

STRATEGIC PLAN
UPDATE
FOR
FY 2018-2027

Prepared and Presented on
June 6, 2000
By Task Force 2000 Committee
Original Resolution Adopted by Resolution No. 1501
Modified Version Adopted by Resolution No. 2964-13

**City of Mansfield, Texas
Strategic Plan
2018-2027**

Executive Summary

THE CITY OF MANSFIELD, TEXAS

Strategic Fiscal Plan

History and Purpose of the Plan

Mansfield, Texas, is located in the southern sector of the fourth largest metropolitan area in the United States of America. The City of Mansfield encompasses 36.69 square miles. Current population estimates by City Planners suggest that the City is home to 70,170 people. In 1980, the City claimed 8,102 residents. Since 1970, the City's population has grown by approximately 66,512 residents. Mansfield, Texas is the third largest City in the County, and is third only to Fort Worth and Arlington, Texas in Tarrant County.

Population growth is expected to continue in the Dallas-Arlington-Fort Worth region. The Council of Governments, a coalition of local governments in the metropolitan area, continues to project growth in the population North Texas and specifically in Tarrant County over the next three decades. Mansfield City Planners also project growth in the City of Mansfield with an estimated population of 165,000 residents within in the next thirty to forty years.

In the decade of the 1970s, community leaders recognized the demands of meeting the needs of the new residents within the City of Mansfield, Texas. Infrastructure was aging and unable to support the expectations of a new and increasing population. City resources were limited: including - limited professional staff, limited infrastructure, and limited funding capacity. The land use was agricultural. Community leaders gathered, raised taxes, recruited, retained professional staff and began building a community. These community leaders are still active in the community today.

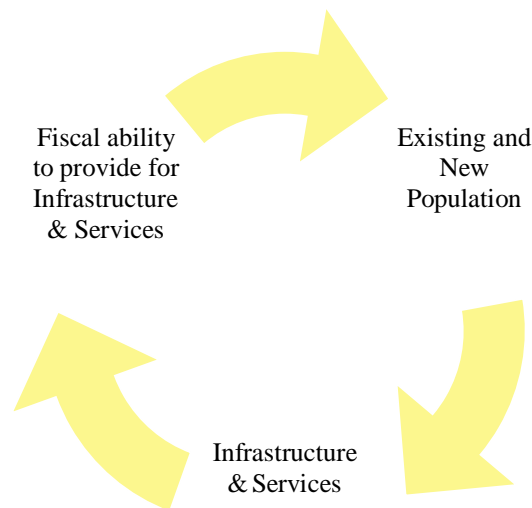
In addressing the service demands of the community, the City of Mansfield jumped in front of the expectations of growth in the decade of the 1980's and began creating and adopting several planning models to manage and guide in the development of the City's infrastructure to support the needs of the growing community and its demand for services. These planning models included the Master Land Use Plan, the Master Thoroughfare Plan, the Master Drainage Plan, the Master Water & Sewer Plan, the Master Parks Plan, and the master fiscal plan or the City's Strategic Plan. Planning models are generally based upon the expectations of future populations and the expected use of infrastructure and services necessary to support the expected populations. These models are carefully designed and some require the public's involvement ensure that these documents are consistent with the interest of the vested stakeholders in the community. Plans change little year after year because of the deliberative processes and the assumptions used in planning for future land use and needed infrastructure. Generally,

the primary planning model that drives the rest of the planning models is the land use model because it determines population densities, expected populations and land uses. Of course, these plans are reviewed and modified by the City based upon changes in the use of the land or other reasons deemed to be appropriate by the City.

The City's Strategic Plan is a fiscal planning model that encompasses the other infrastructure planning models and focuses on the City's financial capacity, projected financial capacity and the City's ability to pay for expected infrastructure improvements and the City services needed to service the growing population. The Strategic Plan focuses on the two primary activities of the City of Mansfield, Texas: General Infrastructure and Services and Water & Sewer Services. These two activities are also referred to as Corporations of the City which address the basic demands of the citizens and patrons of the City of Mansfield, Texas.

Fiscal Planning Guide

The Strategic Plan is a business model intended to guide Management in making and evaluating business decisions affecting the community and managing the City's organization. These decisions include the allocation funding for programs, such as public safety, street maintenance, park and recreational venues, water, sewer services and the administration of these City services. Year over year, these essential programs, are managed and developed to meet the needs of the residents of the City.



The City's first Strategic Plan was adopted and accepted by the City of Mansfield on November 27, 2000. It has been revised and subsequently adopted on April 22, 2002, December 8, 2003, September 12, 2005, July 28, 2008, August 31, 2010, October 10, 2011 and October 28, 2013.

Guiding Policies and Development of the Strategic Plan

The City of Mansfield, Texas, annually prepares and reviews its comprehensive Strategic Plan. This plan is guided by and directed by long-term fiscal policies that have been in place over three decades. The benefits of these long-term fiscal policies are evident from the results of the fiscal performance of the City and the strength of the City's credit or its ability to repay its obligations within the community it serves and its creditors.

Guiding Fiscal Policy - Growth pays for Growth

The current residents of the City are only asked to bear the costs of services; the cost of infrastructure development and the related services needed to support the development is to be paid for by the population creating demand for these costs. This policy essentially manages the cost of development and cost of services with the new recipients of these services. The policy also encourages the timely development of infrastructure and discourages the City from developing its infrastructure too quickly because funding becomes too costly for existing stakeholders. Growth pays for Growth.

