

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2017 Financial Extra. We continue to cultivate accountability and transparency in local government by sharing financial information with our constituents. In this publication, you'll find details about how your tax dollars are spent and how Plymouth compares to other communities.

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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Plymouth's tax rate drops to lowest among comparable communities

Plymouth has historically compared favorably with similar communities – maintaining one of the lowest tax rates of Hennepin County cities with populations of 45,000 or more. But this year, Plymouth's tax rate has dropped to the lowest among comparable cities.

Two key components help establish Plymouth's tax rate – the first is the tax base/market, which includes Plymouth's strong commercial-industrial sector, and the second is the city's prudent investments and spending.

"A city's tax rate provides an important comparative tool that allows us to see how we stack up to peer cities," said Administrative Services Director Luke Fischer.

Why Low Tax Rates Matter

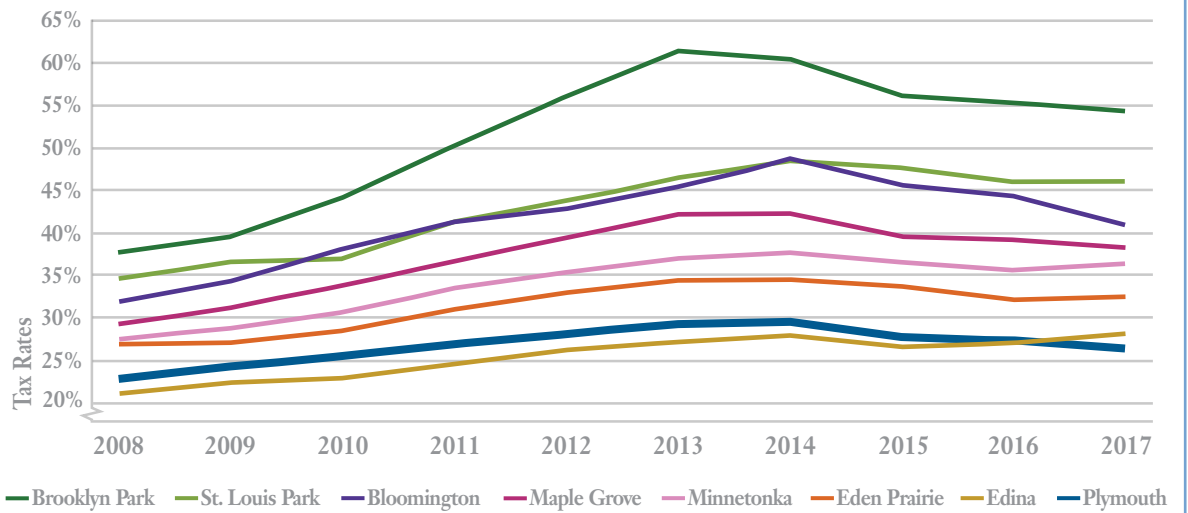
Plymouth homeowners and businesses pay less in local property taxes than those in comparable cities. A lower tax rate adds to Plymouth's quality of life and gives businesses a competitive advantage.

"A low tax rate is a demonstration of strong market values and tax capacity, as well as careful spending," he said. "As

