

**McKINNEY COMMUNITY DEVELOPMENT CORPORATION**  
**Retail Development Infrastructure Grant Application**  
**Fiscal Year 2023**

**Retail Development Infrastructure Grants Calendar**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2023	February 23, 2023	March 23, 2023
Cycle II: July 31, 2023	August 24, 2023	September 28, 2023

***Applications must be completed in full, using this form, and received by MCDC, via email or on a thumb drive, by 5:00 p.m. on the date indicated in schedule above. Contact us to discuss your plans for submitting an application prior to completing the form.***

Please submit application, including all supporting documentation, via email or on a thumb drive for consideration by the MCDC to:

McKinney Community Development Corporation  
7300 SH 121, SB, Suite 200  
McKinney, TX 75070

Attn: Cindy Schneible ([cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org))

*If you are interested in preliminary Board of Directors review of your project proposal, please complete and submit the **Letter of Inquiry** form, available at [www.mckinneycdc.org](http://www.mckinneycdc.org), by calling 972.547.7653 or emailing [cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org).*

<b>McKinney Community Development Corporation – Overview</b>
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In 1996 McKinney voters approved the creation of a Type B sales tax corporation to support community and economic development projects and initiatives to enhance quality of life improvements and economic growth for McKinney residents. MCDC receives revenue from a half-cent sales tax and awards grant funds for projects, promotional activities and community events that showcase the City of McKinney and support business development and tourism.

Guided by a City Council-appointed board of seven McKinney residents, the impact of investments made by MCDC can be seen throughout the community.

Projects eligible for funding are authorized under The Development Corporation Act and Chapters 501 to 505 of the Texas Local Government Code.

## **McKinney Community Development Corporation – Mission**

To proactively work, in partnership with others, to promote and fund community, cultural and economic development projects that maintain and enhance the quality of life in McKinney and contribute to business development.

### **Guiding Principles:**

- Serve ethically and with integrity
- Provide responsible stewardship
- Embrace our role and responsibility
- Honor the past – provide innovative leadership for the future
- Make strategic and transparent decisions that best serve the community

## **McKinney Community Development Corporation – Goals**

- Ensure application/project eligibility for MCDC consideration under Sections 501 to 505 of the Texas Local Government Code (see information below)
- Meet citizen needs for quality of life improvements, business development and sustainable economic growth for residents in the City of McKinney
- Provide support for cultural, sports, fitness, entertainment, community projects and events that attract resident and visitor participation and contribute to quality of life, business development and increased McKinney sales tax revenue
- Highlight and promote McKinney as a unique destination for residents and visitors alike
- Demonstrate informed financial planning – addressing long-term costs, budget consequences and sustainability of projects for which funding is requested
- Educate the community about the impact that local dining and shopping has on investment in quality of life improvements in McKinney

## **Retail Development Infrastructure Grant Program**

The Retail Development Infrastructure Grant Program (RDIG) was created to provide funding support for infrastructure improvements for landmark retail properties within the City of McKinney.

For the purpose of this program “landmark retail” is defined as retail buildings within the historic downtown area with boundaries that coincide with the “Cultural District” designation; and retail redevelopment opportunities at locations that are viewed as gateways into the city (e.g. Highway 5 and Spur 399 – and other locations along Highway 5; Virginia Parkway and 75).

## Eligible Improvements

The Retail Development Infrastructure Grants will fund infrastructure improvements, for retail establishments or buildings housing a retail enterprise, that are exterior to a property, **necessary to promote or develop new or expanded business enterprises**, and include:

- Sewer
- Water
- Electric Utilities
- Gas Utilities
- Drainage
- Lighting (for security enhancements)
- Fencing (for security enhancements)
- Site Improvements
  - (Landscape only considered if replacement required due to infrastructure improvements)
  - Walkways – concrete or other materials
  - Parking
- Fire suppression systems

*Retail is defined as: storefronts/shops, restaurants, specialty food venues, event venues, salons, grocery stores, drug stores, etc.*

The maximum award for any single grant will be 75% of total cost of the infrastructure improvements proposed, up to a maximum of \$50,000. The total amount allocated for 2023 is \$200,000 (two cycles of \$100,000 each).

The 25% match must be provided **by the property owner or tenant**. Funds secured from other City of McKinney sources (TIRZ, Community Grants, etc.) may not be used for the owner/tenant match.

The funds may be used for materials, construction, and licensed contractor fees. A minimum of two bids to complete the work must be submitted with the application to validate project costs.

## General Guidelines

- Applications must be completed in full, **and provide all information requested**, to be considered by the MCDC board.
- Applicant must have been in business (preferably within the City of McKinney) for a minimum of two (2) years. The MCDC board may waive this requirement for economic development projects.
- The land, building or facility where the proposed project will be located should be owned by the Applicant. However, if the Applicant does not own the land, written acknowledgement/approval from the property owner must be included with the application. The letter must document the property owner is aware of the proposed use of the property or facility; and the property owner has reviewed the project plan and application, approves and supports the efforts of the Applicant.



- The maximum award for any single grant will be 75% of total cost of the infrastructure improvements proposed, **up to a maximum of \$50,000**. A 25% match is required from the property owner or tenant. The total amount allocated for 2023 is \$200,000 (two cycles of \$100,000 each).
- Grant funds may only be used for infrastructure improvements exterior to a building. Examples include sewer, water, electric utilities, gas utilities, drainage, site improvements.
- **Preference may be given** to Applicants who have **not** received funding from MCDC within the previous 12-month period.
- Retail Development Infrastructure grants **will only be considered for a specifically disclosed retail/restaurant business venture**.
- Performance agreements are required for all approved grants.
- Funded Projects must be completed within one year of the date the grant is approved by the MCDC board.
- Completed Project must be inspected for Code compliance.
- A signed Contractor's Sworn Statement and Waiver of Lien to Date form must be completed, notarized and provided to MCDC prior to receiving grant funds.
- Property owner will be responsible for maintaining the infrastructure improvements made with funding from a Retail Development Infrastructure Grant for ten (10) years.
- Grant recipients must maintain financial books and records of the funded project and of their operations as a whole for at least two years, should MCDC or the City of McKinney require an audit. The books and records must be available upon request, and create a clear audit trail documenting revenues and expenses of the funded project.
- Within 30 days of completion of the funded project, the grant recipient is required to submit a final report that includes detailed information on the activity; visual documentation of pre and post-project completion; and any outstanding receipts for expenditures included under the scope of the grant.
- Grant recipient must recognize McKinney Community Development Corporation as a sponsor/funder of the project improvements. MCDC will provide a logo for grant recipient use.

