

Webb County Commissioner's Court Item

Subject:

Discussion and possible action to approve financing for golf course equipment for fiscal year 2020. The golf course currently leases 5 mowers from Wells Fargo on a fair market value (FMV) lease that ends 12/31/19. Touchstone Golf recommends turning this equipment in – total hours should be within the allowed hour limits and the units should be in reasonable condition to avoid any penalties. This equipment has reached a point though where rolling the lease forward would create a burden relative to ongoing equipment repair and maintenance.

Issue: The golf course is in need of equipment to replace the equipment coming off lease and to supplement the fleet of equipment to optimally maintain the golf course and minimize labor costs.

Solution: The following equipment packages have been reviewed and estimated by consultant Golf Maintenance Solutions. The items listed and recommended for a capital lease have estimated useful lives well beyond the lease term and hence recommended for a \$1 buyout at the end of that term. The items listed and recommended for a fair market value lease are similar to the items being turned in and are better served by a rental arrangement.

Recommended Equipment - Casa Blanca						
Equipment	Qty.	New/Used	Per Unit Budget Cost	Total Cost	Capital Lease or FMV	Comments
150 GALLON GREENS SPRAYER	1	Used	25,000	25,000	CL	Greens only sprayer. Reduced risk of residue from fairway sprays.
LD TRUCKSTERS	3	New	8,000	24,000	CL	Currently using golf carts for maintenance personnel
REEL GRINDER	1	Used	24,000	24,000	CL	Keep reels sharp
BEDKNIFE GRINDER	1	Used	18,000	18,000	CL	Keep Bedknives sharp
SICKLE BAR	1	New	5,750	5,750	CL	Reduce manhours weedeat ditches and make them more presentable
LELY WFR FERTILIZER SPREADER	1	New	7,000	7,000	CL	Apply fertilizers where needed to grow areas in and keep turf healthy
Subtotal Capital Lease				103,750		
GREENS TRIPLEX	1	New	35,000	35,000	FMV	Replacing
Spare Cutting Set of 3	1	Used	3,500	3,500	FMV	Keep sharp reels at all times
TEE/APP TRIPLEX	2	Used	24,000	48,000	FMV	Replacing - 2nd unit for verticutting, backup and shotgun prep
ROTARY TRIM	1	Used	35,000	35,000	FMV	To better mow slopes of greens and tees.
FAIRWAY MOW	1	New	65,000	65,000	FMV	Replacing
BUNKER RAKESw/ front blade & cultiv	1	New	14,500	14,500	FMV	Rake bunkers and work on other areas of the course
ROUGH MOWERS	1	Used	45,000	45,000	FMV	Replacing
72" OUTFRONT ROTARY	1	Used	15,000	15,000	FMV	Replacing
Subtotal FMV Lease				261,000		
				Total	364,750	

While these items would be bid at the appropriate time, as would any lease financing, we had Wells Fargo give us an estimate of lease rates as shown below:

Casa Blanca Golf Course  
 Equipment Package  
 Start Date: January 1, 2020

Amount	Monthly Payment	Term	Amount	Monthly Payment	Term	Amount	Monthly Payment	Term
			Capital Lease/\$1 Buyout					
			FMV Lease					
103,750	3,107.54	36	261,000	5,963.66	36	364,750	9,071.20	36
103,750	2,390.60	48	261,000	4,904.41	48	364,750	7,295.01	48
103,750	1,961.22	60	261,000	4,449.66	60	364,750	6,410.88	60
			Combined					

Alternatively, the County may wish to pursue more traditional financing for these items or purchase some of them outright. At this time we are just seeking budget consideration for the period of 1/1/20 through 9/30/20 with the exception of the haulers which we recommend be purchased and leased effective 10/1/19.

Result: The equipment package will allow the golf course to be maintained in the optimal condition while helping manage labor costs efficiently.

Background:

N/A