



City of Killeen

Legislation Text

File #: RS-22-073, **Version:** 1

Consider a memorandum/resolution awarding Bid No. 22-18, Golf Cart Lease, to E-Z-GO and authorizing a sixty (60) month lease agreement with Huntington National Bank for seventy-five (75) golf carts for Stonetree Golf Club in the amount of \$193,410.00.

DATE: June 7, 2022
TO: Kent Cagle, City Manager
FROM: Joseph Brown, Executive Director of Recreation Services
SUBJECT: Stonetree golf cart lease

BACKGROUND AND FINDINGS:

Stonetree Golf Club (SGC) provides recreation for city residents and visitors. Golf carts allow all golfers that utilize the facility to have complete access of play. SGC golf carts are utilized in more than 35,000 rounds and fifty (50) tournaments annually. SGC generates in excess of \$1,200,000.00 annually in revenue and of this revenue we receive \$300,000.00 from cart rentals. Due to the high amount of usage placed on these golf carts, they are subject to maintenance issues as the age of the carts increases. The proposed equipment lease is meant to replace the current golf cart fleet in use. Indigo Golf Partners recommends the replacement of the golf cart fleet every 4-5 years to ensure that working golf carts are consistently available for SGC patrons.

SGC initiated a 48-month lease in 2017 with E-Z-GO which was financed through TCF Equipment.

The City of Killeen Recreation Services began the process of soliciting bids for seventy-five (75) golf carts. Bid 22-18 was advertised on March 20, 2022 and March 27, 2022 and followed the Texas Local Government Code and the City's Financial Management Policy.

Recreation Services received responses from two (2) companies on April 19, 2022. Recreation Services, along with Purchasing, evaluated each bid's conformance with the bid information and instructions. Staff recommends E-Z-Go.

Recreation Services is seeking to enter a new lease with E-Z-GO financed through Huntington National Bank for a sixty (60) month lease for seventy-five (75) RXV EliTE lithium powered golf carts. Leasing golf carts is more beneficial than outright purchasing of the carts. Patrons will have access to modern, up-to-date carts that are covered under warranty for the duration of the lease. In addition, the lease option allows the financial burden to be distributed over sixty (60) months.

THE ALTERNATIVES CONSIDERED:

Option 1: Decline the bid and find an alternative option for golf carts.

Option 2: Approve the bid and enter into the agreement with Huntington Bank.

Which alternative is recommended? Why?

Option 2 - To approve the sixty (60) month lease with Huntington Bank for a total of \$193,410.00.

CONFORMITY TO CITY POLICY:

This lease conforms to City policies and Texas Local Government Code, Section 252.021.

FINANCIAL IMPACT:

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

The total cost of the lease is \$193,410.00. This includes \$147,241.20 of principal and \$46,168.80 of interest.

FY22 financial impact would be \$12,894.00
FY23 financial impact would be \$38,682.00
FY24 financial impact would be \$38,682.00
FY25 financial impact would be \$38,682.00
FY26 financial impact would be \$38,682.00
FY27 financial impact would be \$25,788.00

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 award Bid 22-18, Golf Cart Lease, to E-Z-GO and authorize a sixty (60) month lease agreement with Huntington National Bank for seventy-five (75) golf carts for Stonetree Golf Club in the amount of \$193,410.00 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:

Bid Tab
Bid Proposal
Lease