



## Agenda Report

18-909

Agenda Date: 7/17/2018

### REPORT TO SPORTS AND OPEN SPACE AUTHORITY

#### **SUBJECT**

Action on the Yamaha Motor Finance Corporation, U.S.A. Equipment Lease for Golf Carts for Santa Clara Golf & Tennis Club (SCG&TC)

#### **BACKGROUND**

The current Municipal Master Lease Agreement, dated July 6, 2016, for eighty (80) electric golf carts used at the Santa Clara Golf & Tennis Club (SCG&TC) extends through the period indicated on the Exhibit A-Equipment Schedule, which refurbished vehicles are at the end of their expected life in August 2018. American Golf Corporation has received a proposal from Yamaha Motor Corporation to provide a new Exhibit A to the Master Lease Agreement to replace the refurbished eighty (80) YDRE & three (3) YT2A golf carts with a new fleet for a new annual lease cost of \$64,320, and a total not-to-exceed amount of \$257,280 over a four-year term beginning August 1, 2018. Golf cart lease funding is included in the Sports and Open Space Authority (SOSA) Budget for SCG&TC approved on June 12, 2018 (RTC 18-277). Golf cart rentals at SCG&TC represent 18% of estimated annual revenues, or \$369,750, and are a necessary component of golf course operations since they are used by a high percentage of patrons.

#### **DISCUSSION**

The SCG&TC current golf cart fleet is six years old. Approving the lease agreement documentation will allow SCG&TC to provide a fleet of new golf carts for up to four years beginning August 1, 2018, at a favorable lease rate of 4.520%, with a lease close out option if SCG&TC course is closed after 12 months of execution date (August 2019). This will allow flexibility at the currently undetermined SCG&TC closing date and provide patron golf cart service.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

#### **FISCAL IMPACT**

The cost of the four year lease agreement with Yamaha is \$257,280 or \$64,320 per year (\$5,360.00 per month) as included in the SCG&TC FY 2018/19 budget, with no penalty for early termination after August 2019 for course closure. Revenues from cart rentals are \$369,750 per year.

#### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Authorize the Contract Administrator for the Sports and Open Space Authority to execute the Yamaha Motor Finance Corporation, U.S.A. lease for a not to exceed amount of \$257,280 to provide 80 golf carts for SCG&TC.

Reviewed by: James Teixeira, Director, Parks & Recreation

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Yamaha Lease Documentation - Exhibit A - Equipment Schedule.
2. Yamaha Master Lease Agreement 2016
3. SCG&TC FY2018-2019 Budget