

PLYMOUTH FINANCIAL EXTRA

Welcome to the 2013 Financial Extra. As elected officials, we understand that city services and amenities are essential to Plymouth's outstanding quality of life, but we also recognize the cost of services affect your pocketbook. We initiated the Financial Extra several years ago to show you how your city tax dollars are spent – and so you could see how the cost of Plymouth's services compare to those of similar communities.

If you'd like more detail on the city budget, the entire budget is posted on the city website at plymouthmn.gov. To find it, simply click the Codes & Documents link. It is at the top of every page on the website.

If you have any questions, please contact us.

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Plymouth's top bond ratings reaffirmed



The City of Plymouth continues to hold the highest bond ratings possible from two rating agencies. Moody's Investors Service reaffirmed Plymouth's Aaa rating and Standard & Poor's did the same with its AAA rating for Plymouth.

The reaffirmation came in 2012 as part of a bond refunding review. The Aaa/AAA distinction makes Plymouth's bonds attractive to investors – and it saves tax dollars. When the city needs to issue bonds, it can do so at the lowest interest rates.

Plymouth is one of only eight Minnesota cities that have earned the top rating from both firms. The other cities are Bloomington, Edina, Maple Grove, Minneapolis, Rochester, St. Louis Park and Woodbury.

Because the rating agencies look at different aspects of financial health, city officials have opted to be rated by both agencies. Earning the highest ratings possible from both firms also added dimension to Plymouth's financial standing.

Moody's generally looks at the overall strength of a community's economic health, including growth, tax base, commercial-industrial development, redevelopment and use of tax increment financing.

Standard & Poor's examines the policies, processes and tools a city uses to manage its finances. It looks at items like fund balance policy, capital improvement plan, capital equipment replacement plan, park replacement plan, city council role in reviewing investments, and the public process for contracting with banks and financial advisors.

City of Plymouth tax levy compares well to similar communities

After three years of either keeping the city tax levy flat or decreasing it, the Plymouth City Council adopted a levy increase of 1.59 percent to fund city services this year. This increase was needed to maintain service levels for police and fire service, street maintenance, snowplowing, trail and park maintenance, development oversight and other city services.

The charts below show how the City of Plymouth compares to similar communities for both levy per capita and average levy increase from 2009 through 2013. Plymouth continues to have the lowest levy per capita of its peer communities. Additionally, Plymouth and Lakeville tie for the lowest annual levy increase for the past four years.

