

March 30, 2022



Dear Mayor Butt and Richmond City Councilmembers:

I support the resolution on the City Council agenda to move forward with steps to continue exploring the creation of a public bank in the East Bay. My office has engaged with Councilmember Gayle McLaughlin and others who are involved in exploring the establishment of a regional public bank in the East Bay.

AB857, signed by Governor Newsom in 2019, creates a process for cities and counties to create or sponsor public banks. These banks would have the ability to provide public agencies access to loans at interest rates much lower than those provided by private banks. Additionally, public banks can help fund infrastructure needs and provide loans to help develop more affordable housing. The sponsor of a public bank is required to submit a viable business plan for approval by the State Department of Business Oversight and would also need approval from the Federal Deposit Insurance Corporation (FDIC) to obtain direct deposit insurance.

Shortly after the bill's passage, a 2019 Capitol Weekly article stated:

"With a public bank, the "shareholder" is the public, not private individuals. The goal of personal profit is replaced with whatever benefits the community. If a municipality prioritizes low interest small business loans in a blighted area in order to bring jobs to an impoverished community, the public bank is there as a resource. Municipalities can, in turn, use their rich deposits to secure low interest loans for infrastructure development, low-income housing, and other projects commercial banks are loath to loan money to, especially at low interest rates."

A number of public agencies in California, including Los Angeles, San Francisco and jurisdictions along the Central Coast (including Santa Cruz County), are also working to establish a public bank under the process set forth in AB857. 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. 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 initial programs (to be run in partnership with existing institutions with overhead kept low) will be: affordable housing, climate initiatives, small business lending, and municipal finance.

The founding public agency members of EBPB are proposed to be Oakland, Berkeley, and Richmond. Counties cannot be founding members without holding a referendum, but Alameda County has been involved in these efforts and expressed interest in becoming a member at the appropriate time. My office is working with the EBPB to explore opportunities and advantages for Contra Costa County.

Sincerely,

A handwritten signature in blue ink that reads "John Gioia".

John Gioia
District One
Board of Supervisors