

# Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: October 12, 2022  
RE: Retail TI Grant Request – Three of Cups Wine Bar, 644 Madison Ave, Suite 102

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The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the October 19, 2022, CCDC Board of Directors Meeting.

**Project: Three of Cups Wine Bar, 644 Madison Ave Suite 102**

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Applicant: Jake Smith  
1117 South Perkins  
Memphis, TN 38117

Property Owner: John Halford  
644 MADISON LLC  
631 Madison Avenue  
Memphis, TN 38103

Architect John Halford  
cnc Design  
631 Madison Avenue  
Memphis, TN 38103

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

Project Description: The subject property is a vacant ground-floor space on the north side of Madison Avenue in the Edge District. It is an approximately 2,400 square feet space that was recently renovated and available in a white box finish.

The applicant has carefully curated this business model after years in the wine industry, both in distribution and in restaurant management. The design work is done locally by Pretty Useful Co. The architecture firm is local to the neighborhood and invested in transforming the area with several previous projects here.

A full build out is needed to make the vacant space move-in ready. Contingent on receiving a Retail TI Grant, the applicant proposes to sign a 5 year & 3 months lease and renovate the space for commercial use as a new wine bar. The draft lease shows the landlord providing a tenant improvement allowance of \$35 per square foot so, \$83,755.

To get the space ready for a wine bar, the applicant intends to create a bathroom and small cold kitchen along with the bar and lounge areas. So, significant plumbing work, electrical work, and finishes are necessary.

As part of this build out the potentially eligible permanent improvement items include the following:

- Electrical wiring and outlets
- HVAC distribution ducts and exhausts
- Millwork for the bar face and counters
- Plumbing, excluding fixtures
- Millwork for the banquette seating
- Framing, Insulation, and Drywall
- Interior Paint
- Refinish/polish concrete floor
- Deck, Ducts, and Ceiling Joists Painting
- Bathroom Wall Tiles
- Doors, Frames & Hardware
- Restrooms & Mop Sink Closet
- Trim Carpentry & Floor Base
- Bathroom Floor Tile

Project Budget:

The overall project budget includes the following sources:

CCDC Retail TI Grant	\$30,000	(8%)
Pending Bank Loan	\$264,700	(70%)
<u>Landlord Contribution</u>	<u>\$83,755</u>	<u>(22%)</u>
<b>Total</b>	<b>\$378,455</b>	<b>(100%)</b>

Work Eligible for TI Grant:

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.

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

Electrical   Wiring & Outlets	\$34,404	(19%)
HVAC   Ducts & Exhausts	\$26,853	(15%)
Millwork   Bar Face & Counters	\$25,048	(14%)
Plumbing (Excluding Fixtures)	\$24,150	(13%)
Contingency	\$17,879	(10%)
Millwork   Banquette Seating	\$13,650	(8%)
Framing, Insulation, & Drywall	\$9,653	(5%)

Interior Painting	\$7,346	(4%)
Concrete	\$4,530	(2%)
Deck, Ducts, & Ceiling Painting	\$3,925	(2%)
Bathroom Wall Tile	\$3,675	(2%)
Doors, Frames, & Hardware	\$2,684	(1%)
Restrooms & Mop Sink Closet	\$2,471	(1%)
Trim Carpentry & Floor Base	\$1,373	(1%)
Bathroom Floor Tile	\$2,628	(1%)
<b>Total</b>	<b>\$378,455</b>	<b>(100%)</b>

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 may be 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. This will be documented in the "MWBE Outreach Log" of the EBO Forms excel provided to the applicant.
- Once the service providers have been identified and before construction begins, the applicant will submit the form titled "Proposed Utilization Plan" to DMC staff for review and approval.

- At project completion, the applicant will submit the “Monthly Progress Report” to the Directory of DEI along with receipts and invoices to show the work that was contracted and the final MWBE participation percentage for the project. At this point, the applicant will also contact the Development Project Manager to schedule a site visit to show that work has been completed. This is needed for close out and reimbursement.

**Minimum MWBE Goal:** With an estimated interior construction budget of \$162,581, a 25% level of MWBE inclusion is approximately **\$40,000**.

**Staff Evaluation:** DMC staff is in support of the applicant’s request. Continuing to nurture commercial vibrancy will further enhance walkability and quality of life in the heart of the Edge District. This new wine bar will complement other DMC incentive grantees in the area like Inkwell, 620 Madison, Karen Adams, and Rootstock. The Edge is one of downtown's fastest growing residential neighborhoods, and a major tourist destination. Bringing a new local food and beverage business to the neighborhood will provide an important amenity for residents and tourists alike. Introducing street-facing outdoor seating will also allow for more eyes on the street, creating a more comfortable and safe pedestrian experience.

**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.**