## Process

The McKinney Community Development Corporation Board of Directors are responsible for reviewing and voting on applications for grant funding, in accordance with requirements of the Texas Local Government Code.

- A completed application form must be submitted to MCDC in accordance with the schedule outlined above.
- A minimum of two bids must be secured for the proposed work and be included with the application. (*A certified estimate may be accepted with the application if the timeframe for the bid expires earlier than the timeframe for the application, presentation and decision on the funding request.*)
- The application will be evaluated to determine eligibility for MCDC funding under State law.
- Once eligibility for consideration is confirmed, a public hearing will be conducted, during a regularly scheduled MCDC board meeting, on the grant application submitted.
- Prior to the public hearing, notice will be published and posted in accordance with the requirements of the Open Meetings Act and the Texas Local Government Code. **The application, along with all documents/attachments will become public information once submitted to MCDC.**



- Following the public hearing, grant requests will be referred to a subcommittee of the MCDC board for evaluation and recommendation of approval or denial to the full board.
- Board action on the grant application will be scheduled for the board meeting the month following the public hearing.
- If a grant is approved, a performance agreement will be drafted for execution between MCDC and applicant.
- Funds awarded for approved applications are provided on a reimbursement basis, following submission of receipts and documentation of payment for qualified expenditures.
- The final 20% of the award may be withheld until a final project report is submitted to MCDC and compliance with all requirements of the executed performance agreement are confirmed.

#### **APPLICANT INFORMATION**

Name: Derek Davis

Company: Lelo's Coffee Co.

Federal Tax I.D.: 47-2392523

Incorporation Date: 7/16/2017

Mailing Address: 7116 Wind Row Drive

City McKinney

ST: TX

Zip: 75070

Phone: 903-870-6061

Fax: NA

Email: leloscoffeeco@gmail.com

Cell: 903-870-6061

Website: www.leloscoffeeco.com

#### **Check One:**

☐

Corporation

X Partnership

☐

Sole Proprietorship

☐

Governmental entity

☐

Nonprofit – 501(c) Attach a copy of IRS Determination Letter

☐

Other

#### **PROJECT INFORMATION:**

Project/Business Name: Lelo's Coffee Co.

Location of Project: New TUPPS Location

Physical Address: 402 E Louisiana

City: McKinney

ST: TX

Zip: 75069

Property Size: NA acres

Collin CAD Property ID: NA

**PROPERTY OWNER INFORMATION** *(if different from Applicant info above):*

Name: Keith Lewis

Company: TUPPS Brewery

Mailing Address: 721 Anderson St

City: Mckinney

ST: TX

Zip: 75069

Phone: 214-856-7996

Fax: NA

Email: NA

Cell: NA

**DETAILED PROJECT INFORMATION:**

Property Use (retail, restaurant): Café, Specialty Coffee Roaster

Estimated Date of Project Completion: March, 2023

Days/Hours of Business Operation: M-Sun 8-6

Estimated Annual Taxable Sales: \$500,000

Current Appraised Value of Property: NA      Estimated Appraised Value (*Post-Improvement*): NA

Estimated Construction Cost for Entire Project: \$120,000

Total Estimated Cost for Exterior Infrastructure Improvements: \$65,000

Total Grant Amount Requested: \$50,000

Confirm Funds are Available for the Match and the Source of the Funds:

Amount: \$12,500      Source: Business funds

Will funds be requested from any other City of McKinney entity (e.g. TIRZ Grant, CDBG Grant)?

☐ Yes

☒ No

If yes, please provide details and funding requested: NA

**Please attach two bids for the proposed improvements.**



**Has a request for grant funding been submitted to MCDC in the past?**

☐ Yes

☒ No

**Date(s):** NA

**Additional Information – please attach the following**

- Business plan
- Current financial report
- Audited financials for previous two years (if not available, please indicate why)

**Acknowledgements**

***If funding is approved by the MCDC board of directors, Applicant assures:***

- The Project for which financial assistance is sought will be administered by or under the supervision of the applying individual/company.
- All funds awarded will be used exclusively for the purpose described in this application.
- Applicant owns the land, building or facility where the proposed infrastructure improvements will be made. If the Applicant does not own the land, written acknowledgement/approval from the property owner must be included with the application. The letter must document the property owner is aware of the proposed improvements and use of the property or building; and the property owner has reviewed the project plan and application, approves and supports the efforts of the Applicant.
- MCDC will be recognized as a funder of the infrastructure improvement project. Specifics to be agreed upon by applicant and MCDC and included in an executed performance agreement.
- Individual/company representative who has signed the application is authorized to submit the application.
- Applicant will comply with the Retail Development Infrastructure Grant Guidelines in executing the Project for which funds were awarded.
- Funded Projects must be completed within one year of the date the grant is approved by the MCDC board.
- Completed Project must be inspected for Code compliance.
- A signed Contractor's Sworn Statement and Waiver of Lien to Date form must be completed, notarized and provided to MCDC prior to receiving grant funds.
- Property owner will be responsible for maintaining the infrastructure improvements made with funding from a Retail Development Infrastructure Grant for ten (10) years.
- A final report detailing the successful completion of the Project will be provided to MCDC no later than 30 days following completion of the Project.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses.
- Up to 20% of the grant funds awarded may be withheld until a final report on completion of the Project is provided to MCDC.

- A performance agreement will be required and will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120<sup>th</sup> day after the date the MCDC notifies the applicant of the violation.