Other Policies and Practices

Policies and practices are only as effective as the City's ability and political willingness to adhere to its policies and practices. The City Councils of the City of Mansfield, Texas, have supported and encouraged fiscal accountability and responsibility through the adoption of fiscal policies and the practices of fiscal policies. The instituted financial policies and practices generally govern, the fiscal performance of the City: a few of the practices are as follows:

Revenues

- One Time Revenues Matched with One Time Expenses
- Manage User Fees to Match the Market Costs
- Cash Reserve Requirements
- Effective Utilization of Potential Tax Base (undeveloped land)

Expenses

- Service Excellence-Quality of Service at the Lowest Costs
- Community Safety
- Managed Growth-planning and Infrastructure Development
- Recruitment of Skilled Workforce-Competitive Salary Program
- Protection of the City's Credit Ratings

Another key policy in keeping the City's fiscal condition in good health is the annual rating review with three rating houses: Fitch, Moody's and Standard & Poor's. The rating houses refer to this annual review as market surveillance which is a formalized requirement of the rating agencies. The City annually presents the City's financial

condition before each of the rating houses in New York, New York. This policy allows Management to clearly express its views before rating committee chairs who evaluate the City's credit. Management of the City is considered to be strong by the agencies.

Fiscal Policy is Measured

Each year in evaluating the Strategic Plan, Management considers its guiding policy by monitoring indices that encourage good fiscal health. These indices also alert Management of potential fiscal distress, stress or variances from the City's guiding fiscal policy of letting **"Growth Pay for Growth"**. Key indices include: debt ratios, coverage requirements and cash reserve requirements. Debt ratios are evaluated before the issuance of debt or additional borrowings; coverage requirements or the percentage of earnings greater above annual debt payments; solvency are monitored and measured annually to the wealth of the community and the service needs of the citizens. If these indices get too low or too high, Management acts to restore these indices to their normal levels.

Strategic Plan

The Plan has been designed to meet the current and future service demands of the community based upon current management practices and current funding provisions of existing programs. It allows for the expected or projected service needs of the community for the next ten fiscal years, 2018-2027. The service needs include the Capital Improvement Programs, Operating & Capital Equipment Programs, Employee Recruitment Programs, and Expansion of Existing Programs. Major divisions and departments have provided input and need assessments for the expected service level requirements into the future.

The Plan is designed for continuous adjusting based on economic variables and local activity drivers that affect the service requirements. It provides for a degree of certainty in setting expectations for future spending and is expressive in its intent of future spending patterns, but is not to be construed as the final funding authority for future programs, future indebtedness or commitments to any program, vendor, stakeholder or other interested party of the City as occurrences in the development of the City may alter or change the priority of funding needed to service the City.

Financial Forecast and Projections

The Strategic Plan is a planning tool used to guide and address these demands for funding while identifying potential stress points or weaknesses in the services being provided by the City. It is also designed to steer the City clear of fiscal distress or warn Management of potential fiscal stress when assuming a certain assumptions in spending patterns, inflationary provisions, infrastructure programs, and recruitment, retention programs. It also encourages the City to think into the future and in so doing, it encourages program managers to anticipate the future costs of future populations as well as current populations, while providing for the financial stability of the community by projecting the future costs of City services.

The Strategic Plan includes revenues and expenditures for a period of ten years. The objective of the forecast is simply to measure or guide the allowance of costs. Over the ten year forecast, revenues and expenditures are projected to increase considerably over the next ten years as the population is expected to increase 29% over the next decade. The City's economy is influenced some by the national economy, but is more influenced by its population growth and its economic development programs. In years past from 1970 till today the City's population has boomed almost 65,000 residents. During this period time the national economy has moved through many economic cycles including the Great Recession and the City population has continued to grow because of its location in the North Texas. Growth over the next decade is expected to be more of a modest pace of growth in the population and the number of new businesses moving into the community.

In forecasting revenues and expenses for the City's General Fund and Water, Sewer Fund into the future, Management projects revenue trends to average in a range of 5% to 7% over the next ten years with expenses being controlled or managed to approximately 3% over the next ten years. The City could experience higher cost of operations because of the effects of federal monetary policy, rising interest rates, energy prices, commodity prices, labor markets, costs of raw water, and the costs of treating sewer water. Current spending patterns suggest that minimum costs could increase 3% year over year, but these spending patterns are extremely subject to economic variables that could easily adjust the trajectory of presently projected spending pattern. Detailed projections by revenue source and spending purposes are provided in following tables.

Key Rates

Tax Rate projections over the next ten years predict the tax rate to remain constant or at its current rate of \$.71 cents per \$100 in assessed valuation of property within the City of Mansfield, Texas. Water and Sewer rates are expected to remain constant over the next ten years with the exception of modest rate increases year over year. Modest increases are expected to pay for the significant cost increases being passed along to the City for the cost of delivering raw water to the City's water treatment facilities and the cost of treating the City's sewer water. The City is closely monitoring these rate increases that are being charged by Tarrant Regional Water District and Trinity River Authority to the City for their capital improvement programs. These rates may or may not increase depending upon the costs being passed along to the City's customers.

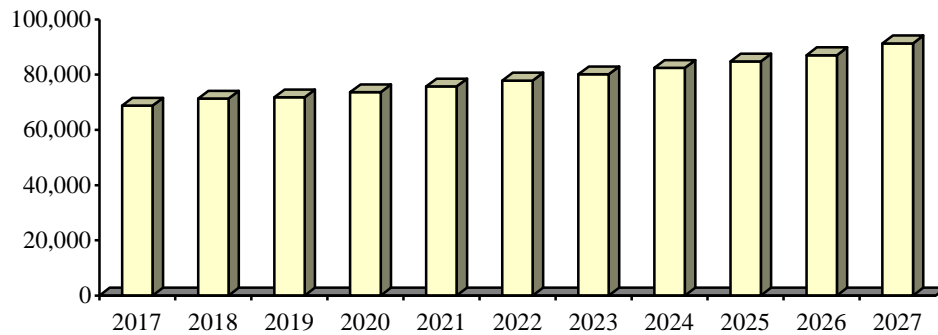
Current Economy, Future Economy

The City has increased service expectations as it has adjusted service programs to meet the current demand for services. Department heads have submitted and requested funding that is well beyond the City's ability to fund the requesting funding. In an effort to maintain existing services, the City has significantly reduced future spending expectations because of the uncertainty in the national and global economies. All the while, the City is seeing continued growth in its residential, commercial, and industrial sectors of its economy and employment percentages are healthy and expected to remain

healthy in the City. The State of Texas employment percentages continue to fluctuate as the State’s economy adjusts from the ever changing prices of oil and gas. Even though the State is suffering from a drought in the oil and gas industry the overall economy of the State is fairly stable as Texas is a leader in the exportation of goods around the world. Although, nationally some areas of the country are still struggling in their recovery from the Great Recession, the State of Texas and the North Texas region are doing well and the signatures of fundamental growth are present. The City expects these trends to continue into the future barring any unforeseen economic calamity.

