

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2022 Financial Extra.

The City of Plymouth continues to cultivate accountability and transparency by sharing financial information with residents. The Financial Extra details how tax dollars are spent and how Plymouth compares to other communities.

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. 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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Top bond ratings, timing save millions for infrastructure projects

With major renovation and expansion projects underway at the Plymouth Community Center and Fire Stations 2 and 3, the city's timing and excellent credit – including dual top bond ratings that were reaffirmed in 2021 – have been instrumental in saving millions of dollars for the projects.

When it came time to finance the facility improvements, Plymouth's top bond ratings helped the city save more than \$1 million in interest. The City of Plymouth has maintained the highest possible bond ratings since 2010 from two bond credit rating agencies, Moody's Investors Service and Standard & Poor's, and is only one of 10 Minnesota cities to hold top ratings from both agencies. The ratings were reaffirmed in 2021 when Standard & Poor's awarded Plymouth the AAA rating, while Moody's Investors Service gave Plymouth its best possible rating of Aaa.

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 infrastructure improvements. 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 top ratings have helped the city secure exceptionally low interest rates when financing infrastructure projects. These have included:

- 1.69% on a 20-year bond for the Plymouth Community Center project
- 1.66% on a 20-year bond for the fire station projects

As an example, if Plymouth were a AA city rather than a AAA, at the current market rate, the 20-year \$58.9 million bonds for the Plymouth Community Center and Fire Stations 2 and 3, would cost taxpayers an additional \$1,056,000 in interest.

Plymouth's Timing Saves Millions

In addition to savings due to top bond ratings, the city's timing in approving the projects has equated to significant cost-savings related to rising construction costs and increasing interest rates.

According to contractor estimates for both the Plymouth Community Center and Fire Station projects, construction costs have increased more than 25% and 30% respectively since the contracts were approved. If the two projects were to go to bid in early 2022, cumulative estimated project costs would have increased an additional \$20 million. Additionally, market interest rates for financing both projects would have increased from about 1.7% to 2.9%.

The inflation in construction costs and higher market interest rates would have resulted in a hypothetical increase in annual debt service payments of \$1.7 million annually – and \$34 million in debt payments over the 20-year term of the bonds.

"We were fortunate to have had favorable market conditions and timing, and the support of City Council," said City Manager Dave Callister. "Delaying these needed infrastructure improvements would have significantly added to the overall project costs."



The new Plymouth Community Center Active Wing has seen an influx in usage since opening its doors at the beginning of the year.

Usage Demonstrates Value of Investment

Usage has soared since the doors of the new Active Wing at the Plymouth Community Center were opened Jan. 3, 2022.

At press time, data from the Active Wing showed a monthly average of 47,489 visitors, and an average of 6,271 tickets were sold each month for the K.U.B.E. (Kids Ultimate Backyard Experience) indoor playground. Visitors have also enjoyed other new amenities, such as the year-round walking track, fitness rooms, gymnasiums, art gallery and more.

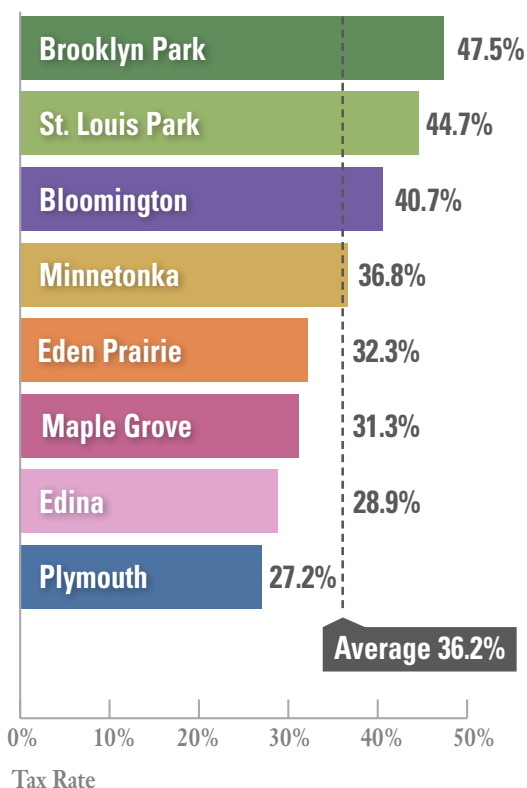
Plymouth's population has grown considerably since the Plymouth Community Center (formerly known as the Plymouth Creek Center) opened more than 20 years ago – which created a surge in demand for more versatile spaces and requests for additional fitness and recreation programming and amenities.

