

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2015 Financial Extra. By sharing financial information about how your tax dollars are spent and how Plymouth compares to other communities, we continue to foster accountability and transparency in local government.

By maintaining a strong financial position and carefully managing tax dollars, we are best able to provide the core services, infrastructure and amenities that make Plymouth a place both residents and businesses are proud to call home.

We invite you to review the Financial Extra. Please let us know if you have questions.

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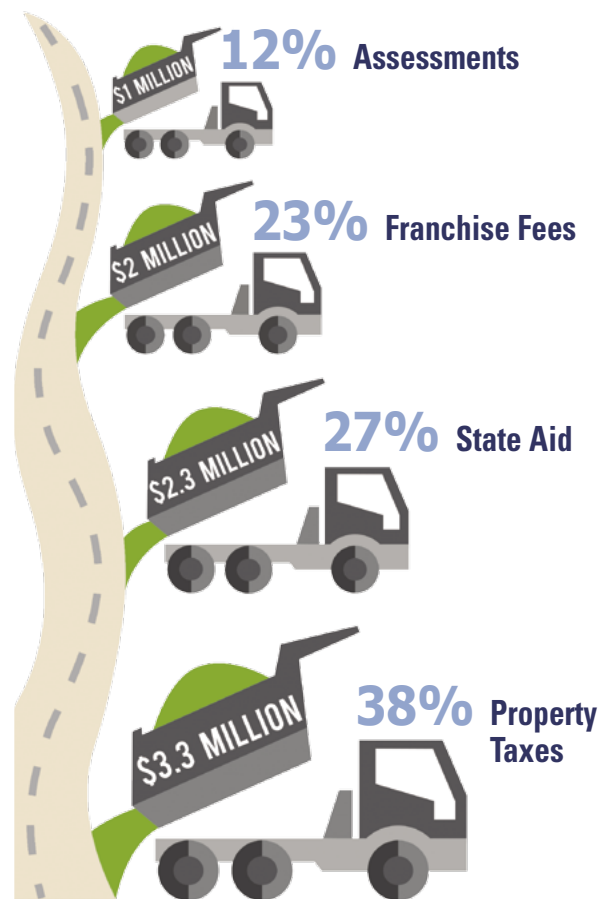
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Where the rubber meets the road – how Plymouth pays for street construction

Major Funding Sources for Street Projects



The City of Plymouth utilizes four major funding sources to pay for road construction projects, for an annual total of \$8.6 million.

One of the most important and visible functions of the City of Plymouth is road construction. But how does the city fund the maintenance required on Plymouth's 300 plus miles of city streets?

Plymouth utilizes four primary funding streams to support road projects such as edge mill and overlay, extension/expansion construction and reconstruction. The funding streams do not include light road maintenance such as pothole filling or crack sealing, which are paid for through the operating budget.

The first – and largest – component of funding comes from property taxes. About 38 percent of funds dedicated to road construction originate with property taxes.

At 27 percent, Municipal State Aid makes up the second largest source of revenue for road projects. The MSA system covers about 3,600 miles of streets in 147 Minnesota cities, including Plymouth. Money included in MSA comes from dedicated transportation-related taxes such as the gas tax, motor vehicle registration fees and taxes on motor vehicle sales.

Property owners benefitting from road projects in their neighborhoods also help foot the bill. About 12 percent of road project revenue comes from special assessments. For example, a typical assessment for an edge mill and overlay project is \$1,000 for single-family homes and \$500 for townhomes.

