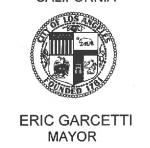
CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE 200 N. SPRING ST. ROOM 220 – CITY HALL LOS ANGELES, CA 90012

(844) 663-4411



December 11, 2017

Honorable Members of the City Council c/o City Clerk
City Hall, Room 395

REPORT BACK ON DRAFT GENERAL BANKING SERVICES REQUEST FOR PROPOSAL (COUNCIL FILE NO. 17-1259) – ENVIRONMENTAL SUSTAINABILITY

Dear Honorable Members,

As part of the Budget and Finance Committee's (Committee) deliberations and review of the Office of Finance's (Finance) draft Bank Services Request for Proposals (RFP), the Committee instructed Finance to report back to the Council on incorporating into the Socially Responsible Banking component of the RFP an element for reviewing a Respondent's environmental sustainability practices. Following is a discussion of the items Finance may incorporate into the RFP at the Council's discretion.

Socially Responsible Banking – Responsibility for the Environment

Finance may add to Section 9 – Corporate Socially Responsible Banking, a sub-section entitled Corporate Citizenship: Responsibility for the Environment. This section would delineate that the City has made a determination that protecting the natural environment and helping to mitigate negative impacts to the environment is a paramount social concern. As part of the City's review of the respective RFP Respondents' qualifications in the Socially Responsible Banking evaluation phase of the RFP, the City would review and evaluate the Respondents' participation in building a sustainable future by directing resources to industries and efforts that help improve the natural environment. In order to help the City review how a Respondent promotes environmental protection, the City would obtain the following information from the Respondents to the RFP:

A. RFP Respondents would be requested to provide any company policies, initiatives, or strategies that support sustainable ecological growth, minimize the ecological footprint, and promote a healthy natural environment.

- B. RFP Respondents would be requested to provide an overview of their agency's significant loan portfolio characteristics and lending activity in areas that demonstrate their commitment toward building a healthy and sustainable environment. Such areas may include, but not be limited to the following:
 - i. Energy industry that fosters clean energy fuels (natural gas, solar, wind, geothermal energy, etc.);
 - ii. Technology industry to develop environmental sustainability;
 - iii. Sustainable Agriculture;
 - iv. Clean technology
- C. RFP Respondents would be asked to describe any partnerships, collaborations, or leadership initiatives that promote a healthy environment including partnering with clients to support a low-carbon economy, helping to reduce the environmental impact of client operations, and encouraging projects that promote energy efficiency.

The Environmental review will be worth five points of the available 30 points of the Social Responsibility evaluation. The other Social Responsibility criteria of Enforcement Actions and Community Lending, Investing & Banking Services would be worth 15 and 10 points respectively.

Other Cities' Environmental Responsibility Reviews

Finance reviewed other municipal agencies' Social Responsibility approaches to banking services and found that no other reviewed cities incorporated a rating for environmental responsibility into the selection process for a banking services provider. However, the City of West Hollywood adopted "Socially Conscious Banking Policies" in August 2017 that includes a policy for Responsibility for the Environment. The City of West Hollywood's policy considers the following inquiries related to the development of a social and environmental responsibility element in a bank services RFP:

Banks would be asked to indicate if the bank is an investor in the following:

- 1. Entities that support a clean and healthy environment (environmental sustainability)
- 2. Support for community well-being; equal rights; and community economic development
- 3. Fossil fuel companies
- 4. Tobacco or tobacco related products
- 5. Organizations or companies that support the production of weapons, military systems, or nuclear power

Banks would also be asked to explain methods that will be used while conducting business in the City of West Hollywood that encourage recycling of materials and implementation of environmentally friendly practices and procedures. Whether or not and how these components would be scored in an RFP are not identified in the policy.

Recommendation

It is recommended that the Council note and file this transmittal.

If there are any questions related to this matter, please contact Todd Bouey, Assistant Director of Finance, at (213) 978-1776 or by e-mail at todd.bouey@lacity.org.

Sincerely,

Claire Bartels

Director of Finance / City Treasurer

cc: Miguel Sangalang, Deputy Mayor, Budget and Innovation, Office of the Mayor