

Cary Park District
Board of Commissioners
Parks & Recreation Operations Committee
August 11, 2016
7:00 PM
Community Center
255 Briargate Road
Cary, IL

Minutes

Committee Members Present: B. Krueger and Stanko
Committee Member Absent: Renner
Commissioners Present: Frangiamore

Guest Present: John Miles and Tim Miles.

Staff Present: Jones, V. Krueger, Rea, Raica, Hughes, and Lee.

B. Krueger called the meeting to order at 7:03 PM.

The minutes from the June 9, 2016 Parks & Recreation Operations Committee meeting were presented for approval.

Stanko stated that the following needed to be corrected in the minutes to reflect that the Committee is not approving the resolution rather that the Committee is recommending that the Board approve the resolution. He asked that the words “recommend the Board Approve” be added to the motion “Resolution R-2016-17-01, “A Resolution Recognizing July 2016 as National Recreation and Parks Month.”

Stanko moved to approve the minutes as amended; second by B. Krueger.

Voice Vote: 2-0. All voting yes. Motion carried.

The first direction item discussed was the review of competitive bids received to replace the Community Center boilers.

Rea explained that the Community Center has three boilers in the basement that were installed in 1995. The boilers are used to heat both the pool and the facility. Rea stated that he and his staff are proposing to replace them with three Camus DynaMax Model DMNH 501 High Efficiency Condensing Boilers. The boilers in place right now operate at 81-83% efficiency, and the new ones will be 93% efficient. Rea explained that two bids were received for the project, one bid from Cyril Regan Heating, Inc. for \$97,484.00 and the other bid was from Tessendorf Mechanical Services, Inc. for \$86,923.00. The bid from Cyril was \$13,000 over the set budget and they are not a State of Illinois Prequalified Pool Contractor as was a requirement in the bid specifications. He stated the Park District has used Tessendorf in the past for other projects, and he was pleased with their work. Rea stated he recommends that the Committee recommend to the Board to approve the bid received by Tessendorf Mechanical Services, Inc.

Stanko asked if the new boilers would be the same sized capacity as the current ones, and Rea said yes.

Stanko asked other than the new units being high efficiency, would everything else be the same about the boilers. Rea explained that the new boilers would be more advanced than the previous boilers to create better efficiency. Stanko asked if there would need to be additional modifications, but Rea said it was all included in the cost.

Stanko asked if there was a contingency in the bid, and Rea explained Tessendorf will have a bond for the project.

Stanko moved to recommend to the Board, acceptance of the lowest responsible boiler replacement bid from Tessendorf Mechanical Services, Inc., Gilberts, Illinois, in the amount of \$86,923.00. Second by B. Krueger.

Voice Vote: 2-0. All voting yes. Motion carried.

The next direction item up for discussion was the replacement of the 2003 John Deere 5420 Tractor. Rea explained that the current tractor is from 2003. It had a 10 year replacement plan, but due to it being in good condition, staff kept it longer. The tractor is now having some problems, so staff is looking to replace it with a John Deere 5100E. It's the same horse power as the current one. They won't have to purchase additional features for the tractor since it is already compatible with the equipment the Park District uses. It has an enclosed cab and a beacon for use at night, which Rea explained will be helpful for park staff during the winter months with snow removal. The purchase will be made through the same alliance as the Jacobson mower for a purchase price of \$54,319.92, which is just over what was budgeted.

Stanko moved to recommend Board approval for the purchase of a 2016 John Deere 5100E Utility Tractor as awarded by the National Joint Powers Alliance from DeKalb Implement Company, Sycamore, Illinois, in the amount of \$54,319.92. Second by B. Krueger.

Voice Vote: 2-0. All voting yes. Motion carried.

The last direction item discussed was the options to replace the fleet of golf cars at Foxford Hills Golf Club. Jones explained that Tim Miles and John Miles were present to answer any questions about operations at Foxford Hills. Jones stated that it was decided in February that the discussion of replacing the golf cars should be brought back to the Board later in the year, and this is the meeting where it will be discussed.

