Council Meeting: October 8, 2013

SUBJECT: Reject Bid for Electric Golf Cart Rentals for the Sunnyvale Golf Course and Amend/Extend Current Contract (F14-06)

BACKGROUND
Approval is requested to reject one bid received in response to Invitation for Bids F14-06 for the lease of seventy-five electric golf carts, and to amend and extend the current contract for three months to allow time to rebid the lease.

CEQA REVIEW
N/A

DISCUSSION
The City leases seventy-five electric golf carts for patron usage at the Sunnyvale Golf Course. Leasing the carts has been determined to be more cost effective than purchasing because of the heavy usage the carts receive, limited vehicle life span and minimal resale value.

The City typically leases the carts for a three-year period to coincide with the useful life of the vehicles, and conducts competitive lease bids at the end of each lease period. Bid opportunities are broadcast to potential suppliers through the City’s Onvia Demandstar public procurement network, but there are three main lease companies that customarily provide competitive bids: Club Car, EZ-GO and Yamaha Golf Car Company. Bid opportunities are also provided directly to the known competitors.

The Yamaha Golf-Car Company has consistently been the lowest bidder since at least 2004. The current contract in the amount of $193,822 was awarded by Council in 2010 (RTC No. 10-243). Council awarded the contract in the amount of $192,322, but this amount was slightly increased in January 2013 to account for the increase in Sales Tax to 8.75%.

The Purchasing Division issued a competitive bid in August 2013, and one responsive bid was received on August 28, from EZ-GO. The bid from EZ-GO, in the amount of $249,900, is approximately 30% higher than the current lease contract with Yamaha Golf Car Company. Staff recommends rejecting the one bid received from EZ-GO, in accordance with the provisions of Sunnyvale Municipal Code section 2.08.140. The Invitation for Bids will then be reissued, with more targeted outreach to the known leasing companies emphasizing the City’s desire to receive multiple competitive bids.
The current lease agreement with Yamaha expires October 31, 2013, and needs to be extended while a competitive bid is being conducted. Yamaha has offered to reduce its monthly lease cost from $5,291 to $4,078 (both amounts include taxes). Staff recommends a three-month extension in the amount of $12,234 to allow sufficient time for bidding, increasing the current contract from $193,822 to $206,056. The three-month rental agreement is appended to the Draft Purchase Order in Attachment A.

**FISCAL IMPACT**
Budgeted funds are available in Program 647, Golf Course Operations.

**PUBLIC CONTACT**
Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

**RECOMMENDATION**
It is recommended that Council:
1. Reject the one bid received in response to Invitation for Bids F14-06 for electric golf cart rentals; and
2. Approve an amendment to the current contract with Yamaha Golf-Car Company by increasing the total not-to-exceed value from $193,822 to $206,056 and by extending the expiration date to January 31, 2014.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Kent Steffens, Director of Public Works

Approved by:

Gary M. Luebbers
City Manager

**Attachments**
A. Draft Blanket Purchase Order and Short-term Rental Agreement
# Draft Revised Blanket Purchase Order NC BL002670

**ORDERED FROM**
15946 - 002
Yamaha Golf Car Co
1000 GA Hwy 34 E
Newnan, GA 30265-1320

**ORDER DATE**
(408) 000-0000

**BILL TO:**
City of Sunnyvale
Finance Department
Accounts Payable
PO Box 3707
Sunnyvale, CA 94088-3707

**ORDER DATE**

**EFFECTIVE DATE**
11/1/2010

**EXPIRATION DATE**
1/31/2014

**CONTRACT AMOUNT**
$206,056.36

**REQUISITIONING DEPARTMENT**
(7005) DPW/Golf Operations

**FOB**

**PAYMENT TERMS**

**FREIGHT CHARGES**

**ITEM** | **DESCRIPTION** | **UNIT** | **UNIT COST**
---|---|---|---
1 | Lease of 75 new electric golf carts for 36 months per Invitation for Bids F1008-11 specifications, terms and conditions and bidders response. Yamaha, Model YDRE Electric Golf Carts Monthly lease rate per golf cart $70.86 (including all taxes). Requisition Number: RQ006883 This purchase order replaces BL002495 Approved by Council 9/14/2010, RTC 10-243 | DLR | $1.0000

**NOTE:** Lease start date will begin on date of delivery.

Change Order #1: Increase contract amount by $2,500 due to increase in California sales tax rate. Requisition Number: RQ010799

Change Order #2: Contract is extended for a three-month period through 1/31/2014, in accordance with the short-term rental agreement attached and incorporated herein by this reference. Price is $50.00 per cart/$4,078.12 per month tax included.