A fairly new source of revenue for Plymouth streets is franchise fees. These are collected via residents' utility

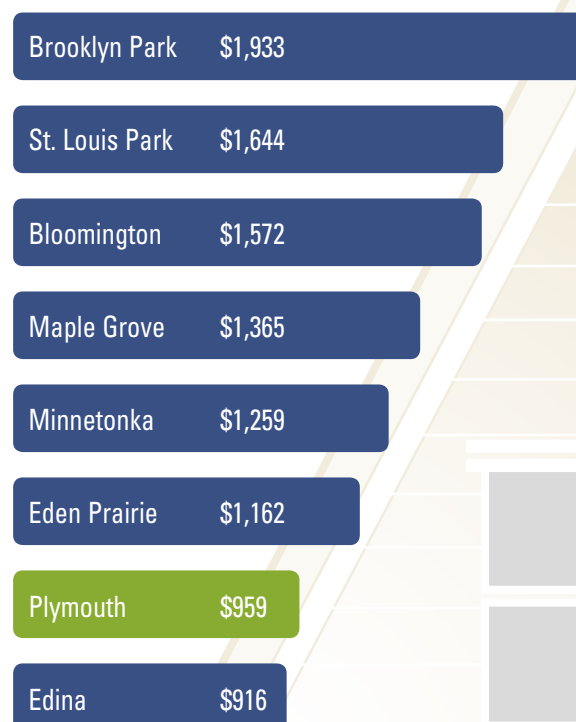
Funding...continued page 4

How Plymouth Compares

City Tax Levy Change 2014-2015

Edina	8.2%
Golden Valley	6.4%
St. Louis Park	5.5%
Bloomington	4.0%
Minnetonka	2.9%
Brooklyn Park	2.8%
Maple Grove	2.5%
Eden Prairie	2.3%
Plymouth	2.0%

2015 City Tax on a \$350,000 Home

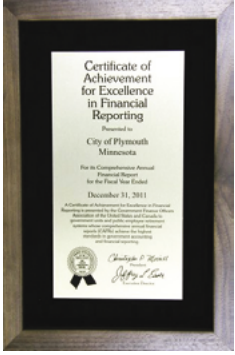


2015 City Tax on a \$1 million Business



Plymouth continues to compare favorably with similar communities. With the exception of Edina, Plymouth has maintained the lowest city taxes on a \$350,000 home, as well as a \$1 million business.

City's financial reporting transparency recognized



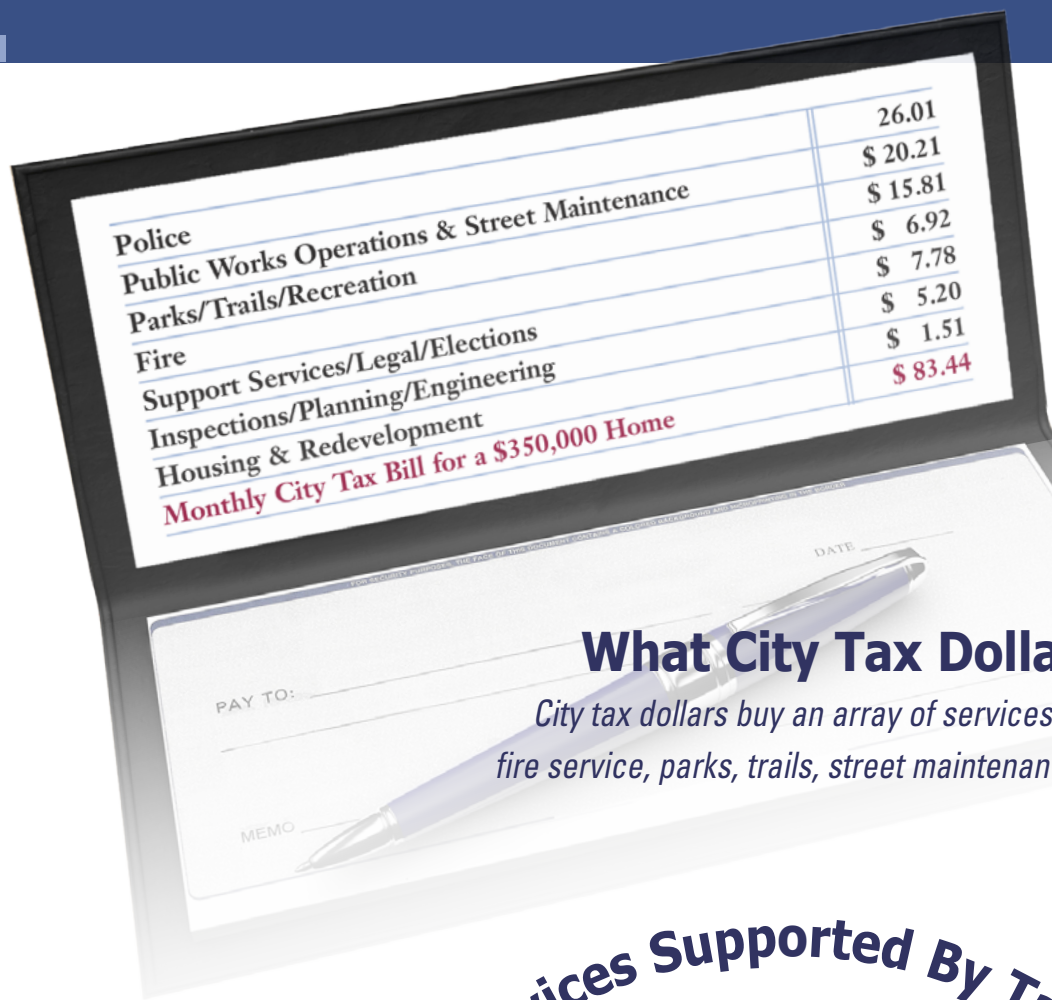
For more than three decades, the City of Plymouth has been promoting financial transparency by providing the public with detailed information about its financial status and practices.

