



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3220 • FAX: (408) 777-3109
CUPERTINO.GOV

CITY COUNCIL STAFF REPORT

Date: June 16, 2026

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.

Background

For decades, the City of Cupertino, City, has contracted with the County of Santa Clara for law enforcement services through the Santa Clara County Sheriff's Office. Cupertino, Saratoga, and Los Altos Hills collectively comprise the West Valley Division and currently contract with the County for police services.

The current contract was amended in 2024 to extend the term to June 30, 2026, In anticipation of the June 30, 2026 expiration date, Cupertino, Los Altos Hills and Saratoga (collectively, "Cities") partnered to negotiate reasonable terms with the County. Recognizing that such negotiations will be lengthy, beginning in July 2025, the Cities requested the County to provide its proposal for a new contract. Over the next half year, the Cities regularly requested the County to provide its proposal. There were no clear indications of the rate increase during initial conversations with the County.

On December 31, 2025, the County provided its initial proposal (Attachment A) for a successor law enforcement services agreement. The proposal included significant increases in the cost of services and modifications to the methodology used to allocate certain overhead and administrative costs to the Cities. The City, the proposal resulted in a 39.6% increase of approximately \$7.5 million for FY 26-27 starting July 1, 2026. Following receipt of the proposal, City staff and representatives from the Cities met with County staff and Sheriff's Office personnel to better understand the proposed cost structure and identify opportunities to address concerns raised by the Cities.

Throughout early 2026, the Cities continued discussions with the County and submitted counterproposals which recognized the County's increasing salary and benefit costs while also ensuring that the methodology used to allocate administrative and support costs was transparent, equitable, and consistent with applicable law. The County subsequently provided a revised proposal on April 10th (Attachment B) and an updated proposal ("Updated Proposal") (Attachment C) on April 13, 2026. The Cities negotiation efforts resulted in revised proposals, with the City's portion ultimately **decreasing by approximately \$1.1 million** from the County's New Year's Eve proposal.

Recognizing the complexity and significance of the proposed changes, the City Council established an ad hoc committee to support negotiations and facilitate discussions with County representatives. The ad hoc committee has met with County representatives and has received updates from staff regarding the status of negotiations and key issues under consideration.

A primary area of concern for the Cities has been the allocation of administrative and overhead costs included within the County's proposal. To address these concerns, the cities requested an independent third-party assessment of the County's cost allocation methodology to evaluate compliance with Government Code Section (GCS) 51350¹. The assessment will be performed by Vasquez & Company LLP and is expected to commence in June 2026 and conclude in late July or early August 2026. The assessment will review the methodology used to allocate costs to the Cities and evaluate whether costs charged under the proposed agreement are appropriately attributable to services provided to the cities consistent with GCS 51350.

On May 26, 2026, representatives from the Cities met with County Executive James Williams and County staff to discuss a path forward. During that meeting, the County expressed its willingness to consider an extension of law enforcement services for approximately twelve weeks. County staff indicated that the interim extension rate would be based on the County's April 13, 2026, proposal, and not that of the existing agreement, adjusted for any service level modifications requested by the participating Cities. At this meeting, the parties also discussed including a provision in the 12-week extension to allow for an adjustment of the County's cost depending on the results of the assessment by Vasquez & Company LLP. Thus, the City proposed revisions to the County's draft amendment (Attachment D)

Since the beginning of the year, the City requested projections from the County for cost savings for service level reductions in order for the Council to evaluate their options. On June 9, the County informed the City that they could not reduce the current staff levels and that if the City did not agree to the County's cost proposal from April, the contract will terminate on June 30,

¹ Government Code section 51350 provides, in pertinent part, "A county which provides services through its appropriate departments, boards, commissions, officers or employees, to any city pursuant to contract. shall charge the city all those costs which are incurred in providing the services so contracted. A county shall not charge a city contracting for a particular service, either as a direct or an indirect overhead charge, any portion of those costs which are attributable to services made available to all portions of the county, as determined by resolution of the board of supervisors, or which are general overhead costs of operation of the county government. General overhead costs, for the purpose of this section, are those costs which a county would incur regardless of whether or not it provided a service under contract to a city."

with no plan for service in place from July 1 onward. The City immediately objected to the County's last-minute threat to terminate law enforcement services to ensure that service for the City's residents will continue without interruption.

At this time, the parties have not reached agreement on the financial terms of a contract extension. Negotiations remain active and are expected to continue throughout June. Staff is seeking Council direction on the financial terms of an amendment to the agreement as discussed in the next section.

Reasons for Recommendation and Available Options²

Under the current agreement, the City contracts for 2 school resource officers (SRO), 4.4 full-time equivalent (FTE) traffic officers and 25.5 FTE general law enforcement officers. Due to the significant increase proposed by the County, the City may need to consider strategies to reduce the cost arising from the County's latest cost proposal. One such strategy would be to eliminate the 2 SROs, since those officers are providing services to the school district, not the City. This is especially relevant for the summer months, as schools are closed.

Staff recommends executing an amendment for a short-term extension with acceptable terms consistent with Council's direction.

The proposed authorization provides flexibility for staff to continue negotiating in good faith while ensuring continuity of law enforcement services beyond June 30, 2026. It also allows sufficient time for the independent cost allocation and compliance assessment by Vasquez & Company LLP, which is anticipated to begin in June and conclude in late July or early August 2026.

The assessment will provide an independent review of the County's proposed cost allocation methodology and support future negotiations regarding rates and cost recovery. During the assessment period, the County and Cities are expected to continue negotiating other key contract provisions, including agreement duration, termination provisions, notice requirements, and other operational terms.

Approval of the recommended action does not approve a long-term successor agreement. Rather, it authorizes staff to continue negotiations and, if successful, execute a short-term extension not to exceed \$6.4 million while the independent assessment is completed and negotiations continue.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No budget adjustment is needed at this time. The proposed FY 2026–27 Budget includes the full cost of the County's April 13, 2026, law enforcement services proposal and provides sufficient appropriations for a twelve-week contract extension of up to \$6.4 million.

² On April 13, 2026, the City issued a Request for Proposal for consultants to advise the City on options for law enforcement services. The due date for those proposals is June 10, 2026.

If approved by Council, any service level reductions incorporated into the final extension agreement would reduce the City's cost below the amount assumed in the proposed budget. Staff will return to Council with any future budget adjustments that may be necessary as negotiations progress and a long-term agreement is considered.

City Work Program (CWP) Item/Description

None

Council Goal:

Quality of Life, Fiscal Strategy

California Environmental Quality Act

No California Environmental Quality Act impact.

Prepared by: Jonathan Orozco, Acting Director of Administrative Services, City Treasurer

Reviewed by: Michael Woo, Senior Assistant City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

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)