

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: April 8th, 2024
RE: Retail Tenant Improvement (TI) Grant Request – The Dame

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the April 17th, 2024, CCDC Board of Directors Meeting.

Project: **The Dame – 69 Pontotoc Ave.**

Applicant: Joseph Lewis
The Dame LLC
65 W Galloway Dr
Memphis, TN 38111

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

Project Description: The subject property is located on the south side of Pontotoc Ave, in the block between Front Street and South Main Street. The site contains a 3-story historic building originally constructed in 1906 and commonly known as the Hotel Pontotoc. The building is currently undergoing renovations and is vacant as a result.

The applicant was previously awarded a \$60,000 Exterior Improvement Grant (EIG) in September 2022. This grant helped to cover the costs of exterior improvements such as the replacement of windows and roof and the creation of a new stairway entry.

The Dame will operate as a restaurant and wine bar in the ground-floor space of the hotel, offering both hotel guests and other visitors to the property the opportunity to enjoy a small-plate menu as well as high-end bourbon and wine.

Following CCDC approval, the applicant intends to sign a 10-year lease and begin construction on the restaurant space.

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	(10%)
Business Owner's Equity	\$ 265,530	(90%)
Total	\$ 295,530	(100%)

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

Carpentry & Framing	\$ 25,890	(9%)
Doors, Frames & Hardware	\$ 5,000	(2%)
FRP Kitchen Wall	\$ 8,000	(3%)
Ceramic Tile	\$ 24,448	(8%)
Plumbing	\$ 110,433	(37%)
HVAC	\$ 48,243	(16%)
Fire Protection	\$ 13,697	(5%)
Electrical	\$ 59,809	(20%)
Total	\$ 295,530	(100%)

Design Review: DRB review will be required for any exterior improvements and signage.

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 \$295,530 a 25% level of MWBE inclusion for that work is approximately **\$73,882.50.**

Maximum Grant Amount: The Retail TI Grant program is capped at \$30,000 per project, regardless of size or length of lease.

Staff Evaluation: DMC staff is in support of the applicant’s request. The subject property is a strategically important vacancy in the South Main retail node and this project will further activate this portion of Pontotoc.

Filling this vacancy will better connect the pedestrian street network in this area by adding a new point of interest in the form of a ground-floor restaurant that attracts both visitors and guests of the hotel. A primary goal of the Downtown Memphis Retail Strategy is to build a strong critical mass of stores and activities within existing retail nodes. This business will further this goal by activating a currently

vacant ground-floor space in one of these targeted nodes, increasing the range of retail offerings within the neighborhood.

While the CCDC typically limits incentives to one per property, staff believes that an exception should be made in this case, as the addition of a ground-floor restaurant at the site achieves a separate strategic goal from the previously approved exterior grant. The previously approved exterior grant was intended to support the rehabilitation of this historic structure into a short-term residential property, whereas the proposed Retail TI grant would assist with converting the underutilized ground-floor space into an active restaurant use, which would serve as an important connector and point of interest between S Main Street and Front Street.

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.**