



Date: January 5, 2017

To: Mayor John Dickert
City of Racine Redevelopment Authority
City of Racine Finance and Personnel Committee

From: Racine County Economic Development Corporation (RCEDC)

RE: Economic Assistance to Circa on Seventh and Culinary Infusion for the Establishment of The Covenant at Murray Mansion

Introduction

This memorandum was prepared for your consideration of an economic incentive to encourage the investment of Circa on Seventh and Culinary Infusion to complete renovation of the former Our Savior Lutheran Church located at 2219 Washington Avenue in the City of Racine. Circa on Seventh is the property owner of Our Savior Lutheran Church and Culinary Infusion (wholly owned by Circa on Seventh) is the operating entity for the facility.

As the Circa worked to secure financing and determine renovation costs, it was determined that the estimated appraised value for the facility upon renovation of the historic mansion and church would be less than the financing needed to be secured from conventional and low-interest financing sources. Circa and Culinary Infusion are seeking economic assistance from the City of Racine to help it secure additional resources to fill a portion of the gap and complete renovation of the facility to be known as The Covenant at Murray Mansion.

Company History

Culinary Infusion, Inc. was formed in 2013 with Keith and Kathleen Meyer being primary owners. The couple previously operated L&M Meats which was started 40 years ago as a family-owned butcher shop which turned into a fine dining catering business.

Culinary Infusion has been operating as 'Circa on Seventh' in Kenosha since March of 2013 and running Circa on Seventh's events. This location houses Culinary Infusion's smokehouse, kitchen and banquet facility with capacity up to 210 guests. The venue has received several accolades since its opening such as "Best Banquet Venue" in the 'Best of Kenosha' awards for 2014 and 2015, as well as prestigious nods for TheKnot.com's 'Best of Weddings' for 2015 and 2016. It was also recently spotlighted in Menguin's "10 Amazing Wisconsin Wedding Venues" and received the Certificate of Special Congressional Recognition from Congressman Paul Ryan.

Culinary Infusion draws clients from other geographical markets other than Kenosha. The demand from Racine, Milwaukee and Chicago clients have been increasing over the past two years. Additionally in November 2016 Culinary Infusion was selected for the Landing 1841's preferred vendor list, a new Burlington venue, which the company expects to be a strong sales generator for 2017.

Project Overview

Seeking a larger venue to host larger events, Culinary Infusion purchased the former Our Savior Lutheran Church in December 2015. Culinary Infusion was attracted by the mix of large and smaller spaces which can host a variety of private events including weddings, showers, and corporate and private parties. The space upon completed renovation can host a total of 525 guests.



The Covenant at Murray Mansion includes almost 2 acres with the former church and attached mansion located at the corner of Washington and Taylor Avenues. The church was built in 1956 and features vaulted ceilings, stained glass windows, and a choir loft which can be used for overflow seating. The mansion (The George Murray House), built in 1874, is listed on the National Register of Historic Places. The Mansion features a grand stair case, marble fireplaces in every room, two adjoining dining rooms, a main family room and a study. The Mansion will be used as a guest house and for bridal parties and smaller private functions. The company has already booked 12 weddings and 3 events at the site for 2017.

Renovation of the facility, both the church and the historic Mansion, is expected to result in \$1,703,300 investment at the site and 6 full-time jobs and 25 to 30 part-time positions. Financing for the project includes conventional financing from Johnson Bank and a proposed SBA 504 loan through RCEDC totaling \$1,209,300. Culinary Infusion is also working closely with the Wisconsin Historical Society with the intent to pursue historic tax credits which can be used to offset costs incurred in renovation of the Historic Mansion. The balance of the investment will be completed with personal and business resources of Culinary Infusion (\$494,000).

Key Project Information	
Site:	2219 Washington Ave
Location:	TID #19
Use:	525 seat banquet and event facility
Capital Investment	
Renovation	\$1,483,500
Furniture, Fixtures, and Equipment	\$219,800
Total Capital Investment	\$1,703,300
Jobs	
New Jobs	7
Average Wage	\$16.82 per hour

Assistance Sought

In an effort to assist the company to complete the project in Racine and to support the company's expansion, the City of Racine is being requested to provide assistance to this project with funds through the Tax Increment District (TID) #19 in which it is located. The high cost of renovating this site to the specification of the intended use, exceed the appraised value resulting in a 'gap' in completing this project without additional support. Given the benefit to the City of placing a formerly tax exempt property onto the tax base with the large investment being made by this company, the company is seeking support from the City through TID in the form of 50% of the increased property taxes on a pay-as-you-go basis for five years. The estimated assistance would be equal to \$16,194 annually for a total of \$80,971 over 5 years to assist with the project.

Estimated Property Value and Tax Assistance Estimate TID #19	
Mill Rate per 1,000	\$30.70
Current Assessed Value	\$325,000
Estimated Appraised/Assessed Value at Completion	<u>\$1,380,000</u>
Value Added Increment	\$1,055,000
Estimated Annual Tax Increment	\$32,389
Annual Assistance (50%)	\$16,194
5 Year Assistance Estimate	\$80,971

Additional Information

The proposed City assistance to this project provides significant benefits to the community, including:

- Placing a former tax exempt property on the City's tax rolls
- Capital investment in the community of \$1,703,300.
- Creation of 7 full-time jobs at \$16.82 per hour.
- The company has committed to hiring City of Racine residents for both full-time and part-time positions.
- Increased awareness of the City of Racine outside the community as the Covenant at Murray Mansion hosts weddings and other events held by members outside of Racine County. Many of the events are expected to be from outside Racine based on the company's current experience with their business in Kenosha. During the first full year of operation, estimates approximately 50 of the expected 89 weddings will be for individuals living outside of Racine and will bring in approximately 6,800 guests (75-180 guests per event) to the area that may not be acquainted with the City of Racine.

RCEDC staff conducted a thorough review of the company and the strength of the project. RCEDC's staff is currently working with the company and Johnson Bank to secure SBA 504 financing for the project. Assistance from the City will provide additional cash flow to the project to allow the company to move forward with the project.

If we are successful in helping this employer expand in the City, RCEDC will perform an annual review for the term of the Agreement which will include verifying City of Racine hiring preference is followed and documenting current employment levels. RCEDC will provide the results to the City prior to annual assistance being distributed to the company.