

**CITY OF MT. VERNON, ILLINOIS  
Special City Council Meeting  
Thursday, May 30, 2019**

The Mt. Vernon City Council met for a Special City Council Meeting on Thursday, May 30, 2019 at 4:00 p.m. in the City Council Chamber at City Hall, 1100 Main Street, Mt. Vernon, Illinois

Mayor John Lewis called the meeting to order.

**ROLL CALL**

Roll call showed present: Council Member Ray Botch, Council Member Donte Moore, Council Member Jim Rippey, Council Member Mike Young, and Mayor John Lewis.

**VISITORS/CITIZENS REQUESTS/ADDRESSES FROM THE AUDIENCE**

No comments were heard.

**CITY MANAGER**

City Manager Mary Ellen Bechtel requested permission to close Pauline Street on Saturday, June 1, 2019 from 7 a.m. to 8 p.m. for the Car and Truck Show presented by Route 37 Performance, The Diner, and Broadway Auto Body. The petitioner is Kristina Elgin. The petitioner presented a form signed by the adjacent residents stating that they do not object to the street closure. City staff including the Police Department recommend approval of this street closure.

**Council Member Ray Botch motioned to grant permission to close Pauline Street on Saturday, June 1, 2019 from 7 a.m. to 8 p.m. Seconded by Council Member Mike Young. Yeas: Botch, Moore, Rippey, Young, and Lewis.**

City Manager Mary Ellen Bechtel presented Ford Square of Mt. Vernon, LTD Fleet Management and Lease Program. Bechtel reported that at the May 20, 2019 Regular City Council Meeting, action was tabled on Resolution to Enter into a Lease Agreement between the City of Mt. Vernon and Enterprise Fleet Management, Inc. to give local dealerships an opportunity to submit similar proposals which includes maintenance, management and telematics.

Roy Schmidt of Ford Square of Mt. Vernon introduced his team; John Hundley – Sharp/Hundley Law Office, Melody Penicut, Al Lake – Ford Square’s General Manager, Steve Lombardo – Ford Square’s Fleet Manager, Ryan Schmidt, and Josh Brett – Ally Financial Agent.

Schmidt explained that the Enterprise Fleet's proposal format was used to prepare Ford Square's proposal. The cost of Ford Square's proposal is \$1,438,080 to be paid in four annual installments of \$359,520.11. After four years, he predicts that the fair market value of the vehicles will be worth at least \$820,000 depending on their condition and mileage. Schmidt stated that this amount is not guaranteed. The City's cost over four years is estimated at \$618,080. Mayor John Lewis asked if the same vehicles were leased from Enterprise, would they not have the same fair market value. Schmidt stated that the cost of the vehicles for Ford Square and Enterprise should be the same at \$1,337,849. The difference between the proposals is that Enterprise requires one additional rent payment at the end of the lease which called the residual amount. He calculated that an additional 20%-25% will be due from the City.

Josh Brett explained that for a track lease like Enterprise's, the payment is based on a percentage of the sales price. For example, if a vehicle is sold to the City at 75% of the cost, the remaining 25% is due at the end of the lease. The great unknown is the fair market value of the vehicles at the end of four years. Ford Square estimated \$820,000, but Enterprise can use their discretion as to what the vehicles are worth at the end of the lease.

Schmidt stated that if the cost of vehicles (\$1,337,849) is added to the estimated 25% residual amount (\$334,462), Enterprise's total sales price is \$1,672,311 versus Ford Square's total sale price of \$1,438,080. After deducting the estimated fair market value of the vehicles (\$820,000), Enterprise's estimated four-year cost is \$852,311 or \$213,077 per year versus Ford Square's estimated four-year cost is \$618,080 or \$154,530 per year.

Schmidt explained that Ford Square has more concrete numbers because of no residual values and the City will own each vehicle free and clear at the end of four years. Ford Square will not assess any fees or charges for some of the things Enterprise might charge such as over-mileage fees and excess wear and tear fees.

Council Member Mike Young asked what will happen at the end of four years. Schmidt explained that his plan includes Ford Square's Fleet Manager Steve Lombardo meeting with the City's Fleet Director every quarter to decide when and which vehicles to replace. Ally Financial Agent Josh Brett stated that if there is good reason, such as the budget not being approved, Ally will forgive the debt and the City would not be liable for any further payments. At the end of four years, the City can keep the vehicles, Ford Square could buyback, or Ford Square will take to auction to sell for City.

Lombardo stated that the vehicles will have Verizon GPS devices in the vehicles. Routine maintenance (oil change, filter, tire rotation) is included in the vehicle price and Ford Square staff will pick up and return the vehicles. Loaner vehicles will be available for Department Heads. Any service will be priority. Excluded from routine maintenance are tires, batteries, brakes, and windshield wipers.

City Manager Mary Ellen Bechtel asked, if the City decides to get rid of a vehicle during the first three years, does the City pay-off the vehicle's loan, sell the vehicle, and obtain another loan for the replacement vehicle. Brett stated that Lombardo would work with the City and trade-in the

vehicle. The trade-in value would be deducted from the sales price of the replacement vehicle and the balance would be added into the loan. Bechtel stated that since the vehicles are City property, the City Council would need to declare the vehicle surplus before trading it in. Brett said that the City will be provided a report showing the final cost including finance charges for individual vehicles.

Lombardo said that the 41 vehicles could be delivered by November 2019. This would apply to Enterprises too.

Council Member Donte Moore clarified that Ford Square's markup is around \$250 to \$500 over the State purchase price per vehicle.

Bechtel explained that this type of program only works because the City obtains the vehicles at a lower rate and cashed-in on the resale value at the end of the four years by selling the vehicles and using the funds to purchase other new vehicles at a lower rate. In the past, City Councils were not willing to cash-in on the equity and put the funds back into the fleet to keep a quality fleet ongoing.

Roy Schmidt summarized that his proposal is a simple, easy to understand program, that provides 100% ownership to the City. All service and maintenance on the vehicles will be top priority.

#### **VISITORS/CITIZENS REQUESTS/ADDRESSES FROM THE AUDIENCE**

No comments were heard.

#### **EXECUTIVE SESSION**

No Executive Session was held.

#### **ADJOURNMENT**

**Council Member Jim Rippy motioned to close the Special City Council Meeting. Seconded by Council Member Mike Young. Yeas: Botch, Moore, Rippy, Young, and Lewis.**

Special City Council Meeting closed at 5:10 p.m.

Respectfully submitted,



Mary Jo Pemberton  
City Clerk