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October 20, 2009

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President Brunner and Members of the City Council
Oakland, California

**Re: Discussion and Action on a Report and Recommendations to Implement
the Municipal Identification Program – Legal Expenses Necessary to Research
Legal Issues and Provide Advice Related to Adding a Debit Card Component**

President Brunner and Members of the City Council:

At the October 13, 2009 Finance and Management Committee meeting, the Committee passed a motion recommending that Council direct staff to move forward with an expanded Request for Proposal (“RFP”) and to solicit proposals from 1) banking institutions for the issuance of Oakland’s identification (“ID”)/debit card; 2) debit/ID cards systems providers; and 3) vendors who only provide ID cards systems. Staff was also directed to post the RFP on the City’s website, and return by the end of the year with all the bid results and associated costs and fiscal analysis for each service provider’s proposal.

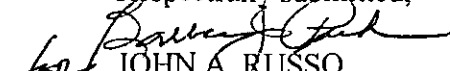
We are writing to advise that this Office will retain a banking law expert to provide advice and recommendations regarding the legal issues and ramifications of the debit component if the Council approves the Committee’s recommendation. Adding a debit feature on the municipal identification card raises a number of legal issues under complex and dynamic state and federal banking laws and regulations, including but not limited to the Fair Credit Reporting Act, the Bank Secrecy Act, money service licensing regulations and anti-money laundering laws. Neither this Office nor any other municipal law office or practice has expertise in-house to address banking law issues as they are not typically at issue in municipal law practice.

The City Attorney’s Office has obtained preliminary legal advice from a banking law expert regarding the possibility of a debit card component. This Office informed the municipal identification carding working group of this advice to provide an initial legal framework to explore the debit component with potential vendors. The attorney’s hourly rate is \$600 per hour. To review the RFP, conduct necessary legal research and provide advice regarding the RFP’s

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provisions will require approximately ten hours. If the City decides to implement the program, we anticipate that the additional cost of legal advice and research regarding setting up the program will be in the range of \$25,000 to \$60,000.

Respectfully submitted,


for. JOHN A. RUSSO
City Attorney

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