



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

Meeting Date: April 23, 2024

Title: Reinstatement of the 3% NPUA Convenience Fee

Background: The NPUA initially required customers using debit or credit cards to pay a 3% convenience fee to offset the charges imposed by banks for such transactions. This practice aligns with common business strategies, such as Arco's \$0.45 fee for card payments and varying gas station prices based on payment methods. Some businesses absorb these fees into the overall pricing, distributing the cost among all customers.

In 2021, the NPUA decided to eliminate this 3% fee. Before this change, most of the roughly 2,500 NPUA customers preferred paying via check through mail or their bank's online payment systems. At that time, only 165 monthly customers visited the office to pay by credit card, and an additional 45 used the online payment option.

Subsequently, during a website update, the NPUA requested that a credit card payment option be included on the NPUA website, which was implemented. Currently, a significant number of customers now use this online payment method, incurring considerable costs for the city. The impact of these increased costs was noted during a mid-year budget review, along with an increase in PayPal transaction fees. Moreover, the recent rate study does not account for the costs previously covered by the 3% convenience fee.

Every 5-years the NPUA is required to update its rate study and will be completed in the upcoming year and if the NPUA so chooses can include the convenience fee to be absorbed by all customers.

Fiscal Impact: Average of \$65,000 annual merchant fees savings to the NPUA

Environmental Impact: N/A

Recommended Action: Authorize Staff to Reinstate the NPUA 3% Convenience Fee

Submitted By: Patrick Martinez, City Manager

City Manager Approval: Patrick J. Martinez

Date: 4/19/2024

Other Department Approval (when required): Barbara DiLeo

Date: 4/19/2024

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 4