



SOCAL 350 CLIMATE ACTION
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September 3, 2021

The Honorable Nury Martinez
Los Angeles Council President
200 N Spring St, Ste 470 Los Angeles, CA 90012

RE: Support the Los Angeles Public Bank

Dear Council President Martinez:

On behalf of SoCal 350 Climate Action, we strongly support the creation of a public bank for the City of Los Angeles, and we would like to encourage you to schedule Council File 19-1235 for a vote by City Council. This motion authorizes the City to hire a consultant to develop the business plan for the City's public bank.

A municipal public bank in the City of Los Angeles has the potential to improve the lives of city residents by enabling greater investment in affordable housing, small business development, Green New Deal initiatives, and city infrastructure. With a governance structure led by City electeds and residents, and overseen like any other bank by the state, the public bank would create a public and accountable source of capital for lending and investment that benefits the City and its communities, like rebuilding our crumbling infrastructure.

A public bank would finance public works at a fraction of the price of private capital by leveraging local funds rather than borrowing from outside the City, and it would operate under a public mandate that would tie the City's finances to an ethical investment framework and fiduciary responsibility. The motion under consideration is just the first step in designing the bank's operations and governance structure. After the plan is developed, it will come back to the Council for a vote and will be implemented by the City upon receipt of state approval.

The Municipal Bank of Los Angeles will allow our city 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 servicing to borrow money from Wall Street banks. A public bank will create another option to allow the City to leverage its own funds instead of depending exclusively on the interests of private, disparate shareholders.

2. Develop Our Community — The public bank can support local lending to small businesses, affordable housing non-profits, and infrastructure projects, helping keep money local and support community economies.

3. Invest Money in an Ethical Way — A public bank creates a multi-generational source of capital that invests on a longer term than any election cycle. It will serve as a foundational tool to address generations of racial inequality and exclusion.

4. Promote Democracy and Transparency — A public bank will bring democracy and transparency to the investment of public funds, allowing for more targeted financial activities that support local communities.

Small and medium-sized businesses remain the core economic driver for long term economic stability for Los Angeles families. A Bank of Los Angeles would be able to multiply the impact of the \$600 million that the City will receive from the federal government next spring, by leveraging those funds into targeted recovery loans. This would allow the city to distribute assistance quickly and efficiently to individuals and make low-interest loans to businesses, utilities, and school districts to help with recovery efforts.

Our prosperity as a city coming out of this pandemic depends on us prioritizing our local economy while serving the public good — that starts with institutions that support working people. The City of Los Angeles should take yet another historic step forward for our community by beginning to develop the framework for its public bank. We encourage you to schedule this motion for a vote.

Sincerely,

Jack Eidt
Co-Founder and Steering Committee
SoCal 350 Climate Action

cc:

Councilmember Gil Cedillo
Councilmember Paul Krekorian
Councilmember Bob Blumenfield
Councilmember Nithya Raman
Councilmember Paul Koretz
Councilmember Monica Rodriguez
Councilmember Marqueece Harris-Dawson
Councilmember Curren Price
Councilmember Mark Ridley-Thomas
Councilmember Mike Bonin

Councilmember John Lee
Councilmember Mitch O’Farrell
Councilmember Kevin de [León](#)
Councilmember Joe Buscaino