



## STAFF REPORT

**DATE:** January 4, 2022

**TO:** Kent Cagle, City Manager

**FROM:** Joe Brown, Executive Director of Recreation Services

**SUBJECT:** Stonetree mower lease

### **BACKGROUND AND FINDINGS:**

Stonetree Golf Club (SGC) Agronomy provides daily maintenance for the entire golf course grounds. Specialized equipment is needed and utilized to maintain 100 acres of turf grass. Mowing routines associated with turf grass subject this equipment to excessive usage. SGC mowers are utilized in more than 5,000 hours per year. Due to the high amount of usage placed on these specialized pieces of equipment and the specific precision of industry standards for playable course conditions, they are subject to maintenance issues at a greater frequency than typical mowing equipment.

SGC had an existing lease with Professional Turf Products L.P., financed by TCF Capital Solutions, which started in August 2017 and expired in July 2021. This lease consisted of (2) greens mowers and (2) fairway mowers.

Indigo Golf Partners sought buyboard quotes for the new pending lease and recommended Deere and Company.

SGC is seeking to enter into a new lease with Deere Credit, Inc. for a sixty (60) month lease. The equipment will include one (1) John Deere 2750 PrecisionCut Triplex Mower, two (2) John Deere 2750 E-CUT Hybrid, two (2) John Deere 6700A PrecisionCut Fairway Mower, one (1) John Deere 7400A TerrainCut Trim and Surrounds Mower and one (1) John Deere Z930M Z-Trak. This equipment is utilized to maintain Stonetree Golf Club for a total cost of \$376,513.60, amounting to 60 payments of \$6,275.21.

Leasing mowing equipment is more beneficial than outright purchasing mowing equipment. Staff will have access to modern, up-to-date equipment that is covered under warranty for the duration of the lease. Depending on repairs needed, a tech will repair the mower on-site, deliver part(s), or the mower will be picked up and repaired off-site. In addition, the lease option allows the financial burden to be distributed over sixty (60) months.

### **THE ALTERNATIVES CONSIDERED:**

Option 1 - Decline the lease and find an alternative option for mowers.

Option 2 - Approve the lease and enter into the agreement with Deere Credit, Inc.

**Which alternative is recommended? Why?**

Option 2 - To approve the sixty (60) month lease with Deere Credit, Inc. for a total of \$376,513.60.

**CONFORMITY TO CITY POLICY:**

Deere and Company, the vendor, is a member of the Texas Buy Board Purchasing Cooperative (contract #611-20). Purchases made through a cooperative contract satisfy the state competitive bidding requirements as stated in Texas Local Government Code (TLGC) section 271.102, subchapter F; a local government that purchases goods or services under this subchapter satisfies any state law requiring the local government to see competitive bids for the purchase of the goods or services.

**FINANCIAL IMPACT:**

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

The total cost of the lease is \$376,513.60. This includes \$350,187.61 of principal and \$26,325.99 of interest.

FY22 financial impact would be \$62,752.10.

FY23 financial impact would be \$75,302.52

FY24 financial impact would be \$75,302.52

FY25 financial impact would be \$75,302.52

FY26 financial impact would be \$75,302.52

FY27 financial impact would be \$12,551.42

**Is this a one-time or recurring expenditure?**

Recurring for the term of the lease.

**Is this expenditure budgeted?**

Yes, funds are available in the General Fund Golf Course account 010-3020-424.47-09.

**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:**

Recreation Services staff recommends City Council approve the sixty (60) month lease with Deere Credit, Inc. as submitted in the amount of \$376,513.60 over the course of the lease and that the City Manager or designee be authorized to execute any change orders as permitted by state and local law.

**DEPARTMENTAL CLEARANCES:**

Legal  
Purchasing  
Finance

**ATTACHED SUPPORTING DOCUMENTS:**

Quote  
Payment Schedule  
Lease Agreement  
Certificate of Interested Parties