



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA

Regular Special

Meeting Date: April 28, 2026

Title: Ordinance No. 681-AC Adding Chapter 8, Article IV (Payment Processing and Cash Handling) to the Needles Municipal Code Establishing a Cash Rounding Policy for City Payments

Background: This item recommends adoption of Ordinance No. 681-AC adding Chapter 8, Article IV (Payment Processing and Cash Handling) to the Needles Municipal Code to establish a uniform cash rounding policy for City payments. The ordinance is intended to address operational challenges associated with the declining availability of one-cent coins (“pennies”) in circulation.

Arrowhead Credit Union has announced that, effective April 30, 2026, pennies will no longer be accepted for deposit and has encouraged customers to complete deposits prior to that date. This change reflects broader actions at the federal level, where the United States Department of the Treasury has reduced production of pennies due to rising manufacturing costs and decreased use in everyday transactions.

As a result, the City anticipates increasing difficulty in making exact change for cash transactions. Without a standardized approach, this could create inconsistencies in cashiering practices and impact customer service.

The proposed ordinance establishes a clear and transparent administrative process allowing cash payments to be rounded to the nearest five cents (\$0.05) only when exact change cannot be made due to the unavailability of pennies. All fees, taxes, and charges will continue to be calculated to the exact cent, and rounding will apply solely at the point of cash payment. Non-cash payments, including credit card, debit card, check, and electronic payments, will not be affected.

The ordinance is structured to formally amend the Needles Municipal Code, with all operative provisions codified under Chapter 8 through Exhibit “A,” ensuring clarity, consistency, and ease of administration. Key provisions of the ordinance include:

Cash Rounding Policy

- Rounds cash payments to the nearest \$0.05 when pennies are unavailable
- Applies neutral rounding (up or down) to ensure no revenue gain to the City
- Maintains exact calculation of all amounts owed

Administrative Implementation

- Authorizes the City Manager or designee to implement procedures, update systems, and provide staff Training
- Provides for public notification through signage, billing materials, and the City website

Operational Efficiency

- Encourages structuring future fees and payment totals in \$0.05 increments where feasible
- Improves transaction efficiency and reduces cashier errors

This approach is consistent with emerging practices across financial institutions and public agencies and ensures the City can continue accepting cash payments while maintaining fairness, transparency, and operational efficiency.

Fiscal Impact: Minimal. Implementation costs are limited to minor updates to cashiering procedures, staff training, and public notification materials (e.g., signage and website updates) and can be accommodated within existing departmental budgets.

Recommendation: Adopt Ordinance No. 681-AC adding Chapter 8, Article IV to the Needles Municipal Code establishing a cash rounding policy for City payments.

Submitted By: Patrick Martinez, City Manager
Lena Wade, Esq., Deputy City Attorney

City Manager Approval: Patrick J. Martinez

Date: 4/24/2026

Other Department Approval (when required): _____

Date: _____