



# DESTINATION MEDICAL CENTER CORPORATION (DMCC)

## BOARD MEETING

9:30 A.M. WEDNESDAY, February 8, 2017

MAYO CIVIC CENTER - ROCHESTER



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DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Wednesday, February 8, 2017

9:30 A.M.

AGENDA

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I. Call to Order	
II. Roll Call	
III. Approval of Agenda	
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X. Meeting Schedule:	
A. Next Regular Meeting: April 27, 2017 at 9:30 A.M.	
XI. Adjournment	

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**DESTINATION MEDICAL CENTER CORPORATION  
BOARD OF DIRECTORS**

MINUTES  
December 15, 2016

- I. Call to Order. Vice Chair R.T. Rybak called the meeting to order at 9:40 a.m. at the Mayo Civic Center, Riverview Suite, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. In attendance were R.T. Rybak, Council Member Mark Hickey, Jim Campbell, Commissioner Jim Bier, Mayor Ardele Brede and Michael Dougherty.
- III. Approval of Agenda. Commissioner Bier moved approval of the Agenda. Mr. Campbell seconded.  
  
Ayes (6), Nays (0), Motion carried.
- IV. Approval of Minutes: October 27, 2016. Commissioner Bier moved approval of the Minutes of the meeting held on October 27, 2016. Mayor Brede seconded.  
  
Ayes (6), Nays (0), Motion carried.
- V. Public Comment Period. Vice Chair Rybak invited members of the community to offer comments.  
  
Jesse Welsh, Rochester resident, spoke in favor of the proposed Alatus development project in Saint Marys Place, citing the high standards of design and public engagement demonstrated by the developer.  
  
Mark Bransford, Rochester resident, spoke about the proposed Alatus development project, noting his concern regarding the compatibility of the development with the Folwell neighborhood.  
  
Mary Jo Majerus, Rochester resident, stated her opposition to urban sprawl, and, as it related to the Alatus project, and voiced support for infill of the city. Ms. Majerus noted her positive experience with local developers, including Alatus, LLC.  
  
Christine Schulze, Rochester resident, spoke regarding the proposed Heart of the City North development project and the importance of its progression through the planning, zoning, and historic preservation processes.  
  
John Kruesel, Rochester resident, spoke on behalf of the Rochester Conservancy regarding the Hotel Carlton-Days Inn site and his concern on the current state of public engagement in Rochester.  
  
Richard Olen, a resident of Shoreview, MN, supported elevated transit options and stated the pace of transit planning is not moving fast enough.
- VI. Chair's Report. On behalf of Chair Smith, Vice Chair Rybak noted the announced pending retirement of Rochester City Administrator Stevan Kvenvold. Vice Chair Rybak also noted that the DMCC's regular meeting schedule will be quarterly in 2017.
- VII. Project Update. Gary Neumann, Terry Spaeth, Lisa Clarke, and Patrick Seeb offered the project update.
  - A. Alatus: Proposed Development on 2nd Street SW. Ms. Clarke reported that the EDA Board recommended the Alatus project for approval, and its review was available in the DMCC Board packet, as well as the City of Rochester Administration's letter of support for the project. Mr. Dougherty requested a financing term sheet. Mr. Campbell suggested that the approval of the project be contingent on an acceptable financing structure. Vice Chair Rybak invited Bob Lux of Alatus, LLC to comment on the project financing. Mr. Lux expressed confidence in the project financing, noting the loan and equity proportions of the project.

Commissioner Bier noted the DMC goals related to tax revenue generation and job creation. Vice Chair Rybak stated his support for the project, and the need for transit solutions, particularly as projects come forward for review.

Resolution A: Approval of the Alatus Project as a Public Infrastructure Project, Pending Modification of the Development District.

Mr. Dougherty offered an amendment to the resolution which made approval of the Alatus project contingent upon Alatus, LLC providing evidence of financing satisfactory to the Board within 90 days. This period of time coincides with the City's development assistance agreement. The amendment was accepted as a friendly amendment.

Mayor Brede moved approval of the resolution as amended. Mr. Dougherty seconded.

Ayes (6), Nays (0), Motion carried.

Vice Chair Rybak moved that City and EDA staff be directed to explore the feasibility of directing excess tax increment financing from the Alatus project to transit and transit-oriented development. He asked that an update come back to the Board on January 26, 2017. Council Member Hickey expressed his support for directing staff to examine the use of tax increment financing for transit.

Vice Chair Rybak moved approval. Mr. Campbell seconded.

Ayes (6), Nays (0), Motion carried

**B. Analysis of Consistency with the Development Plan.**

1. Titan/Opus: Proposed Development between First Avenue SW and Broadway:  
The project review is underway.
2. Heart of the City North: Proposed Development at West Center Street and First Avenue NW:  
The project review is underway.

Mr. Seeb noted that these projects are not up for approval today, but that both projects are continuing to move through the review process.

Vice Chair Rybak asked about the status of other projects. Mr. Neumann stated that the Bloom International Realty project continues to move through the process. An update will likely be ready for the DMCC Board meeting on April 27, 2017. Mr. Campbell requested that the Board receive regular updates in between Board meetings to understand the status and roadblocks for pending projects. Vice Chair Rybak commented that the Board wanted to push projects along as quickly as possible. Commissioner Bier agreed, citing the rising costs of interest and construction.

