FINANCIAL POLICIES

DEFINITIONS

Advance Refunding – A refunding under the federal tax code in which the refunded obligation is not redeemed for a period of more than 90 days after the issuance of the refunding issue.

Asset Renewal and Replacement – Cyclic repair and replacement of an asset’s components [e.g. roofs, electrical systems, heating, ventilation, and air conditioning (HVAC) equipment, paving, replacement vehicles, computer servers, computer networks, and telephony systems] that extends the useful life and/or retains the usable condition of facilities, fleet, and systems not normally contained in the annual operating budget. Included are major building and infrastructure systems and components that have a maintenance cycle in excess of one year.

Assets Under Management Replacement Value - The standard industry cost and engineering estimate of materials, supplies, and labor required to replace a facility or item of equipment at its existing size and functional capability, and to meet applicable regulatory codes. When estimating Current Replacement Value (CRV), it should be assumed that code compliant materials and systems will be used to replace the existing asset. CRV is to be estimated for reconstructing an asset as it currently exists, without modifications or improvements.

Assigned Fund Balance – Amount a government intends to use for a specified purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Balanced Budget – Budget in which revenues/resources will be sufficient to support expenditures/uses within the fiscal year.

BFA – Budget and Fiscal Affairs Committee

Budget Stabilization Fund - Cash reserve funds available for any lawful use for an event of an emergency including temporary cash flow shortages, major disasters, economic instability, and other emergencies. A temporary cash flow shortage is a period of time where cash inflows are not sufficient to cover required outflows, even after the normal means for managing cash flow have been exhausted. Major disasters are any natural catastrophe including, but not limited to, hurricanes, tornados, floods, severe drought, explosions, chemical or biological threats, and acts of terrorism. Economic instability is an unforeseen, unbudgeted dire financial situation affecting revenue and/or government spending such as declining property and sales tax revenues over the prior fiscal year and/or a very significant, rapid increase in inflation. Other emergencies are any unusual occasion or instance, unforeseen and/or unanticipated, for which the City expends funds in its efforts to save lives and to protect property, public health and safety or to lessen or avert the threat of catastrophe or major disaster.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
Component Units – Legally separate organizations that the City must include as part of its financial reporting entity for fair presentation.

Current Refunding – Refunding transaction where the refunded obligation being refunded will all mature or be redeemed within 90 days from the date of issuance of the refunding issue.

Finance Working Group – Comprised of the Mayor and City Controller (as used in connection with the activities of the Finance Working Group, other than the chairing of Finance Working Group meetings, the term “Mayor” or “City Controller” includes the designee of such office holder who may only be a City employee accountable to the designating office holder) and, upon the request of either the Mayor or City Controller, may also include:

- City Attorney or designee(s)
- Finance Director or designee(s)
- Other appropriate department directors or their designees
- Financial advisor(s)
- Bond counsel
- Independent auditor
- Fiscal Affairs Chair and any other member of City Council interested in attending, or designee
- Others deemed necessary for the particular financing

Fiscal Note – Written estimate of the costs, savings, and revenue gain or revenue loss that may result from implementation of an ordinance, motion or resolution.

Fund Balance – Difference between fund assets and fund liabilities—also known as equity; includes non-spendable, restricted, Committed, Assigned, and Unassigned Fund Balance classifications.

Major Renovation – Projects for the substantial rehabilitation or replacement of more than one building system.

Non-Recurring Expenditures – Expenditures not expected to be funded each year. Examples include one-time transfers and one-time purchases.

Non-Recurring Revenues – Revenues that cannot be relied upon in future budget periods. Examples include, but are not limited to, the sale of land (other than City rights-of-way), infrequent, irregular sales of City assets, bond refunding savings, infrequent, irregular revenues from development agreements, interlocal agreements, other contracts, short-term grants and one-time transfers.

Operating Maintenance – Preventative maintenance, where equipment, vehicles, and computer hardware is maintained before breakdown occurs in an attempt to avoid failures, and corrective maintenance, where equipment, vehicles, and computer hardware is maintained after breakdown occurs to bring it back to working order.

Reserves – Portion of Fund Balance that is set aside as a hedge against risk.
Recurring Expenditures – Expenditures expected to be funded each year in order to maintain current/status quo service levels. Recurring Expenditures appear in the budget each year. Examples include salaries, benefits, supplies and services, debt and recurring pass-through expenditures. Other expenditures including, but not limited to, supplies, services, and transfers are recurring to the extent that expenditure levels in the current year match the expenditure levels in the previous year. For example, if computer supplies to support operations are needed every year and budgeted every year, this expenditure is considered recurring.

