

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2019 Financial Extra.

The City of Plymouth continues to cultivate accountability and transparency in local government by sharing financial information with residents. This publication details how tax dollars are spent and how Plymouth compares to similar communities.

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

Residents are invited to review the Financial Extra. Please contact city staff or Plymouth City Council with questions.

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Reinvestment in Plymouth facilities needed to meet growing demand

As Plymouth's population increases, so does the need for continued investment in city facilities. In addition to regular maintenance and repairs, some facilities require updates to accommodate growing demand by residents, as well as evolving work processes and space needs.

Plymouth Creek Center

Plymouth's population has grown considerably since the Plymouth Creek Center opened nearly 20 years ago. This has created a surge in demand for more versatile spaces, and requests for additional fitness and recreation programming and amenities. After two decades, the building is due for maintenance and upgrades – and the city is considering an expansion to meet demand for additional space.

The center draws more than 300,000 visitors annually. In 2017, a feasibility study confirmed what city staff sees day-to-day – the Creek Center is challenged by the lack of available and appropriately sized spaces needed to handle the volume and variety of programs offered at the facility.

Last year, the city gathered feedback about amenities residents would like to see in a possible community center project. Residents expressed interest in features such as gym space, a walking track, an indoor playground, fitness spaces and a STEM classroom.

After considering a range of options, the City Council opted to take the next steps in developing what an expansion and renovation might look like. It selected an



As the city's population increases, so does demand for public safety services. In addition to bolstering Fire Department staffing to meet demand, two of Plymouth's three fire stations need significant financial investment.

architect to develop a schematic design for the project (see Plymouth News page 1). With a preliminary design, the city will have a better idea of potential project cost and

Facilities ... continued on page 3

Bonding Request for Regional Asset

Because the Plymouth Creek Center helps meet regional as well as local needs, the City of Plymouth is working with state lawmakers to request state bond funds for the facility. Over the last 13 years, 22 facilities with similar regional impact have received almost \$236 million in state bonding money.

Growth Offsets Costs

While the city's growth in population and market value drives the need for reinvestment in facilities and infrastructure, as well as additional city services, it also helps offset increased costs. As Plymouth grows, the tax base grows, which reduces the impact to each taxpayer.

\$218 million in new construction

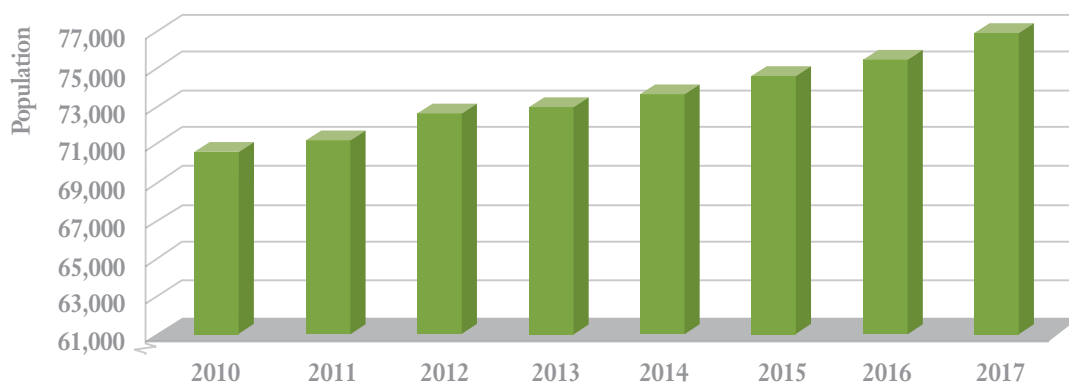
1.8% increased value due to new growth

5.3% total increased market value

According to Hennepin County, the 2019 total market value increase for all property types in Plymouth is 5.3% – including a 1.8% increase from new construction, which totals more than \$218 million.