Tax rate ... continued on page 4

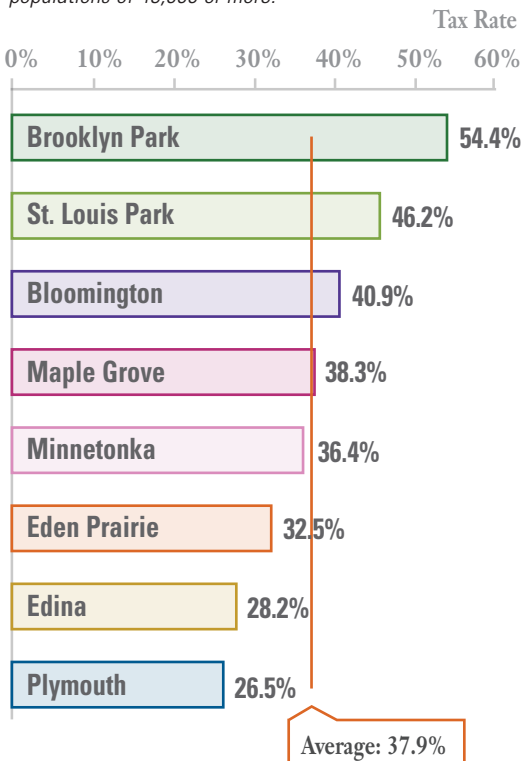
Tax Rate History

Plymouth's tax rate has historically compared favorably with other Hennepin County cities with populations of 45,000 or more.



Tax Rate Comparisons

Data for 2017 shows that Plymouth has the lowest tax rate when compared to other Hennepin County cities with populations of 45,000 or more.



How Plymouth Compares

2017 City Tax on a \$350,000 Home

Brooklyn Park	\$1,872
St. Louis Park	\$1,590
Bloomington	\$1,409
Maple Grove	\$1,317
Minnetonka	\$1,252
Eden Prairie	\$1,118
Edina	\$970
Plymouth	\$912

2017 City Tax on a \$5 Million Business

Brooklyn Park	\$53,962
St. Louis Park	\$45,854
Bloomington	\$40,623
Maple Grove	\$37,963
Minnetonka	\$36,107
Eden Prairie	\$32,236
Edina	\$27,979
Plymouth	\$26,281

Compared to similar communities, Plymouth has the lowest city taxes on a \$350,000 home, as well as a \$5 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.)

2016 FAST FACT

54,216
jobs in the City of Plymouth

Plymouth's high bond ratings keep rates low

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. While residents may have grown accustomed to this news, maintaining high bond ratings holds more significance than just an accolade.

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.

"If we have to take on any debt in the future, we're going to get the best possible value for our residents because of that AAA rating," said City Manager Dave Callister. "The amount of interest we pay directly affects the amount of property taxes required to pay off the debt."

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.

"It's a sign of prestige," said Callister. "It shows the quality of the community. It reflects on the management of the city, elected and appointed officials, fund balances, our thriving business economy, quality schools, healthy debt levels and good financial planning."

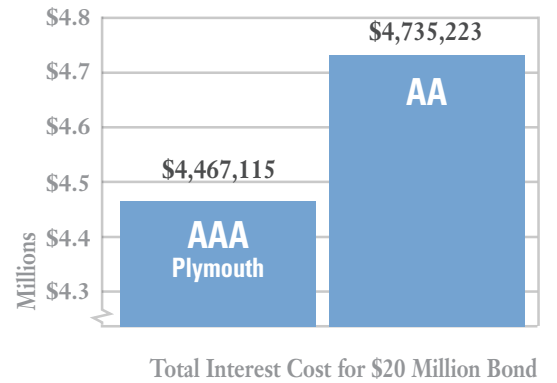
Both bond credit rating services reaffirmed Plymouth's financial standing in 2015, the last time the city issued bonds. Standard & Poor's awarded Plymouth its highest AAA rating. Moody's gave Plymouth the top Aaa rating. Plymouth is one of about a dozen Minnesota cities to hold both distinctions.

"It's an achievement to be proud of because you can't go any higher," said Callister. "We expect it because we've had it so long, but we work hard to keep it."

