Council Meeting
June 13, 2006

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Sale of Bus #401 to Orion Bus Industries

RECOMMENDATION

The Transit Director recommends that the City Council authorize the sale of one (1) Hybrid electric bus back to Orion Bus Industries (Orion) for $80,000.

FUNDING

Not applicable.

BACKGROUND/ ANALYSIS

On September 25, 2002, a 2000 Orion Bus Industries (Orion) Hybrid electric bus #401sustained major damage in a bus fire. Representatives from Orion Bus Industries conducted an inspection and determined the cause of the fire to be a defective oil hose. Orion Bus Industries has struggled to provide a repair program to honor its commitment to repair the vehicle. Many factors including engine availability have played into the delay in the repair. Unfortunately, a point has been reached where the bus cannot effectively be repaired as many parts are now obsolete.

Orion Bus Industries has offered, in lieu of its obligation to repair the bus, to purchase said vehicle for $80,000. Transit staff believes the proposal from Orion to be the most prudent approach to resolve this item.

Respectfully submitted,

Kim Turner
Transit Director

CONCUR:

LeRoy J. Jackson
City Manager

Attachment: A) Orion Letter of Agreement

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Attachment A

Orion Bus Industries

May 10, 2006

Kim Turner
General Manager
City of Torrance, Transit Department
20500 Madrona Avenue
Torrance, CA 90503-2684

Dear Ms. Turner:

Re: Orion VI Hybrid Bus Agreement

In reference to your Orion VI Hybrid bus (fleet # T-401), Orion Bus Industries has struggled to provide a repair program. Many factors, including engine availability, have caused the delay. Unfortunately we are at a point where this bus cannot effectively be repaired as many parts are now obsolete.

As an alternative, Orion offers to pay the City $80,000.00. In return for the lump sum payment, ownership and possession of the bus will be transferred to Orion. Title will be transferred within ten days after receipt of the $80,000.00 by the City. The City will also execute a release of any potential claims relating to the bus.

If acceptable, please sign below. I will make arrangements for the payment of the $80,000.00, and will forward a draft Release for your review. Please indicate who the check should be made payable to, and the address.

Regards,

Steve Batho
Director, Product Support
Orion Bus Industries

CITY OF TORRANCE

_____

Dan Walker, Mayor

ATTEST:

_____

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III

City Attorney

By:_____

Orion Bus Industries Ltd.
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Mississauga, Ontario
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Fax: (905) 403-8800

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