

CC 06-16-2026

#6

FY 2026-27 Operating and
Capital Improvement
Program Budgets

Desk Item



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
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CITY COUNCIL STAFF REPORT

DESK ITEM

Meeting: June 16, 2026

Agenda Item # 6

Subject

Consideration of Recommended Operating and Capital Improvement Program Budgets for Fiscal Year (FY) 2026-27, adoption of the Operating and Capital Improvement Program Budgets for FY 2026-27, establishment of the Appropriation Limit, and related actions

Recommended Action

1. Adopt Resolution No. 26-XXX establishing an Operating Budget of \$141,318,264 for FY 2026-27, which includes the following changes to the FY 2026-27 Proposed Budget, published on May 4, 2026:
 - a. Approve the operating budget of \$141,293,145 outlined in the FY 2026-27 Proposed Budget.
 - b. Approve a reduction in appropriations of \$47,000 for recurring Chamber of Commerce funding agreement
 - c. Approve additional appropriations of \$25,000 for City Work Program Special Projects PR & Strategic Comm Strategy
 - d. Approve additional appropriations of \$34,119 for the Council approved salary adjustment of Senior Assistant City Attorney
 - e. Approve additional appropriations of \$13,000 for RISE Housing Solutions
 - f. Approve the allocation of \$200,000 for RISE Housing funds to be budgeted in the General Fund previously funded in Special Revenue Fund as approved by Council on May 19, 2026
 - g. Approve a reduction in revenues of (\$224,320) relating to at-risk ERAF property tax
 - h. Approve additional revenues of \$15,000 for Law Enforcement related administrative fees
 - i. Approve any other recommended changes as directed by City Council
2. Adopt Resolution No. 26-XXX establishing a Capital Improvement Program Budget of \$14,235,000 for FY 2026-27.

3. Adopt Resolution No. 26-XXX establishing an Appropriation Limit of \$148,461,383 for FY 2026-27

Background:

Staff's responses to questions received from councilmembers are shown in italics.

Q1: Expand on how property taxes increased by .9%.

Staff Response: Staff recently identified that the comparison to HdL's estimate inadvertently excluded Educational Revenue Augmentation Fund (ERAF) revenues, which are recorded within the same property tax revenue account in the City's general ledger. As a result, actual property tax revenues may ultimately exceed the amount included in the Proposed Budget. Given recent uncertainties surrounding major City revenues and expenditure, staff believes a conservative budgeting approach remains appropriate and can return to Council with updated projections if warranted.

Attachments Provided with Original Staff Report:

- A – Draft Resolution – Operating Budget for Fiscal Year 2026-27
- B – Draft Resolution – Capital Budget for Fiscal Year 2026-27
- C – Draft Resolution – Appropriations Limit for Fiscal Year 2026-27
- D – Budget Proposals Summary
- E – Appropriation Limit for Fiscal Year 2026-27
- F – Appropriation Limit Price and Population Factors for Fiscal Year 2026-27
- G – Proposed Budget Study Session Supplemental Report
- H – Planning Commission Adopted Resolution
- I – Adopted FY 2025-27 City Work Program Budget Details
- J – FY 2026-27 Capital Improvement Budget (CIP) Book (Draft)

CC 06-16-2026

#6

FY 2026-27 Operating and
Capital Improvement
Program Budgets

Supplemental Report



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
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CITY COUNCIL STAFF REPORT SUPPLEMENTAL 1

Meeting: June 16, 2026

Agenda Item # 6

Subject

Consideration of Recommended Operating and Capital Improvement Program Budgets for Fiscal Year (FY) 2026-27, adoption of the Operating and Capital Improvement Program Budgets for FY 2026-27, establishment of the Appropriation Limit, and related actions

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2. Adopt Resolution No. 26-XXX establishing a Capital Improvement Program Budget of \$14,235,000 for FY 2026-27.
3. Adopt Resolution No. 26-XXX establishing an Appropriation Limit of \$148,461,383 for FY 2026-27

Background:

Q1. Please include the FY 26-27 Community Funding Parks and Recreation Commission Recommendation background.

