

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: September 11, 2019
RE: Retail Tenant Improvement (TI) Grant Request – Shred 415

The enclosed Retail Tenant Improvement Grant has been submitted for consideration at the September 18, 2019, CCDC Board of Directors Meeting.

Project: **Shred 415, 150 Peabody Place, Suite 117.**

Applicant/Owner: Jeff Hall
6450 Poplar Ave. Suite 115
Memphis, TN 38119

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

Project Description: The proposed project will occupy a 3,407 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.

Shred 415 is a fitness option designed for busy parents and professionals who want to take charge of their physical health goals in a limited time. Shred 415 accommodates by creating an inclusive, family-friendly, athletic environment where all fitness levels can come together and meet their goals.

The applicant is planning a complete interior build out for the vacant bay and requests a Retail Tenant Improvement Grant to assist with the permanent interior improvements. This 3,407 sq. ft bay will house the reception station, an administrative office, a kids play area, both men's and women's changing facilities, lockers for personal storage and a 25 x 50 primary workout area.

Following CCDC approval of a Retail TI Grant, the applicant intends to sign a 10-year lease and start construction in October 2019.

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 applicants 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 plumbing and electrical systems
- Install permanent lighting wiring and fixtures
- Install a fire suppression system
- Install a commercial grade HVAC system

Overall Project Budget: The overall project budget includes the following sources:

CCDC Retail TI Grant	\$30,000	(7%)
Business Loan	\$250,000	(57%)
Owner's Equity	\$154,000	(36%)
Total	\$434,000	(100%)

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

Fire Suppression System	\$10,600	(7 %)
Plumbing	\$14,000	(9%)
HVAC	\$60,400	(38%)
Electrical	\$73,500	(46%)
Total	\$158,500	(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 \$395,690, a 25% level of MWBE inclusion for that work is approximately **\$98,923**.

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:

$$\$4.00 \times 3,407 \text{ sq. ft.} \times 10 \text{ Years} = \$136,280 \text{ (max grant capped at } \$30,000)$$

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 encourages a new business opening on Second Street, within an emerging commercial corridor, in the heart of the Downtown Core. This will also help fill gaps in ground-floor activity along Main Street, Second Street, and Front Street within the Downtown Core, which are strategic priorities.

This project will activate a long-vacant commercial storefront by supporting a new fitness option Downtown. This increases activity, vibrancy and retail options in the Main Street retail node. New investments, such as this project, lead to greater commercial vibrancy Downtown.

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.