

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2021 Financial Extra.

Plymouth has a history of prudent fiscal management. The city plans ahead and carefully manages tax dollars to continue providing the core services, infrastructure and amenities that make Plymouth a place residents and businesses are proud to call home.

The city cultivates accountability and transparency by sharing financial information. This publication details how tax dollars are spent and how Plymouth compares to similar communities. To view complete budgets, financial reports, long-range planning tools and more, visit plymouthmn.gov/financialreport.

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

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Plymouth remains strong despite COVID-19 impacts

While the COVID-19 pandemic has presented many challenges, the City of Plymouth has relied on its history of long-range planning and prudent fiscal management to remain financially sound.

Throughout the pandemic, the city has continued to adapt the way it conducts business to provide uninterrupted essential services residents rely on and expect.

“Our focus has been keeping everyone safe while still providing services,” said City Manager Dave Callister. “Plymouth has maintained its strong fiscal position throughout the pandemic. We have reserves for this reason – we plan ahead and save for situations such as this to mitigate adverse financial effects on the city.”



Plymouth remained strong, despite the pandemic. The city utilized federal relief funds to offset costs and offered grants to small businesses impacted by COVID-19.

Leveraging CARES Act Funding

Along with funding allocated to other state, local and tribal governments, the City of Plymouth received \$5.9 million in federal funding in 2020 through the Coronavirus Aid, Relief, and Economic Security Act to help navigate the impacts of COVID-19.

Plymouth utilized CARES Act funding to make durable purchases, upgrades and community investments that address current public health needs and will last far beyond the pandemic. Examples include:

- Outfitting Fire Department vehicles with LUCAS devices to administer contactless CPR
- Offering small business assistance/relief grants to businesses impacted by the pandemic
- Providing on-sale liquor license rebates to establishments for months of mandated closures

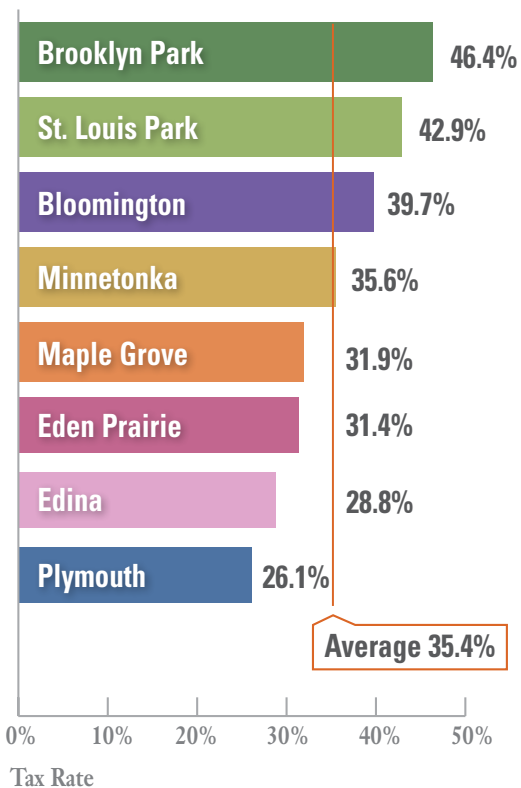
- Public safety upgrades at facilities, including installation of contactless/remote access at park facilities, air purification systems and touchless faucets, entrances and lights
- Providing personal protective equipment, and sanitizing/cleaning shared equipment and squad cars
- Technology investments for all departments to provide uninterrupted city services
- Installing HVAC bipolar ionization and air purification systems at city facilities

“Although Plymouth did have additional expenditures and loss of revenue, we remained financially stable and were able to offset those costs by leveraging CARES Act funding,” said Callister.

The city is also set to receive \$7.36 million through the Coronavirus Local Fiscal Recovery Fund in 2021. City Council and staff are reviewing the legislation to determine appropriate uses for the community.

