

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to strengthening The City of Seattle’s policies for conducting City business with socially responsible banks, amending Sections 20.65.010, 20.65.030, and 20.70.040 of the Seattle Municipal Code; amending the revised City of Seattle Investment Policies adopted by Resolution 31525; requesting the Mayor and Director of Finance and Administrative Services to take certain actions, including not renewing the Contract for Bank Depository Services with Wells Fargo Bank beyond the initial term, endeavoring to enter into a voluntary debarment agreement with Wells Fargo Bank for a period of at least one year, and refraining from conducting banking, investment, or other business with Wells Fargo Bank for a period of at least one year when it is in the City’s discretion.

Summary and background of the Legislation: This ordinance relates to strengthening The City of Seattle’s policies for conducting City business with socially responsible banks, amending Sections 20.65.010, 20.65.030, and 20.70.040 of the Seattle Municipal Code; amending the revised City of Seattle Investment Policies adopted by Resolution 31525; requesting the Mayor and Director of Finance and Administrative Services to take certain actions, including not renewing the Contract for Bank Depository Services with Wells Fargo Bank (“Wells Fargo”) beyond the initial term, endeavoring to enter into a voluntary debarment agreement with Wells Fargo for a period of at least one year, and refraining from conducting banking, investment, or other business with Wells Fargo for a period of at least one year when it is in the City’s discretion.

Wells Fargo, pursuant to a competitive procurement in 2013, currently provides services to The City of Seattle under the Contract for Bank Depository Services between The City of Seattle and Wells Fargo with an initial contract term through December 31, 2018, including managing more than \$3 billion of Seattle’s operating account, including a biweekly payroll of \$30 million for approximately 12,000 employees.

Wells Fargo’s policies have recently been widely criticized for promoting social injustices. It is a substantial investor in the Dakota Access Pipeline, which has faced the courageous opposition of activists from hundreds of Indian Nations, environmental organizations, and other social justice organizers. It has also been widely reported that senior management of Wells Fargo directed employees to fraudulently create more than 2 million unauthorized bank and credit card accounts during the past five years, negatively affecting the credit ratings of millions of customers across the United States. In response to this scandal, it is reported that Wells Fargo has terminated the employment of more than 5,300 of the corporation’s lowest-paid workers, but has not fired a single senior executive.

This ordinance changes the investment policies of The City of Seattle to allow for the social responsibility of banks applying to do business with the City to hold greater weight. It also requests that the contract with Wells Fargo not be renewed.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.
 (If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

This legislation has direct financial implications. (If the legislation has direct fiscal impacts (appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

This legislation does not have direct financial implications.
 (Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.
 (If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues)

Fund Name and number	Dept	Budget Control Level Name/##	2015 Appropriation Change	2016 Estimated Appropriation Change
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not complete supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
TOTAL				

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

3.c. Positions

This legislation adds, changes, or deletes positions.

(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications)

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)

TOTAL							

* List each position separately

(This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.)

Position Notes:

4. OTHER IMPLICATIONS

- a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
 (If yes, explain here.)

There may be times in the future that the bank with the least expensive services, lowest interest rate loans, or greatest returns on investments would not win future bids from The City of Seattle if that bank's policies were sufficiently unjust and fraudulent. In these scenarios, there would be a financial impact on the City, large or small, that can only be calculated when comparing the actual responses.

- b) Is there financial cost or other impacts of not implementing the legislation?**
 (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs or consequences.)

There are incalculable externalized costs to banking with institutions that do not consider the social impacts of their investments. There are externalized costs associated with climate change that can be attributed to investments in fossil fuel infrastructure such as the Dakota Access Pipeline. There are externalized costs when an oil pipeline leaks, polluting water supplies. There were externalized costs when Wells Fargo used its resources to defraud small account holders. By considering social justice in selecting which financial institution the city banks with, Seattle could indirectly protect Seattleites from significant monetary and human costs.

- c) Does this legislation affect any departments besides the originating department?**
 (If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)

No

- d) Is a public hearing required for this legislation?**
 (If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)

No

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)

No

f) Does this legislation affect a piece of property?

(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.)

No

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

(If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.)

This ordinance could have substantial implications for the principles of the Race and Social Justice Initiative, particularly in conjunction with social movements advocating the boycott of specific financial institutions. For example, Wells Fargo has come under significant criticism for investing in the DAPL and for defrauding small account holders. If, as a result of this ordinance, Seattle stops banking with Wells Fargo, and if other cities and institutions do the same, then Wells Fargo may decide to divest from the DAPL, and adopt other, more socially responsible policies. This ordinance could have similar impacts on the policies of other financial institutions in the context of other mass movements in the future.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

(This answer should highlight measurable outputs and outcomes.)

i) Other Issues:

List attachments/exhibits below: