



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Date: February 19, 2026

Subject

Santa Clara County Sheriff's Office Contract Renewal

Recommended Action

Receive a presentation and conduct a study session to discuss the proposed 36% increase to the Santa Clara County Sheriff's Office (SCCSO) contract, including cost drivers, methodology changes, and regional coordination efforts with the Cities of Saratoga and Los Altos Hills.

Background

The City of Cupertino contracts with the Santa Clara County Sheriff's Office for general law enforcement services under a long-standing agreement. Saratoga and Los Altos Hills also contract with the County under similar arrangements, and together the three cities make up the West Valley contract cities (collectively, the "Cities"). The contracts for the Cities end on June 30, 2026.

The Cities have been requesting Santa Clara County to provide proposed terms in order to negotiate a contract extension. On December 31, 2025, Santa Clara County presented the contract cities with proposed renewal cost estimates for FY 2026–27 that reflect a proposed 36% increase for Cupertino. Comparable increases were proposed for Saratoga and Los Altos Hills. The proposed changes represent a structural shift in how contract law enforcement services are priced, rather than a single-year anomaly. These changes result in an extreme and wholly unanticipated change from the over 20 years of contracting for these services.

In response, the Cities have been working collaboratively to better understand the basis for the proposed increases, assess the revised cost-allocation methodology, and engage the County in discussions regarding transparency, assumptions, and potential mitigation strategies.

Summary of Proposed Cost Increase

Based on information provided by the Sheriff's Office and summarized in County presentations, the proposed increase is driven primarily by the following factors:

- 1. Reallocation of Records and Investigative Services**

The County has revised how Records and Investigative Division costs are allocated among contract cities. Under the new methodology, proposed costs are allocated based on a three-year average caseload rather than only hours directly attributed to assigned staff. As a result, Cupertino's share of investigative and records services has significantly increased

2. Change in Productive Hours Assumption

The County reduced assumed annual productive hours per sworn deputy from 1,820 hours to 1,634 hours.. This proposed change increases the effective hourly cost of law enforcement services because fixed salary and benefit costs are spread across fewer billable hours.

3. Sworn Personnel Salary and Benefit Increases

The new proposed rates reflect current compensation levels under the County's labor agreements, including salary increases, retirement contributions, and other fringe benefits for sworn personnel. These updated actual costs replaced prior annual costs being capped.

4. Expanded Inclusion of Indirect and Countywide Overhead Costs

The proposed revised methodology includes a broader share of indirect costs, such as Personnel and Training, Fiscal Services, Information Technology, Internal Affairs, and Sheriff's Office Administration. These proposed costs are allocated based on employee counts and caseload percentages.

Regional Coordination with Saratoga and Los Altos Hills

The concerns shared by all three cities include:

- Magnitude of the increased costs
- Limited advance notice of the magnitude of the increase
- Significant impacts from methodology changes rather than service level changes
- Budgetary challenges posed by large, ongoing cost increases

Cupertino staff has been coordinating closely with counterparts in Saratoga and Los Altos Hills, both of which are experiencing similarly significant proposed increases under the proposed contract renewal. An ad hoc committee comprised of the Mayors and executive staff of the three cities has been formed to facilitate coordinated dialogue with the County. In addition, the three City Managers are meeting regularly to align strategy, share financial analysis, and ensure consistency in communication and negotiation efforts. Additionally, the Cities have engaged Singer Associates to assist with strategies to provide transparency to the public regarding the dramatic proposed increase costs which, if not reduced, will require painful cost reduction measures and/or reduction in services and exploration of options to obtain law enforcement services elsewhere.

The three cities are jointly engaging the County to request additional clarification, documentation, and discussion regarding assumptions, cost drivers, and potential alternatives.

Next Steps

Following this study session, staff will:

- Continue coordinated discussions with Saratoga and Los Altos Hills
- Engage with Santa Clara County to seek additional detail and clarification on cost methodology
- Incorporate updated information into future budget forecasts
- Return to City Council with updates as negotiations progress and additional information becomes available

No action is requested at this time.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact related to this study session.

City Work Program (CWP) Item/Description

None

California Environmental Quality Act

No California Environmental Quality Act impact.

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Attachments:

A – FY 2026 Proposed Law Enforcement Contract Cost

B – SCCSO Presentation