

MEMORANDUM

TO: Indra Winquest
District General Manager

FROM: Darren Howard
Director of Golf & Community Services

SUBJECT: Review, discuss and possibly provide direction on the Championship Golf Carts Capital Improvement Project, CIP Data Sheet# 3141LV1898, Evaluation requested because of COVID-19

DATE: November 10, 2020

Capital Project Being Evaluated because of COVID-19 Economic Impacts

The following is information on a project that is in the 2020/2021 Capital Improvement Project Budget that needs to be evaluated, by the Board of Trustees, to determine if Staff should proceed, defer, re-budget, or cancel.

Overview:

CIP (3141LV1898) for new Golf Carts is scheduled for 2020/2021 in the amount of \$378,000. Additionally, there is \$29,000 each for Beverage Carts, CIP (3142LE1741, 3142LE1742 & 3242LE1726) and all three (3) are scheduled to be replaced. With the COVID-19 restrictions for riders allowing only 1 person per cart unless they are family members that arrive together, we have experienced 2 years' worth of use for the 2020 season. The current carts are already experiencing battery issues due to the heavy play this season. We could try to use our current fleet through next season but I would caution that we will spend more than we have currently budgeted for maintenance costs. Replacement cost for batteries is approximately \$1,000 per cart, plus labor and disposal as quoted by Club Car. Additionally, we would also start to devalue what we could be getting back in trade. Right now, trade-in is valued at approximately \$1,950 per cart and this number will drop starting January 1, 2021. The current fleet is over 4 years old now and the product we would be putting out for next season would not in my opinion be up to IVGID standard of excellence and service. Lastly, I think since we did not use any beverage carts this year the potential is there to keep them one more season and not see any adverse effects.

Potential loss/cost for keeping one more year:

	Budgeted	Potential Costs/Loss	Difference
Labor (cost)	\$4,860	\$12,150	\$7,290
Parts (cost)	\$2,000	\$80,000+	\$78,000**
Trade Value (loss)	\$1,950 x 80=\$156,000	\$1550 x 80 = \$124,000	\$32,000
Fleet (cost)		3% increase*	\$12,000
Total Potential Loss/Cost			\$129,290

*All golf cart company prices will go up at least 3% starting January 1, 2020.

**Parts include- batteries, windshields, cooler brackets, brakes, informational holders, seats, GPS screens, etc.

If we choose to get new carts

A municipal lease versus purchase, keeping with the same logic used for the Mountain Course carts, Staff thinks we would want to municipal lease them for four (4) years so that we would have enough time to complete much needed cart path repairs on the Championship Course cart paths. Money from trade-in of existing carts (approximately \$156,000) could be used to cover municipal lease payments for almost 2 years.

Time Frame for a decision

If changing our fleet out is the decision, Staff will immediately begin getting bids from golf cart companies and would need to have a final decision before January 15, 2021 in order to not lose out on trade-in values and price increases. Otherwise, we will proceed with current fleet of carts and start making preparations for next season.

Staff's Recommendation

To not replace the beverage carts **and** immediately start the bid process for the eighty (80) golf cart fleet at the Championship Golf Course and bring this award to the Board of Trustees at its first meeting in January 2021.



Project Summary

Project Number: 3141LV1898
Title: Championship Golf Course
 Electric Cart Fleet and GPS
Project Type: F - Rolling Stock
Division: 44 - Championship Golf
 Carts
Budget Year: 2020
Finance Option: Lease Eligible
Asset Type: LV - Light Duty Vehicles
Active: Yes

Project Description

The Championship Golf Course utilizes a fleet of 80 electric carts as part of its resort level of service. The cart specifications and replacement cycle are designed to have them in highly reliable service condition with higher end amenities. The last several fleets have included GPS units that include distance and other course information. Given the nature of the specifications, the fleets has typically be acquired from Club Car. For several replacement cycles these were acquired through operating leases and turned over every 4 or 5 years depending on condition, primarily the batteries.

Project Internal Staff

Delivery and setup of the fleet is supported by the District Fleet and golf course professional staff.

Ongoing maintenance is done by fleet. Day to day cleaning and recharging is done by golf staff.

Project Justification

The current fleet of 80 carts was purchased in April 2017. The battery life is expected to be 5 years with proper care and recharging. We have seen varied success for battery life depending on the amount of usage. The mountain setting combined with multiple uses in a day can reduce the life expectancy on the batteries. For planning purposes on the carts we will use the four year replacement cycle and monitor condition each year. For the GPS units we will use a cycle of 8 years. The State of NV and the Governmental Accounting Standards Board plan to make lease accounting to be virtually the same as outright purchase beginning in 2020. Therefore we will include this replacement as if it is a purchase. The Data Sheet also assumes the first replacement will include similar GPS and display screen as our currently in service.

