

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winquest
Interim General Manager

THROUGH: Gerald W. Eick, CPA CGMA
Director of Finance

FROM: Mike Bandelin
Diamond Peak General Manager

SUBJECT: Review, discuss, and possibly authorize a procurement contract for Snowmaking Fan Guns; 2019/2020 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3464SI1002; Vendor: TechnoAlpin USA Inc. in the amount of \$88,711

STRATEGIC PLAN: Long Range Principle #4 – Service
Long Range Principle #5 – Assets & Infrastructure

DATE: August 1, 2019

I. RECOMMENDATION

Staff recommends that the Board of Trustees moves to:

1. Award a procurement contract to TechnoAlpin USA totaling \$88,711 for the procurement and delivery of Snowmaking Fan Guns to Diamond Peak Ski Resort.
2. Authorize Staff to execute all purchase documents based on a review by General Counsel and Staff.

II. DISTRIC STRATEGIC PLAN

Long Range Principle #4 – Service – The District will provide superior quality service and value to its customers considering responsible use of District resources and assets.

- The District will utilize best practice standards for delivery of services.

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

- The District will maintain, procure, expand, and construct District assets to ensure safe and accessible operations for the public and the District's workforce.

III. **BACKGROUND**

The primary goal of the Snowmaking Strategic Plan is to be able to better guarantee opening of the ski area as well as an acceptable quantity of terrain on only machine-made snow for the Christmas holidays each ski season. Snowmaking capacity and efficiency is necessary to keep Diamond Peak competitive with neighboring resorts by providing a variety of terrain, ensuring depth of snow coverage, and supporting the initial opening and duration of season.

The recommended additional capacity, as well as a more efficient and flexible snowmaking system, enhances Diamond Peak's ability to deliver a competitive product in years of light natural snowfall and ensures, given adequate snowmaking temperatures, Diamond Peak's ability to open the mountain with a variety of top-to-bottom skiing for the Christmas holidays.

Expansion of Diamond Peak's fan gun inventory allows Diamond Peak to make more efficient use of electricity and reduces noise levels in the base area of the mountain. The expanded total snowmaking capacity provided by the additional fan guns also allows Diamond Peak to put more snow on the mountain during days with optimal snowmaking conditions. This can reduce the total number of days of snowmaking required and can lead to significant savings in utility costs in a season (upwards of \$30,000 in some seasons).

Diamond Peak currently operates and maintains a fleet of fourteen (14) snowmaking fan guns with seven (7) of the units purchased during the mid-1990's, five (5) units purchased in 2013 and two (2) fan gun units in 2017.

IV. BID RESULTS

The District publicly advertised this project for bidding and specifications were sent out to three potential bidders. Three bids were received and opened on July 16, 2019. The bid results are as follows:

Vendor	Unit Price	Shipping	Total Bid Amount
Snow Machines, Inc.	\$34,500.00	\$2,700	\$106,200
TechnoAlpin USA Inc.	\$26,903.54	\$2,000	\$88,711
Snow Economics (d.b.a. HKD Snowmakers)	\$32,500.00	\$6,500	\$104,000

The low responsive bidder is TechnoAlpin USA Inc. District Staff reviewed the bid documents and checked references for the vendor and has recommended award of this procurement to TechnoAlpin USA Inc.

V. FINANCIAL IMPACT AND BUDGET

A total of \$130,000 is included in the 2019/2020 Capital Budget for the purchase of Snowmaking Fan Guns (see attached data sheet). The purchase price proposed for three snowmaking fan guns' award totals \$88,711 which is \$41,289 under the approved budgeted amount.

VI. ALTERNATIVES

Not authorize the snowmaking fan gun procurement contract with TechnoAlpin USA. Doing so will limit the flexibility and capacity of Diamond Peak's snowmaking system and could impact Diamond Peak's ability to offer a competitive product during years of light natural snowfall.

