

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: May 6, 2024
RE: Retail Tenant Improvement (TI) Grant Request – Dream Magic Daily Market

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the May 15th, 2024, CCDC Board of Directors Meeting.

Project: Dream Magic Daily Market

Applicant: Miroslav Mitric
130 Madison Avenue
Memphis, TN 38103

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

Project Description: The subject property is located on the ground floor of the Exchange Building at the southeast corner of Madison Avenue and Second Street. The applicant proposes to activate currently underutilized storage space and convert it into a convenience store with a deli, café, and ample seating area. Located on the southwest corner of Madison Avenue and Second Street, the location will cater to nearby apartment dwellers, office workers, tourists, and especially the Airbnb guests at the Exchange Building.

The applicant originally came to Memphis to film a movie that plays on the musical heritage of Memphis. Establishing himself in the Exchange Building and frequently walking around the Downtown area to nearby attractions, he began to develop the idea for an upscale convenience store. He will lean on his experience working in his family wholesale business. The plan is to begin renovation work prior to starting filming in the fall. Then, staff will be hired to support the day-to-day operations.

The applicant plans to fully renovate the interior of the space with the grant-covered and reimbursement-eligible scope of work including

- Interior clean up and minor demolition
- Building ADA compliant restrooms

- Extending plumbing to the café area to include a sink and drainage for the coolers
- Installing new flooring in the café and bathroom area
- Wiring the area for electrical and lighting
- New drywall
- Upgrading the climate control system

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	\$ 30,000	(19%)
<u>Business Owner's Contribution</u>	<u>\$ 127,000</u>	<u>(81%)</u>
Total	\$ 157,000	(100%)

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

Clean up and interior demo	\$ 16,000	(10%)
Plumbing	\$ 24,000	(15%)
Electrical	\$ 45,000	(29%)
New drywall for partitions	\$ 45,000	(29%)
<u>HVAC upgrades</u>	<u>\$ 27,000</u>	<u>(17%)</u>
Total	\$ 157,000	(100%)

Design Review: DRB review will not be required as no exterior work is planned for the site. Signage should be submitted for the typical DRB approval process.

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 interior budget of \$157,000 a 25% level of MWBE inclusion for that work is approximately **\$39,250.**

Location Criteria: The Retail TI Grant program is designed to help grow vibrant and thriving retail in Downtown Memphis. This program supports new retail, creative arts & entertainment, and food & beverage businesses within key corridors and

established retail nodes. While not enough money to fund all of the required interior improvements in most cases, the Grant helps bridge the financial gap between property owner and tenant. The Grant was established as a direct implementation strategy based on the recommendations of the DMC's Retail Action Plan in 2018. The subject property falls within the **Main Street Retail Node**.

Staff Evaluation:

The applicant's proposed project aligns with the goals of the Retail TI Grant program to attract more retail around the Main Street Mall in order to catalyze critical mass that also benefits existing businesses. A block from Court Square Park and the Main Street Mall, the new storefront created by this business will support a more complete pedestrian network and serve as an amenity for locals and tourist alike.

Recently, Madison Avenue has seen increased activity with new social meeting spaces like Crazy Gander Coffee and One11 Madison that were supported by DMC incentives. The addition of Daily Market will further strengthen the Madison Avenue corridor. So, DMC staff is in support of grant approval for this project.

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.