



# Naperville

## CITY COUNCIL AGENDA ITEM

**SUBJECT:** Approve Sole Source Award and Authorize City Manager to Lease Three  
Parcels of City Property for Leaf Disposal

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**TYPE OF VOTE:** A. A motion to approve a sole source award requires a simple  
majority; and  
B. A motion to lease property owned by the City for a term of two  
years requires a three-quarter (3/4) vote (7 positive votes)

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**ACTION REQUESTED:**  
A. Approve the sole source award of Procurement 16-173: Leaf Disposal Services, to  
BioAg, Inc. for a two year contract term in an amount not to exceed \$208,000 per year;  
and  
B. Authorize the City Manager to enter into a two year lease agreement of three parcels of  
City property for the disposal of leaves.

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**BOARD/COMMISSION REVIEW:**  
N/A

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**COUNCIL ACTION PREVIOUSLY TAKEN:**

Date	Item No.	Action
8/16/11	I.11	Council unanimously waived the applicable provisions of the Naperville Procurement Code and set prices for Fiscal Years 2011 – 2016 and awarded Contract 12-060, Leaf Disposal, to various contractors, for an amount not to exceed \$539,000 for the period of October 1, 2011 through April 30, 2016.

**DEPARTMENT:** Department of Public Works  
Finance Department

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**SUBMITTED BY:** Richard Dublinski, Director of Public Works  
Rachel Mayer, Finance Director

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## **BACKGROUND:**

The City administers two methods by which residents may conveniently dispose of leaves. The first method allows residents to dispose of leaves by bagging the leaves and placing the bags at the curb in front of their residence. The bagged leaves are picked up curbside by the City's contracted waste haulers along with other yard waste. The second method allows residents to dispose of their leaves via a bulk curbside leaf collection program.

### **Bulk Curbside Leaf Collection Program**

This program is structured so that DPW collects leaves that have been deposited on the street next to the curb in front of residences. The City residents are provided three curbside leaf collection opportunities during the fall season, which equates to one pickup collection citywide every two weeks. The program has historically begun six weeks prior to Thanksgiving Day. This service is primarily provided in-house by DPW personnel and contracted temporary labor.

DPW annually collects over 50,000 cubic yards of leaves through the program. The collected leaves must be disposed of in an environmentally appropriate way compliant with Illinois Environmental Protection Agency ("IEPA") regulations. In the past, the City has contracted with a third party to appropriately dispose of the collected leaves. The disposal process involves the City hauling the collected leaves to designated farm land where the contracted third party spreads, treats and tills the leaves into the soil.

### **Challenges**

Properly disposing of approximately 50,000 cubic yards of leaves collected over a 45 day period in the late Fall with unpredictable weather conditions, is a challenging task, in part due to limited local disposal sites and reliable disposal vendors.

### **Disposal Sites**

The availability of local disposal sites are crucial to the efficiency of the bulk curbside leaf collection program, as the leaves are disposed of immediately as they are collected. Available farm land is increasingly difficult to find locally and the cost of hauling the leaves out of the area greatly increases costs and negatively impacts DPW's ability to complete the program on time.

The City has identified the following three parcels of vacant City owned agricultural property upon which leaves may be spread for disposal. Site plans and legal descriptions of the three parcels are attached.

- 4100 Plainfield/Naperville Road (15.9 acres),
- The southeast corner of Route 59 and 103<sup>rd</sup> Street (19.0 acres), and
- The southwest corner of 91<sup>st</sup> Street and Wolf's Crossing Road (17.5 acres).

Although the City has approximately 52.4 acres of City property that may be used for leaf disposal, approximately 250 additional acres of agricultural land is required to dispose of the approximately 50,000 cubic yards of leaves collected annually.

### **Disposal Vendor**

In addition to finding local farm land to use for the disposal of leaves, it is a challenge to find a third party vendor capable of reliably and appropriately disposing of approximately 50,000 cubic yards of leaves delivered over an approximate 45 day period in all weather conditions. The success of the bulk curbside leaf collection program requires the City to partner with a disposal vendor that is able to (1) provide at least 200 acres, in addition to the aforementioned City owned property, of farm land located within five miles of the City, (2) receive approximately 50,000 cubic yards of leaves delivered over an approximate 45 day period in all weather conditions, and (3) dispose of the leaves in an environmentally appropriate way compliant with IEPA regulations, including obtaining any necessary permits. Over the past several years there has been only one local vendor, BioAg, Inc., that has been willing to provide said service at the current \$3.85 per cubic yard price set by Council in 2011.

### **Prior Council Action**

In 2011, the City had an existing agreement with its residential recycling contractor to dispose of the City's leaves at a cost of \$3.85 per cubic yard. However, disposal locations used by the City's residential recycling contractor were not efficient from most areas of the City<sup>1</sup>. To determine whether the City could get better disposal locations and a better price per cubic yard for leaf disposal, staff issued a bid and received two responses. One was for \$5.20 per cubic yard and the other was for \$4.25 per cubic yard. Instead of accepting either of those bids, the City Council waived the procurement code and set a price of \$3.85 per cubic yard for leaf disposal for Fiscal Years 2011-2016 and made it available to any interested vendor. For the past several years, BioAg has been the only vendor able to provide for leaf disposal at local locations. The \$3.85 price per cubic yard set by Council expires on April 30, 2016.

Additionally, in 2011, the City entered into an agreement with Drendel Farms to lease the City's aforementioned 52.4 acres of vacant City owned agricultural property, split between three separate parcels contingent on the City being allowed to deposit its leaves on the parcels for disposal. During the initial year (2011/12) the City charged Drendel Farms \$4,725 for the lease and in subsequent years Drendel Farms was charged \$150/acre (\$7,860) per year. Drendel Farm's lease expires on April 14, 2016.