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**BY SIGNING THIS APPLICATION, I CERTIFY THAT I AM THE LEGAL OWNER OF THE ABOVE REFERENCED PROPERTY OR THAT I AM AUTHORIZED TO REPRESENT AND ACT ON THE BEHALF OF THE OWNER OF THE ABOVE REFERENCED PROPERTY. I ALSO CERTIFY THAT ALL OF THE INFORMATION PROVIDED HEREON IS ACCURATE AND TRUE SO FAR AS I AM AWARE AND UNDERSTAND THAT I AM LEGALLY RESPONSIBLE FOR THE ACCURACY OF THIS APPLICATION. I FURTHER UNDERSTAND THAT I AM NOT GUARANTEED A GRANT.**

**Applicant's Signature**



Signature

Derek Davis  
Printed Name

01/13/2023  
Date

**Property Owner's Signature**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

***INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.***

***A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE COMPLETION OF THE PROJECT. FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.***

***PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.***





## McKinney COMMUNITY DEVELOPMENT CORPORATION

### Retail Development Infrastructure Grant

#### Final Report

Applicant: *Derek Davis*

Property Owner: *TUPPS*

Funding Amount: *\$50,000*

Project: *Lelo's Coffee Co.*

Start Date: *Est March 2023*      Completion Date: *Est April 2023*

Location of Project: *402 E Louisiana, McKinney, TX 75069*

#### Please include the following in your report:

- Financial report – budget as proposed and actual expenditures, with explanations for any variance
- Photographs – pre and post-improvements

#### Please submit Final Report no later than 30 days following the completion of the Retail Development Infrastructure Project to:

McKinney Community Development Corporation  
7300 SH 121, SB, Suite 200  
McKinney, TX 75070

Attn: Cindy Schneible  
[cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org)

# Lelo's Coffee Co., LLC

Est. 12/08/2017

7116 Wind Row Dr.

Mckinney, Tx 75070

<http://www.leloscoffeeco.com>

## BUSINESS PLAN

April, 2022

Derek Davis

Founder/Managing Partner

CONFIDENTIAL

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## I. Introduction

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We are a small batch mobile coffee roaster serving specialty coffee regions from around the world. We sell coffee through our wholesale program and e-commerce website.

We are currently looking to raise \$250,000 to outfit our flagship location opening in December, 2022 at the new TUPPS location on the east side of downtown McKinney, TX. We will have a 25-30 person seating capacity and expect to serve 150 cups a day during the ramp-up period. We will be on-site at TUPPS, which is McKinney's premiere brewery and building a \$16 million new facility. It will – in the next 2 years – become the hub of McKinney, with the town square and the bulk of both government and privately owned businesses moving to the area as well.

The café will be located in a renovated weigh station situated directly in front of the newly renovated Grain Mill. TUPPS was recently provided \$17.5 million to convert the Grain Mill into a brewery, tap house, and entertainment venue. The property will have an occupancy expected foot traffic of 2500 people during weekends and holidays. Downtown McKinney is known for retail and restaurant business, and the bulk of customers come to visit, wander, and sample the local wares.

The location will also house our coffee roaster and cold brew coffee manufacturing in a disconnected silo from the weigh station house, and will provide wholesale products to grocery stores, restaurants, and cafés. Additionally, we will have the ability for drive-up and walk-up window service.

The café and roastery will both have free high-speed wifi, and purified water to encourage customers to stay and work.

While there are three other small coffee shops in the area, Lelo's will stand alone as the only shop which roasts on-site, provides wholesale beans to local businesses and restaurants, sources the highest quality products, provides pastries, and has a café, walk-up, and drive-up windows, all in one location. Due to our proximity to TUPPS, we would also provide light lunch in the form of sandwiches, and patrons of TUPPS will therefore have multiple options which encourage them to stay in the area.

## II. Business Description

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### Company Mission Statement

- Our mission is to create a legacy by bringing families and communities together through the simple, universally understood joy of coffee.

### Vision Statement

- Our goals are to expand our reach by collaborating with other local business to create new and interesting products and joint ventures. And to connect with individuals and families in our communities and provide them a coffee experience which elevates their enjoyment and understanding of great coffee.

### Our Story

Luis Ayala-Bousono was many things: a husband, father, grandfather, brother, and friend. He was an Army Veteran who proudly fought in the Korean War. He was married to the love of his life for 60 years. He was our "Lelo."

After his passing on July 17, 2017 we decided to start Lelo's Coffee Co. as a way of honoring his memory through something he loved. Coffee was an enormous piece of his life, and it was a way to bond and enjoy time with his family.

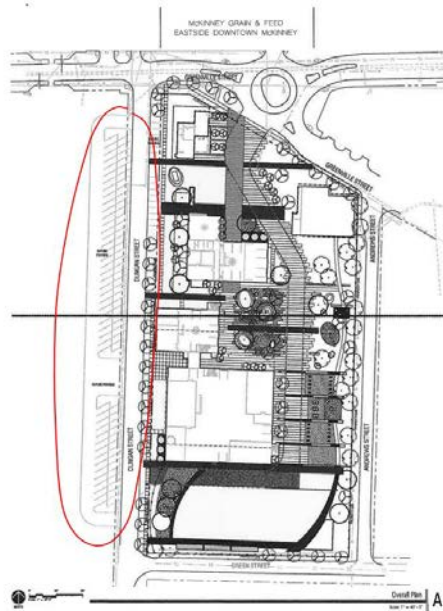
Lelo's Coffee Co., is owned in equal parts (40%/40%) by husband and wife, Derek and Sandra Davis, with another 20% owned by investor, Aaron Armstron.

