FILE NO. 170448

AMENDED IN BOARD
4/25/2017

RESOLUTION NO. 152-17

[Urge the Office of the Treasurer and Tax Collector to convene a Municipal Public Bank Task Force]

Resolution urging the Office of the Treasurer and Tax Collector to convene a Municipal Public Bank Task Force to increase transparency and equity across the City’s Financial functions.

WHEREAS, the Public Banking Institute identifies a “public bank” one identified as having a primary mandate of serving the public interest over those of private shareholders; and

WHEREAS, The City and County of San Francisco has a population of over 800,000 residents who, through decades of public elections, have repeatedly prioritized transparency and economic opportunity as valued pillars of public interest; and

WHEREAS, The Bank of America, the US Bank, and other major financial institutions continue to resist pressure from national movements to have their investments reflect values of transparency, and environmental or social justice; and

WHEREAS, Executive compensation and employee incentive programs at traditional financial institutions have, to date, been dissociated from the external or public effects of their investment policies, in some cases affecting significant financial harm to customers and shareholders; and

WHEREAS, The Office of the Treasurer and Tax Collector serves as the banker, tax collector, collection agent, and investment officer for the City and County of San Francisco; and

WHEREAS, In its role as bursar for the City, the Office of the Treasurer manages an approximate $8 billion short-term investment fund, governed by the Prudent Investor Standard set forth by California Government code, Section 53600.3 and 27000.3, and guided by the

Supervisors Cohen, Fewer, Sheehy, Ronen
BOARD OF SUPERVISORS
three ordinal objectives of Safety (of principal), Liquidity, and Return on Investment, as laid out in the 2016 Investment Policy; and

WHEREAS, the Office of the Treasurer oversees a Banking Services unit, whose purpose includes that of managing employee payroll, deposit services, armored car services, vendor contracts, and department bank accounts, among other responsibilities; and

WHEREAS, The banking services unit currently contracts day-to-day transaction responsibilities to Bank of America and US Bank, which were chosen through a standard Request for Proposal issued in May 2012 according to the scoring criteria laid out in the document “CCSF Banking Payments RFP”, on file with the Clerk of the Board of Supervisors in File No. 170448, which is hereby declared to be part of this resolution as if set forth fully herein; and

WHEREAS, The Office of the Treasurer also oversees the Office of Financial Empowerment, chartered to equip low-income San Franciscans with the skills and access necessary to achieve greater financial security, and which reinforces an equitable vision for San Francisco’s long-term economic growth; and

WHEREAS, California Proposition 64 of 2016 authorized the sale and possession of regulated cannabis products for recreational use, enabling a growing cannabis industry estimated to reach approximately $6.6 Billion in revenues statewide by 2020¹; and

WHEREAS, Existing Federal regulation and guidance on the enforcement of both the Controlled Substances Act and the Banking Secrecy Act have limited the opportunity and appetite for the role of traditional financial institutions in supporting the financial operations of Cannabis-Related Businesses, forcing most legal businesses to operate on an all-cash basis, preventing access to credit and limiting the ability of the City to levy appropriate sales tax; and

WHEREAS, the Board of Supervisors believes that the medium- long- term investment interests of the city are aligned with the sustainable and equitable economic growth of its community, both in the immediate vicinity and in the larger national and international context; and

WHEREAS, the Board of Supervisors believes that the long-term financial and social well-being of the City is contingent upon the ability to provide equitable and transparent financial opportunity for all of its residents; now, therefore, be it

RESOLVED, That The Board of Supervisors urges the Office of the Treasurer and Tax Collector to convene a task force, and the City Attorney to advise the Treasurer in this effort, for the purpose of advising the Mayor, the Board of Supervisors, and relevant City Departments regarding the creation of a Municipal Public Bank, either as a new City Department or separate Enterprise Department, whose functions might include any or all of the following: (1) Serving as the Contractor for the Office of the Treasurer’s Banking Services unit; (2) Hiring and managing the short term investment portfolio for the Treasurer’s Investment Services unit; (3) Governing and Expanding the Office of Financial Empowerment to improve financial inclusion in the City; (4) Establishing a public-facing Deposits and Lending Division, with special attention paid to the operational needs regarding financing for Cannabis-related businesses; and, be it

FURTHER RESOLVED, That the Board recommends that the Task Force consist of 15 or fewer members, chosen by the Office of the Treasurer and Tax Collector, including at least one member from each of the following categories: (1) a Senior employee of the Office of the Treasurer, who can represent the interests of the Banking Services unit, the Investment Services Unit, and the Office of Financial Empowerment; (2) a member of the Office of the Controller representing the Office of Public Finance; (3) an expert on Banking Regulation, especially one familiar with the Federal Reserve Board; (4) an expert on Cannabis Banking
and Financing; (5) a Member of the California State Department of Treasury; (6) an expert in
economic and workforce development; (7) a representative of the Mayor’s Office of Housing
and Community Development; (8) an advocate for and expert of public banking, either
endorsed by or an affiliate of a recognized advocacy group supporting transparent financial
systems; (9) a representative of a local economic development group, particularly one familiar
with issues of financial justice in the banking or credit systems; and (10) an expert in financial
technology, to encourage the task force to seek out innovation in credit systems or cost
saving technologies; and, be it

FURTHER RESOLVED, That the Board urges the Office of the Treasurer and Tax
Collector to convene the task force within 60 days of this resolution, and to submit to the task
force a report regarding the issues that the task force should investigate; and, be it

FURTHER RESOLVED, That the Board urges the task force to hold a series of public
meetings to solicit input from the public and from stakeholder groups, and to submit a report to
the Mayor and the Board of Supervisors within six months of its initial meeting; and, be it

FURTHER RESOLVED, that the Board urges the Task Force to include the following
information in its report: (1) Proposed Mission Statement for a San Francisco Municipal Bank,
prioritizing equality and transparency for economic and investment opportunity, both in San
Francisco and in national investment holdings; (2) Detailed estimates of the costs to the city of
operating a Municipal bank, including consideration of the cost of human resources and
 technological systems required; (3) Operational Process and Initial investment required for a
Municipal Bank to assume the responsibility of the Banking Services Unit; (4) Processes,
investments, and Risks associated with a Municipal Bank assuming the responsibility of the
Investment Unit; (5) Potential revenue streams for a Municipal Bank; (6) Partnership
opportunities with credit unions for deposits, small business lending, and mortgage lending;
(7) Opportunities for enabling the financial operations of Marijuana Related Businesses in San
Francisco; (8) Opportunities for San Francisco’s Municipal Bank to develop a credit scoring model that equitably reflects the risks of lending to underserved SF residents; (9) Quantifying the likely impact of the transfer of Investment and Banking services units to a municipal bank on the Credit Rating of the City and County of San Francisco; (10) Options for initial capitalization of the bank, particularly those required for meeting capital reserve requirements if undertaking direct lending operation.
City and County of San Francisco

Tails

Resolution

File Number: 170448  Date Passed: April 25, 2017

Resolution urging the Office of the Treasurer and Tax Collector to convene a Municipal Public Bank Task Force to increase transparency and equity across the City's financial functions.

April 25, 2017 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE
Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

April 25, 2017 Board of Supervisors - ADOPTED AS AMENDED
Ayes: 10 - Breed, Cohen, Farrell, Fewer, Kim, Ronen, Safai, Sheehy, Tang and Yee
Absent: 1 - Peskin

File No. 170448

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 4/25/2017 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned

Mayor

May 5, 2017

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

Date

5/5/17