



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☒ NPUA

☒ HACN

☒ Regular ☐ Special

Meeting Date: June 10, 2025

Title: Joint Public Hearing of the City of Needles, NPUA, & Housing Authority of the City of Needles Public Hearing on the Proposed Budgets for Fiscal Year 2025-2026; and, approval of Resolutions 2025-27, 06-10-2025-NPUA, and 2025-10-HACN adopting the Fiscal Year 2025-2026 Annual Operating and Capital Budgets

Background: A Budget Workshop was held at the joint City Council, NPUA and Housing Authority meeting on May 27, 2025. At that meeting, Council reviewed the City Manager's Proposed Budget for Fiscal Year 2025-2026.

Today, a public hearing is being held to receive comments from the public on any aspect of the Fiscal Year 2025-2026 Proposed Budget. Council will have an opportunity to do a final review of the budget and ask any questions before the budget is adopted.

Since the Budget Workshop on May 27, 2025, staff identified several adjustments to the budget in the process of finalizing the numbers. Those adjustments are discussed below and have been incorporated into the budget presented for adoption today.

The first change is that the City has experienced a decline in certain General Fund tax revenues in recent months. This decline was not previously apparent due to the timing of revenue receipts in recent months. Accordingly, staff made adjustments to the current year-end revenue estimates and next year's budgeted revenues to reflect recent patterns in revenue collections. Overall, General Fund revenues have been reduced by approximately \$80,000 to account for this lower anticipated tax revenue next year.

To offset the lower General Fund revenue estimates, staff conducted a comprehensive review of proposed expenditures and identified savings. \$25,000 in funding for the General Plan Update was removed from the Planning budget, as the update has already been completed. The budget for cannabis business audits in the Finance Department was reduced by \$257,725 because the current fiscal year included enough funding for two years of audits, thereby reducing the amount needed next year. In the Golf Course Fund, the budget for grass seed was reduced by \$25,000 based on a better estimate of the amount needed for next year. This also reduced the General Fund budgeted transfer to the Golf Fund by \$25,000. Lastly, staff also lowered the salary projections across all departments as they were found to be over-estimated for next year.

Next, the COPS proposed budget was originally included within the General Fund proposed budget. After final review and consideration, staff moved the budgeted revenues and expenditures back to the existing COPS Fund, where it has been traditionally accounted for in past years, allowing for better accountability and facilitating grant reporting and auditing. As a result, General Fund revenues and expenditures have been reduced, and the COPS Fund revenues and expenditures have been increased. Additionally, based on the existing available fund balance in the COPS Fund, only a portion of the Police Building Roof Replacement project can be funded from COPS. The total budget for the roof project is \$259,486 with \$147,941 to be paid with COPS funds next year. The \$111,545 balance of the roof project has been retained in General Fund capital program next year.

Additionally, staff added \$80,000 to the General Fund Police budget to cover anticipated cost increases in the Sheriff's contract due to higher anticipated salaries. The Sheriff's Department is currently in MOU negotiations with its employees.

The updated General Fund budget projects a cash reserve balance of \$1,436,946 at June 30, 2026 which, at 12.4%, exceeds the reserve goal of 10% of General Fund operating expenditures as required by the City's Fiscal Stability Policy. \$2,300,000 funding for Streets projects is included in the budget with \$1,300,000 funded by grants.

Also attached is the Authorized Position List, which includes all the positions included in the departmental budgets, and the City's financial policies.

The NPUA budgets are included and were recommended for approval by the Board of Public Utilities on May 20, 2025. Budgets were also recommended for approval by the Planning Commission on May 7, 2025, the Parks and Recreation Commission on May 19, 2025, and Cemetery Advisory Board on May 22, 2025.

As per City Charter Section 1102, the budget shall be adopted on or before June 30th of each year.

Fiscal Impact: The budget summaries containing the operating and capital budgets for all departments are attached.

Environmental Impact: None.

Recommended Action: Conduct the Budget Public Hearing and approve Resolutions 2025-27, 06-10-2025-NPUA, and 2025-10-HACN adopting the Fiscal Year 2025-2026 Budgets.

Submitted By: Jill Taura, Interim Finance Director

City Manager Approval: Patrick J. Martinez

Date: 6/6/2025

Other Department Approval (when required): _____

Date: _____

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