The City provides funding to local non-profit organizations in the areas of social services, fine arts, and other programs for the public. The Community Funding Grant application process opened on January 1, 2026, and closed on February 1, 2026. Twenty-two applications were received for the FY 2026-2027 Community Funding Grant Program cycle and were brought to the Parks and Recreation Commission for review on March 5, 2026. During the April 2, 2026, Parks and Recreation Commission meeting, the Commission concluded that 17 of the 22 applications met eligibility requirements and those applications were evaluated and scored. The Parks and Recreation Commission approved the following proposed list of organizations to recommend City Council for funding, totaling \$32,500; and if there is additional funding available, to first fund Fremont Union High Schools Foundation and the remaining organizations requested amount in rank order at the Council's discretion.

1. West Valley Community Services - \$5,000
2. Fremont Union High Schools Foundation - \$8,500
3. No Time to Waste - \$4,000
4. Teens Talk - \$450
5. Colorful Minds - \$1,500
6. Remember the ToothFairy - \$2,000
7. Cupertino Symphonic Band - \$2,000
8. Mind4Youth - \$2,500
9. Active Circle - \$2,000
10. AINAK - \$1,550
11. Rotary Club of Cupertino - \$3,000
12. Cupertino Host Lions Club - \$0
13. Bay Area Cats - \$0
14. Tessellations School - \$0
15. American Legion Post 642 Cupertino- \$0
16. Institute for the Study of Western Civilization - \$0
17. SunflowerMagic - \$0

Recommended ranking if additional funding is available:

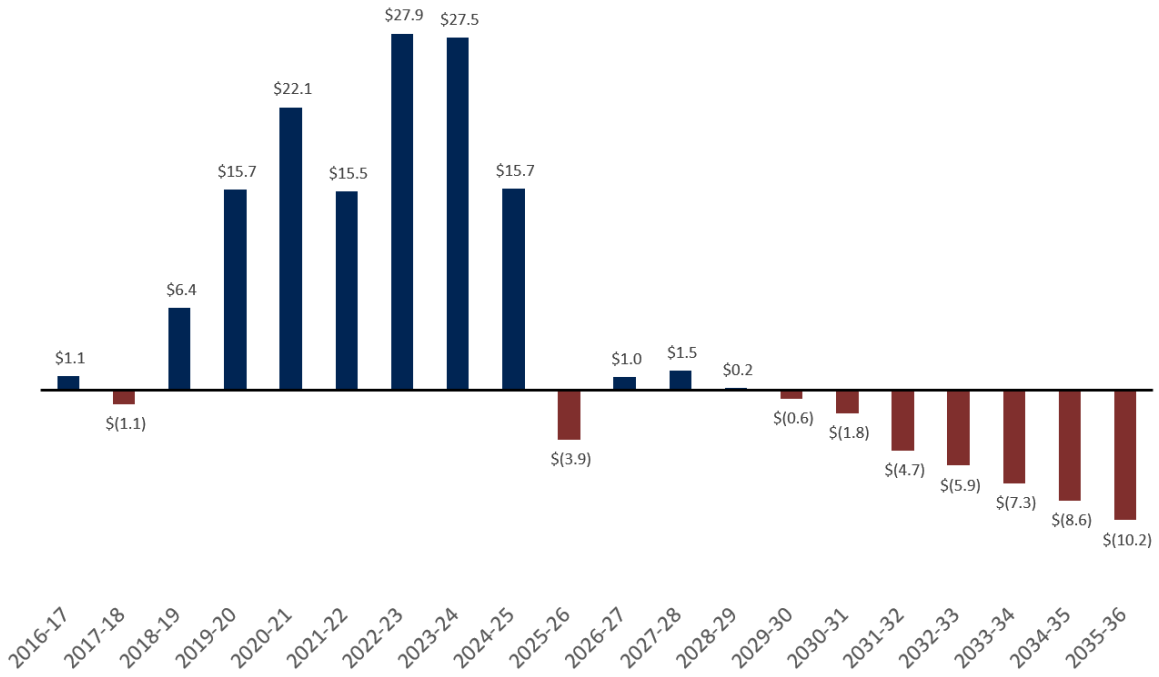
Applicant	Commission Ranking	Amount Request by Applicant	Current Recommended Award Amount	Recommended if Extra Funding Available
West Valley Community Services	1	\$5,000	\$5,000	0
Fremont Union High Schools Foundation	2	\$15,000	\$8,500	\$6,500
No Time to Waste	3	\$5,000	\$4,000	\$1,000
Teens Talk	4	\$450	\$450	0
Colorful Minds	5	\$1,500	\$1,500	0
Remember the ToothFairy	6	\$2,000	\$2,000	0
Cupertino Symphonic Band	7	\$4,870	\$2,000	\$2,870
Mind4Youth	8	\$2,500	\$2,500	0
Active Circle	9	\$2,000	\$2,000	0
AINAK	10	\$6,500	\$1,550	\$4,950
Rotary Club of Cupertino	11	\$4,000	\$3,000	\$1,000
Cupertino Host Lions Club	12	\$5,000	0	\$5,000
Bay Area Cats	13	\$19,050	0	\$19,050
Tessellations School	14	\$20,000	0	\$20,000
American Legion Post 642 Cupertino	15	\$20,000	0	\$20,000
Institute for the Study of Western Civilization	16	\$5,000	0	\$5,000
SunflowerMagic	17	\$1,000	0	\$1,000
TOTAL		\$118,870	\$32,500	\$86,370

