

# Center City Development Corporation

## Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: September 8, 2021  
RE: Retail Tenant Improvement (TI) Grant Request – Downtown Nutrition + Energy

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the September 15th, 2021, CCDC Board of Directors Meeting.

**Project:** Downtown Nutrition + Energy, 145 Madison Ave.

Applicant: Charles Cavallo  
Downtown Nutrition + Energy  
200 Wagner Pl. #1002  
Memphis, TN 38103

Applicant's Request: \$30,000 Retail Tenant Improvement (TI) Grant.

Project Description: The subject property is located on the south side of Madison Ave., just east of South Second St. It is adjacent to Fam restaurant and is right across the street from The Brass Door and a new coffee shop under construction. The applicant plans to fully renovate the ground floor commercial space and storefront.

New electrical, plumbing, and HVAC will bring the space back into operable use. Interior demolition of the existing wooden paneling, new lighting, flooring, and a new counter will transform the vacant jewelry store into a vibrant, renovated nutrition bar. The business model follows a successful concept in Germantown, The Nutrition Hub.

Following CCDC approval of a Retail TI Grant, the applicant intends to sign a 5-year lease and start construction.

Scope of Work: The Retail Tenant Improvement Grant program is designed to encourage new businesses to open ground-floor locations along priority corridors and within targeted retail nodes. The Grant is reimbursable and requires the applicant to provide receipts of completed work.

Overall Project Budget: The overall project budget *eligible towards the Retail TI scope of work* includes the following sources:

CCDC Retail TI Grant	\$30,000	(25%)
Business Owner's Equity	\$85,500	(75%)
<b>Total</b>	<b>\$115,500</b>	<b>(100%)</b>

Work Eligible for TI Grant: Permanent improvements that are potentially-eligible for reimbursement under the Retail TI Grant program include the following:

Select Demo	\$6,500	(6%)
Framing	\$4,000	(3%)
Flooring	\$7,500	(7%)
Electrical	\$11,500	(10%)
Plumbing	\$9,500	(8%)
Mechanical/HVAC	\$12,500	(11%)
Sheetrock	\$4,500	(4%)
Painting	\$3,500	(3%)
Lighting	\$5,000	(4%)
Cashwrap/Bar	\$5,000	(4%)
Interior Design	\$3,500	(3%)
Permit Fees	\$2,000	(2%)
Finishes/Misc.	\$10,500	(9%)
Storefront	\$30,000	(26%)
<b>Total</b>	<b>\$115,500</b>	<b>(100%)</b>

Design Review: DRB review will be required for any exterior improvements and signage.

EBO Program: Any project that is awarded financial incentives from the Downtown Memphis Commission (DMC) shall include a best faith effort to reach no less than 25% participation by minority and/or women owned businesses (MWBE) in the project's development cost (design and construction hard costs). Compliance with this Equal Business Opportunity (EBO) Program is a closing requirement. **If the requirements of the EBO Program are not met, the CCDC will cancel the incentive.**

Outreach & Inclusion Plan: The specific steps required for each applicant to be compliant with the DMC's EBO Program takes into consideration the size, scope of work, and development costs associated with the project. At the time of incentive application, it is typically too early to identify specific contractors or sub-contractors that will ultimately be

involved in the construction. However, the applicant has a clear understanding of the EBO Program and has worked with DMC staff to identify the following key steps that will be included in their Outreach & Inclusion Plan:

- The applicant will use the City of Memphis Business Diversity & Compliance Registry and the resources at the Shelby County Office of Equal Opportunity Compliance to identify qualified general contractors and tradespeople to perform the needed work.
- The applicant will contact a minimum of 3 certified MWBE businesses for each trade or type of subcontractor needed, and provide each a fair opportunity to submit a bid and be considered for the work.
- Once the service providers have been identified, the applicant will submit the form titled “Proposed Utilization Plan” to DMC staff for review and approval. The applicant will also be asked to provide a full record of the outreach steps taken and the results thus far. This documentation can include items such as a phone call log, copies of emails, meeting notes, and similar information.
- After construction has started, the applicant will provide monthly updates to DMC staff detailing the project status and level of MWBE involvement at each major phase of the project.

Minimum MWBE Goal: With an estimated Retail TI Grant budget of \$115,500, a 25% level of MWBE inclusion for that work is approximately \$28,875.

Maximum Grant Amount: For this program, the maximum grant amount is based on the size of the retail space and length of the lease. Larger spaces with longer leases qualify for larger grants. The Retail TI Grant program is capped at \$30,000 per project, regardless of size or length of lease.

The following formula is used to determine the maximum amount:

$\$4.00 \times 3,300 \text{ sq. ft.} \times 5 \text{ Years} = \$66,000$   
(max grant capped at **\$30,000**)

Staff Evaluation: DMC staff is in support of the applicant’s request. The subject property is a strategically important vacancy in the

Main St. Retail Node, one of the top focus areas for implementation of the Downtown Retail Strategy.

A goal of the Downtown Memphis Retail Strategy is to support the marketing of local businesses for Memphians and to build a strong critical mass of stores and activities within existing retail nodes.

Density in retail offerings make a node more appealing to potential customers, with the convenience of being able to browse multiple commercial spaces at once. The addition of a transparent, active commercial storefront, in place of a vacant space, will make a noticeable impact on the Madison Ave. corridor.

**Staff Recommendation:** **Staff recommends approval of a Retail Tenant Improvement Grant in an amount up to \$30,000, based on approved receipts and subject to all standard closing requirements.**