

2024 City of Plymouth **DEBT STUDY**



Prepared by: Finance Director
Deputy City Manager
City Manager

Purpose of the Debt Study

1

Prepare Cash Flow Projections for Each Bond Issue

2

Ensure Projected Revenues are Sufficient to Pay Annual Principal and Interest Payments

3

Evaluate Opportunities for Use of Cash Available in Debt Service Funds to Retire Debt Early

4

Evaluate Current and Future Debt Levies to Determine Impacts on the Overall Tax Levy and on Issuing Future Debt

5

Protect the City's AAA Bond Ratings

What Can Debt Accomplish

Allows capital projects to proceed when needed (if funding is not otherwise available)

Potentially reduces long-term costs in times of high inflation

Matches future use by constituents with payments

Debt Policy

Available Funds	Use debt for projects which cannot be financed from current revenues
Not Operations	Do not use debt to support operations
Pace	Retire 50% of principal within 10 yrs
Duration	Attempt to keep maturity at 20 years or less
Limit	Limit GO debt to 2% of market value (state is 3%)
Non G.O.	Use other types of bonds (non-GO) when possible
Rating Agencies	Maintain open communication with bond rating agencies

BONDS OUTSTANDING AT 12/31/2023

BOND ISSUE	PRINCIPAL BALANCE	INTEREST RATE	CALL DATE	MATURITY DATE
Tax Abatement Bonds, Series 2020A - Plymouth Community Center	37,070,000	2.00-4.00%	2/1/2029	2/1/2041
CIP Bonds, Series 2021A - Fire Stations	<u>19,915,000</u>	1.625-4.00%	2/1/2030	2/1/2042
General Obligation Tax Supported Bonds	56,985,000			
Governmental Housing Project Refunding Bonds 2021A (refunded 2012) - Vicksburg Crossing	<u>6,500,000</u>	1.00-3.00%	2/1/2029	2/1/2035
General Obligation Housing Bonds	6,500,000			
 Total Bonds Outstanding	 63,485,000			