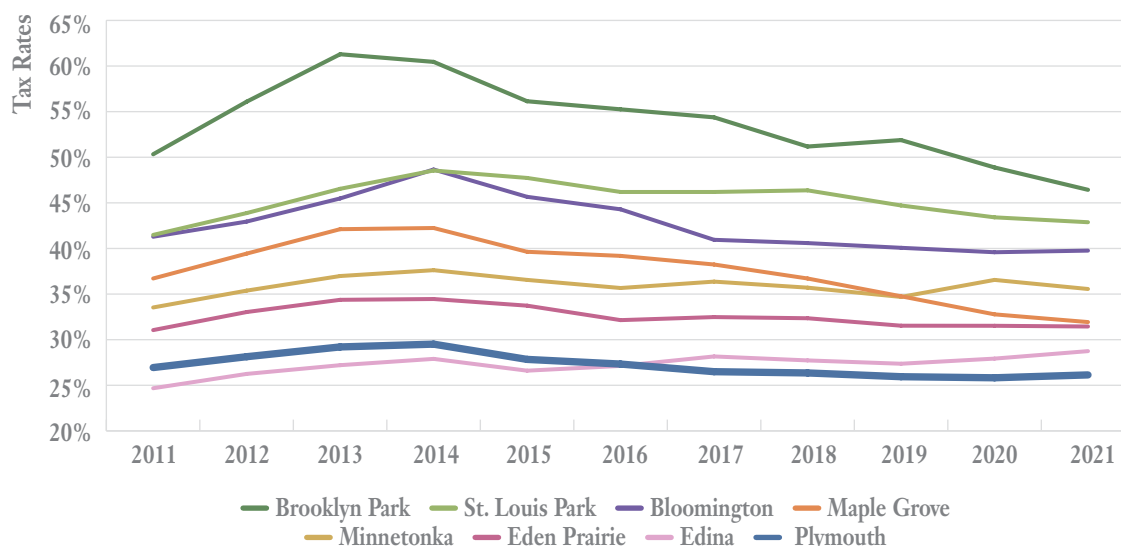
Tax Rate Comparisons

Plymouth has the lowest tax rate for taxes payable in 2021 when compared to other Hennepin County suburbs with populations of 45,000 or more.



Tax Rate History

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



2020 FAST FACT

324.7
miles of city streets in Plymouth

2020 BY THE NUMBERS

38 years Plymouth has earned a certificate for transparency in financial reporting
64,988 visits to the Plymouth Yard Waste Site
41 new fire hydrants installed in Plymouth

3.12 billion gallons of water treated by the city
62,550 tons of asphalt applied to city streets
38,097 calls for service to the Police Department (does not include general traffic enforcement)
33 new streetlights installed in Plymouth

Plymouth receives special legislation to help promote businesses, tourism

The state Legislature approved special legislation in 2020 granting the City of Plymouth the authority to implement a 3% lodging tax to help create a convention and visitors bureau, fund capital investments and promote tourism.

A CVB is a local tourism marketing organization that would promote Plymouth businesses and community assets in order to attract the traveling public, meeting planners and media. If created, the Plymouth CVB would likely include representatives from hotels, retailers and the city.

“The goal of a CVB is to draw people to the community to stay at hotels, dine at restaurants, attend events and spend money to boost the local economy,” said Economic Development Manager Danette Parr.

About the Lodging Tax

More than 110 Minnesota cities collect varying lodging tax rates, including several of Plymouth’s peer cities, which received similar authorization to implement a lodging tax ranging from 3% to 7%. The tax is typically collected during hotel stays as part of the tax to rent a room.

While Minnesota cities can establish a 3% lodging tax without special legislation, it is required to authorize a higher rate or determine specific allocation of funds.

In Plymouth, 1% will fund the CVB and promote the city’s hotels, restaurants, facilities and events. The remaining 2% must be used for capital improvements to public recreation facilities.

“The special legislation pinpoints a portion of the funds to invest in regional venues that draw people to Plymouth,” said City Manager Dave Callister. “We will use the funds to repay a portion of the debt for the Plymouth Community Center (formerly Plymouth Creek Center) renovation and expansion project.”

