



Legislation Text

File #: 190623., **Version:** 1

Trade-in and Purchase of New Golf Carts for Ironwood Golf Course (B)

Request to purchase new golf carts using a cooperative purchasing agreement.

In 2015, the National Golf Foundation (NGF) was hired to review and provide a comprehensive financial report of Ironwood's golf cart operation. Their recommendation was that owning a good fleet of power carts was integral to the success of public golf courses and that, if made, this improvement would benefit the long-term economic sustainability of Ironwood Golf Course. The current fleet was purchased at the end of 2015 from EZ GO Division of Textron, Inc. after a competitive solicitation by the City's Procurement Division and approval by the City Commission.

EZ GO golf cars have been in production for almost 70 years and remain one of the most popular manufacturers on the world market today. Ironwood Golf Course has been using EZ GO golf carts for over 3 decades. In Gainesville, EZ GO is in 83% of the market, with vehicles at five different golf courses in town. Many other municipalities in North Central Florida have also chosen to use EZ GO (Ocala, Jacksonville, Jacksonville Beach, Fernandina Beach, Palm Coast, and Palatka, just to name a few). Ironwood's employees are well-versed and comfortable in using and repairing the EZ GO golf cart, and have benefitted from advanced training from Tech Force, EZ GO's nationwide network of experienced technicians. Tech Force are EZ GO's factory-trained workers, who carry a mobile parts inventory to prevent delays in repair. They are able to arrive next day to assess the vehicles when there is a problem. In addition, Ironwood has obtained additional vehicle parts over the years that can be used on the new fleet as well, so staff is equipped to handle many possible cart service issues for the EZ GO brand.

The Electric Blue Carts with the City of Gainesville logo across the front have been tremendous for displaying the city brand. The carts have bag covers across the rear to protect the patrons' clubs during afternoon rain showers, something that the course's carts never had before. EZ GO has also stated they will supply two additional windshields and two additional chargers to the fleet (over a \$2100 value), at no cost, so those items can be replaced easily if something malfunctions. Having a fleet that is consistent in features and age was encouraged in the NGF report and has proven to be a huge positive for customer morale over the last four years, ensuring that every customer has the same golf cart and accessories.

When the current fleet of carts was purchased in 2015 they came with a 4-year warranty on many of the parts and components. Included in this warranty was suspension, electronics, pedal groups, seats, canopy system, powertrain, and most importantly batteries. Ironwood has been able to control the amp hours to under 25,000 to stay within the warranty figures. Therefore, the city has not had to pay any maintenance costs for the carts over the last four years for anything that was still under warranty. However, out-of-warranty repairs can be pricey; for example, each golf cart has six batteries that make it run and the cost to replace those batteries when out of warranty is roughly \$150 per battery or \$900 per cart. Our current warranty will expire on December 6, 2019, so it is the right time to switch out the fleet for the best trade-in value and begin a new four-year cycle as recommended by the NGF.

By staying with the EZ GO cart, we are able to trade-in our old fleet and use the \$134,200.00 (or over \$2,000/cart) value toward the new fleet. This trade in value is higher with EZ GO than any other brand because we are trading the carts back to their manufacturer.

Owning the fleet gives Ironwood equity in the carts, as opposed to leasing them. The residual value of a cart after four to five years is about \$850 per vehicle, another reason to get the most value out of the trades at this time. According to the Professional Golf Association's (PGA) Best Practices in Fleet Management, the decision for golf courses "to purchase or lease the cars should be based on the facility's financial goals and resources, external economic conditions, and the type of deal the facility can structure for itself." The City's Finance Director at the time of the purchase four years ago recommended purchasing because the City can negotiate a better loan rate than the lease rates we were offered.

As a member of National Intergovernmental Purchasing Alliance Company (NIPA), the City of Gainesville is able to piggyback off the OMNIA Partners' NIPA Contract R161101 with EZGO Division of Textron, Inc. to benefit from nationally-leveraged pricing. OMNIA Partners' contracts are competitively solicited specifically for public sector procurement using transparent best practices. The contract we are utilizing requires the golf cart manufacturer to provide pricing based on a discount off the manufacturer's price lists, with indefinite quantities; we are benefitting from a 25-42% discount on the models we need to purchase, and we are being given distributor-level pricing before the discount. The most significant discount of 42% off of the distributor price is on the sixty-six TXT 48V carts that make up the fleet (a savings of over \$2K per vehicle). The NIPA contract has recently been extended through December 31, 2020.

Funds in the amount of \$180,027.94 for the purchase (after trade-in) of a new fleet of golf carts for Ironwood Golf Course will be acquired through an internal loan from the general fund. The funds will be repaid annually from the Ironwood Golf Course Surcharge Fund, which generated \$139K in FY2019. The amount saved by not having to repair and maintain an aging fleet of carts will be significant and by trading in the fleet after four years, additional batteries will not need to be purchased.

The City Commission 1) approve the purchase of a new fleet of golf carts for Ironwood Golf Course by piggybacking off the OMNIA Partners' NIPA Contract R161101 with EZGO Division of Textron, Inc., and 2) authorize the City Manager or designee to issue a purchase order in an amount not to exceed \$180,027.94.