"The usage data speaks for itself," Callister said. "In the few months the new Active Wing has been open at the Plymouth Community Center, it has already demonstrated tremendous value to our community, and has proven itself a worthwhile investment."

Phase 2 of the project, which includes the Events and Education Wings, is set to open in July. For more information about the facility, visit plymouthmn.gov/pcc.

Tax Rate Comparisons

Plymouth has the lowest tax rate for taxes payable in 2022 when compared to other Hennepin County suburbs with populations of 45,000 or more.



FAST FACT

81,026
residents in Plymouth

*Source: 2020 Census Data

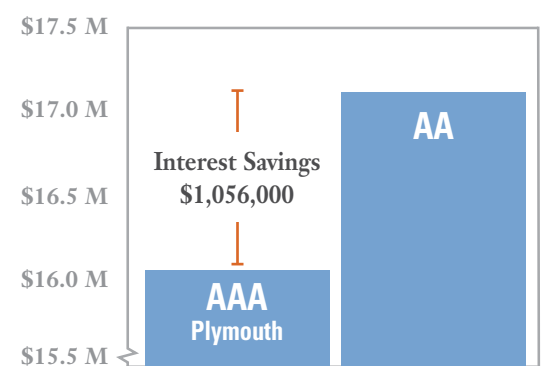
FINANCIAL AWARDS

39 years of recognition for transparency in financial reporting

Why Bond Ratings Matter

AAA
Aaa

If Plymouth were a AA city rather than a AAA, at the current market rate, the 20-year \$58.9 million bonds for the Plymouth Community Center and Fire Stations 2 and 3 would cost taxpayers an additional \$1,056,000 in interest.



Plymouth looks to infill development, redevelopment to renew community

As Plymouth approaches full build-out, the city looks to redevelopment and infill development as opportunities to reimagine aging or vacant areas, increase property values, maintain stable tax rates and keep the community vibrant.

In recent years, city staff have completed various redevelopment studies to assess industrial and commercial areas, evaluate redevelopment sites, determine priorities, and identify possible changes to existing processes, zoning, land use and incentives. The city has been working with developers to reposition sites such as Four Seasons Mall, City Center, Dundee Nursery and Prudential, as well as the area surrounding the Station 73 transit facility.

“As demand for property in Plymouth continues to increase, we’ll see more redevelopment due to lack of new available space,” said City Manager Dave Callister. “Redevelopment reinvigorates outdated sites, and infill development makes better use of areas that don’t meet current community needs. These types of projects typically bring new businesses, quality jobs and greater housing options.”

Infill Development, Redevelopment Helps Increase Value

In addition to rejuvenating outdated, vacant or blighted property, redevelopment can increase property values and strengthen the city’s tax base.

“Many of the city’s commercial-industrial properties were built in the 1950s to 1970s,” said Callister. “As

market demand has shifted, particularly with med-tech and manufacturing, heights of loading dock doors and other configuration needs have changed. Reinvestment in sites helps the city bolster its tax base while better accommodating business needs.”

Commercial-industrial redevelopment also helps keep residential property taxes lower. In Plymouth, residential properties make up 74% of the total market value, but pay only 63% of the total tax collected.

