

STRATEGIC PLAN
UPDATE
FOR
FY 2014-2023

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**City of Mansfield, Texas
Strategic Plan
2014-2023**

Executive Summary

THE CITY OF MANSFIELD, TEXAS

Strategic 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 36.64 square miles. Current population estimates by City Planners suggest that the City is home to 59,230 people. In 1970, the City was home to 3,658 residents. Since 1970, the City's population has grown by 55,572 residents. Mansfield, Texas is the third largest City in the County, Tarrant, and is third only to Fort Worth, and Arlington, Texas in Tarrant County.

The Council of Governments, a coalition of local governments in the metropolitan area, continues to project growth in the population in Tarrant County over the next three decades. City Planners also continue to project growth in the City of Mansfield's population and ultimately project the population of the City to be home to 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. City infrastructure was aging and was unable to support the expectations of a new and growing population. City resources were limited: there was 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, aide and assist 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 the infrastructure and services necessary to support the expected populations. The models are carefully reviewed and some require the public's involvement ensure that these documents are consistent with the interest of the vested stakeholders of the community. These 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

Exhibit A

models is the land use model because it determines population densities or expected populations. 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 City's other infrastructure planning models and focuses on the City's financial capacity, projected financial capacity and its ability to pay for the infrastructure and services expected to be needed in the future. The Strategic Plan focuses on the two primary purposes of the City of Mansfield, Texas: General Infrastructure, General Services and Water & Sewer Services. These two activities also referred to as Corporations of the City, address the primary demands of the patrons of the City of Mansfield, Texas.

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 to programs, such as public safety, street programs, park programs, water, sewer services and the business administration of these City services. Year over year, these essential programs, are managed and developed to meet the needs of the population of the City.

This Strategic Plan is a planning tool used to address these demands for funding and identify potential stress points or weaknesses in the services being provided by the City as well. 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 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 and October 10, 2011.

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 for almost 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.

City's Guiding Fiscal Policy - Growth pays for Growth

The current population of the City is only asked to bear its costs of services; the cost of infrastructure development and the related services needed to support the development is 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

Management knows that 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.
- Fund Cash and 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 the big 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 policy is to annually present 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.

Exhibit A

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. If any of these ratios gets too low, Management is prompted to act in restoring these ratios to their normal levels.

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 review 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. The Business Services Director estimates projected availability of funding for new staffing, equipment and capital requirements.

June – September

The Business Services Division updates the Strategic Plan and reviews the plan with the City Manager. The City Manager presents the Plan for approval

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, 2014-2023. 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 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 although not as dramatically as in prior years during the population boom period because of the recent trends of growth in the New Economy which suggest a more 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

Exhibit A

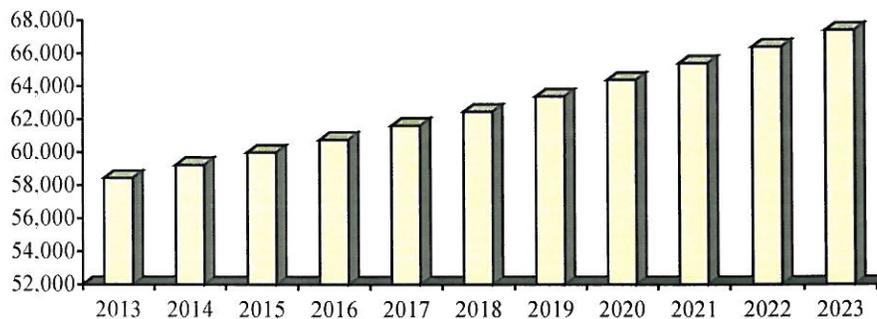
the cost of delivering raw water to the City's water treatment facilities and the cost of treating the City's sewer water. The City is closely monitoring these rate increases that are being charged by Tarrant Regional Water District and Trinity River Authority to the City for their capital expansion 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 current revenue models. However, 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 continue to improve in the City. The State of Texas employment percentages continue to improve as well. 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 2014:	59,230
Estimated 2023:	67,396

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.

Capital Improvements

General Fund Improvements:	\$80,478,600
Water & Sewer Fund Improvements:	\$78,520,000

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	\$2,345,450
General Fund Equipment	\$12,058,727

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.

