The Guarantor has no knowledge of any Applicable Law in effect on the date as of which this representation is being made which would prohibit the performance by the Guarantor of this Guaranty and the transactions contemplated by this Guaranty.

(g) Consent to Agreements. The Guarantor is fully aware of the terms and conditions of the Service Agreement.

(h) Consideration. This Guaranty is made in furtherance of the purposes for which the Guarantor has been organized, and the assumption by the Guarantor of its obligations hereunder will result in a material benefit to the Guarantor.

3. GUARANTY COVENANTS

3.1 Guaranty to the County. The Guarantor hereby absolutely, presently, irrevocably and unconditionally guarantees to the County for the benefit of the County (a) the full and prompt payment when due of each and all of the payments required to be credited or made by the Company under the Service Agreement (including all amendments and supplements thereto) to, or for the account of, the County, when the same shall become due and payable pursuant to this Guaranty, and (b) the full and prompt performance and observance of each and all of the Obligations. Notwithstanding the unconditional nature of the Guarantor's obligations as set forth

herein, the Guarantor shall have the right to assert the defenses provided in Section 3.4 hereof against claims made under this Guaranty.

3.2 Right of County to Proceed Against Guarantor. This Guaranty shall constitute a guaranty of payment and of performance and not of collection, and the Guarantor specifically agrees that in the event of a failure by the Company to pay or perform any Obligation guaranteed hereunder, the County shall have the right to proceed first and directly against the Guarantor under this Guaranty and without proceeding against the Company or exhausting any other remedies against the Company which the County may have. Without limiting the foregoing, the Guarantor agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, as a condition of enforcing the liability of the Guarantor hereunder, that the County (a) file suit or proceed to obtain a personal judgment against the Company or any other person that may be liable for the Obligations or any part of the Obligations, (b) make any other effort to obtain payment or performance of the Obligations from the Company other than providing the Company with any notice of such payment or performance as may be required by the terms of the Service Agreement or required to be given to the Company under Applicable Law, (c) foreclose against or seek to realize upon any security for the obligations, (d) exercise any other right or remedy to which the County is or may be entitled in connection with the Obligations or any security therefor or any other guarantee thereof, except to the extent that any such exercise of such other right or remedy may be a condition to the Obligations of the Company or to the enforcement of remedies under the Service Agreement. Upon any unexcused failure by the Company in the payment or performance of any Obligation and the giving of such notice or demand, if any, to the Company and Guarantor as may be required in connection with such Obligation and this Guaranty, the liability of the Guarantor shall be effective and shall immediately be paid or performed. Notwithstanding the County's right to proceed directly against the Guarantor, the County (or any successor) shall not be entitled to more than a single full performance of the obligations in regard to any breach or non-performance thereof.

3.3 Guaranty Absolute and Unconditional. The obligations of the Guarantor hereunder are absolute, present, irrevocable and unconditional and shall remain in full force and effect until the Company shall have fully discharged the Obligations in accordance with their respective terms, and except as provided in Section 3.4 hereof, shall not be subject to any counterclaim, set-off, deduction or defense (other than full and strict compliance with, or release, discharge or satisfaction of, such Obligations) based on any claim that the Guarantor may have against the Company, the County or any other person. Without limiting the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged or in any way modified by reason of any of the following (whether with or without notice to, knowledge by or further consent of the Guarantor):

(a) the extension or renewal of this Guaranty or the Service Agreement up to the specified Terms of each agreement;

(b) any exercise or failure, omission or delay by the County in the exercise of any right, power or remedy conferred on the County with respect to this Guaranty or the Service Agreement except to the extent such failure, omission or delay gives rise to an applicable statute of limitations defense with respect to a specific claim;

(c) any permitted transfer or assignment of rights or obligations under the Service Agreement or under any other Transaction Agreement by any party thereto (other than a permitted assignment to a replacement constructor or operator in the event of a termination of the Company pursuant to the Default Provisions of the Service Agreement) , or any permitted assignment, conveyance or other transfer of any of their respective interests in the Facility or in, to or under any of the Transaction Agreements;

