

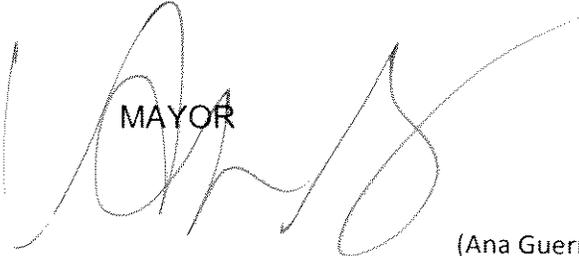
0150-10343-0000

TRANSMITTAL

TO The Council	DATE FEB 06 2015	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

Authority for the Director of Finance to execute a contract with Bloomberg Finance, L.P. for Professional Services and access to Financial Systems to manage the City's investment portfolio.

Transmitted for your consideration. See the City Administrative Officer report attached.


MAYOR

(Ana Guerrero)

0150-10343-0000

TRANSMITTAL

TO The Mayor	DATE 02-04-15	COUNCIL FILE NO.
FROM The City Administrative Officer		COUNCIL DISTRICT

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Miguel A. Santana
City Administrative Officer

MAS:JL:01150041c

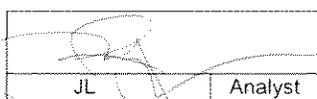
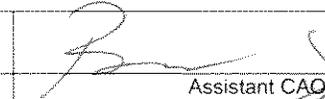
Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 02-04-15	C.D. No. n/a	CAO File No.: 0150-10343-0000				
Contracting Department/Bureau: Office of Finance		Contact: Ken White					
Reference: Transmittal from the Office of Finance dated January 13, 2015							
Purpose of Contract: Use of Bloomberg Professional Services and Financial Systems to manage the City's investment portfolio.							
Type of Contract: (X) New contract () Amendment		Contract Term Dates: Five years with an option to extend an additional five years					
Contract/Amendment Amount: \$171,480 for Year 1 of the contract. Contract amount adjusted annually thereafter at prevailing rates, subject to Council approval of funding.							
Source of funds: Department 39, Fund 100, Account 3040 (Contractual Services)							
Name of Contractor: Bloomberg Finance, L.P.							
Address: 731 Lexington Avenue, New York, NY 10022							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	X			a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available	X			b. Good Faith Effort Outreach**	X		
3. Charter Section 1022 findings completed			X	c. Equal Benefits Ordinance	X		
4. Proposals have been requested		X		d. Contractor Responsibility Ordinance			X
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
				g. Bidder Contributions CEC Form 55	X		
7. Workforce that resides in the City: 0%				*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

The Office of Finance (Finance) requests approval to execute a sole source contract with Bloomberg Finance, L.P. (Bloomberg) for professional services, which include the use of its proprietary electronic trading platform in order to manage the City's \$8 billion investment portfolio. Services also include providing technical tools used by Finance's Investment Division. The term of the contract is five years with an option to extend an additional five years. The total compensation for the first year of the contract is \$171,480. Each subsequent year of the contract will be subject to an annual cost adjustment based on prevailing rates, which will be reviewed by the City Council during the annual budget process. The City Attorney has reviewed and approved the contract as to form and content.

Bloomberg's services are utilized by virtually all institutional trading agencies (both public and private). The services provided are unique and proprietary in nature and there is essentially no other firms that can compare to the services that Bloomberg provides. As such, a competitive bidding process was not practical. The process would have required additional staff time and resources that could put the City's investment portfolio at risk by causing delays in the necessary services required to manage City's investments.

 JL	Analyst	01150041c	 Assistant CAO	 City Administrative Officer
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The previous contract with Bloomberg expired on June 30, 2014. From July 2014 to the present, Finance was able to utilize Bloomberg's services while the new agreement was under development and pending execution. The previous agreement did not include the City-required standard provisions for City Contracts. To correct this oversight, extensive and lengthy negotiations took place involving the City Attorney and Bloomberg's legal counsel, which caused delays in executing a new contract. Since then, Bloomberg has complied with all standard provisions for City contracts as well as all applicable City contracting requirements. A Charter Section 1022 is not required, as the contract does not have a labor component.

Under the terms of the agreement, Bloomberg will provide access points for six authorized terminals within the Office of Finance to Bloomberg's proprietary trading platform, for which Finance will perform daily financial trades and investments to maximize returns on the City's investment portfolio and analyze the effects of existing and potential trade activities. This contract also provides financial data that is used in reporting monthly financial information and the City's investment performance to the City Council and includes the use of Bloomberg Anywhere. Bloomberg Anywhere allows for access to the Bloomberg system from any desktop or internet-based terminal in the world. This would allow for uninterrupted use, including the ability to access the capital markets and trading platforms in the event of an emergency or the inability to access City Hall.

Funding (\$166,500) is available in the Department's 2014-15 Contractual Services account. Finance will identify savings within their operating budget to cover the remaining cost of the contract (\$4,980). The proposed agreement includes a provision that the continuation of the agreement is contingent upon the availability and approval of funding by the City Council.

RECOMMENDATION

That the Council, subject to the approval of the Mayor, authorize the Director of the Office of Finance, or designee, to execute a contract with Bloomberg Finance, L.P., for a term of five years with an option to extend an additional five years for Bloomberg Financial Services. Compensation for the first year will be \$171,480, which may be adjusted annually thereafter and subject to Council approval of funding during the annual budget process.

FISCAL IMPACT STATEMENT

Funding is available within the Office of Finance's 2014-15 Adopted Budget. Continuation of this agreement beyond 2014-15 is contingent upon available funding. This recommendation is in compliance with the City's Financial Policies in that there is no additional General Fund impact.

Attachment