Venues such as the Plymouth Community Center, Plymouth Ice Center and Hilde Performance Center draw people to Plymouth for tournaments, conferences, concerts and other events, boosting the local economy through hotel stays, dining and shopping.

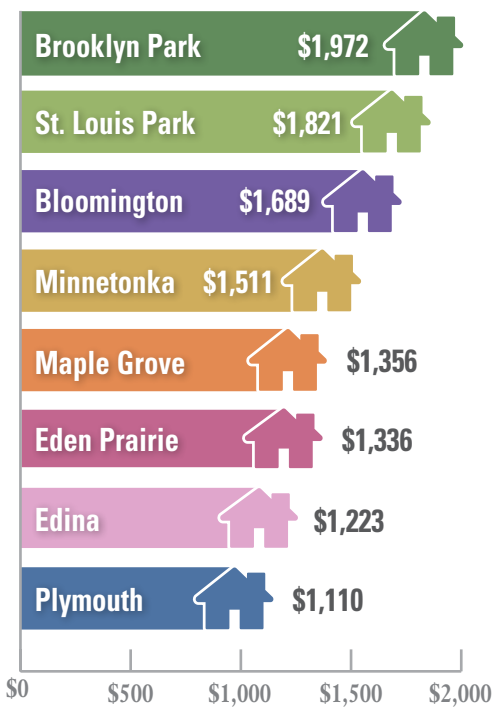
Implemented in October 2020 in Plymouth, forecasted lodging tax funds have been well below pre-pandemic market expectations. At press time, the lodging tax had been collected for five months with revenue at 65% of the projections, which will likely delay the timeline for implementation of the CVB.

City Council will review options this summer and begin discussing potential steps to move forward with establishing the CVB.

How Plymouth Compares – Residential City Tax Example

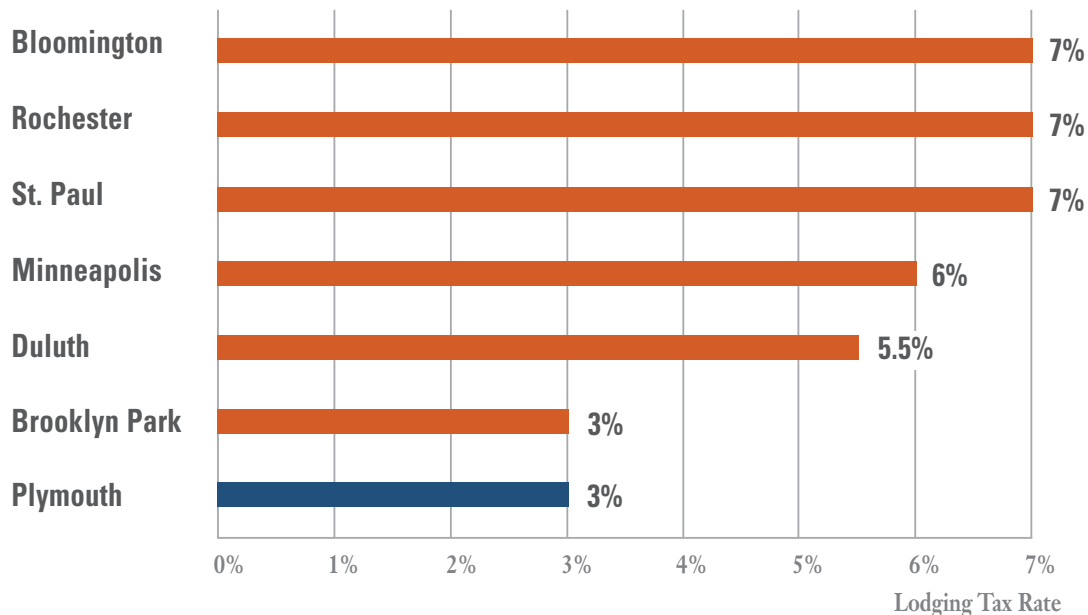
Compared to similar communities, Plymouth has the lowest city taxes on a \$425,000 home for taxes payable in 2021. For comparison, the figures below include tax capacity levies, but not Housing and Redevelopment Authority or market value levies, as not all cities have them.

