

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2016 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.

Mayor Kelli Slavik
763-509-5007 kslavik@plymouthmn.gov

At Large Council Member Ned Carroll
763-509-5005 ncarroll@plymouthmn.gov

At Large Council Member Jim Willis
763-509-5006 jwillis@plymouthmn.gov

Ward 1 Council Member Judy Johnson
763-509-5001 jjohnson@plymouthmn.gov

Ward 2 Council Member Jeff Wosje
763-509-5002 jwosje@plymouthmn.gov

Ward 3 Council Member Marge Beard
763-509-5003 mbeard@plymouthmn.gov

Ward 4 Council Member Jim Prom
763-509-5004 jprom@plymouthmn.gov

Sound financial planning pays off in vital Maintenance Facility expansion

A much-needed expansion project is underway at the Plymouth Maintenance Facility – and the city is paying for the project in cash, thanks to sound financial planning.

The site, 14900 23rd Ave. N., houses all equipment, vehicles and staff needed to plow streets, maintain roads, groom parks and trails, service the city’s fleet and maintain the water and sanitary sewer system. The last time the facility was expanded was in 1990.

The City Council approved the 46,000-square foot expansion after a space-needs analysis determined the city has outgrown the available space. Once completed, the project will make operations more efficient and allow the city to better protect the millions of dollars in equipment and vehicles stored there.

Due to the city’s fiscal prudence, the \$10 million expansion will not require a tax increase as the project unfolds this year and next.

“Past and present City Councils have been judicious in how they spent money, and were able to set aside funds to pay for future projects,” said City Manager Dave Callister.

Because the city has reserves available for capital improvement projects, it will not need to issue debt to cover project costs.

In fact, between the Maintenance Facility Expansion and the construction projects on Peony and Vicksburg lanes, the city is investing \$40 million in infrastructure – without the need to incur debt or increase property taxes.

City Growth in 15 Years

Plymouth has grown steadily since 1990, the last time the Plymouth Maintenance Facility was expanded. In the last 15 years, growth and development has increased the demand for city services and equipment to maintain city roads, parks and trails – necessitating an expansion of the facility that houses those vital resources.

	1990	Today
Population	50,889	73,000+
Miles of Streets	220	310
Miles of Trails	47	158
Parks	31	58
Pieces of Equipment	350	540

“If we were to issue debt for these projects, we would be paying interest for 15-20 years at market rate, in addition to costs of issuance,” said Callister. “We’re fortunate that money was set aside, as it will minimize the tax impact on our residents and businesses, and help avoid spikes in the levy.”

Maintenance Facility ... continued page 3

How Plymouth Compares

City Tax Levy Change 2015-2016

Edina	7.1%
St. Louis Park	6%
Bloomington	5.7%
Brooklyn Park	4.7%
Minnetonka	4%
Maple Grove	3%
Plymouth	3%
Eden Prairie	2.6%

2016 City Tax on a \$350,000 Home

Brooklyn Park	\$1,902
St. Louis Park	\$1,590
Bloomington	\$1,525
Maple Grove	\$1,349
Minnetonka	\$1,228
Eden Prairie	\$1,106
Plymouth	\$941
Edina	\$934

2016 City Tax on a \$1 Million Business

Brooklyn Park	\$10,636
St. Louis Park	\$8,893
Bloomington	\$8,526
Maple Grove	\$7,545
Minnetonka	\$6,867
Eden Prairie	\$6,186
Plymouth	\$5,261
Edina	\$5,224

2015 FAST FACT

43,741
visits to the Plymouth Yard Waste Site

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. (For the sake of comparison, the above figures do not include Housing and Redevelopment Authority or market value levies, as not all cities have them. The comparison includes tax capacity levies.)

Long-range financial planning aimed at securing Plymouth's success, financial stability

Last year, Plymouth implemented a 10-year financial plan to better understand, evaluate and adjust for the many factors that determine the financial health of the city.

Over the long term, the plan should help the city maintain a stable tax rate and avoid spikes in property taxes once the city hits full development.

Guided by the City Council, the city manager and city staff, the plan is regularly updated to capture a complete picture of Plymouth's general fund finances.

