



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
May 18, 2010

**Honorable Mayor and
Members of the City Council**

Title: Authorize the Mayor to Execute MOU regarding the Bank on Sacramento community banking effort.

Location/Council District: Citywide

Recommendation: Adopt the resolution authorizing the Mayor or his designee to execute the Memorandum of Understanding (MOU) between the City of Sacramento, the Office of the Governor, and United Way of the Bay Area regarding the Bank on Sacramento/California program.

Contact: Russell T. Fehr, City Treasurer (916) 808-5168

Presenters: Not Applicable

Departments: City Treasurer

Division: City Treasurer

Organization No: 05001011

Description/Analysis: Bank on Sacramento is a collaborative and voluntary initiative to assist Sacramento residents without bank accounts in opening starter bank accounts. This will allow City residents to gain access to basic banking services. Residents with bank accounts begin saving, build credit history, and access lower-cost sources of credit. The Bank on Sacramento goal is to have 10,001 residents per year establish bank accounts. Bank on Sacramento will also provide City residents with financial education provided by banks and community based organizations.

Bank on Sacramento is the latest Bank on California city-based initiative following similar programs in other cities. The overall Bank on California program is a voluntary collaboration of the Office of the Governor, city mayors, local financial institutions, state and federal regulatory agencies, and community based organizations.

The MOU lists the specific roles of the Bank on Sacramento partners. The City, with the Office of the Mayor taking the lead, will organize the local effort with the support of the

Office of the Governor, the FDIC, banks and credit unions, and community organizations. There is no commitment to spend City funds other than staff time. City staff will not engage in fund raising for Bank on Sacramento. The United Way of the Bay Area will initially serve as fiscal agent for Bank on Sacramento. This function may later be shifted to a local community organization.

Policy Considerations: Providing City residents with financial management education and basic banking services will enhance to economic vitality and livability of the City.

Environmental Considerations: California Environmental Quality Act (CEQA): This action is not subject to the CEQA because it is not a "project" as defined in section 15378 of the CEQA Guidelines. Even if it were a project, it would be exempt under section 15061(b)(3) of the CEQA guidelines, which provides as follows: "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."

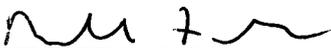
Sustainability Considerations: None

Commission/Committee Action: None

Rationale for Recommendation: Continuing City participation in Bank on Sacramento can only contribute to its success. There is no downside risk to the City. To date, over 1,000 residents have established starter bank accounts

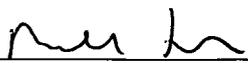
Financial Considerations: It is in the best interests of the City for its residents to spend as little as possible of discretionary income on basic financial services. This results in more income available for other spending and savings. Assisting residents without bank accounts to receive financial management education and to establish relationships with financial institutions will contribute to the overall prosperity of the community.

Emerging Small Business Development (ESBD): Not Applicable

Respectfully Submitted by: 

Russell T. Fehr
City Treasurer

Recommendation Approved:



Russell T. Fehr
City Treasurer

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RESOLUTION NO. 2010-_____

Adopted by the Sacramento City Council

AUTHORIZING THE MAYOR OR HIS DESIGNEE TO APPROVE THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF SACRAMENTO, THE OFFICE OF THE GOVERNOR, AND UNITED WAY OF THE BAY AREA REGARDING THE BANK ON SACRAMENTO/CALIFORNIA PROGRAM.