CITY TAXES ON A \$425,000 HOME



How Plymouth Compares – Lodging Tax Rates

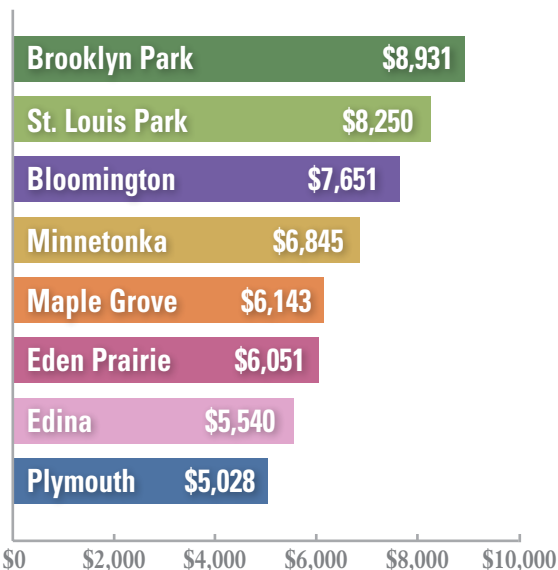
More than 110 Minnesota cities collect varying lodging tax rates. While Minnesota cities can establish a 3% lodging tax without special legislation, it is required to authorize a higher rate or determine specific allocation of funds. Several of Minnesota’s largest cities have received similar authorization to collect a lodging tax. In addition to those listed below, other nearby cities have a 3% lodging tax, including Maple Grove, Edina, Golden Valley and St. Louis Park.



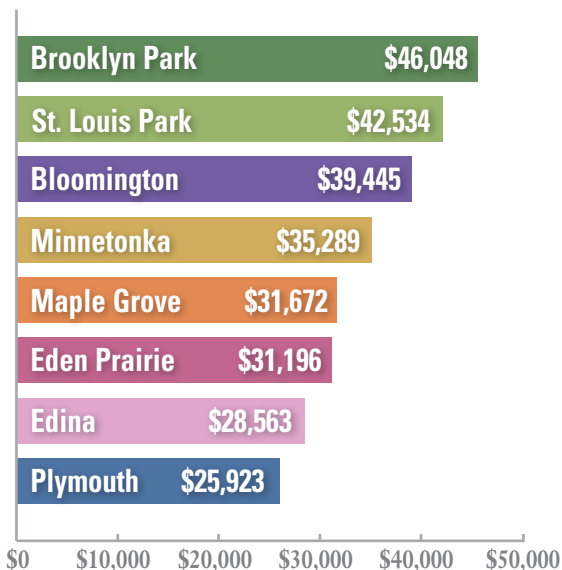
How Plymouth Compares – Commercial City Tax Examples

Compared to similar communities, Plymouth has the lowest city taxes on \$1 million and \$5 million businesses for taxes payable in 2021. 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 \$1 MILLION BUSINESS



