

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2018 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 looks to redevelopment to renew, reinvent aging areas

As Plymouth approaches full build-out in five to 10 years, the city looks to redevelopment as an opportunity to reinvent aging commercial areas, increase property values and keep the community vibrant.

City staff recently began a redevelopment study that will assess industrial parks and commercial areas, evaluate redevelopment sites and districts, determine the city's priorities, and identify possible changes to existing processes, zoning, land use and incentives.

"This is a more proactive approach to redevelopment," said Economic Development Manager Ben Landhauser. "We'll potentially restructure zoning and land use and put regulatory tools in place to accommodate redevelopment. We'll use those tools to say, 'Here's the type of redevelopment we want to see.'"

"As demand for property keeps increasing, it's inevitable we'll see more redevelopment because we no longer have available greenfield space," said City Manager Dave

Keeping the Community Vibrant

As demand for property increases, the City of Plymouth is studying redevelopment as a tool to rejuvenate outdated commercial areas, meet current community needs, increase property values and help strengthen the city's tax base.

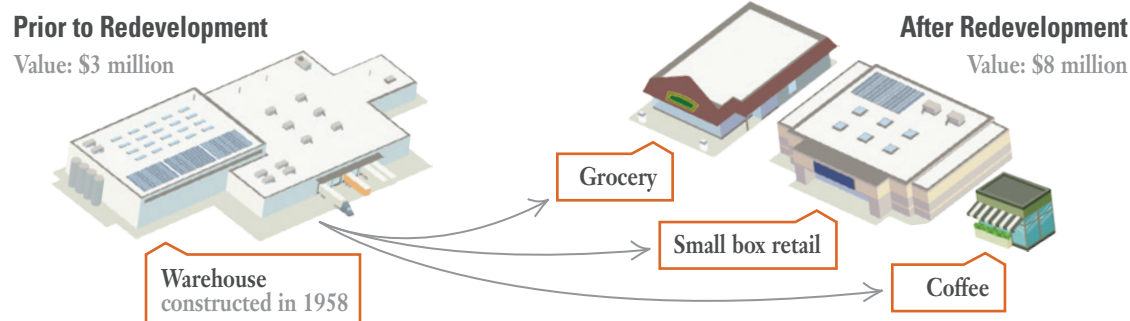
Callister. "The tipping point will be when an owner retires or wants to sell – then redevelopment becomes feasible."

The study will initially focus on properties in the city's main industrial park – the area surrounding Interstate 494 and Highway 55. City staff will review current uses, parking needs, records from past city approvals and

Redevelop ... continued on page 4

Redevelopment Recap

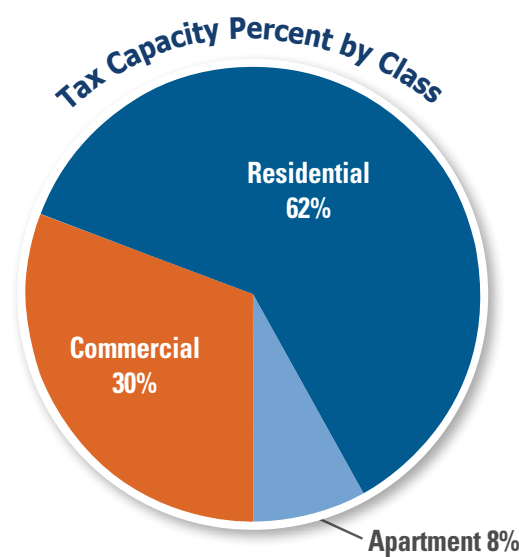
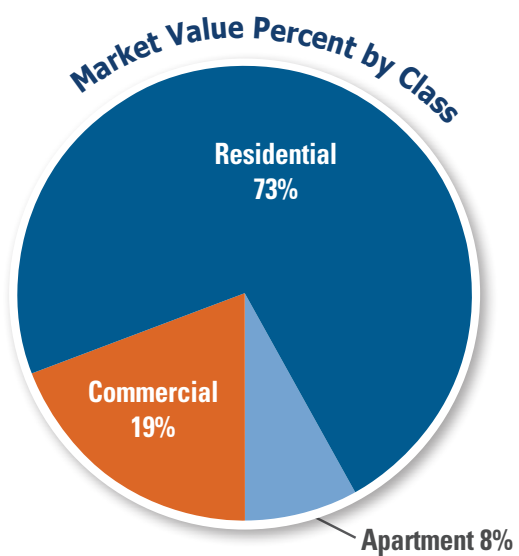
Commercial-industrial redevelopment helps revitalize outdated areas and increase property values. Illustrated below is an industrial property, constructed in 1958, that was redeveloped into three retail units at the corner of two major roadways in Plymouth in 2016. Originally valued at \$3 million, total market value of the property reached \$8 million after redevelopment.