The new TUPPS location will be located at the Grain Mill in Downtown McKinney at 402 E Louisiana St. McKinney, Tx 75069



**TUPPS BREWERY**  
05.01.2020

OVERALL PLAN



Kimley-Horn







#### EMRP Projects Map Key

##### Studies / Projects

- 1a. [Neighborhood Preservation Study](#)
- 1b. [Streets & Traffic Study](#)
2. [Wattley Park](#)
3. [Municipal Community Complex](#)
4. [Old Settler's Master Plan](#)
5. [TUPPS Brewery](#)
6. [S.H. 5 Pedestrian Connection Study](#)

##### Infrastructure

- A. [S.H. 51 TxDOT Project](#)
- B. [Virginia & Throckmorton Streets](#)
- C. [East Louisiana Street](#)
- D. [Green & Andrews Streets](#)
- E. [East Louisiana Public Parking Lot](#)
- F. [Chestnut Water Tank](#)
- G. [Sour 399 TxDOT Project](#)

TUPPS has been part of McKinney since 2015, having served craft beer to the local community, as well as shipping to other cities and bars/retailers. They are the go-to beer in North Texas and are highly regarded. In 2021, TUPPS was approved for a \$16 million grant from the city of McKinney to relocate and refurbish an entirely new facility which will allow them to grow, provide entertainment and food, and encompass larger groups of people to visit and enjoy the brewery. Completion is expected in late 2022, with the city center and most government buildings in McKinney expected to move to the surrounding locations of TUPPS by 2023.

### III. Management and Operations

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#### Management Team Members

Derek Davis Co-Founder/ Managing Partner

- With 5 years of experience in the coffee industry, and 10 years of management experience in a customer facing industry, Derek will run the day to day operations and management of the company.

Sandra Davis Co-Founder/Partner

- With decades of experience in a one on one setting with customers, Sandy will make connections with customers and will build collaborations with local business.

#### Staff Analysis

Currently the company is operated by Derek Davis, and with over 10 years of management experience, and service industry experience, Derek and the other partners of Lelo's Coffee Co. will ; however, with funding we will need to hire at least 5 employees.

- General Manager of the Café
- 4 full time baristas

During the ramp-up period, Derek will serve as manager and part-time barista, saving the salaries of two positions during that time.

We will primarily use Indeed for recruiting, but due to our massive number of contacts in the service industry, we have already connected with numerous potential employees and have a few interested parties.

Our ideal employee is a seasoned service industry person, who could easily flip from barista to manager due to their experience. Initial shifts will be 6a-2p and 8a-4p.

With over 10 years experience Coffee will also hire two full-time employees. These employees will have at least two years' experience working in a coffee shop. We will pay each full-time employee \$22,000 a year.

We will also hire four part-time employees with or without experience to work at weekends and provide cover during the week. We will pay these employees \$10 an hour

## Operations

Our operation hours for the Café are as follows, but are subject to change

Café House & Silo Drive-thru/ Walk-walk up café: \*Ramp-up hours

M-Thur 6:30AM-3:30PM

F-Sun 6:30AM-3:30PM

Roastery Operation:

M-W 8am-3pm

During a typical shift- after ramp up how many people are needed?

	<u>MON</u>	<u>TUES</u>	<u>WEDS</u>	<u>THURS</u>	<u>FRI</u>	<u>SAT</u>	<u>SUN</u>	<u>TTL</u>
Hours Open	13	13	13	12.5	14	13	9.5	88
# of Baristas	2	2	2	2	3	3	3	

Hourly Labor	\$ 286.00	\$ 286.00	\$ 286.00	\$ 286.00	\$ 462.00	\$ 239.00	\$ 314.00	\$ 2,760.00
Manager Salary	\$ 137.36	\$ 137.36	\$ 137.36	\$ 137.36	\$ 137.36	\$ 137.37	\$ 137.37	\$ 961.54

## EQUIPMENT

In terms of equipment, we will use a commercial grinder to grind beans before making each cup.

We will thoroughly clean up the shop after closing to ensure it is ready for the following day. We will build HACCP processes to stay compliant with food safety regulations. All members of staff will receive training so they know about these processes.

## IV. Products and Services

Health, Fire, and TABC licencing will be uptained prior to open date of Dec. 05 2022. Costs of these licencing are listed in our startup expenses listed in Section VIII Financial plan Startup expenses.

### Products/Services

#### Wholesale Services

- We only source unroasted green coffee beans, roast, and ultimately serve coffee from specialty coffee growers around the world, from Africa to South America. These specialtiy coffees are graded from 85-100 points on the coffee scoring scale. All coffees that we roast are either organic, fair trade, or both.
- We will offer wholesale pricing on roasted coffee and canned/kegged cold brew coffee to resturants, grociery stories, breweries,and officies buildings. Wholesale pricing will be set to double initial packaging & product pricing from green bean supplier, and packaging supplier.
- In 5 years we have never had supply chain problems, as we have connections with multiple purveyors of green coffee beans and alternate between the most ideal beans for the product we have in mind.

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#### Retail Services

- Since we roast our coffee on-site, it keeps product cost down per pound of coffee from an average of \$10 per pound of roasted coffee, to an average of \$4 per pound of coffee. This will differentiate us from our local competitors as none have a successful wholesale roasting program. We will supply our café with at least a weeks supply of coffee for espresso, and coffee drinks; however, if demand increases, we will supply as needed. Retail bags of coffee will be available on-site for purchase as well. Lelo's is unlike any other coffee shop in the area because we roast our own beans and provide roasted coffee to the larger business (TUPPS), which has a great name in the community and is a highly sought after brand.
- We will serve loose leaf tea for alternatives to coffee drinks.
- TUPPS beer & wine will be available for service, and will be purchased at a wholesale price directly from the brewery
- We will serve pastries (Muffins, Croissants, Etc.), pre-made breakfast & lunch sandwiches for customers to grab and go, or stay in our seating area inside the café, the silo bar window, or outside seating on the property. These will be provided from the onsite restaurant at a wholesale price.



- We will use a commercial espresso machine and we expect to be able to produce up to a maximum of 100 cups of coffee per hour, which should be sufficient during busy times.
- We will have a Square point of sale system to collect funds
- We will sell our espresso-based drinks and tea at between \$3 and \$6, depending on the drink and the size. We will sell pastries at between \$2 and \$5, as well as light meals at between \$7 and \$12. These meals will be packaged so customers can either eat them on-site or take them away.
- *See appendix for menu*

## V. Industry and Competition

- The coffee industry is expected to keep growing between 2020 and 2024 in the U.S. Research suggests that coffee is one of the most consumed beverages in the country, with the average person drinking two cups per day. We believe that this growth, plus the high volume of coffee people drink each day, makes opening a coffee shop a good business opportunity.