Projections and Insights

The plan forecasts the coming decade and includes categories such as revenue and expenditures, levies and value, growth and annual tax impact to homes. In the

projections, the city estimates personnel costs, inflation and future capital needs.

"This kind of planning helps us avoid peaks and valleys in our financial standing," Finance Manager Jodi Bursheim said. "It's a tool that gives us the ability to be proactive about future financial needs."

Growth and Balance

A major aspect of Plymouth's current financial planning relates to community growth. With the northwestern area of the city developing, the city has seen increased revenue.

While the growth in revenue offsets current expenditures and builds reserves, it will eventually slow down as land is developed. The 10-year plan anticipates a slowing of

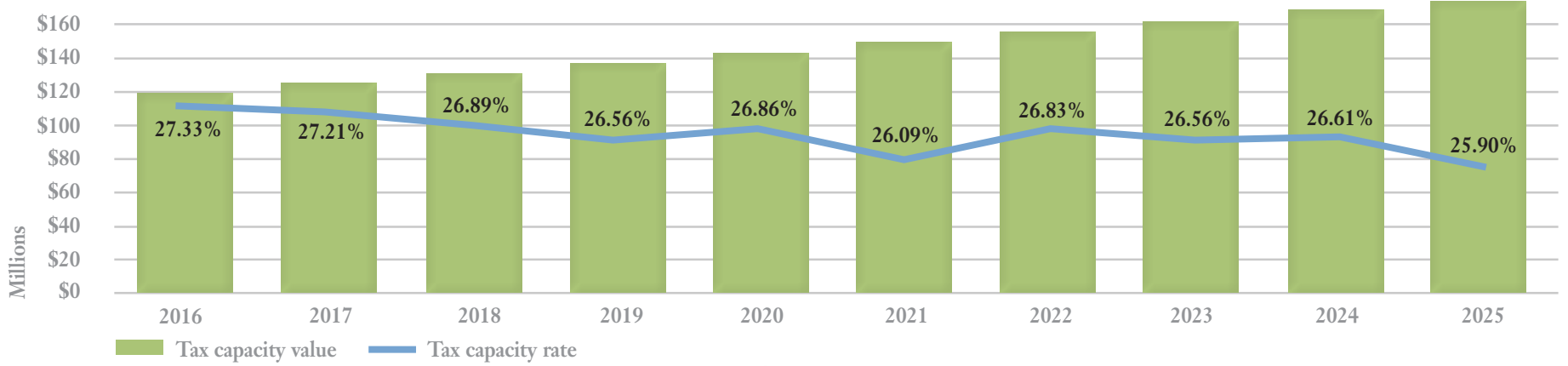
revenue expansion and allows the city to take steps to prepare instead of reacting after the fact.

Levy Balancing Act

The plan also helps maintain a stable tax rate for residents. As growth occurs in Plymouth, demand for city services increases, which requires an increased tax levy. At the same time, the growth introduces more taxpayers, which spreads the increase amongst a larger pool of taxpayers.

Although tax levies increase, the taxes paid by individual property owners are stabilized. Financial planning helps strategize for the time when the city hits build out to minimize changes in property taxes. For more information, visit plymouthmn.gov/financialreport.

