



HSVPOA Board Presents Two Golf-Related Motions 3-16-22

Description

Board approves purchase of golf course pre-emergent and fertilizer treatment; Board also approves golf cart lease agreement

Bob McLeod, HSVPOA Board Director, presented two golf-related motions to the Board at the March 16, 2022 Board Meeting. The first motion was for the purchase of 93 tons of Ronstar with Polyon from Harrell's at the agency price of \$194,850. Tom Heffer, Director of Golf, and Donald Jones, Golf Course Superintendent at Magellan were on hand to answer questions.

The application of pre-emerge fertilizer products is essential to keep the golf courses in good condition. The prices on these products are fixed which means all suppliers offer these products at the same price.

Advantages of Going With Harrell's Bid

While Harrell's cannot offer a better price than the other vendors, they can sweeten the deal with the following perks:

- Cash rebate of \$11,691,
- \$3,000 additional fungicide at no additional cost,
- Savings on 10 additional fertilizer applications, and
- The loan of a large spreader which enables the POA staff to complete the application in one day per course as opposed to a week.

Tom Heffer, Director of Golf said, "We are seeing price increases across the board. So last year, we spent on this application, \$151,000 for 115,000 tons, which is \$1,313 per ton. That product has gone up \$700 a ton, which brings it up to over \$2,000 a ton. At 115 tons, we would still have to purchase with that application, that puts us over our budget by \$27,000. We had to get a little creative and find

another product which is this Ronstar with Polyon. This has the fertilizer already in it and also 1% active ingredient, which can afford us to buy 22 less tons of this product. That's how we save our money. This product comes out at \$194,850 at \$2,091 a ton, but since we purchase less of it, this is a 28% increase over last year, with the total amount of money."

"Mr. McLeod has mentioned all these extras that Harrell's will provide. The last thing is, the Polyon is inside this chemical already. That means we don't have to buy the fertilizer and spread that also, which is also saving us about 10 applications per course over the summer. Add that up. That is about 80 applications we are saving on fertilizer And that's why I would recommend Ronstar for this purchase with Harrell's."

Joanie Corry, Board Chair, asked, "Out of curiosity, is this as good as what you've used in the past?"

Donald Jones replied, "This is the best of the best."

Heffer said, "This was tested last year at Magellan, too. It also helps with our cart traffic and the wear and tear on fairways. The fairways showed a great improvement with this product."

Jones said, "It is actually a better product...It was much higher priced." Now the cost is equal or less than what we were using before.

Heffer said that due to fertilizer plant fires, the price has increased.

The motion passed.

[16_Golf_Courses_Pre-Emerge_Fertilizer_Purchase](#)

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Club Car Lease

Golf cart lease agreements for Granada and Coronado will end in March 2023. Due to supply chain issues and low availability, staff requested bids for these two fleets early in 2022. 45 carts for Coronado and 75 for Granada will be delivered in 2023.

Three companies bid:

Club Car – \$353,952.00

Ben Nelson – \$443,952.00

Yamaha – \$363,600.00

Moving From Six-Year Golf Cart Plan to a Five-Year Plan

McLeod said we have a six-year plan on golf carts but will be switching to five-year golf cart leases. “One of the problems we’ve had is with COVID, instead of having six years on our carts, we’re going to have seven years on our carts because with COVID we could only put one person in a cart. In reality, we put an extra year on our carts.”

This is the first step in moving towards a five-year plan.

Heffer said, “We went out to bid for purchase and lease options. Yamaha came back with the low bid on a purchase price of \$4,550 per cart. Club Car came back with a low lease bid of \$49.16 per car, per month.”

Lease Versus Purchase

Heffer continued, “When you look at the lease option compared to the purchase option, in one year we would spend \$820,000 to purchase and to continue our leases on the other fleets that we have.”

Heffer said, “This lease would cost us, with all the other leases, \$353,000. There is a savings of \$479,000 right off the bat. And then if you look five years down, we did the pricing out to change to purchasing, it’s going to cost \$3.7 Million to purchase the carts, as opposed to the same time frame, continued leasing for \$1.9 Million. So there is a huge saving there. Even with trade-in values. We worked that into the equation, which we had another about \$800,000, so you are still looking at about \$900,000 difference in the cost.”

Heffer Proposes Yearly Bidding

Heffer explained, “We went to a five-year plan, as Bob stated. The good thing that we saw was they must have sharpened their pencils, because the last lease we got for Balboa and DeSoto, we were paying \$50 a cart. They bid for next year, \$49.16 a cart. It is one of the few things that I have actually seen go down. I think they do that when we bid it out yearly. So what I am proposing is to bid this every year, purchase and lease, to get our best pricing, year after year. Our next fleet doesn’t run out...until 2024.”

Board Director, Gary Belair, asked, “Can I ask a question about the back-up to the proposal? As I understand the proposal, this five-year lease for this number of carts is going to be a total cost of \$353,952?”

Heffer said, “Correct. For five years.”

Belair continued, “The backup material includes the chart...The cart lease versus purchase chart at the very bottom [of the motion below] goes into 2023, which lists less money than we are talking about. In 2024, more money. And then a total of \$1.9. Where did all those numbers come from?”

Heffer explained, “Those are all leases if we continue to lease. For all the courses – for 600 carts. What I did is assume a 5% increase for purchase and for lease over the next five years. I tried to do apples to apples to make sure we are getting the best deal for our golf carts.”

Heffer said, "Right now we have Cub Car and we have existing parts in stock, and also after talking to our head cart mechanic, he is very happy with our product, with Club Car, our service, and everything else. They were the low bid and that is what I would recommend."

Omohundro Discusses Leasing Versus Buying

Board Vice-chair, Tucker Omohundro, said, "I am going to take advantage of this discussion for other issues. We have been criticized for leasing versus buying. It's almost impossible to determine which is the best at the time...They typically end up costing about the same. It is like leasing a car. If you leased a car two years ago you'd be in good shape today. But that's not the norm. Usually, they go down in value instead of up."

Omohundro stated, "I wish Villagers would understand. It is basically the same thing. It ends up costing you the same. It may go up some, it may go down, it is a shot in the dark which way is better to go. You just have to determine what you think at the time and from a cash-flow standpoint, I guess. There are all kinds of factors...We're probably saving money."

Six-Year Golf Cart Replacement Plan Was Big Mistake

Heffer said, "With the lease, too, we are getting brand new carts every five years, not six. Six was the biggest mistake ever because carts are normally pretty much done in five years when you lease them."

Heffer said the anticipated lifetime of a golf cart is five years. Even when purchased, they were replaced every five years.

"The major warranty on golf carts runs out in five years. Six is not really feasible," explained Heffer.

The motion passed.

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CHERYL DOWDEN, Hot Springs Village People Gazette, March 18, 2022

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