### Market Fundamentals

#### Industry/Market Overview

- The average U.S. coffee drinker consumes between two and three cups of coffee each day ([Statista](#))
- Last year alone, Americans consumed an estimated 3.3 billion pounds of coffee ([Statista](#))
- The U.S. ranks 25<sup>th</sup> in the list of countries that drink the most coffee per capita ([World Atlas](#))
- Surprisingly, 42.9% of Americans report that they drink coffee, not for the energy boost, but because they like the taste ([Statista](#))
- Just under half of all U.S. coffee drinkers who buy coffee from a retail establishment do so via drive-through ([National Coffee Association](#))
- Gourmet or specialty coffee has risen in popularity recently, rising about 25% in the past four years ([National Coffee Association](#))
- A staggering 70% of all coffee consumed by millennials is in the form of gourmet, espresso-based beverages ([National Coffee Association](#))
- In 2023, the coffee industry is projected to bring in just under \$100 billion in revenue ([Statista](#))
- There are over 37,000 coffee shops and cafes in America as of 2020 ([World Coffee Portal](#))

Field Code Changed

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#### Key Assumption

- The 20-year record of positive growth for specialty coffee drinking will continue at a healthy rate. The Specialty Coffee Association says that the market is far from saturation.
- The resilience of the coffeehouse industry to negative national and world events will continue. Despite recession and war the coffeehouse industry has shown strong growth every year for the past two decades.
- The quality of national chains will remain the same or decline slightly rather than improve as they standardize their stores, increase automation of espresso drinks

and mass-produce the roasting process, driving customers to local cafes and coffee roasters for more of a “local” feeling, and specialized flavors of coffee.

- Our projections for the first year of retail operation in the new facility will bring 100+% increase in retail coffee product purchases, and 15-20% minimum sales growth rate over the following 2 years as becomes well known and established in the community.
- Our projections for our wholesale operation for the first 3 years in the new facility will bring 15-20% minimum sales growth rate as our roasting operation becomes well known to the surrounding restaurants and grocery stores.

*Market/Industry Trends Linked in Appendix:*

- Bizminer market analysis.
- IBISworld Expert report 2021

### **Competitive Analysis**

**All competitors are within a 2-mile radius, though none have the same business model as Lelo’s**

- **Filter’d:** Café with no on-site roasting selling retail bags (sold at \$14 per bag) and sourced from a non-local wholesale roaster.  
**Layared:** Small café/restaurant with on-site roaster providing beans for restaurant service; no wholesale or retail products.  
**Texakona:** Wholesale large roaster specializing in Kona coffee exclusively, with no walk-up café, and one wholesale client
- **Filter’d:** Strengths: an array of latte flavors and an inviting space  
Weaknesses: no wholesale/retail business or capacity to roast their own product  
**Layared:** Strengths: moderate amount of clientele  
Weaknesses: no retail, wholesale business, lack of focus on coffee, no capacity for wholesale or retail roasting  
**Texakona:** Strengths: large roaster with the capacity to do significant wholesale business  
Weaknesses: extremely limited number of clients, no walk-up appeal for café, and no clear business model

### **Competitive Advantage**

- Our new location is situated on the property of a very popular and established brewery that has become a destination in McKinney, TX. First year foot traffic has been estimated at around 2500 per day, and is set to double or triple once the city starts construction on the new city center in 2024. This new development will include multi family apartment buildings, the city’s new town hall, offices, and a boutique hotel.

- We will be the only Café/ roastery in McKinney that is coffee forward, meaning the our main focus is to provide the highest quality coffee experience, and to further the specialty coffee market in McKinney

#### **Customer Analysis**

The location of the coffee shop has high foot traffic especially before and after work and during evenings while TUPPS is open and/or hosting private events. The area has a high proportion of local professionals who can afford to spend money on coffee and other drinks.

Long Term lease with Tupps at a reasonable rate for 10 years ensures the longterm lock on the location.

Lease terms are \$20/sq ft, per year for the first year, with utilities to be determined as the business progresses.

## V. Customers & Marketing

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Since we are a combination of wholesale and retail coffee business, our main customer base will be very diverse. Our Wholesale dept. will target local business (i.e. restaurants, grocery stores, and local business offices). Our retail store & mobile cafe will target mainly young to middle aged customers that are looking for a specialty coffee, and specialty coffee drinks; however, millennials will be the main target consumer that will make our café successful. According to research conducted by Datassential and the National Coffee Association, as cited by Bloomberg, 44 percent of total U.S. coffee consumption now comes from the bracket ages of millennials. With this, we will rely on social media, local partnerships with restaurants, and local newspaper journalists to promote our business. We will look to create loyalty programs – in which we could involve TUPPS – to encourage repeat customers' loyalty through deals and earning free coffee and pastries.

### Specifics on Social and Digital marketing.

We will market our coffee shop to customers in the nearby area through display marketing in relevant locations. We will also heavily use social media marketing to target people nearby, and we will connect with people through our social media accounts. We will use these accounts to keep customers updated with new menu items as well as offers and discounts, and TUPPS will be highly cooperative in helping to further our joint ventures, utilizing their 21.5k followers.

We will also boost our website and over time create an app, which we will use to run a customer loyalty program. We will provide the option to order coffee through the app and pick it up at the shop. We think this will appeal to busy professionals.

Our marketing will focus on the quality of the coffee we sell, as well as the benefits of our shop to office workers (in-app ordering). During the week after we open, we will offer discounts on coffee to attract people to our business. This offer will be central to our marketing during this period.

We will encourage repeat customers using a loyalty program that will give them a free cup of coffee after purchasing a certain number of drinks.

Our marketing budget will be \$500 in the first two months, but we will cut this down to around \$250 a month after that.



## VIII. Financial Plan

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### Financing Use of Funds

Start-up expenses are in line with those of other coffeehouse chains. For example, Starbucks spends approximately \$380,000 on average to build-out a new store location. Our costs are an estimated \$160,000, with an additional \$50,000 personal equity. For opening inventory and operating capital. Future stores should cost no more than \$175,000 to build out since many of the costs incurred here will not have to be repeated later.