2016 Redevelopment	Building sq. ft.	Property acres	Total value	City taxes
Before Redevelopment (Industrial)	100,750	6.53	\$3 million	\$10,350
After Redevelopment (Retail)	51,977	6.53	\$8 million	\$27,816

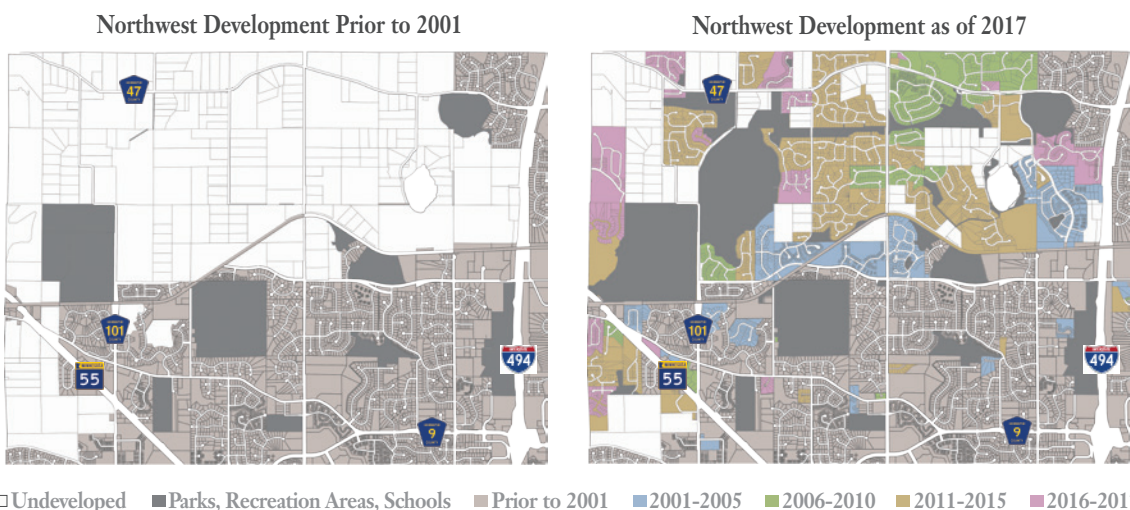
Market Value vs. Tax Capacity

Residential properties make up 73 percent of the total market value in Plymouth, but pay 62 percent of the total tax collected. Tax class rates are determined by state law.



Development in Northwest Plymouth

Prior to 2001, northwest Plymouth was largely undeveloped. Of the 4,000 lots platted thus far in northwest Plymouth, about 400 remain to be built. Additionally, there is room for about 1,500 additional houses in this area.



2017 BY THE NUMBERS

35 years Plymouth has earned a certificate for transparency in financial reporting
1,651 calls for service to the Plymouth Fire Department

\$60,882 spent on asphalt to patch, repair city streets
24,419 inspections performed by the Building Division
9,950 hours of training completed by police officers
39,959 visits to the Plymouth Yard Waste Site

2017 BY THE NUMBERS



6,312

visits to the Fieldhouse dome for open play

3 billion gallons of water treated by the city



103

presentations about fire safety in the community

1,575

trees and shrubs planted in parks



12,874

tons of asphalt applied to city streets

Residential construction in Plymouth hits 14-year high

The ongoing residential construction boom shows that there's plenty to draw people to Plymouth. In 2017, Plymouth saw the biggest year for residential construction since 2004 – and the most single-family homes since 1994.

Aiming to meet a high demand for new housing in northwest Plymouth, developers built 558 dwelling units in 2017. Single-family homes continued to be the most common style of housing built, with 354 units; followed by multi-family, 161; and townhomes, 43.

In addition to Plymouth's reputation as a great place to live, with highly regarded schools and nationally accredited parks and trails, several other factors contribute to the residential building boom. They include the success of the economy, as well as the availability of multiple single-family products.