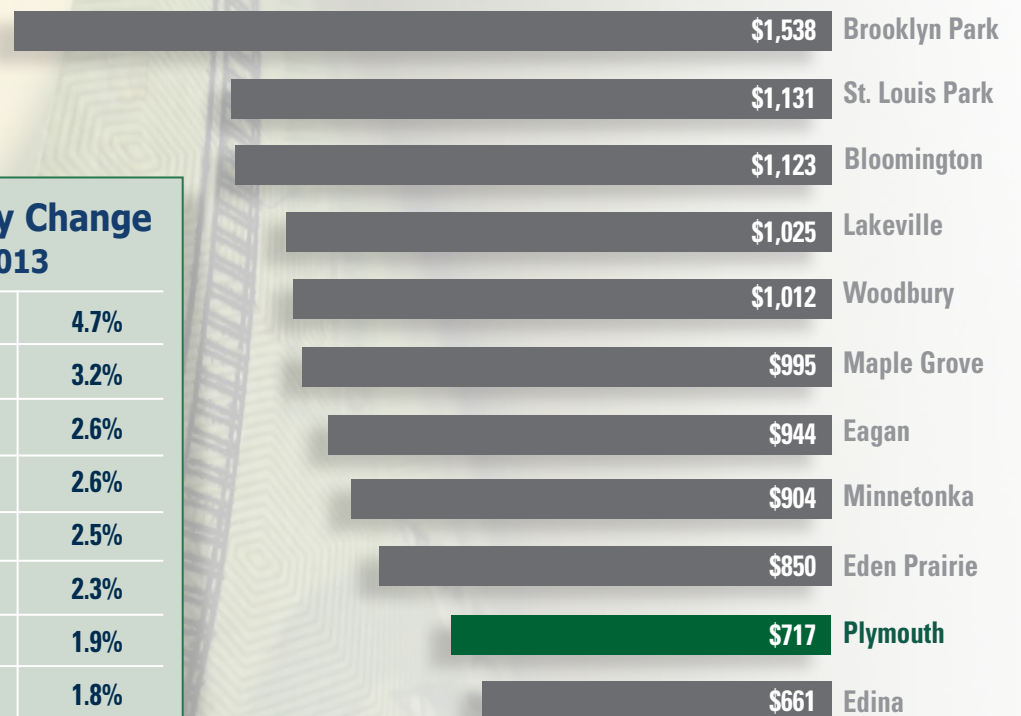
City of Plymouth Levy



How Plymouth Compares

City Tax on a \$250,200 Home (Taxable Value of \$235,478)

Average Levy Change 2009-2013	
Brooklyn Park	4.7%
St. Louis Park	3.2%
Woodbury	2.6%
Edina	2.6%
Maple Grove	2.5%
Eagan	2.3%
Bloomington	1.9%
Minnetonka	1.8%
Eden Prairie	0.4%
Plymouth	0.3%
Lakeville	-0.5%



2013 Levy Per Capita



Plymouth city budget focuses on core services

The City Council focused on both today and tomorrow when it adopted the 2013 city budget. The council kept an eye on core services, while also looking ahead to future costs the city will incur as aging infrastructure needs to be replaced.

The budget maintains the same service level as last year for street maintenance, snowplowing, police and fire service, trail and park upkeep, recreation programs, community planning and other core city functions. To maintain service levels, the budget required a 1.59 percent overall levy increase – the first increase since 2008.

In addition to budgeting for city services, the city sets aside money each year for future infrastructure replacement needs. Budgeting incrementally for replacement now will help prevent future spikes in property taxes later. The 2013 budget includes a three percent increase in the street reconstruction fund and a significant increase in funding for future park replacement needs.

The city was able to partially offset those costs and the associated increase in the overall levy by paying off two bond issues early. This allowed the city to levy \$600,000 less in debt service costs than expected. (See page 3 for debt study story).

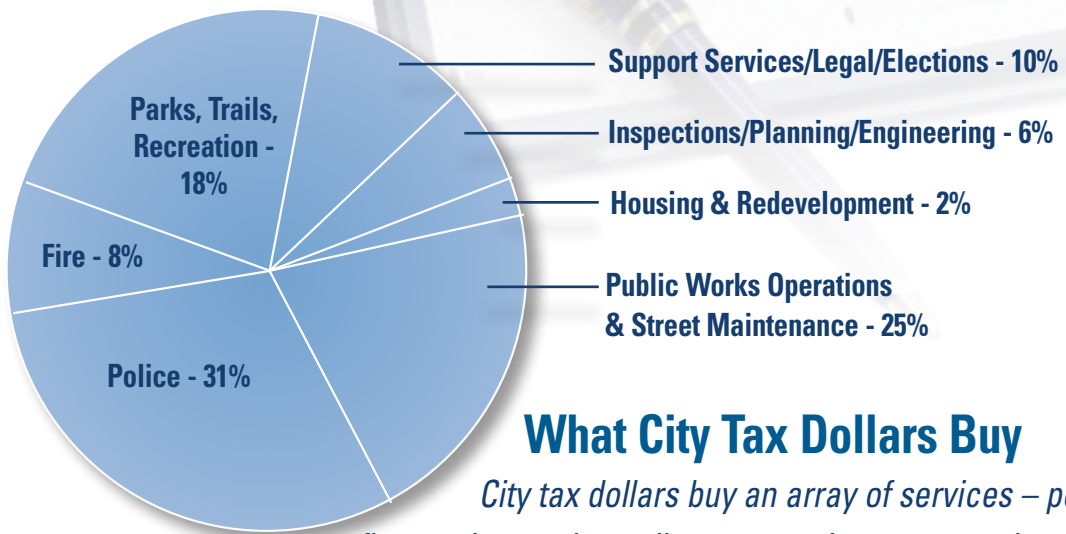
The budget includes personnel adjustments that build on reductions made since 2009. The 2013 budget eliminated three supervisory positions while adding one police officer and one community service officer.