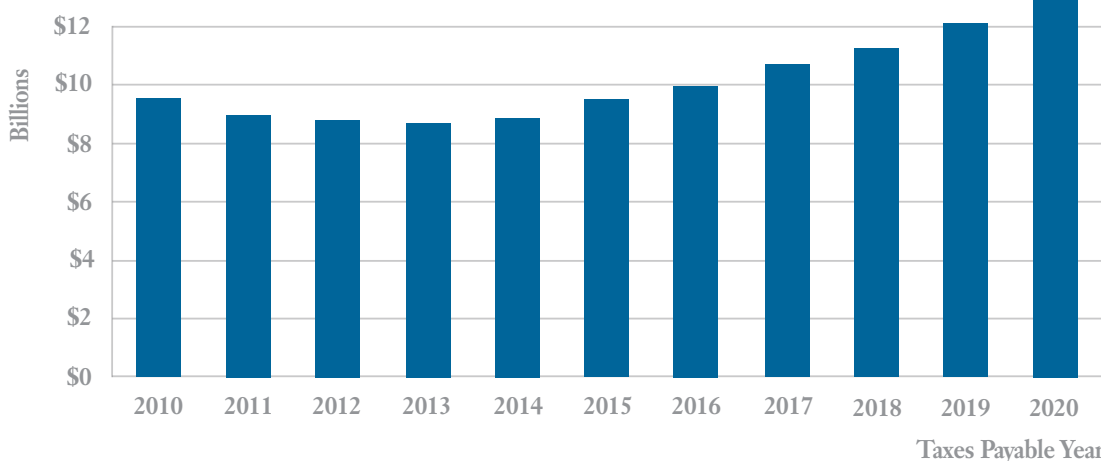
Population Growth

Plymouth continues to see steady growth. The 2010 census ranked Plymouth as the seventh largest Minnesota city with a population of 70,576. According to the most recent Metropolitan Council estimate in 2017, Plymouth has 76,882 residents.



Total Market Value History

Plymouth's total market value continues to climb. According to Hennepin County, Plymouth's 2019 estimated total market value, for taxes payable in 2020, is nearly \$13 billion. The property tax base has increased 35% since 2010.



2018 FAST FACT

10,444 tons of asphalt applied to streets

City's bond ratings illustrate sound financial management

Bond ratings are indicative of a city government's sound financial management – and the City of Plymouth continues to maintain the highest possible ratings. In addition, the city has been recognized for its transparency in financial reporting for more than three decades.

Since 2010, Plymouth has maintained top ratings from two bond credit rating agencies – Standard & Poor's awarded Plymouth its highest AAA rating, while Moody's Investors Service gave Plymouth the top Aaa rating. Plymouth is one of about a dozen Minnesota cities to hold both distinctions.

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

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 repay the debt.

Financial Reporting Recognized

In addition to maintaining top bond ratings, the city has been recognized for its transparency in financial reporting for more than three decades.

For 36 consecutive years, the City of Plymouth has received a Certificate of Achievement for Excellence

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

AAA Aaa

The city receives the recognition following the completion of its Comprehensive Annual Financial Report and annual outside audit.

Visit plymouthmn.gov/financialreport to view the CAFR and other financial documents, which provide the public with detailed information about the city's financial status and practices.

Audits Affirm City's Financial Health

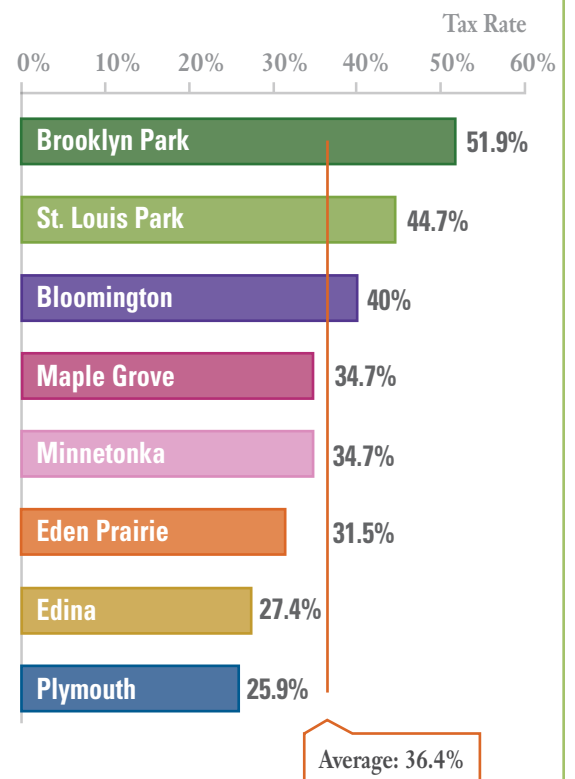
Last year's audit, performed by Certified Public Accounting agency Malloy, Montague, Karnowski, Radosevich & Co., reported that the City of Plymouth has maintained healthy cash and fund balance levels.

