

Councilors want \$10M for small-business grants

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Two city councilors are pushing to allocate more of Albuquerque's federal relief money to local businesses, saying it is vital to the city's overall health to help keep them afloat.

Brook Bassan and Trudy Jones are sponsoring legislation to use \$10 million of the city's federal CARES Act coronavirus money for small-business grants — about three times the amount of direct, COVID-19-related business support Mayor Tim Keller has in his proposed fiscal year 2021 budget.

Keller's plan would apply \$3.375 million of CARES money toward business grants and related assistance.

Bassan said the \$10 million proposal has met resistance from the mayor's administration, which has a plan to save money going into next year. Under Keller's proposal, the city would end fiscal year 2021 with about \$40 million in contingency money in addition to about \$49 million in state-mandated reserves "to protect against predicted drops in revenue that may stretch" into 2022, the mayor wrote last week in a budget memo sent to Council President Pat Davis.

"This buffer aligns with our estimated FY22 revenue estimates and will give our City the flexibility to handle more challenges in the future," Keller wrote.

Bassan and Jones say they have not seen enough details about how the city would ultimately use that contingency money and are worried about the community's more immediate needs.

"Right now, we're seeing it as the city suffering and businesses are hurting, and if we don't have businesses stay open, we'll have a higher unemployment rate, higher bankruptcy and closure rates," Bassan said, adding that the fallout could spiral into long-term problems for the city.

"What else is (the federal money) for if we're not going to use it to help residents in Albuquerque," she said.

The city in April received \$150 million in federal CARES Act money and has spent about one-third to date. That includes about \$1.8 million in financial

assistance to businesses, nonprofits and arts organizations distributed before June 30, the end of the 2020 fiscal year.

The money – which has restricted uses – has also gone toward some personnel costs, including first responders and other employees working to address COVID-19. Keller has credited the federal funding for helping prevent employee furloughs and layoffs.

But Jones contends the city has provided “minimal” support to businesses during the pandemic.

Bernalillo County, by comparison, received about \$32 million in CARES money and has designated \$6 million for small-business grants.

“I believe we could do much more (as a city), and that’s what we’re looking at doing,” Jones said.

Under the Bassan/Jones proposal, the \$10 million would go toward grants for businesses with 50 or fewer full-time employees (or the part-time equivalent) that “have experienced financial hardship due to COVID-19.”

Keller’s 2021 proposal would apply about one-third as much: \$1 million in direct small-business support, \$1.125 million to help them buy masks and other personal protective equipment, \$1 million to help businesses extend their operations outdoors and \$250,000 for e-commerce assistance.

His administration is also proposing other expenditures aimed more broadly at the city’s economic health, such as \$2.5 million to help families excluded from federal stimulus and unemployment benefits and \$5 million of “full funding” for the Economic Development Department’s core programs, according to the budget memo.

The city’s chief financial officer said that the administration is “open to discussing how we prioritize all long term community challenges” and said this budget was crafted with an eye toward the future.

“We focused on providing essential public services beyond the current fiscal year in the proposed FY21 budget,” Chief Financial Officer Sanjay Bhakta said in a statement.

City Council President Pat Davis said it is clear the city needs to help small businesses – including salons and others that haven’t been able to move operations outside – and believes the city can afford what Bassan and Jones are pitching.

“That’s a big chunk out of our limited federal dollars; we just have to be sure it doesn’t put our city budget in jeopardy going into next year, (but) it appears we have room for it,” Davis said.

Bassan and Jones are introducing the proposal for immediate action at the council’s Wednesday meeting, meaning six of nine councilors must agree to include it as a voting item on the night’s agenda. If that does not happen, the bill will move to a council committee for the normal legislative process.