Each year, for more than 30 years, the city has been awarded a Certificate of Achievement for Excellence in Financial

Reporting. This is the highest recognition available for government financial reporting, awarded by the Government Finance Officers Association.

"The Comprehensive Annual Financial Report is prepared using reporting standards developed by the Governmental Accounting Standards Board and provides a thorough and detailed presentation of the city's financial condition," said Finance Manager Jodi Bursheim. "It is the final product that is completed following the year-end close process."

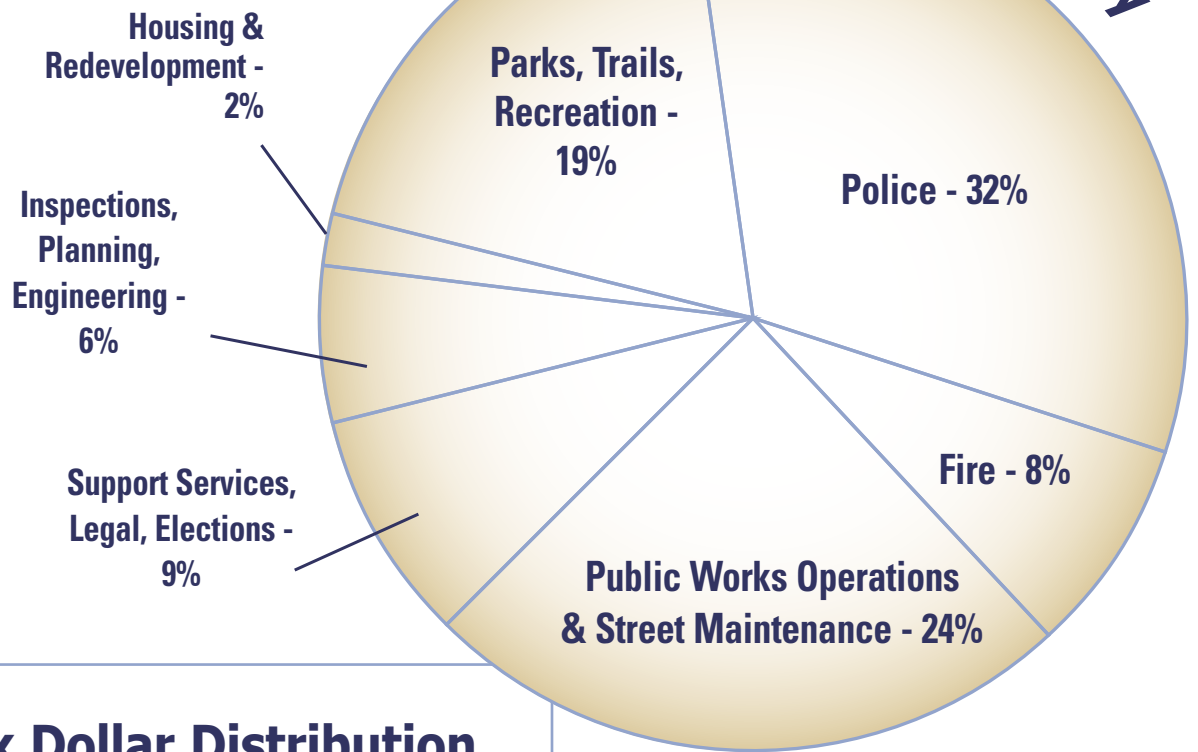
The full CAFR, as well as the budget and capital improvement program, is available at plymouthmn.gov/financialreport.