According to the audit report, "This is an important factor because a government, like any organization, requires a certain amount of equity to operate.

"A healthy financial position allows the city to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs and unexpected costs; and is a factor in determining the city's bond rating and resulting interest costs."

Tax Rate Comparisons

Plymouth has the lowest tax rate for taxes payable in 2019 when compared to other Hennepin County suburbs with populations of 45,000 or more.



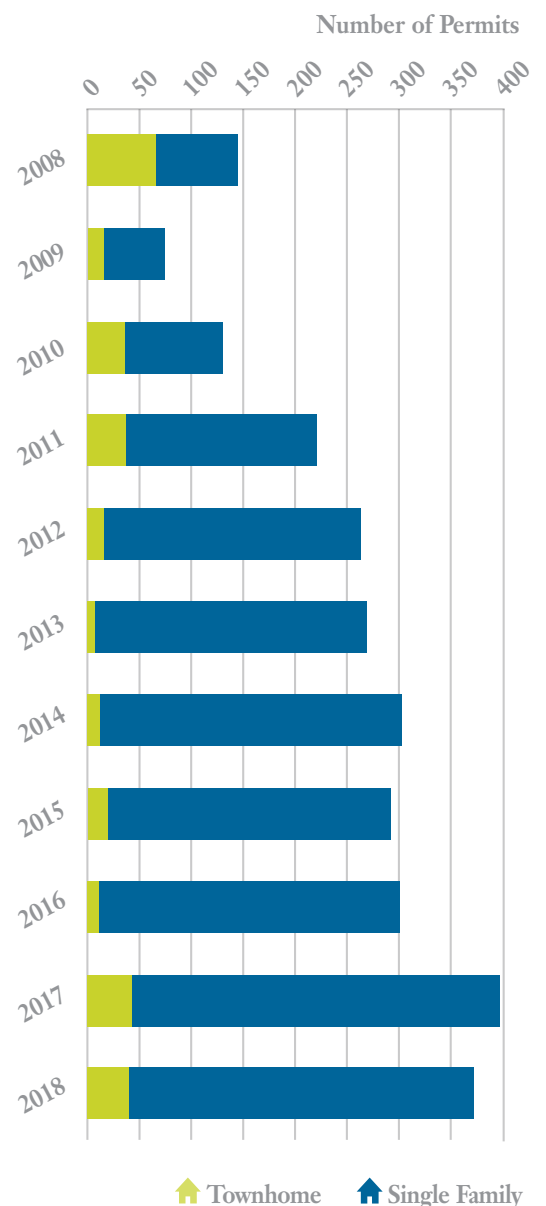
2018 FAST FACT

25,367

code/safety inspections by the Building Division

Residential Building Permits

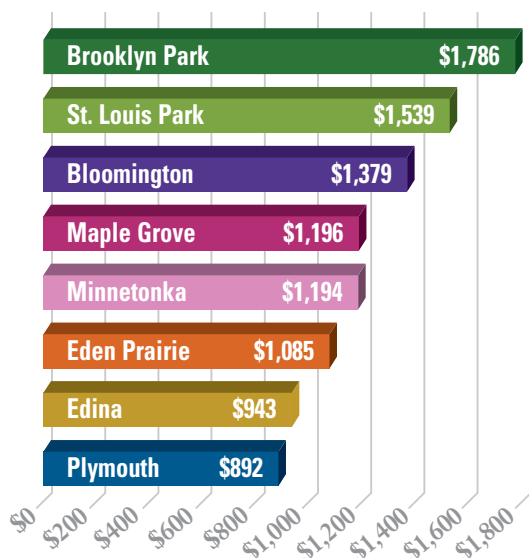
Plymouth continues to see steady residential housing growth. In 2018, a total of 371 residential units were constructed – including 331 single-family homes and 40 townhomes.



