

# Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)  
From: DMC Staff  
Date: September 17, 2020  
RE: Exterior Improvement Grant Request, 145 S. Main St.

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The enclosed Exterior Improvement Grant application has been submitted for consideration at the September 24, 2020, special-called CCDC Board Meeting.

**Project:** **The Majestic Grille, 145 S. Main St.**

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Applicant: Mr. Patrick Reilly  
The Majestic Grille  
145 S. Main St.  
Memphis, TN 38103

Applicant's Request: Exterior Improvement Grant in an amount up to \$23,700.

Project Description: The subject property is located on the west side of South Main Street, in the block between Gayoso and Peabody Place. The Majestic Grille has been an anchor tenant on the Main Street Mall since 2006.

As one of the larger restaurants Downtown, the Majestic Grille has been forced to close its main dining room due to limitations of efficiency and greatly reduced demand for indoor dining. In an effort to provide employment opportunities and generate some income, the owner has identified a strategy to operate in a smaller footprint utilizing the existing outdoor patio on the Main Street Mall as the primary "dining room." In order to provide consistency of operating hours, the patio needs to be covered in the event of rain and heated in the winter. The applicant plans to use the EIG grant to install a high-quality awning to cover the existing patio. The awning will be treated as a permanent improvement and is rated for a 10-year minimum useful life. Electrical work will also be completed to allow the use of heaters in the winter months.

Construction is planned to begin immediately following CCDC and DRB approval. The total project is expected to be completed within 4-6 weeks.

Disclosure: The primary owner of the Majestic Grille, Mr. Patrick Reilly, is the spouse of Ms. Deni Reilly, DMC Chairwoman and a member of the CCDC and DRB. After consultation with the CCDC’s Attorney, a determination has been made that this applicant is eligible to receive a CCDC incentive provided that full disclosure is made about the potential for a perceived conflict of interest and that Ms. Reilly recuses herself and abstains from all deliberations and voting regarding this matter.

EIG Budget: The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners and businesses make high-quality exterior improvements. A secondary goal of the grant is to help new and existing businesses succeed by enhancing their curb appeal in ways that might not be possible without assistance. The Exterior Improvement Grant is for exterior work only and requires minimum leverage of 1 to 1. The maximum grant for this location is \$100,000.

The following budget describes the EIG scope:

<b><u>Sources:</u></b>		
Owner’s match	\$23,762	(50%)
CCDC EIG	\$23,700	(50%)
<b>Total Sources</b>	<b>\$47,462</b>	<b>(100%)</b>
 <b><u>Uses:</u></b>		
Awning to cover patio	\$32,982	(69%)
Electrical & outdoor heaters	\$14,480	(31%)
<b>Total Uses</b>	<b>\$47,462</b>	<b>(100%)</b>

Design Review: The applicant will submit design plans to the DRB immediately.

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. 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 vendors and tradespeople to perform the needed work.
- The applicant will strive to identify and contact 3 certified MWBE businesses for each trade or type of subcontractor needed, if available, and provide each a fair opportunity to submit a bid and be considered for the work.
- Once the available 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 materials.
- 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 EIG budget of \$47,462 a 25% level of MWBE inclusion for that work is approximately **\$11,865**.

Staff Evaluation: It should be noted that the Exterior Improvement Grant program was originally limited to ground-floor facade improvements attached to a commercial building. However, the CCDC voted to expand the focus of the EIG program in August, 2016 to include site enhancements and other exterior property improvements as eligible expenses under the grant.

While the assumption may have been that these exterior improvements would be limited to private property, that limitation is impractical along the Main Street Mall and

other urban contexts where the building is immediately adjacent to the edge of the sidewalk. Moreover, high-quality exterior improvements and outdoor patios are all the more appropriate and impactful along the Main Street Mall and other areas where increased pedestrian traffic is our goal.

It is staff's opinion that the proposal to improve an existing patio is consistent with the purpose and intent of the EIG program, provided that the user of the property has the written permission of the property owner. The Majestic Grill & Belz Enterprises have maintained a valid right-of-way rental agreement with the City of Memphis since 2006 for the use of their patio space.

The Majestic Grille is a prime example of a previously successful Downtown businesses that has been severely impacted by the COVID-19 pandemic. The CCDC has shown leadership and innovation in being flexible and responsive to the needs of Downtown businesses during this time of crisis. Examples of this innovation include establishing the Downtown Business Continuity Forgivable Loan Program, outdoor dining program, and the recently-approved Marketing Micro Grant.

While limiting the use of the EIG to private property may ultimately be the long-term best practice in normal times, staff is in full support of approving this EIG application as requested at this time. This is largely due to a recognition that the economic climate in Downtown Memphis is still a real challenge for many small businesses struggling to reopen or stay open. The CCDC should proactively look for opportunities to be supportive and flexible when doing so advances our dual goals of improving commercial property values and increasing the number of people Downtown. Approving this EIG request will support a long-standing Downtown anchor in their efforts to innovate, adapt, and operate in a new way during this period of uncertainty and potential restaurant closures.

**Recommendation:**

**Staff recommends approval of an Exterior Improvement Grant in an amount up to \$23,700, based on approved receipts and subject to all standard closing requirements and conditions.**