What City Tax Dollars Buy

City tax dollars buy an array of services – police and fire service, parks, trails, street maintenance and more.

Services Supported By Tax Levy



2014 FAST FACT

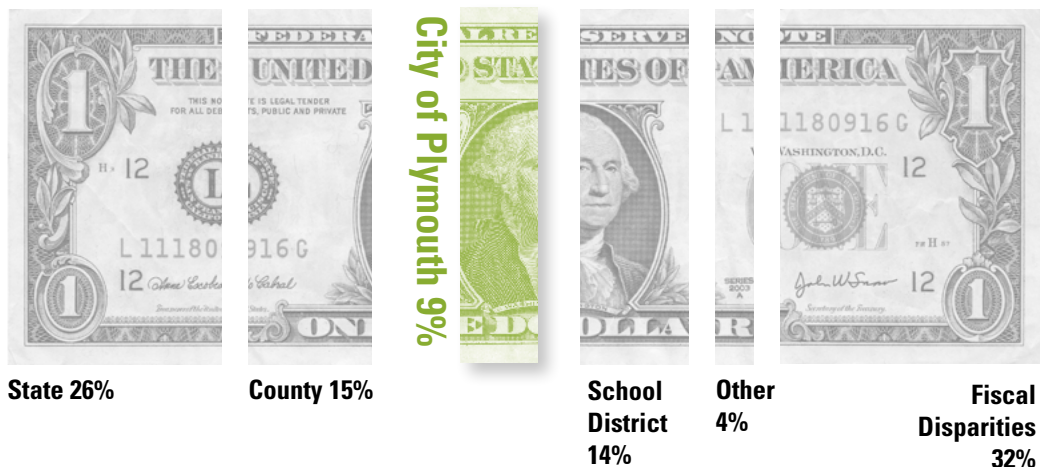
1,499

animal service calls responded to by the Police Department

Residential Property Tax Dollar Distribution



Commercial Property Tax Dollar Distribution



2014 BY THE NUMBERS

2.8 billion gallons of water treated by the city

1.7 miles of trails repaired

512 motorist assist calls responded to by police

1,522 calls for service to the Fire Department

Growth affects city finances and demand for services

Plymouth is in a period of expansion both residentially and commercially. With new businesses and housing developments locating in Plymouth at high rates, the city's finances grow and change with the pace of development.