It is notable that Ben Drendel is the president of both Drendel Farms and BioAg. In order to best address the leaf disposal needs of the bulk curbside leaf collection program, both local farms owned or leased by BioAg and the City parcels leased by Drendel Farms have been used as disposal sites. This has been advantageous for the City because it allows the City to reduce trucking costs by having access to dispose of a majority of its leaves at sites located in Naperville.

### **DISCUSSION:**

The continued success of the City's bulk curbside leaf collection program hinges on securing a reliable, competent vendor to dispose of the leaves collected by the City and the availability of local property where the City may deposit collected leaves for disposal.

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<sup>1</sup> The City's residential recycling contract no longer provides for bulk leaf disposal.

### **BioAg Sole Source**

DPW has researched the availability of sources for the disposal of leaves collected by the City and has concluded that BioAg is the only available source that meets the City's needs. The Naperville Procurement Code requires that for a sole source procurement the City's Chief Procurement Officer must conduct a good faith review of available sources and determine that there is only one source available for the needed service<sup>2</sup>. In order to verify DPW's determination that BioAg is the only available source, the Procurement Department published a notice of its intent to award a sole source contract to BioAg for leaf disposal services on the City's online bidding service and in the newspaper to allow suppliers to notify the City if they were also able to perform the services. A copy of the notice is attached. The stated purpose of the notice was to publically announce the City's intent to sole source the leaf disposal contract to BioAg for \$208,000 per year over two years with three additional option years. The notice invited any vendor that does not agree that the leaf disposal service needed is only available from BioAg to contact the City's procurement services team. The notice was published on February 8, 2016 and to date, the procurement services team has not received any responses.

The City's Chief Procurement Officer has determined that BioAg is the only source available for the disposal of leaves collected via the City's bulk curbside leaf collection program. BioAg meets the City's requirements concerning access to nearby disposal sites and the ability to accept approximately 50,000 cubic yards of leaves delivered over an approximate 45 day period in all weather conditions for appropriate disposal. Additionally, BioAg has performed well as the City's current leaf disposal supplier.

### **Leaf Disposal Agreement**

The proposed leaf disposal agreement between the City and BioAg is attached. The term of the agreement is May 1, 2016 through April 30, 2018 with three additional option years available. The agreed upon unit cost is \$4.00 per cubic yard for the initial two year term. For each of the three one-year option years, the contractor can request no more than a 5% increase in the unit cost, which must be agreed to by the City. The previous cost, which began in the curbside recycling contract more than 15 years ago, was \$3.85 per cubic yard. The new cost is a 3.8% increase, which staff believes is fair given that the cost has not changed in 15 years and will be maintained for the two year contract term.

### **Lease of City's Agricultural Property**

As discussed above, the City owns three parcels of agricultural property which have been leased to Drendel Farms while still being used by the City to deposit leaves for disposal. These properties are not desirable parcels for purposes other than leaf disposal and farming. The last bid advertisement to lease these City properties was conducted in 2011 and Drendel Farms was the only bidder. The Naperville Park District recently conducted a bid to lease its agriculturally zoned properties and Drendel Farms was the only bidder. These parcels, however, are a strategic piece of DPW's leaf disposal operations because of their convenient locations and ability to take leaves during all weather conditions. Being able to deposit leaves on these properties allows DPW operators to continue collecting the leaves without having to travel long distances to

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<sup>2</sup> per 1-9B-4:5 of the Naperville Municipal Code

dispose of leaves. Without the use of these properties for leaf disposal, the City's cartage costs will increase and the City may not be able to complete bulk curbside leaf collection program on schedule.

**Drendel Farms Lease**

Drendel Farms has been leasing the land since 2011 and has met all the terms of the existing lease including accepting leaves from the bulk curbside leaf collection program and maintaining the site. Drendel Farms' lease expires on April 14, 2016. Ben Drendel has indicated that Drendel Farms is willing to enter into a new lease for said property for a nominal cost in exchange for continuing to allow the property to be used by the City to deposit its leaves for disposal.

It is recommended that Council authorize the City Manager to enter into a lease agreement for these properties for a nominal fee contingent on the City being allowed to deposit its leaves on the parcels for disposal. It is anticipated that the term of any such lease will be May 1, 2016 through April 30, 2018 with three additional option years and that the lessee will continue to be Drendel Farms.

**Future of Leaf Program**

DPW is currently investigating various other innovative options for the disposal of leaves. DPW's intent is to find other ways to continue the program while reducing the increasing costs associated with both cartage and disposal. Since the other options may require an initial capital outlay, DPW will provide additional information for Council review at a later date.

**FISCAL IMPACT:**

CIP #: N/A

Leaf disposal services is one line-item budgeted in the account in the table below. This contract has a 3.8% percent increase from FY16 to CY2016. A total of \$196,350 was budgeted for leaf disposal services and the annual award of \$208,000 is slightly higher than the City's CY2016 budget estimates. Additional funding will be requested for second year of the contract in CY2017.

Account Number	Fund Description	Total Budget Amount
010-4230-431.40-43	General Fund - DPW	\$271,350

**RECOMMENDATION:**

- A. Approve the sole source award of Procurement 16-173: Leaf Disposal Services, to BioAg, Inc. for a two year contract term in an amount not to exceed \$208,000 per year; and
- B. Authorize the City Manager to enter into a two year lease agreement of three parcels of City property for the disposal of leaves.

**ATTACHMENTS:**

- 1. Site plans and legal descriptions of three parcels of City property
- 2. Notice of its intent to award a sole source contract to BioAg leaf disposal services
- 3. Bulk Curbside Leaf Collection Program Disposal Agreement