Recurring Revenues – Revenues expected to continue year to year with a reasonable degree of predictability. Examples include property taxes, sales taxes, licenses and permits, charges for services, fines and forfeits, franchise fees and recurring pass-through revenues. Small routine right-of-way sales are also considered Recurring Revenues, but all other land sales are Non-Recurring (one-time) Revenues.

Strategic Plan – Document which sets forth the long-term vision, broad goals and objectives for the City. The plan will identify specific strategies to be employed to achieve goals and objectives.

Structural Balanced Budget – Budget that balances Recurring Revenues and Recurring Expenditures and the current portion of all known long-term liabilities within the current fiscal year.

Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Working Capital – Current assets less current liabilities.
GENERAL POLICIES

1. With respect to the interpretation and application of these policies, the City shall comply with all applicable Federal and State laws, the City Charter and Code of City Ordinances, Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) standards, and all bond covenants, whether existing or hereafter provided, and associated ordinances relating to all budget, accounting, and finance activities, and financial policies. In any conflict between these policies and such governing law, standards or documents, such governing law, standards or documents shall prevail.

2. City will seek out, apply for, and effectively administer Federal, State, and other grants that address the City’s priorities and policy objectives and provide a positive benefit to the city. Local tax dollars will not be used to make up for losses of grant aid without first City Council reviewing the program and its merits as a budgetary increment.

GENERAL FUND RESERVE POLICIES

1. The Fund Balance shall be maintained at a level sufficient to provide for temporary financing of unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from termination of revenue sources.

2. For the end of any fiscal year, the ratio of Fund Balance to annual expenditures (excluding debt service payments) will be a minimum of 8% (referred to herein as the minimum required reserve) by and in each year after FY2016. This Fund Balance will be categorized as Assigned Fund Balance. To the extent that Fund Balance exceeds the minimum required reserve, any Unassigned Fund Balance is available for appropriation by City Council for Non-Recurring Expenditures or for transfer to the Budget Stabilization Fund, or other funds, as allowed by State law or the City Charter. The use of Unassigned Fund Balance shall be accompanied with a justification presented to City Council. The justification presented to City Council shall include the nature of the proposed expenditure or transfer, and the funds shall be used only for the intended purpose.

3. The use of Assigned Fund Balance constituting the minimum required reserve may only be spent on major disasters or for providing temporary resources in the event of economic instability. In any event, the proposed use of Fund Balance shall be accompanied with a justification presented to City Council, which shall include the purpose and rationale for the proposed expenditure. Upon approval from City Council, such funds shall be used only for the purpose approved by City Council. The City shall allocate sufficient funds during the subsequent two fiscal years after the event causing such use has concluded to restore Fund Balance to the minimum required reserve; any deviation shall be accompanied with a justification presented to City Council including the purpose and rationale for the deviation.

4. In addition to the Fund Balance, the City shall maintain a separate Committed Fund Balance cash reserve, or “Budget Stabilization Fund,” in an amount not less than the greater of (a) 1% of expenditures (excluding debt service payments) or (b) $20 million that shall only be used in accordance with the definition of the fund.

5. Any use of the Budget Stabilization Fund shall be approved by a vote of the City Council present and voting. The proposed use of funds in the Budget Stabilization Fund shall be accompanied with a justification presented to City Council, which shall include the purpose and rationale for
the proposed expenditure. Upon approval from City Council, the funds shall be used only for the purpose approved by City Council, which must be a permitted use of the Budget Stabilization Fund, as set forth herein. The City shall allocate sufficient funds during the subsequent two fiscal years after the event causing such use has concluded to replenish any use of the Budget Stabilization Fund below the minimum level; any deviation shall be accompanied with a justification presented to City Council including the purpose and rationale for the deviation.