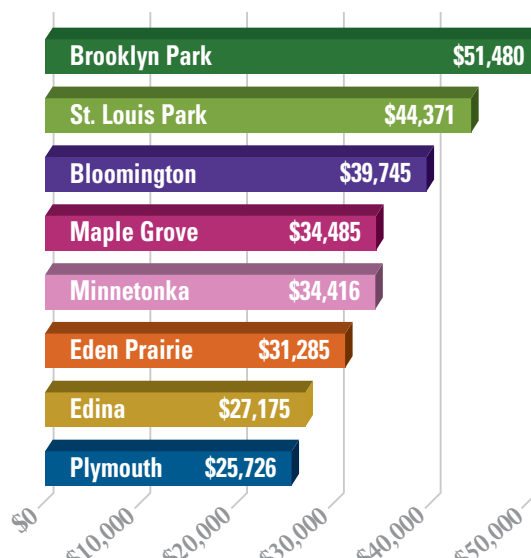
How Plymouth Compares – City Tax Example

Compared to similar communities, Plymouth has the lowest city taxes on a \$350,000 home, as well as a \$5 million business, for taxes payable in 2019. For the sake of comparison, the figures below do not include Housing and Redevelopment Authority or market value levies, as not all cities have them. The comparison includes tax capacity levies.

CITY TAXES ON A \$350,000 HOME

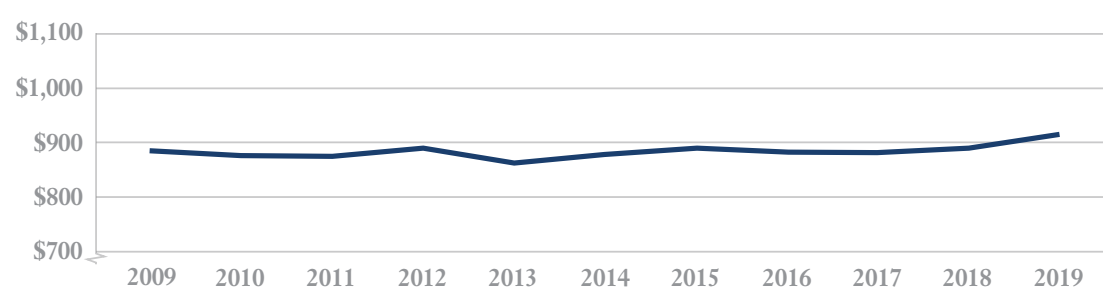


CITY TAXES ON A \$5 MILLION BUSINESS



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.



2018 BY THE NUMBERS

8,803 hours of training completed by firefighters
2.98 billion gallons of water treated by the city

\$665,494 was the in kind value of city volunteer efforts
1,736 acres of parkland in Plymouth
2,037 average rides per day on Plymouth Metrolink

Plymouth conservative when taking on debt

Conservative debt management is an integral part of the city's financial strategy. This approach has helped Plymouth maintain healthy levels of debt.

Though Plymouth doesn't often issue debt, in the past, the city has issued bonds for public improvements, facilities and infrastructure.

Careful stewardship has helped keep Plymouth's debt level well below state limits. In 2018, the city's statutory debt limit was \$340.5 million. Plymouth's outstanding debt for its three tax-supported bond issues is \$6.4 million.