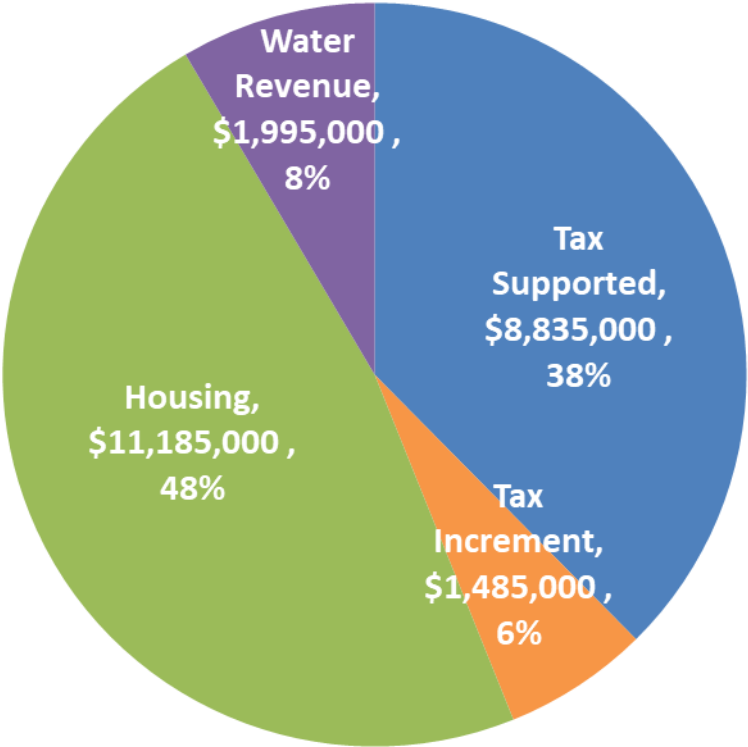
CITY OF PLYMOUTH PROPERTY TAX LEVIES

<u>Levy Type</u>	<u>2023</u>	<u>2024</u>	<u>2025 Concept Levy</u>	<u>2025 Proposed Levy</u>	<u>% Change 2024 to Concept 2025</u>	<u>% Change 2024 to Proposed 2025</u>
Levy Base						
General Fund Base	37,922,777	40,878,873	43,814,363	43,349,363	7.2%	6.0%
Street Reconstruction	2,852,950	2,938,539	3,026,695	3,026,695	3.0%	3.0%
Recreation Fund	944,640	972,979	1,002,168	1,002,168	3.0%	3.0%
Park Replacement	981,195	1,010,631	1,040,950	1,040,950	3.0%	3.0%
Capital Improvement Fund	<u>496,142</u>	<u>511,026</u>	<u>526,357</u>	<u>526,357</u>	<u>3.0%</u>	<u>3.0%</u>
Total Levy Base	43,197,704	46,312,048	49,410,533	48,945,533	6.7%	5.7%
Special Levies						
2015A Open Space (paid off early)	268,767	-	-	-	-	-
2020A Plymouth Community Center	2,267,392	2,360,910	2,361,540	2,361,540	0.0%	0.0%
2021A Fire Stations	<u>787,241</u>	<u>1,348,095</u>	<u>1,347,728</u>	<u>1,347,728</u>	<u>0.0%</u>	<u>0.0%</u>
Total Special Levies	<u>3,323,400</u>	<u>3,709,005</u>	<u>3,709,268</u>	<u>3,709,268</u>	<u>0.0%</u>	<u>0.0%</u>
TOTAL CITY LEVY	46,521,104	50,021,053	53,119,801	52,654,801	6.2%	5.3%
HRA Levy	<u>639,634</u>	<u>658,823</u>	<u>678,588</u>	<u>678,588</u>	<u>3.0%</u>	<u>3.0%</u>
TOTAL LEVY	\$47,160,738	\$50,679,876	\$53,798,389	\$53,333,389	6.2%	5.2%
Total City Tax Rate (not including HRA)	24.3%	24.5%	24.4%	24.2%		