**C. Subdistrict Update.**

1. Heart of the City.
  - a. Chateau Theatre. Mayor Brede directed the Board to the Chateau Theatre update available in the Board packets. He described some of the work of the various consultants and discussed the potential interior upgrades that could happen, as well as exterior cosmetic and efficiency upgrades that have been made.

Mr. Neumann stated that the City Council had requested that additional work be done in the areas of governance, funding options and coordination of work with Heart of the City. He noted the complementary work of the Chateau Theatre Re-Use Task Force and consultants and the work of the Heart of the City Community Advisory Committee. Next steps for the Chateau Theatre, including a project timetable, will be developed

by City and EDA staff.

Mr. Campbell and Vice Chair Rybak discussed the need for a visionary reimagining of the Chateau Theatre as it relates to the surrounding Heart of the City subdistrict.

- b. Public Space Design. The work of the RSP Architects-led team continues and will be presented in more detail in January.

- 2. Saint Marys Place: Mr. Seeb gave an update on planning in Saint Marys Place, including the design concepts that EDA and City staff, as well as other stakeholders, have been examining. Public infrastructure design options include a street-level “arcade” system, frequent and prominent crosswalks, transit nodes, strengthening an east-west bike connection between the downtown core and Saint Marys Place, and pedestrian-friendly streets.

VIII. DMCC 2016 Budget: Year to Date Update. Commissioner Bier directed the Board to the finance update in the Board packet, stating that the DMCC and DMC are under budget for 2016.

IX. 2017 Meeting Schedule. Chair Rybak directed the Board to the quarterly 2017 regular meeting schedule in the Board materials, but noted that additional meetings may be called if necessary.

Resolution B: Approval of 2017 Regular Meeting Schedule.

Mr. Dougherty moved approval. Mayor Brede seconded.

Ayes (6), Nays (0), Motion carried

X. Meeting Schedule. The next regular meeting of the DMCC is Thursday, January 26, 2017 at the Mayo Civic Center.

XI. Adjournment. Commissioner Bier moved to adjourn the meeting. Mr. Campbell seconded.

Ayes (6), Nays (0), Motion carried.

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**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_\_\_-2017****Approving the Establishment of an Executive Committee of the Board****BACKGROUND RECITALS**

The Bylaws (“Bylaws”) of the Destination Medical Center Corporation (“DMCC”) provide for the establishment, by resolution, of an Executive Committee of the Board, and state:

The Executive Committee shall be a committee of the Board. The Chair, the Treasurer, and such other persons, if any, elected by the Board of Directors by resolution shall constitute the Executive Committee of the Board of Directors of the Corporation. The majority of the members of the Executive Committee shall be Directors. The Executive Committee shall act only during intervals between meetings of the Board of Directors and shall at all times be subject to the control and direction of the Board of Directors. During such intervals and subject to such control and direction, the Executive Committee shall have and may exercise all of the authority and powers of the Board of Directors in the management of the affairs of the Corporation, subject to such limitations as the Board of Directors may impose. Notwithstanding the foregoing sentence, the Executive Committee may not approve: (a) amendments to the Articles or Bylaws; (b) the development plan described in the Minnesota Statutes Section 469.43; (c) project proposals as provided in Minnesota Statutes Section 469.41, subdivision 13; (d) annual reports required by Minnesota Statutes Section 469.43, subdivision 8; or (e) requests for bond financing of projects pursuant to Minnesota Statutes Section 469.44, subdivision 8.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Board of Directors that an Executive Committee is established, consisting of the Chair, Vice Chair, and Treasurer of the Board. The Executive Committee may exercise all of the authority and powers of the Board, subject to the limitation set forth in the Bylaws, and specifically including, but not limited to, the certification of the annual report due to the Minnesota Employment and Economic Development Department (“DEED”), and the approval of the DMCC annual audit.

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**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_-2017**

**Authorizing Report to the Legislature Pursuant to Statute**

**BACKGROUND RECITALS**

A. Minnesota Laws, Chapter 143, Article 10 (the “Act”) provides that by February 15<sup>th</sup> of each year, the Destination Medical Center Corporation (“DMCC”) and the City of Rochester (the “City”) must jointly submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over local and state government operations, economic development, and taxes and to the Commissioners of Revenue and employment and economic development, and Olmsted County. The DMCC and the City must also submit the report as provided in Minnesota Statutes Section 3.195. The report must include the following specific elements:

- (1) the development plan and any proposed changes to the development plan;
- (2) progress of projects identified in the development plan;
- (3) actual costs and financing sources, including the amount paid with state aid under section 469.47, and required local contributions of projects completed in the previous two years by the corporation, city, county, and the medical business entity;
- (4) estimated costs and financing sources for projects to be stated in the next two years by the corporation, city, county, and the medical business entity; and
- (5) debt service schedules for all outstanding obligations of the city for debt issued for projects identified in the plan.

B. The DMCC and City staff have prepared a draft report, due on February 15, 2017, and attached here as Exhibit A.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that the Chair or Vice Chair of the DMCC is authorized to execute and submit the report to the Minnesota Legislature as required by the Act, in form similar to the report attached here as Exhibit A, as may be modified through further discussions with the City, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to the Minnesota Legislature.

