

# Center City Revenue Finance Corporation Board Meeting

To: Center City Revenue Finance Corporation (CCRFC)  
From: DMC Staff  
Date: December 5, 2018  
RE: PILOT Request – Wiseacre Brewery Development, BB King Blvd. & Vance Ave.

This application is for consideration at the December 11, 2018, CCRFC Board Meeting.

Project: Wiseacre Brewery, BB King Blvd. & Vance Ave.

Applicant: Kellan Bartosch, Owner Representative  
Wiseacre Brewing Company  
2783 Broad Ave.  
Memphis, TN 38112

Applicant's Request: 15-Year PILOT for new construction of 43,000sf brewery and tap room on currently vacant property

Subject Property: A majority of the project site was purchased by Wiseacre Brewing Company on October 1, 2018, with the south portion of the property under contract and scheduled for an early 2019 closing.

For purposes of this PILOT application, the project site consists of the following six parcels:

Parcel ID 005018 00015	Parcel ID 005018 00008
Parcel ID 005018 00009	Parcel ID 005018 00007
Parcel ID 005018 00016C	Parcel ID 005018 00010C

Project Description: Wiseacre Brewing Company proposes to build a new 43,000sf. facility on vacant land located south of the intersection of South BB King Blvd. and Vance Ave. The current Wiseacre location on Broad Avenue will remain in use as a small specialty brewhouse. The new Downtown location will accommodate significantly more production and will also include a sizable taproom and retail component.

Construction is planned to begin in Q1 2019 and will be completed within 12-18 months.

Development Budget: The total development cost is approximately \$9,185,750. To be eligible for a PILOT, the value of the proposed building renovations, site improvements, or new

construction must be equal to, or greater than, at least 60% of the total project cost. Based on the preliminary budget, the project meets this requirement.

**Sources:**

Bank Loan	\$7,050,000	(76.7%)
Equity	\$2,135,750	(23.3%)
<b>Total Sources</b>	<b>\$9,185,750</b>	<b>(100%)</b>

**Uses:**

Land	\$1,500,000	(16%)
Hard Costs	\$6,500,000	(71%)
Soft Costs	\$785,750	(9%)
Equipment	\$400,000	(4%)
<b>Total Uses</b>	<b>\$9,185,750</b>	<b>(100%)</b>

PILOT Grade:

Per the PILOT scoring system, the project achieves a base grade of 13 years and could reach a total of 15 years with approved public art and enhanced architectural lighting.

**Primary Qualification:**

Industrial (Below 50,000 sf) 1 Year

**Secondary Qualification:**

Retail (15,000 – 20,000 sf)\* 2 Year

**Total Project Development Costs:**

\$5-10 Million 2 Years

**Priorities & Initiatives:**

Located within CBID 3 Years

South City Impact Area 3 Years

Census Tract (w/+20% Poverty) 2 Years

**Optional Credits:**

Public Art 1 Year

Enhanced Architectural Lighting 1 Year

**Total Grade 15 Years**

\*Staff recommends this grade category for the secondary qualification (retail). Although the interior taproom space may be limited to around 5,000sf, a large portion of the exterior site and patio will likely function as extended taproom and event space. Additionally, most of the working brewery space will be used to conduct brewery tours and related commercial activities.

EBO Program:

Any project that is awarded financial incentives from the Downtown Memphis Commission (DMC), or any of its

affiliate boards, shall include a best faith effort to attain no less than 25% participation by minority and/or women-owned businesses (M/WBEs) in the project's development costs (design soft costs 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 CCRFC reserves the right to cancel the incentive.

The following estimated costs are subject to the EBO program:

Hard Costs	\$6,500,000
<u>Arch./Engineering Soft Costs</u>	<u>\$350,000</u>
<b>Total</b>	<b>\$6,850,000</b>

According to the above estimates, a 25% level of MWBE inclusion for the estimated hard and soft costs will be approximately **\$1,712,500**.

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

Estimated Payments: The current annual city and county taxes on the property total **\$12,849**. During the 15-year PILOT term, the annual payment in lieu of taxes would equal approximately **\$50,528**. This represents a **293%** increase from the amount of taxes currently generated by the property. Over the course of the PILOT term, the cumulative increase in taxes generated by this property would be approximately **\$565,187**.

Staff Evaluation: The DMC's Strategic Plan encourages the following: facilitating and accelerating real estate development, incentivizing development when necessary to increase investment and economic development, and fighting blight to improve the visual appearance of the built environment.

Staff is highly supportive of this project in equal parts due to the proposed use and its high-impact location. Local breweries and taprooms have the power to be catalysts for economic development in emerging neighborhoods. Taprooms are often seen as draws for people and additional investment to vacant buildings and sites in their proximity. Local breweries and taprooms also function as informal community hubs and places for residents and visitors alike to gather. As a relevant local example, many point to the

opening of Wiseacre's first location on Broad Avenue as a key step in the reemergence of that district.

The proposed location is within the South City neighborhood, an area of special focus for the DMC and the City of Memphis. In 2015, the U.S. Department of Housing and Urban Development (HUD) awarded Memphis Housing Authority (MHA) and the City of Memphis a Choice Neighborhoods Initiative (CNI) grant for the South City neighborhood. South City will be a more than \$200 million dollar project including approximately \$167 million for housing, \$25 million for neighborhood improvements and \$18 million for social support programs. Redevelopment of the area around Foote Homes, the last of five traditional public housing projects in the city, is a focus of the CNI grant.

Approving this PILOT application will add a major local business and new point of interest to the South City neighborhood. Wiseacre Brewing Company has the ability to help anchor this portion of the neighborhood and encourage other commercial development and investment along Vance Avenue, GE Patterson Avenue, and South BB King Blvd.

Moreover, the project will address an entire block of vacancy along South BB King Blvd., a major gateway into the heart of Downtown Memphis from the south. This project is also consistent with the DMC's efforts to encourage infill development between Main St. and BB King Blvd. as a strategy for better connecting the South Main neighborhood with South City.

**Recommendation:**

**Staff recommends approval of a 15-Year PILOT, subject to all standard approval requirements and conditions.**