



STAFF REPORT

March 26, 2021

TITLE:

Groomer Purchase

RECOMMENDATION:

By motion: Resolve for Tahoe Donner Association to approve the 2022 groomer (snowcat) replacement budget from the reserve replacement budget to replace one XC machine and one Downhill machine.

BACKGROUND:

The reserve replacement schedule includes the replacement of two snowcats every 4 years – one for XC and one for Downhill. This schedule has these snowcats scheduled for replacement in 2022. Historically, the equipment is ordered for a January delivery of the replacement year and staff desires to follow that same plan for this round of replacement. In order to achieve this delivery date, we must commit to the purchased this spring so the manufacturer has adequate time to produce the snowcat for delivery. The decision today is to approve the 2022 reserve replacement budget for these two snowcats at a budget not to exceed \$395,000 for the XC machine and \$370,000 for the Downhill machine, as these amounts exceed the GM approval level. Payment will be due in January 2022.

Properly functioning, reliable machines are integral to our XC and Downhill operations. At XC, our grooming is the product that we sell. We have a reputation for high quality trails that are open and consistently groomed to a high standard, which has contributed to the increase in season passes sold over recent years. Having 3 functioning machines is very important to this operation. At Downhill, the beginner experience is enhanced with well groomed terrain, and our relatively small size creates an expectation that all runs are groomed daily. While breakdowns are not uncommon, they are more frequent with older machines. Repair can take a machine out of service for several days, or even weeks, while parts are ordered. Losing one machine at either operation significantly compromises our ability to produce a quality product and hours begin to add up quickly on the remaining operating equipment.

ANALYSIS:

There are two “hour intervals” on snowcats where significant maintenance is required. The first 3,500 hours are relatively trouble free requiring only scheduled preventative maintenance services and minor repairs. At 3,500 hours the cost of ownership begins to increase due to several wear items needing to be replaced. Track belts, grousers, high pressure hoses, suspension components, blade pivot points, hydraulic cylinders, etc. may all need to be replaced or at a minimum inspected for wear.

The 7,000 “hour interval” requires a much larger maintenance commitment. The snowcat will likely require major components to be replaced such as splitter box components, turbos, high pressure injection pumps, radiators, electronics, etc. This is the stage that many resorts replace their equipment or relegate to a lower hour utility role to avoid large maintenance costs as well as considerable time commitment from staff. Even with all the appropriate maintenance, the reliability of the snowcat begins to decline as it ages, especially after the 7000 hour threshold.



Another factor is the trade in value, 7,000-hour cats can be worth up to \$30,000 or more, where higher hour cats fall into the \$10,000 range. Overall, 7,000 hours is a good time to trade/replace a snowcat to avoid all the above maintenance expenses while still receiving a higher trade value. The hours on the snowcats that are scheduled to be replaced are approximately 7,400 and 8,200.

OUTREACH:

Staff has held several internal discussions regarding the specific equipment needs at both operations to determine the exact requirements. Then we met with representatives from both manufacturers of snowcats to discuss their options in models and options to meet our needs.

FISCAL IMPACT:

The reserve replacement budget for the replacement of the two snowcats in 2022 is \$765,000 with \$395,000 and \$370,000 budgeted for XC and Downhill respectively. Not replacing these snowcats would likely result in additional maintenance costs of approximately \$20,000 - \$25,000 per year based on our historical maintenance data. However, most important is the reduction in equipment downtime that comes along with new equipment, as this preserves our daily access and season pass revenues by strengthening customer loyalty. While hard to quantify, the revenue is significant.

ALTERNATIVES:

The alternatives in this replacement project involve which manufacturer we choose to provide our replacement snowcats – Pisten Bully (PB) or Prinoth. We currently have both manufacturer’s equipment in our inventory with the last several purchases from PB. PB was chosen in the past because:

- PB equipment produced a superior groomed surface
- Superior service
- More optional equipment for increased efficiency
- Free mechanic training
- Longer warranty

Staff’s recommendation is to move forward with PB once again to replace our snowcats.

Prepared by: Miguel Sloane, 3/17/2021

Reviewed by: Todd Martyn-Jones, 3/17/2021

Reviewed by: Lindsay Hogan, 3/17/2021

Board Meeting Date: 3/26/2021

General Manager Approval to Place on the Agenda: _____