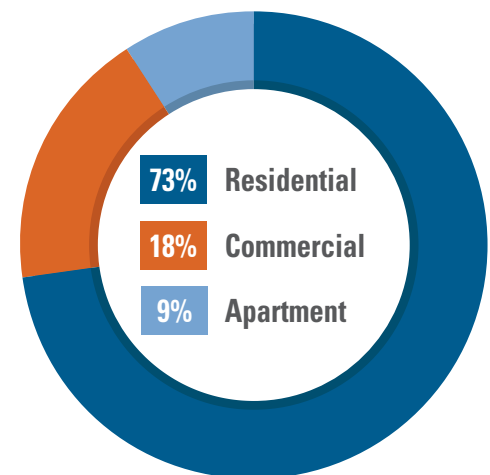
CITY TAXES ON A \$5 MILLION BUSINESS



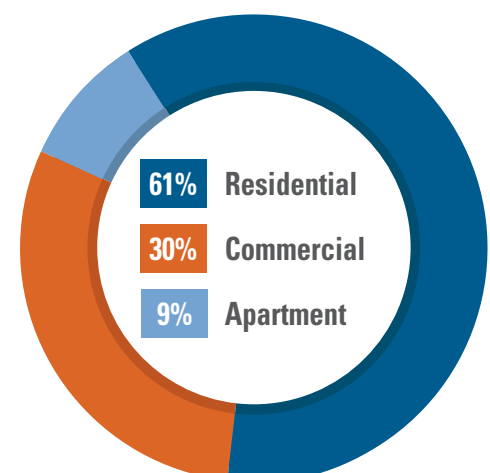
Market Value vs. Tax Capacity

Plymouth’s thriving business community benefits residents. Residential properties make up 73% of the total market value in Plymouth, but pay 61% of the total tax collected. Commercial-industrial properties make up 18% of the market value, but pay 30% of the total tax collected. Tax class rates are determined by state law.

2021 Market Value by Class



2021 Tax Capacity by Class



2020 FAST FACT

1,856
acres of park land in Plymouth

Dual top bond ratings reaffirm city's strong financial standing

A city government's high bond ratings indicate strong financial standing and benefit residents by reducing the impact on property taxes when the city issues debt to fund capital improvements. Plymouth has maintained the highest possible bond ratings since 2010 from two rating agencies, Moody's Investors Service and Standard & Poor's.

The ratings were reaffirmed in 2020 as the city prepared to issue \$42 million in general obligation bonds to fund the renovation and expansion of the Plymouth Community Center (formerly Plymouth Creek Center).

Maintaining top bond ratings has helped the city achieve the best possible value for residents by reducing the amount of interest paid, directly affecting the amount of property taxes required to pay off the debt. The city's high ratings helped secure an interest rate of 1.7% on a 20-year bond for the PCC project.

"Plymouth, MN has exceptional credit quality," the Moody's credit report said. "Reserves are very strong and will remain healthy because of the city's strong budget management."

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

Plymouth is one of only 10 Minnesota cities to hold top ratings from both Moody's and Standard & Poor's.

Debt Levels Remain Low

Careful financial stewardship has helped keep Plymouth's debt well below state limits. While the city's statutory debt

limit was \$415.6 million in 2020, Plymouth's outstanding debt is \$43.3 million – and will remain well below legal limits when debt is issued for the renovation and expansion projects at Fire Stations 2 and 3 in mid-2021.

An integral part of the city's financial strategy, conservative debt management stabilizes the overall debt burden and future tax requirements for repayment.

Early Debt Repayment Saves Thousands

Plymouth's conservative debt management has allowed the city to pay off debt issuances early – recently saving the city and taxpayers nearly \$200,000 in interest. Two examples of early debt repayment include:

- In 2020: Bond issued in 2010 for open space (the Northwest Greenway) set to mature in 2026 – paid off six years early
- In 2021: Bond issued in 2011 for senior housing, set to mature in 2023 – paid off nearly three years early

To view the city's financial and long-term planning documents, including debt studies, visit plymouthmn.gov/financialreport.