Leveling the Levy

Thanks to long-term financial planning, Plymouth has maintained a stable tax rate for residential and commercial properties, even as 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 have played an important role in helping the City Council avoid spikes in property taxes as new development in the city slows.

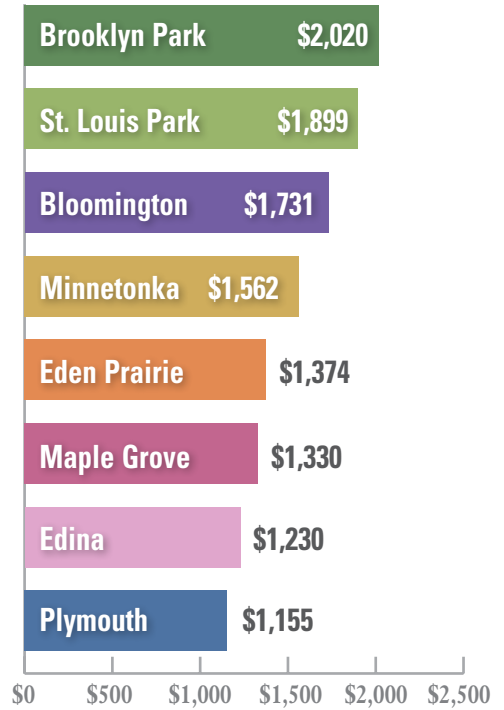
“To anticipate future expenses, we use financial forecasting tools that look ahead 10 years to help us avoid unforeseen costs,” Callister said.

To view the city’s financial and long-term planning documents, visit plymouthmn.gov/financialreport.

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 2022. 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.

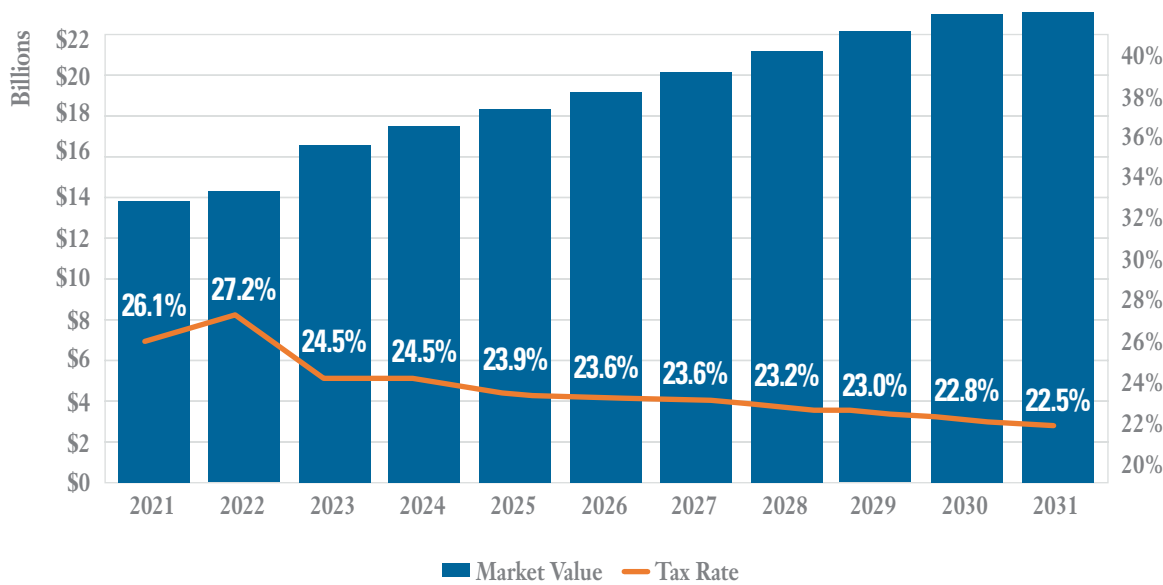
CITY TAXES ON A \$425,000 HOME



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

While growth (population and market value) increases demand for city services, which requires an increased tax levy, it also introduces more taxpayers who spread the increase among a larger pool. In planning ahead for the future, although tax levies may increase to keep up with demand, the taxes paid by individual property owners are projected to remain stable.