Growth expectations are based on projected population estimates by the City’s planning department. Support for these population projections are corroborated by the continued growth in the overall population of the State of Texas, and the continued population growth in the North Texas region.

Population Estimates



The near term financial trends present favorable operating conditions within the City, and Management will continue to monitor the near term trends as projections are based on improving economic conditions within the City. Measurement indices of fiscal policies will be monitored by Management too. Continued assessment of the economy will condition Management’s action and responses in adjusting the revenues and expenses of the City’s primary activities.

Strategic Plan Highlights

Population

| | |
|-----------------|--------|
| Estimated 2018: | 70,170 |
| Estimated 2027: | 91,274 |

Expected population increases create the need for housing stock, infrastructure, and retail development. In the last decade of 2001 to 2010, the City added some 32,000 residents, 1990's decade the City added 10,000 residents. The population growth in the last two decades has been robust. The expected population increase over the next decade is 18,136 persons.

Capital Improvements

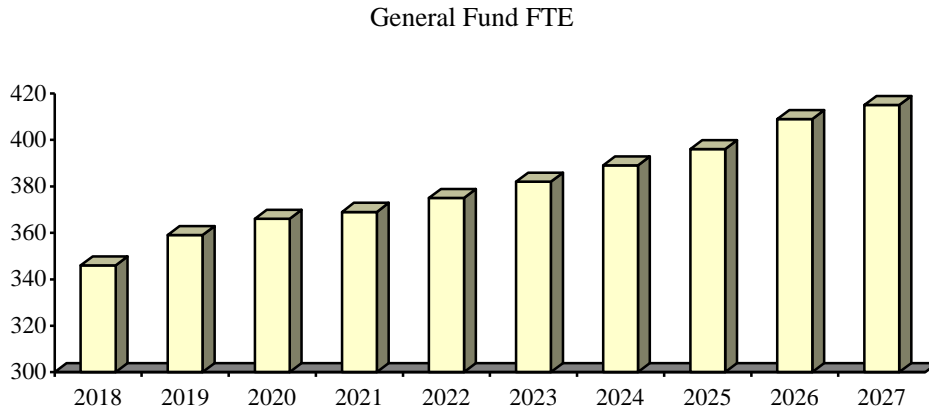
| | |
|----------------------------------|---------------|
| General Fund Improvements: | \$145,703,597 |
| Water & Sewer Fund Improvements: | \$54,400,000 |

Most of the General Fund improvements are for the improvement of the City's street infrastructure. General Fund improvements will be funded through the capital markets. The Water and Sewer Fund's significant improvements are attributable to the expansion of the treatment facility. The Water and Sewer Fund improvements will be funded through a combination of the capital markets and cash. Impact Fees are a significant resource used to offset the costs of these future improvements and will be used as they are collected over the next ten years for both activities.

Service Improvements & Operating Equipment

| | |
|------------------------|--------------|
| General Fund Personnel | \$9,139,618 |
| General Fund Equipment | \$12,527,817 |

Management has placed a priority on funding positions for the Public Safety Department. Most of the equipment is for the replacement and addition to the Public Safety vehicle inventory. The Water and Sewer Fund expects to maintain existing levels of service personnel over the next decade.



Strategic Planning Process and Development of the Strategic Plan

January – March

Divisions submit Staffing and Equipment requests for the ten year period.
Divisions submit Capital Projects for Streets, Utility and Building Projects.

February – April

Business Services reviews historical, current and future revenue sources and estimates budgeted revenues and expenditure growth.

May – June

Business Services updates the Strategic Plan based on revised staffing, equipment and capital requirements. Management and Staff estimate projected availability of funding for new staffing, equipment and capital requirements.

June – September

Management reviews the updates to the Strategic Plan and Management presents the Plan for approval.

What does the Strategic Plan mean to the Citizens of Mansfield?

The Strategic Plan provides a blueprint of staffing, operating and capital requirements in the FY 2018-2027 budget and anticipated requirements into future years. The plan is adjusted annually as conditions change and priorities change based on current and future growth projections. By identifying future needs, the City Council and City Management are better able to plan and develop strategies to maintain current service levels, structure debt to provide for infrastructure improvements and maintain financial stability. The plan identifies strengths and challenges in current and future years that enable City Council and Management to better plan for and adjust operations as needed.

How does the Strategic Plan relate to the Fiscal Year 2018 Budget?

The FY 2018 budget provides funding to maintain the current service levels in all departments and provides for future growth and a strong equity position for the city. In prior and future years, Public Safety has been the focal point of attention in the needs assessment provided by City Council and Management. With the expansion of the city's park and recreation system, additional resources have been allocated to provide additional services for the expanded programming requirements. The ongoing maintenance of city streets and right of ways requires resources to be allocated to this service function as well. The Strategic Plan incorporates local, state and national economic trends and providing estimates for future budget years. The City has reviewed the fee structures in previous years to adequately match fees with cost of operations. These revenues have also been included in the FY 2018 budget and projected into future years.

How does the Strategic Plan improve overall Service Performance?

By identifying staffing, capital and operational requirements, additional resource allocation may be adjusted to reflect the increased service demand for each department and program. Anticipating future needs to service the expected population growth requires each division and department to critically evaluate operational requirements, staffing levels and capital requirements. Limited funding refines operational efficiencies and highlights service levels that meet or do not meet the citizen's expectation. In summary, each division and department is charged with developing new and better operational techniques to maintain the service levels demanded by citizens and staff. The retention of a quality workforce maintains the overall service performance at all levels of the organization. Management and Council have committed to providing the "Best Value" for all citizens.