(d) any permitted assignment for the purpose of creating a security interest or mortgage of all or any part of the respective interests of the County or any other person in any Transaction Agreement or in the Facility;

(e) any renewal, amendment, change or modification in respect of any of the Obligations or terms or conditions of any Transaction Agreement;

(f) any failure of title with respect to all or any part of the respective interests of any person in the Site or the Facility;

(g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or readjustment of, or other similar proceedings against the Company or the Guarantor, or any of the property of either of them, or any allegation or contest of the validity of this Guaranty or any other Transaction Agreement in any such proceeding (it is specifically understood, consented and agreed to that, to the extent permitted by law, this Guaranty shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted and as if no rejection, stay, termination, assumption or modification has occurred as a result thereof, it being the intent and purpose of this Guaranty that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding);

(h) except as permitted by Sections 4.1 or 4.2 hereof, any sale or other transfer by the Guarantor or any Affiliate of any of the capital stock or other interest of the Guarantor or any Affiliate in the Company now or hereafter owned, directly or indirectly, by the Guarantor or any Affiliate, or any change in composition of the interests in the Company;

(i) any failure on the part of the Company for any reason to perform or comply with any agreement with the Guarantor;

(j) the failure on the part of the County to provide any notice to the Guarantor which is not required to be given to the Guarantor pursuant to this Guaranty and to the Company as a condition to the enforcement of Obligations pursuant to the Service Agreement;

(k) any failure of any party to the Transaction Agreements to mitigate damages resulting from any default by the Company or the Guarantor under any Transaction Agreement;

(l) the merger or consolidation of any party to the Transaction Agreements into or with any other person, or any sale, lease, transfer, abandonment or other disposition of any or all of the property of any of the foregoing to any person;

(m) any legal disability or incapacity of any party to the Transaction Agreements; or

(n) the fact that entering into any Transaction Agreement by the Company or the Guarantor was invalid or in excess of the powers of such party.

Should any money due or owing under this Guaranty not be recoverable from the Guarantor due to any of the matters specified in subparagraphs (a) through (n) above, then, in any such case, such money, together with all additional sums due hereunder, shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal obligor in place of the Company pursuant to the terms of the Service Agreement and not merely a guarantor and shall be paid by the Guarantor forthwith subject to the terms of this Guaranty. Notwithstanding anything to the contrary expressed in this Guaranty, nothing in this Guaranty shall be deemed to amend, modify, clarify, expand or reduce the Company's rights, benefits, duties or obligations under the Service Agreement. To the extent that any of the matters specified in subparagraphs (a) through (f) and (h) through (n) would provide a defense to, release, discharge or otherwise affect the Company's Obligations, the Guarantor's obligations under this Guaranty shall be treated the same.

3.4 Defenses, Set-Offs and Counterclaims. Notwithstanding any provision contained herein to the contrary, the Guarantor shall be entitled to exercise or assert any and all legal or equitable rights or defenses which the Company may have under the Service Agreement or under Applicable Law (other than bankruptcy or insolvency of the Company and other than any defense which the Company has expressly waived in the Service Agreement or the Guarantor has expressly waived in Section 3.5 hereof or elsewhere hereunder), and the obligations of the Guarantor hereunder are subject to such counterclaims, set-offs or deductions which the Company is permitted to assert pursuant to the Service Agreement if any.

3.5 Waivers by the Guarantor. The Guarantor hereby unconditionally and irrevocably waives:

(a) notice from the County of its acceptance of this Guaranty;

(b) notice of any of the events referred to in Section 3.3 hereof except to the extent that notice is required to be given as a condition to the enforcement of Obligations;

(c) to the fullest extent lawfully possible, all notices which may be required by statute, rule of law or otherwise to preserve intact any rights against the Guarantor, except any notice to the Company required pursuant to the Service Agreement or Applicable Law as a condition to the performance of any Obligation;

(d) to the fullest extent lawfully possible, any statute of limitations defense based on a statute of limitations period which may be applicable to guarantors (or parties in similar relationships) which would be shorter than the applicable statute of limitations period for the underlying claim;