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

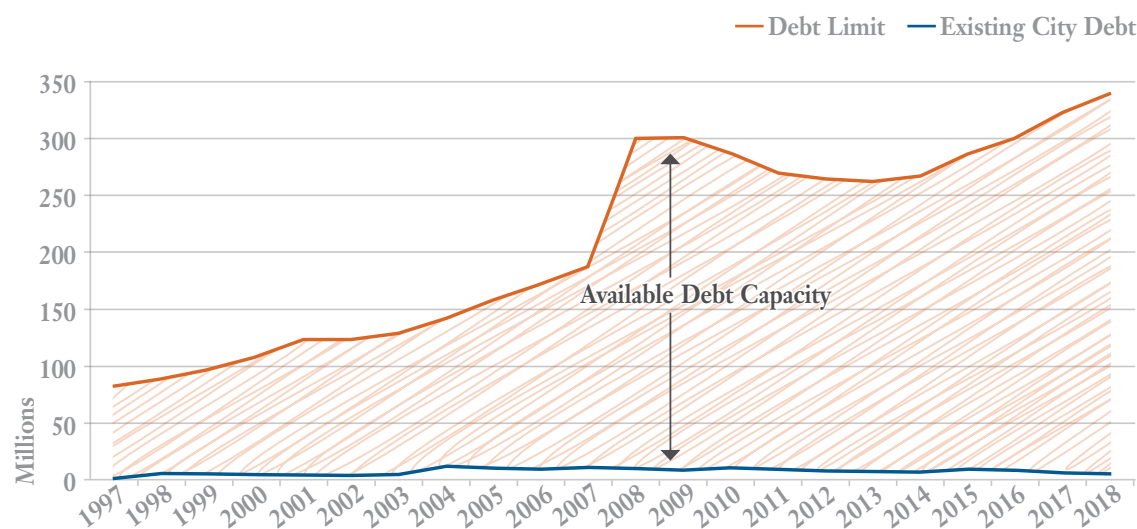
capital improvement projects in advance of when it would otherwise be possible. Debt can reduce long-term costs due to inflation, prevent lost opportunities, and equalize the costs of improvements to present and future residents.

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.

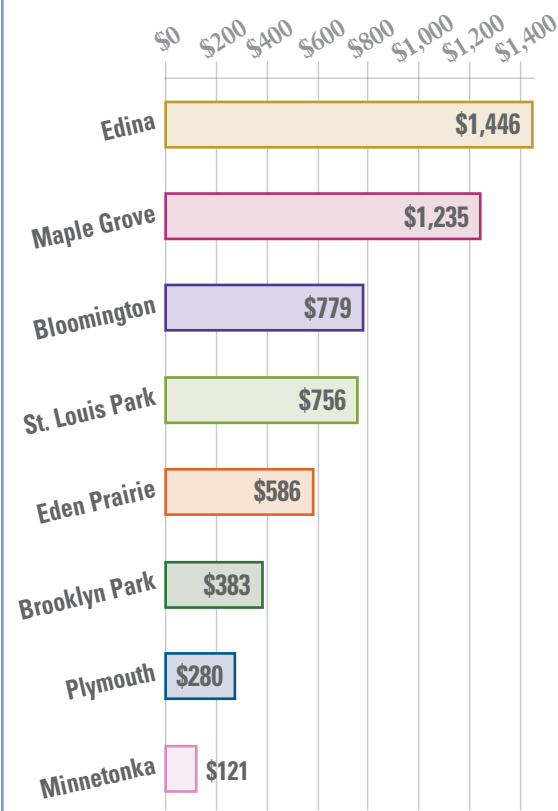
Actual Debt vs. Statutory Debt Limit

Thanks to careful financial stewardship, Plymouth's debt level is well below state limits. In 2018, Plymouth's statutory debt limit for tax-supported debt was \$340.5 million.



Direct Net Debt Per Capita

Plymouth maintains conservative levels of debt. For taxes payable in 2018, Plymouth showed a direct net debt of \$280 per capita. Hennepin County suburbs with populations of 45,000 or more showed an average of nearly \$700 per capita.



Funding Sources for Facilities

The City of Plymouth has a several funding options to consider when investing in facilities and infrastructure. The following is a breakdown of five options, in order of frequency of use.

