

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2024 Financial Extra.

The City of Plymouth strives to provide high-quality services, amenities and infrastructure while carefully managing tax dollars. At the same time, Plymouth’s goal is to consistently maintain accountability, transparency and public trust.

This publication illustrates how tax dollars are spent, how Plymouth compares to other communities, and how the city works to conserve its strong financial position.

To view complete budgets, financial reports, long-range planning tools and more, visit plymouthmn.gov/financialreport.

Please take a few moments to review the Financial Extra to learn more, and reach out to us if you have any questions.

Mayor Jeff Wosje

763-509-5007, jwosje@plymouthmn.gov

At Large Council Member Clark Gregor

763-509-5005, cgregor@plymouthmn.gov

At Large Council Member Jim Willis

763-509-5006, jwillis@plymouthmn.gov

Ward 1 Council Member Kimberly Nelson

763-509-5001, knelson@plymouthmn.gov

Ward 2 Council Member Julie Peterson

763-509-5002, jpeterson@plymouthmn.gov

Ward 3 Council Member Catherine Cesnik

763-509-5003, ccesnik@plymouthmn.gov

Ward 4 Council Member Julie Pointner

763-509-5004, jpointner@plymouthmn.gov

Plymouth looks to infill development, redevelopment to maintain vibrancy

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

As aging or underused sites have sold or taken the limelight for potential redevelopment, the city has completed studies and worked with developers to determine priorities and re-examine zoning, land use and incentives. For example, the former Prudential Financial site off Bass Lake Road and Interstate 494 is undergoing redevelopment, which will result in a mixed-use site consisting of grocery, retail, office space, housing, restaurants, park space and more.

“Property in Plymouth is in high demand due to lack of available space,” said City Manager Dave Callister. “Redeveloping outdated or underused sites helps reinvigorate the city by introducing new businesses, quality jobs and more housing options.”

In addition to bringing new life to aging areas, redevelopment can increase property values and strengthen



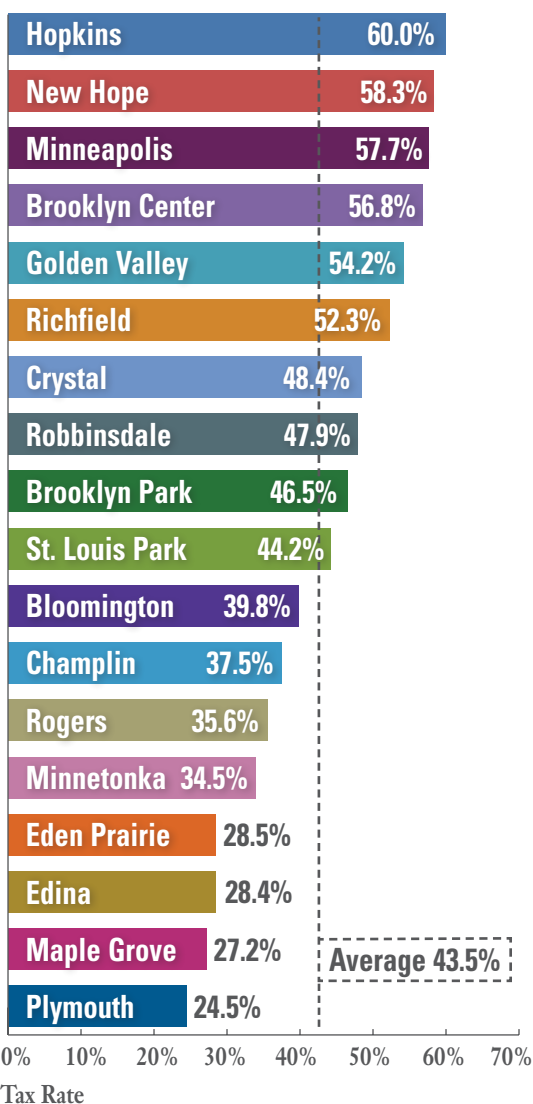
The former Prudential Financial site is undergoing redevelopment that will result in a mixed-use site consisting of grocery, retail, offices, housing and restaurants.

the city’s tax base. Commercial-industrial redevelopment also benefits homeowners because it helps keep residential property taxes lower. In Plymouth, residential properties make up 74% of the total market value, but pay 62% of the total tax collected (tax class rates are determined by state law – see Market Value vs. Tax Capacity chart on page 3).

“A lot of the city’s commercial-industrial properties were built in the 1950s to 1970s, and market demand and space needs may have shifted since then,” said Callister. “As sites look to sell, the city may have the opportunity to facilitate a coordinated approach to redeveloping an area.”