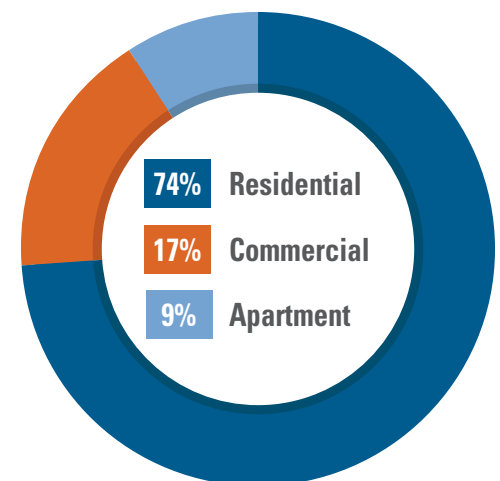
In 2022, preliminary market value grew approximately 15% for all property types in Plymouth, which contributes to a decrease in the projected tax rate for 2023.



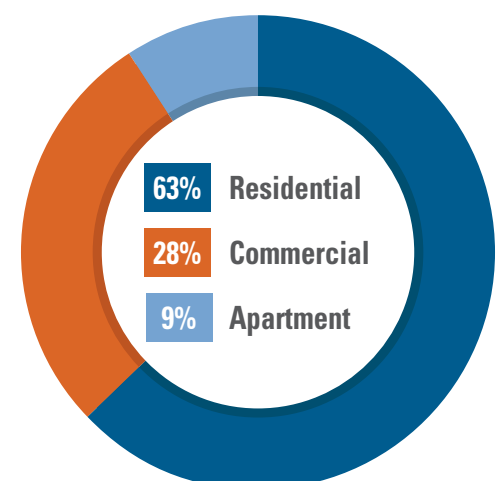
Market Value vs. Tax Capacity

Plymouth’s thriving business community benefits residents. Residential properties make up 74% of the total market value in Plymouth, but pay 63% of the total tax collected. Commercial-industrial properties make up 17% of the market value, but pay 28% of the total tax collected. Tax class rates are determined by state law.

