

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: November 13th, 2024
RE: Retail Tenant Improvement (TI) Grant Request – SovereignTea Cafe

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the November 20th, 2024, CCDC Board of Directors Meeting.

Project: **SovereignTea Cafe – 140/142 Monroe Ave**

Applicant: Natasha Fountain
140 Monroe Ave
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 Monroe Ave between Second St and Magie H. Isabell St. The building is owned by Zambelis Kapos Properties LLC. The space has been vacant for over a year, previously occupied by a personal loan company.

The applicant began SovereignTea café with the goal of providing a holistic approach to healing for the mind, body and spirit through the combination of a healthy café and wellness studio. The café side of the business will offer herbal teas, fresh-pressed juices and salad and fruit bowls free from artificial additives, chemicals and excessive sugars. The wellness studio side of the business will offer yoga, meditation and wellness coaching through a variety of classes and workshops.

The applicant plans to fully renovate the interior space with the scope of work including painting, flooring, plumbing, drywall installation, electrical and framing.

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	(40%)
Business Owner's Equity	\$ 44,775	(60%)
Total	\$ 74,775	(100%)

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

Painting	\$ 10,590	(14%)
Tile & Floors	\$ 15,473	(21%)
Bathroom & Plumbing	\$ 21,179	(28%)
Drywall Installation	\$ 10,590	(14%)
Electrical	\$ 10,590	(14%)
Framing	\$ 6,354	(8%)
Total	\$ 74,775	(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 \$74,775 a 25% level of MWBE inclusion for that work is approximately **\$18,694.**

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 Main Street Retail Node.

Staff Evaluation:

DMC staff supports the applicant's request. The subject property is a strategically important vacancy in the Main Street Retail Node and this project will help to further activate this portion of Monroe Ave.

Filling this vacancy will improve the pedestrian experience along this section of Monroe Avenue by adding a new point of interest and destination within Downtown Memphis. A key goal of the Downtown Memphis Retail Strategy is to build a strong critical mass of stores and activities within existing retail nodes, and the addition of SovereignTea café in this space along Monroe will activate a currently vacant ground-floor retail space within the Main Street retail node.

Additionally, 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 woman business owner as she makes a considerable investment in the Main Street 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.