

## 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 General Manager

**SUBJECT:** Review, discuss, and possibly approve a Sole Source Finding and review, discuss, and possibly authorize a Procurement Contract for Snowmaking Fan Guns, 2017/2018 Capital Improvement Project (CIP): Fund: Community Services; Division: Ski; Project # 3464SI1002; Vendor: Snow Machines, Inc. in the amount of \$72,250

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

**DATE:** August 4, 2017

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### **I. RECOMMENDATION**

That the Board of Trustees makes a motion to:

1. Make the following finding:

The District's purchase of two replacement snowmaking fan guns from Snow Machines, Inc. (SMI) is exempt from competitive bidding for the following reasons:

- A. 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 snowmaking fan gun fleet is standardized on SMI equipment.

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- B. 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 snowmaking fan gun fleet is standardized on SMI equipment and the District employs snowmaking staff that is trained for SMI fan guns and controls and maintains an inventory of replacement SMI parts.

**AND**

That the Board of Trustees makes a motion to:

2. Authorize a procurement contract with SMI totaling \$72,250.
3. 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 primary goal of the snowmaking equipment replacement program is to be able to better guarantee opening an acceptable quantity of terrain on only machine-made snow for the

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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 contract proposed for award addresses the end of life cycle replacement of two snowmaking fan guns. Diamond Peak maintains a fleet of fourteen snowmaking fan guns of which twelve fan guns are manufactured by SMI with the two remaining fan guns manufactured by Areco. The two fan guns scheduled for replacement were purchased in 1996 and underwent refurbishment in 2003 by SMI. The two fans guns are at the end of their useful life, have inadequate control systems, and no longer provide reliable and efficient snowmaking capabilities. The replacement fan guns will come equipped with SMI control equipment, which interfaces with our existing automation and snowmaking process control software, to help ensure maximum snowmaking production across a range of temperature and humidity levels.

If the proposed contract is awarded, the District will place its order with SMI immediately and will take delivery of the two replacement fan guns in time for the start of snowmaking for the 2017/2018 ski season. Payment to the vendor does not occur until vehicle delivery.

#### **IV. BID RESULTS**

This item is not subject to competitive bidding within the meaning of Nevada Revised Statute 332.115 as described in subsections 1.c and 1.d. The two snowmaking fan guns proposed for procurement from SMI will replace two existing SMI fan guns from the District's standardized fleet. Additionally, the equipment proposed for procurement, by reason of the training of the personnel and of an inventory of replacement parts maintained by the local government, is compatible with the existing equipment.

The District solicited and received a bid from SMI to provide two snowmaking fans guns, delivered to Diamond Peak, at a total cost of \$72,250.

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## **V. FINANCIAL IMPACT AND BUDGET**

A total of \$100,000 for this project is included in the 2017/2018 Capital Improvement Program Budget under Project # 3464SI1002 (see attached data sheet). The total proposed purchase of \$72,250 is \$27,750 under budget.

## **VI. ALTERNATIVES**

Not approve the sole source finding and not authorize the snowmaking fan guns procurement contract with SMI. 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.

## **VII. COMMENTS**

The District will hold on to the two existing snowmaking fan guns and cannibalize them for useful parts and equipment. The remaining non-useful components will be sold for scrap.

## **VIII. 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

<b>Project Number:</b>	3464SI1002		
<b>Title:</b>	Fan Guns Purchase and Refurbishment		
<b>Asset Class:</b>			
<b>Division:</b>	64 - Mountain Operations		
<b>Budget Year:</b>	2018		
<b>Scenario Name:</b>	Main	<b>Active:</b>	Yes
<b>Budget Status:</b>	Data Entry		
<b>Locations:</b>			
<b>Project Something:</b>	SI - Slope & Mountain Improvements		

<b>Project Description</b>				
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.				
<b>Project Internal Staff</b>				
Mountain and Slope Operations staff will select the units for refurbishing based on service analysis.				
<b>Project Justification</b>				
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 fun 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.				
<b>Forecast</b>				
<b>Budget Year</b>	<b>Total Expense</b>	<b>Total Revenue</b>	<b>Difference</b>	
2018				
Replace 2 1991 Fan Guns	100,000	0	100,000	
Year Total	100,000	0	100,000	
2020				
Purchase 2 Additional Fan Guns	100,000	0	100,000	
Year Total	100,000	0	100,000	
	<b>200,000</b>	<b>0</b>	<b>200,000</b>	
<b>Year Identified</b>	<b>Start Date</b>	<b>Project Partner</b>	<b>Manager</b>	<b>Est. Completion Date</b>
2012			Mountain Operations Manager	