Over the past four years, the city's full time equivalent (FTE) staff levels have been reduced by more than 10 percent. To help keep up with demand for services, the city has restructured job responsibilities, streamlined operations and added new technology to increase efficiency.

Police	\$ 18.47
Public Works Operations & Street Maintenance	\$ 14.90
Parks/Trails/Recreation	\$ 4.77
Fire	\$ 5.96
Support Services/Legal/Elections	\$ 3.57
Inspections/Planning/Engineering	\$ 1.19
Housing & Redevelopment	\$ 59.58
Monthly City Tax Bill for Median Value Home	

CORE SERVICES

Services Supported by Tax Levy



What City Tax Dollars Buy

City tax dollars buy an array of services – police and fire service, parks, trails, street maintenance and more.



Residential Property Tax Dollar



Commercial Property Tax Dollar



BY THE NUMBERS

\$616,504

was the value of volunteer efforts

\$6

million spent on all street improvements

10,925

citations were issued by police in Plymouth

36,676

hours were logged by paid-on-call firefighters

Study yields wealth of information

A 2012 study of the City of Plymouth's debt has proven to be a valuable tool. While showing that Plymouth is in good shape when it comes to the relatively light debt load it carries, the report also will help save taxpayer dollars, promote transparency and improve the city's ability to do long-term debt planning.

City Manager Laurie Ahrens says the comprehensive study yielded a wealth of information that gave a big picture look at the city's debt, including when it would make sense to refund bonds or retire them early.

Ahrens pointed out that when it comes to debt, the city is similar to a homeowner who takes out a loan for a home improvement – except that the city may borrow money to pay for something like street construction or expansion of the water system. She added that when the city borrows, it issues interest-bearing bonds that investors purchase with the promise that the city will repay their original investment plus interest.

Saving Money

In 2012, the City Council directed staff to refund three bond issues, saving more than \$2.6 million in interest over 22 years. (Refunding a bond is similar to refinancing a

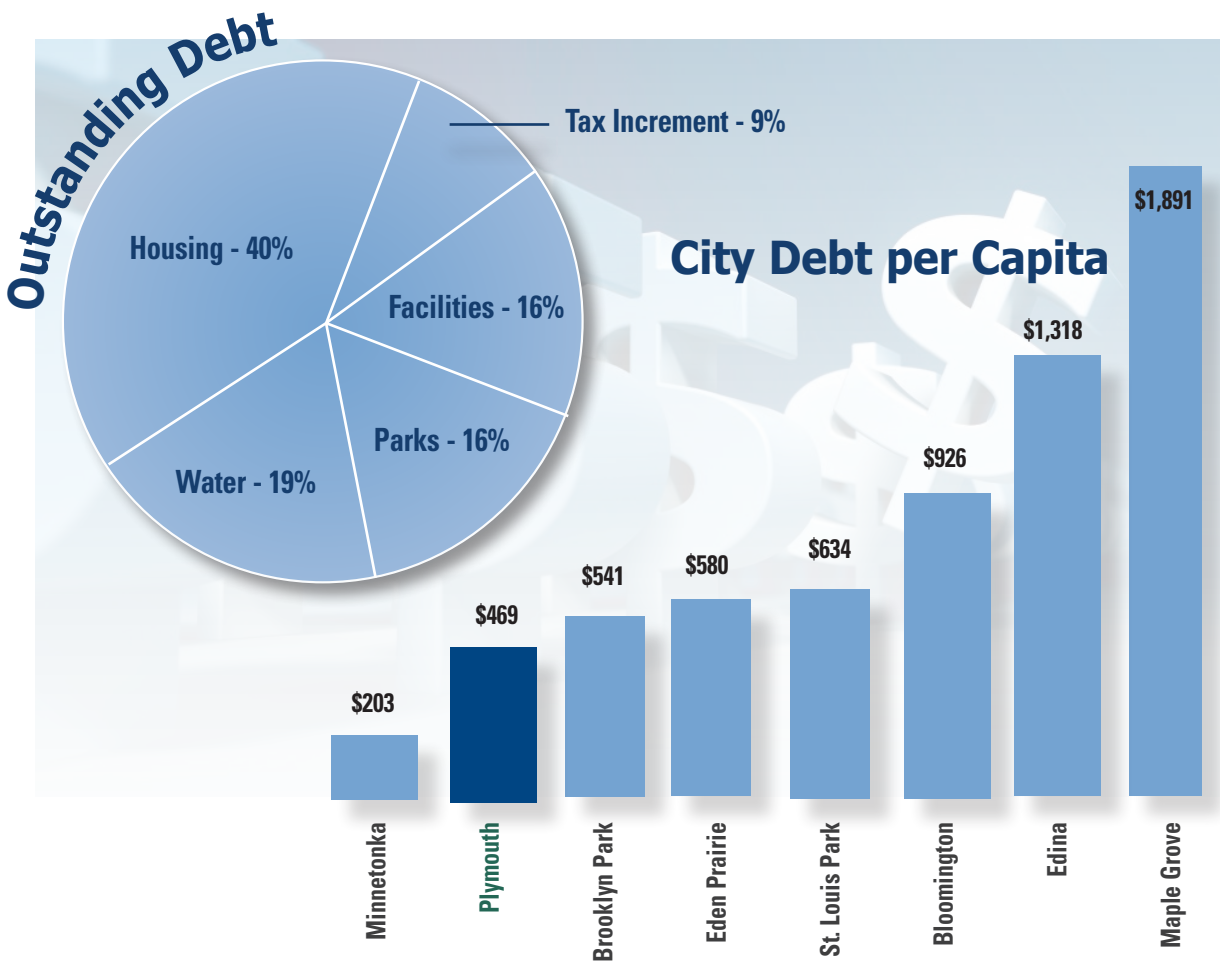
home loan to get a lower interest rate.) The council also opted to use cash on hand to pay off two additional bond issues early. The early pay offs saved taxpayers another \$24,000 in interest costs.

