



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** 8/22/16

**SUBJECT:** Authorize the negotiation and approval of the lease purchase agreement with Club Car Golf Carts at Iron Horse Golf Course

**PRESENTER:** Vickie Loftice, Managing Director of Community Services

### **SUMMARY:**

The current Club Car Golf Cart lease at the Iron Horse Golf Course expires September 1, 2016. A new 48 month lease purchase for Club Car golf carts is being proposed.

### **GENERAL DESCRIPTION:**

As part of the normal operation and budget process, the Iron Hose Golf Course leases 84 golf carts for either a 36 or 48 month lease depending on the best option during the leasing agreement. For the past two months, staff has been evaluating a new lease with Club Car golf carts which will include GPSI golf course mapping displays approved through a separate agreement.

Staff has worked with Club Car on a 48 month lease purchase agreement for 84 golf carts. The new agreement will also include the lease of two beverage carts. The most costly maintenance expense with a golf cart is replacing the batteries between 24 and 30 months of use. Utilizing the golf carts for 48 months with a complete battery change-out was the least costly leasing option. The cost for the battery change-out is included in the lease.

This lease purchase contains a balloon payment at the end of the lease. The carts will be leased through De Lage Landen Public Finance, LLC. Since the golf course is not interested in purchasing the golf carts at the end of the lease, Club Car has arranged for Metro Golf Cars to pay the \$113,400 balloon payment, and to take ownership of the golf carts at the end of the lease. Metro Golf Cars has provided a letter of intent stating they will make the balloon payment and take ownership of the golf carts.

The City of North Richland Hills is a member of several inter-local groups and utilizes existing contracts with vendors through the Local Government Purchasing Cooperatives. The Local Government Code states that purchases made through a cooperative purchasing agreement satisfy any state law that would require the City to solicit competitive bids. Club Car has submitted a lease purchase proposal from the Texas BuyBoard contract #447-14.



<u>Term</u>	<u>Qty.</u>	<u>Cart/Month</u>	<u>Lease/Year</u>	<u>Total Lease</u>
48 Month	84	\$83.53	\$84,198.24	\$336,792.96
Final Balloon Payment				<u>\$113,400.00</u>
				\$450,192.96

The monthly golf cart payment of \$83.53 per cart is \$2.38 more per cart than the current lease with Club Car; however, the price includes two new beverage carts. The model of the golf carts will once again be the Club Car Precedent golf cart which has attractive styling, full wrap bumpers, and a heavy suspension system. Staff recommends the Club Car golf carts and the 48 month lease purchase agreement.

**RECOMMENDATION:**

Authorize the negotiation and approval of the lease purchase agreement for Club Car Golf Carts at Iron Horse Golf Course.