

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Bradley A. Johnson, P.E.
Director of Asset Management

Mike Bandelin
Diamond Peak Ski Resort General Manager

SUBJECT: Review, discuss, and possibly authorize an Early Opening of the 2017/2018 Capital Improvement Program Budget, Make a Sole Source Finding, and Authorize a Procurement Contract for a Replacement PistenBully Snow Grooming Vehicle – 2017/2018 Capital Improvement Project; Fund: Community Services; Division: Ski; Project # 3463HE1726; Vendor: Kassbohrer All Terrain Vehicles, Inc in the amount of \$372,500

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

DATE: June 2, 2017

I. RECOMMENDATIONS

That the Board of Trustees moves to:

1. Authorize an early opening of the 2017/2018 Capital Improvement Program Budget.
2. Make the following finding:

IVGID's purchase of a replacement PistenBully snow grooming vehicle and associated fleet management system from Kassbohrer All Terrain Vehicles, Inc. is exempt from competitive bidding for the following reasons:

- A. This purchase is for items which may only be contracted from a sole source (NRS 332.115.1.a). Kassbohrer All Terrain Vehicles is the exclusive dealer for PistenBully snow grooming equipment for Northern Nevada.
 - B. This purchase is for additions to and repairs and maintenance of equipment which may be more effectively added to, repaired or maintained by a certain person (NRS 332.115.1.C). Diamond Peak’s snow grooming fleet is exclusively PistenBully snow grooming vehicles which are sold exclusively by Kassbohrer All Terrain Vehicles.
 - C. The equipment proposed for purchase, by virtue of the training of the personnel or of any inventory of replacement parts maintained by the local government is compatible with existing equipment (NRS 332.115.1.d). Diamond Peak’s snow grooming fleet is exclusively PistenBully snow grooming vehicles.
3. Authorize a procurement contract with Kassbohrer All Terrain Vehicles, Inc totaling \$372,500.
 4. Authorize Staff to execute all purchase documents based on a review by general Counsel and Staff.

II. DISTRICT 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, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.

III. BACKGROUND

The general purpose of this project is to maintain District operations through the necessary maintenance and replacement cycles. The contract proposed for award addresses the end of life cycle replacement of one of the Diamond Peak PistenBully snow grooming vehicles. Diamond Peak maintains a fleet of five PistenBully snow grooming vehicles to provide slope grooming, snow management, snowmaking support, chairlift loading and unloading area maintenance, and park features at Diamond Peak Ski Resort. A reliable and well functioning grooming fleet is a critical component to providing a great customer experience at Diamond Peak.

The equipment scheduled for replacement is a 2006 PistenBully 300 – PistenBully #595. This equipment has operated eleven seasons, has 7,278 operating hours, and has reached the end of its cost effective service life. It is at a point where the District can expect elevated maintenance and repair costs and increased equipment down time.

Snow grooming vehicles are replaced when serviceability, reliability, performance, and economic factors dictate. The District's current program involves keeping each machine for ten operating seasons. The District's service records, as well as those of snowcat manufacturers, indicate that the hourly operating cost of a standard grooming snowcat increases by more than 60% after 10 years of operating. Downtime increases in direct proportion which impacts the quality of Diamond Peak's groomed product. Additionally, major component failure on a snow grooming vehicle may cost more than the actual value of one of these vehicles as its age increases. A replacement engine can cost as much as \$25,000 and a replacement drive assembly cost is \$15,000 with each vehicle having three or four drive assemblies depending on the type of equipment.