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 2013-2014 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 FY 2013-2014 budget?

The FY 2013-2014 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 2013-2014 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. The slowdown in residential permit activity that began in FY 2006-2007 has challenged each division and department to evaluate operational requirements, staffing levels and capital requirements. The FY 2013-2014 operational budget increased to reflect increased service demands and identify staffing needs primarily in Public Safety, Street Maintenance and Community Services. In short, 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

General Fund	2014 Budgeted	2015 Projected	2016 Projected	2017 Projected	2018 Projected
BEGINNING FUND BALANCE	\$10,482,152	\$10,482,152	\$10,259,030	\$10,679,045	\$11,639,230
REVENUES:					
Ad Valorem Taxes	\$21,720,455	\$22,098,806	\$23,435,868	\$24,685,320	\$25,963,536
Sales and Use Taxes	8,855,960	9,298,758	9,763,696	10,251,881	10,764,475
Franchise Taxes	5,951,620	6,249,201	6,561,661	6,889,744	7,234,231
Licenses and Permits	1,263,599	1,326,779	1,393,118	1,462,774	1,535,912
Fines and Forfeitures	2,299,700	2,414,685	2,535,419	2,662,190	2,795,300
Interfund Transfer	810,532	810,532	810,532	810,532	810,532
Other Revenue	1,026,740	1,078,077	1,131,981	1,188,580	1,248,009
TOTAL REVENUE:	41,928,606	43,276,837	45,632,275	47,951,021	50,351,995
Percentage Change	9%	3%	5%	5%	5%
EXPENDITURES:					
General	2,115,494	2,180,074	2,246,851	2,315,907	2,387,329
Business	4,440,213	4,553,901	4,670,888	4,791,285	4,915,206
Police	14,011,310	14,668,007	15,433,286	16,231,239	16,978,036
Fire	10,172,829	10,531,606	10,903,825	11,290,025	11,690,764
Planning	3,288,966	3,403,465	3,522,191	3,645,310	3,772,995
Public	3,729,598	3,851,767	3,978,116	4,108,794	4,243,960
Community	3,616,700	3,741,039	3,869,900	4,003,458	4,141,896
Other	553,496	570,100	587,203	604,819	622,964
Capital	-	-	-	-	-
TOTAL EXPENDITURES:	41,928,606	43,499,959	45,212,260	46,990,837	48,753,150
SOURCES/(USES):	0	(223,122)	420,015	960,184	1,598,845
PROJECTED FUND BALANCE	10,482,152	10,259,030	10,679,045	11,639,230	13,238,075
Target Fund Balance: 25%	10,819,209	11,408,069	11,987,755	12,587,999	13,212,553
Surplus/(Deficit)	(337,057)	(1,149,038)	(1,308,710)	(948,769)	25,521
PROJECTED DEBT SERVICE:					
Property Taxes	\$12,441,798	\$12,648,719	\$12,250,341	\$12,477,928	\$12,713,034
Debt Ratio - % of Tax Rate	37%	36%	34%	33%	32%
Debt Ratio - % of Total Budget	23%	23%	21%	21%	20%