The Results of the Plan

The Plan is a financial planning model used by Management and Staff and has become an effective management tool in managing the business concern of the City of Mansfield, Texas. It has become a guide, indicator and reference point for the Rating Agencies and the investment community in assessing the credit strength of the City. The Plan is a forward-looking statement and includes the City's expectations, hopes, intentions and strategies regarding the future. These forward looking statements included herein are necessarily based on various assumptions and estimates inherently subject to various risks and uncertainties, including risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, judicial and any other governmental authorities or officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, market conditions and future business decisions all of which are difficult or impossible to predict accurately and many which are beyond the control of the City. Any such assumptions could be inaccurate and there can be no assurance that the forward-looking statements included in this Executive Summary will prove to be accurate or binding.

General Fund Strategic Plan Summary

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | Budgeted | Projected | Projected | Projected | Projected |
| Projected Beginning Fund Balance | \$ 14,372,710 | \$ 14,372,710 | \$ 15,406,990 | \$ 16,859,833 | \$ 18,895,862 |
| REVENUE DESCRIPTION | | | | | |
| Ad Valorem Taxes | 31,312,345 | 33,754,802 | 35,726,081 | 38,305,618 | 41,227,627 |
| Sales & Use Taxes | 11,459,662 | 11,918,048 | 12,675,590 | 13,205,858 | 13,602,033 |
| Franchise Taxes | 6,598,138 | 6,796,082 | 6,999,965 | 7,209,964 | 7,426,262 |
| Licenses & Permits | 1,809,858 | 2,068,200 | 2,326,725 | 2,412,900 | 2,502,522 |
| Fines & Forfeitures | 2,600,617 | 2,652,629 | 2,705,682 | 2,759,796 | 2,814,991 |
| Interfund Transfers | 1,449,913 | 1,449,913 | 1,449,913 | 1,449,913 | 1,449,913 |
| Other Revenue | 2,260,307 | 2,305,513 | 2,351,623 | 2,398,656 | 2,446,629 |
| Total Projected Revenue: | 57,490,840 | 60,945,187 | 64,235,579 | 67,742,705 | 71,469,977 |
| Percentage Change | 10.00% | 6.01% | 5.40% | 5.46% | 5.50% |
| EXPENDITURES | | | | | |
| General | 2,958,656 | 3,058,337 | 3,163,671 | 3,275,110 | 3,393,146 |
| Business | 5,039,762 | 5,158,764 | 5,283,734 | 5,415,148 | 5,553,524 |
| Police | 19,135,349 | 20,365,417 | 21,682,283 | 23,121,660 | 24,695,965 |
| Fire | 13,955,888 | 15,443,384 | 16,416,532 | 17,135,204 | 17,899,632 |
| Planning & Development | 3,925,061 | 4,076,835 | 4,238,256 | 4,410,140 | 4,593,380 |
| Public | 5,186,608 | 5,327,457 | 5,476,820 | 5,635,438 | 6,032,295 |
| Community | 4,429,447 | 4,587,861 | 4,756,718 | 4,936,933 | 5,129,506 |
| Other | 2,860,069 | 1,892,852 | 1,764,722 | 1,777,043 | 1,793,335 |
| Capital | | | | | |
| TOTAL EXPENDITURES | 57,490,840 | 59,910,907 | 62,782,736 | 65,706,676 | 69,090,783 |
| PROJECTED SOURCES(USES) | \$ - | \$ 1,034,280 | \$ 1,452,843 | \$ 2,036,029 | \$ 2,379,194 |
| Projected Ending Fund Balance | \$ 14,372,710 | \$ 15,406,990 | \$ 16,859,833 | \$ 18,895,862 | \$ 21,275,056 |
| Target Fund Balance | 14,372,710 | 16,058,895 | 16,426,669 | 17,272,696 | 18,227,663 |
| Projected Surplus(Deficit) | \$ - | \$ (651,905) | \$ 433,164 | \$ 1,623,166 | \$ 3,047,393 |
| PROJECTED DEBT SERVICE | | | | | |
| Property Taxes | 14,418,980 | 15,201,536 | 16,260,604 | 17,082,643 | 17,647,302 |
| Debt Ratio-% of Tax Rate | 34% | 33% | 34% | 33% | 33% |

General Fund Strategic Plan Summary

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|
| | Projected | Projected | Projected | Projected | Projected |
| Projected Beginning Fund Balance | \$ 22,283,001 | \$ 24,032,234 | \$ 24,857,918 | \$ 26,356,145 | \$ 27,086,160 |
| REVENUE DESCRIPTION | | | | | |
| Ad Valorem Taxes | 43,598,724 | 46,077,963 | 49,821,683 | 54,276,053 | 57,774,087 |
| Sales & Use Taxes | 14,010,094 | 14,430,397 | 14,863,309 | 15,309,208 | 15,768,485 |
| Franchise Taxes | 7,649,050 | 7,878,522 | 8,114,877 | 8,358,324 | 8,609,074 |
| Licenses & Permits | 2,585,250 | 2,585,250 | 2,585,250 | 2,585,250 | 2,585,250 |
| Fines & Forfeitures | 2,871,291 | 2,928,717 | 2,987,291 | 3,047,037 | 3,107,978 |
| Interfund Transfers | 1,449,913 | 1,449,913 | 1,449,913 | 1,449,913 | 1,449,913 |
| Other Revenue | 2,495,562 | 2,545,473 | 2,596,382 | 2,648,310 | 2,701,276 |
| Total Projected Revenue: | 74,659,884 | 77,896,235 | 82,418,705 | 87,674,095 | 91,996,063 |
| Percentage Change | 4.46% | 4.33% | 5.81% | 6.38% | 4.93% |
| EXPENDITURES | | | | | |
| General | 3,518,320 | 3,651,221 | 3,792,495 | 3,942,848 | 4,103,052 |
| Business | 5,699,430 | 5,853,489 | 6,016,380 | 6,188,850 | 6,371,713 |
| Police | 26,418,882 | 28,305,489 | 30,372,400 | 32,637,924 | 34,312,527 |
| Fire | 19,128,352 | 20,472,906 | 21,945,042 | 24,661,845 | 25,877,222 |
| Planning & Development | 4,788,954 | 4,997,933 | 5,221,490 | 5,460,912 | 5,717,608 |
| Public | 6,217,646 | 6,415,078 | 6,625,668 | 6,850,597 | 7,091,160 |
| Community | 5,335,535 | 5,556,225 | 5,792,896 | 6,046,997 | 6,320,116 |
| Other | 1,803,532 | 1,818,210 | 1,154,107 | 1,154,107 | 1,151,539 |
| Capital | | | | | |
| TOTAL EXPENDITURES | 72,910,651 | 77,070,551 | 80,920,478 | 86,944,080 | 90,944,937 |
| PROJECTED SOURCES(USES) | \$ 1,749,233 | \$ 825,684 | \$ 1,498,227 | \$ 730,015 | \$ 1,051,126 |
| Projected Ending Fund Balance | \$ 24,032,234 | \$ 24,857,918 | \$ 26,356,145 | \$ 27,086,160 | \$ 28,137,286 |
| Target Fund Balance | 19,267,638 | 20,230,120 | 21,736,020 | 22,736,234 | 23,736,235 |
| Projected Surplus(Deficit) | \$ 4,764,596 | \$ 4,627,798 | \$ 4,620,125 | \$ 4,349,926 | \$ 4,401,051 |
| PROJECTED DEBT SERVICE | | | | | |
| Property Taxes | 18,776,321 | 20,037,725 | 20,240,850 | 20,303,969 | 20,989,224 |
| Debt Ratio-% of Tax Rate | 33% | 33% | 32% | 30% | 30% |