#### Current Long term assets: \$24,007.88

- Espresso Machines \$3199.00
- Industrial Coffee Roaster \$13,590.90
- Espresso Coffee Grinder \$398.00
- Bulk bean grinder \$1,000
- Mobile Café Trailer \$5,729.98
- 10 Gallon Cold Brew System \$90.00

#### Start-Up Expenses: \$160,000

- Equipment \$10,000
- Payroll \$100,000
- Rent \$20,000
- City permits/licenses/fees \$6,000
- Opening marketing/advertising \$2,600
- Inventory \$15,000
- Start-up overhead \$160,000

#### TOTAL ASSETS \$160,000

#### Total Requirements \$160,000

#### Sources of Funds

We will secure loans up to \$160,000 from financial institutions in hopes to create long term relationships for future funding and franchising opportunities. Additional funds will be secured through the MEDC (McKinney Economic Development Company) to pay for improvements to the property I.E. plumbing, electrical, and infrastructure. All financials book keeping will be handled through our quickbooks account.

## VI. Appendix

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- Derek Davis Resume (See Below)
- Sandra Davis CV (See Below)
- [Bizminer Market analysis](#)
- [2 Year Financial forecast worksheet](#)
- [IBIS world Export Report 2021](#)

derek\_davis1@yahoo.com

**Derek Davis**

Phone: 903-870-6061

### **Summary of Qualifications**

I have several years of experience working with people and developing my communication, problem solving skills, and honing my skills as a manager in the financial industry. I am very detail oriented, and always looking to learn more. I am highly comfortable working with people in nearly any setting and am eager to gain more experience in the field.

#### **Professional Experience:**

##### **Lelo's Coffee Co. CO-Founder/ Managing Partner Dec 2017- Present**

Responsibilities include (but are not limited to):

- Managing day-to-day operations
- Managing and operating coffee roasting production line
- Overseeing packaging and shipping production line
- Maintaining relationships with external vendors
- Managing and operating coffee sales

##### **Bloom Acquisitions, LLC: Operations Manager/Business Analyst: June 2019-March 2020**

Responsibilities Include (but are not limited to):

- Overseeing day-to-day operations, and identify opportunities for process improvement.
- Create, and maintain policies and procedures.
- Maintain working relationships with internal contacts, and external investor contacts.
- Monitor, and track projects to make sure they are on time, and on budget.
- Review and determine all aspects of the business are up to date with all state and federal compliance regulations.
- Conceptualize, build, and maintain reporting database.
- Document, report productivity, and identify trends for performing and non performing portfolios
- Identifies issues and assess financial risk/exposure relating to the accounts by utilizing Root Cause Analysis and other process improvement techniques.
- Organize, and monitor all external contact campaigns, phone and email.

##### **Fairway Independent Mortgage Corp: Customer Experience, Supervisor: May 2015-October 2019**

Responsibilities Include (but are not limited to):

- Oversaw the day-to-day Customer Experience operations and identifies opportunities for process improvement through daily reporting analysis.
- Performed routine coaching and development of customer experience specialists based on provided department standards and goals.
- Screened, interview, hire, and train new employees.

**Allegiance (Formerly Lone Star) Ambulance: EMT-B and Field Training Officer:  
September 2008 to June 2015**

Responsibilities Include (but are not limited to):

- BLS
- Ambulance Ops
- Communicating with hospital staff
- Station duties: cleaning the station moping, sweeping, etc.
- Driving the ambulance
- Use medical terminology to compile reports
- Instruct new hires on job responsibilities and functions

**Flex-ing: Tig Welder:**

**2004 to 2008**

Responsibilities Include (but are not limited to):

- Ensure product quality
- Comfortable handling a heavy workload serving a large number of clients
- Heavy lifting and physical labor when needed
- Became a skilled welder
- Assist in orienting new employees
- Interact with a great range of people (other employees and managers)
- Assemble stainless steel corrugated hoses for underground gasoline lines

**Education and Certifications:**

S & S High School

High School Diploma

1998-2002

Haz-Co

EMT-Basic; Structural Firefighter

2007

National Academy of Sports Medicine

Certified Personal Trainer

July 2014

**Sandra Davis, PsyD, CCTP**  
**Master Irlen Screener**  
**469-323-7909**

**EDUCATION**

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Sep 2006 - Aug 2012	PsyD Student in Clinical Psychology American School of Professional Psychology Argosy University/Dallas, Dallas, TX
Sep 2006 - Apr 2006	Masters in Clinical Psychology American School of Professional Psychology Argosy University/Dallas, Dallas, TX
Sep 2002 - May 2006	Bachelor of Arts in Psychology Austin College, Sherman, TX

**CLINICAL PSYCHOLOGIST**

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Jan 2013	<b>Oral Examination</b> <i>Passed</i>
July 2010	<b>Examination for Professional Practice of Psychology (EPPP)</b> Scaled Score: 626 <i>Passed at Doctoral Level</i>
Nov 2010	<b>Jurisprudence Exam</b> Score: 98 <i>Passed at Doctoral Level</i>

