



## **CITY OF SALINAS FINANCE COMMITTEE**

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**DATE:** AUGUST 12, 2025

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

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

**TITLE:** VEHICLE LEASING PROPOSAL

### RECOMMENDED MOTION:

Recommend that the Finance Committee provide feedback and direction on the leasing of 10 vehicles from Enterprise Fleet Management.

### 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 that the Finance Committee recommend 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 current fleet that can be leased under this agreement consists of 188 vehicles of various makes and models ranging in age from 10 plus years old to less than one year old. 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. 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.

The 10-vehicle lease program is currently planned to include six (6) 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.

#### FISCAL & 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 any vehicle(s) that was planned to be purchased will now be included in the leasing program.

#### ATTACHMENTS:

Menu Pricing City of Salinas  
City of Salinas – Fleet Synopsis