Utility Fund Strategic Plan Summary

| | 2018 Budgeted | 2019 Projected | 2020 Projected | 2021 Projected | 2022 Projected |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUE DESCRIPTION | | | | | |
| Water Sales | \$ 16,263,351 | \$ 17,222,118 | \$ 17,780,114 | \$ 18,236,878 | \$ 18,639,677 |
| Sewer Sales | 11,304,896 | 12,442,438 | 12,840,846 | 13,461,057 | 13,952,142 |
| Wholesale | 2,222,975 | 2,230,709 | 2,438,991 | 2,449,721 | 2,671,746 |
| Other Fees | 1,091,481 | 1,391,674 | 1,474,200 | 1,543,263 | 1,608,856 |
| Impact Fees | - | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Interest Income | 24,000 | 205,000 | 205,000 | 205,000 | 205,000 |
| TOTAL REVENUE: | 30,906,703 | 34,991,939 | 36,239,151 | 37,395,919 | 38,577,421 |
| EXPENDITURES | | | | | |
| Administration | 1,164,562 | 1,222,859 | 1,278,448 | 1,336,650 | 1,397,591 |
| Billing & Collections | 975,953 | 1,068,908 | 1,114,192 | 1,161,497 | 1,210,914 |
| Meter Reading & Repair | 942,806 | 986,431 | 1,026,897 | 1,069,120 | 1,113,181 |
| Water Distribution | 1,029,566 | 1,075,033 | 1,122,594 | 1,172,348 | 1,224,397 |
| Waste Water Collection | 7,782,189 | 8,045,579 | 8,456,844 | 8,870,331 | 8,932,202 |
| Water Quality Control | 9,303,511 | 9,084,515 | 9,316,875 | 9,662,953 | 9,924,170 |
| Other | 366,537 | 1,232,349 | 1,277,275 | 1,323,535 | 1,371,191 |
| Capital | | | | | |
| TOTAL OPERATING EXP: | 21,565,123 | 22,715,674 | 23,593,125 | 24,596,434 | 25,173,646 |
| OPERATING REVENUE | 9,341,580 | 12,276,265 | 12,646,026 | 12,799,485 | 13,403,775 |
| OTHER EXPENSES | | | | | |
| Transfers | 1,448,513 | 1,208,513 | 1,208,513 | 1,208,513 | 1,208,513 |
| Debt Service | 5,875,009 | 6,386,533 | 5,534,833 | 5,535,871 | 5,731,871 |
| TOTAL OTHER OPERATING: | 7,323,522 | 7,595,046 | 6,743,346 | 6,744,384 | 6,940,384 |
| NET OPERATING ACTIVITY: | \$ 2,018,058 | \$ 4,681,219 | \$ 5,902,680 | \$ 6,055,101 | \$ 6,463,391 |
| COVERAGE FACTOR: | | | | | |
| Annual Debt Service | 1.70 | 1.73 | 2.07 | 2.09 | 2.13 |
| Maximum Annual Require | 1.70 | 1.92 | 2.21 | 2.23 | 2.34 |
| Average Annual Require | 3.24 | 2.92 | 3.11 | 3.22 | 3.47 |

