



# City of Needles, California Request for City Council Action

CITY COUNCIL     NPUA     HACN     Regular     Special

**Meeting Date:** June 9, 2026

**Title:** City of Needles, NPUA, & Housing Authority of the City of Needles Public Hearing on the Proposed Budgets for Fiscal Year 2026-2027; Annual Operating and Capital Budgets

**Background:** A Budget Workshop was held at the joint City Council, NPUA, and Housing Authority meeting on May 18, 2026. At that meeting, the City Council reviewed the City Manager's Proposed Budget for Fiscal Year 2026-2027, provided direction on several budget priorities, and recommended the addition of angled parking improvements in the Downtown area and a portable cooling center to the City's Capital Improvement Plan.

Today, a public hearing is being held to receive comments from the public on any aspect of the Fiscal Year 2026-2027 Proposed Budgets. Council will have an opportunity to conduct a final review of the budget and ask any questions prior to adoption.

Following the Budget Workshop, staff identified several adjustments while finalizing the proposed budget. The budget has been updated to reflect revised insurance premium estimates, updated federal and state grant allocations, and other funding adjustments received since the Budget Workshop. These revisions include both increases and decreases in revenues and expenditures across various funds and programs based on the most current information available.

Additionally, staff added approximately \$247,000 to the General Fund Police budget to account for increased costs associated with the Sheriff's Department contract resulting from salary and benefit adjustments. Staff also updated personnel costs, internal service allocations, and departmental operating budgets where necessary to reflect current expenditure projections and known obligations for Fiscal Year 2026-27.

Overall, the proposed budget remains structurally balanced and continues to support the City Council's priorities, including public safety, infrastructure investment, economic development, recreation, and quality-of-life improvements for residents.

The updated General Fund budget projects an ending cash reserve balance of approximately \$4.1 million as of June 30, 2027. After accounting for the planned \$1.5 million General Fund Street Improvement allocation, the City will maintain approximately \$2.6 million in available reserves, representing 21.3% of General Fund operating expenditures. This exceeds the City's Fiscal Stability Policy requirement to maintain reserves equal to at least 10% of General Fund operating expenditures.

The proposed NPUA budget continues to prioritize reliable utility service, system maintenance, regulatory compliance, and necessary capital improvements to the City's electric, water, and wastewater systems. The budget reflects a fiscally responsible approach to utility operations and supports continued investment in critical infrastructure.

Overall, the proposed NPUA budget remains financially sustainable and positions the utility to continue providing reliable services while maintaining adequate operating reserves.

The NPUA budgets were reviewed and recommended for approval by the Board of Public Utilities on June 3, 2026.

Staff did not make any significant changes to the Housing Authority budget following the Budget Workshop. The proposed budget presented for adoption remains substantially the same as the version previously reviewed and supports the continued operation of the Housing Authority's public housing and voucher programs.

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

**Fiscal Impact:** Budget summaries containing operating and capital budgets for all departments are attached.

**Recommendation:** Conduct the public hearing, receive public testimony, provide direction as appropriate, and introduce the proposed FY 2026-27 Annual Operating and Capital Budgets for adoption.

**Submitted By:** Mark C. DeMay, Director of Finance and Administrative Services

**City Manager Approval:** Patrick J. Martinez Date: \_\_\_\_\_