ENTERPRISE FUNDS AND SPECIAL REVENUE FUNDS RESERVE POLICIES

1. Each enterprise and special revenue fund shall have an appropriate methodology for determining maximum Fund Balance to ensure rates/charges and levels of service to the public are appropriate.
2. Each enterprise and special revenue fund shall have an appropriate methodology for determining minimum Fund Balance which will allow that fund to operate sustainably. The Fund Balance shall be determined by starting at a baseline of 90 days of Working Capital, then adjusted up or down by the managing department according to each fund’s risk and other considerations, such as cash funding of capital projects. The minimum Fund Balance for each enterprise and special revenue fund shall be 45 days of Working Capital.
3. Departments managing each such fund shall present annually to City Council during the budget process the rationale for how each fund’s minimum and maximum Fund Balance is set and justification for maintaining a Fund Balance greater than the maximum or less than the minimum Fund Balance for such fund.

INTERNAL SERVICE FUND - HEALTH BENEFIT FUND RESERVE POLICIES

1. The City will fund a catastrophic and general claim risk reserve for unexpected large losses related to self-insurance healthcare costs managed by a third-party plan administrator and funded by an internal service fund – “Health Benefits Fund.” The following Reserves will be maintained within the Health Benefit Fund:
   a. Claim Reserve – Periodically, and at least once every fiscal year, it will be determined whether the fund has a funded liability to pay claims that have already been incurred but not reported as of that day (IBNR). The plan is also obligated to cover the cost of administering run-out claims in the event that any of the self-insured programs are terminated.
   b. Contingency Reserve – This reserve augments the Claim Reserve and represents an estimate for claim events that are unforeseen and catastrophic. The Contingency Reserve covers costs associated with such unexpected claims and provides financial capacity for smoothing the catastrophic and general claims payments. The amount of the Contingency Reserve shall be maintained at the minimum of 10% of annual claims up to a maximum of 60 days of average claims expense paid over the prior fiscal year (12 months) for each self-insured program. This Contingency Reserve also supports:
      i. Maintaining cost effective and competitive benefits during periods of economic downturn, reduced revenues or higher expenses;
      ii. Maintaining cost effective and competitive benefits during periods of high medical cost trends, substantial insurance/reinsurance rate increases and an
ability to absorb multiple catastrophic medical claims occurring simultaneously; and

iii. Maintaining flexibility in the fund regarding calculating the degree and amount of risk it is willing to assume on a self-funded basis.

iv. Such reserves will be funded by the City and subscriber (active and retiree) contributions as determined appropriate. Subscriber funds are first in and first out in claim payments; therefore any excess health benefit contributions are City funds.

OPERATING BUDGET POLICIES – REVENUES AND EXPENDITURES

1. The City must adopt a Balanced Budget annually.

2. Each year, the City shall adopt a balanced operating budget for the coming fiscal year (e.g., FY 2016) and one-year plan for a Structurally Balanced Budget for the succeeding fiscal year (e.g., FY 2017). The annual operating budget and subsequent year one-year plan shall be presented to and passed by City Council before the end of the preceding fiscal year.

3. All post-employment and employee benefit systems will be financed in a manner to fully systematically fund all liabilities. City will assure that sufficient funds are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a program period. City council shall be fully informed if sufficient funds are not allocated in the current budget.

4. If circumstances dictate use of Non-Recurring Revenues for Recurring Expenditures in any fund, justification must be presented to City Council with a plan to end dependence on Non-Recurring Revenue sources.

5. Budget presentations to City Council shall identify the extent to which Recurring Revenues are aligned with Recurring Expenditures.

6. Each enterprise fund of the City shall maintain revenues which support the full (direct and indirect) cost of the services provided.

7. A comprehensive analysis of City fees and rates shall be performed at least every five years by the Department administering the fee under supervision of the Finance Department, except for impact fees, which shall be made at least every ten years, and presented to City Council. Fees may be adjusted by ordinance during the interim period based on supplemental analysis whenever there have been significant changes in the method, level or cost of service delivery (including automatic fee and rate adjustments per City ordinance).

8. All General Fund revenues and resources received in a fiscal year in excess of projected amounts stated in the adopted annual operating budget (for same fiscal year) shall be designated to the Fund Balance and shall not be appropriated for expenditures except by ordinance. Pass through funds not included in this calculation including but not limited to:

   a. Hotel Occupancy Tax Revenues – pass-through payment to Houston Arts Group;
   b. Sales Tax Revenues – pass-through payment to Limited Partnership Annexations and transfers related to Chapter 380 agreements;
   c. Property Tax – pass-through transfer amount to the Dedicated Drainage and Street Renewal Fund for captured revenue and transfers related to Chapter 380 agreements;
   d. Municipal Service Fees revenues – pass-through transfer amount to Police Special Service Fund for police services in certain reinvestment zones and;
e. Other collection revenues – payment to vendors based on commission-based contracts.