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February 2, 2017  
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February 2, 2017

The Honorable Dan Hall  
Chair, Local Government Committee  
Minnesota State Senate  
3111 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Tim O'Driscoll  
Chair, Government Operations and Elections  
Policy Committee  
Minnesota House of Representatives  
559 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Patricia Torres Ray  
Local Government Committee  
Minnesota State Senate  
2225 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Michael Nelson  
Government Operations and Elections Policy  
Committee  
Minnesota House of Representatives  
351 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Jeremy Miller  
Chair, Jobs and Economic Growth Finance  
and Policy Committee  
Minnesota State Senate  
3107 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Patrick Garafolo  
Chair, Job Growth and Energy Affordability  
Policy and Finance Committee  
Minnesota House of Representatives  
485 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Bobby Joe Champion  
Jobs and Economic Growth Finance and  
Policy Committee  
Minnesota State Senate  
2303 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Tim Mahoney  
Job Growth and Energy Affordability Policy  
and Finance Committee  
Minnesota House of Representatives  
345 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Julie Rosen  
Chair, Finance Committee  
Minnesota State Senate  
3235 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Jim Knoblach  
Chair, Ways and Means Committee  
Minnesota House of Representatives  
453 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Richard Cohen  
Finance Committee  
Minnesota State Senate  
2301 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Roger Chamberlain  
Chair, Taxes Committee  
Minnesota State Senate  
3225 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

The Honorable Ann Rest  
Taxes Committee  
Minnesota State Senate  
2217 Minnesota Senate Building  
95 University Ave W  
St. Paul, MN 55155

Commissioner Cynthia Bauerly  
Minnesota Department of Revenue  
600 North Robert Street  
St. Paul, MN 55101

The Honorable Ken Brown  
Chair, Olmsted County  
Board of Commissioners  
151 4th St SE  
Rochester, MN 55904

The Honorable Lyndon Carlson Sr.  
Ways and Means Committee  
Minnesota House of Representatives  
283 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Greg Davids  
Chair, Taxes Committee  
Minnesota House of Representatives  
585 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

The Honorable Paul Marquart  
Taxes Committee  
Minnesota House of Representatives  
261 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

Commissioner Shawntera Hardy  
Minnesota Department of Employment and  
Economic Development  
1<sup>st</sup> National Bank Building  
332 Minnesota Street, Suite E200  
St. Paul, MN 55101-1351

Re: Destination Medical Center  
February 15, 2017 Report

Dear Senators, Representatives, Commissioners and Chairs:

Pursuant to 2013 Minnesota Laws, Chapter 143, Article 10 (the "Act"), the Destination Medical Center Corporation (the "DMCC") and the City of Rochester (the "City") must jointly submit a report by February 15 of each year with respect to the status of the Destination Medical Center initiative. On behalf of the DMCC and the City, we are pleased to submit this report, setting forth the progress that has been made since the last report, dated February 12, 2016.

As this report will illustrate, 2016 was an exciting year for the Destination Medical Center initiative, as we pivoted from planning to the approval of public and private projects and the consideration of several more projects in the pipeline for 2017. The private investment, combined with Mayo Clinic's certified expenditures to date, indicate that we will be on track in

2017 to exceed the \$200,000,000 threshold in private investment established by the Legislature before any state funding may occur. This early success clearly underscores the legislative intent to have the private investment lead the way for this initiative.

I. Destination Medical Center: In General.

A. Development Plan.

One of the primary goals of the Act was the adoption of a Development Plan. In September 2013, the DMCC established specific goals and objectives for the Development Plan: to create a comprehensive strategic plan, and over the life of the project, to stimulate over \$5 billion in private investment that will be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5 billion to \$8.5 billion in net new tax revenue, and achieve the highest quality patient, visitor and resident experience.

The Development Plan is the strategic framework for the Destination Medical Center initiative, establishing a comprehensive business and economic development strategy. As described in the Act, the Development Plan must address several items, including land use, transportation and infrastructure planning, market research, funding priorities, business and economic development and market strategies.

Upon making the findings set forth in the Act, including finding that the City had approved the Development Plan, the DMCC adopted the Development Plan on April 23, 2015. The Development Plan is posted on the DMCC website: [www.dmc.mn](http://www.dmc.mn).

B. Website.

The DMCC's website is: [www.dmc.mn](http://www.dmc.mn). The website contains the regular meeting schedule, meeting agendas, minutes and other information on DMCC activities and activities of the Destination Medical Center Economic Development Agency ("DMC EDA"). The City's website, [www.rochestermn.gov](http://www.rochestermn.gov), also has a link to the DMCC website.

II. Specific Elements Required to Be Included in the Report.

The Act requires that certain elements be included in this annual report. Some of what is presented here has been referenced above.

A. "The Development Plan and any proposed changes to the Development Plan."

The Development Plan was adopted on April 23, 2015. It can be found at the DMCC website: [www.dmc.mn](http://www.dmc.mn).

The DMCC approved a modification to the Destination Medical Center Development District, the geographic area in the City of Rochester in which public infrastructure projects are implemented. That modification is attached as Exhibit A.

B. "Progress of projects identified in the Development Plan."

According to the Act, a project must be approved by the DMCC before it is proposed to the City. The DMCC must review the project proposal for consistency with the adopted

Development Plan. Since the adoption of the Development Plan on April 23, 2015, three projects have been approved by the DMCC.