General Fund Strategic Plan Summary

General Fund	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
BEGINNING FUND BALANCE	\$13,238,075	\$15,418,527	\$18,007,490	\$20,512,451	\$24,070,395
REVENUES:					
Ad Valorem Taxes	\$27,282,857	\$28,533,838	\$29,129,925	\$30,967,257	\$33,445,390
Sales and Use Taxes	11,302,698	11,867,833	12,461,225	13,084,286	13,738,501
Franchise Taxes	7,595,943	7,975,740	8,374,527	8,793,253	9,232,916
Licenses and Permits	1,612,708	1,693,344	1,778,011	1,866,911	1,960,257
Fines and Forfeitures	2,935,065	3,081,818	3,235,909	3,397,704	3,567,589
Interfund Transfer	810,532	810,532	810,532	810,532	810,532
Other Revenue	1,310,409	1,375,930	1,444,726	1,516,963	1,592,811
TOTAL REVENUE:	52,850,213	55,339,035	57,234,854	60,436,906	64,347,996
Percentage Change	5%	5%	3%	6%	6%
EXPENDITURES:					
General	2,461,207	2,537,635	2,616,710	2,698,534	2,783,212
Business	5,042,770	5,174,102	5,309,330	5,448,588	5,592,015
Police	17,842,895	18,833,824	19,685,172	20,665,163	21,399,339
Fire	12,106,628	12,538,225	12,986,190	13,451,185	13,933,900
Planning	3,905,426	4,042,793	4,185,291	4,333,125	4,486,507
Public	4,383,776	4,528,411	4,678,041	4,832,849	4,993,025
Community	4,285,404	4,434,180	4,588,430	4,748,368	4,914,219
Other	641,653	660,903	680,730	701,152	722,186
Capital	-	-	-	-	-
TOTAL EXPENDITURES:	50,669,760	52,750,072	54,729,893	56,878,962	58,824,402
SOURCES/(USES):	2,180,453	2,588,962	2,504,962	3,557,944	5,523,594
PROJECTED FUND BALANCE	15,418,527	18,007,490	20,512,451	24,070,395	29,593,989
Target Fund Balance: 25%	13,834,759	14,308,714	15,109,227	16,086,999	16,891,349
Surplus/(Deficit)	1,583,769	3,698,776	5,403,225	7,983,396	12,702,640
PROJECTED DEBT SERVICE:					
Property Taxes	\$12,998,507	\$13,444,706	\$14,588,963	\$14,534,845	\$14,396,543
Debt Ratio - % of Tax Rate	31%	29%	28%	27%	26%
Debt Ratio - % of Total Budget	20%	20%	20%	19%	18%

Utility Fund Strategic Plan Summary

Water & Sewer	2014 Budgeted	2015 Projected	2016 Projected	2017 Projected	2018 Projected
REVENUE DESCRIPTION:					
Water Sales	\$ 14,610,113	\$15,214,239	\$15,905,882	\$16,576,871	\$16,658,916
Sewer Sales	9,246,482	9,850,911	10,399,980	10,862,042	11,079,534
Wholesale	1,113,250	1,948,188	2,783,125	3,033,125	3,048,291
Other fees	1,137,121	1,171,234	1,205,348	2,140,397	2,151,099
Impact Fees	900,000	900,000	900,000	900,000	900,000
Interest Income	12,500	14,500	14,500	15,500	16,500
TOTAL REVENUE:	27,019,466	29,099,072	31,208,835	33,527,935	33,854,340
EXPENSE DESCRIPTION:					
Administration:	559,207	575,259	591,790	608,814	625,891
Billing and Collection:	845,998	876,989	909,205	942,699	970,439
Meter Reading and Repair:	883,973	916,790	773,736	792,565	811,181
Water & Distribution:	855,113	910,469	936,603	963,548	990,273
Waste Water Collection:	5,707,609	6,555,792	7,048,218	7,555,595	8,088,993
Water Quality Control:	7,409,535	7,902,585	8,719,636	9,508,620	10,207,752
Other	421,222	430,982	444,468	458,408	469,868
TOTAL OPERATING EXP:	16,682,657	18,168,866	19,423,656	20,830,249	22,164,397
OPERATING REVENUE:	10,336,809	10,930,206	11,785,179	12,697,686	11,689,942
	38%	38%	38%	38%	35%
OTHER EXPENSES:					
Transfers	810,532	810,532	810,532	810,532	810,532
Debt Service	6,313,316	6,324,720	7,328,470	7,314,826	7,131,695
TOTAL OTHER OPERATING:	7,123,848	7,135,252	8,139,002	8,125,358	7,942,227
NET OPERATING ACTIVITY:	\$ 3,212,961	\$ 3,794,954	\$ 3,646,177	\$ 4,572,328	\$ 3,747,715
COVERAGE FACTOR:					
Annual Debt Service	1.51	1.60	1.50	1.63	1.53
Maximum Annual Require	1.51	1.60	1.50	1.67	1.59
Average Annual Require	2.60	2.76	2.99	3.24	2.96