- (e) any right to require a proceeding first against the Company;
- (f) any right to require a proceeding first against any person or the security provided by or under any Transaction Agreement except to the extent such Transaction Agreement specifically requires a proceeding first against any person (except the Company) or security;
- (g) any requirement that the Company be joined as a party to any proceeding for the enforcement of any term of any Transaction Agreement;
- (h) the requirement of, or the notice of, the filing of claims by the County in the event of the receivership or bankruptcy of the Company; and
- (i) all demands upon the Company or any other person and all other formalities the omission of any of which, or delay in performance of which, might, but for the provisions of this Section 3.5, by rule of law or otherwise, constitute grounds for relieving or discharging the Guarantor in whole or in part from its absolute, present, irrevocable, unconditional and continuing obligations hereunder.

3.6 Payment of Costs and Expenses. The Guarantor agrees to pay the County on demand all reasonable costs and expenses, legal or otherwise (including counsel fees), incurred by or on behalf of the County in successfully enforcing by Legal Proceeding observance of the covenants, agreements and obligations contained in this Guaranty against the Guarantor, other than the costs and expenses that the County incurs in performing any of its obligations under the Service Agreement, or other applicable Transaction Agreement where such obligations are a condition to performance by the Company of its Obligations.

3.7 Subordination of Rights. The Guarantor agrees that any right of subrogation or contribution which it may have against the Company as a result of any payment or performance hereunder is hereby fully subordinated to the rights of the County hereunder and under the Transaction Agreements and that the Guarantor shall not recover or seek to recover any payment made by it hereunder from the Company until the Company and the Guarantor shall have fully and satisfactorily paid or performed and discharged the Obligations giving rise to a claim under this Guaranty.

3.8 Separate Obligations: Reinstatement. The obligations of the Guarantor to make any payment or to perform and discharge any other duties, agreements, covenants, undertakings or obligations hereunder shall (a) to the extent permitted by Applicable Law, constitute separate and independent obligations of the Guarantor from its other obligations under this Guaranty, (b) give rise to separate and independent causes of action against the Guarantor and (c) apply irrespective of any indulgence granted from time to time by the County. The Guarantor agrees that this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of the Company is rescinded or must be otherwise restored by the County, whether as a result of any proceedings in bankruptcy, reorganization or similar proceeding, unless such rescission or restoration is pursuant to the terms of the Service Agreement, or any applicable Transaction Agreement or the Company's enforcement of such terms under Applicable Law.

3.9 Term. This Guaranty shall remain in full force and effect from the date of execution and delivery hereof until all of the Obligations of the Company have been fully paid and performed. This Guaranty shall be effective irrespective as to when the Commercial Operations Date occurs.

4. GENERAL COVENANTS

4.1 Maintenance of Corporate Existence.

(a) Consolidation, Merger, Sale or Transfer. The Guarantor covenants that during the term of this Guaranty it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it unless the successor is the Guarantor and the conditions contained in clause (ii) below are satisfied; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if (i) the successor entity (if other than the Guarantor) (1) assumes in writing all the obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the State of Washington, and (2) delivers to the County an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws, and (ii) any such transaction does not result in a Material Decline in Guarantor's Credit Standing, as defined in Section 5.5 of the Service Agreement or if such transaction results in a Material Decline in Guarantor's Credit Standing, as defined in Section 5.5 of the Service Agreement, the successor Guarantor provides credit enhancement as required by Section 5.5 of the Service Agreement.

(b) Continuance of Obligations. If a consolidation, merger or sale or other transfer is made as permitted by this Section 4.1, the provisions of this Section 4.1 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section 4.1. No such consolidation, merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor entity has assumed responsibility for this Guaranty as provided in this Section 4.1, and if such transaction results in a Material Decline in Guarantor's Credit Standing as defined in Section 5.5 of the Service Agreement, the successor Guarantor shall provide credit enhancement as required by Section 5.5 of the Service Agreement.

4.2 Assignment. Without the prior written consent of the County, this Guaranty may not be assigned by the Guarantor, except pursuant to Section 4.1 hereof.

