




# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Margaret L. O'Brien  
Interim Director of Finance

**SUBJECT:** Grant Agreement- Friends Of The  
Public Bank East Bay

**DATE:** October 24, 2020

City Administrator Approval 

Date: Nov 4, 2020

## **RECOMMENDATION**

**Staff Recommends The City Council Approve A Resolution Awarding A Grant In An Amount Not To Exceed Thirty Thousand Dollars (\$30,000) To The Friends Of The Public Bank East Bay To Aid In The Development Of A Public Bank In Accordance With Assembly Bill No. 857, Which Will Be Able To Handle The Depository And Investment Needs Of The City Of Oakland And All Alameda County Cities.**

## **EXECUTIVE SUMMARY**

Since 2016, the Oakland City Council has pursued the concept of creating or being part of the creation of a public bank that would serve the City of Oakland and all cities in the County of Alameda. The City Council expressed a desire for local funding solutions to reinvest public funds in the local community and operate in the public interest by returning revenue to the community and providing low-cost financing in support of public policies. Furthermore, a public bank can have investment priorities that focus on the creation of jobs in Oakland and Alameda County that spur local economic growth by providing affordable credit to small and medium- sized businesses that have been historically ignored by the larger, more established banks.

Approval of the proposed resolution will authorize the City Administrator to execute a grant with the Friends of the Public Bank East Bay ("FPBEB"), a 501(c)(3), in the amount of \$30,000, which will help continue the analysis and development of a public bank that will not only serve the City of Oakland but all cities in Alameda County.

## **BACKGROUND / LEGISLATIVE HISTORY**

On November 29, 2016, the City Council adopted Resolution No. 86483 C.M.S., directing the City Administrator to prepare an informational report with the cost estimates of commissioning a study analyzing the feasibility and economic impact of establishing a public bank for the City of Oakland, or for the County of Alameda and including the City of Oakland.

The adopted Fiscal Years (FYs) 2017-19 operating budget approved by the City Council included a one-time appropriation of \$75,000 for the public banking feasibility analysis. To help fund a feasibility analysis, the City of Berkeley provided \$25,000 and several private donors provided

additional funds. In September 2017, the City Council adopted Resolution No. 86905 C.M.S., accepting and appropriating all of the donations and authorized the City Administrator to negotiate a scope of work and terms and execute a contract with Global Investment Company to conduct a feasibility analysis; staff was directed to report back to Council. On October 2, 2018, the City Council received and filed the completed feasibility report, commenting that additional public banking developments would be better directed by the County of Alameda. To further the point, in the FY 2019-21 operating budget, the City Council authorized an appropriation of \$30,000 to fund a public bank business plan in collaboration with regional partners.

On October 2, 2019, Governor Newsom approved Assembly Bill No. 857, the Public Banking Act, providing a roadmap for the development of public banks in California. Prior to the passage of Assembly Bill No. 857, the FPBEB was formed to promote and advocate for the formation and ongoing public advocacy for the California Public Banking Act of 2019, and to serve jurisdictions potentially including Contra Costa and Alameda County and the cities and government units therein with the formation of a public bank. FPBEB incorporated, applied for, and was granted its 501(c)(3) designation. FPBEB engaged Gary Findley of the Findley Group to begin the process of writing the bank business plan and charter application for the California Department of Financial Protection and Innovation.

### **ANALYSIS AND POLICY ALTERNATIVES**

The successful passage of Assembly Bill No. 857, the Public Banking Act, in October 2019, provided the necessary roadmap to further the vision of a public bank in Alameda County serving the businesses, residents, and cities, and providing investment options with a public policy focus. The new legislation authorizes the lending of public credit to public banks and authorizes public ownership of public banks for the purpose of achieving cost savings, strengthening local economies, supporting community economic development, and addressing infrastructure and housing needs for localities.

The residents and businesses of the City of Oakland may benefit from lower cost, locally focused financial instruments that could be made available from the formation of a public bank serving Oakland. Authorizing a grant with FPBEB in the amount of \$30,000, to aid in the creation of the infrastructure of a public bank serving the Alameda County cities and communities is the critical next step to moving the City Council's vision forward.

### **FISCAL IMPACT**

Funds in the amount of \$30,000 were appropriated in the first year of the FYs 2019-21 operating budget. At the end of FY 2019-20, the funds remained unspent. These funds were deemed available by the City's Finance Department for expenditure in FY 2020-21 after completing an analysis of FY 2019-20 funds available to carry-forward into the current fiscal year in Fund: 1010, Organization: 00011, Expenditure Type: 54919, Project 1004004, Task: IP59.

### **PUBLIC OUTREACH / INTEREST**

While there was not public outreach beyond the FYs 2019-21 budget development process specific to this item, the creation of a public bank serving the City of Oakland and all cities in Alameda County has been an ongoing, public discussion.

### **COORDINATION**

This report and legislation have been coordinated with the Budget Bureau and the Office of the City Attorney.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Successful establishment of a public bank serving the City of Oakland and all cities in Alameda County will provide investment opportunities that focus on the creation of jobs in the City of Oakland that spur local economic growth by providing affordable credit to small and medium-sized businesses that have historically been ignored by the larger, more established banks.

**Environmental:** A public bank can have investment priorities that provide loans for energy conservation, installation of solar panels and measures for conserving water in Oakland.

**Race & Equity:** A public bank can have investment priorities that center on providing loans for low- and moderate-income housing to help relieve the current housing crisis, as well as focus funding resources on underserved communities in Oakland.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends that the City Council approve a Resolution awarding a Grant in an amount not to exceed Thirty Thousand Dollars (\$30,000) to the Friends of the Public Bank East Bay to aid the development of a public bank in accordance with Assembly Bill No. 857, which will be able to handle the depository and investment needs of the City of Oakland and all Alameda County cities.

For questions regarding this report, please contact Margaret L. O'Brien, Interim Finance Director, (510) 238-7480.

Respectfully submitted,

*Margaret L. O'Brien*

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Margaret L. O'Brien  
Interim Director of Finance  
Finance Department