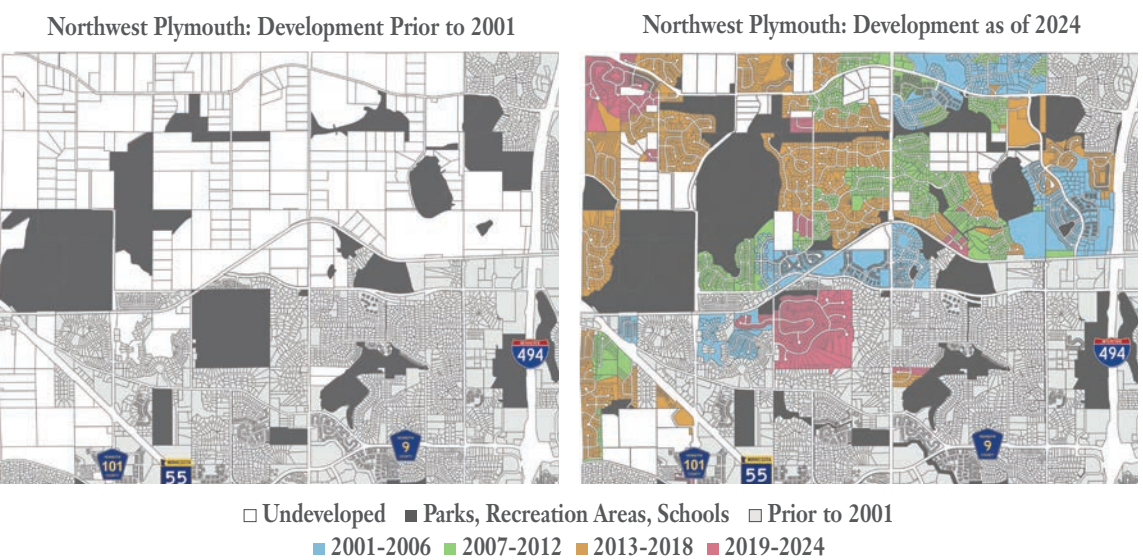
Tax Rate Comparisons

Plymouth has the lowest tax rate for taxes payable in 2024 when compared to other Hennepin County cities with populations of 10,000 or more.



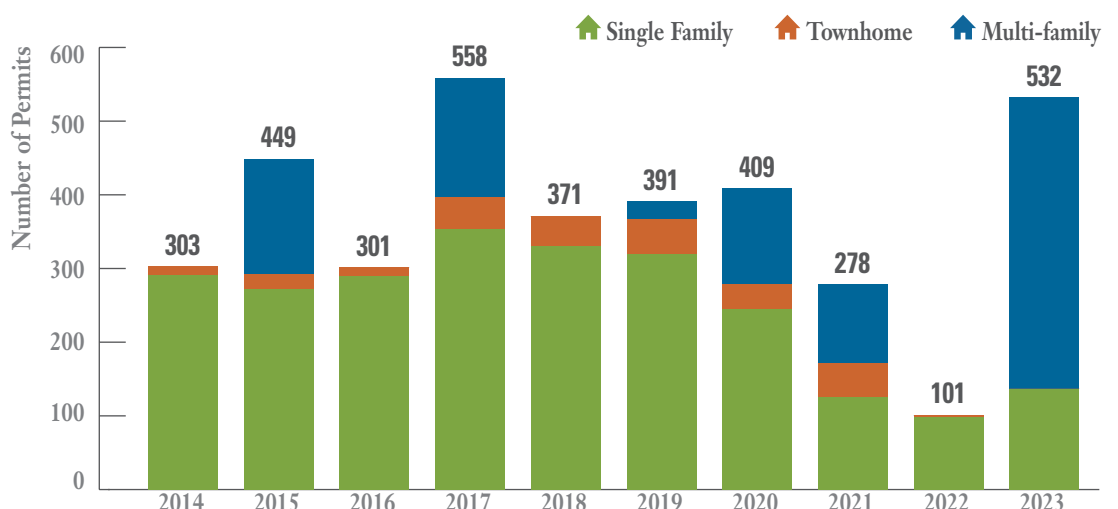
Development in Northwest Plymouth

Prior to 2001, the northwest was largely undeveloped. At press time, about 73 undeveloped/underdeveloped parcels remained.



Residential Building Permits

While growth is expected to slow as Plymouth reaches full build-out, in 2023, a total of 532 residential units were constructed – including 137 single-family homes and 395 units in new multi-family buildings. The city anticipates redevelopment, multi-family development and new commercial construction to continue.



State imposes new metro area sales taxes, which are now in effect

With the state's passage of two new metro area sales taxes that went into effect last fall, Plymouth community members continue to pay a sizeable portion through applicable purchases – but the Plymouth community is only expected to see a marginal benefit.

The new general local sales and use taxes were imposed by the Minnesota Legislature to generate funding for transportation projects, housing projects and state rent assistance. Effective Oct. 1, 2023, the new sales tax increase is .75% for transportation and .25% for housing – which, according to the Star Tribune, is expected to generate a total of about \$750 million per year.

