

CITY OF OAKLAND

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INFORMATIONAL AGENDA REPORT

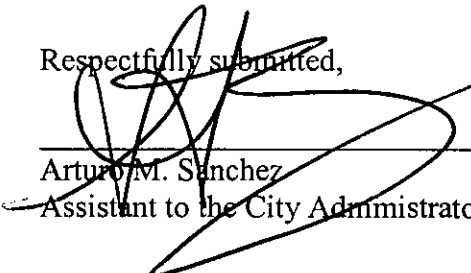
2011 DEC -8 PM 3:01
TO: Office of the City Administrator
ATTN: Deanna Santana, City Administrator
FROM: Arturo M. Sanchez, Assistant to the City Administrator
DATE: December 13, 2011

Re: **SUPPLEMENTAL REPORT ON OPTIONS FOR IMPLMENTING THE
MUNICIPAL IDENTIFICATION AND DEBIT CARD PROGRAM**

Members of the Finance and Management Committee:


Attached please find correspondence received by the City Administrator's Office on Wednesday December 7, 2011 from SF Global, the selected vendor for the Municipal Identification and Debit Card program, and sent in response to the staff report published in the 10 day packet on Friday December 4, 2011.

Respectfully submitted,



Arturo M. Sanchez
Assistant to the City Administrator

**APPROVED AND FORWARDED TO
FINANCE AND MANAGEMENT COMMITTEE:**



Office of the City Administrator

Item: _____
Finance and Management Committee
December 13, 2011

Memo

To: Member of the Oakland City Finance and Management Committee
Cc: Office of the City Clerk, Office of the City Administrator
From: SF Global Group (SF USA, LLC)
Date: 12/8/2011
Re: Report from City Administrator, titled: **OPTIONS FOR IMPLEMENTING THE MUNICIPAL IDENTIFICATION AND DEBIT CARD PROGRAM** (dated: 12-13-11)

Prior to responding to the Oakland Municipal ID and Debit Card, SF Global Group (SF USA) sought to partner with a local Oakland community financial institution, as recently recommended by the City Administrator in his report dated 12-13-11. After researching several likely and viable candidates, SF USA met with officers of two Oakland community financial institutions; Mr. Salvador Menjivar of One PacificCoast Bank (at that time OneCalifornia Bank, FSB) and Mr. Steve Zuckerman, Self Help Federal Credit Union Founder and Managing Director of its California operations.

Both OneCalifornia Bank and Self Help Federal Credit Union expressed great interest in SF USA's integrated internet platform developed for the purpose of providing needed financial services to Oakland's unbanked and underbanked residents but were unable to enter into a partnership at that time, the former given its limited personnel; the latter due to its consuming focus of acquiring and supporting struggling community credit unions in California.¹

SF USA therefore moved forward with its existing debit card bank partnership, the Central National Bank of Enid, Oklahoma (CNB), to meet the City of Oakland's original stated objective of having the OMIC available to residents by March 2011. Since that time and in the interest of providing Oakland residents with the lowest cost identification and financial services debit card possible, SF USA partnered this year with University National Bank (UNB). UNB is an FDIC insured institution and the first certified Community Development Financial Institution (CDFI) in Minnesota; it also reports earning an above average rating for its Community Reinvestment Act (CRA) compliance.

Partnership negotiations between financial institutions and service providers require extensive due diligence to ensure that both or all parties can fulfill its specified commitments. After conducting its own due diligence of University National Bank, SF USA determined UNB is capable of supporting the Oakland Muni ID program given its proven track record in issuing successful debit card programs and providing financial services that also target unbanked and underbanked groups. These findings were collaborated in the Breton Woods' due diligence report provided to the City of Oakland.

¹ SF USA having met with OneCalifornia Bank and Self Help Federal Credit Union to discuss its proposed Muni ID card appears in our original response to the RFQ in Appendix A submitted in March 2010.

It has been a year since SF USA won the bid for the City of Oakland's Muni ID program. Given the time and extensive effort already expended by both SF USA and the City of Oakland to best ensure the successful outcome of this truly cutting edge initiative, SF USA respectfully asks that the City of Oakland direct the City Administrator's Office to negotiate the Muni ID program contract with SF USA at this time. This decision will allow the Oakland Muni ID card program to be launched in the spring of 2012.

Requiring SF USA at *this time* to identify, solicit, conduct due diligence and select a local financial institution is likely to seriously delay the program, an outcome that does not serve the interest of City residents who continue to express a real need for the municipal ID debit card.

As indicated by its earlier efforts to identify a local financial institution partner, SF USA fully appreciates the City Administrator's recommendation of seeking a local financial institution. The company is thus strongly committed to have our current banking partner seek to establish a local presence or create an affiliation/service contract with a local financial institution within the first year of launching the Muni ID card program. If our financial institution is unable to accomplish these goals, SF USA will seek to partner with another financial institution approved by the City Administrator's Office.

Sincerely,

Ellas Enciso
Director, Business Development
SF Global Group