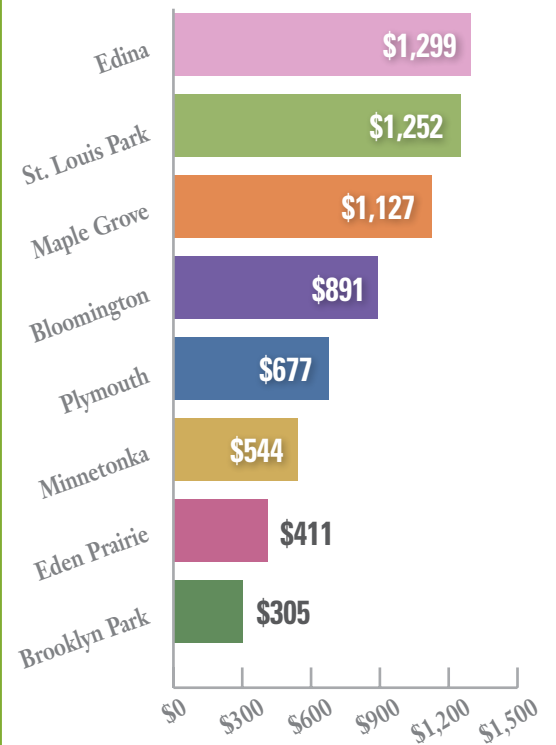
Note: The print edition of the Financial Extra contained an error regarding early repayment of bonds in 2020, which listed the bonds for the Public Safety Building. In actuality, the city completed early repayment of bonds issued for open space.

Why Bond Ratings Matter **AAA** **Aaa**

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 \$274,482 in interest.

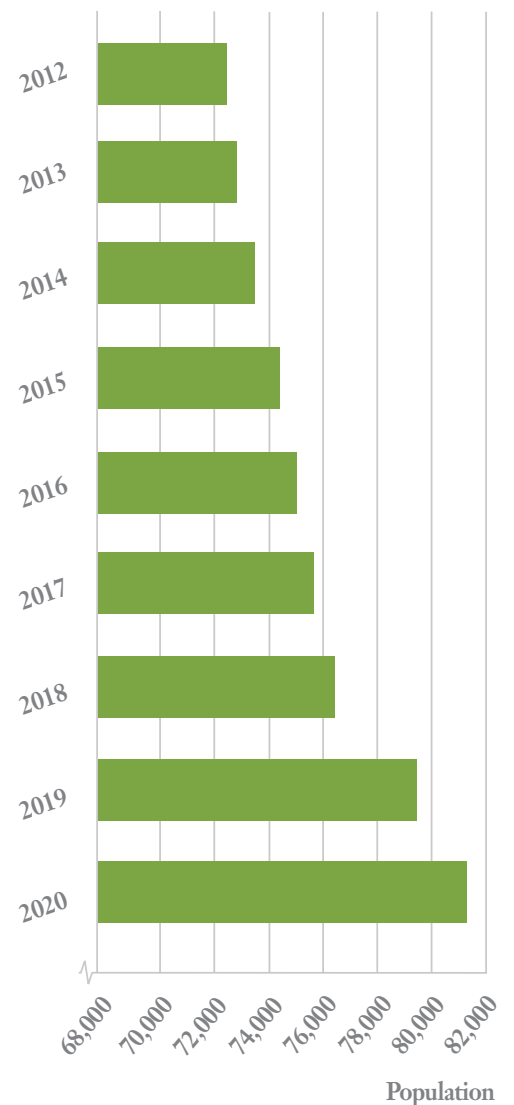
Direct Net Debt Per Capita

Plymouth maintains conservative levels of debt. For taxes payable in 2020, Plymouth showed a direct net debt of \$677 per capita. Hennepin County suburbs with populations of 45,000 or more showed an average of more than \$800 per capita.