2022 Market Value by Class

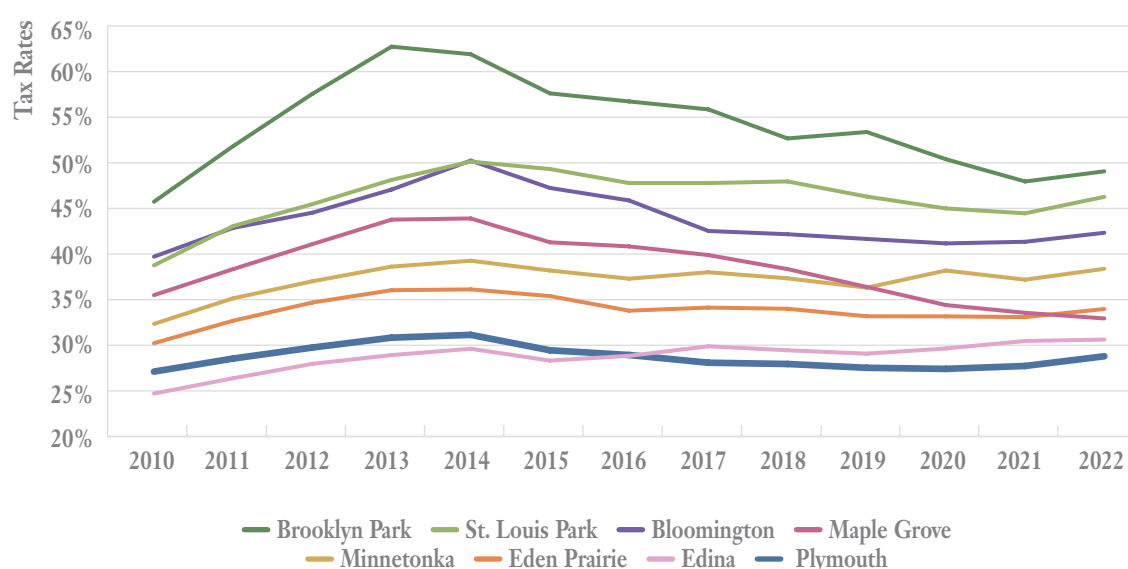


2022 Tax Capacity by Class



Tax Rate History

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



FAST FACT

54,000
jobs located in Plymouth

*Source: DEED Quarterly Census of Employment and Wages

Savings initiatives remain top priority for the City of Plymouth

As part of its consistent focus on responsible tax dollar stewardship, the City of Plymouth continues to implement initiatives and programs aimed at maximizing value and reducing costs.

Below are some of the ways the city maintains Plymouth's high quality of life while keeping the bottom line top of mind.

Street Projects

To prolong the life of city streets, the city frequently completes reclamation and mill and overlay projects, when appropriate, rather than undertaking total street reconstruction, which is more expensive. The mill and overlay process removes only a portion of the existing pavement and then applies a new layer of asphalt over the roadway. The full depth reclamation process removes and replaces the entire roadway pavement.

"Not only are mill and overlay and reclamation projects more economical than complete reconstruction when performed at the appropriate time, they help extend the life of streets in a manner that is much less disruptive to residents," said Assistant City Engineer Mike Payne.

The below information illustrates approximate cost values based on 2021 projects for typical residential streets. Costs vary based on the individual project and bids received.

Project Type	Cost Per Mile
Full street reconstruction with watermain replacement	\$3,300,000
Full street reconstruction without watermain replacement	\$2,400,000
Full depth reclamation	\$1,000,000
Mill and overlay by contractor	\$400,000
Mill and overlay by city staff	\$350,000

To learn more about city street projects, visit plymouthmn.gov/project-spotlight.

Robust Volunteer Program

The city's volunteer program plays a vital role in the day-to-day operations of the City of Plymouth. Volunteers enrich programs and services, help stretch limited city resources, and bring joy and warmth to community events and gatherings.

In 2021, the city's volunteer program totaled 2,059 volunteers who contributed 25,201 hours of service valued at \$719,237 of contributions in-kind, which equates to 12.12 full-time equivalent employees.

Water Rebate Program

A program that offers rebates to property owners who replace inefficient toilets, irrigation systems and washing machines, Plymouth's Water Efficiency Rebate program remains successful. The rebate program reduces the cost of residential utility bills through increased water conservation, as well as the demand on the municipal water supply and results in cost savings for the city.

From the start of the two-year program in April 2020 to February 2022, the program has benefited 1,166 applicants (commercial and residential property owners), funded a total of \$46,463.03 rebates and saved an estimated 7,275,716 gallons of water.

Energy Saving Initiatives

City facilities have implemented a variety of strategies to save energy.

Examples of these initiatives include:

- Installation of a digital building automation system in both Plymouth City Hall and the Public Safety Building, which improves efficiency by reducing gas and electricity use. The system allows staff to adjust and monitor building controls based on occupancy and usage, including heating and cooling, lighting and security systems.
- The use of automated faucets and LED lights at all city facilities.
- The installation of solar panel arrays at the Plymouth Community Center, set to begin functioning mid-June.

City Vehicles

During a September 2021 City Council meeting, the Plymouth City Council approved a proposal from Carbon Solution Group to design, install and maintain a total of 115 electric vehicle charging stalls throughout the city, which will be available for community use beginning this summer. Information will be posted on the city website as it becomes available.


