

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: October 6th, 2021
RE: Retail Tenant Improvement (TI) Grant Request – Memphis Massage Masters (Amani)

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the October 20th, 2021, CCDC Board of Directors Meeting.

Project: Memphis Massage Masters (Amani) – 306 S. Main St.

Applicant: Emma Crystal
1135 Tanglewood St.
Memphis, TN 38114

Applicant's Request: \$20,400 Retail Tenant Improvement (TI) Grant.

Project Description: The subject property is located on the south west corner of S. Main St. and E. Pontotoc. The building is owned by C.O.G.I.C. and the subject site is adjacent to O.D.D.S. Atelier and Cupcake Cutie. The space has been vacant for the last five years, previously occupied by Talk of the Town Day Spa.

The idea for Amani was born of Memphis Massage Masters, PC (MMM), the applicant's successful message therapy business since 2015.

The applicant plans to fully renovate the space with interior demolition, plumbing, electrical, HVAC, new permanent lighting, flooring, doors and new interior walls.

Following CCDC approval of a Retail TI Grant, the applicant intends to sign a 3-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	\$ 20,400	(16%)
Business Owner's Equity	\$ 87,170	(84%)
Total	\$127,970	(100%)

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

Select Demo	\$ 4,240	(4%)
Framing	\$18,330	(17%)
Plumbing	\$40,620	(38%)
Millwork	\$ 4,500	(4%)
Electrical	\$12,000	(11%)
Interior doors & walls	\$12,430	(12%)
Tile	\$12,450	(12%)
General & permits	\$ 3,000	(3%)
Total	\$107,570	(100%)

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 \$107,570, a 25% level of MWBE inclusion for that work is approximately **\$26,893.**

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:

$$\$4.00 \times 1,700 \text{ sq. ft.} \times 3 \text{ Years} = \$20,400$$

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

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.

This application joins on-going activity in the South Main retail node with new developments such as O.D.D.S. Atelier, the new SOB location, and Good Fortune Company. Density and diversity in retail offerings make a node more appealing to potential customers and visitors. Staff is happy to support a local minority female in adding to the vibrancy and commercial offerings of Downtown.

Staff Recommendation: **Staff recommends approval of a Retail Tenant Improvement Grant in an amount up to \$20,400, based on approved receipts and subject to all standard closing requirements.**