AAA Aaa

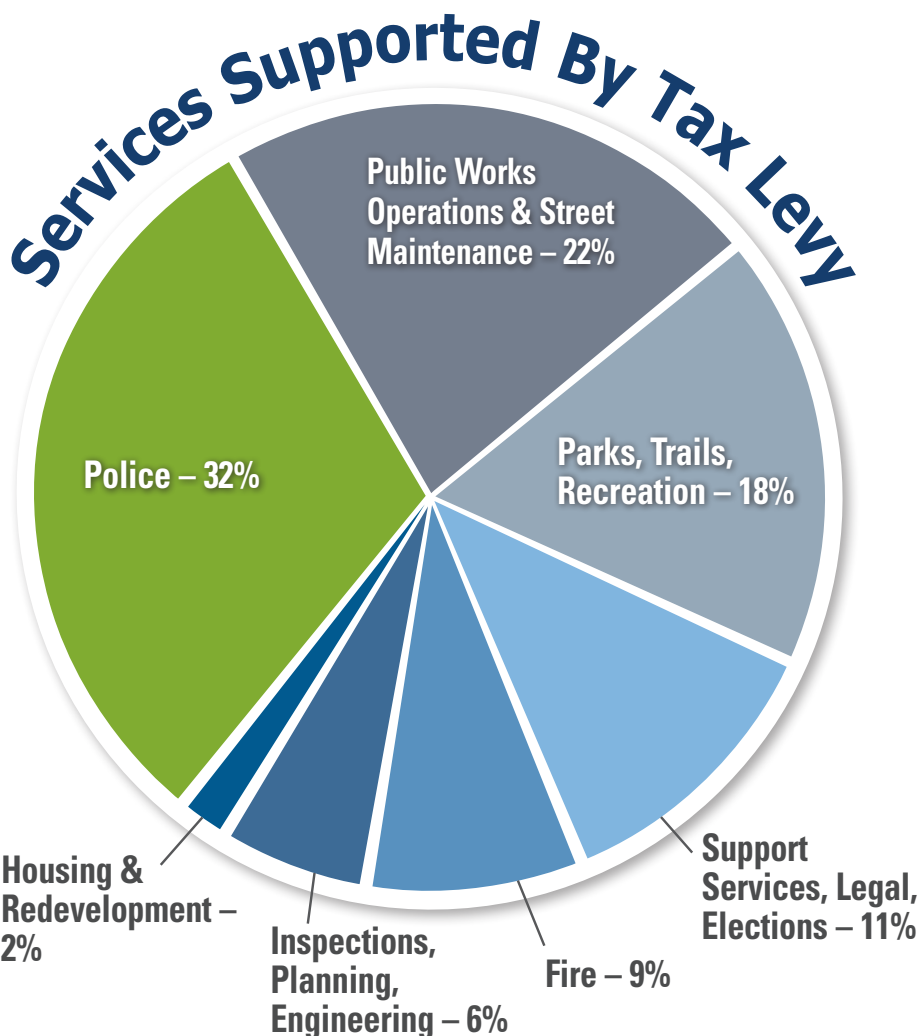
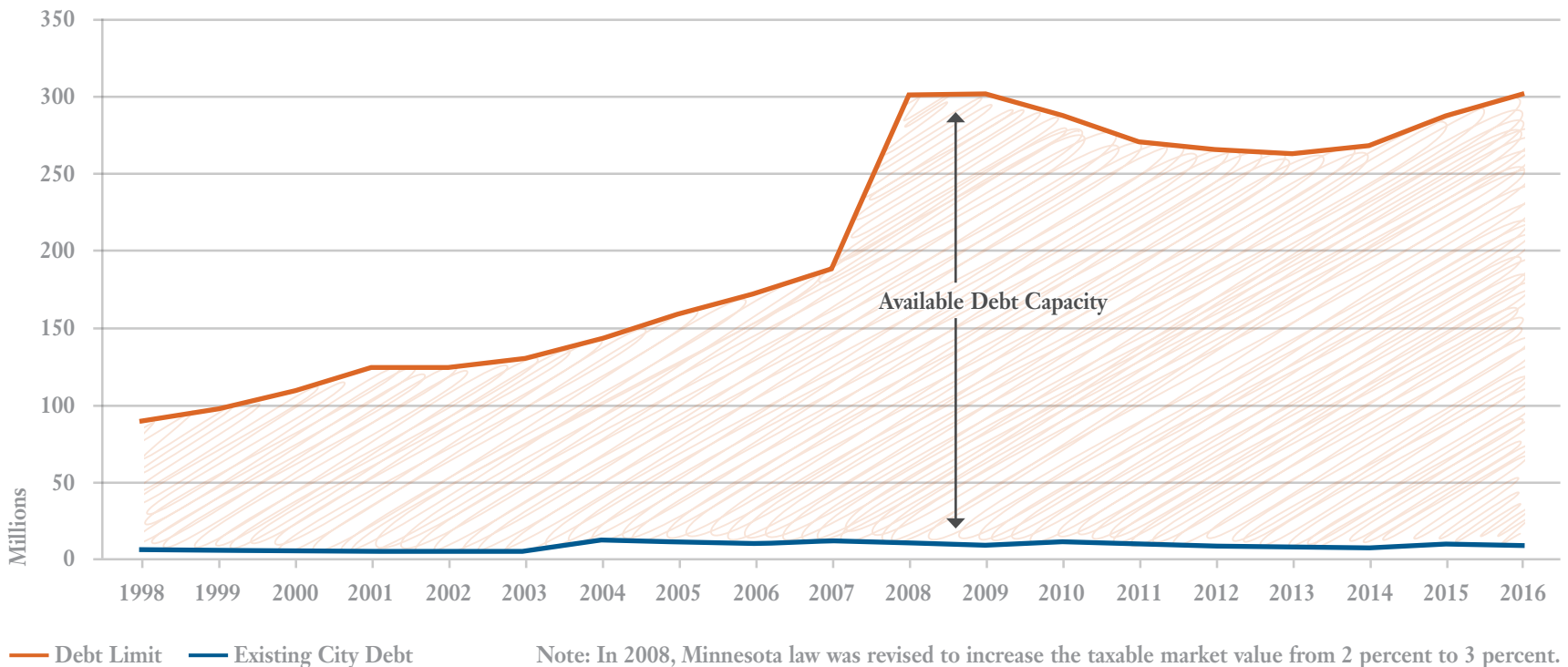
Why Bond Ratings Matter