"Only one or two price points were available in early 2010 to 2012," said Community Development Director Steve Juetten. "We're now seeing a wider variety."



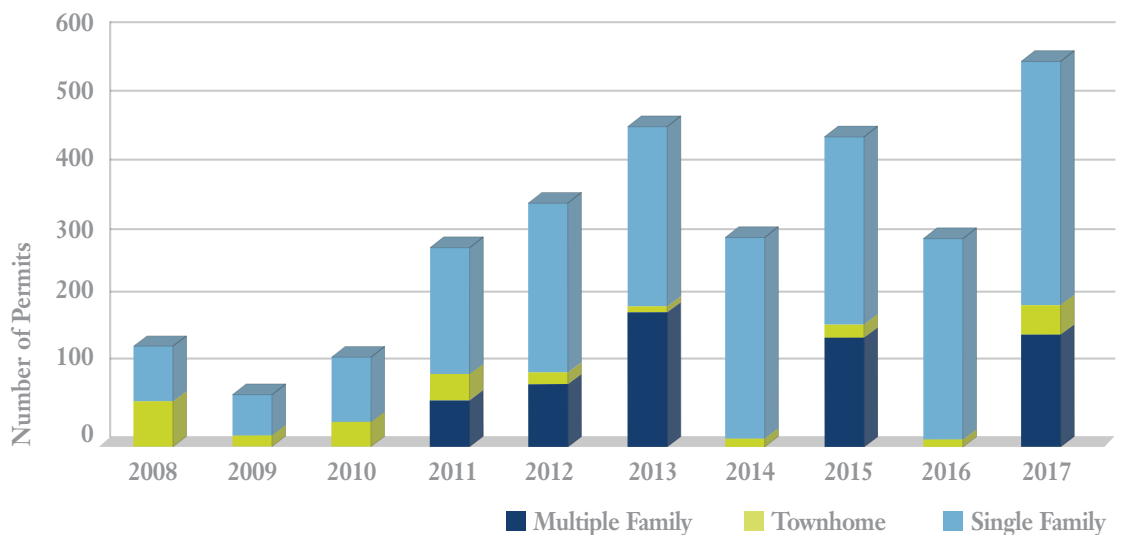
Last year, 354 single-family homes were constructed in the City of Plymouth – the highest number since 1994.

Home styles and layout options have increased to cater to empty-nesters, first-time homebuyers and move-up buyers, in addition to families.

Depending upon market conditions, Plymouth is expected to hit full build-out in five to 10 years. In the meantime, Juetten said the city continues to see local and national developers show interest in building, which provides a healthy variety of housing options for residents.

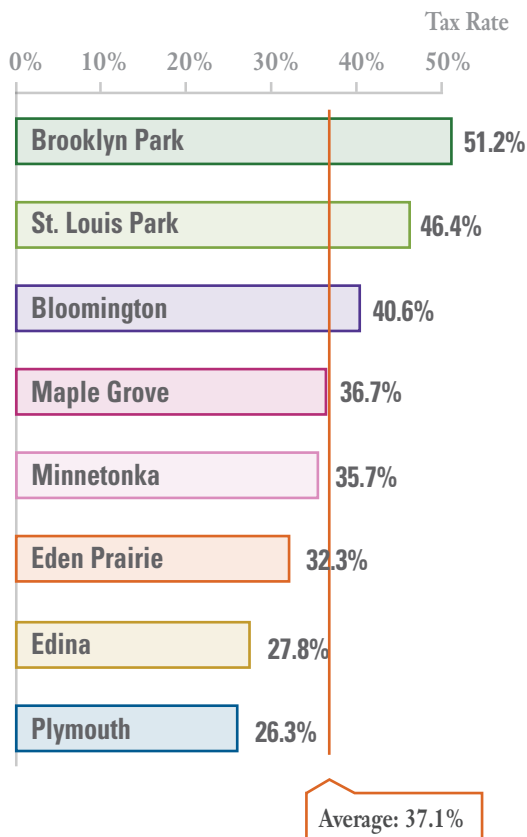
Residential Building Permits by Year

New housing continues to be in high demand in Plymouth. In 2017, developers built a total of 558 dwelling units – including 354 single-family homes, 161 multi-family homes and 43 townhomes.