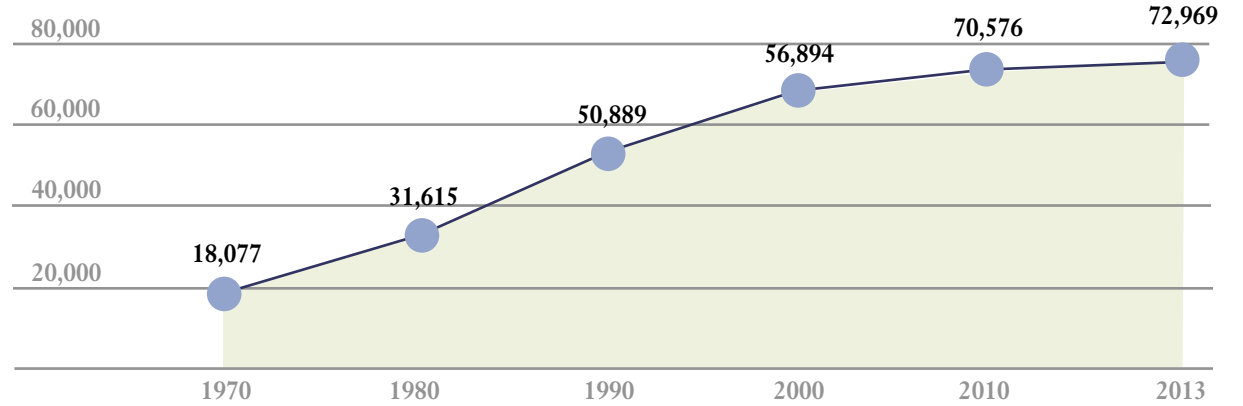
Nearly a dozen major companies have recently announced plans to expand in or relocate to Plymouth, and 2014 saw a boom of building permits for more than 300 new residential units. The added commercial and residential capacities increase the city's tax base. However, the addition of new residents and commerce also means an increase in demand for city services such as public safety, park maintenance and snowplowing.

Market Value Growth

Plymouth's total market valuation, which includes all property in Plymouth, is nearing \$10 billion. City Manager Dave Callister estimates that the city will hit the milestone within the year. The city's market value is set to grow by a total of about 4.5 percent – 3 percent inflationary growth and 1.5 percent from new construction.

One indicator of increased market valuation can be seen in the quickening pace of residential teardowns in Plymouth's older neighborhoods. Houses built in the 1950s and '60s located on large city lots are being purchased, razed and rebuilt at an increasing rate – 2014 saw 21 single-family home teardowns. Building Official Joe Ryan noted that the amount of teardowns in 2014 was double the norm from previous years. A typical demolition/rebuild results in a two- or three-fold increase in the total market value of the property.

Population in Plymouth



Source: 2010 Census, Metropolitan Council Estimate

Growth Drives Service Demand

As Plymouth grows, city expenses grow with it. Callister noted that about 59 percent of Plymouth's budget is dedicated to labor costs. A demand for increased city staff in Public Safety, Community Development and other departments amounts to an increase in Plymouth's budget. After keeping a tight cap on levy increases for several years, the city is in a position now where services and staff are expected to increase.

"We can't hold the line forever in a growing community," Callister said. "As the population and commerce expand in Plymouth, the services we provide need to increase accordingly."

That expansion could mean an increase in the upcoming 2016 property tax levy. However, an increase in the levy would be mitigated by the increase in Plymouth's tax base.

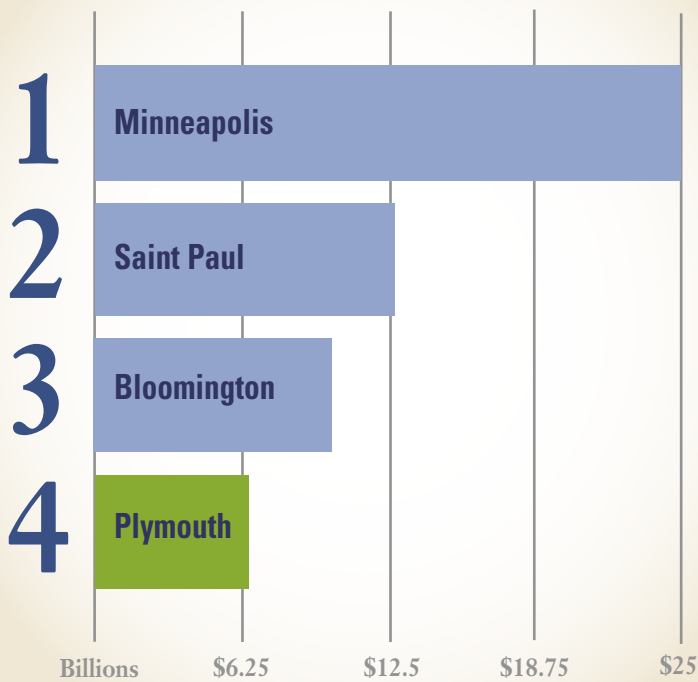
"We might be looking at a bump in next year's levy, but because of the new tax base, it shouldn't be a dramatic increase for taxpayers," Callister noted.