Funding for Transportation, Transit

Plymouth taxpayers have already been paying approximately \$9 million annually to Hennepin County since 2018 for the half-cent transportation sales tax – which has been used to fund metro area light rail and commuter rail projects, rather than maintaining county roads or bridges in Plymouth. With the addition of these new sales taxes, Plymouth taxpayers are now paying a total of 1.5% in metro/county sales taxes for transportation and housing, or \$27 million annually.

“We recognize that there are regional transportation and housing needs, and Plymouth is fortunate to be in a position to help contribute,” said City Manager Dave Callister. “However, our city also has infrastructure and affordable housing needs – and we would like to see more of our tax dollars reinvested in our community.”

While city leaders don't expect to see much of the metro area sales tax dollars returned to Plymouth for transportation infrastructure projects, the city does anticipate receiving a portion of funding for transit and affordable housing projects.

Hennepin County is set to receive 17% of the new transportation sales tax revenue, and the Metropolitan Council will receive 83% – of which 95% must be designated to transit. Plymouth has received \$1.4 million from the Met Council for the first 15-month period (since the tax took effect Oct. 1, 2023, through the end of 2024).

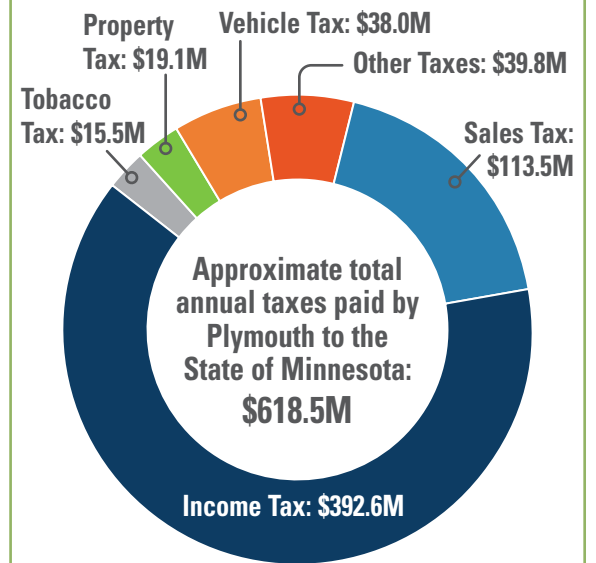
Funding for the city's transit system, Plymouth Metrolink, typically comes from state and federal sources. No property taxes are imposed by the city for transit. However, a portion of Plymouth's property taxes is used to fund city street projects.

Funding for Affordable Housing

Revenue generated from the .25% metro area sales tax for housing will fund the state's new Local Affordable Housing Aid program, which will be allocated to metro area municipalities. Plymouth is expected to receive \$594,300 in 2024 (partial year), and about \$1 million or more in 2025, which must be spent on affordable housing and income-based rental assistance initiatives in the community. The city has yet to identify specific applicable projects, and use of funds must go before the City Council for approval.

Plymouth's Estimated Economic Impact

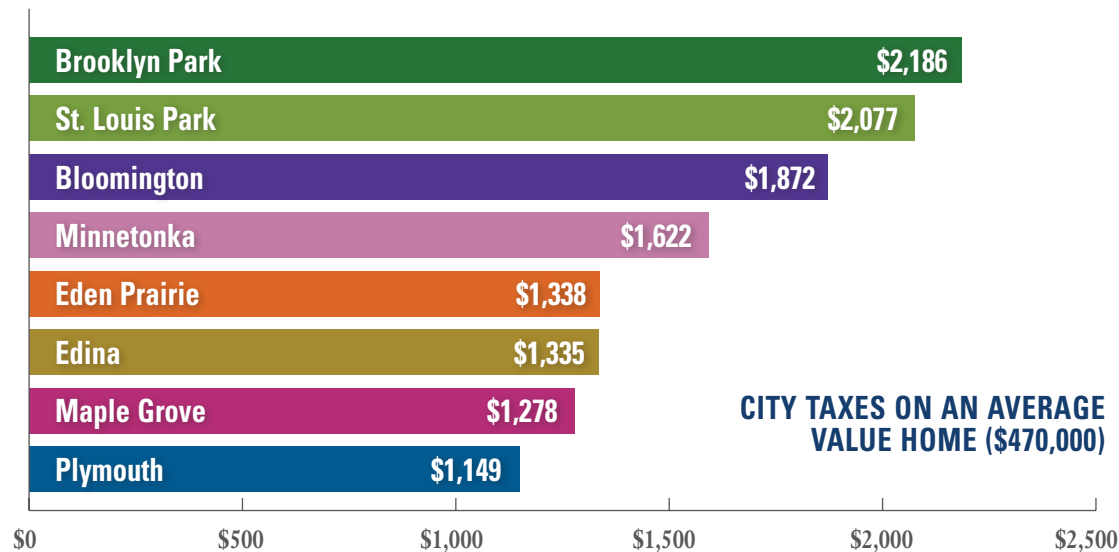
Plymouth is an economic engine for the entire state. Plymouth residents and businesses contribute a significant amount of taxes to the State of Minnesota, totaling more than \$600 million each year – including income, sales, property and vehicle taxes (this estimate doesn't include licenses or user fees). While Plymouth has an obligation to contribute, city leaders continue to advocate for tax dollars to be reinvested in Plymouth.



