

Economic Development Strategy for the City of McHenry **Policy adopted by Council action 7/25/2011**

The City Council is acutely aware of the challenge of maintaining the quality of life residents and businesses alike have come to enjoy and expect without compromising the City's long-term economic sustainability. To this regard the City Council adopted an Economic Development Plan in January of 2009 and the Economic Development Strategy outlined in this document is centered around the goals and objectives included in the plan. Following are general guidelines for economic incentive requests, required submittals and evaluation criteria which will be utilized in determining if an economic incentive is warranted.

To realize the future vision of McHenry, there must be a strong, yet realistic strategy that will build upon the City's strengths and work to eliminate weaknesses. The successful strategy will capitalize on the many opportunities available and minimize threats. Goals are the end result toward which all effort is directed and must be specific, measurable and realistic. The following goals were adopted by the McHenry City Council as part of the Economic Development Plan and are the focus of the City's Economic Development Strategy.

1. Create a vibrant Downtown.
2. Develop and Implement Strategies to Retain Existing Businesses in the City.
3. Enhance the existing retail base.
4. Encourage Retail Development on the South Side of the City.
5. Market McHenry as a Character Counts! Community and a Great Place to Live, Work Play and visit.
6. Create Opportunities for Industrial, Job Generating Development AND Work to Locate a Facility for Large-Scale Meetings and Events in the City.

Guidelines for Economic Incentives

The City of McHenry, at its sole discretion, may approve requests for any economic incentive paid to a specific business. Nothing included in the Policy shall be deemed to require and/or imply a guarantee of economic development funding assistance even if all of the subsequent guidelines are met.

The following guidelines should be referenced in the implementation of this strategy.

1. Economic incentives considered by the City must provide a demonstrable return to the City for the future investment of incremental tax revenue and will only be considered if the project would not be possible without this assistance.
2. Incentives shall only be considered for projects which are consistent with the vision for the City, as well as the goals outlined in the City's Economic Development Plan.
3. Requests for economic development assistance must be in the form of a written request which shall include, at a minimum: detailed financial information that demonstrates the business/developers projected revenue that the project is expected to generate. The basis

for the financial estimates should be included. This information will be regarded as proprietary and will remain confidential.

4. The applicant will demonstrate that but for financial assistance requested from the City, the project would not otherwise be carried out. The developer will provide an affidavit to such effect.
5. Requests for economic incentives will generally be based upon project costs, costs of the development including land, site and public infrastructure, building and site amenity costs necessary to constitute an operating commercial or industrial project. Financial assistance will not include interest on the developer's invested cost that the incentive is being applied to.
6. All project assistance from the City will be provided based on a negotiated Economic Incentive Agreement between the City and the private party and adopted by resolution. The agreement will contain a cost recovery process to follow in the event that the assisted project fails prior to the completion of the period covered by the incentive.
7. The subject project must comply with the City's approved design guidelines and development standards if applicable.
8. The City will not consider any requests for the waiver of the following fees or charges: recapture fees, utility fees, fees from other taxing districts, or City consultant review fees.
9. In addition to the policies set forth above, the following provisions apply:
 - A. The adoption of these policies by the City Council in the form of a resolution should not be construed to mean that the provision of financial incentives using incremental revenues to be generated by a proposed project is inherently approved for any applicant and/or project that may be able to comply with the policies as set forth herein. Each project will be approached as an entity to be independently evaluated.
 - B. The City reserves the right to amend, modify, or withdraw these policies; revise any requirement of these policies; require additional statements, sworn affidavits or other information from any applicant/developer, to negotiate or hold discussions with any applicant/developer and/or project which does not completely conform to the policies as set forth above, to waive any nonconformity with these policies, to eliminate these policies in whole or in part, if the City deems it is in its best interest to do so, and to waive any timetables established by ordinance, resolution or motion.
 - C. Submission of a written request for economic development assistance that complies with the spirit and intent of these policies does not commit the City approval of the development/redevelopment project associated with said application.

Submittal Requirements

Requests for economic incentives must be written and include, at a minimum, the following information.

1. Documentation indicating how the request meets the referenced Evaluation Criteria in this policy, as well as the City's overall Economic Development Strategy and Economic Development Plan.
2. Amount of applicant's investment in the project.
3. Level of the incentive requested.
4. Detailed business or development pro forma.
5. Proof of applicant's financial stability or business plan.

Evaluation Criteria

Each request shall be generally evaluated based upon the following criteria.

1. Consistency with the City's Economic Development Plan and Economic Development Strategy.
2. Revenue benefit to the City.
3. Level of circumstances with the property characteristics that create challenges or practical difficulties regarding the development of the site.
4. Number and quality of jobs produced.
5. Strong public benefit to the City.
6. The ability of the development to spur additional economic development in the area.
7. The impact of a proposed development on the existing businesses within the City.
8. Level of applicant's creditworthiness and financial strength.
9. Level of compliance with approved design guidelines and development standards.