2014 FAST FACT

10,541
permits issued by the Building Division

Minnesota's Largest Economies (Gross Business Sales)

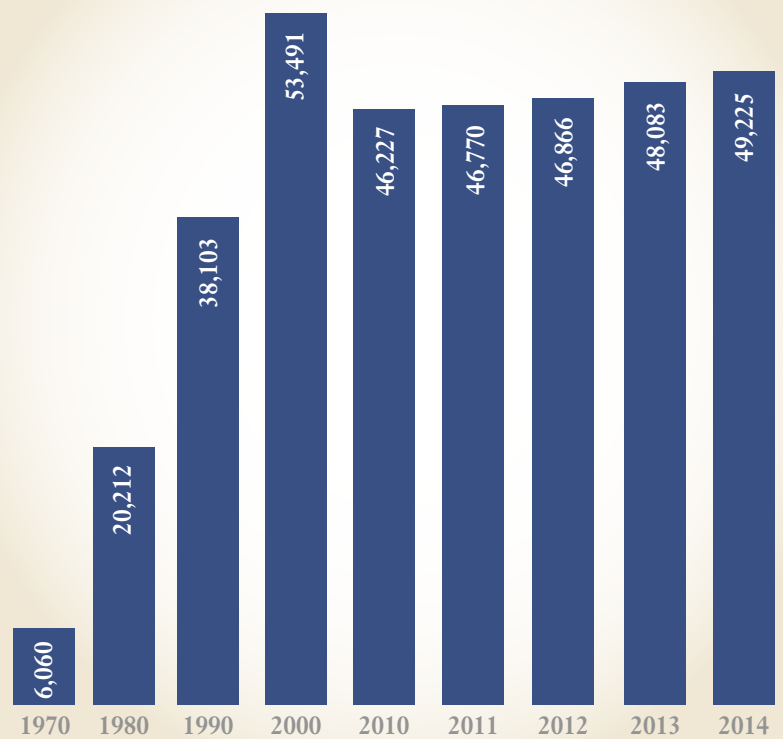
Plymouth businesses amassed \$6.4 billion in gross business sales, helping Plymouth maintain its standing as Minnesota's fourth largest economy. Only Minneapolis, St. Paul and Bloomington reported more gross business sales.



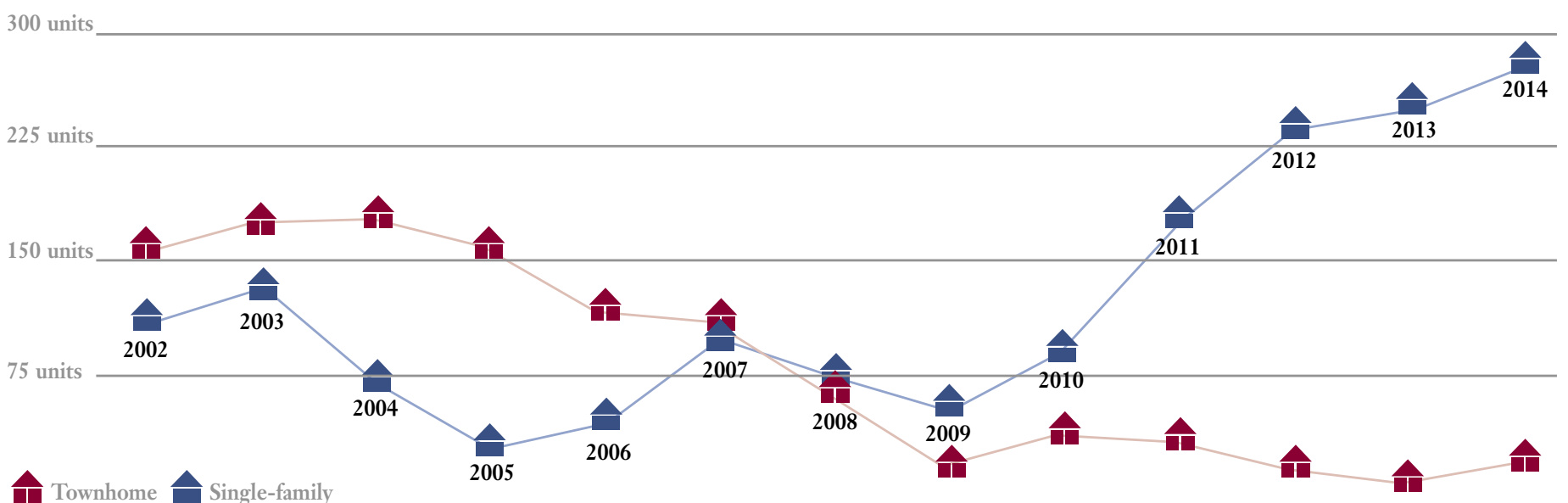
Source: Minnesota Department of Revenue 2013