Authorize the snowmaking fan gun contract with TechnoAlpin USA totaling \$88,711 for the procurement and delivery of three (3) snowmaking fan guns.

Authorize the procurement of one (1) additional snowmaking fan gun to the recommended procurement of three (3) fan guns for a total of four (4) fan gun units for a sum of \$26,903.54. The purchase price proposed for four (4) snowmaking fan guns award totals \$115,615 which is \$14,385 under the approved budget amount.

The procurement of the additional (fourth) snowmaking fan gun would operate within the existing snowmaking fan gun fleet, allowing Diamond Peak to make more efficient use of electricity and reduce noise levels in the base area of the mountain as well as increasing the probability to guarantee opening of the ski area with an acceptable quantity of terrain on only machine made snow for the Christmas/New Year holiday period each ski season. Given adequate snowmaking temperatures, the additional snowmaking fan gun also aids in providing a greater opportunity to open Lakeview Lift and Snowflake Lodge for the Christmas break, doing so increases Diamond Peak's services levels and potential revenue opportunities.

The District's Capital Improvement Plan does not indicate a scheduled snowmaking fan gun purchase for years and this additional purchase would provide a near term capacity at the start of the season including an assurance of keeping a level of service until the next round of replacements.

VII. COMMENTS

During the 2018/2019 ski operating season District Staff had the opportunity to operate and evaluate a demonstration TR8 Snowmaker provided by TechnoAlpin USA. Staff was impressed with the performance of the equipment and snow quality in comparison to the existing fleet of snowmakers including the technical support provided by the manufacturer.

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.



Project Summary

Project Number:	3464SI1002	
Title:	Fan Guns Purchase and Refurbishment	
Asset Class:	G - Equipment & Software	
Division:	64 - Mountain Operations	
Budget Year:	2020	
Scenario Name:	Main	Active: Yes
Budget Status:	Data Entry	
Locations:		
Project Something:	SI - Slope & Mountain Improvements	

Project Description				
This project maintains and enhances the District's airless snowmaking technology (fan guns, etc.) to reduce the noise factor associated with conventional snowmaking and to maximize our efficient use of water and electricity. For 2018 and 2020, the project will replace two aging and failing fan guns purchased in 1991 and will add two new fans to bring the fleet total to 16-fan guns. 16-fan guns represents full build-out for Diamond Peak.				
Project Internal Staff				
Mountain and Slope Operations staff will select the units for refurbishing based on service analysis.				
Project Justification				
The primary goal of snowmaking is to be able to better guarantee opening an acceptable quantity of terrain on only machine-made snow for the Christmas holidays each ski season. Snowmaking capacity and efficiency is necessary to keep the ski resort competitive by providing a variety of terrain, depth of snow coverage, timing of our initial opening and duration of the season, so that we may effectively compete with neighboring resorts.				
Additional capacity, as well as a more efficient snowmaking system, enhance our ability to deliver a complete and competitive product in years of light natural snowfall and, more importantly, virtually guarantees (temperatures permitting) our ability to open the mountain with a variety of top-to-bottom skiing for the Christmas holidays. Expansion of our airless snowmaking capacity (fan guns) will complement our existing compressed air system by allowing us to make more efficient use of electricity as well as reducing noise levels in the base area and other parts of the mountain.				
Additionally, the fan guns will allow us to maximize water flow each time snow is made, taking advantage of the increase in water capacity created over the past two years. By maximizing our new water capacity (with the new fan guns) we will be able to finish our snowmaking earlier in the season. Utilizing more fan guns will also allow us to avoid mid-peak electricity charges in January. This has the potential of savings \$20-30,000 for the season in electric costs.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2020				
Purchase 3 Additional Fan Guns	130,000	0	130,000	
Year Total	130,000	0	130,000	
	130,000	0	130,000	
Year Identified	Start Date	Project Partner	Manager	Est. Completion Date
2012			Mountain Operations Manager	