

RESOLUTION NO. 37-19

RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA, IN SUPPORT OF CALIFORNIA STATE ASSEMBLY BILL NO. 857, THE “PUBLIC BANKING ACT”, AUTHORED BY ASSEMBLY MEMBERS DAVID CHIU AND MIGUEL SANTIAGO, TO ALLOW LOCAL GOVERNMENT TO APPLY FOR A STATE BANKING CHARTER TO ESTABLISH A PUBLIC BANK

WHEREAS, Richmond taxpayer money currently is held in private commercial banks that engage in socially and environmentally destructive practices that are fundamentally against the values of Richmond residents, from predatory lending practices for low-income communities of color, to funding fossil fuel extraction, firearms, prisons and detention centers, to charging the City high interest rates on loans for retrofitting our schools and hospitals; and

WHEREAS, A bank owned by regional public jurisdictions would allow our cities to have more local control, transparency, self-determination, and allow us to move in a direction to achieve sustainable community investments such as affordable housing, small business development, loans to low-income households, public transit, infrastructure, renewable energy; and

WHEREAS, A recent report from the Budget and Legislative Analyst notes that “a public bank would be better equipped to meet the city’s business needs and public policy goals”, prompting Treasurer José Cisneros to convene a Municipal Bank Feasibility Task Force as recommended by the Board of Supervisors (via Resolution No. 152-17) to identify and pursue opportunities to create a municipal bank; and

WHEREAS, A public bank is defined as a financial institution owned by one or more public entities such as a state, city, or county; and

WHEREAS, The Bank of North Dakota is the one operational public bank in existence in the United States, founded in 1919; and

WHEREAS, Public banking is actively being explored in municipalities across the country, including Seattle, Oakland, Los Angeles, Santa Fe, St. Louis, Philadelphia, New York City, and the states of Maryland and New Hampshire; and

WHEREAS, On July 15, 2018, the California Democratic Party adopted a Resolution supporting the creation of state-chartered public banks; and

WHEREAS, The California Department of Business Oversight (DBO) oversees the operation of California’s state-chartered banks, and the only licenses available for depository banks are commercial, industrial, and credit unions; and

WHEREAS, The State of California does not currently have a public banking charter option, whether at the municipal, regional or state level, providing a major obstacle in the efforts to explore a public bank and preventing public banks from obtaining a banking charter and becoming operational; and

WHEREAS, As a result of the lack of a public banking charter option, many California local governments must hold their assets with large out-of-state commercial banks, who charge local governments fees to hold their deposits and perform their cash management services; and

WHEREAS, Assembly Members David Chiu and Miguel Santiago have authored Assembly Bill No. 857, which would provide an option for local governments to apply for a public bank charter; and

WHEREAS, Assembly Bill No. 857 would provide more control, transparency, and self-determination in how local taxpayer dollars are leveraged in the banking system by allowing local government to charter their own public banks; and

WHEREAS, Local public banks under Assembly Bill No. 857 would have oversight from the Department of Business Oversight (DBO) and a separate, professional board, who would have a fiduciary duty to protect taxpayers' assets; and

WHEREAS, Assembly Bill No. 857 also requires partnerships between a public bank and existing local financial institutions to provide retail services, enabling public banks to provide affordable loans and lines of credit to local businesses and nonprofits, and increase the lending capacity of the local banking system; and

WHEREAS, By creating a public bank under Assembly Bill No. 857, taxpayer money will be held by an insured financial institution that measures its return on investment not only by profits, but also by its success in supporting communities; and

WHEREAS, Assembly Bill No. 857 is supported by California Public Banking Alliance, Beneficial State Foundation, Communities for a Better Environment, Cooperation Humboldt – Eureka, Friends of Public Banking Santa Rosa, Friends of the Earth, Lawyers' Committee for Civil Rights of the San Francisco Bay Area, Local Clean Energy Alliance, Orange County Public Banking Coalition, Public Bank East Bay, Public Bank Los Angeles, Public Bank Santa Barbara, Public Bank San Diego, People for Public Banking Santa Cruz, Progressive Asian Network for Action, San Francisco Berniecrats, San Francisco Public Bank Coalition, South Bay Progressive Alliance, Teamsters Local 665, and United Educators of San Francisco.

NOW, THEREFORE, BE IT RESOLVED, that the Richmond City Council supports the continued efforts in the Bay Area to create and operationalize a municipal public bank.

AND, BE IT FURTHER RESOLVED, that the Richmond City Council supports Assembly Bill No. 857 and urges the California State Assembly to pass the bill.

FURTHER RESOLVED, That the Richmond City Council hereby directs the Clerk of the Board to send a copy of this Resolution to the California State Assembly and the Governor of the State of California.

NOW THEREFORE BE IT RESOLVED, that the City Council of the City of Richmond hereby stands in support of California State Assembly Bill no. 857, the "Public Banking Act".

I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held May 21, 2019, by the following vote:

AYES: Councilmembers Johnson, Martinez, Myrick, Willis, Vice Chair Choi, and Mayor Butt.
NOES: None.
ABSTENTIONS: None.
ABSENT: Councilmember Bates.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

TOM BUTT
Mayor

Approved as to form:

BRUCE GOODMILLER
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 37-19**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on May 21, 2019.



Pamela Christian, Clerk of the City of Richmond