Jones asked the Commissioners to consider two things. First, would they prefer Club Car, Yamaha, or some other brand golf car as well as features and specifications of the cars. Second, Jones asked the Commissioners to consider if they wanted to do a partial replacement instead of replacing all the cars at once. It is the recommendation of staff that the entire fleet be replaced and that a six year debt issue be engaged to finance it.

Jones explained that cars that can be considered are from Club Car, E-Z-Go, or Yamaha. Options for the base bid would include USB ports so golfers could charge their electronics while on the course. Alternates included would be a GPS feature and rain and wind canopies for clubs, and additional tires and windshields so replacements could be done at the course.

Staff would ask for information on a 6 year service agreement, and would also seek to get pricing for a trade in on the current Yamaha cars. Delivery of the cars would be required no later than March 1, 2017 so they are ready for the next golf season.

Jones explained that assuming bids are received for the Board to review, the Board could accept the lowest qualified and responsible bidder by the end of the 2016.

Stanko explained he talked to Jones and in reading over the material he had some reservations about replacing the entire fleet, because what he is reading is suggesting that the arguments for purchasing 80 electric golf cars could also be used for purchasing 40 in the first year, then 20 in the second year, and the final 20 in the third year. Stanko expressed that nothing gives him a clear cut distinction with how this strategy is better over the other one. He would like to hear more on why it's better to purchase them all at once rather than replacing a certain percentage each year.

B. Krueger explained that if they were going to do the 40 then 20 then 20 it should have been done 2 years ago. He stated that the course is going to have golf cars that would be 11 years old if the partial replacements were implemented, and the golf cars won't last that long. He expressed that the whole fleet needs to be replaced together at the same time. B. Krueger also explained that it would look bad if more than one brand of golf cart were out on the course, and that would also require two maintenance contracts which could cause complications. He stated that if the Board thinks a gradual replacement is a good idea, it needed to be looked at 6 years into the current contract, and not after the end of 8 years.

Jones explained that in terms of the fixed costs associated with replacing 20 cars per year that would require issuing \$100,000 in debt annually. Staff had a conversation with Speer Financial, and they said the issuance cost is fixed whether a bond is issued for \$400,000 or \$100,000. Jones explained that the Park District would then be paying a premium each time debt is taken out. Due to the smaller size of the debt issue, it would not be a rated. A non-rated issue typically has a higher interest rate than a rated. Jones stated something else to consider is staff time to execute an annual debt issuance, which translates into an increase in cost and hours. Jones also stated that issuing a debt issue annually may also mean different interest rates, and in terms of the payback, that could affect the total amount paid over time. Jones expressed that if a partial purchase is something the Board would be interested in, he asked them to consider what the pay back schedule would be, and how long would the debt be carried as well as how much debt they would be willing to stack. Those are some challenges on the financial side.

Jones explained that a golf car purchase is required to be bid. Jones explained that with a bid, there would be the chance that in the end, different brand cars would be out on the course, which could mean they would have three different vendors and three different service contracts. Foxford Hills could end up with a situation where the look and features from one car to the next

could be very different. Jones asked the Commissioners what they want the image of Foxford Hills to be, and if they are okay with different brand cars on the course. He also asked the Commissioners what if two people in the same group rented golf cars, and one was in a 2 year old golf car and the other is an 11 year old golf car and what image that would convey.

Jones explained that in his financial model, he used a 4% interest rate and ran it over 6 years as a comparable, and he stated that it would cost 16% more to the district overall to replace 20 cars each year rather than purchasing the fleet all at once. Jones explained that after year 6, there may be cost savings to the district.

Stanko asked when the debt of the golf course would be paid off, and Jones said it would be paid off in 2021. Stanko then asked why a bid couldn't be created to replace 80 golf cars, but specify that the winning bidder would deliver 20 cars each year over the next 4 years. Jones explained that he did not think it would be wise to put into the bid the purchase of 80 cars, but receive 20 golf cars each year over the course of 4 years. He stated that a vendor would likely charge a premium for cards to be received in the future, and it may end up costing the Park District more money on top of other factors that could become issues with delivery years from now.

