

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the public bank formation process.

Recommendations for Council action:

1. AUTHORIZE the Chief Legislative Analyst (CLA) to draft and release a Request for Proposals (RFP) in 60 days, seeking consultant services needed to conduct policy, fiscal, and economic analyses related to the formation of a public bank serving the City of Los Angeles with the following criteria:
 - a. Consultant or subcontractor should have a history of working for and studying public banks/public financial funds, or other mission-based financial institutions.
 - b. Consultant or sub-contractor should have experience in facilitating community stakeholder consultations and shall facilitate such consultations on key areas of importance to the Public Bank business plan, including but not limited to:
 - i. Credit access for small businesses, especially those owned by or employing residents in socioeconomically disadvantaged neighborhoods.
 - ii. Affordable and social housing finance.
 - iii. Climate change mitigation and green energy investment; governance and accountability.
 - iv. Transformative credit programs for preserving and developing local economic growth and worker and tenant ownership.
 - c. The consultant's cost-benefit analysis shall include an estimate of:
 - i. Anticipated impacts of a public bank on affordable housing construction.
 - ii. Credit access among small businesses, especially minority and women-owned businesses.
 - iii. The expansion of banking services among currently unbanked populations.
 - d. The consultant shall identify, in collaboration with the Chief Administrative Officer and Office of Finance, viable strategies for capitalization, including

source of capitalization funds necessary to establish a public bank.

2. INSTRUCT the CLA to report with:

- a. The results of the RFP selection process.
- b. A source of funding for the necessary studies.
- c. A developed timeline for establishment of a public bank, to include but not limited to the following stages:
 - i. Interim report from consultant on community stakeholder consultation.
 - ii. Presentation of consultant report with actionable options for City Council to establish the Public Bank.
 - iii. Preparation and submission of application to state regulatory authorities for bank charter.

3. REQUEST the City Attorney to retain outside counsel to advise and assist the City of Los Angeles in its deliberations of a public bank, including preparation of necessary documents related to the formation of such a bank.

Fiscal Impact Statement: The CLA reports that there is no fiscal impact on the General Fund associated with this action.

Community Impact Statement: Yes

For:

East Hollywood Neighborhood Council

Empowerment Congress West Area Neighborhood Development Council

Summary:

On May 11, 2021, your Committee considered a February 27, 2020 CLA report relative to the public bank formation process. According to the CLA, the passage of AB 857 creates a process for local jurisdictions to apply for a Public Bank license similar to the requirements of forming a Commercial Bank. The original Motion (Wesson-Bonin-Koretz; CF 19-1235) instructed the CLA to report on the scope and costs to obtain consultant services to prepare an application to form a public bank to serve the City of Los Angeles. This report provides a summary of AB 857 and identifies a potential scope for studies and legal services to inform decisions related to applying for a public bank license. The cost for such studies is not currently known. The process to obtain the studies would include the release of a Request for Proposals (RFP), review and selection of consultants, and development of data and studies to advise the Council. This report also advises that a

decision to form a public bank would require a ballot measure to obtain approval from the voters to move ahead with bank formation. In addition, information is provided concerning the development of State regulations on public bank formation, which are not expected to be approved until late 2021, and findings from a study conducted for the City of San Francisco on public bank formation in that jurisdiction. After consideration and having provided an opportunity for public comment, the Committee made a series of recommendations that are detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

ARL

5/11/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-