9. A City employee compensation study shall be performed at least every five years by the Human Resources Department in conjunction with the Finance Department. The compensation study shall review total compensation to include salary, overtime, medical benefits, paid leave, physical training leave, disability insurance, life insurance, retirement benefits and educational assistance programs.

10. The City’s operating budget shall include the required level of annual Operating Maintenance funding for facilities, fleet, equipment and technology necessary to maximize service efficiencies and to minimize the lifecycle cost of each asset. Operating Maintenance funding will be prioritized each year to ensure capital facilities and equipment are sufficiently maintained and maintenance is not deferred to future years. To implement this policy:
   a. The funds for Operating Maintenance of General Fund facilities were approximately 0.25% of Assets Under Management Replacement Value in FY 2013. This amount shall be increased by at least 0.25% each fiscal year beginning in FY 2015, until reaching at least 2% of Assets Under Management Replacement Value, at which time it will remain constant.
   b. A Request for Proposals to provide facility maintenance services of General Fund facilities shall be conducted every five years by the Strategic Purchasing Division of the Finance Department beginning in FY 2017 and compared against the City’s costs of providing such services internally.

11. All operating budget-related Requests for Council Action must include a Fiscal Note and reference to the line item in the adopted budget where funding for the request is designated. All Requests for Council Action that request funding that was not in the adopted budget (e.g., establishing a new service not in the budget, increasing enforcement above the level established in the budget, etc.) must be accompanied by a Fiscal Note that states the full fiscal impact of the request and identifies the source of funding for the request.

12. The proposed operating budget and annual budget ordinance shall include statements indicating whether the budget is in compliance with each adopted financial policy.

CAPITAL ASSET MANAGEMENT POLICIES

1. The five-year Capital Improvement Plan (CIP) shall be presented to and passed by City Council annually before the end of the preceding fiscal year.
2. Capital projects may not be included in the CIP without identified funding (identified funding includes funds that are reasonably anticipated such as grants that have been awarded but not yet funded).
3. A five-year operating budget impact projection for all projects shall be reported in the CIP.
4. The City shall prioritize Asset Renewal and Replacement of existing facilities over new projects.
5. All CIP-related Requests for Council Action must include a Fiscal Note and reference to the line item in the CIP where funding for the request is designated.
6. For each new General Fund facility (i.e. not part of an enterprise fund) or Major Renovation of a General Fund facility as of July 1st 2013, 2% of the Current Replacement Value shall be included in each fiscal year of the immediately following CIP and every CIP thereafter until that facility is sold or otherwise disposed of, for capital maintenance. Such funds may be used on any owned
General Fund facility. The CIP shall include a report demonstrating compliance with this and all CIP-applicable provisions in this policy.

7. Capital projects having citywide benefits, as opposed to district-specific benefits, shall be documented separately and not included in reports showing capital spending by council district. Examples include water and wastewater plant improvements or expansions.

LONG-TERM FINANCIAL PLANNING POLICIES

1. The City shall annually develop and maintain a five-year financial and operational Strategic Plan. This strategic plan will set the course of the City to ensure objectives and goals are met. The first five-year financial and operational Strategic Plan shall be developed in FY 2016.

2. The City’s annual budget process shall incorporate the goals and strategies identified by the Strategic Plan to provide for the City’s highest priority needs.

3. A five-year General Fund financial forecast shall be presented to City Council annually in advance of the release of the proposed budget. The five-year forecast will include an in-depth analysis of revenues, expenditures, and all long-term obligations including debt, pensions, health benefits, accrued leave, facilities (needs, maintenance, utilization), fleet and information technology. If there is any funding shortfall in future years, the Administration shall present a plan for eliminating the shortfall to City Council.

DEBT POLICIES

1. The City desires to at least maintain the current credit ratings on each type of City credit or enterprise fund as of April 1, 2014.

2. The debt service Fund Balance as of each fiscal year end relating to debt secured by ad valorem taxes shall be no less than debt service payments due within the first 180 days of the following fiscal year plus 50% of the difference between the maximum annual debt service (MAD) and the current fiscal year’s debt service, or as may be limited by federal tax law.

