



AGENDA REPORT

City Council

DATE:	April 5, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Councilmember Gayle McLaughlin, Councilmember Claudia Jimenez and Vice Mayor Martinez
Subject:	Public Bank of the East Bay (PBEB)
FINANCIAL IMPACT:	There is no financial impact to approving this item. Funding requests will be brought separately to the City Council for review and approval.
PREVIOUS COUNCIL ACTION:	During the Great Recession, various public banking experts and supporters met with then-Mayor Gayle McLaughlin and City staff to discuss the concept of a public bank. In May 2017, the City Council passed a resolution supporting the exploration of a public bank for the East Bay and in October 2017, the City Council approved \$5k as a contribution to a regional study of an East Bay Public Bank.
STATEMENT OF THE ISSUE:	This item is to hear a presentation from Friends of Public Bank East Bay and to approve the attached resolution which outlines some initial steps that are needed at this juncture to establish this cooperative venture with Berkeley and Oakland.
RECOMMENDED ACTION:	RECEIVE a presentation from Friends of Public Bank East Bay (PBEB); and ADOPT a resolution to: (1) Approve the PBEB Viability Study, (2) Approve Richmond as a founding member of PBEB; and (3) Approve Councilmember Gayle McLaughlin as Richmond's representative to PBEB – Councilmembers Gayle McLaughlin (510-620-6563), Claudia Jimenez (510-620-6565), and Vice Mayor Eduardo Martinez (510-620-6593).

DISCUSSION:

Over the course of the Great Recession, various Public Banking experts talked with then-Mayor Gayle McLaughlin and City staff about the concept of a Public Bank. At that point in time, it was unclear whether a city public bank or a regional public bank would be the best approach.

It was later decided to move toward a regional bank, and the Friends of the Public Bank East Bay was founded by public banking advocates in August 2016 to advocate for such a public bank.

In 2017, the City of Oakland led the exploration of creating a public bank in response to community advocacy.

On May 23, 2017, the Richmond City Council received a presentation from the Friends of the Public Bank East Bay. We also adopted a resolution [May 23, 2017 resolution](#) in support of the City of Oakland's efforts to create a Public Bank and referred to the City Manager to investigate the possibility of forming a mutually beneficial partnership with any future Oakland public bank. On October 3, 2017, the City Council approved a contribution of \$5,000 towards the funding of a feasibility study for such a bank.

As has been discussed at past City Council meetings, public banking operates in the public interest, through institutions owned by the people through their representative governments and they are able to return revenue to the community and can provide low-cost financing in support of local communities.

In contrast, Wall Street banks seek short-term profits for their private shareholders by investing in stocks, derivatives, credit default swaps and other speculative financial instruments that have harmed our community time and again.

Some Wall Street banks have broken criminal statutes and violated civil and regulatory rules with impunity; and have been fined \$195+ billion in fines and settlements over the last 20 years. See January 13, 2021 Special Report on Wall Street's Crime Spree [HERE](#).

Public banks, on the hand, offer stability and security. Many public banks exist throughout the globe to serve public needs. The state of North Dakota is the only major publicly-owned bank in the United States and was created in 1919 for the benefit of the people of North Dakota. During the recent "Great Recession," the Bank of North Dakota escaped the credit crisis and maintained budget surpluses with zero public debt and had the lowest foreclosure rates and unemployment rates in the nation, the lowest credit card defaults, and no bank failures, due in large part to the Bank of North Dakota's willingness to provide loans to keep the state economy functioning while credit had been frozen elsewhere. The Bank of North Dakota, in its century of existence, has maintained and strengthened community banks, reduced student loan debt, compensated for the

2008 financial crisis and equitably distributed federal pandemic relief – and shown financial success while doing so.

California has led the way for local public banks with the California Public Banking Act (AB 857), which authorizes the formation of public banks to engage in the lending of public monies under public ownerships. This legislation sets out the path for PBEB to open its doors.

Currently, in addition to Public Bank East Bay (PBEB), other jurisdictions in California are working on advancing public banks. These include Los Angeles, San Francisco and the Central Coast. Additionally, in other parts of the U.S., the creation of public banks is moving forward as well, including Philadelphia, Massachusetts, New York, and New Mexico.

Friends of the Public Bank East Bay's mission is to provide community oversight and stewardship in the formation and functioning of a Public Bank in the East Bay. They have commissioned a Viability Study (see Attachment 1). As stated by the Viability Study, the Bank's decisions will be based on five key values: equity, social responsibility, fiscal responsibility, accountability, and democracy. The four (4) initial programs (to be run in partnership with existing institutions with overhead kept as low as feasible) will be: affordable housing, climate initiatives, small business lending, and municipal finance.

At this point in time, Friends of the Public Bank East Bay are working with Gary Findley, an attorney and banking expert of Gary Steven Findley & Associates, who has helped open hundreds of banks, to complete the needed business plan required by the state and federal government to open any bank.

The founding jurisdictional members of EBPB will be Oakland, Berkeley, and Richmond. Counties cannot be founding members without holding a referendum, but Alameda County has already been involved and is interested in becoming a member at the appropriate time. In addition, Supervisor John Gioia has indicated that he will be bringing to the full Board of Supervisors a request to have CC County join as well at the appropriate time.

This item is to receive a presentation from Friends of the Public Bank and to approve a resolution. The attached resolution (see Attachment 2) is seeking four things:

- a. Approve the PBEB Viability Study
- b. Approve Richmond as a founding member of PBEB
- c. Designate Councilmember Gayle McLaughlin as the Richmond representative who will keep the City Council informed and updated on efforts underway along with bringing any funding requests and any local policy decision-making directly to the City Council for approval.
- d. Direct staff to amend our investment policy as defined in California Government Code Section 57600-57607.

As per the Viability Study, the Bank will be viable and start making money for Richmond in 3 years. This is an important step forward and we encourage the City Council to support this item. Attached also is a support letter from Supervisor John Gioia. (See Attachment 3.)

DOCUMENTS ATTACHED:

Attachment 1 – Public Bank East Bay Viability Study
Attachment 2 – April 5, 2022, City Council resolution
Attachment 3 – Sup. John Gioia support letter