



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** SEPTEMBER 9, 2025

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR

**TITLE:** ENTERPRISE VEHICLE LEASING

**RECOMMENDED MOTION:**

A motion to approve a Resolution authorizing the City Manager to enter into a Master Equity Lease Agreement with Enterprise Fleet Management for the lease of ten (10) vehicles from September 9, 2025, to December 9, 2030 for an estimated amount of \$105,600 per year for a total cost of \$658,000.

**EXECUTIVE SUMMARY:**

The City of Salinas maintains a vehicle fleet that serves citywide operational needs. The present fleet management practice is to own and operate vehicles until the useful service life has been exceeded and the vehicle has depreciated to a low resale value. Staff recommends the City Council approve implementing a small-scale vehicle fleet leasing program to replace ten (10) vehicles at the optimum time and better accommodate an effective vehicle lifecycle. Improving the process and vehicle replacement timing will reduce operating costs (fuel, maintenance, repairs), provide staff with up-to-date vehicle safety features, improve vehicle procurement productivity, and increase staff efficiency.

**BACKGROUND:**

The City uses multiple vehicles in the Police, Community Development, Parks and Recreation, and Public Works Departments to help provide City services. The City's standard fleet practice historically has been to purchase vehicles in full, requiring the City to include 100% of the purchase price in the budget any year a vehicle is purchased. This causes the City's budget to periodically spike when vehicles need replacement. The need for a large capital outlay in the first year to purchase any vehicle has required the City to keep some vehicles beyond their useful life, increasing maintenance costs and staff time in maintaining the older vehicles.

Leasing vehicles would require the City to budget for the payment of the leases annually and agree to replace the vehicles on a 5-year schedule. This will allow for a consistent budgeting process and help maintain the fleet in a much more cost-effective manner. Enterprise's analysis shows a savings based on vehicle equity, fuel savings, and maintenance savings and, of the 377 vehicles currently in the City's fleet, it has been determined that 294 of those vehicles would be eligible for the lease program.

The City's research indicates mixed results from the cities that were surveyed. However, city to city comparisons may not be uniform and therefore it's hard to determine if the results are reflective of the program itself or the city's implementation of the program. Staff is recommending a pilot program with 10 vehicles to see how the program works and what kind of savings, if any, will be realized.

Pursuant to Salinas Municipal Code section 12-25, the City can utilize cooperative purchases with other government agencies as a means of making purchases without having to go through a competitive process. Enterprise was awarded a Sourcewell contract through an RFP process. The Sourcewell contract is 03122-EFM.

The 10-vehicle lease program is currently planned to include six (6) Ford F150 Lightning trucks, one mid-size electric SUV, a half ton cargo van, and two (2) full size sedans. The estimated lease is \$8,800 per month or \$105,600 per year. This amount could change depending on when the vehicles are ordered.

The lease program will also allow the City to electrify its fleet, since the lease will include electric vehicles when they are available.

This item was presented to the Finance Committee on August 12, 2025. The Committee recommended the City proceed with the pilot program of leasing ten (10) vehicles as outlined in this Report.

#### CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

#### CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

#### STRATEGIC PLAN INITIATIVE:

This action supports the City Council goals of "Ensure fiscal responsibility and financial management" and "Provide high quality customer service."

#### DEPARTMENTAL COORDINATION:

The Public Works Department has worked with Finance Department and the City Attorney's office to review the financial impacts and the lease agreements for this proposed pilot program.

### FISCAL AND SUSTAINABILITY IMPACT:

The pilot program will have no impact on the FY 2025-26 budget. Existing Vehicle Replacement Fund appropriations will be used to cover the cost of the lease and correspondingly vehicle(s) planned to be purchased are now included in the leasing program.

<b>Fund</b>	<b>Appropriation</b>	<b>Appropriation Name</b>	<b>Total Appropriation</b>	<b>Amount for recommendation</b>	<b>FY 24-25 Operating Budget Page</b>	<b>Last Budget Action (Date, Resolution)*</b>
7121	50.5233-66.5500	Capital outlay Vehicles	\$112,013	\$105,600	N/A	6/17/25, 23269

\* The FY 25-26 Adopted Budget was adopted on June 17, 2025.

### ATTACHMENTS:

Resolution

Lease Agreement

Addendum to Lease

Self-Insurance Addendum

Menu Pricing City of Salinas

City of Salinas – Fleet Synopsis