Improving Stability

Because the study shows when each bond issue will be paid off, it will help the city determine when it makes best sense to take on additional debt. This will be particularly important as Plymouth's streets, water system, sewer lines, trails and parks age. "As we need to replace infrastructure, we want to do it in a way that doesn't cause spikes in the property tax levy," said Administrative Services Director Dave Callister.

Promoting Transparency

The study brought together information on all aspects of city debt into a single document, including debt policies, current debt amounts and potential future debt. Callister, who spearheaded the study, plans to update it annually. "It's another way to be transparent. The City Council and the public can easily see the type and amount of debt on the books, as well as the payback schedule," he said.

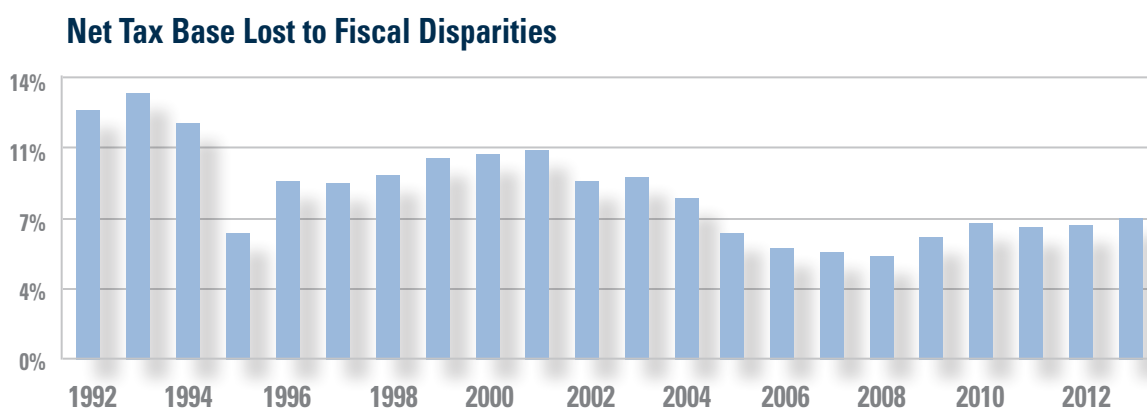


Law requires cities to share tax base

Under the state Fiscal Disparities Law, cities in the seven county metro area must contribute a portion of their commercial and industrial property growth since 1971 to a pool. This pool of valuation is then redistributed to local governments according to a complex formula based primarily on population and the total market value of property within the city.