If Plymouth was an AA city rather than an AAA city, at the current market rate, a 15-year \$20 million bond would cost taxpayers an additional \$268,108 in interest.

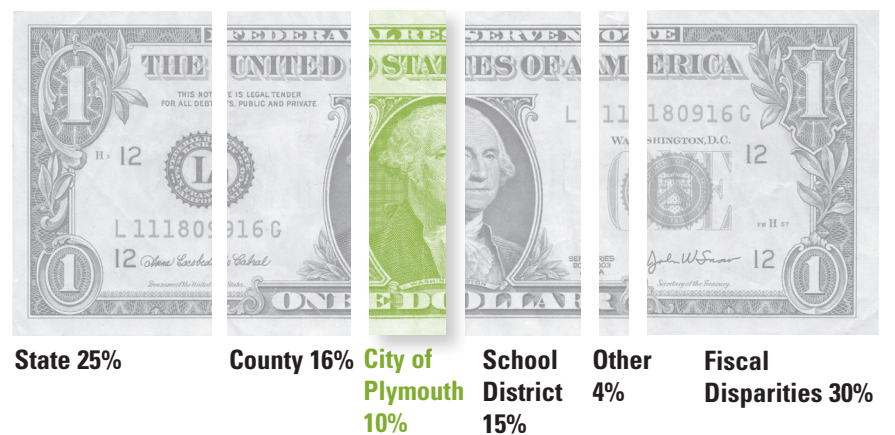


Actual Debt vs. Statutory Debt Limit

Thanks to careful financial stewardship, Plymouth's debt level is well below state limits. In 2016, the statutory debt limit was \$301.2 million.



Commercial Property Tax Dollar Distribution



Residential Property Tax Dollar Distribution



Plymouth's financial planning tools cultivate long-term stability

Plymouth has developed a variety of tools to support long-range financial planning – together, they help maintain the city's leading tax rate.

Many factors affect the financial health of a city. Having the right blend of planning tools allows the City Council and staff to better manage and evaluate financial impacts.

The centerpiece of this initiative is the 10-Year Financial Plan. It forecasts the coming decade and includes categories such as revenue and expenditures, levies and value, growth and annual tax impact to homes and businesses.

Plymouth also works proactively in other areas to identify and address structural financial issues.

