



To: Center City Development Corporation (CCDC) Board of Directors
From: DMC Staff
Date: October 9, 2019
RE: Update - 114 N. Main RFQ

Background:

The current home of the Downtown Memphis Commission (DMC) was originally built in 1901 as the North Memphis Savings Bank and also served as headquarters for The Crump Insurance Company. Following a period of public use and eventual vacancy, the City of Memphis deemed the property to be surplus. The Center City Commission, now known as the DMC, and its affiliate the Center City Development Corporation (CCDC) acquired the property from the City of Memphis in 1997 and renovated the ground floor and mezzanine for office-use with the basement designated for storage and mechanical equipment. To reduce development costs, a for-profit subsidiary of the CCDC was created to own the building and utilize the Historic Tax Credit (HTC) program. This organization, Crump Building Inc., was dissolved after the renovation debt was paid off in 2015.

Due to budget limitations and a focus on creating sufficient office space for DMC operations, only part of the building was renovated in 1997. The tower portion of the building was left unimproved. It was always contemplated that the tower would be renovated at a later date.

With no outstanding debt on the building, favorable lending conditions, and development momentum growing in the North Main area, the DMC Staff believes the time is right to complete the renovation of 114 N. Main. In addition to being good stewards of this historic property, full renovation will provide additional opportunity for office tenants interested in leasing space in a historic building. Although available to market-rate office tenants, the leasable space will also be highly attractive for non-profit users, entrepreneurs, and smaller companies that value the location in Civic Center Plaza.

Scope of Work:

Staff recommends that the DMC and CCDC move forward to better understand the potential cost of renovating 114 N. Main at this time. If the DMC and CCDC ultimately decide to undertake the project, the proposed strategy is to secure bank financing and renovate floors 3-7 for use as leasable office space, maintaining as much of the historic character on each floor as possible. The total area to be renovated is approximately 8,528 sq. ft.

In addition to full renovation of each floor for office use, a new staircase and elevator could be added to make the upper floors ADA-accessible. The tower space will remain physically separated from the current DMC office space. The tower already has the major advantage of an original entrance at 110 Adams Avenue that will function as the front door for office tenants.

Floors 3-7 will be brought up to a “vanilla-box” condition ready for office use. Each floor will contain an ADA-accessible unisex restroom. Floor 5 will be designed as shared meeting space available to both the DMC and office tenants in the building. Meeting space will include a pre-function area, two small conference rooms, and a large conference room.

114 N. Main Tower Renovation Potential			
Floor	Gross Sq. Ft.	Leasable Sq. Ft.	Proposed Use
3	1,714	1,102	Office space for lease
4	1,714	1,102	Office space for lease
5	1,714	1,102	Shared meeting space for office tenants & DMC
6	1,714	1,102	Office space for lease
7	1,672	1,063	Office space for lease
Total	8,528	5,471	

Budget & Timeline:

The preliminary budget for hard cost improvements could range from \$2.3MM-\$3.0MM, depending on final bids and value engineering options. It is estimated that soft costs and professional fees could range from 6-8% of total construction budget.

If this project is ultimately approved by both the DMC and CCDC Boards of Directors, construction could potentially begin in Q2 2020 and be complete in Q1 2021. The project will comply with the DMC’s Equal Business Opportunity (EBO) Program and require approval by the Design Review Board (DRB).

Next Steps:

At the October 3, 2019 Board meeting, the DMC Chair decided to form a Building Renovation Committee. The DMC also approved the following next steps & key milestones:

1. Building Renovation Committee will release an RFQ for Architectural Services on October 14, 2019; DMC President will negotiate contract terms and budget with the selected architect.
2. Staff to request funding from CCDC to hire an architect to prepare construction drawings.
3. Construction budget finalized once drawings are prepared and contractors submit bids.
4. In Q2 2020, Building Renovation Committee will present a formal development proposal, financing options, and final construction budget to the DMC and CCDC for consideration.