



City Council Staff Report

CONSENT CALENDAR

DATE: October 17, 2012

SUBJECT: APPROVE A LEASE NEGOTIATED BY CENTURY GOLF WITH "EVER BANK COMMERCIAL FINANCE" FOR THE NEW GOLF CART FLEET TO SERVE THE PALM SPRINGS TAHQUITZ CREEK "LEGENDS" AND "RESORT" GOLF COURSES

FROM: David H. Ready, Esq., Ph.D., City Manager

BY: Thomas J. Wilson, Assistant City Manger
Geoffrey S. Kiehl, Director of Finance and Treasurer

SUMMARY

In January 2009, the City Council approved a 48-month lease for a fleet of 152 golf carts to serve the Tahquitz Creek "Legends" and "Resort" golf courses. That lease expires December 31, 2012. This action would approve a new 48-month lease of a new golf cart fleet with less than a 3% increase in cost.

RECOMMENDATION:

1. Approve the new 48-month lease of 152 EZ-GO golf carts for the Tahquitz Creek "Legends" and "Resort" golf courses as negotiated by Century Golf with "Ever Bank Commercial Finance" at a monthly cost not to exceed \$11,850.
2. Authorize the City Manager to execute all necessary documents after review and approval by the City Attorney.

STAFF ANALYSIS:

In January 2009, the City Council approved a 48-month golf cart lease to provide 152 golf carts to serve the Tahquitz Creek "Legends" and "Resort" golf courses. That lease which expires on December 31, 2012, was negotiated on behalf of the City by Century Golf, the City's contracted management firm.

Century Golf advises that, especially in these current economic times, the golfing public is seeking the best overall golfing experience at the best value and that the quality and reliability of golf carts is a key part of that experience. After four years of service, the

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current golf carts are showing their age. Last year alone there were over 99,000 rounds of golf played on these two courses, with the expectation of more than 105,000 rounds played in Fiscal Year 2012-13. Century Golf advises that the efficient operating life and quality economic life of the current golf cart fleet has been reached. Therefore, staff asked Century Golf to pursue the availability, the cost, and the financing for a new golf cart fleet.


Century Golf has negotiated a new 48-month lease for a new 152 fleet of E-Z-60 golf carts. The proposed new carts feature substantial improvements as compared to the current golf carts. The proposed new carts include the following:

1. A new design for the electric power system.
2. New and improved batteries and warranties. The current batteries have a 21,500 amp hour warranty. The new cart batteries are warranted for 25,000 amp hours.
3. New battery charging system which reduces the time and cost of battery recharge.
4. Redesigned cart chassis which is stronger and lighter, providing more usage between charges.

In addition, Century Golf is able to provide significant cost saving in financing the new lease. The financing of the current fleet was through Textron at an interest rate of more than 5%. Century Golf has negotiated the financing of the new carts through "Ever Bank Commercial Finance" at a rate not to exceed 3.99%. Thus, the monthly lease cost for the new carts would not exceed \$11,850 per month, compared to the current monthly cost of \$11,520 per month, an increase of only \$320 per month or less than 3%.

FISCAL IMPACT:

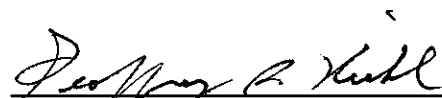
The new proposed monthly lease rate of \$11,850 is \$320 per month more than the current lease rate of \$11,520, or only a \$3,840 per year cost increase which will have no appreciable impact on the Golf Fund, Account No. 430-7021-57503. This account has \$520,000 available in Fiscal Year 2012-13.



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