Infrastructure Initiative

Plymouth uses a number of planning mechanisms to efficiently manage infrastructure projects. Thanks to that planning, the city has been able to make a large number of improvements without taking on debt. For example, Plymouth recently completed \$40 million in projects – Vicksburg and Peony lanes and the Maintenance Facility expansion/renovation – without issuing bonds or raising property taxes to pay for those projects.

Through the Capital Improvement Program, Plymouth forecasts capital project needs, allowing the city to look ahead at funding requirements to improve infrastructure.

Financial Forecasting Tools

The City of Plymouth uses a variety of tools for long-range financial planning, including:

- Utility Rate Study
- Debt Study
- Biennial Budget
- Capital Improvement Program
- Park Replacement Plan
- Street Reconstruction Plan

Navigating Numbers

Projections and studies are additional ways Plymouth takes the long view.

Debt Study: The Debt Study helps guide decisions by examining future project financing. Using the study with other planning tools allows for manageable use of debt.

Biennial Budget: State law requires cities to adopt an operating budget annually. However, Plymouth opts to prepare a two-year budget to strengthen, forecast and streamline the budget development process. With a second-year budget concept, the city works ahead and allows for adjustments due to unanticipated events.

Utility Rate Study: The city regularly evaluates the rates that residents and commercial properties pay for services such as water and sewer. The annual Utility Rate Study helps maintain consistency in utility costs and ensures rates are sufficient to cover the system's capital and operating costs.

Other studies: The city completes other studies, such as Street Reconstruction, Park Replacement and Park Dedication, to ensure funding is available to reduce reliance on issuing debt.

Leveling the Levy

Thanks to long-term financial planning, Plymouth has been able to maintain a stable tax rate for residents and commercial properties even while the city develops.

As growth occurs, the demand for city services increases, which requires an increased tax levy. At the same time, growth introduces more taxpayers who spread the increase among a larger pool. Although tax levies increase, the taxes paid by individual property owners are stabilized.

Plymouth's long-range financial planning tools will play an important role in helping the City Council avoid spikes in property taxes when development in the city slows.

"We continually work to plan, stabilize and reevaluate our financial situation," City Manager Dave Callister said. "Enhanced focus on our long-range planning lets us avoid neglecting the future. We look ahead and we stay ahead."

For more information about Plymouth's finances, visit plymouthmn.gov/financialreport.