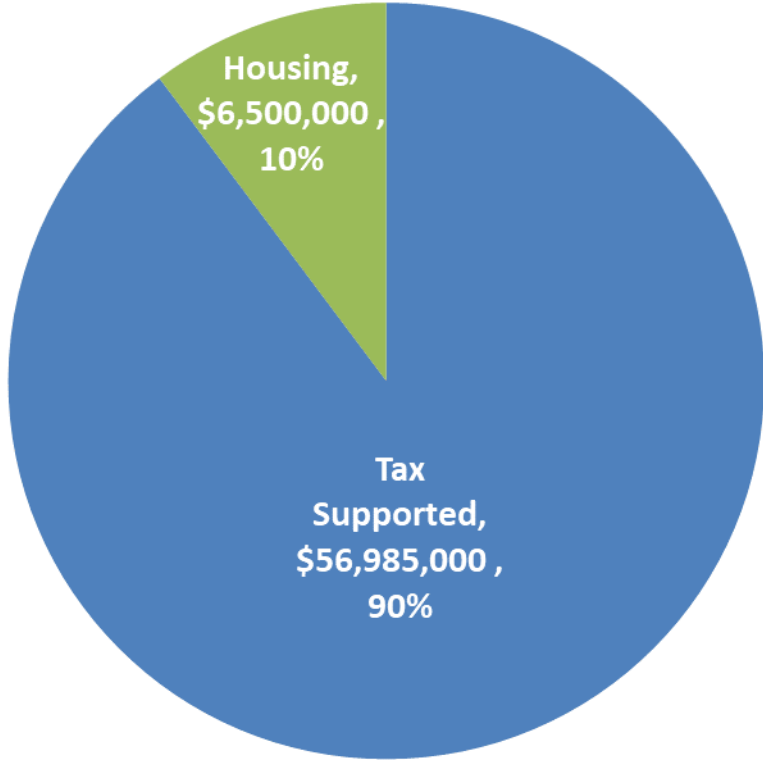


Comparison from 2017 to 2023

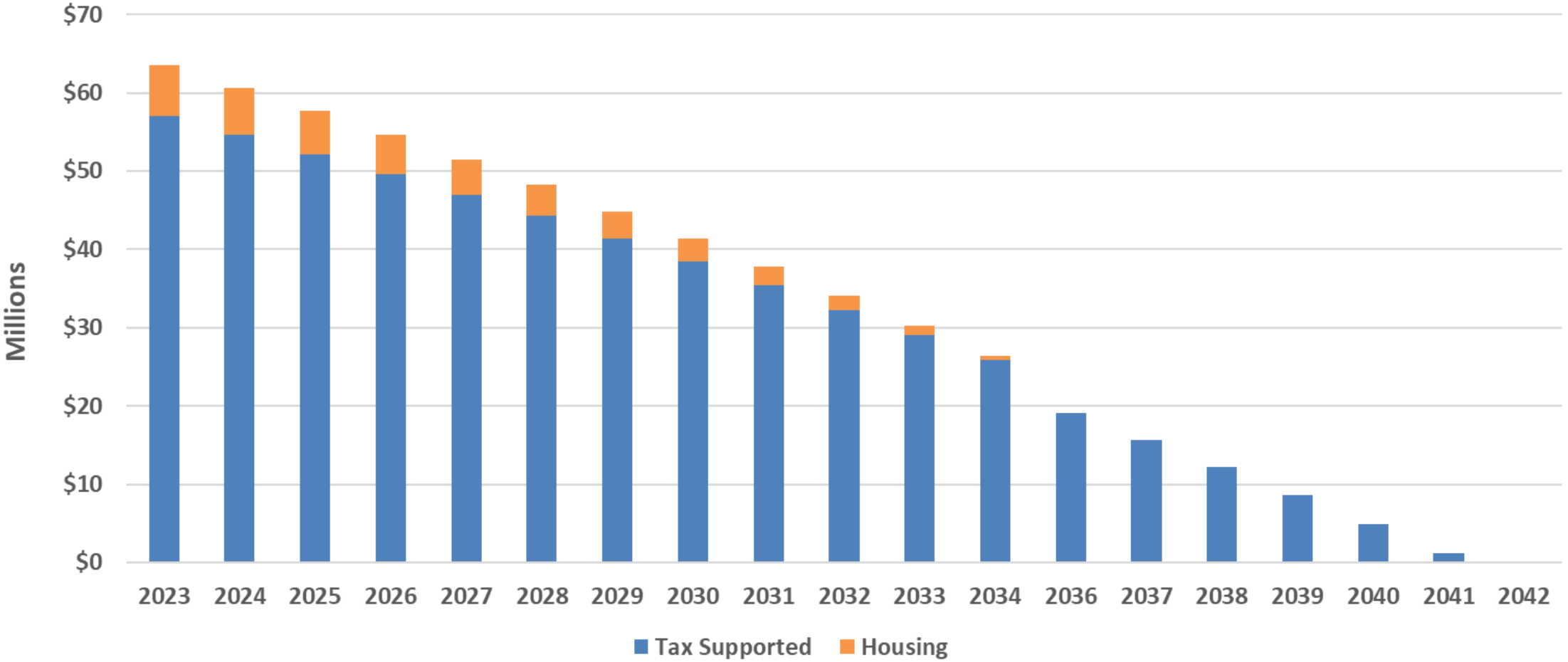
Outstanding Debt By Category
(As of 12/31/2017)