The following table includes FY 25-26 awards for comparison.

Non-Profit Organization	FY 25-26 Funding	FY 25-26 Program/Project/Event	FY 26-27 Funding	FY 26-27 Program/Project/Event
Active Circle	2,000	All Inclusive Family Picnic	2,000	Neuro-Inclusive Picnic with Purpose
AINAK	4,000	Eyecare and Eyeglasses	1,550	Eyecare and Eyeglasses
Asian American Parents Association	3,000	AAPI Multicultural Festival	Did Not Apply	
Colorful Minds	Did Not Apply		1,500	Colorful Minds
Cupertino Symphonic Band	3,000	Band Equipment	2,000	Music, Band Equipment, Rental Venue
ElderAid	5,000	Background Verification Integration and Support	Did Not Apply	
Fremont Union High Schools	Did Not Apply		8,500	Environmental Education Classroom for the Fremont Union High Schools District
iTalented	900	iSpark	Did Not Apply	
Mind4Youth	Did Not Apply		2,500	HeartCare
No Time to Waste	5,000	5/1000: Feed the Need	4,000	GRoW: Grocery Rescue Weekly
Remember the ToothFairy	1,000	Dental Treatment program	2,000	Dental Education Outreach Program
Rotary Club of Cupertino	1,600	Thanksgiving Meal Sharing Program	3,000	Pollinator Garden and McClellan Ranch Park
Special Olympics Northern California	5,000	2025 Cupertino Bowling Team Program	Did Not Apply	
Teens Talk	Did Not Apply		450	Cuper-Teens Got Laughs!
Via Rehabilitation Services	1,000	STEAM & Outdoor Education	Did Not Apply	
West Valley Community Services	2,000	Gift of Hope 2025	5,000	Gift of Hope 2026
TOTAL	\$33,500		\$32,500	

Q2. Include the 20 Year Forecast Chart updated.

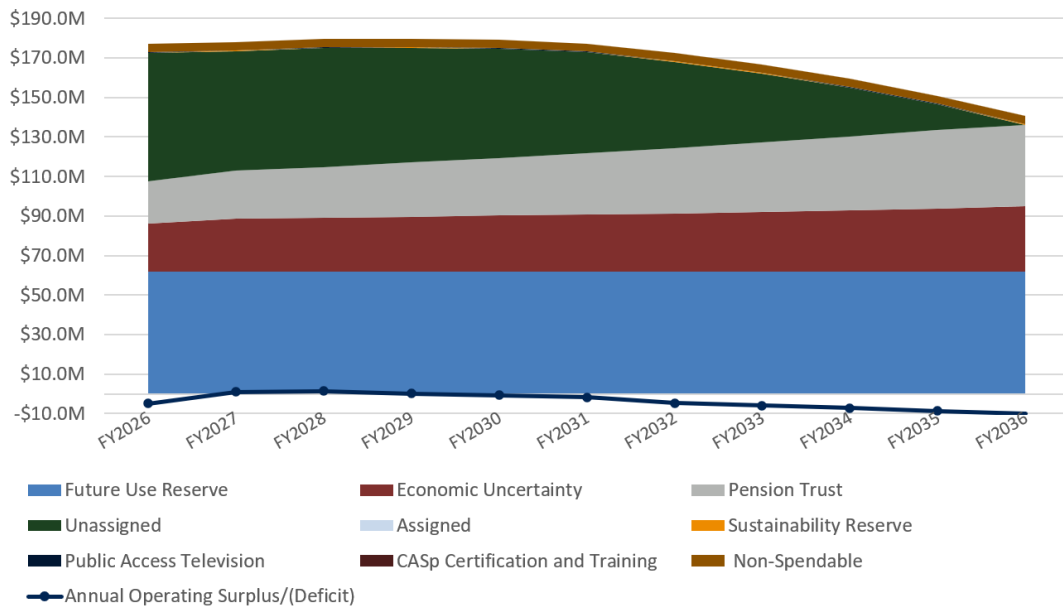
General Fund Annual Operating Surplus/(Deficit)



Q3. Include the General Fund - Fund Balance and Reserves Chart.