Sources: Minnesota Department of Revenue, Minnesota Department of Transit, Internal Revenue Service, Hennepin County. State Property Tax (2024), State Sales Tax (2022), State Income Tax (2020/2021), State Vehicle Tax (2023)

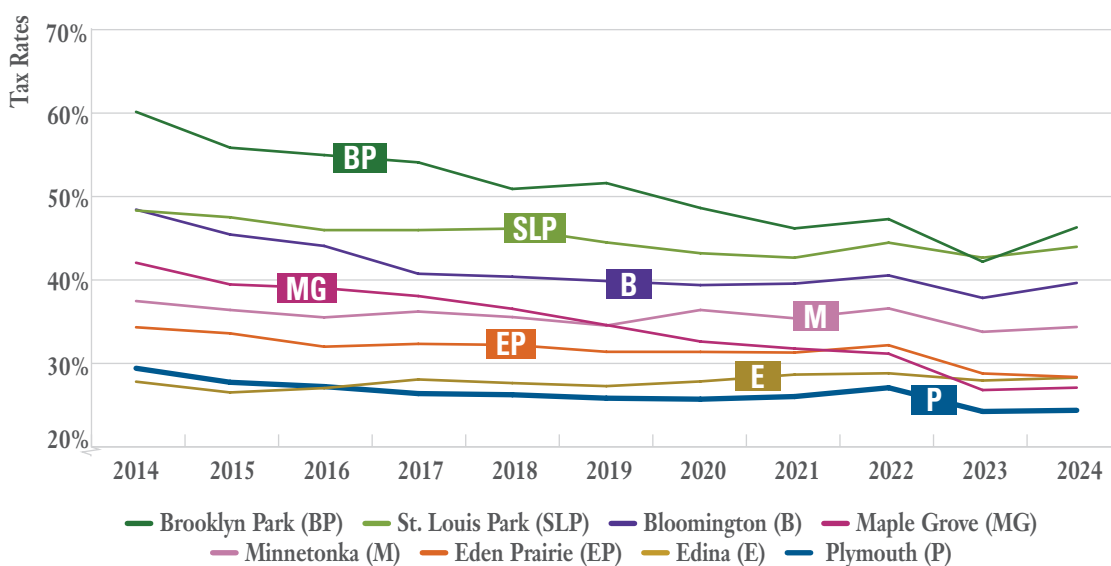
How Plymouth Compares: Residential City Tax Example

Compared to similar communities (Hennepin County suburbs with populations of 45,000 or more), Plymouth has the lowest city taxes on a \$470,000 home (average value in Plymouth) for taxes payable in 2024. 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.



Tax Rate History

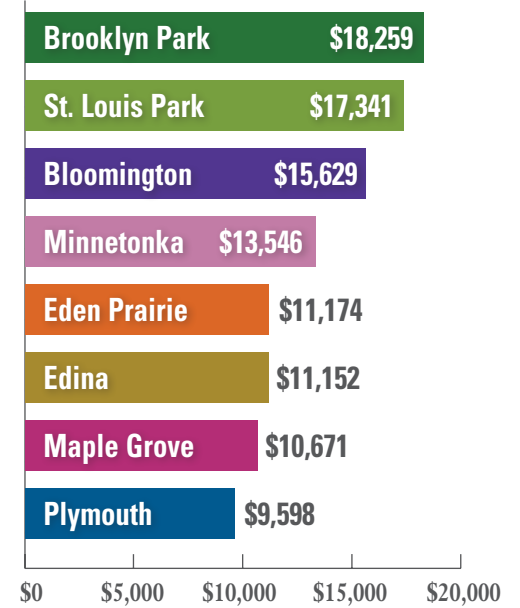
Plymouth's tax rate has historically compared favorably with other Hennepin County suburbs with populations of 45,000 or more.