Utility Fund Strategic Plan Summary

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Projected | Projected | Projected | Projected | Projected |
| REVENUE DESCRIPTION | | | | | |
| Water Sales | \$ 19,052,137 | \$ 19,579,770 | \$ 20,167,163 | \$ 20,772,178 | \$ 21,395,343 |
| Sewer Sales | 14,457,272 | 15,222,389 | 15,983,508 | 16,782,684 | 17,621,818 |
| Wholesale | 2,771,455 | 2,903,340 | 2,932,373 | 2,961,697 | 2,991,314 |
| Other Fees | 1,676,374 | 1,755,239 | 1,772,375 | 1,789,681 | 1,807,160 |
| Impact Fees | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Interest Income | 205,000 | 205,000 | 205,000 | 205,000 | 205,000 |
| TOTAL REVENUE: | 39,662,238 | 41,165,738 | 42,560,419 | 44,011,240 | 45,520,635 |
| EXPENDITURES | | | | | |
| Administration | 1,461,402 | 1,528,222 | 1,604,633 | 1,684,865 | 1,769,108 |
| Billing & Collections | 1,262,543 | 1,316,485 | 1,382,309 | 1,451,425 | 1,523,996 |
| Meter Reading & Repair | 1,159,164 | 1,207,155 | 1,267,513 | 1,330,888 | 1,397,433 |
| Water Distribution | 1,278,852 | 1,335,828 | 1,402,618 | 1,472,749 | 1,546,387 |
| Waste Water Collection | 9,288,443 | 9,663,789 | 10,146,978 | 10,654,327 | 11,187,044 |
| Water Quality Control | 10,449,015 | 11,132,251 | 11,688,864 | 12,273,307 | 12,886,972 |
| Other | 1,340,677 | 1,375,400 | 1,423,539 | 1,480,481 | 1,539,700 |
| Capital | | | | | |
| TOTAL OPERATING EXP: | 26,240,096 | 27,559,130 | 28,916,454 | 30,348,042 | 31,850,640 |
| OPERATING REVENUE | 13,422,142 | 13,606,608 | 13,643,965 | 13,663,198 | 13,669,995 |
| OTHER EXPENSES | | | | | |
| Transfers | 1,208,513 | 1,208,513 | 1,208,513 | 1,208,513 | 1,208,513 |
| Debt Service | 5,206,033 | 4,972,708 | 5,239,181 | 5,242,881 | 5,239,000 |
| TOTAL OTHER OPERATING: | 6,414,546 | 6,181,221 | 6,447,694 | 6,451,394 | 6,447,513 |
| NET OPERATING ACTIVITY: | \$ 7,007,596 | \$ 7,425,387 | \$ 7,196,271 | \$ 7,211,804 | \$ 7,222,482 |
| COVERAGE FACTOR: | | | | | |
| Annual Debt Service | 2.35 | 2.49 | 2.37 | 2.38 | 2.38 |
| Maximum Annual Require | 2.56 | 2.60 | 2.60 | 2.61 | 2.61 |
| Average Annual Require | 3.61 | 3.79 | 3.94 | 4.16 | 4.45 |

For illustration purposes the plan has been prepared to allow for modest rate adjustments throughout the decade. Without rate increases, the model suggests fiscal stress will be encountered during this period unless revenue or expenses are adjusted. The Average Annual Requirement is the leading indicator of potential fiscal stress. Although increasing, coverage factors remain fairly constant and suggest a good bill of fiscal health in the Water and Sewer Fund. Rates during this period may or may not be adjusted depending upon the factors affecting the economic variables assumed in this model.

**City of Mansfield, Texas
Strategic Plan
2018-2027**

ASSUMPTIONS

PROJECTS, EXPENSES, REVENUES

GENERAL FUND ASSUMPTIONS

Revenues

Table 1

Table 1 estimates the amount of residential construction and corresponding increase in the population based on an assumed multiplier.

| Year | Estimated Population | Estimated Units | Estimated Multiplier | Estimated Added Population | Estimated Population |
|------|----------------------|-----------------|----------------------|----------------------------|----------------------|
| 2017 | 68,784 | 600 | 3 | 1,386 | 70,170 |
| 2018 | 70,170 | 525 | 3 | 1,617 | 71,787 |
| 2019 | 71,787 | 600 | 3 | 1,848 | 73,635 |
| 2020 | 73,635 | 675 | 3 | 2,079 | 75,714 |
| 2021 | 75,714 | 700 | 3 | 2,156 | 77,870 |
| 2022 | 77,870 | 726 | 3 | 2,236 | 80,106 |
| 2023 | 80,106 | 750 | 3 | 2,310 | 82,416 |
| 2024 | 82,416 | 751 | 3 | 2,313 | 84,729 |
| 2025 | 84,729 | 750 | 3 | 2,310 | 87,039 |
| 2026 | 87,039 | 500 | 3 | 1,540 | 88,579 |
| 2027 | 88,579 | 500 | 3 | 1,540 | 90,119 |

Ad Valorem Tax Assumptions

Table 2

Table 2 estimates the estimated value of new construction of a single family residential dwelling and the corresponding property value. The tax rate assumption for Ad Valorem Taxes \$.71 cents.

| Tax Year | Estimated Residential Units | New Commercial | New Residential | Ad Valorem Tax | *Annual Total |
|----------|-----------------------------|----------------|-----------------|----------------|---------------|
| 2017 | 600 | 114,341,282 | 86,026,055 | 1,422,608 | 1,422,608 |
| 2018 | 525 | 97,813,151 | 129,324,839 | 1,612,680 | 1,612,680 |
| 2019 | 600 | 56,019,775 | 210,000,000 | 1,888,740 | 1,888,740 |
| 2020 | 675 | 56,019,775 | 236,250,000 | 2,075,115 | 2,075,115 |
| 2021 | 700 | 56,019,775 | 245,000,000 | 2,137,240 | 2,137,240 |
| 2022 | 726 | 56,019,775 | 254,100,000 | 2,201,850 | 2,201,850 |
| 2023 | 750 | 56,019,775 | 262,500,000 | 2,261,490 | 2,261,490 |
| 2024 | 751 | 56,019,775 | 262,850,000 | 2,263,975 | 2,263,975 |
| 2025 | 750 | 56,019,775 | 262,500,000 | 2,261,490 | 2,261,490 |
| 2026 | 500 | 56,019,775 | 175,000,000 | 1,640,240 | 1,640,240 |
| 2027 | 500 | 56,019,775 | 175,000,000 | 1,640,240 | 1,640,240 |

Table 3

Table 3 estimates the estimated value of the existing tax base and new construction value. The tax rate assumption for Ad Valorem Taxes \$.71 cents per \$100.

