

RESOLUTION NO. _____(CM)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATSONVILLE DECLARING ITS SUPPORT OF ASSEMBLY BILL 857 AS INTRODUCED ON FEBRUARY 20, 2019, AND AMENDED ON MAY 17, 2019, (CHIU AND SANTIAGO) ENTITLED *PUBLIC BANKS: IF ENACTED INTO LAW, WOULD ESTABLISH A CALIFORNIA MUNICIPAL PUBLIC BANKING LICENSE AND SUPPORT THE CONCEPT OF A STATE, REGIONAL, OR NETWORK OF PUBLIC BANKS TO PROVIDE COST-SAVING SERVICES TO PUBLIC ENTITIES*

WHEREAS, public banks offer a way for governmental agencies such as cities, counties, and states, as well as organizations such as pension funds and school districts, to invest their funds in an institution that could allow the investing organizations to avoid the high financial costs of dealing with private sector, for-profit banks; and

WHEREAS, because public banks are created in the public interest rather than to maximize profit, public banks also generate income from their investments that can be re-invested in public benefit projects such as affordable housing, public transportation, and social programs; and

WHEREAS, a public bank could decide to have no investment in fossil fuels, weapons, or tobacco and could adhere to principles of economic, racial, and environmental justice; and

WHEREAS, by creating a public bank, 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, the Bank of North Dakota, a public bank which was founded in 1919, successfully weathered the last recession without the bailouts that went to Wall Street banks, and has provided hundreds of dollars to North Dakota's treasury over the years; and

WHEREAS, currently, all municipal finance in California is conducted through the private banking system, but several large cities in California, including Los Angeles, Oakland, and San Francisco are exploring the establishment of public banks; and

WHEREAS, local public banking advocates have agreed that the size and characteristics of the City of Watsonville are not conducive to an independent public bank, however, a consortium of local jurisdictions or a State bank with some local control could be advantageous and feasible; and

WHEREAS, for any public banking approach, the first step is the establishment of a California municipal public banking license, to be administered by the California Department of Business Oversight; and

WHEREAS, a municipal public banking license could allow public entities to develop their own banks owned solely by the public; and

WHEREAS, the license could provide a regulatory framework tailored to establishing public banks that are democratic and transparent while ensuring ethical outcomes for the public good; and

WHEREAS, the greed, fraud, and corruption of many Wall Street banks has been appalling and costly; and

WHEREAS, AB 857, a bill sponsored by primary authors, Assembly Members David Chiu and Miguel Santiago, with the support of the California Public Banking Alliance, currently being considered by the California legislature, is an important step forward in the creation of public banking in California.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATSONVILLE, CALIFORNIA, AS FOLLOWS:

1. That the City Council of the City of Watsonville hereby declares its support and urges the passage of Assembly Bill 857 (Chiu and Santiago) entitled *Public Banking* as first introduced on February 20, 2019, and amended on May 17, 2019, supporting the establishment of a California municipal public banking license as part of an effort to establish public banking in California.

2. That the City Clerk is hereby directed to send a copy of this resolution to Assembly Members Robert Rivas, David Chiu and Miguel Santiago, Senator Bill Monning, and Governor Gavin Newsom of the State of California.