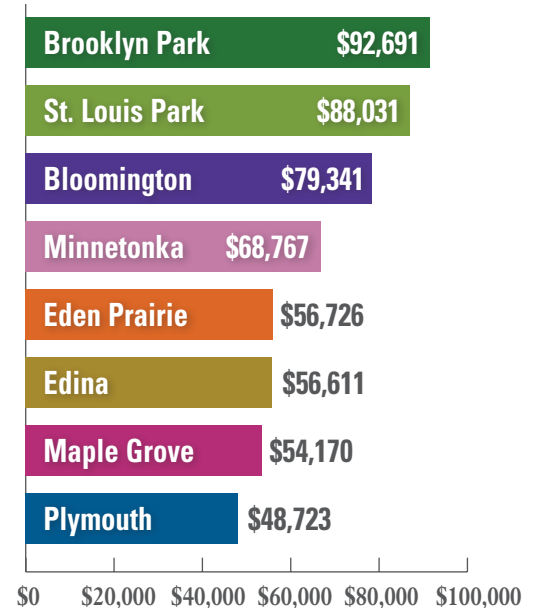
How Plymouth Compares: Commercial City Tax Example

Compared to similar communities, Plymouth has the lowest city taxes on \$2 million and \$10 million businesses for taxes payable in 2024. 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 \$2 MILLION BUSINESS



CITY TAXES ON A \$10 MILLION BUSINESS



VOLUNTEER IMPACT

In 2023, **1,887** volunteers contributed **21,422** hours of service to the city, valued at an estimated in-kind contribution of **\$681,220**

Lodging tax promotes tourism, funds capital improvements

The City of Plymouth has launched its new destination marketing organization this year, Hello! Plymouth, which is funded by a state-authorized lodging tax.

Passed in 2019, special legislation granted Plymouth the authority to implement a 3% lodging tax to establish a DMO and fund capital improvements. The special legislation authorizes the city to use 1% of the lodging tax to fund Hello! Plymouth.

Hello! Plymouth helps foster economic impact and enhances quality of life by promoting Plymouth's events, dining, hotels, attractions and recreation opportunities.

"Marketing Plymouth as a destination encourages local spending and attracts visitors," said Plymouth's new Destination Marketing Coordinator Katie Langland. "It helps businesses and strengthens the local

economy – and the lodging tax collected during visitors' hotel stays makes it possible."

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 other 2% of Plymouth's lodging tax is used for capital improvements to public recreation facilities. Since 2020, the lodging tax has paid for more than \$1 million of the debt issued for the Plymouth Community Center renovation and expansion project.

An additional \$300,000 is budgeted for PCC debt repayment this year.

Learn more about Hello! Plymouth at plymouthmn.gov/dmo.

A Look Ahead: Assessed Values for Taxes Payable in 2025

The assessed values for taxes payable in 2024 remained stable across the board with a gross percent increase of 1.7% amongst all properties. The table below shows 2024 assessed value increases by property type for taxes payable in 2025.

Property Type	Average Value Increase/Decrease
Single Family Homes	+ 1.1%
Commercial	+ 1.2%
Apartment	- 1.5%
Industrial	- 0.5%
Total Market Value: \$18,073,545,200	
New Construction Value: \$236,413,000	
Gross Percent Increase – All Properties: 1.7%	

How property taxes work

Property taxes fund local governments. The city receives about 23 cents of each residential property tax dollar paid, and 12 cents of every commercial-industrial property tax dollar – the rest is divided between the county, schools, state and other taxing jurisdictions.

The city's portion funds police and fire services, road construction, trail and park upkeep, recreation events, community planning, housing programs, snowplowing, and other local services. It also covers bond payments for facility improvements and major projects, such as street reconstruction, Plymouth Community Center expansion, and Fire Stations 2 and 3 renovations.

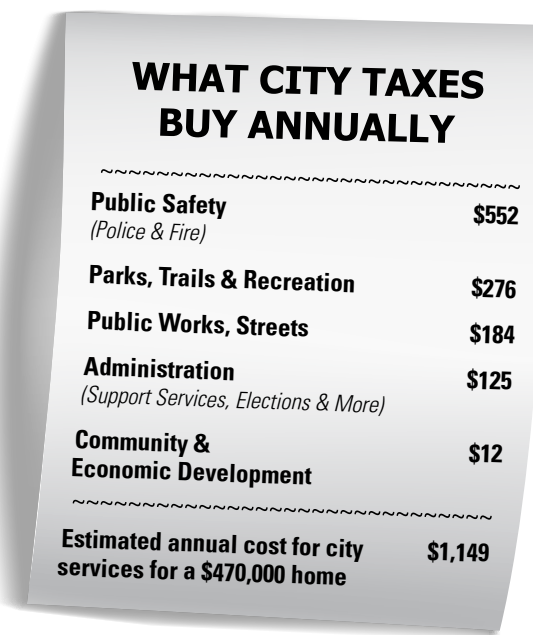
How Tax Amounts are Determined

How much the city levies for taxes is based on the amount needed to pay for services and make bond payments. Each local taxing jurisdiction certifies a levy equal to the amount it intends to collect from property taxes in the upcoming year. The amounts levied by applicable taxing jurisdictions are divided among property owners, based on a formula devised by the state that weighs property values and tax class – the higher the property's value, the more taxes a property owner pays.

Property taxes may change largely due to four factors – property values; strength of the residential vs. commercial real estate market; amounts levied by the city, county, school districts, state and other jurisdictions; and state law regarding property classifications.