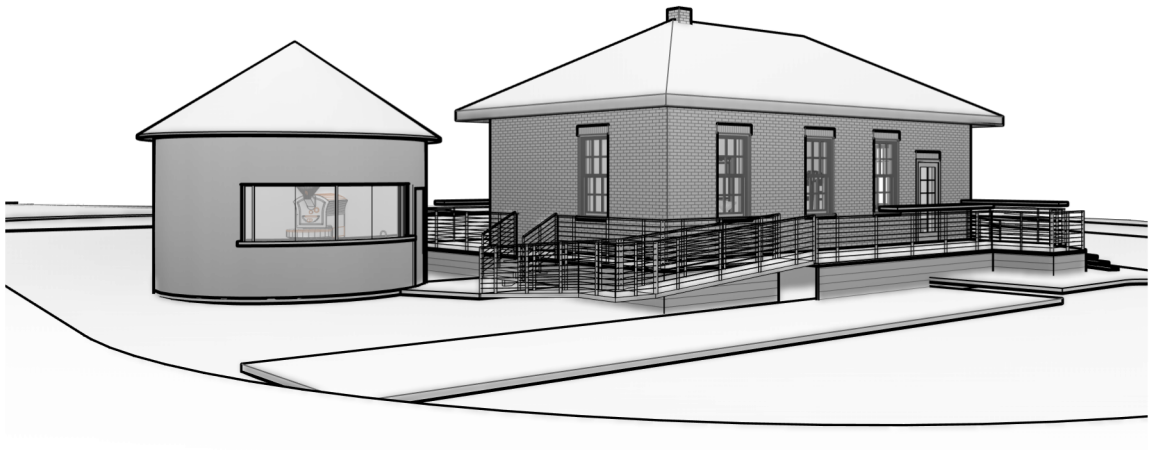
**EMPLOYMENT**

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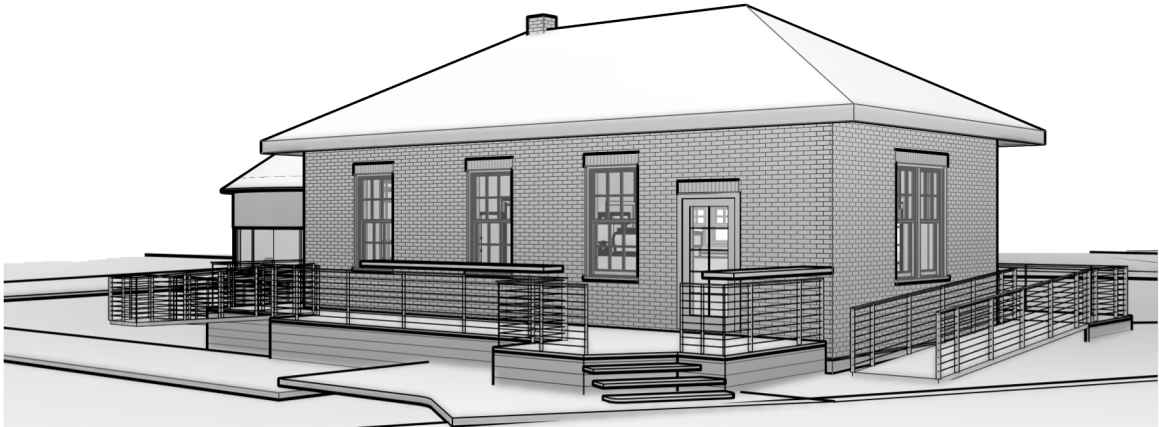
June 2020 – Present	<b>Clinical Psychologist, Supervisor</b> <b>Founder: Anchor Psychology Group, PLLC</b> Provide individual, family, marital psychotherapy for patients ranging in age from 12 to 65 and across various socioeconomic and ethnic backgrounds and many suffering from posttraumatic stress and/or LGBTQI issues Supervise practicum, pre-doctoral, and postdoctoral interns' therapy and assessments
August 2019 – Present	<b>Founder and Board Member</b> <b>The Willow Field Foundation</b> Fundraising and awarding funds for members of local communities in order to help them access competent mental healthcare



