



CITY COUNCIL
Linda Maio

CONSENT CALENDAR
January 24, 2017

TO: Honorable Mayor and Members of the City Council

FROM: Councilmembers Linda Maio, Ben Bartlett, and Susan Wengraf

SUBJECT: Socially Responsible Banking Services for the City of Berkeley

RECOMMENDATION:

Request that the City Manager initiate a process for proposals from providers of banking services that uses criteria articulated in the 2013 process, but adds and emphasizes criteria related to ethical business practices. Ask for an extension of the existing contract with Wells Fargo should additional time be needed.

BACKGROUND:

The City's contract with Wells Fargo terminates May 31, 2017. In 2013, in response to Council direction (Attachment 1), the Finance Department engaged in an extensive proposal process to evaluate banks (in addition to Wells Fargo) for the City's financial business (Attachment 2). At the time Wells Fargo had been a major actor in the sub-prime lending debacle including the falsification of documents (see Attachment 1). The conclusion of the Finance Department, after a thorough evaluation of proposals from alternative banks, was to stay with Wells Fargo as they were the only bank that provided the diverse services the City required. The team analyzed services and products and costs. They used criteria that included a bank's expertise and products and its "commitment to 'Responsible Banking' through reinvestment in the Berkeley community including social responsibility, and cost." "Social Responsibility" was not clearly defined. The outcome was that staff recommended that Wells Fargo provided the best value for myriad services and recommended that Wells Fargo be awarded the contract. Council approved that recommendation on May 7, 2013.

Since then it has come to light that Wells Fargo has engaged in the unethical practice of opening accounts for clients who had not requested them so as to charge fees to these clients. We also know that Wells Fargo is a major investor in the Dakota Access Pipeline in the amount of \$500M, which is feared to result in major consequences to the environment and drinking water.

This item asks that we go back to the drawing board and evaluate our options, considering as criteria the ethical practices of banking candidates, before we commit our business to Wells Fargo for another 10 years.

ENVIRONMENTAL SUSTAINABILITY:

No environmental sustainability impact.

FINANCIAL IMPLICATIONS:

None.

CONTACT:

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Councilmember Susan Wengraf, District 6, 510-981-7160

Additional Information:

1. January 31, 2012, Council Item #11: Referral to City Manager: Responsible Banking Policy (<http://goo.gl/SUzeJT>) [PDF]
2. May 7, 2013, Council Item #3: Contract: Wells Fargo Bank for Banking Services (<http://goo.gl/GZYZf3>) [PDF]