Defining Property Tax Lingo

Estimated Market Value = Hennepin County Assessor's Office determines assessed values, based on comparable properties (see Assessed Values chart on right).



City tax dollars fund an array of services – police and fire, parks, trails, road construction and more.

Taxable Market Value = Estimated market value, less any applicable market value exclusions, such as a homestead classification (hennepin.us/homestead), Green Acres Program for agricultural property and the Disabled Veteran Homestead Valuation Exclusion.

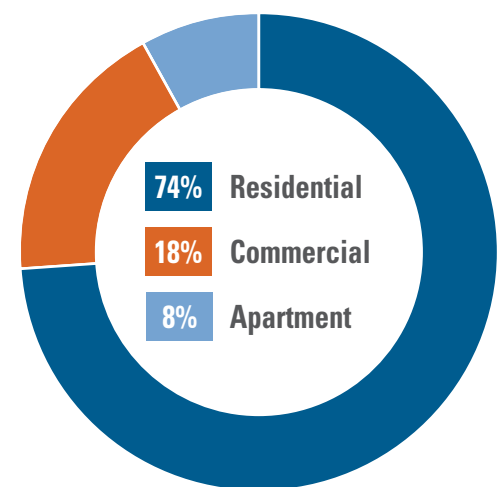
Net Tax Capacity = A calculation multiplying the property's taxable market value by the relevant tax class rate or rates (e.g., homestead, apartments, commercial, etc.). Class rates are set by statute, vary by property type and are uniform statewide (see Market Value vs. Tax Capacity chart on right).

Local Tax Rate = A calculation dividing the jurisdiction's levy by the jurisdiction's taxable net tax capacity (see Tax Rate Comparison chart on page 1.)

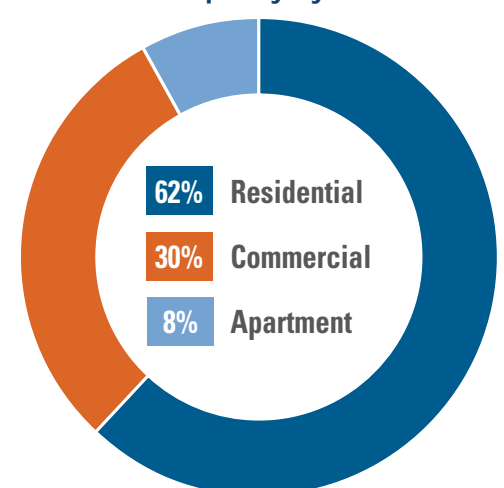
Market Value vs. Tax Capacity

Plymouth's robust business community benefits residents. Residential properties make up 74% of the total market value in Plymouth, but pay 62% of the total tax collected. Commercial-industrial properties make up 18% of the market value, but pay 30% of the total tax collected. Below are 2023 values for taxes payable in 2024. Tax class rates are determined by state law.

Market Value by Class



Tax Capacity by Class

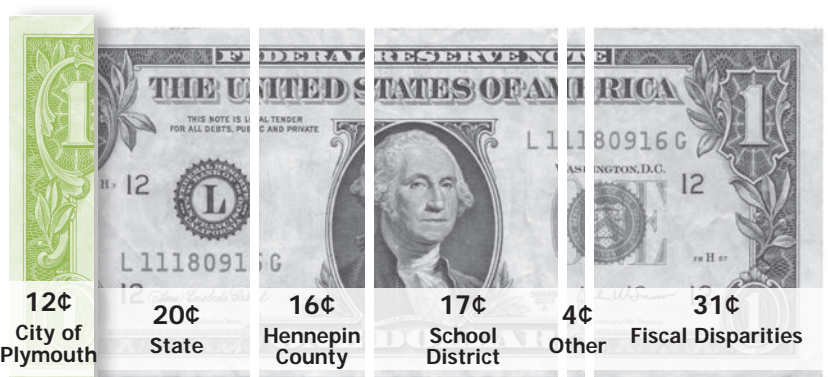


Residential Property Tax Dollar Distribution



Plymouth receives 23 cents of every residential property tax dollar (based on \$470,000 residential property).

Commercial Property Tax Dollar Distribution



Plymouth receives 12 cents of every commercial property tax dollar (based on \$1 million commercial property).