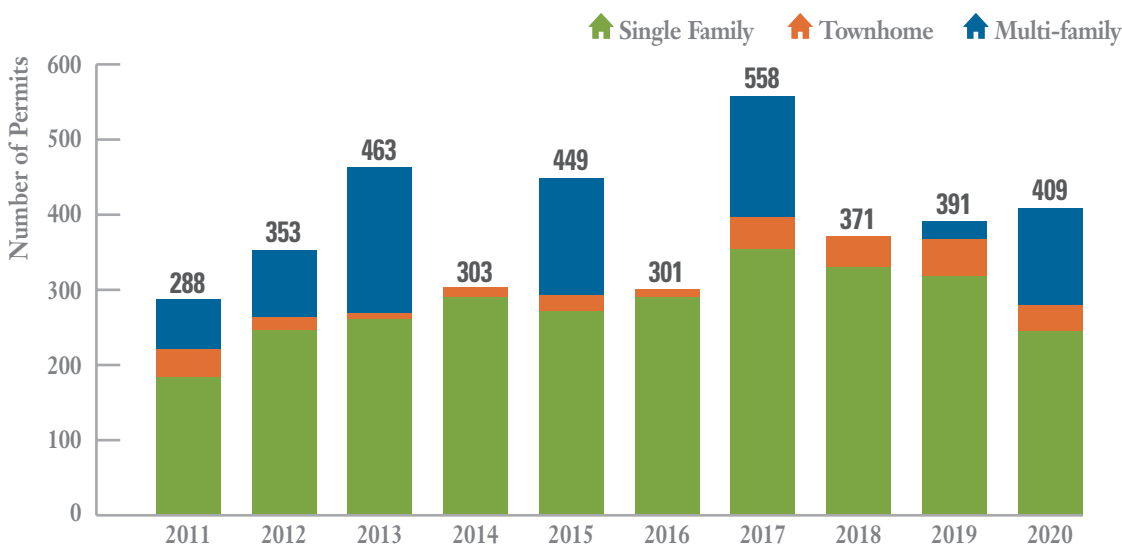
Population Growth

Plymouth continues to see steady growth. According to Metropolitan Council estimates, Plymouth is expected to have approximately 81,000 residents in 2020.



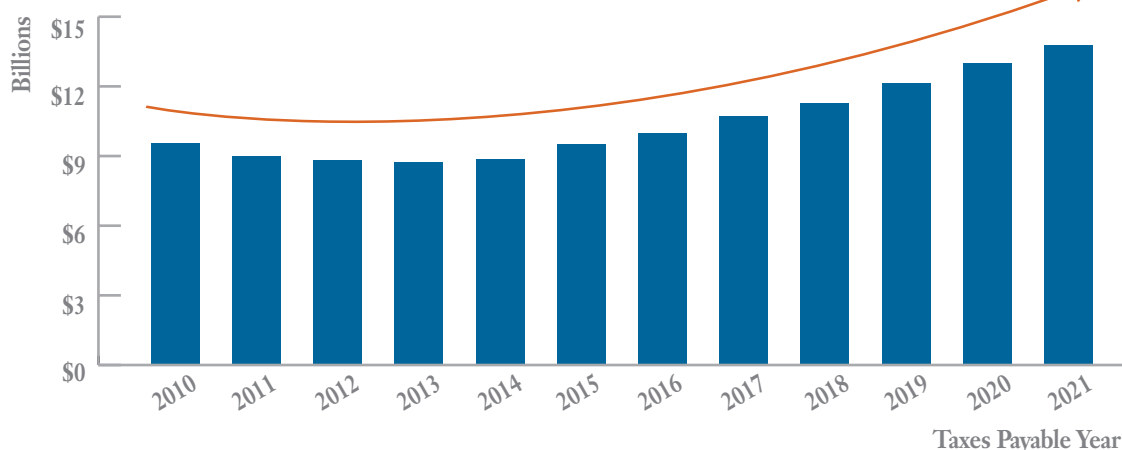
Residential Building Permits

Plymouth continues to see residential growth despite the pandemic. In 2020, a total of 409 residential units were constructed – including 245 single-family homes, 34 townhomes and 130 multi-family homes. While growth is expected to slow as Plymouth reaches full build-out, the city anticipates redevelopment, multi-family development and new commercial construction to continue.



Total Market Value History

Plymouth's total market value continues to climb. According to Hennepin County, Plymouth's total market value for taxes payable in 2021 is \$13.7 billion. With new development and a rise in existing property values, Plymouth's property tax base has increased 44% since 2010.