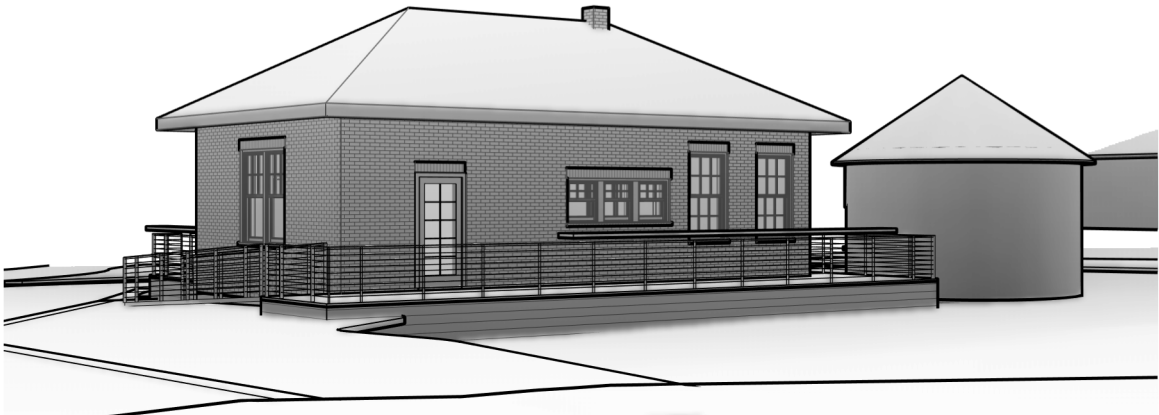




Silo



Front



Front from Corner

Lelo's Coffee

NOT FOR CONSTRUCTION, PERMIT OR  
REGULATORY APPROVAL

EXTERIOR 3D VIEWS

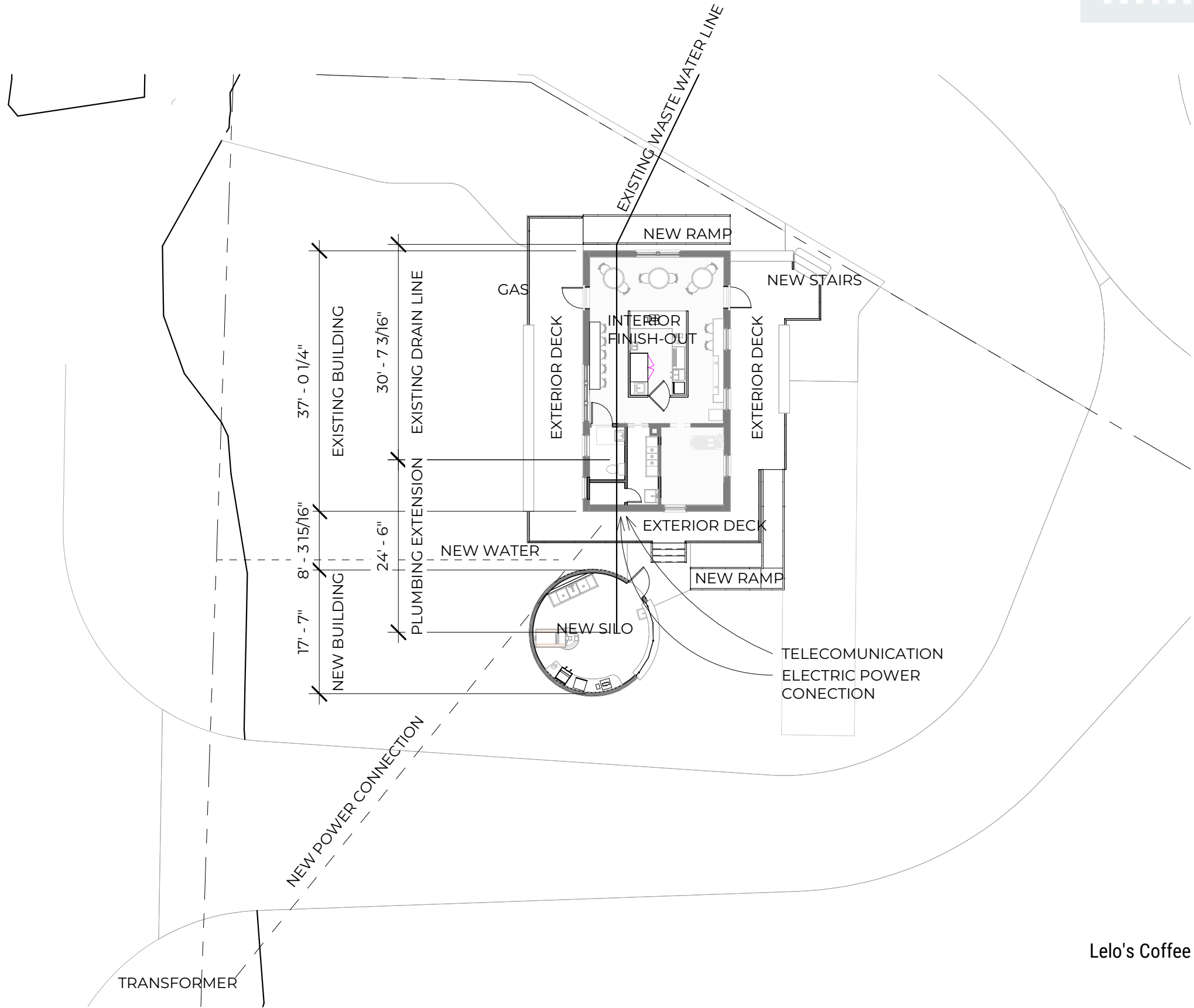
Project number: 22.11-01

Date: 12-28-22

Scale:

SK-1.3

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Lelo's Coffee

INFRASTRUCTURE UPGRADES DIAGRAM

Project number: 22.11-01

Date: 1-11-23

Scale: 1/16" = 1'-0"

**A-1.00**

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REGULATORY APPROVAL

# Coffee House Budget Estimate

7/1/2022

		High	Low	
00	Design	\$ 40,000.00	\$ 25,000.00	Design from architect and engineers for permitting
00	Permits	\$ 30,000.00	\$ 5,000.00	Permitting and tap and impact fees will vary a lot depending on what the final code requirements are
00	General Contractor	\$ 80,000.00	\$ 30,000.00	
06	Exterior Trim	\$ 20,000.00	\$ 5,000.00	replace soffit, siding and facia where rotted, possibly need ADA Ramp wood, concrete would be more expensive
06	Interior Millwork	\$ 20,000.00	\$ 5,000.00	New bar and counter top
07	Roofing	\$ 20,000.00	\$ 15,000.00	New roof
07	Insulation	\$ 15,000.00	\$ 5,000.00	New insulation in roof and walls, may not have to have depending on energy code interpretation for building
08	Doors/ Windows	\$ 10,000.00	\$ 2,000.00	New doors and windows depending on selections
09	Dryall and Paint	\$ 20,000.00	\$ 5,000.00	new paint and sheetrock
09	Flooring	\$ 15,000.00	\$ 2,000.00	new flooring or patch and repair existing
21	Fire Protection	\$ 25,000.00	\$ -	New fire protection system, may not be needed
22	Plumbing	\$ 80,000.00	\$ 20,000.00	New drains for coffe roaster, worse case street cut and new sanitary sewer tap, added RPZ, added grease trap
23	Mechanical	\$ 15,000.00	\$ 12,000.00	new heating and airconditioning
26	Electrical	\$ 65,000.00	\$ 25,000.00	New Transformer, new panels, added outlets, and electrical
32	Landscaping	\$ 10,000.00	\$ -	New landscaping, or no landscaping, really all depends
33	Utilities	\$ 30,000.00	\$ -	New Water meter may be needed depending on total water usage
	Contingency	\$ 55,000.00	\$ 17,333.00	Contingency for unforeseen items figured at 10%
		<b>\$ 550,000.00</b>	<b>\$ 173,333.00</b>	

\*Excludes furniture and equipment installation and final connections

Exteiror Infrastructure Items highlightted in yellow

Addendum

MCDC letter





March 16, 2023

Letter to File:

As McKinney Community Development Corporation is the owner of the land proposed for establishment of Lelo's Coffee Company at 402 E. Louisiana Street, McKinney Texas, as outlined in Retail Development Infrastructure Grant #23-01, the purpose of this letter is to acknowledge the applicant's plans as submitted.

The Retail Development Infrastructure grant, if approved by the MCDC board of directors, will provide funds at a 75/25 match (75% MCDC up to \$50,000; 25% Lelo's Coffee) for eligible exterior infrastructure improvements required to complete the project.

If funding is approved, and eligible improvements are made, MCDC will maintain the specific improvements for a period of ten (10) years from the date of their completion.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Schneible", is written over a horizontal line.

Cynthia S. Schneible

President

McKinney Community Development Corporation

7300 SH 121, Suite 200

McKinney, TX 75070