The first project involves the historic Chateau Theatre Building, located in the development district boundaries and in the “Heart of the City” district as described in the Development Plan. The DMCC approved the acquisition of the Chateau Theatre Building by the City in the purchase price amount of \$6,000,000, of which Mayo Clinic contributed \$500,000. The acquisition of this historically-designated landmark is considered key to the planning and enhancement of the Heart of the City district. The City, DMCC and Mayo Clinic have agreed to work cooperatively to determine the best use of this building and a comprehensive planning process and feasibility study is currently underway.

The second project approved by the DMCC is the Broadway at Center project, located within the development district boundaries and in the “Downtown Waterfront” district as described in the Development Plan. This mixed-use project includes a 264-room hotel, restaurants, a skyway, and a five level parking ramp with 630 spaces. The project is expected to generate approximately \$125 million in private investment and create 200-250 jobs.

The third project approved by the DMCC is known as the Alatus Project, located on 2<sup>nd</sup> Street SW. This project required a modification of the Development District, and is located in the “Saint Marys” district as described in the Development Plan. This mixed-use project involves the construction of an approximately 327,965 square foot, thirteen level commercial and residential complex. It will include 347 market-rate rental units, create 240 jobs and is expected to generate \$115 million in private investment.

Finally, there are several other projects underway in the initial stages of planning, and are expected to come to fruition in 2017. The status of these projects will be reported in a future annual report.

In addition to the approved projects noted above, the DMCC and the City have approved a Capital Improvement Plan (“CIP”) for 2017. Projects identified in the 2017 CIP are as follows:

1. 3<sup>rd</sup> Street SW Reconstruct/Design
2. Broadway at Center Development
3. SS1 12<sup>th</sup> Avenue Sewer Capacity
4. SS2 Cooke Park Sewer Capacity
5. Broadway at Center Ramp
6. Parking and Travel Demand Study
7. City Loop Plan
8. Transit/Transportation/Infrastructure Management
9. Transit Circulator Study
10. Heart of the City Public Realm Study
11. Chateau Theatre Re-Use Study
12. Downtown Street Use and Operations Study

C. “Actual costs and financing sources, including the amount paid under Minnesota Statutes Section 469.47, and required local contributions of projects completed in the previous two years by the DMCC, City, Olmsted County and Mayo.”

1. Through December 31, 2016, no State Infrastructure Aid or State Transit Aid has been received.
2. Actual costs paid by the City from commencement through December 31, 2016 have totaled \$19,077,618, based on year-end unaudited costs. The funding source has been City internal borrowing, which will be repaid by the City's 0.25% DMC sales tax.
3. Out of pocket costs incurred by Olmsted County through December 31, 2016 total \$1,500,000.
4. All operating costs for the DMCC through December 31, 2016 have been funded by the City of Rochester.
5. The 2017 operating and capital improvements budget for the DMCC totals \$14,427,642. Of this amount \$3,000,000 will be provided by Olmsted County from its 0.25% DMC sales tax. The remaining \$11,427,642 is to be provided by the City of Rochester from a variety of City funding sources.
6. Mayo Clinic has provided \$500,000 in 2016 for the Chateau Theatre project described in Section II B.
7. Additionally, Mayo Clinic has supported the DMC EDA both financially and with in-kind contributions. In 2016, Mayo Clinic's support to the DMC EDA was in the amount of \$935,000.

With respect to private projects, the Act requires that DEED must certify that \$200,000,000 of private investment has been made before any state funding may be paid. Mayo Clinic certified \$85,708,731 in qualified expenditures for the Destination Medical Center initiative in 2015. When added to Mayo Clinic's qualified expenditures in 2013 and 2014 in the amount of \$46,210,615, the total Mayo Clinic qualified expenditures through December 31, 2015 equal \$131,919,346. In addition, there were other private (non-Mayo Clinic) qualified expenditures in the amount of \$20,487,686. The Act requires that an annual certification of private investment by Mayo Clinic or other private investors be made to DEED by April 1 of each year. It is expected that additional private (non-Mayo Clinic) qualified expenditures and additional Mayo Clinic qualified expenditures for calendar year 2016 will be submitted in connection with the April 1, 2017 filing to DEED.

Attached is the annual certification of private investment that was submitted to DEED on March 31, 2016 (Exhibit B), as well as the DEED certification, dated July 13, 2016 (Exhibit C).

D. “Estimated costs and financing sources for projects to be started in the next two years by the DMCC, City, Olmsted County and Mayo.”

The Development Plan sets forth a framework and examples of projects that may be considered for funding in the next several years. Each project will be approved on an individual basis. See also the response to "B" and "C," above.

E. "Debt service schedules for all outstanding obligations of the City for debt issued for projects identified in the plan."

The City has provided the funding required for approved projects thus far, and no debt has been issued as yet.

Thank you for your consideration of this annual report. On behalf of both the DMCC and the City, we welcome your comments or questions. We look forward to continued progress on the Destination Medical Center initiative in 2017.

