

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE related to City banking contracts; creating a new Chapter 20.65 in Title 20 of the Seattle Municipal Code; requiring the Director of the Department of Finance and Administrative Services to consider socially responsible banking practices when selecting vendors for depository services; and requiring periodic reports to the City Council.

WHEREAS, the practices and products of financial institutions, including loan and investment products, have a measurable impact on the City's tax base, quality of life, economic viability, and competitiveness; and

WHEREAS, economic viability and competitiveness come from providing opportunities to all areas of the City and across the income range; and

WHEREAS, Seattle Municipal Code Section 3.39.020 invests the Director of the Department of Finance and Administrative services with the power to select qualified public depositories for the deposit of City moneys; and

WHEREAS, the City, in compliance with State banking laws and utilizing industry-standard best practices, typically selects one large bank every five years to handle all City deposits and transactional services in order to ensure City funds are handled securely and efficiently; and

WHEREAS, the City wishes to leverage its power as a large banking customer to encourage socially responsible banking practices in the wider community; and

WHEREAS, in return for the privilege of investing the community's wealth and doing business with the City, financial institutions have an obligation to serve the financial needs of all communities, including and especially minority and low- and moderate-income communities, and older adults; and

WHEREAS, the Seattle City Council passed Resolution 31337, committing the City to take steps to minimize economic insecurity and destructive disparities; NOW
THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter is added to Title 20 of the Seattle Municipal Code, which includes new Sections 20.65.010, 20.65.020, and 20.65.030, as follows:

20.65 City Banking Contracts

20.65.010 Socially Responsible Banking

A. The Director of Finance and Administrative Services, in selecting qualified depositories for City moneys per SMC 3.39.020, shall have the power and duty to:

1. Require that prospective bidders provide the City with data on their socially responsible banking practices;
2. Utilize socially responsible banking performance as a factor worth at least 15% of the total point value in determining the winning bid;
3. Accept bids for depository services only from financial institutions that have received a rating of "Outstanding" in their most recent Community Reinvestment Act review by the Office of the U.S. Comptroller of the Currency or the U.S. Federal Reserve Bank; The Director may waive this requirement, with written notice to the City Council, in the event that no qualified bidders apply, the federal program is no longer applicable, or to satisfy a compelling City need;
4. Include in contracts for depository services a statement of work that provides a framework for Socially Responsible Banking;
5. Establish relevant reporting criteria and timeframes to validate the statement of work.

B. Socially responsible banking bid criteria shall include, but are not limited to, community involvement and reinvestment; meeting community banking needs; supporting small business lending and community development; providing for home ownership and

consumer credit; assisting distressed homeowners; and allowing for products and services that are advantageous for the City and its residents.

20.65.020 Statement of Work. The statement of work for Socially Responsible Banking tasks shall include, but is not limited to, the following:

A. Community Involvement and Reinvestment

1. The bank will report to the City on its efforts to invest in low- and moderate- income areas and minority census tracts.

2. The bank, through its community investment program or other similar program, will collaborate and support annually at least one designated non-profit organization focused on providing financial services, education, and asset building for low-income people in Seattle.

3. The bank, through its community investment program or other similar program, will collaborate with and support annually at least one organization that provides free tax preparation services in Seattle that target lower-income workers to help them take advantage of the Earned Income Tax Credit and other tax credits.

4. The bank will report on its community development activities (such as investments, lending, and services) to demonstrate the bank's response to the credit, financial and banking needs of low- to moderate- income individuals in the Seattle area.

5. The bank will provide the City with reasonable notice of branch closures and openings within Seattle, including the reasons for any closures.

B. Community Banking Needs

1. The bank will continue to support and participate in programs like Bank On Seattle-King County, programs that strive to reach traditionally underserved populations as described in the Community Reinvestment Act. These may include unbanked, under banked, and low-income populations. The bank will provide free or low-cost services and products and increase access to these underserved populations.

2. The bank will make its best effort to offer consumers prepaid debit cards with the primary features and criteria outlined in the Cities for Financial Empowerment (CFE) Coalition's statement of principles for prepaid debit cards.