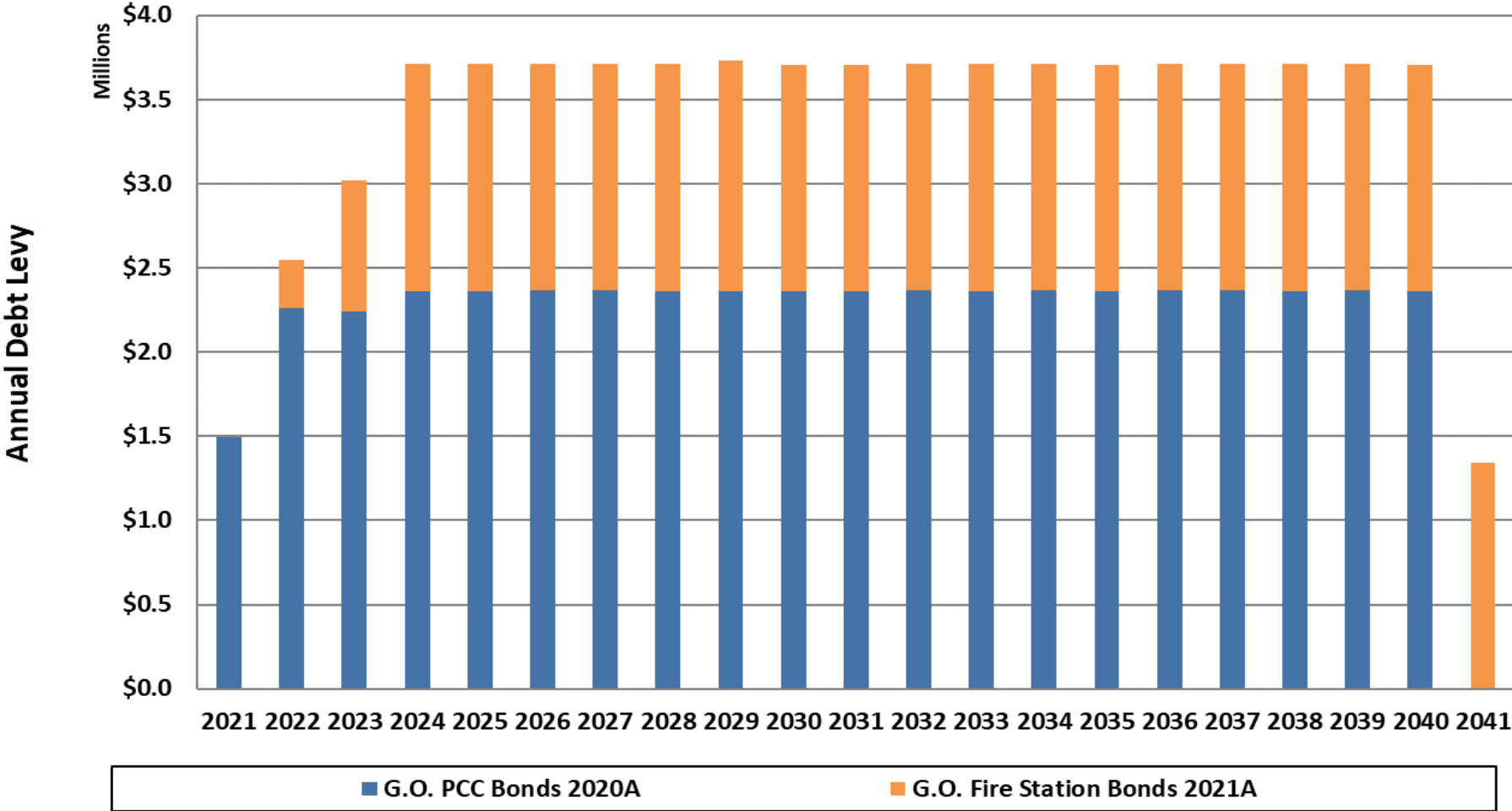
Outstanding Debt By Category
(As of 12/31/2023)



