



**ACTION SHEET**  
**CITY COUNCIL COMMITTEE MEETING OF 10/29/14**  
**ITEM FROM FINANCE COMMITTEE MEETING OF 10/20/14**

**ISSUE:**

23. Request for Approval of a Resolution Directing Staff to Analyze the Potential Opportunities of Establishing Public Banking Functions for the City of Santa Fe and Projecting Whether a Public Bank Would Provide a Long Term Benefit for Local Businesses and Residents. (Mayor Gonzales and Councilor Ives) (Kate Noble)

**Committee Review:**

City Council (scheduled)

10/29/14

Fiscal Impact – No

**FINANCE COMMITTEE ACTION: APPROVED AS DISCUSSION ITEM**

**FUNDING SOURCE:**

**SPECIAL CONDITIONS OR AMENDMENTS**

Approved with amendments. Add Councilor Maestas as co-sponsor.

**STAFF FOLLOW-UP:**

<b>VOTE</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

3-17-14

# City of Santa Fe, New Mexico

## LEGISLATIVE SUMMARY

### Resolution No. 2014-\_\_\_\_ Public Bank

**SPONSOR(S):** Mayor Gonzales, Councilor Ives and Maestas

**SUMMARY:** The proposed resolution was considered by the Finance Committee on October 20, 2014. After discussion, the Finance Committee recommended approval of the resolution with several changes which resulted in the attached substitute resolution.

The substitute resolution directs staff to analyze public banking functions as a method for leveraging longer term City goals through facilitating access to capital whereby the capital might be used to support business development, build robust infrastructure, enhance affordable housing, increase public transit and achieve water and energy conservation and other City goals. The analysis should:

- provide options for the Governing Body to prioritize public banking activities and select a clear purpose for potential activities;
- take into account the financial and population demographics of the City of Santa Fe; and
- include measurable factors of city banking like debt servicing costs, profits returned to the City, municipal and other tax revenue, and other key areas of economic concern.

Within ninety (90) days of adoption of the resolution, staff is directed to develop a phased plan with options for potential uses of public banking functions for the City of Santa Fe. Staff shall report their findings, including any independent analyses by specialized experts, to the Governing Body. Such findings shall provide a basis for establishing functional public banking priorities and include, at a minimum:

- Options and recommendations for initial public banking functions and assets to be leveraged.
- Analysis of the process, feasibility and relevant factors for establishing a public bank, including associated costs, cash flow management requirements, long-term risks and potential community impacts.
- Recommendations for partnerships with community banks and ways to leverage their expertise and existing functions.
- Any additional options and practices for achieving the goals of public banking and optimizing public fiscal management.

**PREPARED BY:** Melissa Byers, Legislative Liaison

**FISCAL IMPACT:** No

**DATE:** October 22, 2014

**ATTACHMENTS:** Substitute Resolution  
FIR

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2014-\_\_\_\_

INTRODUCED BY:

Mayor Javier M. Gonzales

Councilor Peter Ives

Councilor Joseph Maestas

A RESOLUTION

DIRECTING STAFF TO ANALYZE THE POTENTIAL OPPORTUNITIES OF ESTABLISHING PUBLIC BANKING FUNCTIONS FOR THE CITY OF SANTA FE AND PROJECTING WHETHER A PUBLIC BANK WOULD PROVIDE A LONG TERM BENEFIT FOR LOCAL BUSINESSES AND RESIDENTS.

WHEREAS, the Governing Body recognizes the need for local funding solutions that reinvest public funds in the local community; and

WHEREAS, public banking is banking operated in the public interest, through institutions owned by the people through their representative governments; and

WHEREAS, public banks are able to return profits to the community and can provide low-cost financing for public infrastructure, or low cost loans for businesses; and

WHEREAS, the mission of public banking is to provide financing for the public good and to assure the long-term prosperity of the community; and

WHEREAS, an example of how public banking could be utilized for future projects occurred in 2011 when the Governing Body authorized the City to enter into an agreement for a local company

1 to construct, own and operate a photovoltaic (PV) system at the Santa Fe Community Convention  
2 Center; and

3         **WHEREAS**, the benefit to the City, of entering into the agreement, is that the net cost of  
4 electricity for the Santa Fe Community Convention Center is at a fixed price for years one (1) through  
5 fifteen (15) of the agreement, and that a loan from Convention Center reserves allowed the City of  
6 Santa Fe to earn interest on the loan, and realize savings through renewable energy, plus supporting  
7 the creation of local jobs and the growth of a local company, thus demonstrating the multiple  
8 potential benefits of public financing; and

9         **WHEREAS**, a public banking system could also benefit the residents of Santa Fe by offering  
10 or guaranteeing low interest loans in support of City policies; and

11         **WHEREAS**, the City of Santa Fe has numerous potential projects for community investment  
12 including more than 200 million dollars in deferred maintenance for city roads and facilities, as well  
13 as infrastructure to support Tierra Contenta and areas annexed into the city, plus green energy, public  
14 transit and economic development projects; and