4.3 Consent to Jurisdiction. The Guarantor irrevocably: (a) agrees that any Legal Proceeding arising out of this Guaranty shall be brought in Kitsap County Superior Court of the State of Washington, or the U.S. Western District Court of Washington, whichever has appropriate jurisdiction; (b) consents to the jurisdiction of such court in any such Legal Proceeding; (c) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any of such courts; and (d) waives its right to a trial by jury in any Legal Proceeding in any of such courts.

4.4 Binding Effect. This Guaranty shall inure to the benefit of the County and its permitted successors and assigns and shall be binding upon the Guarantor and its successors and assigns.

4.5 Amendments, Changes and Modifications. This Guaranty may not be amended, changed or modified or terminated and none of its provisions may be waived, except with the prior written consent of the County and of the Guarantor.

4.6 Liability. It is understood and agreed to by the County that nothing contained herein shall create any obligation of or right to look to any director, officer, employee or stockholder of the Guarantor (or any Affiliate thereof) for the satisfaction of any obligations hereunder, and no judgment, order or execution with respect to or in connection with this Guaranty shall be taken against any such director, officer, employee or stockholder.

4.7 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or sent by first class mail and facsimile, to such addresses:

If to the Guarantor: Waste Management Holdings, Inc.
1001 Fannin, Suite 4000
Houston, TX 77002

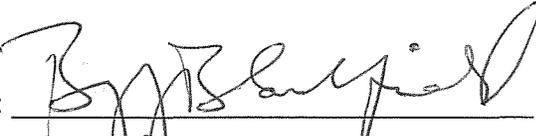
If to the County: Kitsap County Public Works
Solid Waste Division
614 Division, MS-27
Port Orchard, WA 98366

With a copy to: Waste Management of Washington, Inc.
10015 SW Barney White Road
Port Orchard, WA 98366

Either party may, by like notice, designate further or different addresses to which subsequent notices shall be sent. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee. Notices and communications given by mail hereunder shall be deemed to have been given 5 days after the date of dispatch; all other notices shall be deemed to have been given upon receipt.

IN WITNESS WHEREOF, the Guarantor has caused this guaranty to be executed in its name and on its behalf by its duly authorized officer as of the date first above written.

WASTE MANAGEMENT HOLDINGS, INC.,
Guarantor

By: 
Its: Bryan J. Blankfield
Vice President & Secretary

Accepted and Agreed to by:

KITSAP COUNTY

By: 
Its: _____

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX B

**SITE MAPS & ENGINEERING DRAWINGS
(REFERENCE LIST)**

**Appendix B
Pending Completion**

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX C

EMERGENCY ACTION PLAN PROGRAM

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX E

OVTS SCALEHOUSE OPERATIONS

**Appendix E
Pending Completion**

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX F

**SPECIAL WASTE MANAGEMENT & UNACCEPTABLE WASTE
EXCLUSION PLAN**

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX G

ASBESTOS MANAGEMENT PROGRAM

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX H

**STANDARD OPERATING PROCEDURE FOR HANDLING SUSPECT
METHAMPHETAMINE LAB WASTE**

STANDARD OPERATING PROCEDURE FOR HANDLING SUSPECT METHAMPHETAMINE LAB WASTE

INTRODUCTION

Among the most dangerous equipment in a methamphetamine (meth) lab are the compressed gas containers used to store anhydrous ammonia or create hydrochloric acid (HCl). Propane tanks are not designed to contain a corrosive like anhydrous ammonia, which rapidly degrades the tank lining as well as the valve.

This Standard Operating Procedure (SOP) is intended to assist workers with identification, visual inspection, and response to suspect meth lab wastes. This SOP applies to all workers at Kitsap County Solid and Hazardous Waste Facilities, including Olympic View Transfer Station (OVTS). The primary concerns for workers are respiratory/inhalation exposure(s) to anhydrous ammonia, as well as respiratory and dermal exposure(s) to hydrochloric acid residuals. The most common wastes generated from the manufacturing of meth include "modified" propane tanks and adulterated plastic bottles, as shown in Figure 1 and 2 below.