Projected Tax Capacity and Tax Rate Over 10 Years

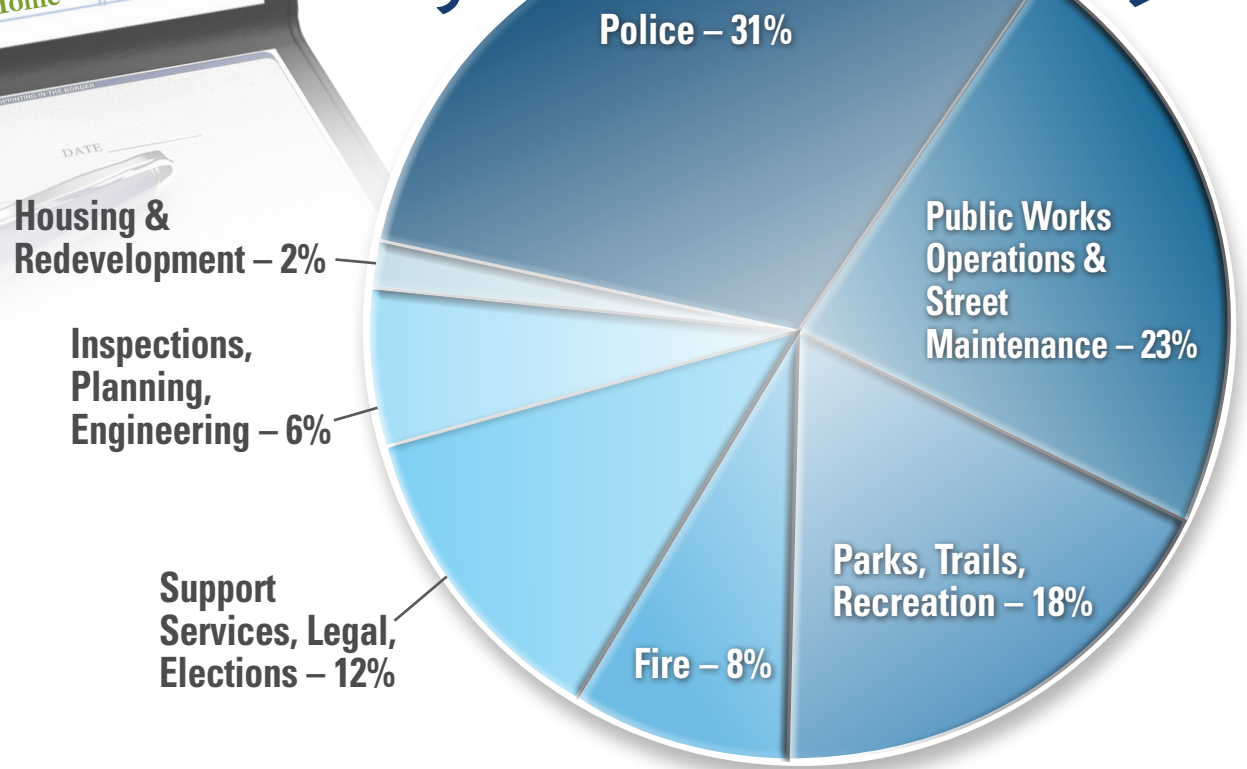


Police	\$25.36
Public Works Operations & Street Maintenance	\$18.48
Parks, Trails, Recreation	\$14.79
Fire	\$6.68
Support Services, Legal, Elections	\$9.76
Inspections, Planning, Engineering	\$4.88
Housing & Redevelopment	\$1.46
Monthly Cost for City Services for a \$350,000 Home	\$81.41

What City Tax Dollars Buy

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

Services Supported By Tax Levy



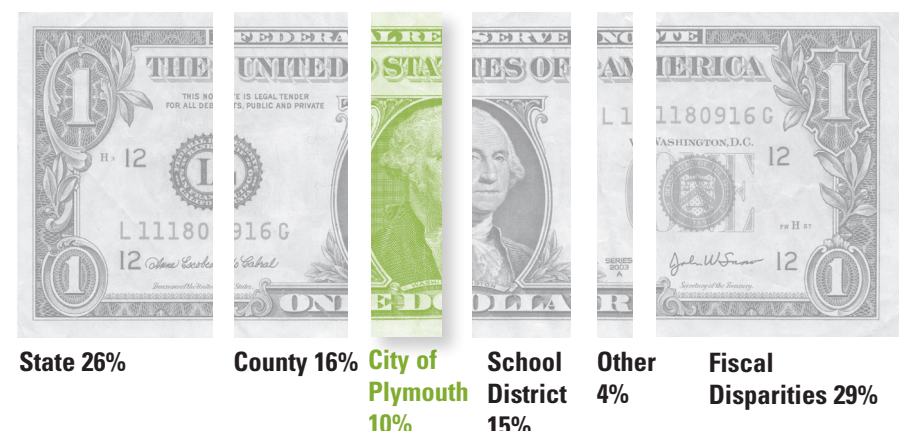
2015 FAST FACT

49,700
tons of asphalt applied to city streets

Residential Property Tax Dollar Distribution



Commercial Property Tax Dollar Distribution



Utility rate update maintains stable funding for an essential city service

The City of Plymouth provides several core services – and it doesn't get any more basic than providing water and sewer service.

