



FINANCE DEPARTMENT

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CITY COUNCIL STAFF REPORT

Date: July 7, 2026

Subject

Receive a Report on Ballot Measure Survey Results and Provide Direction on Potential Ballot Measures for the November 3, 2026 General Municipal Election

Recommended Action

1. Receive a report on ballot measure survey results;
2. Consider whether to place a ballot measure related to the Utility Users Tax, a ballot measure related to Parkland Rezoning, both ballot measures, or neither ballot measure before the voters; and
3. Designate Councilmember(s) to draft primary argument and rebuttal argument for any ballot measure placed before the voters.

Background

The City's Fiscal Year 2026-27 Budget 10-Year Forecast identifies long-term structural budget challenges driven primarily by increasing public safety costs, reduced sales tax revenue based on a decision from the California Department of Tax and Fee Administration (CDTFA), and the anticipated expiration of the Utility Users Tax (UUT) in 2030. Considering this information, on March 17, 2026, the City Council directed staff to contract for ballot measure support services that will evaluate expanding and/or extending and modernizing the UUT and pursuing a parkland rezoning protection effort.

On April 7, Council approved a budget adjustment of \$375,000 for (i) contract services with TeamCivX and Godbe Research to provide feasibility analysis, survey development, informational communication and awareness building for both potential ballot measures; and (ii) allocating funds to cover the Santa Clara County Registrar of Voters ("Registrar of Voters") estimated costs for including both measures in the November 3, 2026 General Municipal Election.

Since then, Godbe Research and TeamCivX have coordinated with staff to develop a public opinion survey of Cupertino residents related to each ballot measure. The survey questions related to specific ballot measures were developed in coordination with the City Attorney's Office to determine actual ballot language that would likely be included for voter consideration. The survey was conducted between June 3 – June 17 with residents that were chosen at random and contacted by email, text message, and telephone. The survey was also available in Chinese and

Hindi languages to facilitate responses representative of the Cupertino community. Another unrelated survey of Cupertino residents took place concurrently with the City's official survey. Staff did not have the knowledge about this other survey when the City's ballot measure survey was initiated. While having two surveys occur simultaneously may have impacted the response rate or complicated the survey environment, it did not impact the data accuracy or the margin of error. The number of responses received for the ballot measure survey were typical for the City's voter population.

Reasons for Recommendation and Available Options

Godbe Research, with support from TeamCivX, developed a public opinion survey that solicited opinion on the extension or expansion of the UUT and a potential parkland rezoning ballot measure. The survey first inquired on the opinion of mandating that any attempt to rezone parks, parklands, or open space to residential, commercial, or industrial requires two-thirds support from Cupertino residents. The survey then solicited opinions on whether to increase the UUT from 2.4% to either 3.4% or 3.0%, expand it to include video services, or extend the UUT until ended by voters, or extend for another 16 years. The survey solicited opinions before and after identifying what the potential uses of the additional revenue may be utilized for.

The survey collected responses from 434 likely voters in Cupertino. The responses to these survey questions are included in the Topline Report (Attachment A). The report details and reflect the survey's diverse makeup of resident demographics. A summary of potential ballot measures that are favored are identified below.

Parkland Rezoning

Amending the general plan to require any rezoning of parks or open space was favored by 69.5% of voters.

Extending UUT

A measure renewing the Utility Users Tax at the existing rate (2.4%), modernizing to include video services, and extending the term "until ended by voters" was favored by 66.4% voters.

For each of the favored measures, voter priorities for use of the funds reflected the importance of maintaining rapid 911 emergency response times, maintaining parks and open space, maintaining and repairing local streets, reducing property crime, and reducing wildfire risks through controlling flammable brush and maintaining safe evacuation routes. The survey also indicates that a ballot measure for increasing the tax rate of the UUT is not viable at this time.

If a ballot measure shall be pursued for inclusion in the November 3 Election, Council direction is requested. If the Council proposes language for inclusion in a ballot measure, staff will review this guidance with the City Attorney's Office and TeamCivX to ensure compliance with the Registrar of Voters before returning to the City Council on July 21 with a resolution calling for a measure election. Council is also requested to designate the Councilmember(s) that will propose a primary and rebuttal argument for any measure that will be pursued. An approved resolution with the ballot measure language is required to be submitted to the Registrar of Voters by August 7, while the primary argument is required to be submitted by August 11 and rebuttal argument is required to be submitted by August 18.

In addition, if the City pursues a ballot measure, TeamCivX will be immediately engaged to develop informational communication directed to residents and businesses within the City about the potential impacts of these measures. Any messaging and communication (i.e. fact sheets, informational mailer, FAQ's, talking points, website posting, etc.) regarding a potential ballot measure are required to follow State Law AB 1234 or other laws that govern public entities in these situations. As such, the City Attorney's Office will coordinate with the City Manager's Office to review all messaging before distribution. Staff may assist with distributing communication, when appropriate, to ensure residents have access to this information through our typical distribution channels.

If a ballot measure is not pursued at this time, due to potential viability or other considerations, staff will not pursue further action and will terminate contract services with TeamCivX. Council direction is requested for alternative strategies to pursue in this situation.

Based on the report findings outlined above, staff is requesting Council direction as to whether to pursue a ballot measure for the November 3 Election.

Sustainability Impact

No sustainability impact.

Fiscal Impact

The current tax rate for the UUT is 2.4%. The revenue for UUT in FY 2024-25 was \$4,214,212. When projecting a modest growth factor, the anticipated revenue from UUT in FY 2025-26 is \$4,406,688. If the UUT is expanded to include video services and remain at the tax rate of 2.4%, the anticipated revenue in FY 2027-28 is \$4,857,533. If the UUT is expanded to include video services and increase to a tax rate of 3.4%, the anticipated revenue in FY 2027-28 is \$6,881,505. Fiscal Year 2027-28 would be the first full fiscal year after approval of the expanded UUT.

There would be no ongoing expense or revenue generation for pursuit of a parkland rezoning ballot measure approval.

The Registrar of Voters costs for a singular ballot measure will not exceed \$100,000. The actual cost depends on the number of ballot measures pursued and any remaining appropriated funds will be returned to the General Fund. This funding was previously approved by City Council on April 7.

The TeamCivX contract supports developing and distributing internal and external communications, assisting with final ballot measure development, reviewing ballot information, and ensuring the measure qualifies with the Registrar of Voters and is at a not-to-exceed amount of \$14,625, per ballot measure. Production and distribution of mailed informational brochures is at a cost of \$16,500 per mailing, with two mailings proposed. Total not-to-exceed costs for TeamCivX to continue with ballot measure support is \$62,250. Any appropriated funds not utilized for this support will be returned to the General Fund. This funding was previously approved by City Council on April 7.

City Work Program (CWP) Item/Description

Yes FY 25-26, Protections for Parkland, Consider establishing protections for parkland, similar to those adopted by the cities of Sunnyvale and Milpitas.

Council Goal:

Environmental Sustainability

California Environmental Quality Act

No California Environmental Quality Act impact.

Prepared by: Greg Card, Purchasing Manager

Reviewed by: Jonathan Orozco, Director of Finance

Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Topline Report