- 1. Reserve Funds:** Due to its history of sound financial management, the city utilizes reserves, as appropriate, to assist with the funding of repairs or improvements to city facilities.
- 2. Capital Improvement Budgeting:** The city relies on a long-term Capital Improvement Plan to plan for replacement costs, capital needs and tentative project timelines. It helps the city set aside adequate funds each year so that resources are available when an asset is due for replacement. The city is working to transition from a 5-year plan to a 10-year plan.
- 3. Issuing Bonds:** Though Plymouth doesn't often issue debt, the city may issue bonds for larger scale public improvements, facilities and infrastructure.
- 4. State Funding/Grants:** To help pay for larger, regionally significant projects, the city may advocate for state bond funds or grants.
- 5. Cost Sharing:** The city may partner with another organization to share the cost of a mutually beneficial community project. For example, the Life Time Fitness and Plymouth Ice Center facility was the result of a 1997 public-private partnership.

Advocacy at the State Capitol

Because Plymouth is Minnesota's fourth largest economy, residents and businesses contribute a significant amount to the state and county tax systems. City leaders work with state lawmakers to ensure a portion of state tax dollars are reinvested in the community. Examples of successful advocacy include:

- \$9.72 million in state bond funds to reconstruct the County Road 9/Rockford Road Bridge over I-494, a project set to begin late spring 2019
- \$4.7 million in state bond funds to construct the Vicksburg Lane bridge over the Canadian Pacific Railroad in 2015 – the first time Plymouth received state bond funds for a specific community project

Facilities ... from page 1

be better positioned to solicit feedback from the public about specific design features.

For more information and to sign up for eNotify email updates, visit plymouthmn.gov/pccproject.

Fire Stations

As the city's population increases, so does demand for public safety services. In addition to bolstering Fire Department staffing to meet demand for service, two of Plymouth's three fire stations need significant financial investment.

In the past couple years, the city has increased funding for paid-on-call firefighters and hired 12 full-time firefighters to meet the growing demand for service. With the additional positions, the department is able to staff one station 15 hours each day and one station 24/7.

Ultimately, to improve response times and coverage of the city, the department aims to staff two stations 24/7.

As the department's staffing model evolves, so does its space needs. Constructed in 1977, Fire Station II is nearing the end of its useful life. The 42-year-old facility is in need of major renovation or replacement. Plymouth Fire Station III, built in 1989, is also in need of renovations.

To accommodate the new staffing model and perform necessary infrastructure maintenance, the Plymouth Fire Department is working with an architect to consider remodel, addition and rebuild options.

Water Towers

Built in 1970, the city's Central Water Tower will receive maintenance this year. The 1 million-gallon tower at the Plymouth Maintenance Facility will be sandblasted, painted, cleaned and repaired. Maintenance to the Zachary Water Tower was completed last year.

Water tower rehabilitation projects are typically scheduled every 20 to 25 years. These projects are funded by user fees, which make up the city's water fund.

"When residents pay utility bills, some of those dollars are set aside for capital projects for water mains, water towers and lift stations," said City Manager Dave Callister. "As infrastructure ages, it must be maintained or replaced – similar to street reconstruction."

Maintenance Facility

Plymouth Maintenance Facility underwent a \$10 million expansion project in 2016 to make operations more efficient and provide better protection for the millions of dollars in equipment and vehicles stored there. Due to the city's fiscal prudence, Plymouth was able to fund the project without incurring debt or increasing property taxes.

The facility houses equipment, vehicles and staff needed to maintain roads, parks, trails, and the water and sanitary sewer system, as well as the city fleet. The facility was last expanded in 1990, when Plymouth had considerably less infrastructure, equipment and vehicles to maintain. The 2016 expansion added 46,000-square feet to the building.

City Hall

A project to reconfigure upstairs office spaces and complete needed infrastructure repairs at Plymouth City Hall was completed in 2017. The project created more efficient, flexible work space for the Administrative Services and Parks and Recreation departments within the building footprint.