2020 FAST FACT

7,250

hours of training completed by Plymouth firefighters

City's financial advocacy helps return tax dollars to Plymouth

Each year, Plymouth residents and businesses pay a significant amount to the state and county tax systems, which fund programs, services and infrastructure across Hennepin County and Minnesota. To ensure some dollars are invested back into the community, the city continually advocates for infrastructure improvements in Plymouth.



To ensure tax dollars paid to the state and county are invested in Plymouth, the city continues to advocate for projects that benefit the community, such as public safety improvements to the County Road 47 corridor.

While city officials have partnered with state lawmakers and testified at the state Capitol for major projects that benefit Plymouth, much of the advocacy efforts have regional benefits as well. One such example is the completion of the third lane on Interstate 494 through Plymouth in 2015-2016.

In 2015, the city secured \$4.7 million in state bond funds to construct the Vicksburg Lane bridge over the Canadian Pacific Railroad, which was the first time the city received state bonding for a Plymouth-specific project.

City officials were pleased to obtain \$9.72 million in state bond funds to reconstruct the County Road 9 (Rockford Road) bridge over I-494 and improve the interchange in 2019, and \$5 million towards the Plymouth Community Center (formerly Plymouth Creek Center) renovation and expansion in 2020.

This year, city officials and state lawmakers are advocating for \$20 million to make vital improvements to the County Road 47 corridor – a 1920s road built for farm equipment that currently poses public safety issues for pedestrians and motorists.

"Property taxes, sales taxes, income taxes, gas taxes – we're always advocating to get some of that back to benefit the community," said City Manager Dave Callister.

Net Contributor to Fiscal Disparities

Plymouth is a major contributor to Fiscal Disparities, a tax-base sharing program in the metro that

redistributes and equalizes commercial-industrial tax base to benefit communities with a heavy concentration of residential properties.

Plymouth ranks in the top six contributors to the program with an average net loss of 7% of its commercial-industrial valuation annually.

The city recognizes that transportation, transit and other regional needs are critical to a thriving metropolitan area and require contribution from the city. However, if the Fiscal Disparities Program did not exist, Plymouth would see an additional \$2.6 million in levy dollars (property tax revenue) annually.

No Local Government Aid for Plymouth

Plymouth is also among the 12% of Minnesota cities that do not receive Local Government Aid from the state.

More than \$564 million in LGA will be distributed to Minnesota cities in 2021.

"One of the reasons we advocate for infrastructure projects that benefit our community is to see some of those tax dollars reinvested in Plymouth," said Callister.

2020 FAST FACT


25,367
building inspections performed

2020 Volunteer Impact



Volunteers donate their time and talents to stretch city resources and bolster Plymouth's high quality of life. Despite the pandemic in 2020, hundreds of volunteers continued to make a valuable impact in Plymouth.


1,584 
total volunteers

 contributed
16,877
hours of volunteer time

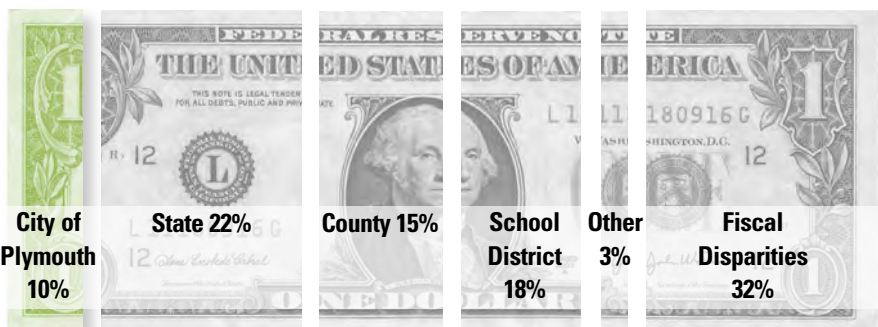
estimated in-kind
contribution value of
\$459,054
equivalent to
8.11 full-time employees

Residential Property Tax Dollar Distribution



 Plymouth receives 22 cents of every residential property tax dollar.

Commercial Property Tax Dollar Distribution



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

Services Supported by Tax Levy