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Tina F. Smith, Chair  
Destination Medical Center Corporation

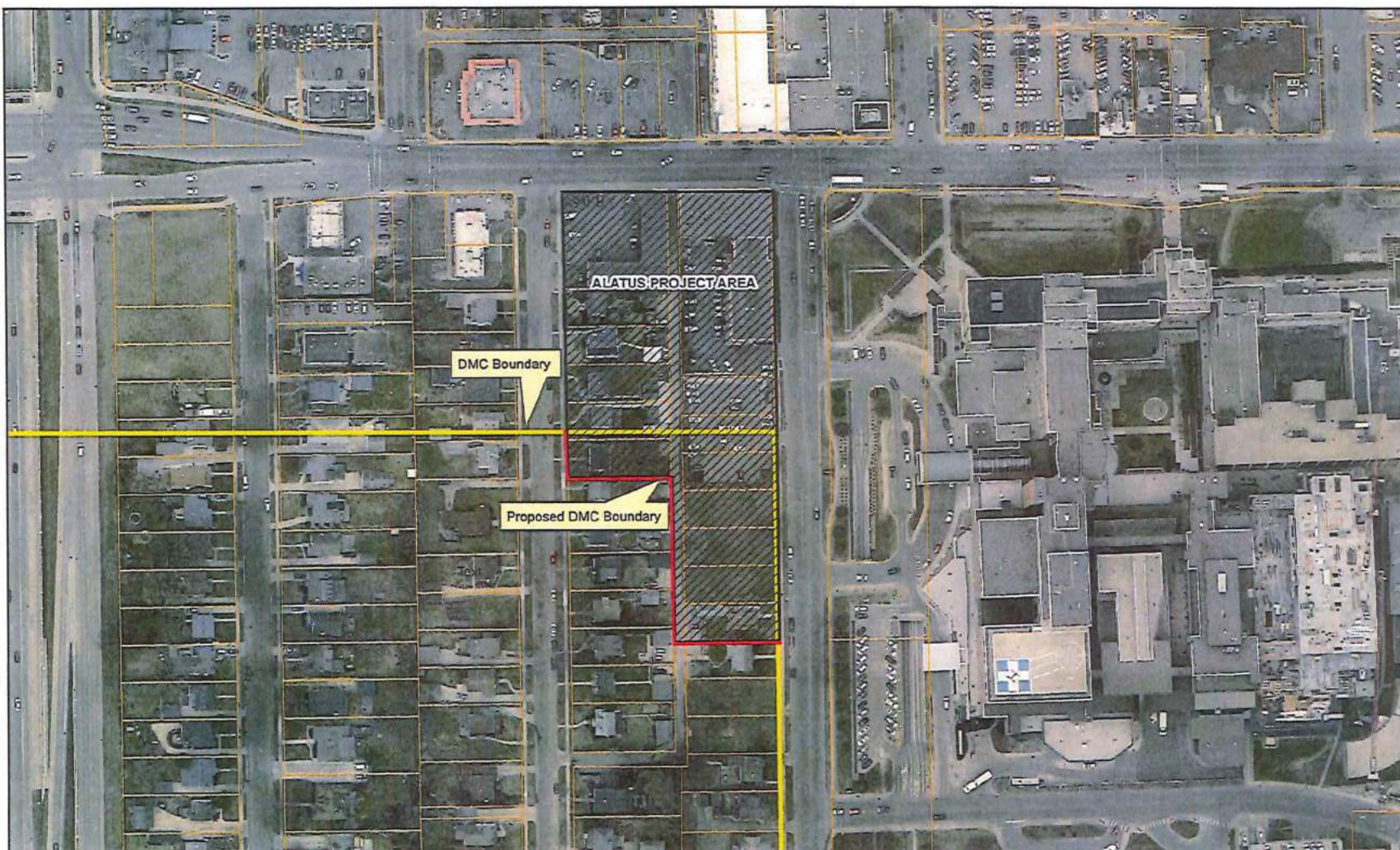
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Ardell F. Brede, Mayor  
City of Rochester

Enclosures

cc: Legislative Reference Library

867428-5.DOC



**DATA DISCLAIMER - Destination Medical Center (DMC) Boundary**

The DMC Boundary is a boundary for an Economic Development initiative and was approved in the Spring of 2015. The boundary polygon was created based on the 'description' of the DMC area. The DMC area was not a surveyed legal description and was subject to interpretation. Please note that this boundary is for informational purposes only and is subject to change.

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## **EXHIBIT B**

DESTINATION MEDICAL CENTER CORPORATION  
201 4th St. SE.  
Rochester, Minnesota 55904

March 31, 2016

Katie Clark Sieben  
Commissioner  
Minnesota Department of Employment and Economic Development  
1<sup>st</sup> National Bank Building  
332 Minnesota Street, Suite E-200  
Saint Paul MN 55101-1351

Dear Commissioner Sieben:

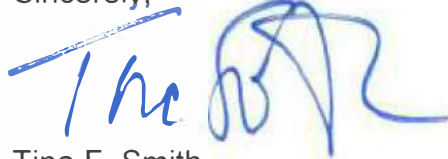
On behalf of the Destination Medical Center Corporation ("DMCC") and Mayo Clinic, I am pleased to forward the following materials for the April 1, 2016 certification, pursuant to Minnesota Statutes Section 469.47, Subdivision 2:

1. DMCC Certification: I enclose the DMCC certification of expenditures made by an individual or entity, other than Mayo Clinic, for the period of July 1, 2013 through December 31, 2015. The City of Rochester, Minnesota, assisted with the compilation of this report. The amount of expenditures set forth in this report is \$20,487,686.
2. Mayo Clinic Certification: I enclose correspondence and accompanying materials from Jeffrey W. Bolton, Vice President of Administration at Mayo Clinic, dated March 31, 2016. Mayo Clinic is certifying expenditures for the period of January 1, 2015 through December 31, 2015 in the amount of \$85,708,731.
3. Summary of Expenditures: The summary page entitled "Certification of Expenditures, Destination Medical Center" sets forth total cumulative expenditures through December 31, 2015, in the amount of \$153,789,385.

