

**FIRST AMENDMENT TO  
EXCLUSIVE FRANCHISE AND CONTRACT  
BETWEEN THE CITY OF JOHNSON CITY AND  
HILL COUNTRY WASTE SOLUTIONS  
FOR THE COLLECTION AND DISPOSAL OF  
MUNICIPAL SOLID WASTE AND RECYCLABLE MATERIALS  
IN THE CITY OF JOHNSON CITY, TEXAS**

This First Amendment ("First Amendment") to Exclusive Franchise and Contract between the City of Johnson City and Hill Country Waste Solutions for the Collection and Disposal of Municipal Solid Waste and Recyclable Materials in the City of Johnson City, Texas ("Contract") is entered into by and between the City of Johnson City, Texas ("City") and Hill Country Waste Solutions ("Contractor"), individually "Party", and collectively "the Parties", acting by and through their duly authorized representatives.

**RECITALS**

**WHEREAS**, the City Council of the City and Contractor entered into that Contract on June 1, 2022 ("Effective Date") for the collection, removal, and disposal of solid waste in the City; and

**WHEREAS**, the Parties desire to update the Contract by this First Amendment.

**NOW, THEREFORE**, in consideration of the agreements contained herein, the Parties agree to amend the Contract as follows:

**FIRST AMENDMENT**

A. The Parties hereby amend the following sections of the Contract, with strikethroughs constituting deleted text and underlines as new text, to read as follows:

**II. TERM**

2.1 Initial Term. The initial term of this Contract shall commence June 1, 2022 ("Commencement Date") and shall terminate on ~~June 1~~ September 30, 2025, unless terminated as provided herein.

2.2 Automatic Renewal. ~~At the end of the initial 3 year term, and at the end of each renewal term thereafter, this Contract shall automatically renew for a successive three (3) year term.~~ This Contract shall automatically renew for a successive three (3) year term ("Renewal Term") at the end of the initial term and at the end of each renewal term thereafter, unless terminated as provided herein.

## XII. BILLING, RATES, AND FEES

~~12.3 In determining the following year's CPI-U adjustment, the Schedule of Rates, as amended from time to time, shall be computed as follows. The CPI-U used will be the CPI-U published by the Bureau during the ninety (90) days preceding the adjustment under this section. The amount of the increase or decrease shall be equal to the percentage that the CPI-U has increased or decreased over the previous twelve (12) month period.~~

12.3 CPI Adjustment. For modifications after the first year of this Contract, a modification amount of an increase or decrease shall be equal to the percentage that the CPI-U has increased or decreased during the term periods outlined below. The CPI-U used will be the CPI-U published by the Bureau as follows:

- a. Beginning one year from the effective date of this Contract ("Year Two"), the CPI-U to be used will be the CPI-U published by the Bureau for the twelve (12) month percent change from March 2022 to March 2023. Said adjustment will be applied and be effective June 1, 2023 through September 30, 2024.
- b. Following Year Two, for the subsequent year ("Year Three"), the CPI-U to be used will be the CPI-U published by the Bureau for the fifteen (15) month percent change from April 2023 to July 2024. Said adjustment will be applied and be effective October 1, 2024 through September 30, 2025.
- c. For years following Year Three, the CPI-U to be used will be the CPI-U published by the Bureau during the ninety (90) days preceding the adjustment to be made as authorized under this section. Subsequent modifications shall be implemented on October 1<sup>st</sup> of each year.

12.4 Additional Costs Adjustments.

- a. In addition to the above, the Contractor may adjust the Schedule of Rates at any time after giving thirty (30) days written notice to the City on the basis of unusual changes in the cost of operations. The Contractor shall also be entitled to "pass through" any actual taxes, fees, or other impositions made upon the Contractor by any governmental or regulatory entity by billing the City directly for such costs to the extent the Contractor is affected or liable for them. The City may cancel the Contract by giving the Contractor thirty (30) days written notice should the abovementioned increase(s) in rates be considered by the City, at its sole discretion, to be unreasonable.
- b. The Contractor may implement, at its discretion, a fuel surcharge when the average quarterly price per gallon (three-month average) of "Diesel – All Types" for the "Gulf Coast" region preceding July 1, October 1,

January 1, and April 1 equals \$3.70 or higher per gallon, according to the United States Energy Information Administration. The surcharge shall act as a "pass through" whereby the Contractor shall bill the City directly for such surcharge to the extent the Contractor is liable for them. Fuel surcharges shall be computed as follows:

((Avg. Diesel Cost per Gal.) - \$3.69) \* (No. of Gals. Purchased in Preceding 3 Months)  
No. of Residential, Commercial, and Industrial Units within City

An implemented fuel surcharge shall be removed and discontinued and any excess collection refunded to the City when the average quarterly price per gallon falls below \$3.70 per gallon.

- B. The remainder provisions and terms of the Contract shall remain in place and unchanged.
- C. The Mayor is hereby authorized to execute this First Amendment on behalf of the City. This First Amendment may be executed in duplicate original counterparts, each of which so executed shall be deemed to be an original. Such counterparts shall together constitute one in the same instrument.

**IN WITNESS WHEREOF**, by each signature below, the Parties have made and executed this First Amendment on the respective dates:

**CITY: CITY OF JOHNSON CITY**

\_\_\_\_\_  
Stephanie Fisher, Mayor

\_\_\_\_\_  
Date

Attest:

\_\_\_\_\_  
Whitney Walston, City Secretary

\_\_\_\_\_  
Date

**CONTRACTOR: HILL COUNTRY WASTE SOLUTIONS**

\_\_\_\_\_  
Karlis Ercums IV, President

\_\_\_\_\_  
Date