Approved by Council 10/08/2013, RTC
AUTHORIZED DEPARTMENT(S)

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<th>DEPT NAME</th>
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<tr>
<td>7005</td>
<td>DPW/Golf Operations</td>
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DOCUMENT TERMS

Invoices must be sent directly to Accounts Payable at the address above and must reference the purchase order number. Failure to comply will result in a delay in payment processing.

BUYER:

Cornejo, Perry

PHONE (408) 730-7572  FAX (408) 730-7710
SHORT-TERM/SPECIAL EVENTS RENTAL AGREEMENT

1. TERM
This short-term rental/special events agreement (hereinafter this "Agreement") is entered into between YAMAHA GOLF-CAR COMPANY (hereinafter "YGC") and Customer as follows:

<table>
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<tr>
<th>Customer Name</th>
<th>City of Sunnyvale / Sunnyvale Golf Course</th>
<th>Contact</th>
<th>Dealer #</th>
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<tr>
<td></td>
<td>605 Macara Ave</td>
<td>Peter Gonda</td>
<td>408-730-7396</td>
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<tr>
<td>Address</td>
<td></td>
<td>City, State, Zip</td>
<td>Sunnyvale, CA 94085</td>
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Quantity | Per Day | Per Month | Year | Make/Model | Rental Charge Per Unit/Per Month | Total Per Charge Per Month |
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Accessories/special items: Chargers

2. PAYMENT
The daily/monthly rental for the Equipment delivered under this Agreement (hereinafter, together with any Optional Equipment delivered under this Agreement and any attachments, accessories and parts, the "Equipment"), as more specifically identified in Exhibit "A", to be paid within 30 days of invoice date. All applicable sales taxes will be calculated and presented to Customer on each invoice. A delivery charge of $3,750.00 shall be added to the first invoice.

3. RISK OF LOSS OR INJURY
a) Effective upon delivery of the Equipment, and until the Equipment is returned to Yamaha as provided herein, Customer relieves Yamaha of responsibility for all risk of physical damage, loss or destruction of the Equipment, however caused. During the continuance of this Agreement, Customer shall, at its own expense, cause to be carried and maintained casualty insurance with respect to each item of Equipment and public liability insurance. All policies with respect to such insurance shall name Yamaha as additional insured and as loss payee. The amount of the casualty insurance shall be the full replacement value of the Equipment, and the amount of public liability insurance shall be no less than $1,000,000 combined single limit. Customer hereby indemnifies Yamaha, against any and all claims, costs, expenses, damages, losses, and liabilities (including negligence and strict liability) arising out of or in any manner connected with the renting, operation, control or use of the Equipment including, without limitation, claims for injury to or death of persons and for damage to property.

(b) Customer shall bear the entire risk of loss, theft, destruction or damage to the Equipment from any cause whatsoever. In the event of damage to Equipment, Customer shall immediately place the same in good repair and operating condition.

(c) Upon delivery of the Equipment, Customer will inspect the equipment and notify Yamaha of any Equipment that is not in reasonably satisfactory condition. At Yamaha's option, any Equipment reasonably designated as unsatisfactory will be deleted from this Agreement with an appropriate adjustment to rent or replaced by Yamaha with equipment which is reasonably satisfactory to Customer. YAMAHA DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT BY WAY OF LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY AGAINST INFRINGEMENT. IN NO EVENT SHALL YAMAHA BE LIABLE FOR ANY LIABILITY FOR INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES.

4. RETURN OF EQUIPMENT
At the end of this Agreement, the Equipment shall be inspected by an agent of Yamaha and a Condition Report Report shall be completed by such agent to determine the condition of such Equipment. Customer agrees to pay Yamaha its full retail price for any Equipment not returned at the end of this Agreement. Further, Customer agrees to reimburse Yamaha for any excess wear and tear or other damage to the Equipment, including physical interior and exterior or mechanical wear and tear. Customer further agrees:

(a) To ensure that all Engine operators are at least 18 years of age;
(b) To ensure that seating and loading capacity requirements are followed;
(c) To remove key from Equipment when not in use.

5. MISCELLANEOUS TERMS
(a) Customer further agrees:

1. To ensure that all Engine operators are at least 18 years of age;
2. To ensure that seating and loading capacity requirements are followed;
3. To remove key from Equipment when not in use.
(b) In the event that any action or proceeding is brought to enforce any term or condition of this Agreement, the prevailing party in such litigation shall be entitled to recover reasonable attorney's fees and costs.
(c) The headings of this Agreement are for convenience of reference only and shall not be used in the interpretation of this Agreement.
(d) Customer shall not sublease any of the Equipment except in the ordinary course of its business or assign any of its rights under this Agreement. Customer shall keep the Equipment at the location to which Yamaha delivers the Equipment.

BY: CUSTOMER
TITLE: ____________________________
DATE: ____________________________

BY: YAMAHA GOLF-CAR COMPANY
TITLE: ____________________________
DATE: ____________________________