



FINANCE DEPARTMENT

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CITY COUNCIL STAFF REPORT

Date: July 21, 2026

Subject

Approval of a Resolution submitting an Ordinance to the voters to Extend the Current Utility Users Tax and Telecommunications Tax by 10 Years after its Expiration Date, placing this Measure on the ballot for the November 3, 2026 General Municipal Election and consolidating it with the statewide election.

Recommended Action

Adopt Resolution No. 26-XXX submitting an Ordinance (measure) to the voters for extending the current Utility Users Tax and Telecommunications Tax by 10 years after its expiration date.

Background

The City's 10-Year Forecast identifies long-term structural budget challenges driven primarily by increasing public safety costs, expected reduced sales tax revenue, and the expiration of the Utility Users Tax (UUT) in 2030. In response, on March 17, 2026, the City Council directed staff to contract for ballot measure support services that evaluated expanding or extending the UUT.

On April 7, Council approved funding for TeamCivX and Godbe Research to provide ballot measure support that included survey development, feasibility analysis, and communication related to the measure while also allocating funding for the Santa Clara County Registrar of Voters ("Registrar of Voters") estimated costs to place this measure on the ballot in the November 3, 2026 General Municipal Election.

On July 7, Council received a report identifying results of a public opinion survey conducted June 3 – June 17 of likely Cupertino voters related to this ballot measure. Council directed staff to develop a ballot measure that would extend the current UUT by 10 years, retain the current tax rate of 2.4%, and retain the utility services currently taxed. Council also designated Councilmembers that would draft the primary and rebuttal arguments for this measure.

Since July 7, staff worked with TeamCivX to develop and distribute communication to Cupertino residents to inform them of the impacts of this ballot measure. Communication outreach included information on the City website at www.cupertino.gov/measures, posting on the City's social media channels, a message in the City Manager newsletter and information for Councilmembers to address potential resident questions. All communication was reviewed by the City Attorney's

Office for compliance with State Law AB 1234 and provides contact information if residents desire additional information.

Reasons for Recommendation and Available Options

Based on the results of a public opinion survey of likely Cupertino voters conducted in June, approximately 62% favored the extension of the Utility Users Tax (UUT) at the same rate, including streaming services, for a period of 16 years. The reasons indicated as most favorable in the survey included maintaining 911 emergency response times, maintaining parks and open space, maintaining and repairing local streets, reducing property crime and wildfire risks, and maintaining safe bike paths, pedestrian sidewalks, crosswalks and routes to school. At the July 7 Council meeting, Council approved proceeding with a ballot measure that extends the current UUT at the same rate, without adding any additional services, for a period of 10 years. A 10-year extension will move the expiration date from 2030 to 2040 and the City estimates this will generate an annual revenue of approximately \$4.4 million.

The proposed ballot language in the attached draft resolution (Attachment A) has been reviewed by the City Attorney's Office and meets the applicable state requirements for a ballot measure. The impartial analysis will be developed by Aleshire & Wynder in accordance with state law. The resolution includes direction for the Registrar of Voters to take all actions necessary to place the measure on the November 3 2026 ballot. The Registrar of Voters requires an approved City Council resolution by August 7 to qualify the measure for the election. The primary and rebuttal arguments are being developed by assigned Councilmembers through an ad-hoc committee. Primary arguments must be filed with the City Clerk's Office by August 11 and rebuttal arguments must be submitted by August 18. The impartial analysis will be submitted to the City Clerk by August 11.

This resolution requires Council approval by two-thirds vote (4/5 Councilmembers). If approved, staff will coordinate with the City Clerk, City Attorney's Office and TeamCivX to post the appropriate legal notices, deliver all required ballot information to the Registrar of Voters and pay the required costs associated with placing the measure on the November 3 2026 General Municipal Election ballot. Additionally, staff will coordinate with TeamCivX to develop and distribute updated communication to residents regarding the status of the ballot measure.

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. Future projections beyond FY2025-26 can be generated annually and will be reported in the annual budget.

The Registrar of Voters costs for a single ballot measure is approximately \$93,000. On June 2, 2026, the City Council adopted Resolution No. 26-066 calling the November 3, 2026 General Municipal Election and approving the associated election costs for three City Council seats. Approval of this ballot measure would result in additional election costs of approximately \$93,000. The actual cost

will be finalized following submission of the ballot materials to the Registrar of Voters. 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 for this ballot measure. Ongoing monthly consulting is at a fee of \$7,500. 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 approximately \$62,625. 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

None

Council Goal:

Fiscal Strategy

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 – Draft Resolution