The theory behind the Fiscal Disparities Law was that all cities have basic needs for police and fire protection and other services paid for by property taxes. But they have an unequal ability to pay for those services – disparities. The law was meant to partially level the playing field.

The end result is that some cities get back more valuation than they put into the pool and others receive less than they contribute. Plymouth has always contributed more to the pool than it has received. This year Plymouth's commercial-industrial properties will pay 30 percent of their total property taxes to the fiscal disparities pool. This program will reduce Plymouth's total tax base by seven percent this year.



Plymouth: Adding Quality to Life

“The City of Plymouth has been terrific in providing expertise to meet the stringent requirements to become a Beyond the Yellow Ribbon city.”
 – Gary Goldetsky, chair of Plymouth Beyond the Yellow Ribbon, a community network providing support to military service members and their families.



“I want to highlight how cooperative and helpful all the public officials in Plymouth have been in welcoming us and helping us get this development on track.”
 – Dr. Ben Bache-Wiig, president of Abbott Northwestern Hospital, which expanded its WestHealth facility in Plymouth to include an emergency department.



“We have a brand new, beautiful road and they're doing an equally beautiful job of plowing it.”
 – Eric Paulsen, a Plymouth resident who recently moved back into the home his parents bought in 1949.

“We expect the city's financial position will remain stable due to management's adherence to strong financial policies, the presence of sound General Fund reserves and the maintenance of balanced operations.”
 – Moody's Investors Service when reaffirming the City of Plymouth's Aaa bond rating.



“The city has been an invaluable partner to the Plymouth Civic League in presenting Music in Plymouth. Our 41 year partnership has exemplified the very best in civic pride, creative community engagement and commitment to excellence.”
 – Kris St. Martin, director of development for the Plymouth Civic League, the volunteer group that coordinates Music in Plymouth in conjunction with the city.

“Plymouth's 'excellent' quality of life rating in the citizen survey doubled – from 37 to 75 percent – since the previous survey eight years ago. This is the most impressive change we've had since we started our business thirty years ago.”
 – Bill Morris, president of Decision Resources, Ltd., a local market research firm.

Tax ranking, satisfaction compare favorably to other metro cities

Balancing resident satisfaction with service levels and related spending can be a challenge, but it appears that it is one that the City of Plymouth has met. Plymouth has kept its city tax rate among the lowest of comparable communities while still garnering positive satisfaction ratings from residents.

To assess how Plymouth stacks up financially to other communities, city officials typically look to several measures – bond ratings, tax rates, city taxes on a median value home, city tax levy per capita and city debt. A review of those areas shows that Plymouth compares well to similar communities.

To evaluate resident satisfaction, the city turns to the periodic resident survey it commissions to gather feedback. The survey asks respondents about everything from municipal services to city taxes and quality of life.

City Manager Laurie Ahrens says that the results of the latest resident survey provided welcome news – especially in light of city staff reductions and trimming of some services in recent years. “We’ve tried to make sustainable cuts and do it in ways that would have the least impact on residents. The survey provided feedback that indicates we’ve succeeded,” she said.

The survey found that 90 percent of respondents said they could see no difference in city service levels. “Quality service has always been a priority for us, so to see that result was great. It was also gratifying to see that all city services were so highly rated,” said Ahrens.

City services were consistently rated positively, and residents feel they are getting a good value for their city tax dollars. On average, 90 percent rate the quality of city services as either excellent or good. This

places Plymouth’s among the top three cities in the metro and the highest in western Hennepin County.

Ahrens said that Plymouth’s tradition of focusing on collaboration and a host of other good financial management practices helped Plymouth weather difficult economic times. (See adjacent story.) “We started from a position of financial strength, and have worked hard to remain there,” she said.

Spending tax dollars carefully has been important to Plymouth’s success. “As the City Council has trimmed budgets, it has done it methodically. They placed a priority on core services, but also recognized that our long-term financial health is tied to being a desirable place to live and do business. Council was mindful of protecting amenities that make Plymouth an attractive, thriving community,” said Ahrens.

