

Center City Development Corporation Board Meeting

To: Center City Development Corporation (CCDC)
From: DMC Staff
Date: January 9, 2023
RE: Exterior Improvement Grant Request – 338 S. Main (Klein Fitness)

The enclosed Exterior Improvement Grant application has been submitted for consideration at the January 18, 2022, CCDC Board Meeting.

Project: **338 S. Main (Klein Fitness)**

Applicant/Owner: Corey and Megan Klein
338 S. Main
Memphis, TN 38103

Architect: Ryan Morris, AIA
Project Manager
UrbanARCH Associates

Applicant's Request: Exterior Improvement Grant in an amount up to \$60,000.

Project Description: The subject property has housed Klein Fitness for 10 years in the South Main neighborhood. The owners, Corey and Megan, live above their business and are active neighbors. As they look to match the growing energy in the neighborhood and highlight their high-end fitness business, they are embarking on major renovations to their building. Work on a residential addition will coincide with the renovations but will not be eligible for EIG funding.

Located within the South Main Historic Preservation District, the design will follow Landmarks District guidelines and is on track to be heard at the January 26th MLC meeting.

Along with the work to the building, the project will include sidewalk improvements, lighting, and landscaping that will enhance the pedestrian experience on Vance Avenue which serves as a critical connector between South City and Downtown amenities like Tom Lee Park.

The grant eligible scope of work includes design fees, permitting fees, and mobilization costs along with the exterior

improvements. Additionally, the following exterior improvement work is eligible:

- Repairing masonry and filling an abandoned door
- Demolishing a stair stoop
- Sitework for the new stairs and planter beds
- Replacing windows on lower level
- Installing a new anodized aluminum storefront
- Installing new a door, railing, and stairs on the Vance Avenue façade
- Installing lighting planter boxes along Vance Avenue façade
- Installing new signage
- Painting all exterior walls charcoal (Dark Knight – SW 6237)

EIG Budget:

The Exterior Improvement Grant (EIG) is designed to help Downtown commercial property owners make high-quality improvements to the exteriors of Downtown buildings. These improvements help businesses draw customers by enhancing curb appeal, increase walkability by adding street-level interest, and increase neighborhood property values.

The Exterior Improvement Grant is for exterior work only and requires a 1 to 1 match from the applicant. The maximum grant for this location (South Main Retail Node) is \$60,000.

The following describes the estimated project budget:

Sources:

Owner’s Equity	\$63,500	(54%)
DMC Sidewalk Grant	\$5,000	(4%)
CCDC EIG	\$58,500	(46%)
Total Sources	\$127,000	(100%)

Uses:

Masonry	\$1,750	(1%)
Sitework	\$1,750	(1%)
Metal Handrail	\$2,750	(2%)
Concrete Work	\$3,500	(3%)
Door Replacement/Hardware	\$3,500	(3%)
Contingency	\$5,500	(4%)
Select Demolition	\$6,000	(4%)
Exterior Lighting	\$7,500	(6%)
Planters & Landscaping	\$9,500	(7%)
Sidewalk Repair	\$10,000	(8%)
Signage	\$10,000	(8%)

Design Fees	\$10,000	(8%)
Exterior Paint & Finishes	\$10,750	(8%)
General Conditions	\$12,500	(10%)
General Requirements	\$13,250	(10%)
Window Replacement	\$18,750	(15%)
Total Uses	\$127,000	(100%)

Design Review: The applicant will submit design plans to the DRB in the coming months.

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. At the time of incentive application, it is typically too early to identify specific contractors or sub-contractors that will ultimately be involved in the construction. However, 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 meet and coordinate with minority-owned business assistance organizations such as the Memphis Area Minority Contractors Association (MAMCA) and the Mid-South Minority Business Council Continuum (MMBC) to make their members aware of the project and any contracting and sub-contracting opportunities.
- 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 subcontractors and other tradespeople to perform the needed work.
- The applicant will advertise and host a pre-bid conference to allow MWBE subcontractors an opportunity to ask

questions and learn more about the job opportunity. DMC staff will be invited to attend the pre-bid conference to observe.

- The applicant will contact a minimum of 3 certified MWBE businesses for each trade or type of subcontractor needed, and provide each a fair opportunity to submit a bid and be considered for the work.
- Once the 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 pre-bid conference attendance sheet.
- 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: Based on the budget information provided by the applicant, the estimated total hard construction costs and professional fees will be approximately \$421,500.

So, a 25% level of MWBE inclusion of these eligible costs would be approximately **\$105,375.**

Staff Evaluation: The DMC’s Retail Strategy encourages concentrating incentives within key retail nodes Downtown like South Main to support critical mass and vibrancy. Exterior improvements that make spaces safe, approachable, and comfortable further nurture neighborhood vibrancy by facilitating easy pedestrian movement.

This project will replace a cracked sidewalk and add lighting and landscaping along a major corridor intersecting South Main Street. The building will receive major renovations improving the worn appearance and making a major positive visual impact. These improvements will support an established local business, attract foot traffic, and provide spillover benefits for neighbors and visitors. So, DMC staff is supportive of this project to enhance a critical intersection and support a local business.

Recommendation: **Staff recommends approval of an Exterior Improvement Grant in an amount up to \$60,000 based on approved receipts and subject to all standard closing requirements and conditions.**