3. A standardized presentation format will be adopted by BFA at least annually as a means of presenting all debt transactions.

4. Debt financing shall be limited to capital expenditures for assets or asset improvements costing more than $50,000 and having a useful life of more than three years.

5. Annual General Fund transfers for debt service should not exceed 15% of the total General Fund revenues, excluding State and Federal grants. The target maximum annual General Fund transfer for debt service will be lowered every subsequent fiscal year, beginning in FY 2016, by 0.5% until a 10% threshold is reached at which it will remain constant.

6. Any capital project financed through the issuance of bonds shall be financed for a period not to exceed the average expected life of the assets.

7. Average weighted General Obligation bond maturities shall be kept at or below 12 years. The average weighted maturities shall not be extended in order to alleviate operating budget pressures.

8. Unless a refinancing is expected to relieve the City of financially restrictive covenants or significantly reduce the remaining term of the financing, the following net present value savings
goals shall be projected by the City’s financial advisors when a transaction is initiated to refund outstanding debt:

a. 3% for Current Refundings, and
b. 5% for Advance Refundings.

Justification for refundings not achieving the net present value savings above shall be presented to City Council.

9. Long-term financings must comply with applicable Federal, State and Local legal requirements; the Finance Working Group and City Council must approve the issue; the City must analyze the long-term affordability of the debt and assess the issue’s impact on the City’s self-imposed financial limitations on indebtedness. (The City maintains a separate policy regarding swaps.)

10. The City shall review at least annually all outstanding debt for the purposes of identifying refunding opportunities.

11. A formal Request for Information (RFI) process shall be conducted by the Finance Working Group at least annually when selecting underwriters in order to promote fairness, objectivity and transparency. The selection committee shall report results of the RFI process to the BFA and present recommendations for transactions expected to occur during the following year.

a. RFIs shall include questions related to the areas listed below to distinguish firms’ qualifications and experience, including but not limited to:

i. Relevant experience of the firm and the individuals assigned to the issuer, and the identification and experience of the individual in charge of day-to-day management of the bond sale, including both the investment banker(s) and the underwriter(s);

ii. A description of the firm’s bond distribution capabilities including the experience of the individual primarily responsible for underwriting the proposed bonds. The firm’s ability to access both retail and institutional investors should be described;

iii. Demonstration of the firm’s understanding of the issuer’s financial situation, including ideas on how the issuer should approach financing issues such as bond structures, credit rating strategies and investor marketing strategies;

iv. Demonstration of the firm’s knowledge of local political, economic, legal or other issues that may affect the proposed financing;

v. Documentation of the underwriter’s participation in the issuer’s recent competitive sales or the competitive sales of other issuers in the same state;

vi. Analytic capability of the firm and assigned investment banker(s);

vii. Access to sources of current market information to provide bond pricing data before, during and after the sale;

viii. The amount of uncommitted capital available and the ability and willingness of the firm to purchase the entire offering of the issuer, if necessary, in the case of a firm underwriting; and

ix. Any finder’s fees, fee splitting, or other contractual arrangements of the firm that could present a real or perceived conflict of interest, as well as any pending investigation of the firm or enforcement or disciplinary actions taken within the past three years by the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, or any other regulatory agency.
ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

1. Single Audit Report or other audits of Federal and State grant funds will be performed in compliance with applicable provisions of the Single Audit Act, applicable Office of Management and Budget (OMB) Circulars, and other relevant federal, state and local rules and regulations.
2. Annual financial statements will be prepared in accordance with Generally Accepted Accounting Principles (GAAP).
3. An annual audit will be performed by an independent public accounting firm in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the opinion will be included in the Comprehensive Annual Financial Report.
4. The City will comply with Federal and State securities laws in its Annual Financial Statements and Official Statements, and to comply with its continuing disclosure undertakings.
5. To the extent practicable, all Component Units of the City must follow all City accounting, audit and financial reporting policies.
6. The City will conduct a soft close of its books quarterly. All normal business entries will be booked prior to year-end soft close, which will occur within 65 calendar days of year end. This policy shall be implemented by June 30, 2015. Directors in charge of each fund, including grants, will submit certification upon close that include:
   a. All daily operational financial transactions have been recorded;
   b. All accounting system modules/subsidiary ledgers have been reconciled;
   c. All journal entries have been recorded [for example, bond issuance transactions, expenditures related to work in process (WIP) and impact on capitalization, etc.];
   d. All material journal entries have been reviewed and approved;
   e. All balance sheet accounts have been reconciled and are accurate;
   f. All income and expense accounts have been reviewed and are accurate; and
   g. Management review of accounts has occurred
7. The Single Audit Report (annual audit) and the accompanying auditor’s letter to management shall be released to City Council and published prominently on the City’s website within 30 days of receipt from the auditor.
8. The Finance Working Group shall develop and update biannually a written disclosure policy consistent with federal securities law and the City’s continuing disclosure undertakings with respect to the City’s outstanding debt.

