

# Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: August 9, 2023  
RE: Retail TI Grant Request – Midsouth Coffee & Tea Co., 20 Mina Ave.

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The enclosed Retail Tenant Improvement (TI) Grant has been submitted for consideration at the August 16, 2023 CCDC Board of Directors Meeting.

**Project:** Midsouth Coffee and Tea Co., 20 Mina Ave.

Applicant: Jerry Sanders  
Midsouth Coffee & Tea Co.  
Memphis, TN 38103

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

Project Description: The subject property is a vacant ground-floor space of approximately 1,150 square feet on the south side of the Tennessee Brewery parking garage. This vacant retail bay currently has a concrete shell, glass and metal storefront, and gravel floor. The space has remained in this raw, vacant condition since the Tennessee Brewery parking garage first opened in 2018.

The applicant, Mr. Jerry Sanders, is proposing to open a storefront for Midsouth Coffee & Tea Co. Given the unimproved condition of the space, a complete interior buildout is necessary to make the space move-in ready. Contingent on receiving a Retail TI grant from the CCDC, the applicant plans to sign a 5-year lease and begin interior work.

The scope of interior work potentially eligible for the Retail TI Grant will include the following:

- Interior electrical
- Interior walls (framing, drywall, & paint)
- Fire suppression and/or fire alarm system
- Plumbing and commercial sink installation

Following the execution of a lease, the property owner will improve the space and bring it up to a warm, lit shell condition. The applicant will be responsible for all interior improvements beyond that basic vanilla box condition.

Work Eligible for TI Grant: The Retail TI Grant is a designed to encourage new businesses to open ground-floor locations along high-priority corridors and within targeted retail nodes. The Grant is reimbursable and requires the applicant to provide receipts of completed work prior to reimbursement following project completion.

The maximum Retail TI Grant amount is \$30,000. The applicant is responsible for any and all costs above that maximum grant amount. Permanent improvements that could be eligible under the Retail TI Grant program include the following:

Electrical	\$10,000	(27%)
Framing/drywall/paint	\$8,000	(21%)
General conditions	\$6,000	(16%)
Fire alarm system	\$2,500	(7%)
Cabinets/countertops	\$6,000	(16%)
<u>Kitchen/plumbing/drain</u>	<u>\$5,000</u>	<u>(13%)</u>
<b>Subtotal</b>	<b>\$37,500</b>	<b>(100%)</b>
10% Contingency	\$3,750	
<b>TOTAL</b>	<b>\$41,250</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 (MWBES) 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:

- A. 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.

- B. The applicant will contact a minimum of 3 certified MWBE businesses for the general contracting and each trade or type of subcontractor needed, and provide each a fair opportunity to submit a bid and be considered for the work.
- C. 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.
- D. 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 budget of \$41,250 (including a standard construction cost contingency), a 25% level of MWBE inclusion is approximately **\$10,313**.

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.

It should be noted that the Grant is typically limited to properties within one of the three established Retail Nodes, as designated in the Retail Action Plan. While new retail investment most anywhere Downtown is welcomed and encouraged, the intent of this Grant was to purposefully focus new commercial investment to fill gaps within established retail nodes. However, the Grant program policies clearly state that exceptions may be considered for “high-impact projects and strategic priorities.” Staff is recommending an exception to allow for a Retail TI Grant in this particular case as a strategic

priority, even though the site is just outside of the South Main Retail Node.

**Staff Evaluation:**

DMC staff is in full support of the applicant's request. The subject property is a strategically important vacancy at a public parking garage. While the site is located just outside of the South Main Retail Node, this project will help activate an otherwise long stretch of parking garage frontage along a public street.

Filling this vacancy will better connect the pedestrian street network in this area by adding new points of interest and destinations. Key goals of the DMC's retail strategy are to support the growth of local businesses and to build a strong critical mass of stores and commercial activities. While just outside of the formal retail node boundaries designated by DMC staff in 2018, this business will further bolster the existing cluster of ground-floor businesses already open at the Tennessee Brewery and in the immediate vicinity.

Additionally, the current condition of the space makes it an ideal candidate for this Grant. The raw and unimproved condition of this property means that it is incredibly difficult for a small business owner to occupy it for the foreseeable future without major investment. The cost to bring a raw space up to a usable condition is a prohibitively expensive burden for prospective tenants and often results in long-term vacancy. Moreover, the DMC recognizes that increasing the number of women and/or minority-owned Downtown businesses is a critical part of achieving our overarching goal of building a Downtown for Everyone. Approving a Retail TI Grant in this case will directly support the efforts of a local African-American business owner as he makes a considerable investment in the South Main area and brings a vacant space to life.

**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.**