The project represented the first improvements to offices at Plymouth City Hall in more than two decades. Office spaces housing the Engineering Division and Community Development Department will also be renovated.

Online financial resources offer increased efficiency, transparency

The City of Plymouth continues to improve efficiency and transparency for residents through online payments and financial resources.

Increased Efficiency

Utility billing: In August 2017, City of Plymouth began offering online bill pay for its utility customers, a feature that adds convenience and reduces administrative costs.

Customers must register with the city's authorized payment processor, Payment Services Network.

The service allows users to submit or schedule automatic payments. Customers have access to billing history and the ability to print receipts. For more information, visit plymouthmn.gov/payonline.

Rent payments: The city also rolled out online rent payment services in March 2019 for residents of the Plymouth Housing and Redevelopment Authority's senior buildings – Vicksburg Crossing and Plymouth Towne Square.

Residents who register for the payment service, also available through PSN, have the ability to make rent payments with checking or savings accounts, view payment history and balances due, and set up automatic recurring payments.

For more information about the senior buildings, visit plymouthmn.gov/hra.

Permit applications: The city is working with a vendor to process some permits online. Though not yet available, permit applications for routine maintenance and mechanical replacements, such as installation of a water softener, water heater or air conditioner will be online later this year. More information will be published as it becomes available.

Financial Transparency

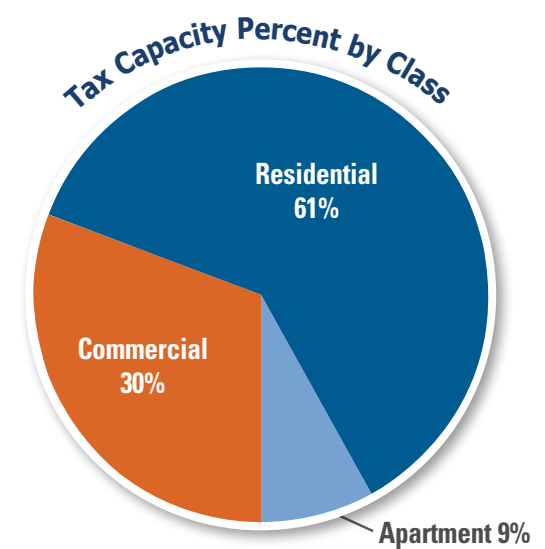
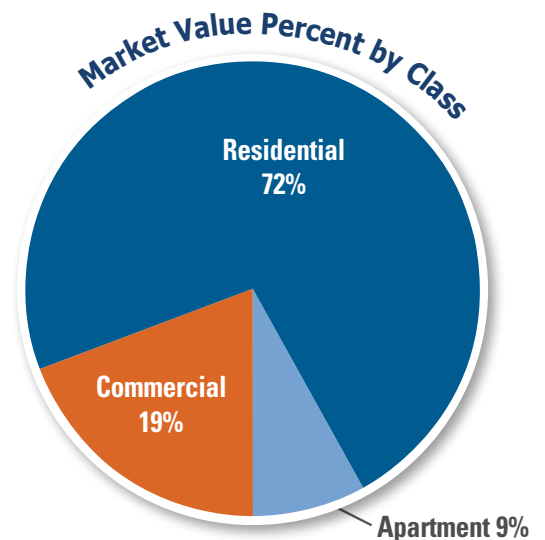
To further transparency at the local government level, the City of Plymouth is working to offer a new online toolbox of financial resources for residents. The launch date has yet to be determined.

The system will allow residents to view and sort financial data by a specific city department or division, or view revenue and expenditure details. Residents will be able to view the city's financial statements, tax rate history, levy history, market value history and more.

"For the sake of increased transparency, Plymouth residents will have the ability to access more of the city's financial data online," said Finance Manager Jodi Bursheim. "The new software will allow residents to view and sort financial information in a variety of ways."