T. Miles explained he doesn't think the focus should be on debt. He explained that they would either be coming to ask for the purchase or lease of cars, and leasing would cost \$65,000 each year which is equivalent to the annual purchase cost. GolfVisions recommends buying over leasing because the capability of a Park District saves money over a lease payment. In this case, the advantage is not only the fact that the golf cars could be purchased at a lower amount due to the interest expense, but it also provides ownership and trade-in value at the end of the deal. He stated that whatever the payment is, it is an operational cost per the golf course that will always be present.

Frangiamore said he doesn't understand how this comes out of the operation budget of the golf course if the profit of the golf course is less than the payment would be on an annual basis. He asked if the payment of the golf cars would be in the budget. V. Krueger explained the cost of the golf cars, including interest and amortization, is reflected in the golf course budget. The course has a positive operating budget of approximately \$54,000, but there is always the potential the golf course may not be able to afford the debt.

Frangiamore asked if the golf course is already paying the debt for the cars. V. Krueger said the golf course covers the existing debt to the best of its capabilities each season.

B. Krueger said he doesn't know how they would get around having different makes and models. He thinks the rolling replacement is a different issue than what needs to be addressed right now, and that it would be difficult to purchase 20 new cars each year.

Frangiamore said he is in agreement to purchasing all the cars now, but a discussion needs to be held shortly after the purchase to do decide if the rotating schedule should be done in the future.

B. Krueger asked T. Miles if he has heard of other courses replacing part of their fleet at a time. T. Miles said he has occasionally heard of people rotating 20 per year but it has mostly been gas cars. In most cases, golf courses either purchase or lease the entire fleet. It is very rare for people to do a rotating trade out. He explained that rotating them out it's necessarily bad, but it isn't common.

Frangiamore asked why they were looking at a 6 year pay off instead of 8 years like the last time. T. Miles stated that he took into account the replacement of the batteries and it's the middle ground. With battery costs going up, an electric cars trade-in value has decreased dramatically compared to gas cars, so they would have to make new battery purchases after 3 years, and then they could trade out the cars at the end of 6 years instead of having to replace the batteries twice.

Jones said based on previous experience, they feel that 6 years is the best choice.

Stanko said 6 years for a debt is a good, and revisiting the topic of replacing the golf cars in 3 years so they could do something in year 4 and replacing in year 5 is something he would suggest. The experience is more important to the golfer rather than the brand and type of the car. Stanko explained that the Board has made the conscious decision to keep the electric and to purchase.

T. Miles explained that the course will always have golf car expenses. One of the main reasons they are at the meeting is that the chances of having a bad car in the current fleet is high, and they want to avoid giving a golfer a poorly functioning car when they go out on the course. He stated that cosmetically the cars are in good shape, but it's the mechanical issues that are causing the cars to not operate. The image of the course and having cars in good working condition is important.

B. Krueger said the cars don't need GPS but he likes the idea of a USB port. He also asked if having a color on the car is more money. J. Miles stated that for a color upgrade it will cost more money. He explained that the current color right now, beige, is a good color and it holds up to the weather. T. Miles said that you have hard water at the golf course, and it will show on the darker colored cars. The consensus of the color discussion was all Commissioners liked the beige color. The consensus of discussion on GPS was to remove it as an alternate.

Stanko moved to direct staff to conduct a competitive bid to purchase eighty (80) golf cars to replace the existing fleet of golf cars at Foxford Hills Golf Club and present the results of the bid process to the Board of Commissioners for consideration. Second by B. Krueger.

Voice Vote: 2-0. All voting yes. Motion carried.

Stanko moved to adjourn the meeting. Second by B. Krueger.

Voice vote: 2-0. All voting yes. Motion carried.

Meeting adjourned 8:00 PM.