| Tax Year | Beginning Value | New Const. Value | Existing Value Increase | Est. Total Valuation | *Projected Ad Valorem Tax |
|----------|-----------------|------------------|-------------------------|----------------------|---------------------------|
| 2017 | 5,365,579,777 | 200,367,337 | 302,026,216 | 5,867,973,330 | 41,662,611 |
| 2018 | 5,867,973,330 | 227,137,990 | 317,175,494 | 6,412,286,814 | 45,527,236 |
| 2019 | 6,412,286,814 | 266,019,775 | 54,594,566 | 6,732,901,155 | 47,803,598 |
| 2020 | 6,732,901,155 | 292,269,775 | 44,375,283 | 7,069,546,212 | 50,193,778 |
| 2021 | 7,069,546,212 | 301,019,775 | 52,457,536 | 7,423,023,523 | 52,703,467 |
| 2022 | 7,423,023,523 | 310,119,775 | 61,031,401 | 7,794,174,699 | 55,338,640 |
| 2023 | 7,794,174,699 | 318,519,775 | 71,188,960 | 8,183,883,434 | 58,105,572 |
| 2024 | 8,183,883,434 | 318,869,775 | 90,324,397 | 8,593,077,606 | 61,010,851 |
| 2025 | 8,593,077,606 | 318,519,775 | 111,134,105 | 9,022,731,486 | 64,061,394 |
| 2026 | 9,022,731,486 | 231,019,775 | 220,116,799 | 9,473,868,060 | 67,264,463 |
| 2027 | 9,473,868,060 | 231,019,775 | 242,673,628 | 9,947,561,464 | 70,627,686 |

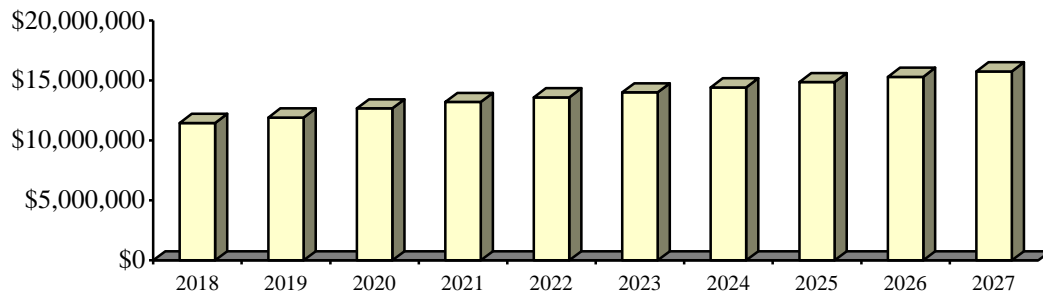
Sales Tax Assumptions

Table 4

Table 4 estimates the sales tax, mixed drink tax and utility sales tax.

| Tax Year | Sales Tax per Capita | Sales Tax | Mixed Drink Tax | Utility Sales Tax | Annual Total |
|----------|----------------------|------------|-----------------|-------------------|--------------|
| 2017 | \$ 153.96 | 10,386,214 | 180,031 | 23,743 | 10,589,988 |
| 2018 | 160.67 | 11,255,888 | 180,031 | 23,743 | 11,459,662 |
| 2019 | 163.39 | 11,708,162 | 185,432 | 24,455 | 11,918,049 |
| 2020 | 169.48 | 12,459,407 | 190,995 | 25,189 | 12,675,591 |
| 2021 | 171.80 | 12,983,190 | 196,725 | 25,945 | 13,205,860 |
| 2022 | 172.12 | 13,372,686 | 202,626 | 26,723 | 13,602,035 |
| 2023 | 172.41 | 13,773,866 | 208,705 | 27,525 | 14,010,096 |
| 2024 | 172.67 | 14,187,082 | 214,966 | 28,350 | 14,430,399 |
| 2025 | 173.06 | 14,612,695 | 221,415 | 29,201 | 14,863,311 |
| 2026 | 173.59 | 15,051,076 | 228,058 | 30,077 | 15,309,211 |
| 2027 | 175.71 | 15,501,460 | 234,900 | 30,974 | 15,767,333 |

Projected Sales Tax



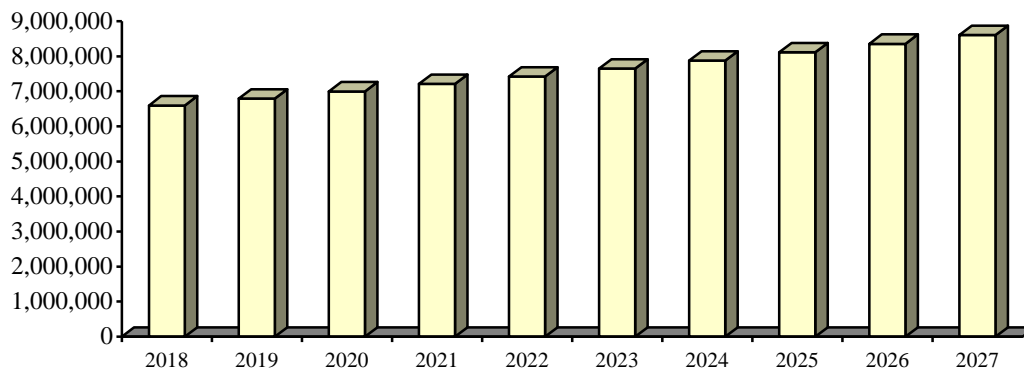
Franchise Fee Assumptions

Table 5

Table 5 estimates the franchise tax collected on electricity, gas, phone and cable services.

| Tax Year | Franchise Tax | Estimated Increase | Percent Increase | Estimated Total |
|----------|---------------|--------------------|------------------|-----------------|
| 2017 | 6,494,225 | | | |
| 2018 | 6,598,138 | 103,913 | 2% | 6,598,138 |
| 2019 | 6,796,082 | 197,944 | 3% | 6,796,082 |
| 2020 | 6,999,965 | 203,883 | 3% | 6,999,965 |
| 2021 | 7,209,964 | 209,999 | 3% | 7,209,964 |
| 2022 | 7,426,262 | 216,298 | 3% | 7,426,262 |
| 2023 | 7,649,050 | 222,788 | 3% | 7,649,050 |
| 2024 | 7,878,522 | 229,472 | 3% | 7,878,522 |
| 2025 | 8,114,877 | 236,355 | 3% | 8,114,877 |
| 2026 | 8,358,324 | 243,447 | 3% | 8,358,324 |
| 2027 | 8,609,074 | 250,750 | 3% | 8,609,074 |

Projected Franchise Tax



Operating Expense Assumptions

The Operating Expense assumptions include an annual increase in personnel costs and operating costs of approximately 3%. New positions will be evaluated based on building permit activity and related population growth. The Capital Improvement Program has been structured to add infrastructure improvements annually with minimal impact on operating cost and debt ratios. The Strategic Plan is structured to provide:

- Operating expense growth based on population growth and development requirements.
- Increased staffing primarily in Public Safety.
- Annual increases in operating costs including utilities, fuel and supplies.
- The addition of new positions based on population growth related to residential building permit activity.