Financial Awards

Plymouth received two new awards in 2024 for from the Government Finance Officers Association:

- Distinguished Budget Presentation Award for the 2024/2025 budget
- Popular Annual Financial Report Award for the 2022 ACFR

41 years of recognition for transparency in financial reporting from GFOA for the 2022 Annual Comprehensive Financial Report

Learn more: plymouthmn.gov/financialreport

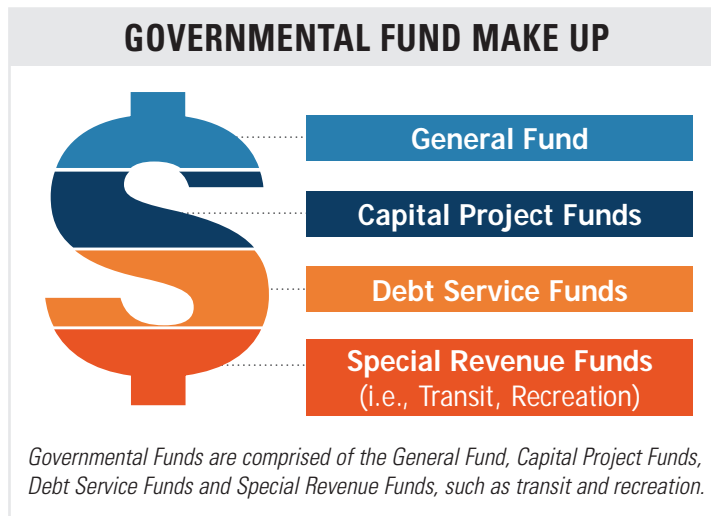
Year in review: 2023 city finances

Plymouth publishes financial year-end results in the Annual Comprehensive Financial Report, which will be available for viewing in late July at plymouthmn.gov/financialreport.

While the data on this page is derived from the ACFR and consistent with generally accepted accounting principles, the following information is summarized and represents select funds.

The data below includes a snapshot of revenues and expenditures of Governmental Funds, with a focus on the General Fund.

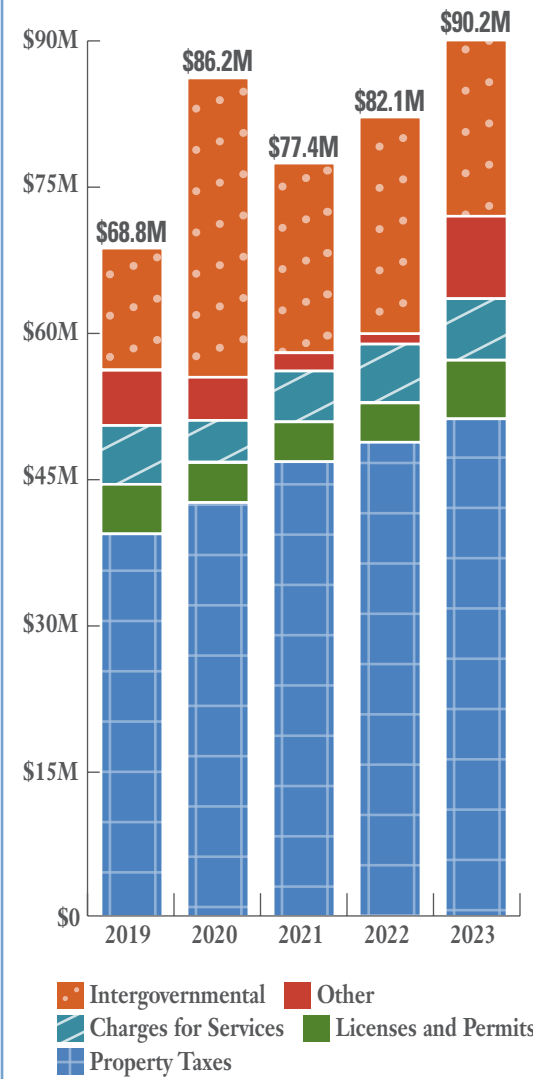
Note: The Annual Comprehensive Financial Report is set to be accepted by City Council at its Tuesday, July 23 meeting.



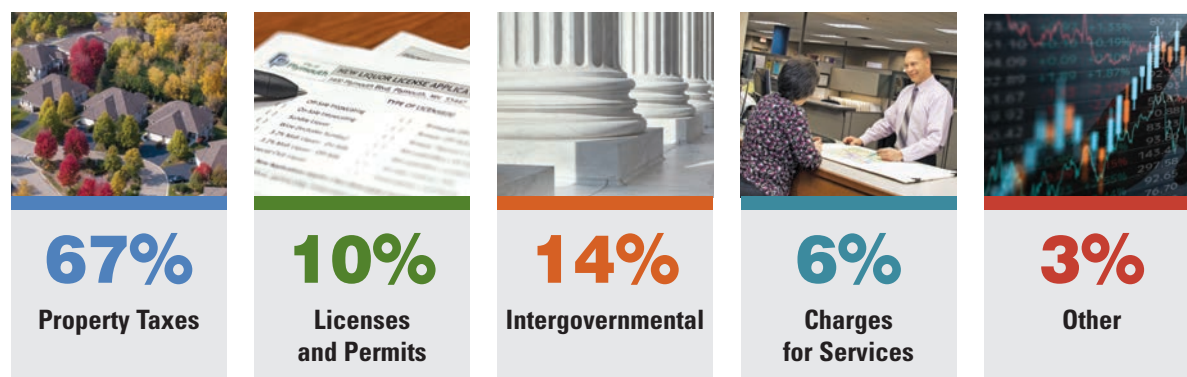
Governmental Funds Revenues and Expenditures

