

EXECUTIVE SUMMARY



TO: Jim Scholl, City Manager

COPIES: David Fernandez, Assistant City Manager
Mark Finigan, Assistant City Manager
Greg Veliz, Director Community Services
Rod Delostrinos, Deputy Director Community Services

FROM: Eduardo Herrera, Fleet Manager – Community Services

DATE: October 26, 2011

SUBJECT: Disposal of 2001 Gillig Phantom Low Floor Bus (#806) as a result of extensive fire damage.

Action statement:

This resolution ratifies the decision from City staff to proceed with the disposal of a 2001 Gillig Phantom Low Floor Bus (#806) as a result of extensive fire damages suffered on February 10th, 2011, pursuant to City of Key West Code of Ordinances, Subdivision II, Authority of Purchasing Agent, Section 2-771-(3)(c), *The City Manager shall have the authority to sell, trade or otherwise dispose of surplus and obsolete personal property belonging to the City either by sale, barter or exchange or by sealed bid, public auction, cannibalization, trade-in or any other means of disposal as may be appropriate and in the best interests of the city. Disposal of surplus or obsolete personal property with acquisition prices in excess of \$20,000.00 per item shall be made only after approval by the City Commission.* Circumstances of auction bidding for the disposal required an immediate decision preventing prior approval from the Commission.

Strategic Plan/Business Plan:

Staff mechanics and supervisors made damage assessments of the vehicle, along with experts from KWFD, City Insurance Companies and the bus manufacturer in order to estimate the value of remaining usable parts on the vehicle. Staff used this information to decide whether to use remaining undamaged parts internally for spares or submit the claim through the insurance provider and receive a reimbursement. The various parties involved determined that there were few components of value remaining after the fire and City staff concluded that receiving the insurance compensation was the most effective solution in this case.

Background:

During normal operations on February 10th, 2011, at approximately 5:30pm, bus 806 caught fire within the engine compartment and began to burn. Passengers were safely evacuated and KWFD firefighters responded rapidly to extinguish the blaze. The bus received extensive damage to the engine compartment, interior and exterior body panels and various electrical and mechanical systems, including the HVAC system onboard. After investigations by various parties, including KWFD, Gillig (Bus Manufacturer), and representatives from the city's insurance provider PGIT, it was not completely clear what the exact cause of the fire might have been, although the manufacturer suggested the potential cause was related to diesel fuel igniting within the engine compartment. The bus was total loss and remains in the operations yard at the DOT facility on Palm Ave.

Purpose and Justification:

Due to depreciation of the asset and the extent of the damages, the bus was deemed a total loss and the title lien held by the Florida Department of Transportation was released to the City of Key West in order to dispose of the vehicle. PGIT has agreed to provide a settlement on the claim, the proof of loss statement is included in the package.

Options:

1. The City Commission could ratify City Staff's decision to dispose of the 2001 Gillig Phantom Low Floor Bus (#806), accepting the settlement from PGIT in the amount of eight thousand five hundred dollars (\$8,500.00). This option would approve the decision for expedited removal of the vehicle, at the highest financial return for the City.
2. The City Commission could declines to ratify City Staff's decision to dispose of the 2001 Gillig Phantom Low Floor Bus (#806), however, a settlement from PGIT in the amount of eight thousand five hundred dollars (\$8,500.00) has been finalized. City staff would then have to attempt to refund the settlement, and could not guarantee a retrieval of the vehicle. If the vehicle could be retrieved, this option would force staff to begin the disposal process again, causing an extended removal schedule for the vehicle, and an uncertain financial return for the City.

Financial Impact:

The original purchase price of the bus was \$256,269.25, of which FDOT provided 100% funding. Noting the vehicles depreciation and damage as a result of the fire, FDOT

recently released the lien held on the vehicle and the City is now the sole title holder. The total insurance carried on the bus was \$166,575.00, however at the time of loss, the actual cash value of the bus was adjusted to \$58,500.00. After a \$50,000.00 deductible, the city received a reimbursement of \$8,500.00.

Recommendation:

Staff recommends the City Commission ratify the decision by City Staff to dispose of the 2001 Gillig Phantom Low Floor Bus (#806), and accept the settlement from PGIT in the amount of eight thousand five hundred dollars (\$8,500.00). This option allowed for expedited removal of the vehicle, at the highest financial return for the City.