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City Council

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To: Chair De La Fuente and Members of the Finance and Management Committee
From: Councilmembers Brunner and Kaplan
Date: March 13, 2012
Re: Resolution To Require That Any Action To Extend the City's Primary Depository and Custodial Banking Services Contracts Shall Be Authorized By The City Council

In 2009, the City entered into a three year contract with Wells Fargo bank to handle all of the City's depository and custodial banking needs. The contract also included the option for two one-year extensions which could be authorized by the City Administrator. This contract expires on Jan. 12, 2013. The resolution before you today rescinds the City Administrator's authority to extend the contract and requires that any action to extend must be authorized by the City Council.

The role of financial institutions in the foreclosure crisis and recession has created renewed interest in and support for policies to hold banks responsible to the communities they serve. Many jurisdictions in California are now reviewing their banking contracts and considering responsible banking policies. Below is a summary of some of the actions in other California cities:

City	Recent Responsible Banking Action
Los Angeles	City Council directed staff to draft language for a Responsible Banking Ordinance requiring banks doing with business with the City to provide specific information on community investment including number of loan modifications in Los Angeles, the number of branches in underserved neighborhoods and number of small business loans. The final ordinance is expected to pass in late March.
San Jose	In 2010, the City Council passed a revised investment policy to require the City to consider mortgage modification performance as criteria in deciding where to invest City deposits.
Berkeley	City Council directed staff to report back on the possibility of divesting from Wells Fargo. Report due back by May 1, 2012.
San Francisco	The Office of the Treasurer-Tax Collector is currently drafting a revised Request for Proposals (RFP) which is expected to be released next month. The RFP will include requests for information regarding foreclosures, loan modifications, small business lending, consumer services and local contracting as a condition for entry. The data will be requested by census tract (where applicable) for the prior three years.

Item _____
Finance and Management Committee
Tuesday, March 13, 2012

The City of Oakland has been a leader in passing progressive banking policies, including the Linked Banking Ordinance which requires that any bank that does business with the City must demonstrate that it is meeting its' fair share of credit to the community. However, in recent years, the City has struggled to get local information on foreclosures and loan modifications from banks including its contractor, Wells Fargo. In addition, there is continued need for more effective foreclosure prevention strategies and loan modifications from the banks.

This legislation does not propose specific changes to the City's banking policies or contract. Our offices are working with City staff and community groups to determine what appropriate information or action could be included in an extension.

This resolution is simply to ensure the City's current banking services contract is not automatically extended without Council review and input.