Revenues for Governmental Funds totaled \$90.2 million in 2023, an increase of 9.9% from the previous year. The change is largely due to the accounting adjustment of investments to market value (an \$8 million swing), as well as budgeted increases for services partially offset by changes in intergovernmental revenue due to federal American Rescue Plan Act funding in 2022 (\$7 million) and state Public Safety Aid in 2023 (\$3.6 million). Expenditures for Governmental Funds totaled \$94 million, which is lower than recent years due to the absence of construction costs for the Plymouth Community Center and Fire Stations.

5 YEAR REVENUE COMPARISON



General Fund revenue – where the money came from

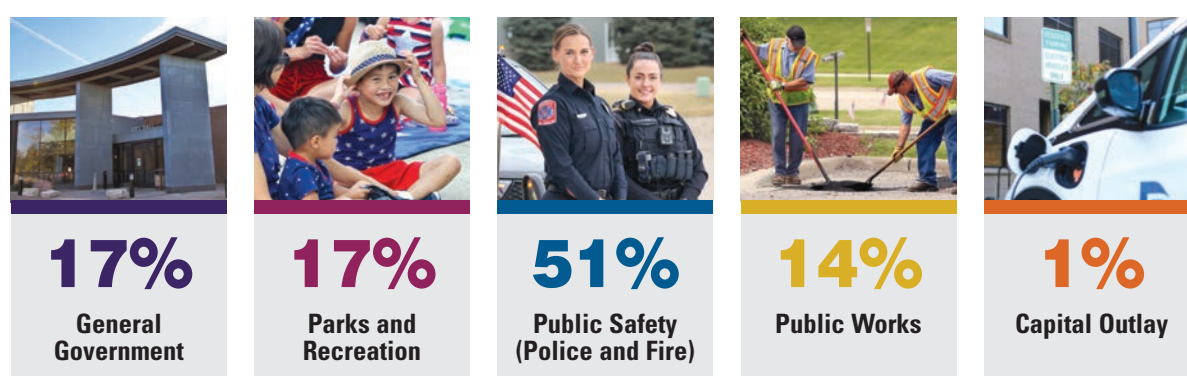


Revenues	2021	2022	2023
Property Taxes	\$33,852,858	\$35,700,992	\$37,402,355
Licenses and Permits	\$3,999,026	\$3,935,053	\$5,877,665
Intergovernmental	\$3,016,629	\$10,400,260	\$7,605,037
Charges for Services	\$3,374,948	\$3,395,976	\$3,417,832
Other	\$390,241	(\$14,398)	\$1,731,312
Total	\$44,633,702	\$53,417,883	\$56,034,201

Budgeted Revenue: \$49,937,963 | Actual Revenue: \$56,034,201

General Fund revenue, excluding transfers: Actual revenue was 112% of the budgeted amount due to \$3.6 million in one-time Public Safety Aid received from the state in 2023 (to be used for public safety, such as community engagement, mental health crisis responses, training programs, equipment, etc.) and building permit revenue exceeding expectations. The 2022 intergovernmental revenue included one-time American Rescue Plan Act funding of \$7 million. New multi-family developments contributed to the increase in building permit revenue. Intergovernmental revenue is revenue from other governmental entities (federal, state, county, etc.). Other revenues include smaller sources, such as fines, forfeitures, investment earnings and contributions.

General Fund expenditures – how the money was spent



Expenditures	2021	2022	2023
General Government	\$6,809,290	\$7,250,036	\$8,324,016
Economic Development	\$144,215	\$35,799	\$84,262
Parks and Recreation	\$6,738,443	\$7,400,565	\$8,285,552
Public Safety (Police and Fire)	\$23,123,800	\$24,196,642	\$24,878,183
Public Works	\$5,880,832	\$6,417,076	\$6,691,282
Capital Outlay	\$225,515	\$287,002	\$244,922
Total	\$42,922,095	\$45,587,120	\$48,508,217

Budgeted Expenditures: \$49,895,463 | Actual Expenditures: \$48,508,217 (97.2% of budget)

General Fund expenditures, excluding transfers: Overall favorability is attributable to staffing vacancies exceeding budget assumptions. General government expenditures (human resources, administration, accounting, legal, elections, etc.) included a pass-through Minnesota Department of Employment and Economic Development grant of \$450,000. Parks and recreation increases were for capital improvements (e.g. Zachary Playfield) and forestry, including the impact of Emerald Ash Borer. Capital outlay for general government assets are mostly captured in the city's centrally managed fleet and facility funds. However, new items (trails, playgrounds, etc.) are funded directly from the General Fund the first year.

5 YEAR EXPENDITURE COMPARISON