BACKGROUND

- A.** Bank on Sacramento is a collaborative and voluntary initiative to assist Sacramento residents without bank accounts in opening starter bank accounts. This will allow City residents to gain access to basic banking services. Residents with bank accounts begin saving, build credit history, and access lower-cost sources of credit. The Bank on Sacramento goal is to have 10,001 residents per year establish bank accounts. Bank on Sacramento will also provide City residents with financial education provided by banks and community based organizations.
- B.** Bank on Sacramento is the latest Bank on California city-based initiative following similar programs in other cities. The overall Bank on California program is a voluntary collaboration of the Office of the Governor, city mayors, local financial institutions, state and federal regulatory agencies, and community based organizations.
- C.** The MOU lists the specific roles of the Bank on Sacramento partners. The City, with the Office of the Mayor taking the lead, will organize the local effort with the support of the Office of the Governor, the FDIC, banks and credit unions, and community organizations. There is no commitment to spend City funds other than staff time. City staff will not engage in fund raising for Bank on Sacramento. The United Way of the Bay Area will initially serve as fiscal agent for Bank on Sacramento. This function may be shifted to a local community organization in time.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The Mayor or his designee is hereby authorized to execute the Memorandum of Understanding (MOU) between the city of Sacramento, the Office of the Governor and the United Way of the Bay Area regarding the Bank on Sacramento/California Program, attached hereto as Exhibit A.

Section 2. Exhibit A is part of this resolution.

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Exhibit A - Memorandum of Understanding

BANK ON CALIFORNIA/SACRAMENTO

MEMORANDUM OF UNDERSTANDING

OFFICE OF THE GOVERNOR, CITY OF SACRAMENTO, AND THE UNITED WAY OF THE BAY AREA

July 1, 2009 – June 30, 2010

I. BACKGROUND

Bank accounts are an onramp to economic mobility and affordable financial services. But millions of California working families don't have them. Bank on California is a collaborative, voluntary initiative that will bring together the Office of the Governor, local Mayors' offices, local financial institutions, local community organizations, regional United Ways, and federal and state regulatory agencies to tackle this problem head-on. Bank on Sacramento, through the Bank on California program has a goal of assisting 10,001 "unbanked" Sacramento residents per year open starter bank accounts and enter the financial mainstream, where they can begin saving, build a credit history, gain access to lower-cost sources of credit, and invest for their future. Bank on Sacramento will also connect community residents with financial education opportunities provided by financial institutions and community groups. The initiative will build on the success of the Bank on San Francisco, Bank on California, and other similar programs in other cities. The initiative formally launched on January 26, 2010.

II. OVERALL PARTNER ROLES AND RESPONSIBILITIES

The Bank on Sacramento coalition will include a variety of institutions and individuals who will bring their unique capacities to help local unbanked residents enter the financial mainstream.

1. Financial institutions—banks and credit unions—will:

- Develop and market starter accounts with baseline criteria.
- Connect customers with local financial education opportunities.
- Share data on accounts opened.
- Identify challenges to opening new accounts for targeted customers.

2. Bank regulatory agencies will:

- Assure financial institutions that Bank on Sacramento is in compliance with federal banking laws.
- Encourage banks to meet their obligations under the Community Reinvestment Act ("CRA").
- Inform banks they will receive positive consideration under CRA for offering low-cost bank products and services.

3. **Community institutions**—including community based organizations (“CBOs”), employers, churches, schools, etc—will:
 - Be “trusted messengers” who can inform their clients about how and why they can open starter accounts.
 - Connect them with financial education opportunities.

4. **Bank on Sacramento Design Team** will:
 - Consist of representatives from the Mayor’s staff, Office of the Governor, United Way California Capital Region, Federal Deposit Insurance Corporation (“FDIC”), and chairs of the workgroups as well as any other key partners designated.
 - Be responsible for overall coordination of the initiative designed by the Bank on Sacramento coalition with guidance from the Office of the Governor.
 - Plan program tasks and timelines for launching, operating and sustaining the initiative.
 - Be responsible for creating agendas, minutes and maintaining ongoing communication with members.
 - Review progress towards goals and make recommendations for strategies of success.
 - Identify resources to expand and sustain the initiative.