Tax Rate Comparisons

Data for 2018 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

2018 City Tax on a \$350,000 Home

Brooklyn Park	\$1,761
St. Louis Park	\$1,597
Bloomington	\$1,397
Maple Grove	\$1,264
Minnetonka	\$1,229
Eden Prairie	\$1,114
Edina	\$955
Plymouth	\$907

2018 City Tax on a \$5 Million Business

Brooklyn Park	\$50,775
St. Louis Park	\$46,035
Bloomington	\$40,269
Maple Grove	\$36,434
Minnetonka	\$35,442
Eden Prairie	\$32,105
Edina	\$27,543
Plymouth	\$26,146

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.)

2017 FAST FACT

6,630

tons of materials recycled curbside by Plymouth residents



City works to return Plymouth tax dollars to the community

As Minnesota's fourth largest economy, Plymouth residents and businesses contribute a significant amount of dollars to state and county tax systems. To see some of those dollars return to the community, the City of Plymouth has stepped up its advocacy efforts.

In the last few years, Plymouth city staff, the mayor and City Council members have contacted state lawmakers, partnered with Hennepin County and Minnesota Department of Transportation, and testified at the state capitol for major projects that would reinvest tax dollars in the community.

"Our residents and businesses pay a substantial amount of taxes – property taxes, sales taxes and income taxes. We're working to ensure some is returned to help fund projects needed in our area," said City Manager Dave Callister.

The city successfully advocated for the Vicksburg Lane bridge over the Canadian Pacific Railroad and completion of the third lane on Interstate 494. More recently, city officials have focused on replacing the County Road 9 (Rockford Road) bridge over I-494 and improving railroad crossings at Pineview, Larch and Zachary lanes.

"As our community grows, our needs grow as well," said Callister. "If we don't advocate for projects, they'll get delayed – and some have been delayed long enough."

Fiscal Disparities, LGA

"It's important for taxpayers to know that we contribute a significant amount to state and regional fiscal programs – and that we're making an effort to ensure tax dollars are reinvested here, to the benefit of our community and region," said Callister.



To see tax dollars reinvested in Plymouth, the city is advocating for projects such as the reconstruction of the County Road 9 bridge over I-494 – a \$10.7 million state bonding request.

Plymouth ranks in the top five contributors to the Fiscal Disparities Program with a net loss of 7 percent of its commercial-industrial valuation annually. A tax-base sharing program in the seven-county metro area, Fiscal Disparities redistributes and equalizes commercial-industrial tax base to benefit heavily residential communities. In 2018, Plymouth will contribute a net of \$8.7 million in tax base to the program.

"We recognize there are regional needs and we have an obligation to contribute," said Callister, citing transportation and transit needs in the metro. "We also have local needs and we want to make sure they're met and that the funding is distributed in an equitable manner."

Plymouth is also among the 11 percent of Minnesota cities that do not receive Local Government Aid from the state. More than \$534 million in LGA will be distributed to Minnesota cities in 2018.

Fiscal Disparities Program

2018 Top 5 Contributors*

-\$14.3 million	Bloomington
-\$10.9 million	Eden Prairie
-\$9.8 million	Minnetonka
-\$9 million	Edina
-\$8.7 million	Plymouth

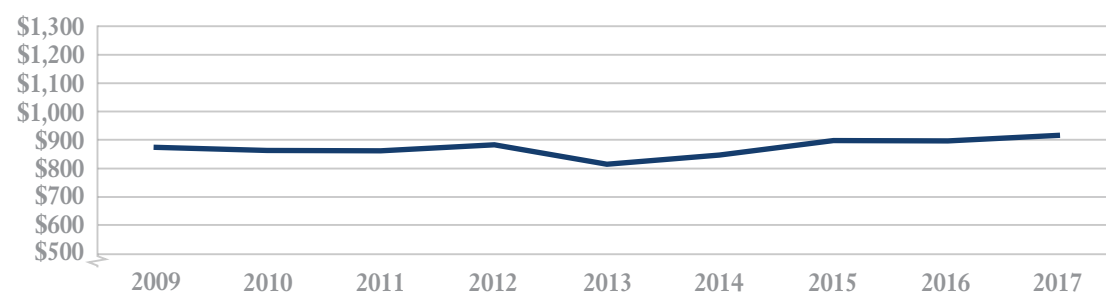
2018 Top 5 Recipients*

Columbia Heights	+\$4 million
Coon Rapids	+\$4.4 million
Brooklyn Center	+\$4.8 million
Brooklyn Park	+\$5 million
St. Paul	+\$31.4 million

*Net tax base change

Change in City Taxes on Average Value Home

Annual city property taxes have remained stable through the years when looking at a \$350,000 home.