Utility Fund Strategic Plan Summary

Water & Sewer	2019	2020	2021	2022	2023
	Projected	Projected	Projected	Projected	Projected
REVENUE DESCRIPTION:					
Water Sales	\$17,015,013	\$17,368,019	\$17,563,715	\$17,761,616	\$17,961,747
Sewer Sales	11,301,597	11,521,696	11,651,518	11,782,803	11,915,567
Wholesale	3,063,532	3,078,850	3,094,244	3,109,715	3,125,264
Other fees	2,161,854	2,172,664	2,183,527	2,194,445	2,205,417
Impact Fees	900,000	900,000	900,000	900,000	900,000
Interest Income	16,500	16,500	16,500	16,500	16,500
TOTAL REVENUE:	34,458,497	35,057,728	35,409,504	35,765,079	36,124,494
EXPENSE DESCRIPTION:					
Administration:	643,458	661,527	681,373	701,814	722,868
Billing and Collection:	996,891	1,024,083	1,049,685	1,075,927	1,102,825
Meter Reading and Repair:	835,337	835,048	855,924	877,322	899,255
Water & Distribution:	1,017,775	1,076,076	1,102,978	1,130,552	1,158,816
Waste Water Collection:	8,737,338	9,408,463	9,690,717	9,981,438	10,280,882
Water Quality Control:	10,713,512	11,369,957	11,711,056	12,062,388	12,424,259
Other	481,615	493,655	505,997	518,647	531,613
TOTAL OPERATING EXP:	23,425,926	24,868,810	25,597,730	26,348,089	27,120,519
OPERATING REVENUE:	11,032,571	10,188,919	9,811,774	9,416,990	9,003,975
	32%	29%	28%	26%	25%
OTHER EXPENSES:					
Transfers	810,532	810,532	810,532	810,532	810,532
Debt Service	6,843,128	5,993,389	5,987,653	5,988,623	5,459,624
TOTAL OTHER OPERATING:	7,653,660	6,803,921	6,798,185	6,799,155	6,270,156
NET OPERATING ACTIVITY:	\$ 3,378,911	\$ 3,384,998	\$ 3,013,589	\$ 2,617,835	\$ 2,733,819
COVERAGE FACTOR:					
Annual Debt Service	1.49	1.56	1.50	1.44	1.50
Maximum Annual Require	1.71	1.57	1.50	1.58	1.57
Average Annual Require	2.78	2.55	2.45	2.34	2.23

For illustration purposes the plan has been prepared to allow for modest rate adjustments over the next five years and allowed for no rates adjustments in the last five years of the plan to show the impact of holding rates constant. This 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 decreasing, other coverage factors remain fairly constant and suggest a good bill of fiscal health of 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
2014-2023**

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
Current	58,490	240	3.08	740	59,230
2014	59,230	250	3.08	770	60,000
2015	60,000	250	3.08	770	60,770
2016	60,770	275	3.08	848	61,618
2017	61,618	275	3.08	847	62,465
2018	62,465	300	3.08	925	63,390
2019	63,390	325	3.08	1,001	64,391
2020	64,391	325	3.08	1,002	65,393
2021	65,393	325	3.08	1,001	66,394
2022	66,394	325	3.08	1,002	67,396
2023	67,396	325	3.08	1,001	68,397

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	Total New Construction Value	Total New Ad Valorem Tax
Current	240	\$ 34,426,251	\$ 48,674,069	\$ 83,100,320	\$ 590,012
2014	250	48,859,504	42,901,609	91,761,113	651,504
2015	250	25,000,000	75,000,000	100,000,000	710,000
2016	275	25,000,000	82,500,000	107,500,000	763,250
2017	275	25,000,000	82,500,000	107,500,000	763,250
2018	300	25,000,000	90,000,000	115,000,000	816,500
2019	325	25,000,000	97,500,000	122,500,000	869,750
2020	325	25,000,000	97,500,000	122,500,000	869,750
2021	325	25,000,000	97,500,000	122,500,000	869,750
2022	325	25,000,000	97,500,000	122,500,000	869,750
2023	325	25,000,000	97,500,000	122,500,000	869,750