Each year, city staff evaluates the rates that residents and commercial properties pay to keep the city's utility system operating. This year, Plymouth approved a rate increase of roughly \$2 per month for the average residential customer.

Increase Breakdown

The utility system includes water, sanitary sewer, water resources (stormwater) and solid waste (recycling). The rate increase estimated for the average monthly residential bill breaks down to:

Average Monthly Utility Rate Increase: 2015 to 2016	
Water	44¢ or 3.5%
Sanitary Sewer	91¢ or 5%
Water Resources	32¢ or 6%
Solid Waste	25¢ (flat rate)

Careful Funding

Plymouth has carefully managed its utility funds and, as a result, has largely been able to operate, conduct maintenance and expand service without issuing debt.

The 2016 rate increase supports the needs of the system and ensures the long-term stability of each fund, which include infrastructure such as water and sewer pipes, stormwater treatment facilities and lift stations in addition to staff, equipment and vehicles.

Analysis Driven Decision

Determining the balance of the funds requires a careful look at past analysis in conjunction with future projections.

In 2015, staff conducted a utility rate study that projected rates for 2015-2019. This study was updated in 2016.

"Things have been trending the way we anticipated," said Administrative Services Director Luke Fischer. "We are careful to keep the system operating as efficiently as possible through accurate utility rates."

To view the most recent utility rate study, visit plymouthmn.gov/financialreport.

2015 BY THE NUMBERS

 **2.9** billion gallons of water treated by the city

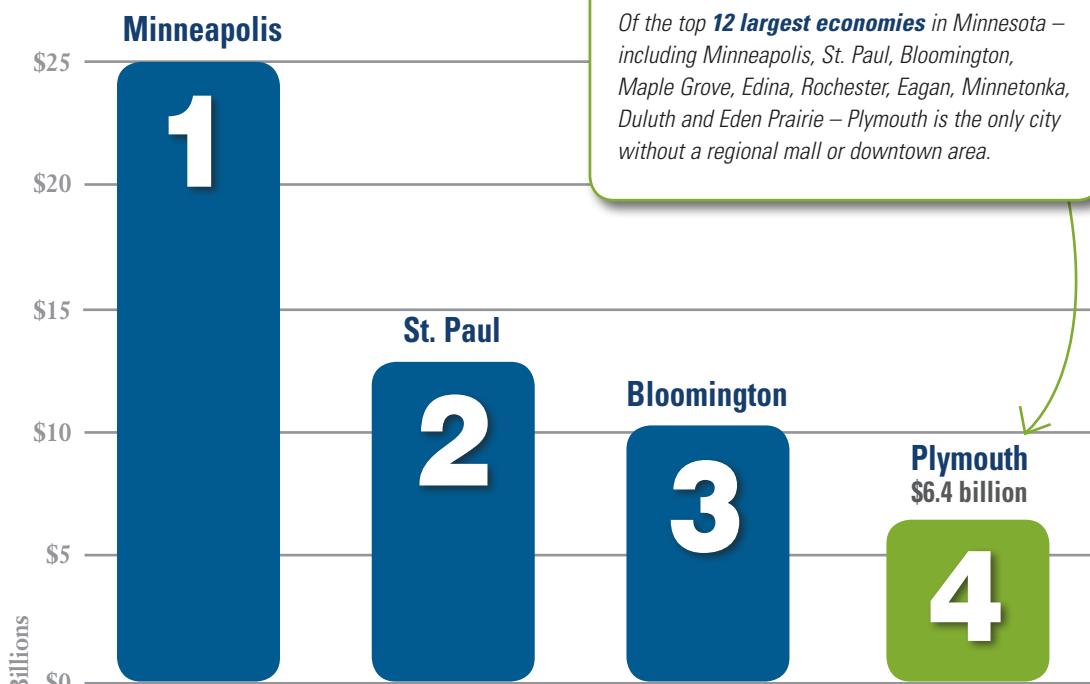
680  people toured the Plymouth Public Safety Building

 **233** hours of open play at the Fieldhouse

 **13,154** 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

Plymouth is the largest city to not receive LGA

Local Government Aid, commonly called LGA, is financial aid provided to cities by the state legislature. However, not all cities receive LGA.

