



Legislation Text

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Resolution to Approve Exercising the Purchase Option of the City's Golf Car Lease Agreement with Club Car to Purchase 60 Golf Cars at a Cost of \$54,000.00, Appropriate \$30,000.00 from the Golf Enterprise Fund, and Allow for the Resale of up to 60 Golf Cars **(8 Votes Required)**

Attached for your review and action is a resolution to approve exercising the purchase option of the City's Golf Car Lease Agreement with Club Car to purchase 60 golf cars currently at the Leslie Park Golf Course at a cost of \$54,000.00, appropriate \$30,000.00 from the Golf Enterprise Fund for a portion of the purchase, and to allow the resale of up to 60 golf cars.

The current golf car lease with Club Car expires on December 1, 2008. The terms of the lease offer the City an option to purchase the cars at the conclusion of the lease agreement. The cost to purchase the cars is \$900.00 per car for a total cost of \$54,000.00 for the 60 cars. Club Car has accepted an extension of this lease option until January 31, 2009, contingent on City Council approval to exercise the purchase option of the agreement. If Council does not approve exercising the purchase option, the lease will expire with Club Car immediately.

The fair market value of the cars is \$1,500.00 to \$2,500.00 per car depending on the condition of each car. The City has received two preliminary offers, \$1,700.00 and \$1,800.00 per golf car, from golf car companies to purchase the cars. City staff estimates 56 golf cars are in saleable condition with 4 cars cosmetically damaged.

If Council approves exercising the purchase option of the lease agreement, the purchase would need to occur by January 31, 2009. The purchase would allow the City to have cars through the remainder of the 2008 golf season for use as long as the course stays open. Given the current conditions of the cars being purchased, 30 of the 60 cars would be sold prior to the start of the 2009 season, the 4 cosmetically damaged cars would be kept for use by the maintenance staff at Huron Hills and Leslie Park, and the remaining 26 cars would be kept for use during the 2009 season. Based on preliminary bids received to date, staff estimates the 30 cars that would be sold immediately would generate approximately \$54,000.00. The 30 cars the City retains will be evaluated each golf season, with future sales being held based on the future condition of the cars. The sales of golf cars will be through a formal RFP process. Additionally, staff is preparing an RFP for a new 4 or 5 year golf car lease. Staff anticipates the RFP to include the leasing of 40 new golf cars with bonnets in year one of the lease, 50 in year two, 60 in year three, and 66 in year four and year five with a purchase option at the end of the lease to allow for the shift from leasing golf car equipment to owning it, which is the preferred City practice.

A portion of the funds to purchase the cars are from Council authorized funds for equipment and capital improvements at the golf courses, as a result of savings achieved during the implementation of the golf course improvements recommended by the Golf Courses Advisory Task Force and approved by Council. \$24,000.00 is available from savings that were realized by coming in under budget on the equipment purchases. The remaining \$30,000.00 is available, pending approval of the funds being reappropriated, in the Leslie Park Golf Course operating budget for FY09.

Parks & Recreation Services staff and the Golf Courses Advisory Task Force have evaluated this proposal and are supportive of this action.

Prepared by: Colin Smith, Manager of Parks and Recreation Services

Reviewed by: Jayne Miller, Community Services Administrator

Approved by: Roger Fraser, City Administrator

Whereas, There is an option to purchase 60 golf cars at the conclusion of the City's current golf car lease agreement with Club Car for \$54,000.00;

Whereas, Funding is available, from the funds allocated for equipment and capital improvements at the golf courses, as a result of cost savings on equipment purchases, and from the Leslie Park Golf Course operating budget in FY09;

Whereas, Some of the golf cars will be retained for continued use at the golf courses and the remainder will be sold;

Whereas, The City anticipates it will recoup the purchase price of the 60 golf cars from the sale of 30 of the golf cars and shift from leasing golf car equipment to owning it, which is the preferred City practice; and

Whereas, The Golf Courses Advisory Task Force and City staff recommend exercising the option to purchase the leased golf cars at the completion of the lease;

RESOLVED, That City Council approve exercising the purchase option of the City's Golf Car Lease Agreement with Club Car to purchase 60 golf cars for \$54,000.00 by January 31, 2009 and allow for the resale of up to 60 of the purchased golf cars, with revenues generated from the golf car sales being deposited in the Golf Enterprise Fund;

RESOLVED, That \$30,000.00 be appropriated from the Golf Enterprise Fund to be used toward the purchase of the 60 golf cars; and

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution including the authority to execute and deliver all necessary documents in connection with the purchase and resale of the golf cars after approval as to form by the City Attorney.