Commissioner Katie Clark Sieben  
March 31, 2016  
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Thank you for your consideration, and please do not hesitate to contact either DMCC or Mayo Clinic if you need further information. We look forward to continuing to work with the State of Minnesota, City of Rochester, Olmsted County, Mayo Clinic, and our other partners on the Destination Medical Center initiative.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tina F. Smith', with a large, stylized flourish at the end.

Tina F. Smith  
Chair  
Destination Medical Center Corporation

Encl.

cc: Destination Medical Center Corporation Board of Directors  
Jeffrey W. Bolton, Mayo Clinic

### Building Permits within DMC Boundary

(Does not include Mayo Projects)

(Updated 3-16-2016 to omit public buildings)

Quarters	Completed
2013 3rd	\$829,770
4th	\$2,495,795
2014 1st	\$7,036,528
2nd	\$2,106,466
3rd	\$2,754,403
4th	\$3,383,504
2015 1st	\$868,500
2nd	\$490,000
3rd	\$424,085
4th	\$98,635
	<b>\$20,487,686</b>

DMC Report  
2015 Building Permits (4th Quarter - October 1st to December 31st)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
1 Demolition	Multi-Family	R15-0020D	12/16/2015	009687	812 SW 2 ST, ROCHESTER, MN 55902	\$45,000	Complete demolition of apartment building R648	FRASER CONSTRUCTION RICK T. PENZ 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RONALD McDONALD HOUSE 850 2ND ST SW ROCHESTER, MN 55902	Final	1/8/2016
2 Demolition	Multi-Family	R15-0021D	12/18/2015	009682	808 SW 2 ST, ROCHESTER, MN 55902	\$45,400	Complete demolition of apartment building R648	FRASER CONSTRUCTION RICK T. PENZ 3725 ENTERPRISE DR SW ROCHESTER, MN 55902	RONALD McDONALD HOUSE 850 2ND ST SW ROCHESTER, MN 55902	Final	1/8/2016
3 Multi-Family Bldg	Alteration	R15-0104MFB	10/29/2015	009170	430 SW 7 ST, ROCHESTER, MN 55902	\$2,000	Remove door and install new egress window; remove stairs (rental)	OWNER	SAVAGE REAL ESTATE HOLDINGS OF ROCHESTER PO BOX 474 ROCHESTER, MN 55903	Final	11/5/2015
4 Residential Bldg	Alteration	R15-1872RB	12/11/2015	005163	850 SW 1 ST, ROCHESTER, MN 55902	\$2,735	Egress window installation on 2nd floor; 2 railings - 1 at stairs other 1 at door (RENTAL)	BOB'S CONSTRUCTION INC KELLY MADSON 4006 HWY 14 E ROCHESTER, MN 55904	HUOR, BRUN 850 1ST ST SW ROCHESTER, MN 55902	Final	12/18/2015
5 Sign	Business	R15-0151S	11/4/2015	078115	310 S BROADWAY AVE ROCHESTER, MN 55904	\$2,500	Sign "McGladrey"	OWNER	BRENT MOREY 1530 GREENVIEW DR SW 212F ROCHESTER, MN 55901	Final	1/22/2016

604,438

DMC Report  
2015 Building Permits (3rd Quarter - July 1st to September 30th)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Date
1 Commercial Bldg	Alteration	R15-0222CB	7/14/2015	014442	30 SE 3 ST, ROCHESTER, MN 55904	\$400,000	New tenant restaurant on 7th floor (1st Vella rooftop - Plaza on Historic 3rd)	Buildcore, Inc. Brian Moser 30 3 St SE Rochester, MN 55904	Novus Restaurant Group 6400 Flying Cloud Dr Suite 215 Eden Prairie, MN 55344	Final	12/1/2015
2 Commercial Bldg	Alteration	R15-0294CB	8/5/2015	017887	100 SW 1 AVE, STE# 104, ROCHESTER, MN 55902	\$5,000	Alterations to existing space (Cloud 9 Spa & Salon - 100 1 Ave Bldg)	OWNER	Bacqin Fen 917 2 St SW ROCHESTER, MN 55902	C of O Issued	11/2/2015
3 Commercial Bldg	Alteration	R15-0363CB	9/16/2015	017985	101 E CENTER ST, ROCHESTER, MN 55904	\$16,000	Re-roofing hotel		FRIEDRICH, ANDY 10817 110 ST SE CHATFIELD, MN 55923	Final	10/13/2015
4 Multi-Family Bldg	Alteration	R14-0065MPB	9/3/2015	004995	212 NW 6 AVE, ROCHESTER, MN 55901	\$500	Replace steps, handrail and guardrail on existing deck for apartment #2	OWNER	STORM, GREG 513 2 ST NW ROCHESTER, MN 55901	Final	9/4/2015
5 Sign	Business	R15-0708S	9/18/2015	005526	438 SE 3 AVE, ROCHESTER, MN 55904	\$585	Wall sign "Buckeye LIQUOR"	OWNER	TGM REAL ESTATE LLC 438 3 AVE SE ROCHESTER, MN 55904	Final	9/23/2015