3. The bank will provide easy-to-understand fee schedules and make a reasonable effort to offer fair, responsible, and affordable small-dollar loans.

C. Small Business Lending and Community Development. The bank will provide a single point of contact for business lending and partnership, and will participate as agreed in small business trade fairs, outreach, or educational opportunities.

D. Home Ownership and Consumer Credit

1. The bank will provide a single point of contact in its loan servicing group for the City's home ownership program.

2. The bank will participate in outreach and educational opportunities aimed at salvaging distressed home mortgages, will collaborate with HUD-certified housing counseling services, and will inform customers who do not qualify for home loans or other products about local non-profit credit and debt counseling services.

E. The FAS Director may propose exceptions to this scope of work, subject to Council approval by resolution, in future contract cycles.

20.65.030 Reporting

A. Any Banking contract must include a requirement that the bank provide the following reporting:

1. Residential lending information – The bank will provide the total number and the total dollar amount of residential loans for one- to four-family dwellings applied for and originated during the previous calendar year in each of the following categories listed in this subsection 20.65.030.A.1. The data shall be provided for the entire City by zip code. For home loans, fixed-rate loans shall be reported separately from adjustable-rate loans.

1 a. Home purchase loans, both federally insured and conventional loans;
2 b. Refinancings of home loans;
3 c. Home improvement loans;
4 d. Home equity loans;
5 e. Multi-family loans;
6 f. Loans to non-occupant owners of single-family housing;
7 g. Modifications of distressed loans and the type of modification, including interest
8 rate reductions, forbearance, principal reduction, or repayment plans in which the outstanding
9 loan amount increases, and an indication of whether the modification was executed under the
10 federal Home Affordable Modification Program (HAMP), another federal program, or the
11 institution's own modification program.

12 h. Short sales, deeds in lieu, and other mechanisms besides loan modifications that
13 avoid foreclosure.

14 i. Defaults and delinquencies on home loans.

15 2. Small business lending information – The bank will provide the total number and
16 the total dollar amount of small business loans originated during the previous calendar year for
17 the entire City by zip code, and for minority- and women-owned business enterprises in the
18 entire City. Loans to small businesses with annual revenues above \$1 million dollars shall be
19 reported separately from loans to small businesses with annual revenues under \$1 million. The
20 bank may use data reporting procedures mandated by the federal Community Reinvestment
21 Act for reporting small business loans.

22 3. Community development loans and investments – The bank will provide the number
23 and dollar amount of community development loans and investments including loans and
24 investments for affordable housing, small business development, economic development, and
25 community facilities for the entire City by zip code or neighborhood. The bank may use
26 definitions of community development found in federal Community Reinvestment Act
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1 regulations. For each loan and investment, the bank will indicate if the loan or investment was
2 for affordable housing, small business development, economic development, community
3 facilities, and other such categories requested by the Director.

4 4. Consumer loan data – The number and dollar amount of consumer loans for the
5 entire City by zip code. Price information shall be reported in a manner similar to Home
6 Mortgage Disclosure Act (HMDA) data.

7 5. Checking, savings, and loan products – Information on selected checking, savings,
8 prepaid card, small dollar loan, and other products marketed to Seattle residents, including
9 information on fees, interest, and features.

10 56. Other – Narrative descriptions will be required to describe efforts to meet all other
11 items set forth in the statement of work.

12 B. The FAS Director may propose exceptions to these reporting elements, subject to
13 Council approval by resolution, in future contract cycles.

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15 Section 6. This ordinance shall take effect and be in force 30 days after its approval by
16 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
17 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

1 Passed by the City Council the ____ day of _____, 2013, and
2 signed by me in open session in authentication of its passage this
3 ____ day of _____, 2013.

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5 _____
6 President _____ of the City Council

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8 Approved by me this ____ day of _____, 2013.

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10 _____
11 Michael McGinn, Mayor

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13 Filed by me this ____ day of _____, 2013.

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15 _____
16 Monica Martinez Simmons, City Clerk

17 (Seal)
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