

Your Community Impact Statement has been successfully submitted to City Council and Committees.

If you have questions and/or concerns, please contact the Department of Neighborhood Empowerment at [NCsupport@lacity.org](mailto:NCsupport@lacity.org).

This is an automated response, please do not reply to this email.

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The Board approved this CIS by a vote of: Yea(9) Nay(0) Abstain(4) Ineligible(0) Recusal(0)

Date of NC Board Action: 05/17/2021

Type of NC Board Action: For

#### Impact Information

Date: 05/18/2021

Update to a Previous Input: No

Directed To: City Council and Committees

Council File Number: 19-1235

Agenda Date: 05/17/2021

Item Number: C

Summary: The Reseda Neighborhood Council, recommends that the Los Angeles City Council advises the City's Office of Finance to support the establishment of the Municipal Bank of Los Angeles (MBLA). Please see attached document.

## Community Impact Statement

[Council File: 19-1235](#)

(AB 857 / California Law / Municipal Bank of Los Angeles (MBLA) / Establishment / Public Bank License)

The Reseda Neighborhood Council, recommends that the Los Angeles City Council advise the City's Office of Finance to support the establishment of the Municipal Bank of Los Angeles (MBLA). AB 857 passed the state legislature and was signed into law, but critically it limits the number of municipal banks that can be established in the state to only ten. Los Angeles County alone makes up 3.8% of the United States total economy and we are the third largest metropolitan economy in the world. Municipal banking is not a new concept. The Bank of North Dakota has existed for 100 years. It is more profitable than Goldman Sachs and considerably more stable than traditional retail banking.

The Los Angeles public bank has the potential to improve critical aspects of community life, such as affordable housing, small business development, and infrastructure. Today, all city projects require money. Crucially, our city pays interest on every loan they take out with our tax dollars, which is paid to private commercial banks. A public bank would finance public works at a fraction of the price of private capital and operate according to a public mandate, serving the interest of the city and its people.

The MBLA would accept and insure city deposits, ensure liquidity, and provide all the banking and purchasing services the city requires. It would make prudent, targeted loans to the city itself, as well as to responsible parties in sectors of the local economy where capital would make a measurable difference in the lives of Angelenos. Additionally, it would save taxpayers money. Last year the City spent \$170 million on banking fees alone and another \$1.1 billion on interest. The City's given liquidity on any given day is approximately \$10 billion.

The bank should contain the following elements in its charter: explicit social/environmental responsibility and anti-corruption clauses in its charter with bankers held accountable to public scrutiny, 100% transparency, and a board of directors that includes persons associated with community development and financial experts. These safeguards will ensure the most democratic bank possible.

A public bank will allow Los Angeles to create sound investments that will save money and allow our city to invest public deposits in fiscally, socially and environmentally responsible activities. This type of control over funds allows investment opportunities directly benefiting the City, where opportunities include: rebuilding our crumbling infrastructure, transitioning to a green energy grid, and bolstering environmentally friendly public transportation, among others.

The municipal public banking model serves to directly address the common grievances against private banking, as the laundry list of unethical and damaging behavior grows. This includes but is not limited to consistent acts of fraud, corruption, collusion, manipulation, predatory sales and lending practices, funding major environmentally and socially destructive projects and oil pipelines, as well as discriminatory practices that have directly contributed to racial and social inequalities in Los Angeles, creating large areas of Los Angeles that have been underserved from the financial sector.

The Municipal Bank of Los Angeles will provide a public alternative to the vital function of banking by placing the institution's loyalty toward people and planet—all while maintaining a fiduciary responsibility toward responsible financial management within this ethical framework. In this way, all bank policies will reflect a pro-people and policy agenda.