Total Outstanding Debt



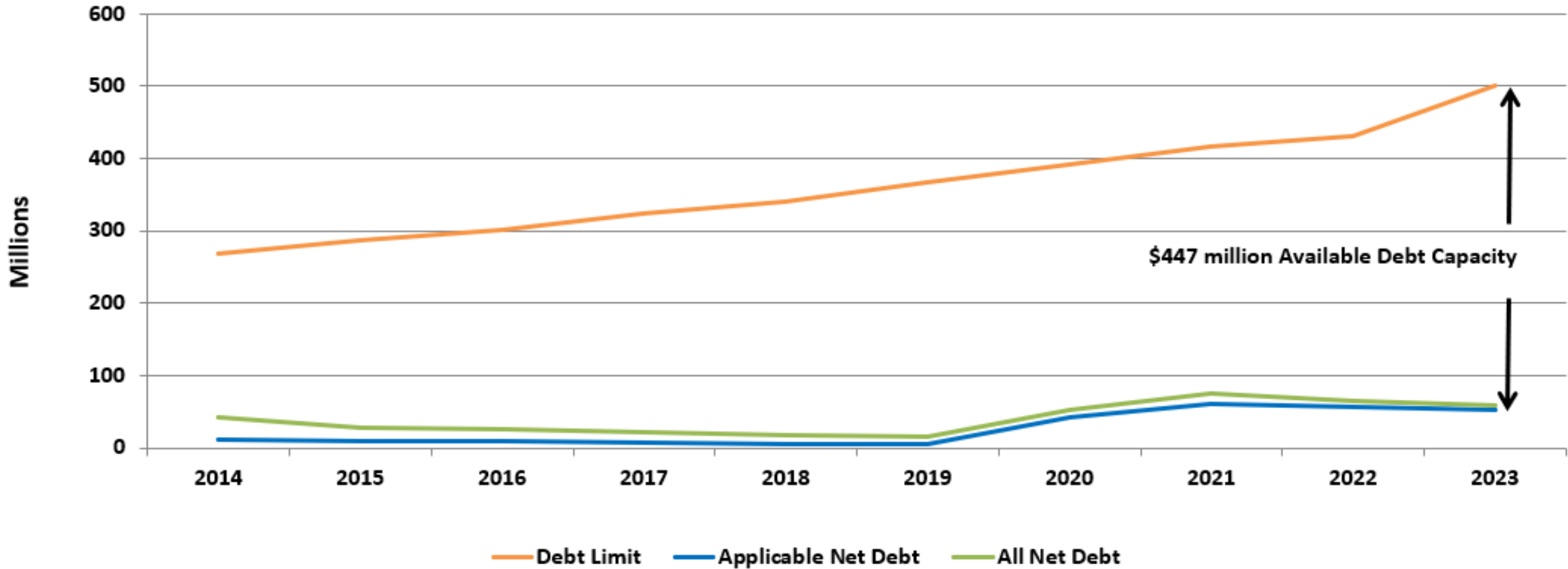
City of Plymouth Levies for Tax Supported Debt