Summary of Full Time Equivalent Positions

| Full Time Equivalent Positions | Strategic Plan 2018 | Strategic Plan 2019 | Strategic Plan 2020 | Strategic Plan 2021 | Strategic Plan 2022 | Strategic Plan 2023 | Strategic Plan 2024 | Strategic Plan 2025 | Strategic Plan 2026 |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Government | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Business Services | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Police | 140 | 144 | 148 | 151 | 154 | 158 | 162 | 166 | 170 |
| Fire | 89 | 98 | 101 | 101 | 101 | 104 | 107 | 110 | 119 |
| Development | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| Community Services | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| Public Works | 30 | 30 | 30 | 30 | 33 | 33 | 33 | 33 | 33 |
| Total | 346 | 359 | 366 | 369 | 375 | 382 | 389 | 396 | 409 |

Summary of Street Construction and Capital Projects

Note: costs include the expected collection of impact fees and may vary from amounts borrowed depending upon the anticipated collection of impact fees.

FY 2018 - \$20,103,597

- Broad Street
- Regency Parkway
- North Street Power Lines
- North Street CDBG
- North Main Street
- Other Road Improvements
- Loft Public Improvements
- Back Yard Parking Lot
- Property at 1025 Broad Street
- Property at 1701 Commerce Dr.
- Infrastructure Improvements-Hwy 287/Broad Street

FY 2019 - \$17,650,000

- Seeton Road at Joe Pool Lake Construction
- Day Miar Phase I Construction
- S. Holland Rd. Phase III Construction
- CDBG Lake Street
- Misc. Residential/Intersection Reconstruction

FY 2020 - \$17,000,000

- Cannon Drive South (to Matlock Road)
- Mitchell Road (E. Broad to Roberts Road)
- Day Miar Phase II Construction
- Price Road Construction
- S. Holland Phase II Design
- Main Street/Russell Road/FM 157 Connector
- Misc. Residential/Intersection Reconstruction

FY 2021 - \$16,400,000

- S. Holland Road Phase II Construction
- Gertie Barrett (Bus 287 to Country Meadow)
- Heritage Parkway/National Parkway Reconstruction
- S Main Resurfacing (Hunt to Heritage)
- Misc. Residential/Intersection Reconstruction

FY 2022 - \$16,200,000

- Debbie Lane – Additional Lanes (Walnut Creek to US 287)
- E. Broad Reconstruction/Additional Lanes (Matlock to SH 360) – Phase I
- Callender Road (US 287 to Debbie Lane)
- National Parkway – Additional Lanes
- Misc. Residential Roadways

FY 2023 - \$12,450,000

- Broad – Additional 2 Lanes (Matlock to SH 360) Phase II
- Lone Star Road/FM 157 (US 287 to Chambers Street)
- Matlock Road – Additional Lanes (Debbie Lane to Ragland)
- Mitchell Road (Heritage Parkway to Mathis Road)
- Route A/Easy Drive/6th Avenue

FY 2024 - \$11,800,000

- Lone Star Bridge Widening
- Misc. Residential Roadways

FY 2025 - \$7,000,000

- Misc. Residential Roadways
- Misc. Arterial/Collector Roadways

FY 2026 - \$3,000,000

- Misc. Residential Roadways

FY 2027 - \$5,000,000

- Misc. Residential Roadways

Summary of Land Acquisitions and Facility Construction Projects

FY 2018 - \$0

FY 2019 - \$7,000,000

- Fire Station #5

FY 2020 - \$0

FY 2021 - \$0

FY 2022 - \$6,100,000

- Public Safety Building Expansion

FY 2023 - \$0

FY 2024 - \$6,000,000

- Fire Station #6

FY 2025 - \$0

FY 2026 - \$0

FY 2027 - \$0

Summary of Utility Construction Projects

Note: costs include the expected collection of impact fees and may vary from amounts borrowed depending upon the anticipated collection of impact fees.

FY 2018 - \$6,550,000

- 30” Water Line Matlock South of Broad Street
- Water/Sewer Lines in Industrial Park
- 4G Meter Change-out Program
- Misc. Utilities for Roadway Bond Projects

FY 2019 - \$11,100,000

- Holland Lift Station
- 12” Water Line North Main Street
- Clearwell #4 @ Bud Ervin Water Treatment Plant-Construction
- Misc. Utilities for Roadway Bond Projects

FY 2020 - \$1,200,000

- Misc. Utilities for Roadway Bond Projects

FY 2021 - \$3,100,000

- 24” Water Line Newt Patterson
- Final Expansion of Bud Ervin Water Treatment Plant (60MGD) - APAI
- Reassess Walnut Creek Interceptor
- Misc. Utilities for Roadway Bond Projects

FY 2022 - \$12,450,000

- Lone Star 2.5 MG EST
- Misc. Utilities for Roadway Bond Projects

FY 2023 - \$600,000

- Misc. Utilities for Roadway Bond Projects

FY 2024 - \$10,600,000

- Final Expansion of Bud Ervin Water Treatment Plant (60MGD) – Construction
- Misc. Utilities for Roadway Bond Projects

FY 2025 - \$600,000

- Misc. Utilities for Roadway Bond Projects

FY 2026 - \$600,000

- Misc. Utilities for Roadway Bond Projects

FY 2027 - \$7,600,000

- Phase I of Future Water Treatment Plant Design
- Misc. Utilities for Roadway Bond Projects

