

MEMORANDUM

TO: Park Advisory Commission

FROM: Colin Smith, Parks & Recreation Services Manager

DATE: February 25, 2014

SUBJECT: Resolution to Recommend Approving Amendment No. 1 to golf cart lease with Pifer Inc. and Authorize Sale of 32 City-owned golf carts (\$50,340)

Attached for your review and action is a resolution to recommend approving an amendment to the current lease with Pifer Inc. for the 2014 and 2015 seasons for lease of 99 golf carts (an increase of 34 carts from the original 65 carts leased) for use at Huron Hills and Leslie Park Golf Course. In addition, you are asked to recommend the sale of 32 City owned golf carts to Pifer Inc.

The original contract was bid in 2013 as ITB #4259 and 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, with Pifer Inc. submitting the most competitive response by a significant margin. City Council approved a 2-yr lease/sale contract with an option to renew the lease/sale contract for 1 additional year on March 18, 2013 (R-13-077). The proposed amendment exercises the renewal option and establishes the qualities for new carts and trade-ins. The terms of the original lease in respect to sale price offered for acquiring the City's old carts and the cost per new cart leased remain in effect.

Both Huron Hills and Leslie Park Golf Course offer golf carts for rental. This is a significant revenue generator for both courses. In FY2013 golf cart rentals resulted in approximately \$225,000.00 in revenue. Increased golf cart rental at Huron Hills Golf Course has also resulted in new clientele who were unable to play when it was a walking – only course.

Our current carts and the carts proposed for lease are gasoline powered. Our long term goal is to have electric carts which are environmentally preferable, quieter and meet the City's sustainability goals. Currently we do not have infrastructure for electric carts. A cart storage building has been included in the CIP for FY15 that will provide necessary infrastructure to use electric carts. The proposed short-term lease amendment enables us to transition to electric carts.

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 five seasons while supplementing demand through the leasing of additional carts. After reviewing the

2012 season it was determined that the many of the owned carts, now nine years old, were no longer suitable for rental, and 24 were sold to Pifer Inc. After the 2013 season it was determined the remaining 32 carts were no longer suitable for rental.

As a result, staff is requesting to amend the contract with Pifer Inc. to lease 99 carts (an increase of 34 carts), and to sell 32 City owned carts, deemed no longer suitable for rental. The carts were purchased in 2009 at a price of \$950.00 per cart. Pifer Inc. will purchase the carts for \$1,475.00 per cart. This is the same price they bought 24 carts from the City for last year. The purchase amount for the carts is being applied over the course of the lease for the 99 carts, lowering the monthly lease payments.

Pifer Inc. has conducted business with the City golf courses during the 2012 and 2013 seasons and the City is satisfied with their service. The additional 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 lease amendment be approved for two-years, for an amount not to exceed \$50,340.00 over the length of the lease amendment term. Funding is available for FY2014 in the approved Parks & Recreation Services General Fund and in the proposed budget for FY2015.

RESOLUTION TO RECOMMEND APPROVING AMENDMENT NO. 1 TO GOLF CART
LEASE WITH PIFER INC. AND AUTHORIZE SALE OF 32 CITY-OWNED GOLF
CARTS (\$50,340.00)

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 desires to amend their existing contract with Pifer Inc. and exercise its ability to sell back to Pifer the City's old golf carts which are no longer usable for their intended purpose;

Whereas, The terms of the original contract in respect to sale price offered for acquiring the City-owned carts and the lease cost per new cart leased remain in effect;

Whereas, Funding is available for FY2014 in the Parks & Recreation Services General Fund and is identified in the FY2015 proposed budget; and

RESOLVED, That the Park Advisory Commission recommend amending the current lease/sale contract with Pifer Inc. to include provision for the lease of 99 golf carts for a term of two years and the sale of 32 City-owned golf carts at the respective rates established in the current lease/sale contract for an amount not to exceed \$50,340.00 for the life of the contract.