Exhibit A

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 Construction Value	Existing Value Increase	Estimated Total Valuation	Projected Ad Valorem Tax
Current	\$ 4,421,890,676	\$ 83,100,320	\$ 44,218,907	\$ 4,549,209,903	\$ 32,299,390
2014	4,690,565,049	91,761,113	111,691,444	4,894,017,606	34,747,525
2015	4,894,017,606	100,000,000	32,209,014	5,026,226,620	35,686,209
2016	5,026,226,620	107,500,000	100,520,986	5,234,247,606	37,163,158
2017	5,234,247,606	107,500,000	105,656,620	5,447,404,225	38,676,570
2018	5,447,404,225	115,000,000	111,027,324	5,673,431,549	40,281,364
2019	5,673,431,549	122,500,000	116,539,437	5,912,470,986	41,978,544
2020	5,912,470,986	122,500,000	122,618,873	6,157,589,859	43,718,888
2021	6,157,589,859	122,500,000	128,656,901	6,408,746,761	45,502,102
2022	6,408,746,761	122,500,000	207,053,662	6,738,300,423	47,841,933
2023	6,738,300,423	122,500,000	222,595,070	7,083,395,493	50,292,108

Sales Tax Assumptions

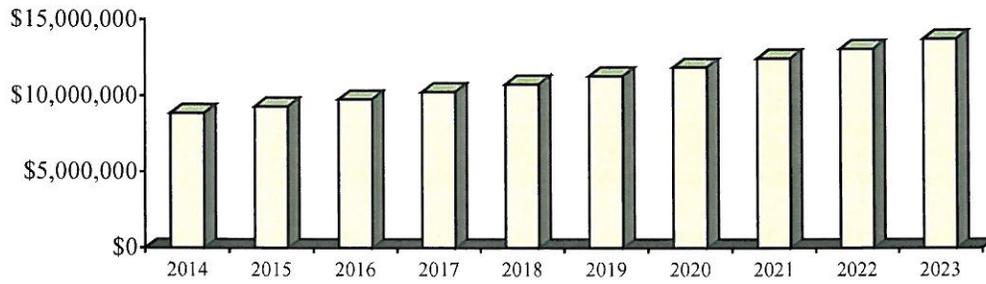
Table 4

Table 5 estimates the sales tax, mixed drink tax and utility sales tax. Beginning in FY 2014-2015, Sales Tax is expected to increase 3% annually.

Fiscal Year	Units	Per Capita	Sales Tax	Mixed Drink Tax	Utility Sales Tax	Total Annual Sales Tax
Current	240	\$ 134	\$ 7,839,754	\$ 118,000	\$ 16,500	\$ 7,974,254
2014	250	\$ 147	8,721,460	118,000	16,500	8,855,960
2015	250	\$ 153	9,164,258	118,000	16,500	9,298,758
2016	275	\$ 158	9,629,196	118,000	16,500	9,763,696
2017	275	\$ 164	10,117,381	118,000	16,500	10,251,881
2018	300	\$ 170	10,629,975	118,000	16,500	10,764,475
2019	325	\$ 176	11,168,198	118,000	16,500	11,302,698
2020	325	\$ 182	11,733,333	118,000	16,500	11,867,833
2021	325	\$ 189	12,326,725	118,000	16,500	12,461,225
2022	325	\$ 195	12,949,786	118,000	16,500	13,084,286
2023	325	\$ 202	13,604,001	118,000	16,500	13,738,501

Exhibit A

Projected Sales Tax



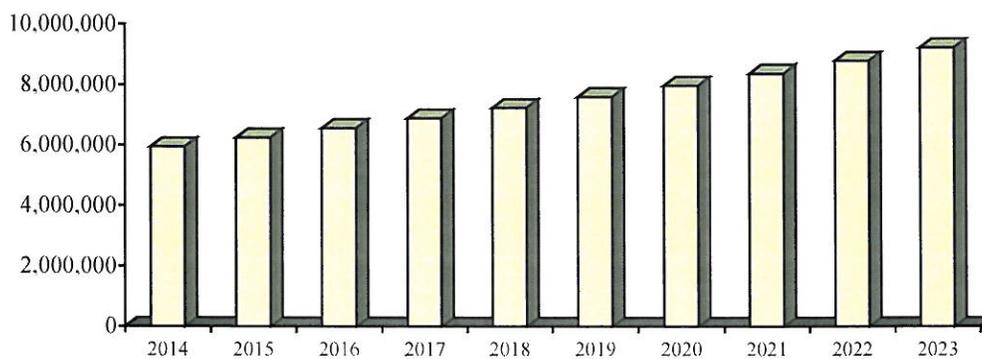
Franchise Fee Assumptions

Table 5

Table 6 estimates the franchise tax collected on electricity, gas, phone and cable services.