2016 BY THE NUMBERS

41,252

visits to the Plymouth Yard Waste Site



66

new fire hydrants installed in Plymouth

2,409

skate rentals at Plymouth Ice Center



2.9 billion gallons of water treated by the city

24,408

code/safety inspections by the Building Division



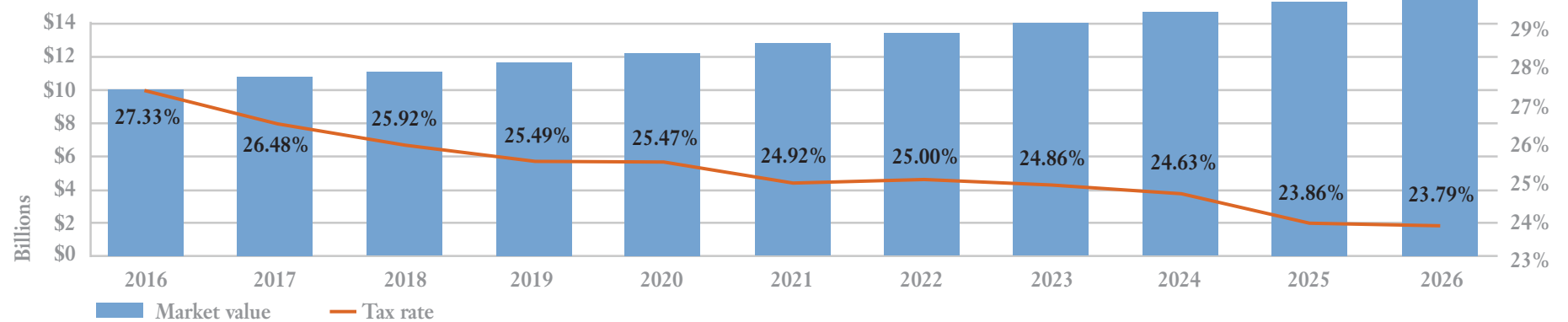
2016 FAST FACT

12,761

tons of asphalt applied to city streets

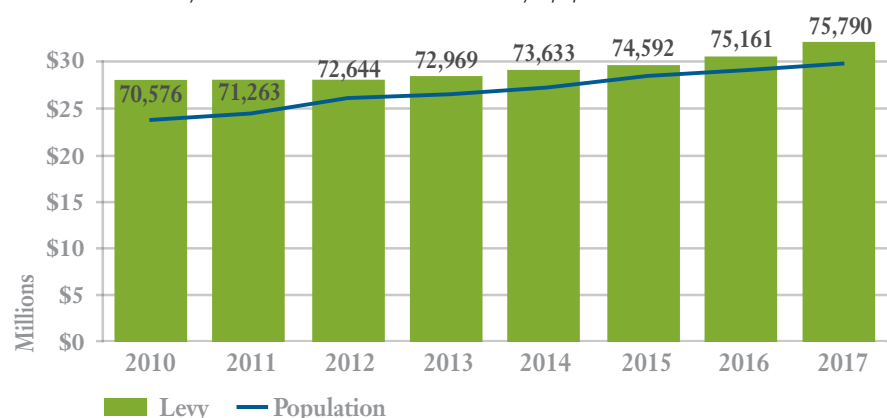
Plymouth's Projected Market Value and Tax Rate Through the Next 10 Years

While growth increases demand for city services, which requires an increased tax levy, it also introduces more taxpayers who spread the increase among a larger pool. Although tax levies increase, the taxes paid by individual property owners are stabilized.



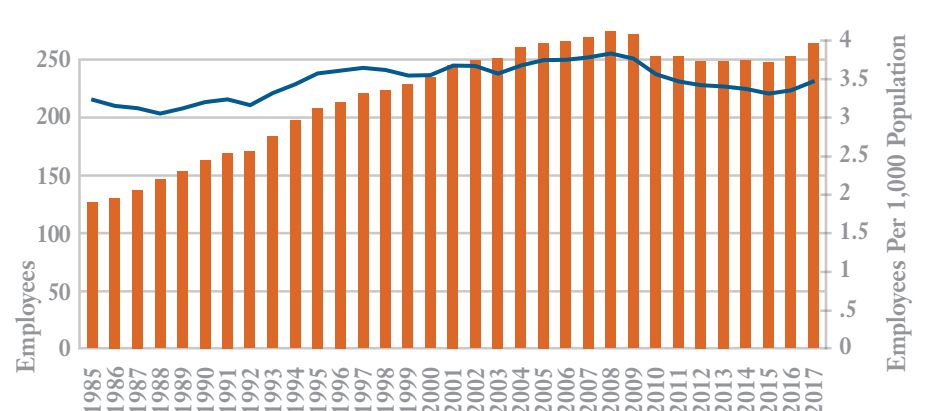
Levy vs. Population

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 nearly 76,000 residents in 2017 – the levy has remained consistent with the city's population.



Employees Per 1,000 Population

Although Plymouth's population has grown, the number of city employees per 1,000 residents has remained stable. In 1980, there were 3.5 city employees per 1,000 residents – the same ratio as 2017.



Plymouth's commercial-industrial sector benefits residents, region

With a robust commercial-industrial sector, Plymouth is proud to be the state's fourth-largest local economy. But it's more than a bragging right – Plymouth's thriving business community benefits residents, as well as those beyond its borders.

Residential properties currently make up 73 percent of the total market value in Plymouth, but pay only 60 percent of the total tax collected. Commercial-industrial properties make up 19 percent of the market value, but pay 32 percent of the total tax collected.

The city does not tax businesses at a higher rate than residential properties – tax class rates are determined by state law. In Minnesota, commercial-industrial properties typically pay twice the amount of property taxes than residential properties of the same value.