Other city vehicle savings initiatives include a lease agreement that provides 14 public safety vehicles. Without the costs to purchase or maintain the vehicles, the city saved more than \$116,000 during the most recent fiscal year.

2021 Volunteer Impact



Volunteers continue to donate their time and talents, which stretches city resources and helps bolster Plymouth's high quality of life. In 2021, volunteer contributions returned to pre-pandemic levels.

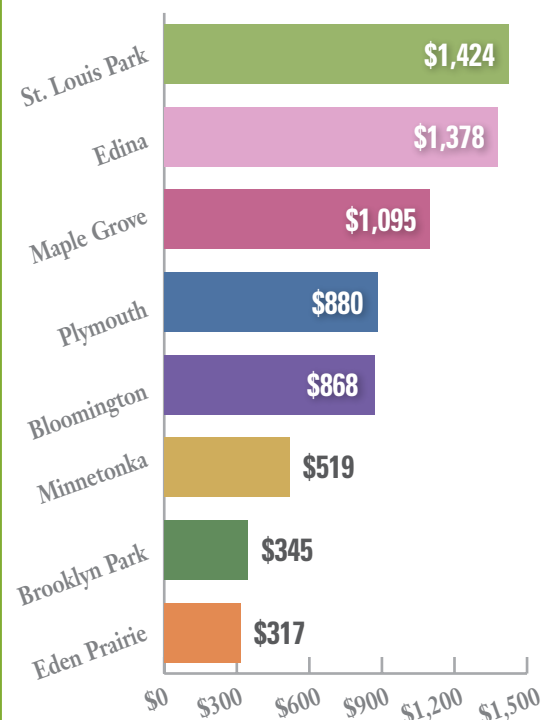
2,059  total volunteers

 contributed **25,201** hours of volunteer time

estimated in-kind contribution value of **\$719,237** equivalent to **12.12** full-time employees

Direct Net Debt Per Capita

Plymouth maintains conservative levels of debt. For taxes payable in 2021, Plymouth showed a direct net debt of \$880 per capita. Hennepin County suburbs with populations of 45,000 or more showed an average of more than \$850 per capita.



FAST FACT

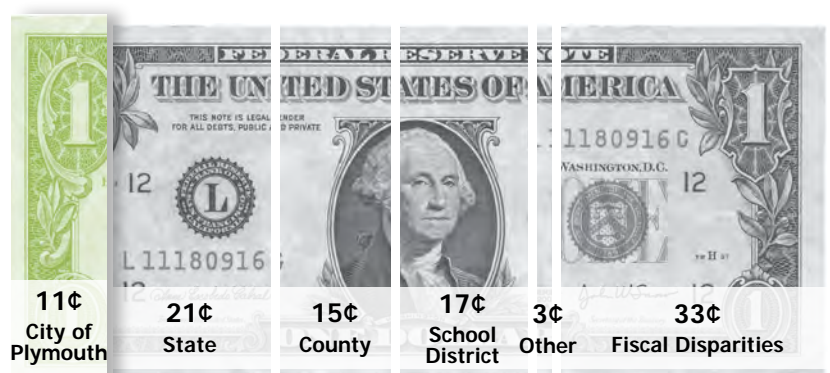
23,099 building inspections performed

Residential Property Tax Dollar Distribution



Plymouth receives 23 cents of every residential property tax dollar.

Commercial Property Tax Dollar Distribution



Plymouth receives 11 cents of every commercial property tax dollar.

Early debt repayment recap

As part of its overall fiscal management strategy, the City of Plymouth continues to pursue early debt repayment as a tool for long-term savings – and completed early repayment of another bond issues in February 2022.

Set to mature in 2025, the city completed early repayment of bonds issued for the Plymouth Public Safety Building three years ahead of schedule, which saved the city and taxpayers \$94,050 in interest.

