

DRAFT

Dec. 19, 2017

To: Santa Rosa City Council

From: Friends of Public Banking Santa Rosa

PROPOSED RESOLUTION: TO CREATE A PUBLIC BANK OF SANTA ROSA

WHEREAS, public banks have a long history worldwide of providing low-cost financial resources for projects benefiting the public, saving millions of dollars that are usually paid in fees and interest to large private banks; and

WHEREAS, cities and states can cut infrastructure costs nearly in half by financing through their own banks, eliminating interest paid on bonds and returning the earned interest to their own operating budgets; and

WHEREAS, the public Bank of North Dakota, founded in 1919, reported its 13th consecutive year of record profits in 2016, earning \$136.2 million in net income, with a remarkable return on investments of 16.6 percent; and

WHEREAS, the City of Santa Rosa is a charter city, which allows it to provide credit and depository services to its residents, just as it provides water, electricity, and other utilities; and

WHEREAS, the Public Bank of Santa Rosa would be owned by the people of Santa Rosa through their representative government, and mandated to serve the public interest of the people of Santa Rosa and surrounding areas; and

WHEREAS, the Public Bank of Santa Rosa would partner with local banks and credit unions to provide affordable credit for small businesses, student loans, renewable energy programs, low- and moderate- income housing, and public infrastructure; and

WHEREAS, recovery and regeneration in the Santa Rosa and Sonoma County areas impacted by October's catastrophic firestorms will require financial resources far in excess of what can be accessed via conventional loans, bonds, budget cuts, and tax increases; and

WHEREAS, a Public Bank of Santa Rosa would significantly cut post-fire rebuilding costs, following the example of the Bank of North Dakota, which used low-interest loans to finance the rebuilding of Grand Rapids after the 1997 catastrophic floods and fire; and

WHEREAS, Santa Rosa already faces budget demands that outstrip available funds, resulting in the degradation of our schools, infrastructure, health services, housing, public safety services, etc., thus urgently requiring innovative supplemental financing mechanisms; and

WHEREAS, several US cities including Oakland, San Francisco, Los Angeles, Santa Fe, Seattle, Philadelphia and Washington DC, and the states of Vermont, New Hampshire, Washington and California, are taking steps toward establishing public banks; and

WHEREAS, the lack of secure financial services for the cannabis industry, related public safety issues, and lost tax revenues have motivated Los Angeles, Oakland, San Francisco, and the State of California to explore the potential for public banks to service this industry; and

WHEREAS, Wall Street banks have broken statutes and violated civil and regulatory rules with impunity; and

WHEREAS, Wall Street banks seek short-term profits for their private shareholders through credit default swaps, derivatives, and other speculative financial instruments; and

WHEREAS, said Wall Street banks' unethical conduct and wrongful behavior should not be rewarded with future business dealings with Santa Rosa, and continuing to do business with such banks would constitute a breach of fiduciary responsibility; and

WHEREAS, the cities of Seattle, Portland, Los Angeles, Berkeley, Oakland, San Francisco, Davis, and others have resolved, to varied extents, to institute socially and environmentally responsible banking criteria; and

WHEREAS, the City of Santa Rosa currently banks with Wells Fargo, which has been downgraded to "Needs Improvement" status, and is therefore issuing a Request for Proposals (RFP) for an alternate bank; and

WHEREAS, the LA city council unanimously voted to disqualify Wells Fargo from bidding on their Commercial Banking RFP and to divest from Wells Fargo for financing the Dakota Access Pipeline, predatory lending, illegal foreclosures and opening millions of fraudulent accounts; now therefore be it

RESOLVED, that the RFP include Socially and Environmentally Responsible Banking Criteria; and be it further

RESOLVED, that the Santa Rosa City Council direct the City Manager and Chief Financial Officer to determine the cost and allocate the funds for a feasibility study for a Public Bank of Santa Rosa and shall consider whether feasibility could be enhanced by partnering with community stakeholders and/or other jurisdictions, such as via a Joint Powers Authority; and be it further

RESOLVED, that the City of Santa Rosa limit the terms of the RFP for an alternate bank to a one year contract, while the feasibility study for a Public Bank of Santa Rosa is being pursued; and be it further

RESOLVED, if upon completion of the feasibility study the City Council concludes that a public bank would be in the best interest of the people of Santa Rosa, the City shall establish the Public Bank of Santa Rosa, mandated to serve the public interest, within one year of the completion of the study.