

April 14, 2021

RE: Support the Los Angeles Public Bank

Dear Westwood Neighborhood Council,

Los Angeles city leaders are taking big steps toward creating the Municipal Bank of Los Angeles (MBLA), a city-owned public bank. A public bank is a financial institution owned by a government local agency, such as a city or county, with a non-profit public purpose and governed by public mandate. A public bank provides a democratically governed local bank that will keep funds in our neighborhoods by lending to projects that benefit our local communities, rather than redirecting public funds to benefit the unaligned priorities of distant private banks. A public bank reflects community values and invests in community-identified priorities such as affordable housing, local small businesses, and renewable energy infrastructure.

Why establish a public bank? The Municipal Bank of Los Angeles will allow us to:

- 1. Save Money**—The City of Los Angeles pays \$100 million a year in banking fees and interest and spends over \$1.3 billion in debt services to borrow money from Wall Street banks. A public bank will be able to leverage money to benefit the public instead of private shareholders.
- 2. Develop Our Community**—Deposits generate loans locally with profits and interest returned to Los Angeles, enabling our city to focus on affordable housing, infrastructure, co-ops, small businesses, and other projects determined at the local level.
- 3. Invest Money in an Ethical Way**—A public bank creates a multi-generational source of capital that invests long term for impact purposes for residents and businesses. It will serve as part of the foundation of priorities and tools to address generations of racial inequality and exclusion.
- 4. Democracy and Transparency**—The people of the city will have a say over the financing of our own community, not private financiers. A public bank will bring democracy and transparency to banking and investment of public funds.

Do public banks work? Yes!

There are over 800 public banks with approximately \$50 trillion in assets in the world. [San Diego](#), [San Francisco](#), and East Bay are among the California cities and regions currently moving toward public banking. While there is only one public bank in the U.S., the Bank of North Dakota (BND) has a proven track record of success for over 100 years. The BND is less prone to dramatic boom-bust cycles, allowing it to weather economic recessions with stability. In 2020, the BND allowed North Dakota to make the most PPP loans per capita to local businesses of any state while continuing to refinance residents' student loans at 1% interest. The BND has a partnership relationship with local banks—it does not compete with local community banks and credit unions—it works *with* them to provide small business and community development loans.

How can we support the creation of a public bank?

The LA Public Bank motion is pending in the Economic Development and Jobs Committee, chaired by Councilmember Curren Price. Public Bank LA is currently working with LA City Councilmembers to agendaize and approve the motion for the Request for Quotation (RFQ) to hire a consultant to write the Municipal Bank of Los Angeles business plan. [Council File: 19-1235](#)

At a recent Public Bank LA town hall, Los Angeles city leaders including Councilmembers [Mike Bonin](#), [Nithya Raman](#), [Kevin de León](#), and Monica Rodriguez, Assembly Member [Miguel Santiago](#), President of SEIU California Bob Schoonover, and UFCW Local 770 Deputy Political Director Rachel Torres joined affordable housing and environmental leaders to amplify support for the LA Public Bank and the push forward to create the nation's first state-chartered municipal public bank.

The Los Angeles public bank is [supported](#) by the Los Angeles County Federation of Labor, which represents 300 labor unions, representing over 800,000 workers, and United Food and Commercial Workers (UFCW) Local 770 representing 30,000 frontline workers.

A hearing is scheduled for **May 11, 2021**. Can we count on the Westwood Neighborhood Council to send a Community Impact Statement (CIS) in support of the MBLA and to your City Councilmember before May 11? Public Bank LA has drafted a sample CIS that you may use (attached to e-mail).

The Municipal Bank of Los Angeles would be the nation's first state-chartered municipal public bank – your support in this effort will echo into history. As a leader, Los Angeles can inspire cities across the state and the U.S. to establish their own regional and municipal public banks, ushering in a new era of economic systems that prioritize people and planet through local and public control of finance. We urge you to support and endorse the Public Bank of Los Angeles to put money to work for a sustainable and just future for *all* Angelenos.

We are happy to answer any questions that you might have and speak at your upcoming neighborhood council meeting. We look forward to hearing back from you regarding your support for a public bank for the City of Los Angeles. Thank you for your time and consideration.

Sincerely,

Cristina S. Rodriguez-Greenberg
Public Bank LA Organizer