In the past three years, Plymouth has paid off a total of three debt issues early – saving nearly \$300,000 in interest. These early debt payments include:

- In 2020: Bonds issued in 2010 for open space (the Northwest Greenway), set to mature in 2026 – paid off six years early
- In 2021: Bonds issued in 2011 for senior housing, set to mature in 2023 – paid off nearly three years early
- In 2022: Bonds issued in 2012 for the Public Safety Building, set to mature in 2025 – paid off three years early

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 \$431.2 million in 2021, Plymouth's outstanding debt is \$69.1 million – which is well below legal limits. The city does not plan to issue any debt in 2022.

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

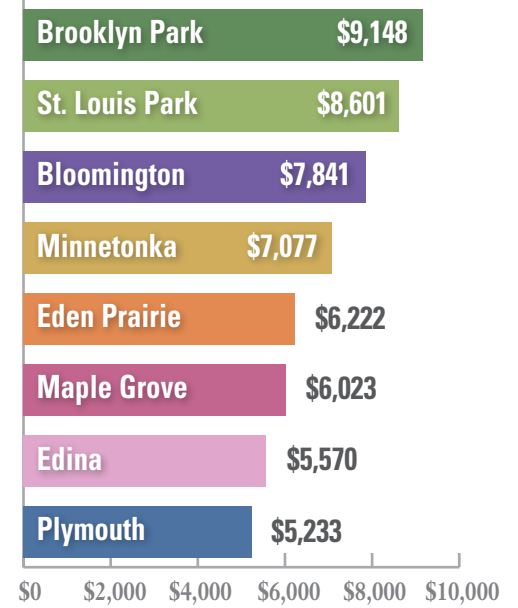
To view information about the city's financial status, budgeting and long-term planning, visit plymouthmn.gov/financialreport.

Note: The 2021 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 (the Northwest Greenway) in 2020, which was six years early. Early repayment of bonds issued for the Public Safety Building was completed in January 2022, which was three years ahead of the maturity date. We apologize for any confusion.

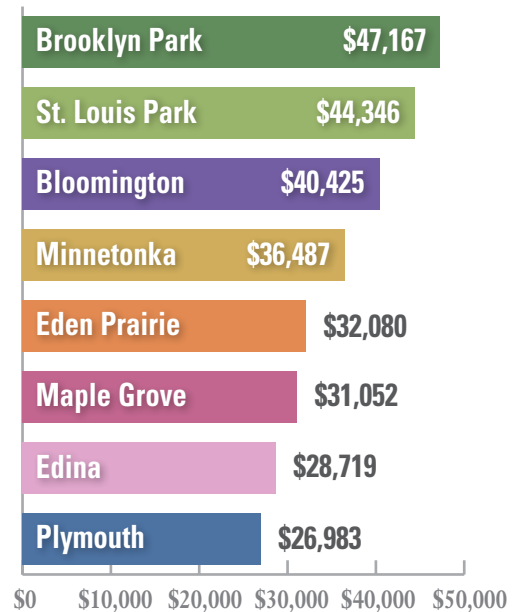
How Plymouth Compares – Commercial City Tax Example

Compared to similar communities, Plymouth has the lowest city taxes on \$1 million and \$5 million businesses for taxes payable in 2022. 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



2021 BY THE NUMBERS

- 8,500 hours of training completed by firefighters
- 3.59 billion gallons of water treated by the city
- 1,824 acres of parkland in Plymouth
- 11,900 permits issued by the Building Division
- 175 miles of trails, sidewalks and on-road bike paths
- 9,310 total manholes in Plymouth
- 32,360 pounds of paper shredded at the fall shred event
- 324 miles of city streets
- 67 developed parks in Plymouth
- 7,500 tons of asphalt paved by Public Works
- 2,591 tons of yard waste brought to the Yard Waste Site
- 11,248 total storm sewer structures
- 2,938 street lights in Plymouth

Learn more about the budget, CIP

The City of Plymouth prepares a biennial budget. The two-year budget strengthens forecasts and streamlines the budget development process.