The survey confirmed that residents agree the community is flourishing. More people rated Plymouth’s quality of life as excellent – as opposed to good – than in the last survey. The ‘excellent’ quality of life rating puts Plymouth among the top three communities in the metro, according to Bill Morris of Decision Resources, the firm that conducted Plymouth’s survey, as well as those of many other cities.



Core principles form pillars of financial strength

Plymouth’s sound financial standing, which is reflected in its stable tax levies, superior bond ratings and high marks from residents, is built on some basic principles. The quality of life in Plymouth rests on these pillars of financial strength.

Collaboration: In every department – on many levels – collaboration is woven throughout the fabric of Plymouth’s operations. Partnerships with neighboring cities and other local and state agencies extend the capabilities of city departments as diverse as Police, Fire and Public Works.

Collaboration is not limited to working with other government agencies. Volunteers, athletic associations, civic organizations and social service agencies are just a few of the partners that help Plymouth get more done and keep costs down.

Debt Management: Making wise choices about debt is all about finding a balance. For the City of Plymouth, that means weighing interest rates, infrastructure priorities and available cash. A period of low interest rates offers an opportunity to refinance existing debt to save interest costs. It is also a time to consider pursuing projects that are on the horizon. Using available cash to reduce borrowing is another debt management tool.

Investment Protection: From transportation to drinking water, Plymouth’s infrastructure – streets, water system, sanitary sewer, storm sewer and more – is both costly and valuable. Timely maintenance helps protect these investments and even out and reduce the costs for services.

Financial Planning: Plymouth has adopted long range financial planning practices to keep tax levies stable. Whether adding, repairing or replacing a costly item, the city looks 10 years or more into the future to prepare a budget strategy to pay for it. This kind of planning helps the city avoid sudden tax levy increases to meet these needs.

Good Budget Practices: The City Council and staff work together to set a budget that provides the services and infrastructure that meet community needs. Programs and initiatives are carefully evaluated for cost and value throughout the budget process. City staff’s ongoing review of expenses in all areas of the organization has helped Plymouth stay within – or come in under – budget.

Innovation & Good Business Practices: The City of Plymouth has reached beyond “business as usual” to tackle the challenges that face today’s cities. Innovative use of technology, improved efficiencies, a review of priorities and effective use of volunteers has stretched resources.

These innovations and business practices help Plymouth continue to deliver quality services to the community. In spite of a 10% decrease in staff since 2009, Plymouth residents rated their city services among the top in the metro area in a recent citizen survey.

Sound Governance: Sound financial policies don’t just happen. They are the result of thoughtful, respectful work by policy makers, staff and the public. According to the recent citizen survey, Plymouth is at the top of approval ratings in the metro area for its City Council and mayor.



BY THE NUMBERS

637 individuals and groups follow the City of Plymouth on Twitter

3.5 billion gallons of water treated by the city

3 hours that are typically the busiest for fire calls: 3-6 p.m.



87.8% of Plymouth’s 50,578 registered voters cast ballots in the November election

400 teams played in the 22 tournaments at the Plymouth Ice Center

\$200,000 - \$300,000 is how much the TwinWest Chamber of Commerce estimates attendees at the Plymouth Ice Center spend at local businesses each year



9,325 building permits issued

761 fifth grade students participated in DARE program

201,492 uses of the fieldhouse for walking, sports or other recreation

13,000 tons of asphalt applied to city streets by Public Works crews

\$650,000 spent for asphalt to repair city streets

27,968 phone calls received by the Community Development Department

1,275 rental licenses issued

4,559 hours of service were provided by the Police Reserves

21,156 annuals and perennials planted to keep Plymouth colorful

279 trees and shrubs planted to help shade and cool Plymouth



153 more tons recycled in 2012 by Plymouth residents than in 2011

37,000 visitors dropped off materials at the yard waste site

450 acres of city park land mowed

600 annual inspections helped ensure that Plymouth’s playgrounds are safe

27,062 hours of volunteer time logged

6,151 absentee ballots cast by Plymouth voters in the presidential election

