

**CITY COUNCIL
COMMUNICATION:**

03-225

AGENDA:

MAY 19, 2003

SUBJECT:

ASSIGNMENT OF
GOLF CAR LEASE
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of Assignment of the Lease Agreement for Golf Cars at Grandview and Waveland Golf Courses from E-Z-Go Textron to Lease Finance Group, Inc.

FISCAL IMPACT —

None.

RECOMMENDATION —

Approval.

BACKGROUND —

Current management contracts for the operations of Grandview and Waveland Golf Courses have placed the profit in golf car rentals in the City's Golf Enterprise Fund. Over the past three years, the courses collected \$966,253 in revenues from these rentals with expenses at \$208,152 for net revenues of \$758,101.

On March 13, 2000, the City of Des Moines' Purchasing Division issued competitive bids (Bid No. G2000-215) for the leasing of 112 golf cars to be used at Grandview and Waveland Golf Courses. On May 15, 2000, by Roll Call

No. 00-1470-I, the City Council approved the Lease Agreement with E-Z-GO Textron and authorized the Mayor to sign the Renewal Agreement for an additional three years. The Mayor executed the Renewal Agreement on April 17, 2003.

E-Z-GO Textron has requested the City approve an assignment of the Lease Agreement to the Lease Finance Group (President Dan Dryer, 7700 Equitable Drive, Eden Prairie, Minnesota). E-Z-GO is a golf car supplier and, like many other golf car suppliers, they sell their leases to a finance company to collect their money up front. This can best be compared to a home mortgage, where the lending institution sells the mortgage on the secondary market once the transaction is completed. E-Z-GO will still provide the service to the cars. Under the terms of the existing lease, the assignment cannot take place without the consent of the City Council. The Park and Recreation Department is recommending approval for this assignment so that the outstanding service provided by E-Z-GO can continue.

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The Lease Finance Group has agreed to maintain the existing golf car fee and other obligations for the remaining three years of the renewal period. With this assignment, Grandview will be adding five additional golf cars to cover the demand throughout the golf season. This will bring the total number of leased golf cars from 112 to 117 to be used at Grandview and Waveland Golf Courses.

This action will assign the terms of the existing lease from E-Z-GO Textron to the Lease Finance Group. During the three-year term of this agreement, the golf courses will pay \$217,444.50 spread over three years. Gross revenues during this same time period are estimated at \$1,161,042 for a net profit of \$943,597.50.

Copies of the original Lease, Renewal Agreement, and Assignment Agreement are on file in the City Clerk's Office.