Fiscal Year	Franchise Tax	Estimated Increase	Annual Percentage Increase	Estimated Total
Current	\$ 5,601,283			\$ 5,601,283
2014	5,951,621	350,338	6%	5,951,621
2015	6,011,137	238,064	5%	6,249,201
2016	6,071,249	490,412	5%	6,561,661
2017	6,131,961	757,783	5%	6,889,744
2018	6,193,281	1,040,950	5%	7,234,231
2019	6,255,213	1,340,730	5%	7,595,943
2020	6,317,766	1,657,974	5%	7,975,740
2021	6,380,943	1,993,584	5%	8,374,527
2022	6,444,753	2,348,500	5%	8,793,253
2023	6,509,200	2,723,716	5%	9,232,916

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:

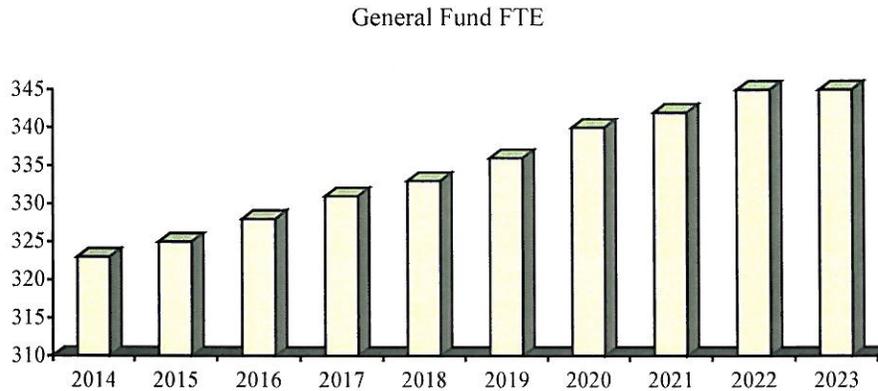
- Operating expense growth based on population growth and development requirements.
- Increased staffing primarily in Public Safety.
- Annual increases in operating costs including utilities, fuel and supplies.
- The addition of new positions based on population growth related to residential building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

Summary of Full Time Equivalent Positions

Full Time Equivalents Positions	Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
General Government	12	12	12	12	12
Business Services	14	14	14	14	14
Police	126	128	131	134	136
Fire	83	83	83	83	83
Development	27	27	27	27	27
Community Services	32	32	32	32	32
Public Works	29	29	29	29	29
	323	325	328	331	333

Full Time Equivalents Positions	Budget 2019	Budget 2020	Budget 2021	Budget 2022	Budget 2023
General Government	12	12	12	12	12
Business Services	14	14	14	14	14
Police	139	143	145	148	148
Fire	83	83	83	83	83
Development	27	27	27	27	27
Community Services	32	32	32	32	32
Public Works	29	29	29	29	29
	336	340	342	345	345

Exhibit A



Summary of Street 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 2014 - \$7,300,000

- Broad-Wisteria Signal
- Clover Hill Road (1500-1600 block)
- Country Club, Cypress, Kingston and Pinehurst Courts
- Debbie Lane Median (FM 157 to Business 287)
- Debbie/US 287 Intersection Design
- Fox Hollow
- Ft. Worth Street
- Hamil/Hillcrest St., E Dallas to Kay Lynn
- N Mitchell Road
- Prarieview Drive (Price to Waxahachie & S. Waxahachie (Sherman to new concrete)
- Price Road (Dallas to Main)
- South Heritage
- Towne Crossing-Debbie Lane Signal
- Turner Warnell Design
- Walnut Creek Drive

FY 2015 - \$6,125,000

- Debbie-US 287 Intersection Construction
- Newt Patterson Overlay (North to City Limit)
- Matlock-Heritage Parkway Signal