15         **WHEREAS**, a recent symposium conducted in Santa Fe brought national experts to discuss  
16 various forms of public banking, to share experiences regarding public banking in Pennsylvania,  
17 Vermont and North Dakota; and

18         **WHEREAS**, the Economic Development Division is pursuing a Request for Qualifications  
19 (RFQ) for specialized expertise to assist in determining the feasibility and potential functions of  
20 public banking; and

21         **WHEREAS**, the Governing Body recognizes that public banking can empower small  
22 businesses, homeowners, city and state governments, and community banks to prosper and thrive; and

23         **WHEREAS**, the Governing Body recognizes the vital importance to the community of  
24 access to financing on reasonable terms and further recognizes that the City of Santa Fe is tasked with  
25 holding and protecting the fundamental interest of the public as well as the financial wellbeing of the

1 City.

2 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
3 **CITY OF SANTA FE** that staff is directed to analyze public banking functions as a method for  
4 leveraging longer term City goals through facilitating access to capital. This capital might be used to  
5 support business development, build robust infrastructure, enhance affordable housing, increase  
6 public transit and achieve water and energy conservation and other City goals. This analysis should  
7 provide options for the Governing Body to prioritize public banking activities and select a clear  
8 purpose for potential activities. Such analysis should take into account the financial and population  
9 demographics of the City of Santa Fe and include measurable factors of city banking like debt  
10 servicing costs, profits returned to the City, municipal and other tax revenue, and other key areas of  
11 economic concern.

12 **BE IT FURTHER RESOLVED** that within ninety (90) days of adoption of this resolution,  
13 staff is directed to develop a phased plan with options for potential uses of public banking functions  
14 for the City of Santa Fe. Staff shall report their findings, including any independent analyses by  
15 specialized experts, to the Governing Body. Such findings shall provide a basis for establishing  
16 functional public banking priorities and include, at a minimum:

- 17 1. Options and recommendations for initial public banking functions and assets to be  
18 leveraged.
- 19 2. Analysis of the process, feasibility and relevant factors for establishing a public bank,  
20 including associated costs, cash flow management requirements, long-term risks and  
21 potential community impacts.
- 22 3. Recommendations for partnerships with community banks and ways to leverage their  
23 expertise and existing functions.
- 24 4. Any additional options and practices for achieving the goals of public banking and  
25 optimizing public fiscal management.

1 PASSED, APPROVED, and ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014.

2  
3 \_\_\_\_\_  
4 JAVIER M. GONZALES, MAYOR

5  
6  
7 ATTEST:

8  
9 \_\_\_\_\_  
10 YOLANDA Y. VIGIL, CITY CLERK

11 APPROVED AS TO FORM:

12   
13 \_\_\_\_\_  
14 KELLEY A. BRENNAN, CITY ATTORNEY

### City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

**Section A. General Information**

(Check) Bill: \_\_\_\_\_ Resolution:  X   
(A single FIR may be used for related bills and/or resolutions)

Short Title(s):  A RESOLUTION DIRECTING STAFF TO ANALYZE THE POTENTIAL OPPORTUNITIES OF ESTABLISHING PUBLIC BANKING FUNCTIONS FOR THE CITY OF SANTA FE AND PROJECTING WHETHER A PUBLIC BANK WOULD PROVIDE A LONG TERM BENEFIT FOR LOCAL BUSINESSES AND RESIDENTS.

Sponsor(s):  Mayor Gonzales

Reviewing Department(s):  City Attorney's Office

Persons Completing FIR:  Rebecca Seligman  Date:  10/14/14  Phone:  955- 6501

Reviewed by City Attorney:  Kelly A. Brennan  Date:  10/14/14   
(Signature)

Reviewed by Finance Director:  Jesuita Garcia  Date:  10/15/14   
(Signature)

**Section B. Summary**

Briefly explain the purpose and major provisions of the bill/resolution:  
 The purpose of the resolution is to direct staff to analyze the potential opportunities of establishing public banking functions for the City of Santa Fe and projecting whether a public bank would provide a long term benefit for local businesses and residents.

**Section C. Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)\*

**1. Projected Expenditures:**

- a. Indicate Fiscal Year(s) affected -- usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs  
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" -- if recurring annual costs  
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: \_\_\_\_\_

X  Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY 2014	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs - Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____

\* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. \*\*For fringe benefits contact the Finance Dept.

**2. Revenue Sources:**

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs - Recurring or "NR" Non-recurring	

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____	_____	\$ _____	_____	_____	_____

**3. Expenditure/Revenue Narrative:**

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

None

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**Section D.      General Narrative**

**1. Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

No

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**2. Consequences of Not Enacting This Bill/Resolution:**

Are there consequences of not enacting this bill/resolution? If so, describe.

The City staff would not look into the possibility of a public banking system and whether it would benefit the residents of Santa Fe.

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**3. Technical Issues:**

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

No

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**4. Community Impact:**

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

By adopting the resolution, City staff would study the benefits of public banking and if it could potentially be feasible. It further identifies the Governing Body recognizes the importance to the community of access to financing on reasonable terms and recognized that the City of Santa Fe is tasked with holding and protecting the fundamental interest of the public as well as the financial wellbeing of the City.

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Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08