



HSVPOA Golf Department – Strategic Spending

Description

At the April 7, 2022, Board HSVPOA Board Discussion Session, Golf Director, Tom Heffer, discusses the strategy for purchasing budgeted golf department equipment during inflationary times. Tammy Jones, DeSoto Superintendent, stood by his side as Heffer explained to the POA Board how he is purchasing what is needed while staying within the golf department's budgetary constraints. Final decisions were not made at this meeting as votes are not taken at discussion sessions.

In an attempt to receive better pricing, the Golf Department asked for bids on 18 items at one time. Heffer soon found out that, "going out to bid on these units [at one time] was not beneficial this year because of the supply chain issues and the price increases".

Instead of ordering everything through one vendor, Heffer proposed to use three vendors because there was no benefit to purchasing everything from one vendor.

Because of price increases, Heffer recommends buying only 11 pieces of equipment instead of 18. "The other seven items are not available until at least mid-2023 and the price increases were skyrocketing." The decision to purchase fewer units was made after meeting with Controller, Karl Russ, and General Manager, Kelly Hale. They decided to put the purchase of seven items on hold until later in 2022. GM Kelly Hale said they decided to purchase only what was needed at this time to still keep the golf courses in good shape, instead of purchasing wants.

The following items are being proposed to order:

Three pieces from Torro (Jerry Pate) include:

- Two rough drag units for the cost of \$85,123. The 2012 models that we own are breaking down several times a week. "They are spending more time in the shop than they are on the golf course." These two items were budgeted for \$75,000.
- One 300 gallon sprayer for \$57,606. We have been borrowing Diamante's old unit that frequently breaks down. The budget for this item was \$53,152.

The pieces being proposed to buy from John Deere are:

- Two pull-behind Buffalo Turbine Blowers (Budgeted amount is 18,000) The proposal is for \$20,509.
- One Lely Spreader (Budgeted amount is \$12,000) The proposal is \$8,496.
- Three deck mowers (Budgeted amount for deck mowers is \$104,000)
- One deck – (As the Golf Department has John Deere mowers in stock, they do not need to purchase the fourth mower and are able to just purchase a deck to use on an already-owed piece of equipment.

One item is being proposed to purchase from Horns:

- Zero-turn mower for \$26,000. This was budgeted for \$30,000. Heffer said, “Tammy likes this product because it saves us from buying another drag unit.” This also frees up the DeSoto Golf Course tractor that is used to pull the drag unit so we don’t have to buy another tractor. We will still need to purchase a backhoe attachment, which is on the purchase list for this year.

These 11 items were budgeted for \$302,000 and the cost for the units totals \$302,844. This leaves us a balance of \$211,308 remaining to be used later for the seven items not being ordered at this time.

Director McLeod asked, “So basically Tom, you are just taking 11 items out of the 18 and you are coming in exactly on budget by manipulating a few things.”

“We expect to be under budget with the consolidation of the shipping charges. Right now they are bidding out each item with a shipping charge.” By shipping items together from each company, shipping will cost less. Heffer expects the prices may go down a little in the future because John Deere and Torro’s bids were, “not to exceed”. This means the bid amounts will stay the same or possibly lower.

This is “budget bingo, that is all this is,” stated Hale.

Director Gary Belair inquired, “Does this follow your plan to standardize some equipment,” for the efficient use of spare parts?

Heffer answered, “yes.”

Cheryl Dowden, Hot Springs Village Digest, April 7, 2022

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