

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: March 4, 2020
RE: Retail Tenant Improvement (TI) Grant Request – Rawgirls, Inc.

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the March 18, 2020, CCDC Board of Directors Meeting.

Project: Raw Girls Inc. 150 Peabody Avenue, Suite 118.

Applicant / Tenant: Amy and Hannah Pickle
Rawgirls Inc.
474 Stonewall Street
Memphis, TN 38112

Property Owner: Belz Enterprises
100 Peabody Place, Suite 100
Memphis, TN 38103

Applicant's Request: Retail Tenant Improvement Grant in an amount up to \$30,000.

Project Description: The proposed project will occupy a 791 sq. ft bay in 150 Peabody Place. It is positioned on the East side of 2nd Street, South of Gayoso, directly across from the "Parkway" parking lot.

Raw Girls a is food retailer that provides "organic, seasonal, locally grown, dairy free, gluten free and refined sugar free Raw Foods."

The applicant is planning a complete internal buildout for the vacant bay and requests a Retail Tenant Improvement Grant to assist with the permanent interior improvements.

This 791 sq. ft bay will serve as a quick service station for speedy in and out service.

Following CCDC approval of a Retail TI Grant, the applicant intends to sign a 10-year lease and start construction in March 2020. Construction is expected to take 7-8 weeks.

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 Retail Tenant Improvement Grant is for interior work only and requires the applicant to provide receipts of approved, completed work before the applicant can be reimbursed. The applicant plans to use the Retail TI Grant to make the following permanent interior improvements:

- Install permanent lighting, wiring and fixtures
- Install plumbing and electrical systems
- Interior firewalls
- Installment of an ADA approved restroom
- Install mechanical and HVAC system

Overall Project Budget:

The overall project budget includes the following sources:

| | | |
|-------------------------|------------------|---------------|
| CCDC Retail TI Grant | \$ 30,000 | (25%) |
| <u>Operator Capital</u> | <u>\$ 90,852</u> | <u>(75%)</u> |
| Total | \$120,852 | (100%) |

Work Eligible for TI Grant:

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

| | | |
|-------------------------|------------------|---------------|
| Mech./Plumbing/Restroom | \$ 24,300 | (25%) |
| Fire Protection/HVAC | \$ 37,321 | (40%) |
| <u>Electrical</u> | <u>\$ 32,794</u> | <u>(35%)</u> |
| Total | \$ 94,415 | (100%) |

Design Review:

DRB review will be required for signage and any other exterior improvements.

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. With an estimated buildout budget of \$120,852.40 a 25% level of MWBE inclusion for that work is approximately **\$30,213.**

Grant Amount:

For this program, the maximum grant amount is based on the size of the retail space and length of the lease. Larger spaces with longer leases will qualify for larger grants. **The Retail TI Grant program is capped at \$30,000 per project, regardless of size or length of lease.**

The following formula is used to determine the maximum amount:

$$\$4.00 \times \underline{791 \text{ ft.}} \times \underline{10 \text{ Years}} = \$31,640 \text{ (max grant capped at } \$30,000)$$

Staff Evaluation:

For purposes of this grant program, the project is located within the Main Street Target Area.

Approving a Retail TI Grant for this project supports several key DMC goals. Its approval continues the trend of new services to Second Street, within a high priority area. This will also fill one of the last gaps in ground-floor activity along Second Street, south of Union, which has been a strategic priority.

This amenity increases activity within the core while also activating a vacant commercial storefront and complements our most recent Retail TI success. These factors will lead to more density and commercial activity.

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.