Forecast

Budget Year	Total Expense	Total Revenue	Difference
2021			
80 cart fleet Cost	378,000	0	378,000
Year Total	378,000	0	378,000
2026			
80 Cart Fleet Replacement	454,000	0	454,000
GPS	166,000	0	166,000
Year Total	620,000	0	620,000
2029			
80 cart fleet Cost	545,000	0	545,000
Year Total	545,000	0	545,000

1,543,000		0	1,543,000		
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner	
2019	Oct 1, 2020	Mar 31, 2021	Director of Golf		



Project Summary

Project Number: 3142LE1741
Title: 2016 Bar Cart #724
Project Type: F - Rolling Stock
Division: 42 - Championship Maintenance
Budget Year: 2012
Finance Option:
Asset Type: LE - Light Duty Service Equipment
Active: Yes

Project Description				
<p>Replace F&B car cart #724. The equipment purchase/replacement program is an ongoing program designed to accomplish the goal of replacement of daily use equipment on a schedule cycle ranging from five (5) to fifteen (15) years. This grounds maintenance vehicle is necessary for meeting turf maintenance standards at the District's Golf Courses. Specifically utilized for transporting maintenance crews and hauling materials and equipment around the courses. The reduced size of this vehicle allows it to access areas with limited maneuvering space. It is equipped with a dump bed for the release or spreading of material. Presently it is on a 8-year replacement schedule, however it will be moved back in the CIP if indicators reveal that no increase in maintenance cost or elevated down time will result from deferring the replacement date.</p>				
Project Internal Staff				
Fleet Maintenance Staff will manage this project				
Project Justification				
<p>This cart is utilized by Championship golf course in their daily operation during the operating season for providing food and beverage services to customers on the courses. Equipment manufacturers' recommendation is replacement of this equipment approximately every five years. However, if these carts are still meeting golf staff requirements and maintenance repair costs continue to be low, these purchases will be moved back in the CIP.</p>				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2014				
Replace Bar Cart #527	27,800	0	27,800	
Year Total	27,800	0	27,800	
2022				
Replace Bar Cart #527	33,000	0	33,000	
Year Total	33,000	0	33,000	
	60,800	0	60,800	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Feb 1, 2021	Apr 30, 2021	Fleet Superintendent	



Project Summary

Project Number: 3142LE1742
Title: 2016 Bar Cart #725
Project Type: F - Rolling Stock
Division: 42 - Championship Maintenance
Budget Year: 2012
Finance Option:
Asset Type: LE - Light Duty Service Equipment
Active: Yes

Project Description				
Replace F&B car cart #725. The equipment purchase/replacement program is an ongoing program designed to accomplish the goal of replacement of daily use equipment on a schedule cycle ranging from five (5) to fifteen (15) years. This grounds maintenance vehicle is necessary for meeting turf maintenance standards at the District's Golf Courses. Specifically utilized for transporting maintenance crews and hauling materials and equipment around the courses. The reduced size of this vehicle allows it to access areas with limited maneuvering space. It is equipped with a dump bed for the release or spreading of material. Presently it is on a 8-year replacement schedule, however it will be moved back in the CIP if indicators reveal that no increase in maintenance cost or elevated down time will result from deferring the replacement date.				
Project Internal Staff				
Fleet Maintenance Staff will manage this project				
Project Justification				
This cart is utilized by Championship Golf course in their daily operation during the operating season for providing food and beverage services to customers on the courses. Equipment manufacturers' recommendation is replacement of this equipment approximately every five years. However, if these carts are still meeting golf staff requirements and maintenance repair costs continue to be low, these purchases will be moved back in the CIP.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2014				
Replace Bar Cart #528	27,800	0	27,800	
Year Total	27,800	0	27,800	
2022				
Replace Bar Cart #528	33,000	0	33,000	
Year Total	33,000	0	33,000	
	60,800	0	60,800	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Feb 1, 2021	Apr 30, 2021	Fleet Superintendent	



Project Summary

Project Number: 3242LE1726
Title: 2016 Bar Cart #726
Project Type: F - Rolling Stock
Division: 42 - Mountain Maintenance
Budget Year: 2012
Finance Option:
Asset Type: LE - Light Duty Service Equipment
Active: Yes

Project Description

Replace F&B car cart #726. The equipment purchase/replacement program is an ongoing program designed to accomplish the goal of replacement of daily use equipment on a schedule cycle ranging from five (5) to fifteen (15) years.

Project Internal Staff

Fleet Maintenance Staff will manage this project

Project Justification

This cart is utilized by both Mountain Golf course in their daily operation during the operating season for providing food and beverage services to customers on the courses. Equipment manufacturers' recommendation is replacement of this equipment approximately every five (5) years. However, if these carts are still meeting golf staff requirements and maintenance repair costs continue to be low, these purchases will be moved back in the CIP.

Forecast

Budget Year	Total Expense	Total Revenue	Difference
2014			
Replace Bar Cart #529	27,800	0	27,800
Year Total	27,800	0	27,800
2022			
Replace Bar Cart #529	33,000	0	33,000
Year Total	33,000	0	33,000
	60,800	0	60,800

Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012			Fleet Superintendent	