

MEMORANDUM

TO: Park Advisory Commission

FROM: Colin Smith, Parks & Recreation Services Manager

DATE: February 26, 2013

SUBJECT: Resolution to recommend approval of a two year Contract for the lease of golf carts and to recommend authorizing the sale of 24 City owned golf carts with Pifer Inc. for an amount not to exceed \$40,260.00

Attached for your review and recommendation is a resolution to approve a contract with Pifer Inc. to lease 65 golf carts for the 2013 and 2014 seasons for use at Huron Hills and Leslie Park Golf Course, with an option to renew for the 2015 season. In addition, you are asked to recommend authorizing the sale of 24 City owned golf carts to Pifer Inc.

Both Huron Hills and Leslie Park Golf Course offer golf carts for rental. This is a significant revenue generator for both courses. In FY2012 golf cart rentals resulted in approximately \$250,000.00 in revenue.

In 2009 Council authorized purchasing a fleet of golf carts at the end of an existing five year lease contract. The intent was to use those carts for a short period of time and then resell them. Golf staff has managed to utilize those carts for an additional four seasons while supplementing demand through the leasing of additional carts. After reviewing the 2012 season it was determined that many of the owned carts, now nine years old, were no long suitable for rental.

As a result, the City, in seeking a two-year lease for 65 carts (for carts not older than 7 years), and also requested trade-in prices for 24 City owned carts, deemed no longer suitable for rental. The carts were purchased in 2009 at a price of \$950.00 per cart. Bidders offered between \$1,200.00 and \$1475.00 to buy the carts 4 years later. The purchase amount for the carts is being applied over the course of the 2 year lease for the 65 carts, lowering the monthly lease payments.

An Invitation to Bid (ITB #4259) was advertised on the Michigan Inter-governmental Trade Network as well as on the City of Ann Arbor Purchasing website. Bids were received from four companies:

	LEASE COST	CREDIT FOR SALE OF 24 CARTS	NET COST
Pifer Inc.	\$75,600.00	\$35,400.00	\$40,260.00*
Michigan Tournament Fleet	\$89,700.00	\$30,000.00	\$59,700.00
Ellis Sales Inc.	\$101,400.00	\$28,800.00	\$72,600.00
Club Car – Midwest Golf & Turf	\$124,113.00	\$28,800.00	\$95,313.00

*Lowest Responsible Bid

Pifer Inc. has conducted business with the City golf courses during the 2012 season and the City is satisfied with their service. The golf carts that are to be leased are from 2009 and are the equivalent or better of an EZGO TXT, an industry standard for a golf cart. The contract includes once a week maintenance throughout the contract period and emergency service within 24 hours of reporting a problem, by a certified service technician.

It is requested that the contract be approved for two-years, for an amount not to exceed \$40,260.00. Funding is available for FY2013 in the Golf Enterprise Fund and will be contained annually in the Parks & Recreation Services General Fund for future years of the contract.

Pifer, Inc. meets the living wage and prevailing wage requirements and received Human Rights approval on May 11, 2012.

Prepared by: Doug Kelly, Director of Golf
Colin Smith, Parks and Recreation Services Manager

RESOLUTION TO RECOMMEND APPROVAL OF A TWO YEAR CONTRACT FOR THE LEASE OF GOLF CARTS AND TO RECOMMEND AUTHORIZING THE SALE OF 24 CITY OWNED GOLF CARTS WITH PIFER INC. FOR AN AMOUNT NOT TO EXCEED \$40,260.00

Whereas, Golf carts are an important aspect of the golf operations and are available at both Huron Hills and Leslie Park Golf Courses;

Whereas, In the interest of providing City customers with a quality and reliable vehicle for rental the City issued ITB 4259;

Whereas, Four responses to the ITB were received and Pifer Inc. was selected as the lowest responsible bid;

Whereas, Funding is available for FY2013 in the Golf Enterprise Fund and will be contained annually in the Parks & Recreation Services General Fund for future years of the contract; and

Whereas, Pifer Inc. received human rights approval on May 11, 2012;

RESOLVED, That the Park Advisory Commission recommends approval of a lease/sale contract with Pifer Inc. for the lease of 65 golf carts and sale of 24 golf carts for a term of two years for an amount not to exceed \$20,130.00 per year with the option to renew for a third year;