\$434,085

DMC Report  
2015 Building Permits (1st Quarter - January 1st to March 31st)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date	
1	Commercial Bldg	Phased Partial Permit	R15-0002CB	1/2/2015	014315	4 SW 3 ST, ROCHESTER, MN 55902	\$10,000	Partial phase interior demolition only for Alterations to existing restaurant to include a brewery and bar (Grand Rounds Brew Pub)	KRAUS-ANDERSON CONSTRUCTION CO Adam Kramer 416 S BROADWAY ROCHESTER, MN 55904	INDIGO FUSION HOLDINGS LLC 720 NORTHERN HILLS DR NE ROCHESTER, MN 55906	Closed	4/8/2015
2	Commercial Bldg	Alteration	R15-0013CB	1/9/2015	017887	100 SW 1 AVE, STE# 202, ROCHESTER, MN 55902	\$500	Alterations to existing space (Johnny Mango - 100 1 Ave Food Court)	JT Enger Construction Josh Egner 17595 Kenwood Trail Suite 250 Lakeville, MN 55044	Baheya, LLC 4211 1st SW Suite 303 Rochester, MN 55902	Finished	1/18/2015
3	Commercial Bldg	Alteration	R14-0450CB	1/15/2015	078774	221 SW 1 AVE, ROCHESTER, MN 55902	\$450,000	Alterations to existing space (Bio-Business 3rd level - Cardio 3) Center for Regenerative Medicine	ALVIN E BENIKE, INC Adam E Benike 2980 W Hwy 14 ROCHESTER, MN 55801	CITY OF ROCHESTER 201 4 ST SE ROCHESTER, MN 55904	Finished	1/19/2015
4	Commercial Bldg	Alteration	R15-0077CB	3/17/2015	018102	211 NW 2 ST 508, ROCHESTER, MN 55901	\$8,000	Alterations to unit #508 (Mayo Clinic - Charter House)	WEIS BUILDERS Scott Fenske 2227 7 ST NW ROCHESTER, MN 55901	Deborah Kentz 211 2 ST NW ROCHESTER, MN 55901	Finished	5/8/2015