Employment in Plymouth

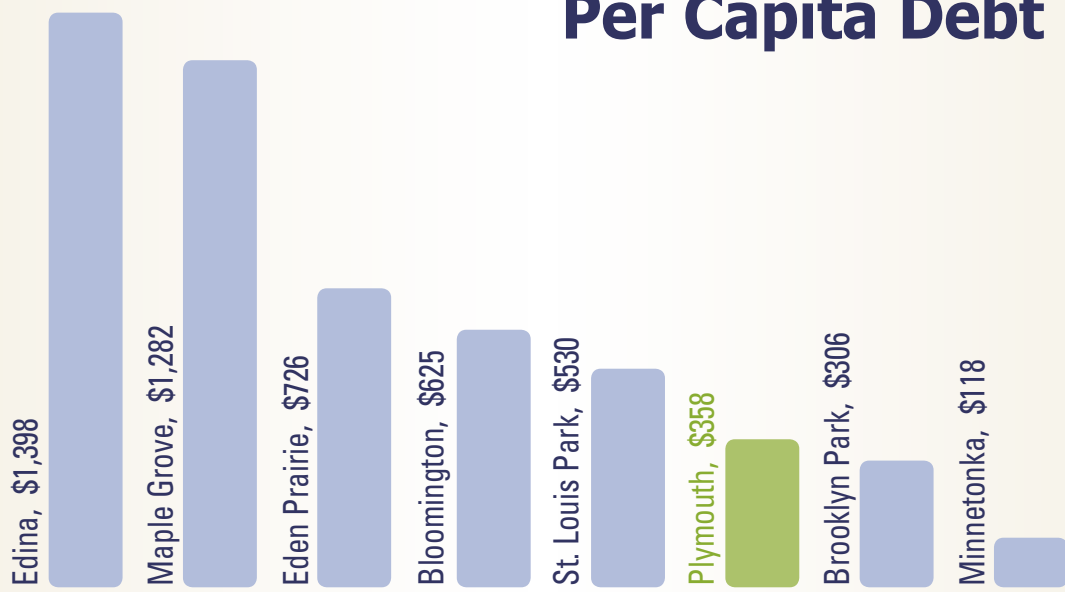
With the recent business expansions and relocations in Plymouth, city staff anticipates about 2,500 new jobs will be added to the community. With these additions, Plymouth is expected to top 50,000 jobs this year.



Townhome vs. Single-Family Home Development



Per Capita Debt



Plymouth keeps debt low

Like one who uses credit wisely, the City of Plymouth has borrowed carefully. Plymouth's per capita debt is the third lowest of its peer cities. Keeping low debt levels has helped Plymouth earn top bond ratings and minimize how much taxpayers pay in interest costs.

