

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: December 4th, 2023
RE: Retail Tenant Improvement (TI) Grant Request – JEM Dining

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the December 13th, 2023, CCDC Board of Directors Meeting.

Project: **JEM Dining – 644 Madison Ave.**

Applicant: Joshua Mutchnick
644 Madison Ave Suite 102
Memphis, TN 38103

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

Project Description: The subject property is located on the north side of Madison Ave. The building is owned by 400 Main LLC and 393 Main LLC and the subject site is located between Rootstock and the Memphis Medical District Collaborative Office. The space has been vacant for several years, and was previously approved for a Retail TI grant, but that project is no longer moving forward.

The applicant has worked in the restaurant industry since he was 15 years old. He is a graduate of the Culinary Institute of America, and has worked in several high-profile restaurants, including a Michelin-starred restaurant in Chicago. He moved to Memphis a few years ago to test out an idea he had for a monthly supper club, the JEM (Just Enjoy the Moment) Supper Club. The supper club began its first service in January 2022 with an emphasis on seasonal, farm-to-table southern cuisine, and has since gained a considerable following. Building off the success of the supper club, the applicant intends to open a restaurant, JEM Dining, that focuses on “approachable fine dining.”

JEM Dining will offer a unique dining experience with a small, intimate restaurant setting, open kitchen and communal dining. JEM seeks to break the mold of traditional fine dining by offering a supper club experience at a lower

price point, targeting middle-aged individuals with disposable income, diners celebrating special occasions and young professionals in the Edge District.

The applicant plans to fully renovate the interior of the space with the scope of work including demolition, flooring, HVAC, plumbing, electrical, lighting and permanent interior construction.

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	(13%)
<u>Business Owner's Equity</u>	<u>\$ 198,000</u>	<u>(87%)</u>
Total	\$ 228,000	(100%)

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

Interior Demolition	\$ 1,500	(1%)
Framing, Insulation & Drywall	\$ 25,000	(11%)
Ceilings	\$ 5,000	(2%)
Doors, Frames & Hardware	\$ 7,000	(3%)
Trim Carpentry & Baseboards	\$ 3,500	(2%)
Concrete Repair	\$ 7,000	(3%)
Bathroom Tile	\$ 2,000	(1%)
Bar Wall Framing	\$ 2,000	(1%)
Millwork	\$ 45,000	(20%)
Electrical & Lighting	\$ 45,000	(20%)
Mechanical (HVAC)	\$ 25,000	(11%)
<u>Plumbing</u>	<u>\$ 60,000</u>	<u>(26%)</u>
Total	\$ 228,000	(100%)

Design Review: DRB review will not be required as no exterior work is planned for the site.

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 \$228,000 a 25% level of MWBE inclusion for that work is approximately **\$57,000.**

Location Criteria: First approved by the CCDC in August 2019, 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 Edge Retail Node.

Staff Evaluation: DMC staff supports the applicant's request. The subject property is a strategically important vacancy in the Edge District Retail Node and this project will further activate this portion of Madison Ave.

Filling this vacancy will better connect the pedestrian street network in this area by adding a new point of interest and destination within the neighborhood. A key goal of the Downtown Memphis Retail Strategy is to build a strong critical mass of stores and activities within existing retail nodes. This application will further this strategic goal by activating a currently vacant ground-floor retail space in one of the targeted nodes, increasing the diversity of retail offerings and making the node more appealing to potential customers and visitors.

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.