A Regional Asset

In addition to residents, Plymouth's strong business community benefits the region. The city is among the top five contributors to the state-mandated Metropolitan Fiscal Disparities Program, losing 6.3 percent of its total taxable



Plymouth is fortunate to have a robust commercial-industrial sector, which benefits residents, as well as those beyond its borders.

valuation annually. The program is designed to redistribute and equalize commercial-industrial tax base to benefit heavily residential communities lacking commercial-industrial properties.

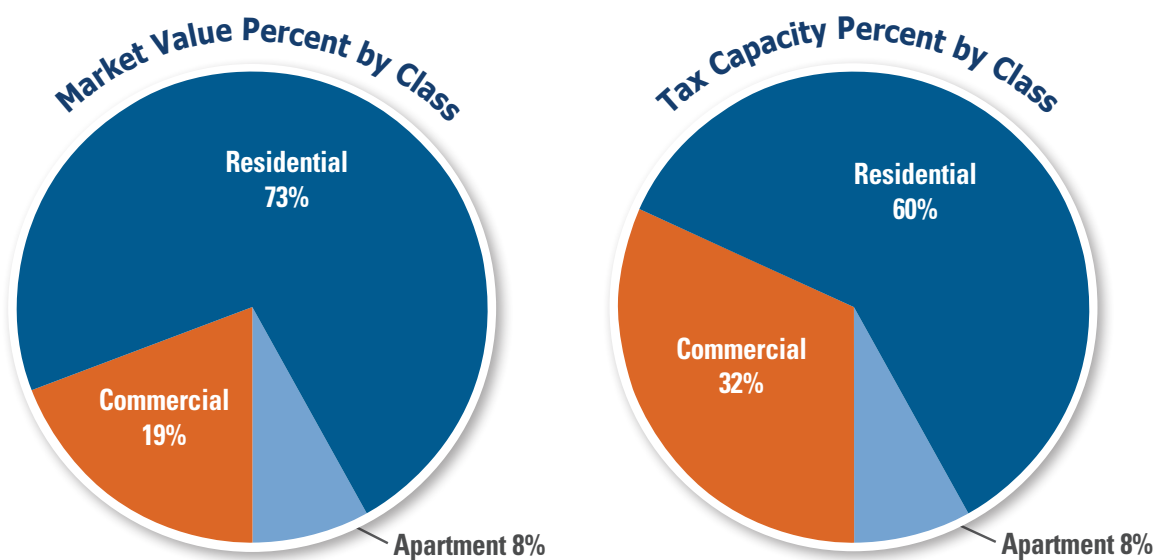
"It's a sign of economic vitality," said City Manager Dave Callister. "Even with the fiscal disparities program, Plymouth is still fortunate to have a robust commercial-industrial sector."

2016 BY THE NUMBERS

- 34 years Plymouth has earned a certificate for transparency in financial reporting
- 11,414 permits issued by the Building Division
- 42 new streetlights installed
- 6,633 tons of materials recycled by Plymouth residents
- 13,503 visitors attended high school hockey games at Plymouth Ice Center
- 1,523 calls for service to the Plymouth Fire Department
- 505,826 Plymouth Metrolink rides provided
- 2,941 people volunteered for the city
- 2,191 Parks & Recreation programs offered
- 314 miles of city streets in Plymouth
- \$139,253 of concessions sold at Plymouth Ice Center
- 34,630 calls for service to the Plymouth Police Department
- 167 miles of trails, sidewalks and on-road bike routes in Plymouth
- 5,585 visits to the Fieldhouse for open play
- 107 new manholes added to city streets
- 675 people toured the Plymouth Public Safety Building
- 9,437 visits to the Plymouth Farmers Market
- \$921,313 was the value of volunteer efforts
- 52 couples married at Plymouth Creek Center's Millennium Garden
- 97,221 Parks & Recreation program registrations
- 14.8 tons of paper shredded/recycled at city shred events
- 894 cul-de-sacs are in Plymouth

Market Value vs. Tax Capacity

Residential properties make up 73 percent of the total market value in Plymouth, but pay 60 percent of the total tax collected. While property values fluctuate based on market conditions, the taxable value is determined by Minnesota law.