The city's tax-supported debt falls into two categories. Plymouth has an outstanding principal balance of approximately \$4.2 million related to the 2004 renovation and expansion of the Public Safety Building. Additionally, Plymouth has \$6.1 million in outstanding principal balance for voter-approved bonds to buy open space for parks and the Northwest Greenway.

Plymouth maintains highest possible bond ratings

The City of Plymouth continues to maintain the highest possible bond ratings from both Moody's Investors Service and Standard & Poor's – a standing the city has maintained since 2010. Both bond credit rating services reaffirmed Plymouth's financial standing earlier this year.

AAA
Aaa

Standard & Poor's awarded Plymouth its highest AAA rating. Moody's gave Plymouth the top Aaa rating. Just 11 other cities in

Minnesota have received the highest possible ratings from both services.

"We expect the city's financial position will remain stable and continue to benefit from adherence to strong financial policies and healthy reserve levels," according to the Moody's Investors Service report.

In determining a bond rating, the services examine past and current financial status, future growth and future capital improvement plans. They also consider the community as a whole, looking at areas such as diversity of development, average per capita income, housing values and employment.

"The ratings are a reflection of our financial policies," City Manager Dave Callister said. "Being responsible with tax dollars is a top priority, and the ratings attest to that."

Callister noted that the exceptional bond ratings help keep interest rates low on Plymouth's bonds. The ratings also cause optimism for future bonding, such as financing for the Vicksburg Lane project in 2016.

The evaluation of Plymouth's financial standing came as the city recently issued \$3 million in bonds to purchase land for the Northwest Greenway. In 2006, Plymouth voters approved the issuance of \$9 million in bonds to acquire land for the Northwest Greenway and preserve open space. This is the city's third and final issuance of bonds for this purpose.

Changes in utility billing, water meters to increase efficiency and options

The wheels are in motion to change the City of Plymouth's utility billing process. With the goal of increasing efficiency and customer payment options, city staff plans to launch new online billing software and upgrade water meters throughout the city.

The software will allow residents to pay their utility bills online and will provide more options, such as authorizing recurring credit card payments. The current software limits customers to pay with a check in the mail, in person with cash or credit, or with recurring automatic withdrawal from a bank account.

The new water meters will greatly improve efficiency of the billing process. The devices will use a radio signal to send the reading electronically to the meter reader. Not only will meter readers no longer need to walk through residents' yards, but it will also take less time to complete

the readings. A task that took about two weeks will take about two to three days when the project is finished. In addition, the city will no longer have to pay for meter reader contracts, which cost about \$75,000 per year.

Though these projects will result in welcomed improvements, the citywide water meter replacement will require a little patience and cooperation from residents. Because most meters are connected to utilities in basements, replacing the meters will require contracted staff to enter each property. As the project is developed, the city asks residents for their patience and cooperation. It is estimated that the full project will take 12 to 18 months to complete. Stay tuned, as more information will become available.

2014 BY THE NUMBERS

19 more tons recycled by Plymouth residents than in the previous year

44 couples got married at Plymouth Creek Center's Millennium Garden

1,999 rides per day on Plymouth Metrolink

39,530 tons of asphalt was applied to city streets

79 classrooms educated about fire and injuries by the Plymouth Fire Department

\$145,954 in concessions sold at the Plymouth Ice Center

\$273,200 spent for asphalt to repair city streets

1,922 users follow the City of Plymouth on Twitter

29 people graduated from the Plymouth Public Safety Citizens Academy

51 new street lights installed

15,500 people estimated to have attended Music in Plymouth

\$648,656 was the value of volunteer efforts

2,601 hours of service provided by police reserves

3,757 skate rentals at the Plymouth Ice Center

65 new fire hydrants installed

\$4.2 million spent on all street improvements

1,600 hours of activities scheduled in the fieldhouse

863 cul-de-sacs in Plymouth

605 low-cost bike helmets sold

125 new manholes added to streets

1,800 or more attended the Night to Unite kickoff

2,452 people volunteered for the city

2014 FAST FACT

2,452

people volunteered for the city

2014 FAST FACT

300+

miles of city streets in Plymouth