Because Minnesota law requires cities to adopt a budget annually, the City Council adopts the first year of the budget and approves the second-year budget in concept. This cycle assists in long-term planning while allowing the City Council to adjust the second year's budget for mandates, unanticipated events or significant changes in the economy.

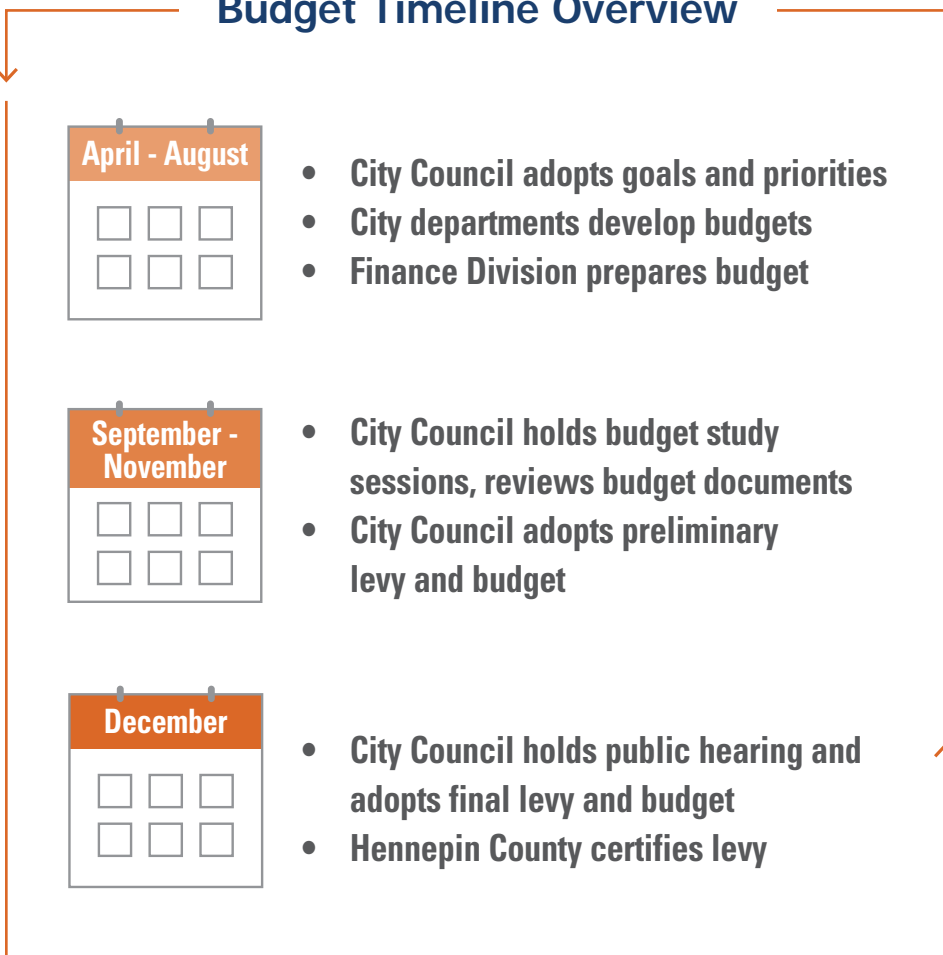
The City Council holds special budget study sessions throughout the year, and approves the final budget in

December. All budget meetings are open to the public. The City Council also holds a public hearing to receive public comment at a regular Council meeting in December.

In addition to the budget, city staff also prepares the Capital Improvement Program, a five-year projection of the capital replacement costs and additional capital which helps the City Council to prioritize large purchases, evaluate funding options and set aside the necessary savings to plan for the future.

More information about the budget and CIP – including full copies of each – is available online at the city's website, plymouthmn.gov/financialreport.

Budget Timeline Overview



Services Supported by Tax Levy