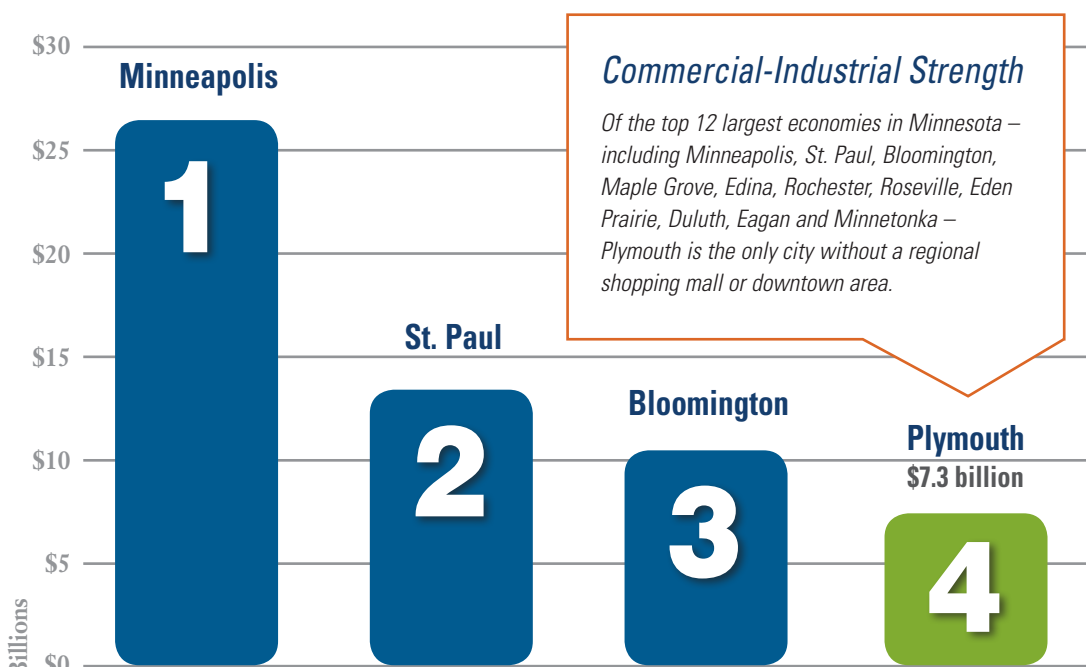


2016 FAST FACT

1,894
hours of service provided by
Plymouth Police Reserves

Minnesota's Largest Economies (Gross Business Sales)

Plymouth businesses amassed \$7.3 billion in gross business sales in 2014, 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 2014

Commercial-Industrial Strength

Of the top 12 largest economies in Minnesota – including Minneapolis, St. Paul, Bloomington, Maple Grove, Edina, Rochester, Roseville, Eden Prairie, Duluth, Eagan and Minnetonka – Plymouth is the only city without a regional shopping mall or downtown area.

Tax rate ... from page 1

happy as we are about our low tax rate, we remain focused on providing the best service value for residents."

Contributors to Plymouth's tax base include its thriving business community, desirability as a place to live, consistent residential investment in new homes and housing stock valuation gains as a result of market conditions.

"The city has paid for projects with cash, rather than issuing debt or raising the levy," said Fischer. "Careful planning makes it possible. We have steered ourselves into this position over a long period of time."

Along with its careful planning, Plymouth has historically been conservative and intentional with tax dollars, making investments that pay off in the future.

"In part, the city's investment in the community maintains high property values," said Fischer. Investments in infrastructure, such as roads and bridges, and public safety staffing and equipment are necessary to meet the needs of the growing community – and benefit both residential and commercial properties in the long run.

"Plymouth residents pay less in local property taxes than homeowners in other comparable cities, which adds to our quality of life," added Fischer. "And business owners in Plymouth pay a smaller share of local property taxes, which gives them a competitive advantage."