



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA HACN Regular Special

Meeting Date: June 23, 2026

Title: City of Needles, Needles Public Utility Authority, and Housing Authority of the City of Needles Second Public Hearing on the Proposed Fiscal Year 2026-2027 Budgets; and Adoption of Resolutions 2026-23, 06-23-2026-NPUA, and 2026-15-HACN Adopting the Fiscal Year 2026-2027 Annual Operating and Capital Budgets

Background: A Budget Workshop was held at the joint City Council, Needles Public Utility Authority (NPUA), and Housing Authority of the City of Needles (HACN) meeting on May 26, 2026. At that meeting, the City Council, NPUA Board of Directors, and HACN Board of Commissioners reviewed the City Manager's Proposed Fiscal Year 2026-2027 Budget and provided direction regarding budget priorities and capital improvement projects.

On June 9, 2026, the City Council, NPUA Board, and HACN Board conducted the first public hearing on the proposed Fiscal Year 2026-2027 Budget and received public input regarding the proposed operating and capital budgets.

Since the Budget Workshop and first public hearing, staff has finalized the proposed budget and incorporated adjustments based on updated revenue projections, expenditure estimates, grant funding allocations, insurance costs, personnel allocations, and other operational needs. In addition, the Capital Improvement Program was updated to include a portable cooling center and downtown angled parking improvements consistent with City Council direction.

The proposed Fiscal Year 2026-2027 General Fund Budget remains structurally balanced. General Fund revenues are projected at approximately \$12.3 million and expenditures are projected at approximately \$12.5 million. Compared to the prior year budget, revenues increased by approximately \$187,550 while expenditures decreased by approximately \$808,776.

Notable expenditure adjustments include approximately \$139,200 associated with the Sheriff's contract, approximately \$24,400 associated with converting a temporary part-time Animal Control position to a permanent part-time position, and approximately \$80,824 in additional support for Cemetery operations.

The proposed General Fund budget projects an ending cash reserve balance of approximately \$4.15 million as of June 30, 2027. After accounting for the planned \$1.5 million General Fund Street Improvement allocation, available reserves are projected at approximately \$2.65 million, representing 21.3% of General Fund operating expenditures. This exceeds the City's Financial Planning Policy requirement to maintain reserves equal to at least 10% of General Fund operating expenditures. The budget also includes approximately \$2.49 million in street and transportation-related projects funded through General Fund, SB1, and Measure I funding sources.

This item serves as the second public hearing and budget adoption hearing for Fiscal Year 2026-2027. Following the public hearing, the City Council, NPUA Board, and HACN Board may consider adoption of the Fiscal Year 2026-2027 Annual Operating and Capital Budgets.

Fiscal Impact: The budget summaries containing the operating and capital budgets for all departments are attached. Also attached is the Authorized Position List, which includes all the positions included in the departmental budgets, and the City's financial policies.

Environmental Impact: None.

Recommended Action: Conduct the second public hearing and adopt Resolutions 2026-23, 06-23-2026-NPUA, and 2026-15-HACN approving the Fiscal Year 2026-2027 Annual Operating and Capital Budgets.

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

City Manager Approval: Patrick J. Martinez

Date: 6/18/2026

Other Department Approval (when required): _____

Date: _____