Exhibit A

FY 2016 - \$6,607,100

- Cedar St. (Palm to Magnolia)/Laurel Ct.
- Holland Phase 1 Construction (Grand meadow to Waterford Glen)
- Magnolia St. (Broad to Shady Valley)
- Short St.
- Traffic Signal Implementation (City Wide)
- Turner Warnell Construction
- Main to FM 157/Connector/Russell-Design & ROW
- Mouser Way (Limited Participation)

FY 2017 - \$6,837,500

- Main to FM 157/Russell Construction
- Holland Construction (Waterford Glen to Britton Rd) Design & ROW
- Day Mair (E. Broad St. to Seeton) Design & ROW
- Stell (Walnut Creek to price Rd)

FY 2018 - \$9,500,000

- Holland Construction Phase 1
- Day Mair Construction Phase 1

FY 2019 - \$9,100,000

- Holland Construction Phase 2
- Day Mair Construction Phase 2

FY 2020 - \$5,000,000

- Misc. Residential Street Reconstruction

FY 2021 - \$5,000,000

- Misc. Residential Street Reconstruction

FY 2022 - \$5,000,000

- Misc. Residential Street Reconstruction

FY 2023 - \$5,000,000

- Misc. Residential Street Reconstruction

Exhibit A

Summary of Land Acquisitions and Facility Construction Projects

FY 2014 - \$8,759,000

- Tactical Training Facility Expansion-\$2,400,000
- Emergency Dispatch Center Expansion-\$1,200,000
- Animal Control Facility Expansion-\$1,150,000
- LEC Training Building-\$29,000
- Fire Station #2-\$360,000
- Land \$3,620,000

FY 2015 - \$0

FY 2016 - \$50,000

- LEC-Building Upgrades-\$50,000

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$6,100,000

-
- Public Safety Building Expansion-\$6,100,000

FY 2020 - \$0

FY 2021 - \$100,000

- LEC-Mechanical Upgrades-\$100,000

FY 2022-\$0

FY 2023- \$0

Water and Sewer Fund Assumptions

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 2014 - \$13,670,000

- 16" water line crossing SH 360
- 16" water line Main St. and FM917
- 12" water line Main St.
- 12" water line Debbie Lane
- 12" water line National Pkwy
- Misc utilities for roadway bond projects
- Walnut Creek sewer interceptor condition assessment
- Maintenance Service Facility

FY 2015 - \$14,750,000

- SW 2 MG EST & 24" water line design and right of way
- 30" water line Lone Star, 16" Mitchell
- Misc. water- Easy, Cotton, Billingslea, Sayers, Plainview & Circleview
- Parkridge South sewer
- 12" sewer line FM157
- Clearwell #3 @ Bud Ervin Water Plant

FY 2016 - \$18,700,000

- SW 2 MG EST & 24" water line-construction
- 12" water line US 287 south of Broad St.
- 20", 16" & 12" water lines Main St & US 287-(50% of project)
- Final Expansion of Bud Ervin Water Treatment Plant (60MGD)
- Misc utilities for roadway bond projects

FY 2017 - \$3,900,000

- 20", 16" & 12" water lines Main St & US 287-(50% of project)
- 16" water line Main St.
- SH 360 lift station replacement
- Misc. utilities for roadway bond projects
- Knob Hill distribution system replacement

Exhibit A

FY 2018 - \$5,550,000

- 30" water line Matlock south of Broad St.
- Walnut Creek sewer interceptor
- Misc. utilities for roadway bond projects

FY 2019 - \$1,700,000

- 12" water line North Main St.
- Misc. utilities for roadway bond projects

FY 2020 - \$4,100,000

- Walnut Creek sewer interceptor
- Misc. utilities for roadway bond projects

FY 2021 - \$1,800,000

- 24" water line Newt Patterson
- Misc. utilities for roadway bond projects

FY 2022 - \$7,750,000

- Lone Star 2.5MG EST
- Misc. utilities for roadway bond projects

FY 2023 - \$6,600,000

- Phase 1 Future Water Treatment Plant Design
- Misc. utilities for roadway bond projects