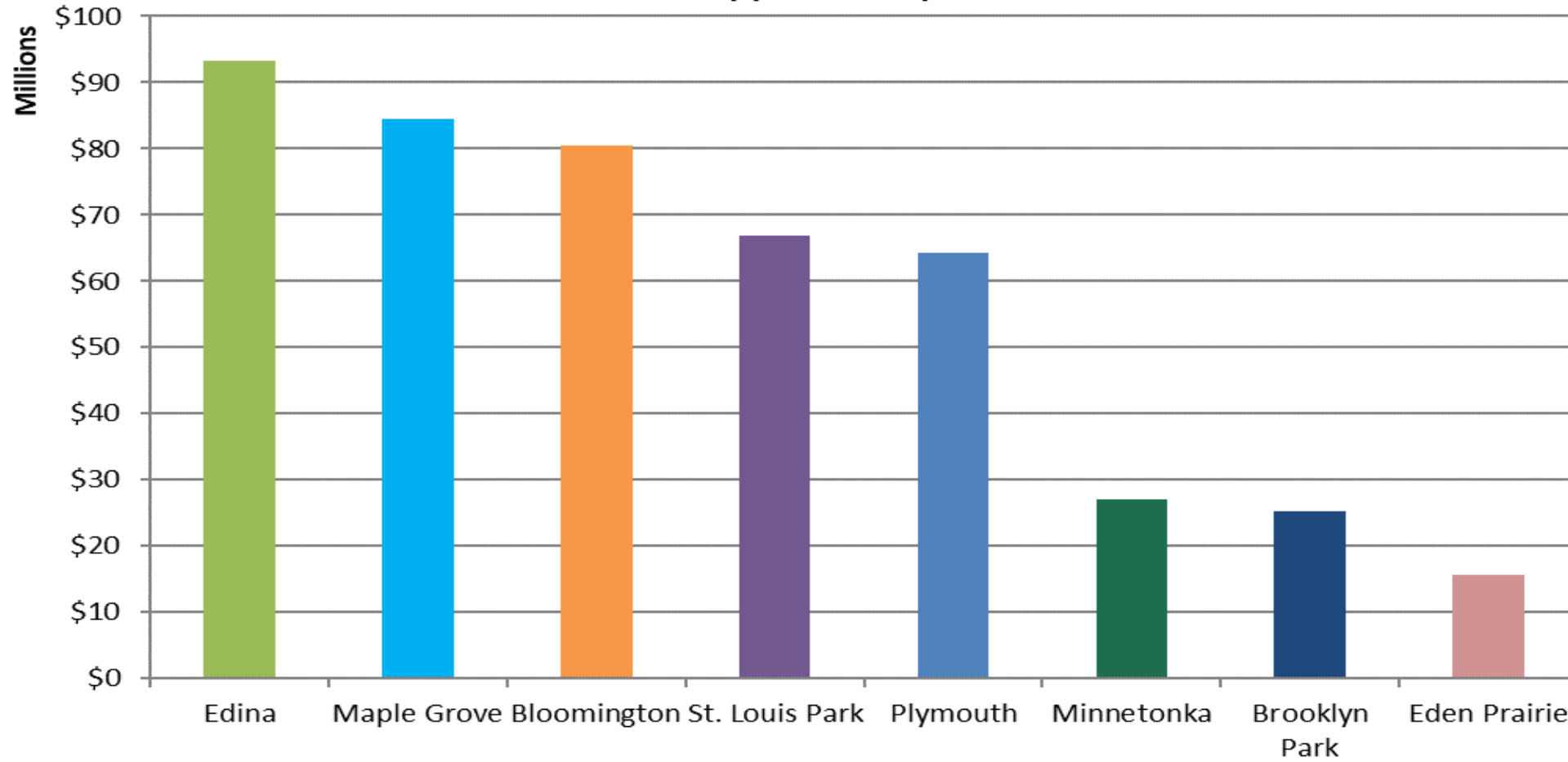
Future Projects Currently Under Consideration

- Chankahda Trail (to be repaid with tax increment)
- Plymouth Ice Center Expansion (local sales tax)
- City Center Public Parking Ramp (local sales tax)
- No other debt immediate needs on the horizon

