



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA HACN

Regular Special

Meeting Date: November 12, 2025

Title: October 2025 Treasurer’s Report

Background: Pursuant to California Government Code Section 53607, the City Treasurer is required to make a monthly report of the investment portfolio to the legislative body.

Attached is the October 2025 Treasurer’s Report that contains information on the cash and investments held in the portfolio by the City of Needles, Needles Public Utility Authority, and Housing Authority of the City of Needles.

In October, \$5 million of the NPUA’s cash and \$792,000 of the Housing Authority’s cash was invested in LAIF, allowing staff to close the two savings accounts earning virtually no interest due to the extraordinarily low interest rates. The NPUA savings account was earning only 0.10 percent and the Housing Authority’s savings account was earning 0.63%. At month-end, the combined LAIF balance for the City, NPUA and Housing Authority was \$21,919,263.

The most recent LAIF rate for the September quarter was 4.34 percent. However, we expect a small reduction in the LAIF rate over the current quarter. At its October meeting, the Federal Open Market Committee (the “Fed”), for a second time, lowered the Fed Funds Rate by 0.25 percent to a range of 3.75-4.00 percent, based on continuing concern over the weak labor market. Fed Chairman, Jerome Powell, stated that this most recent reduction in the Fed Funds Rate brought the rate into a “neutral” level, indicating there might not be room for an additional reduction at the next meeting in December. The Fed is in a difficult position balancing inflation, which is still above the target inflation rate of 2 percent, and lowering interest any further to spur the labor market which could cause inflation to spike. Additionally, with the ongoing Federal government shutdown, there is no economic or labor data available, so it is unlikely that the Fed would reduce the rate any further without having hard data.

Page 2 of the Treasurer’s Report shows the cash held by fiscal agents related to the All American Canal Trust Fund and the NPUA 2016 Refunding Revenue Bonds. The All American Canal Trust Fund was created by the US Bureau of Reclamation, the City of Needles and the Metropolitan Water District for the maintenance, capital and operation of the All American Canal. In exchange, Needles received a local water allotment from the Colorado River since it has no formal water rights. The canal is owned by the US Bureau of Reclamation and operated and maintained by NPUA. The trust funds, managed by NPUA in its fiduciary capacity, are held at Zions Bank as the third-party trustee, for canal capital and maintenance. The market value of the funds held at Zion Bank on October 31 was \$12,138,755.

US Bank acts as the trustee for the NPUA 2016 Revenue Refunding Bonds. The balances in the accounts at US Bank are usually small, unless funds have been sent to cover upcoming bond payments. These various bond accounts are used simply to receive scheduled bond payments from the NPUA, and then the payments to bondholders are made by US Bank; the NPUA does not repay bondholders directly. The total residual cash held by US Bank was only \$188, since the next semi-annual debt service payments are not due again until February 2026.

The City’s investment portfolio conforms to the City’s Investment Policy in all respects. The City Treasurer certifies that the City has sufficient funds to meet its expenditure obligations during the next six months.

Fiscal Impact: LAIF interest is paid quarterly. Accrued interest on LAIF balances for the month of October was \$74,340, compared to \$55,300 last month. During the month of October, the NPUA and Housing Authority savings accounts balances were transferred to LAIF and those small accounts closed. The interest earned on interest-bearing checking accounts, before transferring the savings balances to LAIF, was \$98.

Recommended Action: Accept and file the October 2025 Treasurer’s Report.

Submitted By: Jill Taura, Interim Finance Director

City Manager Approval: Patrick J. Martinez

Date: 11/5/2025

Other Department Approval (when required): _____

Date: _____