INTERNAL CONTROL POLICIES

1. The goals and objectives of the City’s internal controls policies are to protect public assets and to foster reliance on public information for decision-making purposes at all levels both internally and externally.
2. The Mayor, City Council, City Controller, Finance Director and all department directors shall establish the presence of integrity, ethics, competence and a positive control environment.
3. Managers and supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific business units.
4. The City’s internal control structure will be based on the Committee of Sponsoring Organizations of the Treadway Commission on Fraudulent Financial Reporting (COSO) framework and comprised of the following five elements:
   a. Control Environment – Factors include integrity and ethical values, commitment to competence, leadership philosophy and operating style, assignment of authority and responsibility, and policies and procedures;
   b. Risk Assessment – Routine assessment of risk and its impact on internal controls;
   c. Control Activities – Such as segregation of duties, authorization of transactions, retention of records, supervision or monitoring of operations, physical safeguards, etc.;
   d. Information and Communication – Policies and procedures are documented and accessible; and
   e. Monitoring – Assessment of the quality of performance over time and to determine whether controls are effective and track resolution achievements of identified problems.

5. BFA shall receive a report on the sufficiency of the City’s internal controls from the City’s outside auditors on an annual basis at the same time the Comprehensive Annual Financial Report is issued. The City will submit, no more than three months following that report, the City’s response to that report and plans for addressing findings. The report will be presented to BFA by the City Controller and the Director of Finance. It will be distributed to City Council and published prominently on the City’s website within 30 days of receipt from the auditor.

LOCAL ECONOMIC DEVELOPMENT FINANCE POLICIES

1. The City shall set forth project eligibility criteria to include: minimum job creation, minimum compensation levels, minimum private investment, justification for public participation qualifying public improvements, maximum public investment, term of incentive, financial viability of developer, public purpose for financial assistance, risks associated with public investment, financing instruments, and total project costs.

2. A standardized presentation format will be adopted by BFA at least biannually as a means of presenting economic development projects.

3. A standardized application format for economic development projects shall include:
   a. Name of the applicant;
   b. General nature of the applicant’s investment;
   c. Relationship between the applicant’s industry and the types of jobs to be created by the applicant;
   d. Relative level of the applicant’s investment per job to be created by the applicant;
   e. Number of jobs to be created by the applicant;
   f. Wages, salaries, and benefits to be offered by the applicant to the job holders, the ability of the applicant to locate or relocate in another state, or another city in the region;
   g. Financial impact the project will have on the City;
   h. Number of similar projects, if applicable, completed in the City during the two years preceding the date of application submittal; and
   i. Projected market value of the proposed project.

4. A standardized evaluation procedure for economic development projects shall include, but is not limited to, the following:
a. Scope of economic development tools;
b. Eligibility criteria;
c. Standardized method for evaluating proposals; and
d. Performance standards for approved projects.

5. The Chief Development Officer, in conjunction with the City Attorney, shall establish procedures by which the City shall recoup its investment in the event a project fails to comply with the terms of its agreement.

6. The Chief Development Officer shall report annually to BFA detailing the progress of each active project in which the City has provided an incentive. A project shall not be deemed inactive and removed from the report until the project has achieved its goals or the City has recouped its investment. The report shall include, but is not limited to, the following:
   a. Number of jobs each recipient of an incentive committed to create;
   b. Number of jobs each recipient created;
   c. Median wage of the new jobs each recipient created;
   d. Amount of the investment each recipient committed to expend or allocate;
   e. Amount of the investment each recipient expended or allocated per project;
   f. Market value of the property of each recipient as determined by appraiser;
   g. Number of new jobs each recipient created in each sector of the North American Industry Classification System; and
   h. Number of new jobs each recipient created and the number of jobs created that provide health benefits for employees.