Statutory Debt Limit Versus Actual Debt



Direct Net Debt Outstanding City portion only

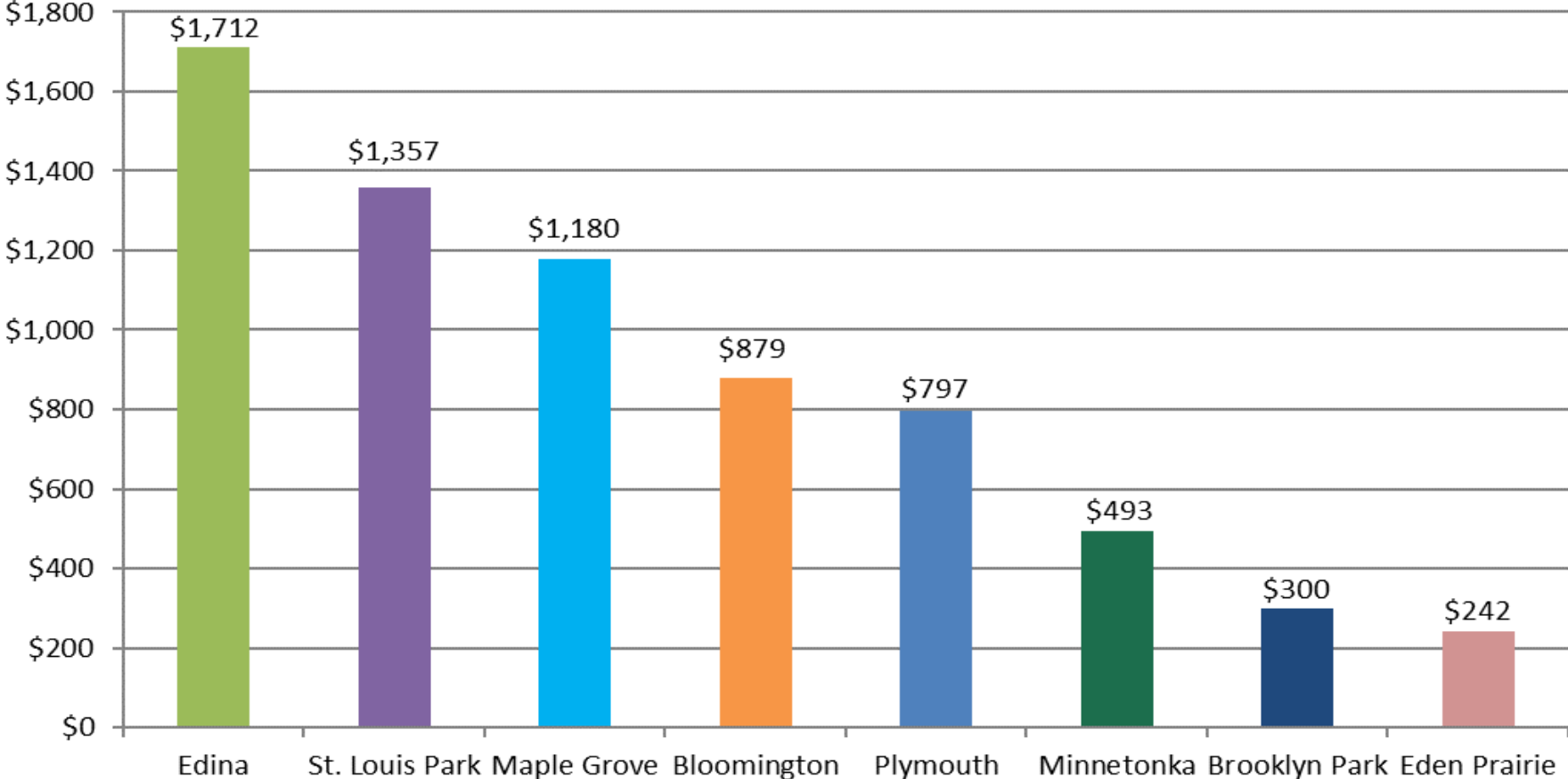


Source: City Financial Reports (2023)