The state eliminated Plymouth's LGA more than a decade ago. To maintain service levels and accommodate growth, the Plymouth City Council must balance the budget with local financial resources.

LGA Facts

- State distributed more than \$516 million in LGA to Minnesota cities in 2015
- 767 cities receive LGA
- 86 cities do not receive LGA – Plymouth is the largest
- Majority of cities that do not receive LGA are in the metro area

2015 FAST FACT

1,757 hours of service provided by the Police Reserves

Maintenance Facility ... from page 1

Awarded to the lowest bidder, Plymouth-based Rochon Corporation, the project will feature construction of several additions to the existing facility, including:

- An expansion of the equipment and vehicle storage areas
- Addition of a vehicle wash bay
- Construction of a new salt brine building
- Construction of a new elevator
- Renovation of existing workspaces
- Other necessary upgrades to the site

"We're expanding the facility to maximize indoor storage spaces to meet current and future needs, based on projected city growth," said Public Works Director Doran Cote.

Plymouth is projected to reach residential build-out in the next 10 years, so the expansion was designed accordingly.

The existing 92,300-square foot facility will be expanded by almost 50 percent – for a total of 138,300-square feet.

Though the bulk of the work will be completed this year, final project details are set to be finished by April 2017.



The Plymouth Maintenance Facility expansion project will add much-needed space to house the equipment, vehicles and staff needed to plow streets, maintain roads, and maintain the water and sanitary sewer system.

2015 FAST FACT

199 new manholes added to streets

Plymouth's commercial-industrial strength benefits the region

Plymouth holds highest possible bond ratings

Since 2010, the City of Plymouth has maintained the highest possible bond ratings from two rating agencies – Moody's Investors Service and Standard & Poor's.

Plymouth is one of about a dozen Minnesota cities to hold the distinction.

AAA
Aaa

Both bond credit rating services reaffirmed Plymouth's financial standing in 2015.

Standard & Poor's awarded Plymouth its highest AAA rating. Moody's gave Plymouth the top Aaa rating.

"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 2015 Moody's Investors Service report.

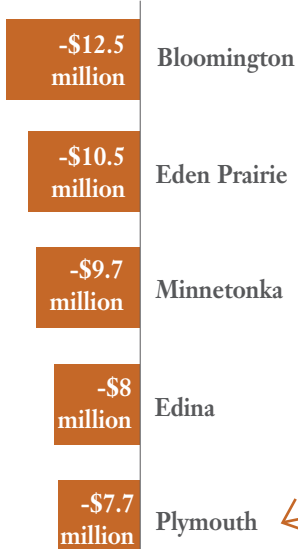
Rating agencies examine past and current financial status, future growth and future capital improvement plans to help determine bond ratings.

They also consider the community as a whole, including diversity of development, average per capita income, housing values and employment.

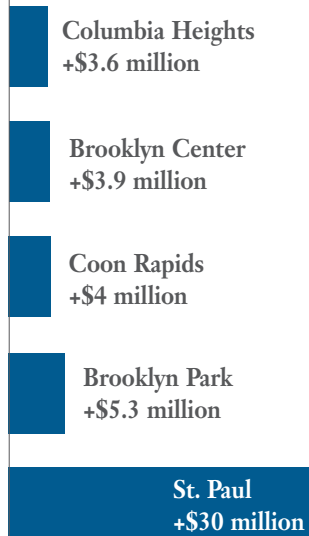
Although the city doesn't often issue debt, maintaining top bond ratings is beneficial in keeping interest rates low and demonstrating sound financial stewardship to potential investors.

Fiscal Disparities Program

2016 Top 5 Contributors*



2016 Top 5 Recipients*



*Net tax base change

For the past four decades, the seven-county metro area has operated with a commercial-industrial tax-base sharing program known as the fiscal disparities program. The City of Plymouth ranks in the top five contributors to the program, with a net loss of 7 percent of its commercial-industrial valuation annually.

Fiscal disparities is designed to redistribute and equalize commercial-industrial tax base to benefit communities that are heavily residential and lack commercial-industrial properties. Because Plymouth has a strong business sector, it joins Bloomington, Eden Prairie, Edina and Minnetonka as top contributors to the program. The largest recipients include Brooklyn Center, Brooklyn Park, Columbia Heights, Coon Rapids and St. Paul.