This is updated to reflect that the unassigned reserve is at \$0 in the last year of the forecast.

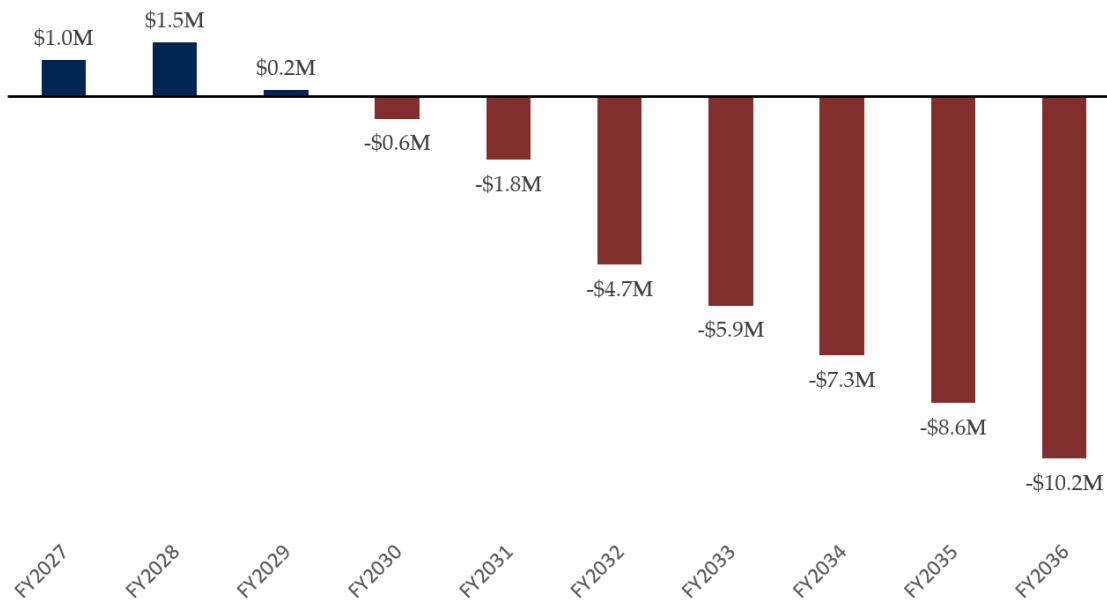
10-Year General Fund Fund Balance and Reserves



Q4. Provide the General Fund Annual Operating Surplus/(Deficit).

This chart is reflective of all changes between the Proposed and the Final Budget.

General Fund Annual Operating Surplus/(Deficit)



Q5. On page 16, the number for Senior Resource Officers (SROs) savings should be 672,000, not 772,000.

Service Level Adjustments to Law Enforcement Services: Given that the Sheriff's contract is the City's single largest operating expenditure and the primary driver of long-term fiscal pressures, the City could consider reducing law enforcement service levels to offset the FY 2026-27 budget shortfall. Additionally, the recent County contract proposal does not include caps on annual increases, making forecasting difficult. Potential options include reducing dedicated positions such as two School Resource Officers (\$772,000), one Traffic Enforcement Officer (\$336,000), or one General Law Enforcement Officer (\$336,000), subject to Council priorities and community service expectations. Any reductions would lower ongoing contract costs and could help mitigate future structural deficits.

Q5. Why is there only .9% increase in property tax?

This will be included as a desk item.

Attachments Provided with Original Staff Report:

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CC 06-16-2026

#7

Santa Clara County Law
Enforcement Contract
Amendment

Desk Item



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT DESK ITEM

Meeting: June 16, 2026

Agenda Item # 7

Subject

Amend the Existing Agreement with Santa Clara County for Law Enforcement Services.

Recommended Action

1. Authorize the City Manager to continue negotiations and execute an amendment:
 - a. extending the term of the current agreement for Law Enforcement Services to September 30, 2026; and
 - b. revising the cost methodology as proposed by the County to increase the contract in an amount not to exceed \$6.4 million.

Q1. How are they [SROs] funded at other neighboring schools and cities?