Average = \$57.2 million

Direct Net Debt Per Capita

City portion only

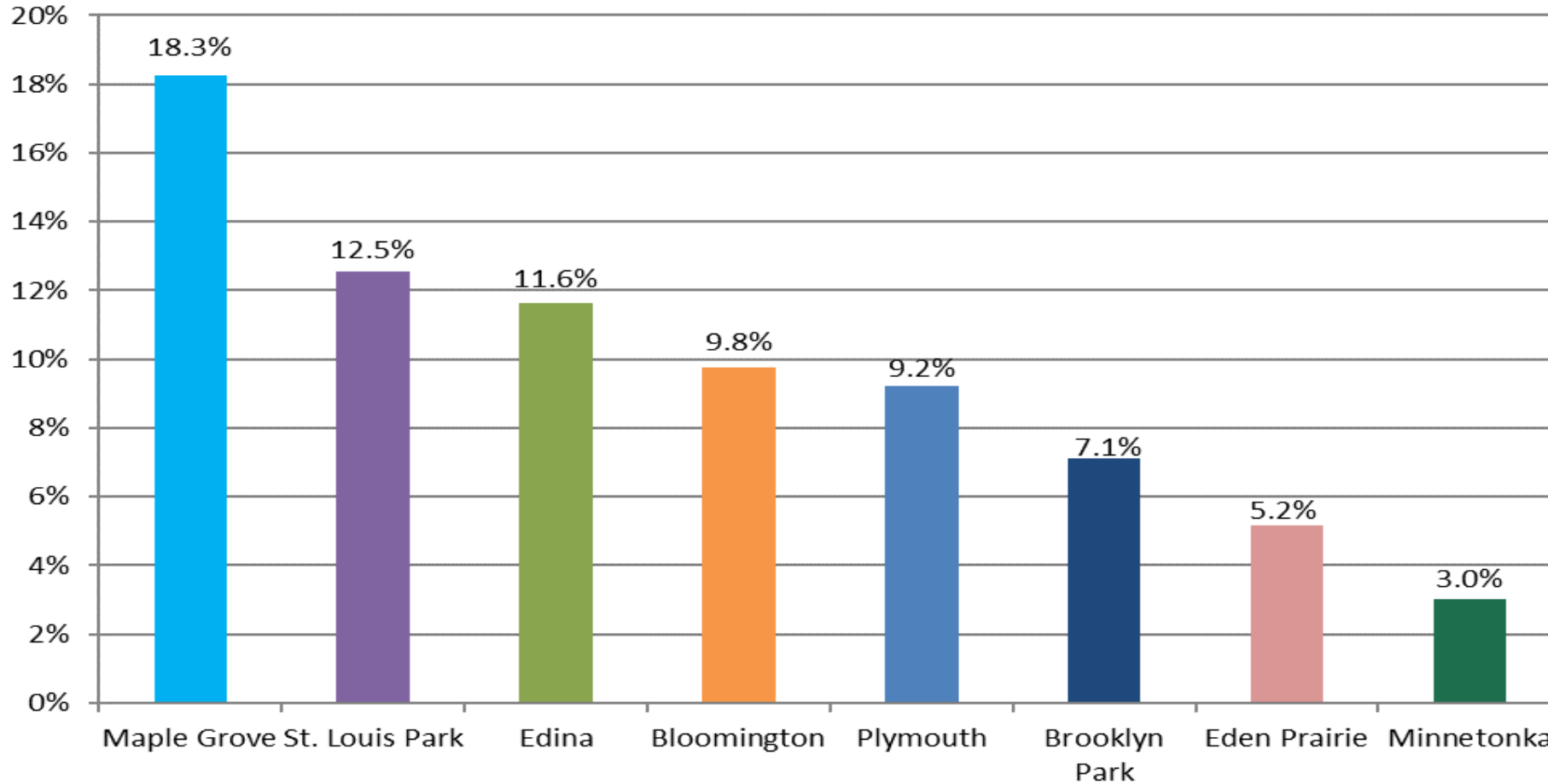


Source: Metropolitan Council (2023), City Financial Reports (2023)

Average = \$870



Debt Service as % of Operating Expenses City portion only



Source: City Financial Reports (2023)

Average = 9.6%

City of Plymouth AAA/Aaa

General Obligation Bonds - \$20M

Rating Agency Classification

Rating:	<u>AAA/Aaa</u>	<u>AA/Aa2</u>	<u>A+/A1</u>
Interest Rate:	2.35% - 3.85%	2.45% - 3.95%	2.55% -4.05%
Interest Cost:	\$7,127,895	\$7,380,178	\$7,635,405
Difference from AAA		\$252,283	\$507,510

Recommendations

Continue to:

- Monitor market interest rates and consider refunding opportunities on outstanding debt when possible
- Perform fund projections (e.g., street reconstruction fund) to evaluate if bond issuance is needed
- Model levy forecast, inclusive of future debt
- Periodically update debt study

Questions?