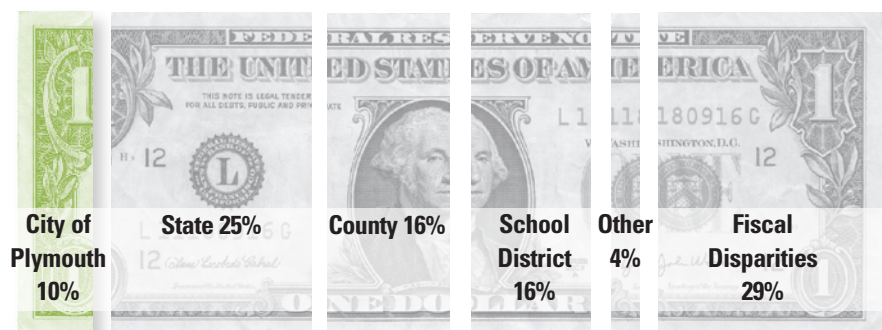
2017 FAST FACT

34,103*

calls for service to the Plymouth Police Department

*Excludes generic traffic enforcement

Commercial Property Tax Dollar Distribution

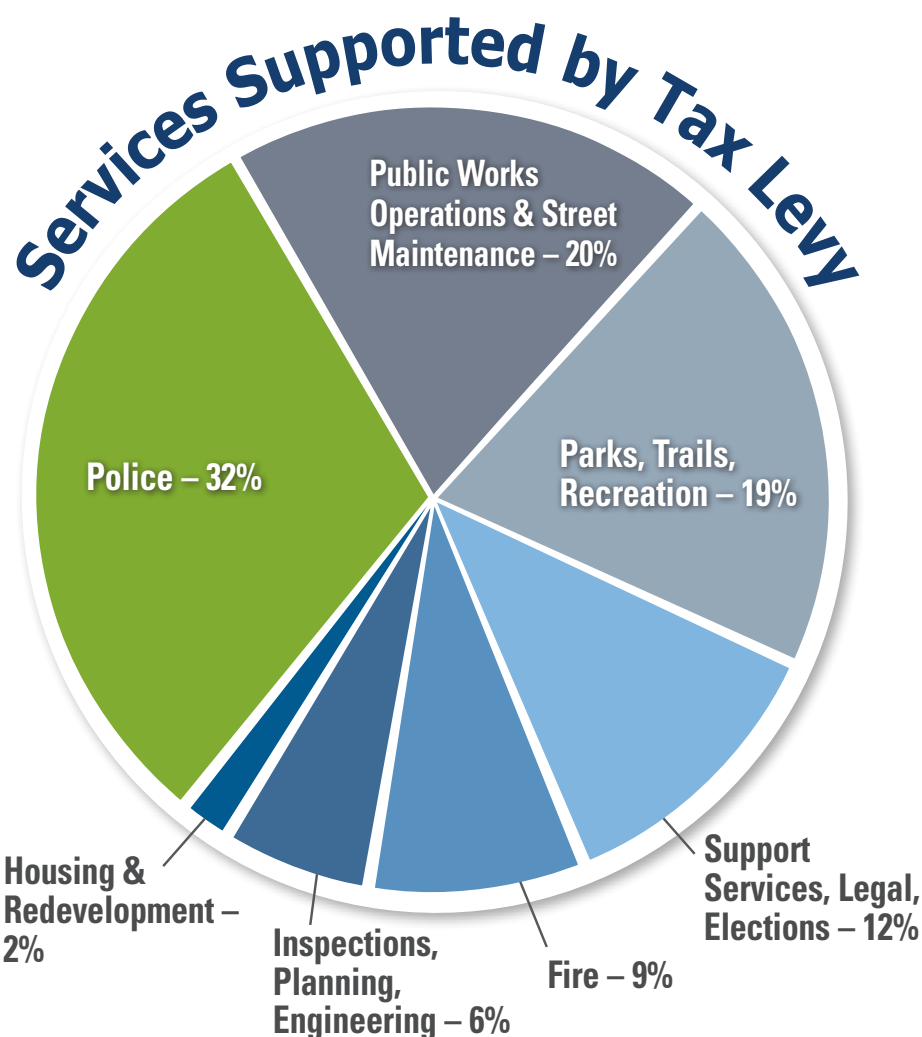


Plymouth collects 10 cents of every commercial-industrial property tax dollar.

