



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JUNE 2, 2026

DEPARTMENT: PUBLIC WORKS

FROM: DAVID JACOBS, PE, LS, PUBLIC WORKS DIRECTOR

BY: TELAT YALCIN, GIS ADMINISTRATOR

TITLE: 3-YEAR LICENSE AGREEMENT FOR ESRI SOFTWARE PROGRAM

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the Purchasing Agent to enter into a three-year license agreement with Environmental Systems Research Institute, Inc. (ESRI) in a total amount not to exceed \$476,952, from September 15, 2026 to September 15, 2029.

EXECUTIVE SUMMARY:

The City implemented GIS software from ESRI in the early 2000s to support its Geographic Information Systems (GIS) operations.

The GIS Division has historically maintained annual licensing agreements with ESRI to support ongoing services. Transitioning to long-term licensing options, such as a three-year agreement, would provide a fixed annual cost over the term, reduce administrative overhead associated with annual renewals, and expand user access beyond what is available under the current licensing model.

BACKGROUND:

The City of Salinas has operated under an “à la carte” licensing model with ESRI for its Geographic Information Systems (GIS) since the early 2000s. While this model historically provided flexibility, recent changes to ESRI’s licensing structure, combined with the City’s expanding operational needs, have made it increasingly cost-volatile and difficult to sustain.

The proposed 3-Year License Agreement provides a significantly expanded quantity of software licenses, extensions, and enterprise services that would otherwise require separate purchases under the current annual subscription model. These include ArcGIS Enterprise software extension services such as ArcGIS Geostatistical Analyst, ArcGIS Network Analyst, and ArcGIS Image Server.

Under the current yearly subscription agreement, these services must be budgeted and purchased individually as standalone extension add-ons for each user, typically ranging from approximately \$1,500 to \$3,000 per license. In contrast, the proposed 3-Year License Agreement provides these services in uncapped and unlimited quantities.

Additionally, the proposed 3-Year License Agreement includes uncapped and unlimited licensing for ArcGIS Online and ArcGIS Enterprise user types, Esri application templates, and additional software extensions that currently require separate individual purchases under the existing annual licensing structure.

Table A – List of Products and Services itemizes and compares the products, licensing levels, and services included in both the current yearly subscription agreement and the proposed 3-Year License Agreement option. In September 2025, the City paid \$114,641 for its annual ESRI licensing renewal. Staff recommend transitioning to ESRI’s three-year licensing option, known as the Small Government Enterprise Agreement (SGEA), to support a more predictable and cost-controlled approach.

Although the SGEA represents an initial increase over current maintenance costs, it is a strategic investment intended to avoid significantly higher future expenses. ESRI is phasing out legacy “Concurrent Use” licenses in favor of a subscription based “Named User” model. Based on internal projections, converting the City’s existing licenses individually to this new model could increase annual costs to approximately \$202,300 by 2029.

The proposed SGEA provides a structured three-year cost schedule totaling \$476,952, with annual payments of \$137,800 in Year 1, \$158,752 in Year 2, and \$180,400 in Year 3, thereby mitigating the projected escalation to \$202,300 annually under a standard renewal approach. In addition to cost containment, the SGEA allows for scalable access, including expanded usage for Public Safety personnel at no additional per-user cost capabilities that are not achievable under the current licensing model.

Note: The 3-year license agreement includes a one-time \$2,500 Developer Bundle Subscription fee. This amount will be added to the first-year scheduled payment of \$135,300, bringing the total first year cost to \$137,800.

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). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect

physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

Approval of the proposed action supports the City Council’s 2025-2028 Strategic Goal of City Services by promoting fiscal responsibility, sound financial management, and the delivery of high-quality customer service.

DEPARTMENTAL COORDINATION:

This staff report has been coordinated with the City Manager’s Office and City Attorney’s Office.

FISCAL AND SUSTAINABILITY IMPACT:

Funding for ESRI software will be included as part of the budget development process.

ESRI

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested (FY2026-27)
n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

- Resolution
- ESRI Quote
- Table A - List of Products and Services