

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>Executive Contact/Phone:</b>
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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**

**a. Legislation Title:**

AN ORDINANCE relating to strengthening The City of Seattle’s policies for conducting City business with partners that are committed to fair business practices; adding Chapter 20.46 to the Seattle Municipal Code; amending the revised City of Seattle Investment Policies adopted by Resolution 31525; and 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 and refraining from making new investments in Wells Fargo securities for a period of three years.

**b. Summary and background of the Legislation:**

This legislation strengthens The City of Seattle’s policies for conducting City business with partners that are committed to fair business practices. Chapter 20.46 is added to the Seattle Municipal Code, adding new requirements on City contracting: (1) no contractor on a City Contract shall engage in unfair business practices, as defined in the new chapter, and (2) City Contract awarding authorities will include relevant contract proposal and evaluation criteria. In addition, the Director of Finance and Administrative Services (Director) is given the power and duty to develop contractual remedies including, but not limited to, termination of a contract or disqualification from bidding on or being awarded a City contract for up to five years. Grounds for debarment on City Contracts are expanded to include failing to comply with fair business practices.

This legislation revises the City’s Investment Policies adopted by Resolution 31525, to include fair business practices in the City’s consideration of institutions with which to conduct business. Lastly, this legislation also expresses the City Council’s intent that the Mayor and Director give immediate notice to Wells Fargo Bank (Wells Fargo) of the City’s intention not to renew the existing depository banking services contract and refrain from new cash investments in Wells Fargo securities for a period of three years from the effective date of this ordinance.

Wells Fargo currently provides services to The City of Seattle under the Contract for Bank Depository Services with an initial contract term through December 31, 2018. Wells Fargo has been the subject of high profile enforcement orders from the Consumer Financial Protection Bureau, Office of the Comptroller of the Currency, and the City and County of Los Angeles, prompting City officials to reevaluate and strengthen City policies around City business and contracting.

**2. CAPITAL IMPROVEMENT PROGRAM**

**a. Does this legislation create, fund, or amend a CIP Project?** \_\_\_ Yes \_\_\_ X No

If yes, please fill out the table below and 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. If no, please delete the table.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Project Cost Through 2022:

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

**a. Does this legislation amend the Adopted Budget?** \_\_\_ Yes \_\_\_ X No

If there are no changes to appropriations, revenues, or positions, please delete the table below.

Budget program(s) affected:	General Fund \$		Other \$	
	2017	2018	2017	2018
Appropriation change (\$):				
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018

**b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

If so, describe the nature of the impacts. This could include increased operating and maintenance costs, for example.

**c. 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.

If there are no changes to appropriations, revenues, or positions, please delete sections 3.d., 3.e., and 3.f. and answer the questions in Section 4.

**3.d. 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/Reimbursements.

Fund Name and number	Dept	Budget Control Level Name/#*	2017 Appropriation Change	2018 Estimated Appropriation Change
<b>TOTAL</b>				

\*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 completely 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.

**Is this change one-time or ongoing?**

Please explain any complicated scenarios – e.g. three-year funding agreement but not permanent ongoing.

Appropriations Notes:

**3.e. 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	2017 Revenue	2018 Estimated Revenue
<b>TOTAL</b>				

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?

**Is this change one-time or ongoing?**

Please explain any complicated scenarios – e.g. three-year funding agreement but not permanent ongoing.

Revenue/Reimbursement Notes:

**3.f. 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	2017 Positions	2017 FTE	Does it sunset? (If yes, explain below in Position Notes)
<b>TOTAL</b>							

\* 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 this legislation affect any departments besides the originating department?**

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

No

**b. 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/required in the future?

No

**c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

If yes, please describe the measures taken to comply with RCW 64.06.080.

No

**d. 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

**e. 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

**f. 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.

By including fair business practice criteria in awarding contracts, directing City contract awarding authorities to develop criteria relevant to their specific cases, and developing contractual remedies for engagement in unfair business practices, this legislation could improve outcomes among vulnerable or historically disadvantaged communities, who may be disproportionately impacted by unfair business practices.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This answer should highlight measurable outputs and outcomes.

N/A

**h. Other Issues:**

**List attachments/exhibits below:**

CF 314368 Documents relating to Wells Fargo Bank business practices

CF 314368 comprises the following documents:

- City letter of October 6, 2016 from the Mayor, City Council president, and chair of the Council's finance committee terminating negotiations related to a City Light bond measure
- Wells Fargo Response to City Letter October 13, 2016
- Testimony of John Stumpf, CEO of Wells Fargo, before the US Senate Committee on Banking, Housing and Urban Affairs, September 20, 2016
- Consumer Financial Protection Bureau, Wells Fargo unauthorized accounts Consent Order (2016-CFPB-0015)
- Office of the Comptroller of the Currency, Wells Fargo unauthorized accounts Consent Order (File No. 2016-077)
- Office of the Comptroller of the Currency, Wells Fargo unauthorized accounts Civil Money Penalty (File No. 2016-79)
- City and County of Los Angeles stipulated final judgement, People v. Wells Fargo & Co., et al., Los Angeles Superior Court, Case No. BC580778
- Consumer Financial Protection Bureau, Wells Fargo mortgage kickbacks Judgment and Order (Case 1:15-cv-00179-RDB)
- Consumer Financial Protection Bureau, Wells Fargo student loan Consent Order (2016-CFPB-0013)
- Office of the Comptroller of the Currency, Wells Fargo veterans mortgages Consent Order (File No. 2016-082)