The proposed PistenBully grooming vehicle will come equipped with PistenBully's SNOWsat slope and fleet management system. SNOWsat is an integrated system for guiding and real-time monitoring of snow grooming vehicles. The system uses GPS data to produce a mapped image of the slope including all chairlift poles,

snowmaking hydrants, as well as any potential danger spots and the resort boundaries. It also provides maps of individual runs for grooming with real-time snow depth measurement. The position of the snow grooming equipment is conveyed back to Diamond Peak computers in real-time along with snow depth measurements to support and optimize snowmaking and slope maintenance operations. The SNOWsat system allows greater management and quality control of grooming and snowmaking operations, reduces grooming and snowmaking operating costs by improving operational efficiencies, and improves on-mountain safety of the grooming operations. The snow management functionality provided by SNOWsat was critical to Diamond Peak’s success and length of season during the drought impacted seasons of 2014-2015 and 2015-2016.

If the proposed contract is awarded, the District will place its order with Kassbohrer All Terrain Vehicles immediately and will take delivery of the vehicle in the fall in order to accommodate manufacturing lead time. Payment to the vendor does not occur until vehicle delivery.

IV. BID RESULTS

The proposed procurement contract, in compliance with NRS 332.115, is a sole source purchase from Kassbohrer All Terrain Vehicles, Inc and Staff did not seek competitive bids for the proposed vehicle. Specific equipment pricing is as listed below:

Description	Amount
PistenBully 400 Park Pro with Snowsat	\$393,000
Trade-in for PistenBully #595	(\$20,500)
Total	\$372,500

V. FINANCIAL IMPACT AND BUDGET

\$390,000 is included in the 2017/2018 Capital Improvement Program Budget for the replacement of Pisten Bully #595 under Project # 3463HE492 (see attached data sheet). The total proposed purchase is \$17,500 under budget.

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VI. ALTERNATIVES

Not authorize the procurement contract and defer or eliminate replacement of the proposed snow grooming vehicle. Doing so puts the District at risk of high maintenance expenses and increased equipment down time or complete loss of equipment usage during Diamond Peak's operating season.

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:	3463HE1726	
Title:	Replace 2006 Pisten Bully 300 Snowcat #595	
Asset Class:		
Division:	63 - Slope Maintenance	
Budget Year:	2018	
Scenario Name:	Main	Active: Yes
Budget Status:	Data Entry	
Locations:		
Project Something:	HE - Heavy Duty Service Equipment	

Project Description				
<p>This project is for the scheduled replacement of one of Diamond Peak's snow cats. This snow cat is on a 10-year replacement cycle subject to operating hours, accrued maintenance cost, oil analysis reports, visual inspection and overall condition. Currently, Diamond Peak operates 5-snow cats on the mountain. This replacement plan calls for replacement of one cat every other year in the line grooming fleet. Recent research by staff indicates that our local competitors are averaging 30-acres groomed per night for each cat in their fleet. Diamond Peak is currently grooming 32-acres per night for each of our 5-cats in the line grooming fleet. This snow cat will be moved back in the CIP replacement program if indicators reveal no increased equipment down time or elevated maintenance cost will result by deferring the replacement date.</p>				
Project Internal Staff				
Fleet Maintenance Staff will manage this project				
Project Justification				
<p>It is necessary to continue the routine replacement of our grooming equipment so that it is replaced prior to major component failure and to continue to stay abreast of industry changes and improvements to provide the best quality product for our skiing guests. Major component failure can cost more than the actual value of these vehicles as their age increases. These components can cost as much as \$25,000 for an engine or \$20,000 for a drive pump and motor set, there are 3-sets to each grooming vehicle. Grooming vehicles will only be replaced if serviceability, performance and economic factors dictate. Our records, as well as those of snow cat manufactures indicate that the hourly operating cost of a snow cat increases by more than 60% once they pass 8000 to 9000 operating hours. Additionally, down time increases in direct proportion, diminishing the quality of our grooming product.</p>				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2018				
Pisten Bully Snowcat Purchase	390,000	0	390,000	
Year Total	390,000	0	390,000	
2028				
Pisten Bully Snowcat Purchase	410,000	0	410,000	
Year Total	410,000	0	410,000	
	800,000	0	800,000	
Year Identified	Start Date	Project Partner	Manager	Est. Completion Date
2012	Jul 1, 2018		Fleet Superintendent	Dec 1, 2018