

DECISION PAPER



Date: May 15, 2018

Issue: Snowbird Chairlift; Asset Disposal and Release of Liability

Background:

The removal of TDA's existing Snowbird Chairlift is currently contracted for removal and recycle by Skytrac Services, Inc., for the sum of \$75,000, anticipated to occur during the month of June 2018. Through recent weeks, Tahoe Donner has been approached by a representative at Teton Pass Ski Area, a small resort in northern Montana, to perform this removal for \$1, and to self-finance the relocation and reinstallation at Teton Pass Ski Area or their future use, see attached offer letter. For context: Teton Pass Ski Area didn't operate this last year due to multiple ownership challenges, but plans are underway with new management to open for operations in 2019-2020. Their proposal is to combine TDA's old snowbird chairlift with other SLI parts they have in stock, to supplement future skiable terrain within their master plan and approved USFS permit.

For asset disposals of this nature, Tahoe Donner is prepared to organize the necessary asset disposal documentation that defines and releases liability during their removal efforts onsite, related transportation, and any future use of chairlift components or variations therein.

By obtaining Board approval to sell all chairlift components to Teton Pass Ski Area, including their full removal and transportation offsite, TDA would benefit financially by reducing \$75,001 from the existing contracted total. Skytrac is agreeable to this scenario and Teton's timeframe, and would credit this amount in full and as directed, granted they have not begun chairlift removal services. TDA Staff is currently underway with necessary planning and coordination for relocating C2 and installing the new Snowbird chairlift this summer; for inspections, testing and employee training ahead of the 2019-2020 winter season.

Options:

1. Proceed with necessary asset disposal and release of liability documentation with Teton Pass Ski Area, and modify the chairlift removal language and financial obligations in existing contract with Skytrac Services, Inc.
2. Proceed as contracted with Skytrac Services, Inc.

Recommendation:

Management recommends the Board approve Option 1.

Prepared By: Forrest Huisman, Director of Capital Projects

Reviewed By: Michael Salmon

Board Meeting Date: May 26, 2018

General Manager Approval to place on agenda : _____ **Date:** _____

Teton Pass Ski Resort



PO Box 1354 • Choteau, MT 59422 • Phone: 503.729.2421
E-Mail: charleshlavac@gmail.com

Date: May 1st, 2018

Tahoe Donner Association
Attn: Forrest Huisman
Truckee, CA 96161

Dear Mr. Huisman,

I appreciate the opportunity to provide an offer for the SLI lift that Tahoe Donner is retiring this summer. My main interest is in operating and growing a small ski area that I manage in North Central Montana. We also have an SLI chairlift, and ours was installed in 1973. My plans for growth involve installing additional chairlifts to expand our terrain and services. We have been keeping an eye out for older lifts that are being removed that would fit our needs. Tahoe Donner's SLI is of interest to us in more than one way. Spare parts for our current chair are becoming harder and harder to find. In order to keep the smaller ski areas going, we certainly aim to keep as many serviceable parts out of the scrap yards as possible.

Let me lay out what we can offer, and see if that aligns with your interests. Teton Pass Ski Resort is prepared to purchase all assets of the Snowbird Chair for a price of one dollar, and subsequently take on the entire cost of removing the asset safely and without liability to Tahoe Donner. We carry the proper insurance/workman's compensation, etc., and have an experienced team that can get the job done this summer at your convenience (timeline for the job is 2 weeks). Alternatively we recognize that other ski areas are interested in certain parts/pieces of the lift that have certain value (Top terminal, chairs for porch swings, etc.), but also know that you may still end up with the cost of removing the parts that nobody wants (Towers, bottom terminal, wire rope, lift stations, etc.). We are prepared to take the entire chairlift and foot the bill for renting equipment, breaking it all down for transport, and hauling it off. I estimate the job will cost us \$15-20K. That is a low cost for us, as we have a significant amount of experience with this type of work, and we have some cost savings due to some of our employee's skillsets (Trucking, equipment operation, etc.) Due to the cost burden that we would take on by removing the lift, it is not possible for us to make it worth our while if we had to buy the asset for more than a dollar.

Let us know what you think of the offer. Like I said, we can save you something on the cost of removal, as well as the headache of managing a project like this, if that is of benefit. We also think there is some value in keeping as many of these viable parts in service, if done safely and meeting the new standards and codes.

Sincerely,

Charles Hlavac

Charles Hlavac
General Manager: Teton Pass Ski Area Inc.