Residential Property Tax Dollar Distribution



Plymouth collects 21 cents of every residential property tax dollar.



Plymouth maintains highest possible bond ratings

Like consistent top-notch online reviews for a business, a city government's high bond ratings indicate financial health and reputation – and benefit residents. 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.

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.

Top bond ratings help the city achieve the best possible value for residents because they reduce the amount of interest paid, which directly affects the amount of property taxes required to pay off the debt.

"Bond ratings indicate how the outside world views our community as a financial investment," said City Manager Dave Callister. "They reflect on the strength of the

community, economy, debt profile and financial management."

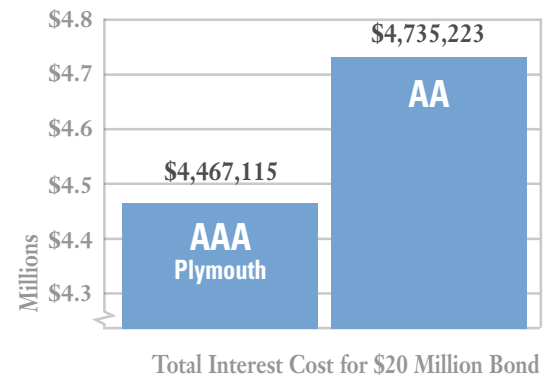
Rating agencies examine past and current financial status, future growth and future capital improvement plans to help determine bond ratings. They also consider the community as a whole, including diversity of development, average per capita income, housing values and employment.

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.

AAA Aaa

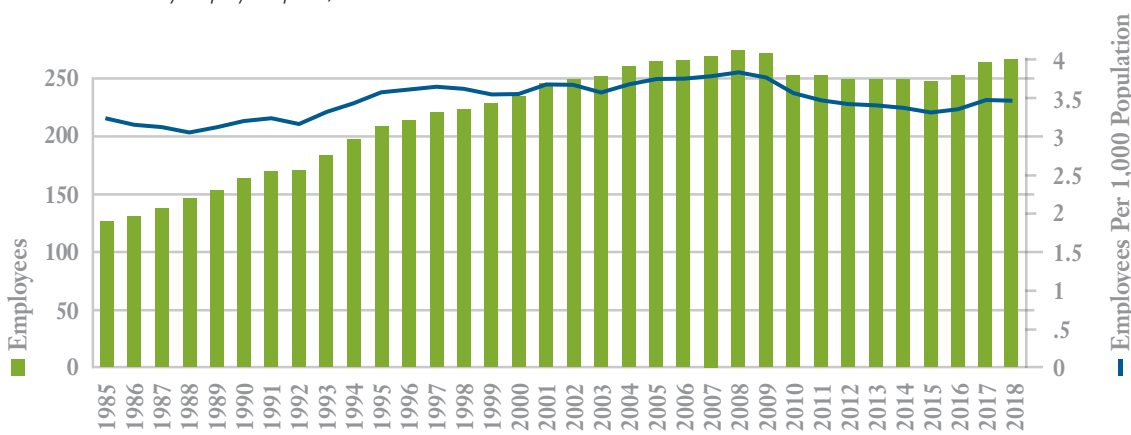
Why Bond Ratings Matter

If Plymouth were 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.



City 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 2018.



2017 BY THE NUMBERS

3,302 skate rentals at Plymouth Ice Center
63 new streetlights installed

2,047 average rides per day on Plymouth Metrolink
1,728 acres of park land in Plymouth
2,309 people volunteered for the city

Plymouth conservative when taking on debt

Although Plymouth doesn't often issue debt, careful financial stewardship has helped keep Plymouth's debt level well below state limits.

Debt management is an integral part of the city's financial strategy – and Plymouth's prudent management has helped maintain healthy levels of debt. In the past, the city has issued bonds for public improvements, facilities and infrastructure.

In 2017, the statutory debt limit for Plymouth was \$323.7 million. Plymouth's total debt, \$6.5 million, is only 2 percent of its total state-regulated debt capacity.