III. SPECIFIC PARTNER ROLES

1. **City of Sacramento Mayor’s Office** will:
 - Help lead and build the local coalitions.
 - Take the lead in developing the citywide promotional campaign, launch and media strategy and will work collaboratively with the Governor’s Office. The campaign will draw heavily on pro bono PSA ad placement and creative media partnerships.
 - Convene the local coalitions on a consistent basis—with support from committee chairs, partners, the FDIC, and Governor’s Office.
 - Integrate Bank on California/Sacramento into their complementary initiatives when appropriate.
 - Provide input to select the local coordinating organization.
 - Provide input into materials design, content, and local website.
 - Help set local numeric goals.
 - Work collaboratively with all partners to achieve goals.
 - Explore with partners resources that can support Bank on Sacramento.
 - Participate in and promote Bank on California at quarterly convenings.
 - Encourage the integration of the program’s 211 services as a means of disseminating information about Bank on Sacramento.

2. **The Bank on Sacramento Design Team** will:
 - Take the lead on working with key partner institutions—local financial institution branches, community groups, employers, churches, schools—to

promote how and why unbanked residents can open starter accounts and take advantage of financial education opportunities.

- Promote “trainings” for financial institution staff and community organizations to keep them informed on an ongoing basis.
- Build connections between local financial institution branch staff and community groups.
- Assist with local coalition convenings.
- Work to build and shape the coalition.
- Work collaboratively with all initiative partners.
- Assure that data is collected appropriately in order to monitor progress toward goals.
- Assist the Chairs in coordinating the Committees.
- Serve as the liaison to the CBOs.
- Contract with Sacramento based CBOs to provide training and outreach strategies to Sacramento residents, if needed.

3. The Governor’s Office will:

- Set statewide goals.
- Explore statewide commitments from larger statewide financial institutions to support Bank on California.
- Coordinate and support efforts statewide.
- Ensure smooth communications and sharing of best practices/solutions to challenges across participating cities.
- Promote the initiative statewide through media outreach and the Governor’s communication efforts.
- Aggregate statewide data from banks for local coalitions.
- Partner with cities to spearhead the public awareness effort.
- Work with partners to develop communications materials, advertising collateral, and a website.
- The Office of the Governor, City of Sacramento and the Design Team may explore resources needed to support the initiative.
- Coordinate learning opportunities and communication between all Bank on California partners and coalitions

4. The FDIC will:

- Support the local coalitions
- Follow-up with financial institutions to secure financial institution participation in local coalitions.
- Assist with planning and implementation of all convenings.
- Promote the local initiatives in their work with local financial institutions.

5. The United Way of the Bay Area will:

- In those cases in which it has received funds for Bank on Sacramento, it shall serve as the fiscal agent and shall distribute grant awards that support the initiative.

- Request and receive a budget and monitor expenditures with major partners: City of Sacramento Mayor's office and the Office of the Governor.
- Be responsible for adhering to funder grant requirements and submitting grant reports as defined by funder.

IV. Marketing Materials

At its discretion, the Governor's Office may provide "Bank On" marketing materials ("Marketing Materials") to other parties to this Agreement. These Marketing Materials may not be modified by any recipient, and no individual or entity may use, display or reproduce any Marketing Materials without the express written consent of the Governor's Office. Violators will cease the use of the Marketing Materials immediately upon communication from the Governor's Office or its agents, and will be liable for damages and/or other remedies as may be available for misuse of such materials.

V. Termination

Any party may terminate its own participation in this Memorandum of Understanding upon 30 days written notice. As the lead agency on this project, the Governor's Office may terminate the participation of any other party upon 30 days notice, if said party has breached this Memorandum of Understanding. A party whose participation has terminated shall promptly return all Marketing Materials in its possession to the Governor's Office.

VI. Independent Status

In the performance of this Memorandum of Understanding, the parties shall act in an independent capacity and not as officers or employees or agents of each other.

Acceptance of Memorandum of Understanding Terms

**The State of California
Office of the Governor**

Cathleen Cox, Acting Director
Office of Planning and Research

Date

**The City of Sacramento
Office of the Mayor**

Mayor Kevin Johnson

Date

United Way of the Bay Area

Carole M. Watson, Chief Community Investment Officer
United Way of the Bay Area

Date