

# Center City Development Corporation (CCDC) Board Meeting

To: CCDC Board of Directors  
From: DMC Staff  
Date: August 17, 2016  
RE: Storefront Improvement Grant Application – Downtown Malco Cinema

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The enclosed Storefront Improvement Grant has been submitted for consideration at the August 17, 2016, CCDC Board of Directors Meeting.

**Project:** Malco Cinema, SE corner of G.E. Patterson & Front St.

Applicant: Malco Theatres, Inc.  
Jimmy Tashie, Vice President  
5851 Ridgeway Center Parkway  
Memphis, TN 38120

Property Owner: Memphis Area Transit Authority (MATA)  
1370 Levee Road  
Memphis, TN 38108

Request: Storefront Improvement Grant in the amount of \$125,000.

Project Description: As part of the overall Central Station redevelopment plan, Malco Theatres is proposing to open a new 8-screen cinema (37,346 SF) at the southeast corner of G.E. Patterson Avenue and South Front Street on a vacant parcel at the Central Station property. The project will include new construction as well as the adaptive reuse of the historic Powerhouse building. The total budget is approximately \$9,000,000.

The proposed building type is a new concept for the Malco brand and includes balcony seating, food and beverage services in the historic Powerhouse, and an outdoor rooftop theater and lounge. The use of balconies and a rooftop deck will require the installation of an elevator, an expensive item not typically included in new cinema construction. Also, proposed work to the Powerhouse building required Federal 106 review by both the Federal Transit Administration (FTA) and the State Historic Preservation Office (SHPO), necessitating several design modifications which added project costs not originally anticipated.

Eligibility: The Storefront Improvement Grant is intended for exterior work only. Storefront Improvement Grants require minimum leverage of 1 to 1. Staff opinion is that the

following scope items are potentially eligible expenses under the Storefront Improvement Grant:

<u>Historic Powerhouse Building</u>	
Brick tuckpointing	\$150,000
Window repair and modification	\$100,000
Modify/remove south-facing exterior wall	\$60,000
Soft costs attributable to the Powerhouse	\$92,356
	<b>Total: \$402,356</b>

Design Review: All exterior work and signage requires the review and approval of the Design Review Board (DRB). The applicant received initial DRB approval in November, 2015, but will likely need to submit revised drawings prior to construction.

EBO Program: Any project that is awarded financial incentives from the Downtown Memphis Commission shall include a best faith effort to reach no less than 20% participation by women and/or minority-owned businesses (W/MBE) 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.**

Based on the submitted budget, total work associated with the Powerhouse building is approximately \$780,000. 20% W/MBE inclusion for the Powerhouse improvements will be approximately **\$156,000.**

Staff Evaluation: The Storefront Improvement Grant program was designed to create attractive, inviting Downtown storefronts and building elevations in order to improve the public realm and pedestrian experience Downtown. For a project to be eligible for this Grant, the scope of work should be high impact and constitute a significant improvement to the overall public environment. To date, the largest approved CCDC Storefront Improvement Grant was \$66,455 for Ghost River Brewery, 827 S. Main Street.

Staff is supportive of offering a significant Storefront Improvement Grant in this case due to the positive impact of having a movie theater return to Downtown Memphis. Moreover, repurposing the historic Powerhouse building is something the DMC has long been supportive of. However, staff must take into account the availability of resources and

multiple priorities when recommending a specific Grant amount. It must also be noted that Malco is a beneficiary of a \$200,000 Grant approved in September, 2015, from the CCDC to MATA. That Grant was earmarked for improvements and upgrades to the surface parking lot to be shared by Malco and the Memphis Farmer's Market (MFM).

In the interest of balancing our strong support for this worthy project with being cognizant of CCDC's finite budget, staff recommends limiting the Storefront Grant eligible scope of work to the brick tuckpointing (\$150,000) and window repair & modification (\$100,000) for a total budget of \$250,000. This scope of work is consistent with the intent of the Grant and will be highly visible from the public right-of-way. Additionally, the repair of character-defining features, such as exterior masonry and original windows, is an important goal of the Downtown Memphis Design Guidelines. With the standard 1:1 match, the CCDC Storefront Grant would be a maximum of \$125,000.

**Staff Recommendation:** **Staff recommends approval of a Storefront Improvement Grant in an amount up to \$125,000, based on approved receipts and subject to all standard closing requirements.**