CHARACTERISTICS OF METHAMPHETAMINE EQUIPMENT OR WASTE

Meth labs may be set up at campgrounds, rest areas, rental homes, motel rooms, garages, storage sheds, vacant buildings, and in abandoned cars. Typical meth lab equipment includes chemical bottles, glassware, hoses, and pressurized cylinders. The cylinders can take many forms, including modified propane tanks, fire extinguishers, scuba tanks and soda dispensers. The tanks usually contain anhydrous ammonia or hydrochloric acid – both highly poisonous and corrosive.

Meth lab equipment is frequently abandoned after use, leaving potentially explosive and harmful chemicals and waste products behind. These materials are commonly abandoned alongside the road, in dumpsters, or in motel rooms, often in boxes or duffle bags. Abandoned chemicals may also be dumped on the ground in wooded areas, along roads, or small pits and set on fire.

IDENTIFICATION OF SUSPECTED METH LAB EQUIPMENT

Presumptive identification of modified propane tanks can be achieved through visual inspection of the tank valve. The following bullets highlight the most common characteristics of a modified tank:

- The valve will have a bluish-green precipitate (Figure 1);
- The valve may appear retrofitted in some way;
- The valve is brass; or
- The base of the tank may contain wire, rope, or like devices used to invert and hang the tank during the meth manufacturing process.

During the final stage of the manufacturing process, Hydrogen Chloride (HCl) gas is created. The HCl gas can be purchased at chemical supply stores but is most often made in apparatus called HCl gas generators. Salt is added into the bottom of a metal or plastic container. Sulphuric acid, purchased in stores as drain cleaner, is then poured on top of the salt. Muriatic acid, also known as pool cleaner, and bits of aluminum foil might also be used. A long hose or tubing is added to the generator lid (see Figure 2). HCl gas is generated and bubbles through the hose into an ether solution.

HCI generators associated with clandestine labs are typically not labeled. Suspect HCI generators can be made from a variety of containers. Soda bottles are common, but also kitchen glassware, funnels, plastic bottles, metal containers, and tubing.

RESPONDING TO SUSPECT METH WASTE EQUIPMENT

1. Call "911". When the operator responds, tell them "This is a non-emergency."
2. When the operator asks the reason(s) for your call, describe the problem tank(s)/container(s) as thoroughly as possible and any information you may know regarding the person(s) responsible.

The operator will then contact the State Police, who will either respond directly or ask the West Sound Narcotics Enforcement Team (WESTNET) to respond. A WESTNET investigator may call you to obtain more a more specific description of the tank as well as arrange a time to inspect the container and/or secure and remove them.

3. Propane tanks containing anhydrous ammonia can be extremely unsafe when exposed to sunlight. If possible, the suspect tank should be stored under cover or away from sunlight and heat, until WESTNET arrives. If a container must be moved to insure the health and safety of others, use either Nitrile or PVC gloves. WESTNET will remove the suspect tanks/containers if they determine them to be probable meth lab waste. If the tank is determined to be non-suspect waste, it will be left at your respective facility for proper disposal.
4. Suspect HCI generator containers and other equipment should not be handled due to the hazard(s) associated with low pH residual or secondary contamination in or on the container.
5. The OVTS Operations Manager should notify the KC Transfer Systems Manager the results of the WESTNET site visit/investigation. Fill out an Incident Report and send to the KC Transfer Systems Manager for filing in SWD central files. Include all observed waste types, emergency personnel called, and final disposition of Meth waste.



Figure 1. Tank Containing Anhydrous Ammonia



Figure 2. Mountain Dew Bottle Used For HCl Generation

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX I

BLOODBORNE PATHOGENS EXPOSURE CONTROL PLAN

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX J

FORMS & REPORTS

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX K

**COLUMBIA RIDGE LANDFILL AND RECYCLING CENTER
SOLID WASTE DISPOSAL SITE PERMIT**

Internal operator document. Section detail removed by Kitsap County prior to release of Addendum 5 for RFP 2020-125.

**PLAN OF OPERATIONS
OLYMPIC VIEW TRANSFER STATION**

APPENDIX L

OVTS POST COLLECTION FACILITY OPERATION PROCEDURES

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