Debt is an important and flexible revenue source available to a city, which may allow for the completion

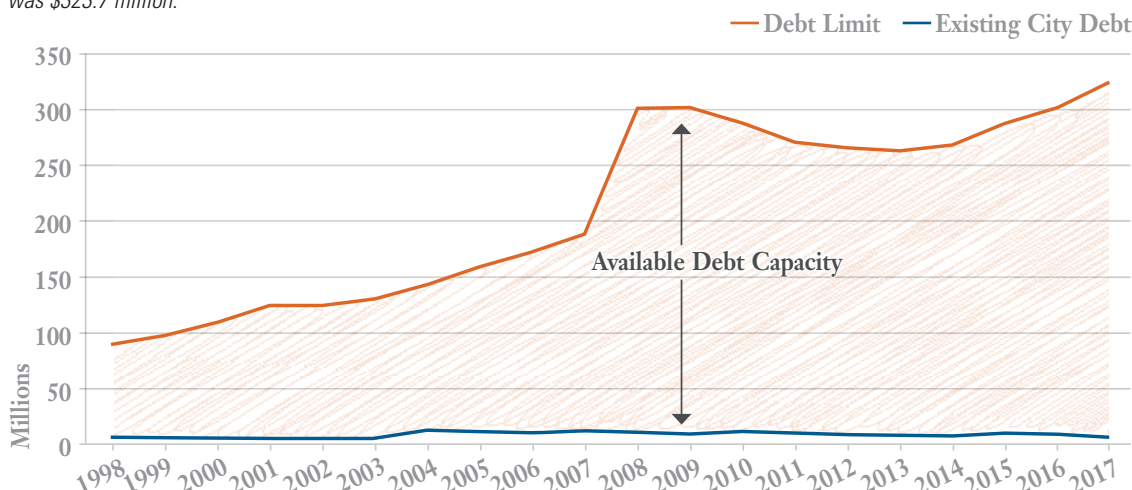
of necessary capital improvement projects in advance of when it would otherwise be possible. Debt can reduce long-term costs due to inflation, prevent lost opportunities, and equalize the costs of improvements to present and future residents.

One of the city's primary goals in debt management is to stabilize the overall debt burden and future tax levy requirements to ensure that issued debt can be repaid. A high level of debt places a financial burden on taxpayers and can stress the local economy.

Since 2012, the City of Plymouth has completed a debt study every two years. For more information, visit plymouthmn.gov/financialreport.

Actual Debt vs. Statutory Debt Limit

Thanks to careful financial stewardship, Plymouth's debt level is well below state limits. In 2017, Plymouth's statutory debt limit was \$323.7 million.



Note: In 2008, Minnesota law was revised to increase the taxable market value from 2 percent to 3 percent.

Redevelop ... from page 1

building permits, as well as redevelopment indicators, such as disproportionate building-to-land values.

City staff believes the study will help identify potential redevelopment districts – areas with multiple underutilized commercial-industrial properties – which may help trigger conversations between city staff, property owners willing to sell and developers eager to invest in Plymouth.

Redevelopment Helps Increase Value

In addition to rejuvenating outdated or blighted property, redevelopment typically increases property values, helps meet current community needs and strengthens the city's tax base.

"A lot of the city's commercial-industrial properties were built in the 1950s to 1970s. The longer they stay in the condition they're in without significant reinvestment or rehabilitation, the longer the city loses potential tax revenue under current market conditions," said Landhauser.

Commercial-industrial redevelopment also helps keep residential property taxes lower.

"Redevelopment typically leads to a higher value, which keeps the proportionate tax share for residential property owners lower and helps the overall tax capacity of the city," Landhauser added. In Plymouth, residential properties make up 73 percent of the total market value, but pay only 62 percent of the total tax collected.

Housing Improvement Areas

In addition to commercial-industrial redevelopment, reinvesting in residential housing also raises property values. To aid homeowners making improvements in townhome and condominium associations, the city offers financing options through Housing Improvement Areas.

Securing financing for common-ownership properties can be difficult or may require higher interest rates. HIAs provide financing options for improvements that property owners otherwise wouldn't be able to afford, which is paid back to the city with interest. Eligible townhome and condominium improvements include roofing, siding, landscaping, roadways and walkways.

"It's a win-win for the city and homeowners," said Callister. "Reinvestment in property helps keep up the neighborhood and improves the value of the housing stock in Plymouth."

For more information about HIAs, call Housing and Redevelopment Authority Manager Jim Barnes at 763-509-5412 or email jbarnes@plymouthmn.gov.

2017 FAST FACT

58,562

jobs in Plymouth