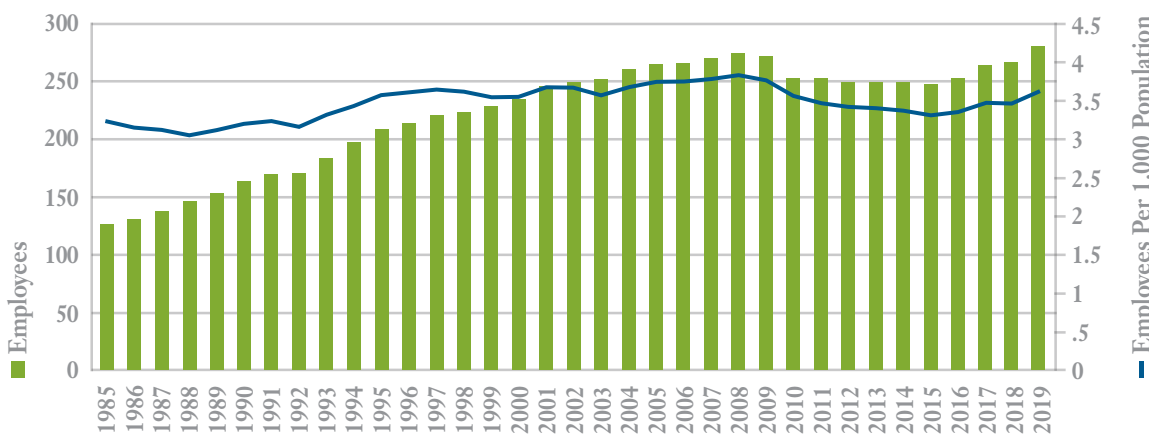
Market Value vs. Tax Capacity

Plymouth's thriving business community benefits residents. Residential properties make up 72% of the total market value in Plymouth, but pay 61% of the total tax collected. Commercial-industrial properties make up 19% of the market value, but pay 30% of the total tax collected. Tax class rates are determined by state law.



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. In 2019, the ratio is 3.63 city employees to 1,000 residents.



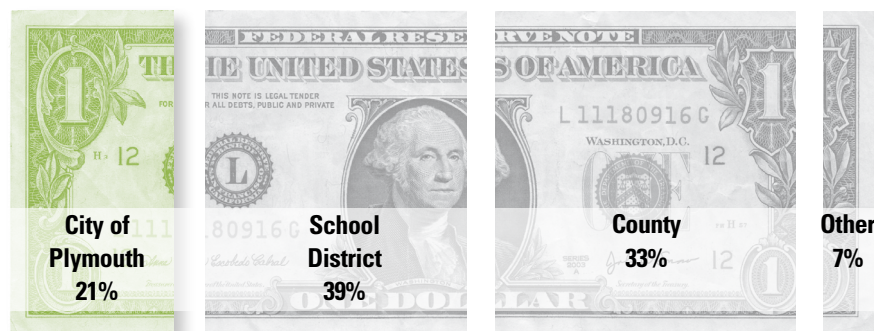
2018 FAST FACT

34,351*

calls for service to the Plymouth Police Department

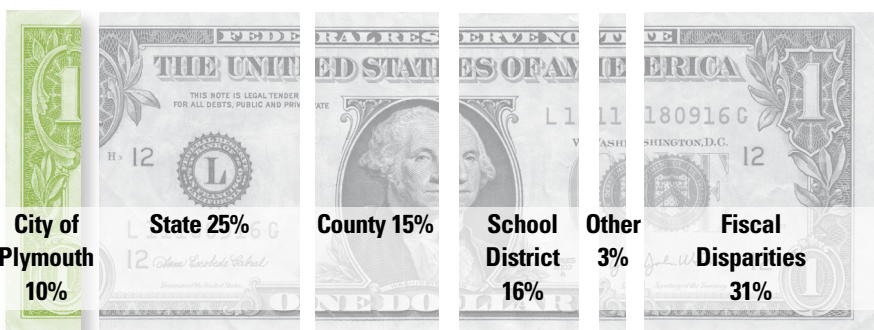
*Excludes generic traffic enforcement

Residential Property Tax Dollar Distribution



Plymouth collects 21 cents of every residential property tax dollar.

Commercial Property Tax Dollar Distribution



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

