



STAFF REPORT

DATE: December 12, 2017

TO: Ronald L. Olson, City Manager

FROM: Brett Williams, Executive Director of Community Services

SUBJECT: RS-17-112 Contract Clarification for Lease agreement for Stonetree Golf Course Rental Golf Carts

BACKGROUND AND FINDINGS:

At the October 17, 2017, City Council meeting via RS-17-112, City Council authorized the City Manager to execute a contract with E-Z-GO financed through TCF Equipment Finance for the lease of golf carts at Stonetree Golf Club in the amount of \$180,928.80 (48 payments of \$3,769.35).

Bid No. 17-17 required that the chosen vendor guarantee a final payment (49th) to cover the guaranteed buy-back of the 65 golf carts. Per Bid No. 17-17, E-Z-GO has agreed to make the payment in the amount of \$94,250.00. This dollar amount was not reflected in the approved memorandum/resolution. The \$180,928.80 authorized is only reflective of the 48 payments. Total payment for the golf carts is \$275,178.80, which includes \$250,320.85 for principal and \$24,857.95 for interest.

TCF Equipment Finance requires that the full amount of the principal be reflected on the approved City Council memorandum/resolution and the contractual agreement. The full amount of principal to include the 49th payment is \$250,320.85.

THE ALTERNATIVES CONSIDERED:

Staff could prepare an agenda item to reject the bid and go to the next lowest vendor or reject all bids and advertise the golf cart item again for consideration by other providers.

Which alternative is recommended? Why?

Staff is recommending that the City Council accept the proposed clarification of the dollar amount of the approved lease for golf carts in RS-17-112 from \$180,928.80 to \$250,320.85 as it pertains to Bid No. 17-17. The bid was the lowest responsible bidder per Bid No. 17-17 and provides the City with the best value.

CONFORMITY TO CITY POLICY:

The City's Purchasing Policy allows departments / divisions to utilize the pricing received via Bid Invitation #17-17 that closed on September 13, 2017, at 3:15 PM.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The fiscal impact for FY17-18 is \$41,462.85. The fiscal impact for FY 18-19, FY19-20, and FY20-21 is \$45,232.20 each year respectively. The final payment will come in FY 21-22 at \$3,769.35. The 49th payment in the amount of \$94,250 will be incurred by E-Z-GO in FY 21-22.

Is this a one-time or recurring expenditure?

The City will incur monthly payments in the amount of \$3,769.35 for 48 months.

Is this expenditure budgeted?

Yes. Funds in the amount of \$41,464.50 are available in account 010-3020-424.44-10 (Golf Course Equipment Lease/Rental) for the leasing of 65 golf carts for Stonetree Golf Club.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes.

RECOMMENDATION:

Staff recommends City Council authorize the City Manager to execute an amended contract with E-Z-GO financed through TCF leasing company for the lease of golf carts for Stonetree Golf Club in the amount not to exceed \$250,320.85 and that the City Manager is expressly authorized to execute any and all change orders within the amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

City Attorney
Purchasing
Finance

ATTACHED SUPPORTING DOCUMENTS:

TCF Finance Contract
E-Z-GO Buy Back Letter
Bid Tab 17-17