

**INDIAN RIVER COUNTY
INTER-OFFICE MEMORANDUM
OFFICE OF MANAGEMENT AND BUDGET**

DATE: November 7, 2019

TO: BOARD OF COUNTY COMMISSIONERS

THROUGH: Jason E. Brown, County Administrator

FROM: Kristin Daniels, Director, Office of Management and Budget

SUBJECT: Final Award of RFP 2020006 Sandridge Golf Cart Fleet Replacement
Financed via Interfund Loan and Early Payoff of Existing Golf Cart Fleet
Interfund Loan

BACKGROUND:

On November 5, 2019, the Board approved the final ranking of proposals received for the replacement of the existing golf cart fleet at Sandridge Golf Club, and authorized staff to negotiate with the top ranked vendor, Yamaha Golf-Car Company.

DISCUSSION:

The selection committee met with a representative of Yamaha on November 6, 2019 to discuss final pricing and vehicle options. Yamaha had initially proposed both a base model per the specifications in the RFP at a per cart price of \$4,085, as well as an alternate “QuieTech” cart with a quieter operating system for \$4,535 per cart. During discussions, the Yamaha representative detailed additional standard features of the QuieTech cart, including an independent rear suspension. He also noted that the QuieTech cart should bring an additional \$300 per cart in trade in value above the typical Yamaha gas powered cart.

The committee decided with the increased value at the end of its use at Sandridge, as well as the improvements to handling and reduction in noise offered, the QuieTech cart is a good investment to enhance the player experience.

Description	Unit \$	Quantity	Base Cart Total	QuieTech Total
1. Gasoline Powered Golf Cart	\$4,085	160	\$653,600	
1A. QuieTech Gasoline Powered Golf Cart	\$4,535	160		\$725,600
2. Gasoline Powered Range Cart	\$8,700	1	\$8,700	\$8,700
3. Gasoline Powered Beverage Cart	\$14,800	1	\$14,800	\$14,800
4. Utility Cart (gasoline powered)	\$6,100	1	\$6,100	\$6,100
Trade credit for 156 2015 Yamaha Gas Carts			-\$436,800	-\$436,800
Trade credit for 1 Gasoline Powered Range Cart			-\$1,500	-\$1,500
Total Cost for New Fleet			\$244,900	\$316,900

FUNDING:

Staff recommends funding for this expense to be provided by an interfund loan from the General Fund in the amount of \$316,900. While the golf course has performed well over recent years, interfund borrowing has been needed for larger cash outlays (e.g. golf carts, Lakes Course irrigation system replacement). Staff is proposing a four-year repayment period with a 3.0% interest rate. This interest rate is higher than the yield on county investments for the quarter ending September 30, 2019 which was 2.2%, and likely less than the rate that the County would be charged if borrowing from an outside lender. This loan does not result in a subsidy from the General Fund to the Golf Course. In fact, this arrangement benefits both funds. The financial independence of the Golf Course is maintained, while the General Fund receives a higher interest rate than it is receiving on other investments currently.

Based upon the four-year term and 3.0% interest rate, annual debt service payments would equal \$84,172.44 (please see amortization schedule attached). Due to the proposed purchase of the “Quietech” cart, the new loan is higher than the annual debt service payment for the current fleet of golf carts which is \$66,256.92. Staff recommends another four-year amortization as this amount aligns with the warranty period on the carts. Therefore, this loan should be repaid before the need to replace any carts arises.

Prior to acquiring the new fleet of carts, staff recommends early payoff of the remaining principal of the current balance on the 2015 Golf Cart Interfund Loan totaling \$11,015.27. This early payoff satisfies the loan two months ahead of the original final maturity of January 1, 2020. Early payoff of the remaining principal will alleviate the Golf Course from incurring overlapping debt from the two cart fleets. Funding for the early payoff is available in the following account, with the increase in interest expense for the new loan being absorbed in the current budget.

Account Number	Account Description	Budget Amount
418-207001	Golf Course/ Due to General Fund	\$11,015.27

RECOMMENDATION:

Staff recommends the Board approve the final cart selection and purchase price as selected by the committee, and authorize the Purchasing Division to issue a Purchase Order to facilitate the fleet update. Staff also recommends the Board declare 156 carts and one range cart as surplus upon delivery of the new carts and authorize their trade in to Yamaha as indicated in the RFP. Finally, staff recommends an interfund loan from the General Fund in the amount of \$316,900 to be repaid over a four-year period as shown in the attached amortization schedule and early payoff of the existing interfund loan totaling \$11,015.27.

ATTACHMENT:

- Amortization Schedule 2019
- Amortization Schedule 2016