"We'd prefer that the program allowed us to maintain more of what we generate," City Manager Dave Callister said. "However, we realize that the program plays an important role in stabilizing the region."

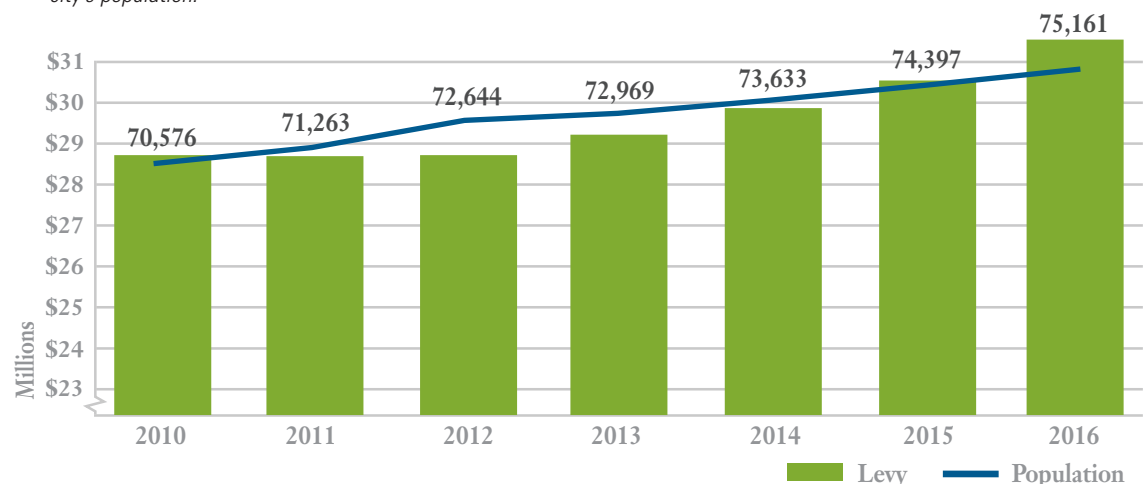
In 2016, the City of Plymouth will lose the equivalent of \$2.1 million in actual levy dollars to the metro fiscal disparities program.

If the fiscal disparities program did not exist, the City of Plymouth would be able to reduce its tax rate, resulting in a 6 percent property tax reduction for all taxpayers in Plymouth.

However, the city recognizes the value of the program in maintaining financial health in the metropolitan area.

Levy vs. Population

Plymouth has historically maintained a stable levy per capita. Though the city continues to grow – from more than 70,000 residents in 2010 to an estimated 75,000 residents in 2016 – the levy has remained consistent with the city's population.



2015 FAST FACT

94%

of Plymouth households recycled at least once per month

2015 BY THE NUMBERS

33 years Plymouth has earned a certificate for transparency in financial reporting

\$153,545 spent on asphalt to patch and repair city streets

104 new fire hydrants installed

51 couples married at Plymouth Creek Center's Millennium Garden

1,988 average riders per day on Plymouth Metrolink

12,186 visitors attended high school hockey games at Plymouth Ice Center

102 classrooms educated about fire prevention by the Plymouth Fire Department

310+ miles of city streets are in Plymouth

27 people graduated from the Plymouth Public Safety Citizens Academy

\$669,215 was the value of volunteer efforts

1,515 rental hours at the Fieldhouse

3,558 skate rentals at Plymouth Ice Center

462,155 fixed-route Plymouth Metrolink bus trips used

7,007 tons recycled by Plymouth residents

9,437 visits made to the Plymouth Farmers Market

1,800 or more attended the Night to Unite kickoff

884 cul-de-sacs are in Plymouth

158 miles of trails, sidewalks and on-road bike routes are in Plymouth

\$144,430 in concessions sold at Plymouth Ice Center

272 permits issued for the construction of new single-family homes

57 new street lights installed

8,654 visitors at the Fieldhouse for open play

1,479 calls for service to the Plymouth Fire Department

15,697 people estimated at Music in Plymouth

448 teams hosted for hockey tournaments at Plymouth Ice Center

2,480 people volunteered for the city

2015 FAST FACT

120

teachers trained on pool safety and rescue by the Plymouth Fire Department