



City of Needles, California

Request for City Council Action

CITY COUNCIL NPUA HACN

Regular Special

Meeting Date: April 14, 2026

Title: FY 2025-2026 Mid-Year Budget Revisions for the City of Needles, NPUA, and Housing Authority of the City of Needles, Amending Resolutions 2026-11, 04-14-26-NPUA, and 2026-14-HACN

Background: The City Manager and Finance staff have completed a mid-year review of the FY 2025-2026 adopted budget, comparing actual revenues and expenditures through December 31, 2025. The proposed revisions were reviewed by the Council Budget Committee on March 18, 2026, and approved by the Board of Public Utilities on April 7, 2026.

At mid-year, the City's financial position remains stable. The General Fund maintains a reserve of approximately **19.5%, well above the City's 10% policy target.**

Revenues are generally stable, with stronger-than-anticipated investment earnings offsetting softer development-related activity. Planning, building, and cannabis revenues are trending below projections due to reduced permit activity and fewer active operators. These declines are partially offset by increased revenues from engineering permits, code enforcement, and short-term rental inspections. Interest income continues to outperform expectations, driven by favorable returns through LAIF.

Expenditure adjustments reflect targeted investments to support core operations, facility maintenance, and service delivery. Key increases include professional services, technology upgrades, emergency facility repairs, and expanded public works efforts such as street maintenance and equipment. Through disciplined financial management, underspending in select areas has been strategically redirected to priority needs, including the purchase of a patch truck, mobile broom attachment, and installation of fencing at the Duke Watkins Park basketball court.

Additional adjustments include staffing alignment and wage-related increases, balanced by operational efficiencies, reduced reliance on outside services, and maintaining select vacancies. Public safety expenditures remain stable, and overall spending continues to be actively managed to ensure long-term fiscal sustainability.

Attached are the proposed revised budgets, including summary sheets with detailed explanations of recommended changes.

Fiscal Impact: See attached budget report.

Recommended Action: Adopt Resolutions 2026-11, 04-14-26-NPUA, and 2026-14-HACN approving the proposed revised budgets for the fiscal year ending June 30, 2026.

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

City Manager Approval: Patrick J. Martinez

Date: 4/9/2026

Other Department Approval (when required): Mark C. DeMay

Date: 04/10/26