Staff Response: There seems to be different models for the SRO program – most of them are a partnership between the police departments and school districts. Staff is gathering information on the funding models for neighboring schools and cities and will issue an informational memo in the coming weeks.

Q2. Does Sunnyvale Police Department help out at Homestead High School?

Staff Response: They have assisted with traffic issues on their side of Homestead Road and Sunnyvale DPS may be contacted if there is an issue with a student who lives in their jurisdiction.

Q3. What is the breakdown of SRO services within Cupertino schools in terms of hours or incidents (rough estimate is fine)?

Staff Response: Staff could not get a breakdown of hours in a short timeframe. However, the information below was provided to staff by the sheriff's Office via email:

FUNCTIONS OF THE SCHOOL RESOURCE OFFICERS (SROs):

The School Resource Officers (SRO) workload is highly dynamic; the amount of time spent at any one school can vary significantly from day to day. The SROs may be tied up with a criminal investigation, a welfare check, a call for service, or a prescheduled school event or presentation. For this reason, the SROs do not follow a strict daily rotation of all the schools in Cupertino. Instead, the schedule is driven by need, call volume, and any planned activities. Some days the SROs may spend extended time at one or two campuses, while on other days they may visit several schools depending on what issues arise.

This flexible approach ensures the SRO can respond quickly to emerging concerns while still maintaining regular contact with all assigned schools over the course of the week.

Typical Duties of a School Resource Officers:

Traffic Support: *The SROs monitor schools where traffic concerns have been reported and conducts high-visibility patrols, traffic enforcement, and driver education as needed. When appropriate, the SROs coordinate with school administration and the Cupertino Traffic Deputies to increase visibility and address specific problem areas.*

Daily Check-In's with Schools: *The SROs regularly check in with assigned schools to address questions, concerns, and emerging issues. This includes helping staff distinguish between criminal and non-criminal matters, offering guidance on school safety, and providing input that may help reduce liability. These check-ins typically involve school administrators and guidance counselors.*

Welfare Checks: *School administrators or counselors may request assistance with welfare checks at a student's home. These checks may involve concerns such as mental health, truancy, general welfare or other circumstances affecting a student's well-being. When a student is refusing to attend school, the SROs work with school staff to contact the family and encourage a cooperative, peaceful resolution.*

Criminal and Non-Criminal Investigations: *The SROs serve as the primary point of contact for school-related criminal allegations, whether they occur on or off campus. In many cases, the SROs receive information about incidents that do not meet the threshold of a crime but still require documentation to assist the schools with an administrative procedure. Handling these investigations at the SRO level allows Cupertino patrol deputies to remain available for calls for service.*

Additionally, an SRO may use discretion to mitigate an issue by providing guidance in collaboration with the school and the student's family.

When criminal matters involve student welfare, the SRO collaborates with County Social Services to ensure students receive appropriate resources, support, and safe housing when needed.

School Presentations: The SROs are frequently asked to provide presentations on a wide range of safety and educational topics. Common presentations include Run, Hide, Defend; Internet Safety; Stranger Danger; Bike Safety; Turning 18; and Driver's Safety.

After-Hours Community Engagement: The SROs participate in community events outside regular school hours, such as Boy Scout presentations, neighborhood watch meetings, and school board meetings.

Additionally, the SROs are frequently tasked to attend city events, such as the Safety Fair, AAPI, Blossom Festival, Diwali Festival, State of the City and other community events.

Teen Academy: The SROs along with the Cupertino SRO, coordinate a two-week Teen Academy for high school students. The program features guest speakers from across the Sheriff's Office and includes tours of the County Jail, Courthouse, and District Attorney's Office. Students also meet specialized teams such as Crime Scene Investigations, Bomb Squad, and SWAT. The academy typically includes a defensive driving course and exposure to the Force Options simulator to help students understand real-world decision-making in law enforcement.

Recreation, Socialization, and Visibility: When call volume allows, SROs visit schools during recess and lunch to interact with students in a positive, informal setting. This may include participating in recreational or athletic activities, helping build rapport and trust with the student community.

Attachments Provided with Original Staff Report:

A – FY 2026-27 Sheriff Contract Proposal (2025.12.31)

B – FY 2026-27 Sheriff Contract Proposal Revision (2026.04.10)

C – FY 2026-27 Sheriff Contract Proposal Revision (2026.04.13)

D – Proposed 12-Week Extension (Redline)