2015, 500

DMC Report  
2014 Building Permits (4th Quarter - October 1st to December 31st)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
1 Commercial Bldg	New	R14-0328CB	10/2/2014	014442	00 SE 3 ST	\$1,130,000	New tenant 3, 4 & 5 floors (Listado 3rd - Dunlop Seeger)	SCHOEPPNER, INC BRYAN SCHOEPPNER ROCHESTER, MN 55906 OWNER	CITY CENTER LLC 221 1 AVE SW # 300 ROCHESTER, MN 55902 Bahya, LLC PO Box 143 Kasson, MN 55944	C of O Issued	3/20/2015
2 Commercial Bldg	Alteration	R14-0382CB	10/10/2014	017887	100 SW 1 AVE, STE# 204, ROCHESTER, MN 55902	\$5,000	Storage units for food court tenants (First Avenue Food Court)		Regency Hotel Management 3211 Sencore Dr Sioux Falls, SD 57107	Finished	10/24/2014
3 Commercial Bldg	Alteration	R14-0355CB	10/14/2014	011555	1215 SW 2 ST, ROCHESTER, MN 55902	\$125,000	Interior remodel for accessible rooms, breakfast room, electrical upgrade service (Fiskal Hotel)	BHI Contractors Joe Bernhard 27240 SD Hwy 115 Harrisburg, SD 57032		C of O Issued	4/22/2015
4 Commercial Bldg	Repair	R14-0419CB	10/27/2014	081056	222 SW 6 AVE, ROCHESTER, MN 55902	\$10,200	Replacement of a Modular Block Retaining Wall (Trinity Lutheran Church)		TRINITY EVANGELICAL LUTHERAN CHURCH 520 3 ST SW ROCHESTER, MN 55902 Jay Anderson 1117 2 ST SW ROCHESTER, MN 55902	Finished	11/10/2014
5 Commercial Bldg	Alteration	R14-0418CB	10/31/2014	011561	1117 SW 2 ST, ROCHESTER, MN 55902	\$13,235	Re-Roofing with 40 mil Duro-Last PVC membrane.	All Elements, Inc. Paul Levisse 301 Chelsea Road Monticello, MN 55362		Finished	2/27/2015
6 Commercial Bldg	Alteration	R14-0400CB	11/9/2014	075774	221 SW 1 AVE, ROCHESTER, MN 55902	\$90,000	Tenant fitup for office phase II (Bio-Business 2nd- Mayo Clinic Business Accelerator)	ALVIN E BENIKE, INC Mike E Benike 2880 W Hwy 14 ROCHESTER, MN 55901	CITY OF ROCHESTER 201 4 ST SE ROCHESTER, MN 55904	Finished	1/12/2015
7 Commercial Bldg	Alteration	R14-0383CB	11/10/2014	011534	1407 SW 2 ST, Rochester 55902	\$43,781	Finish whitebox space for salon (West End Salon - Homewood Suites by Hilton)	OWNER	Nelson Robinson 127 14 St NE Rochester, MN 55906	C of O Issued	2/26/2015
8 Commercial Bldg	Alteration	R14-0364CB	11/12/2014	025717	717 SE 3 AVE, ROCHESTER, MN 55904	\$85,000	Alterations for office space on lower and main levels on north side (Olmsted Medical Center)	MCGOUGH CONSTR/ROCH OFFICE Dan Melbostad 3555 9 ST NW STE 100 ROCHESTER, MN 55901	Olmsted Medical Center 210 9 St SE ROCHESTER, MN 55904	C of O Issued	3/6/2015
9 Commercial Bldg	Phased Partial Permit	R14-0348CB	11/12/2014	025717	717 SE 3 AVE, ROCHESTER, MN 55904	\$50,000	Interior demolition for future office space (SEH - Yaggy Associates)	MCGOUGH CONSTR/ROCH OFFICE Dan Melbostad 3555 9 ST NW STE 100 ROCHESTER, MN 55901	Yaggy Colby Building of Rochester 700 1 AVE SE ROCHESTER, MN 55904	Closed	5/10/2015
10 Commercial Bldg	Alteration	R14-0329CB	11/17/2014	016354	624 SW 3 AVE, ROCHESTER, MN 55902	\$28,000	New roof top cooler equipment (Zumbro Evangelical Lutheran Church)	VALOR MECHANICAL INC TY BESTOR 416 SOUTH BROADWAY #2 ROCHESTER, MN 55904	ZUMBRO EVANGELICAL LUTH CHURCH 624 3 AVE SW ROCHESTER, MN 55902	Finished	1/26/2015
11 Commercial Bldg	Alteration	R14-0381CB	11/21/2014	014442	30 SE 3 ST	\$330,000	Fred Carlson dental office from whitebox (Fred Carlson - 2nd level east - Historicon 3rd)	ALVIN E BENIKE, INC Mary E Kisilewski 2880 W Hwy 14 ROCHESTER, MN 55901	Fred Carlson 206 South Broadway ROCHESTER, MN 55904	C of O Issued	8/13/2015
12 Commercial Bldg	Alteration	R14-0401CB	12/4/2014	014442	30 SE 3 ST	\$1,000,000	Tenant finish from partial phase infrastructure (Italian Concept Restaurant - main level - Plaza on Historic 3rd)	WEIS BUILDERS Brian Sheehan 3227 7 ST NW ROCHESTER, MN 55901	Pat Woodring 6400 Flying Cloud Dr Suite 215 Eden Prairie, MN 55344	C of O Issued	5/13/2015
13 Commercial Bldg	Alteration	R14-0435CB	12/10/2014	025717	717 SE 3 AVE, ROCHESTER, MN 55904	\$440,000	Alterations for office space on south main level (SEH - Yaggy Associates)	MCGOUGH CONSTR/ROCH OFFICE Dan Melbostad 3555 9 ST NW STE 100 ROCHESTER, MN 55901	SEH (Yaggy Co-S) 717 3 Ave SE ROCHESTER, MN 55904	C of O Issued	8/12/2015
14 Sign	Business	R14-0140R	11/19/2014	011555	1215 SW 2 ST, ROCHESTER, MN 55902	\$28,308	Wall Sign (Aspen Select)	OWNER	US HOTEL ROCHESTER VENTURES LLP 3211 WEST SENCORE DR SIOUX FALLS, SD 57107	Closed	4/17/2015

DMC Report  
 2014 Building Permits (4th Quarter - October 1st to December 31st)  
Completed Building Permits  
 (Within DMC Boundary, does not include Mayo Projects)

15	Sign	Business	R14-0152S	12/3/2014-079185	318 SW 1 AVE 120, ROCHESTER, MN 55902	\$5,000 Wall Sign to replace prior owner (Bremer Bank)	OWNER	Bremer Bank 8555 Eagle Point Blvd Lake Elmo, MN 5555042	Final	4/15/2015
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\$3,283,804

DMC Report  
2014 Building Permits (3rd Quarter - July 1st to September 30th)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)  
(Report updated 3-16-2016 to omit public buildings)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
Commercial Bldg	Alteration	R14-0208CB	7/9/2014	014435	310 S BROADWAY AVE, ROCHESTER, MN 55904	\$480,000	Tenant finish from whitebox (Exhibitor Media Group - Main level - City Centre Building)	ALVIN E BENIKE, INC Mary E Kisilewski 2980 W Hwy 14 ROCHESTER, MN 55901	CITY CENTRE ROCHESTER LLC 2227 7 ST NW ROCHESTER, MN 55901	C of O Issued	10/24/2014
Commercial Bldg	Alteration	R14-0256CB	8/1/2014	018487	407 NW 2 AVE, ROCHESTER, MN 55901	\$12,000	Move wall at bathroom & office remodel, new furnace (Collins Feed & Seed)	Ronald E. Cadeau Ronald Carlson 2525 Schuster Ln NW Rochester, MN 55901	COLLINS, RANDALL A 411 2 AVE NW ROCHESTER, MN 55901	C of O Issued	11/12/2014
Commercial Bldg	Alteration	R14-0249CB	8/5/2014	017776	18 SW 3 ST, ROCHESTER, MN 55902	\$15,300	New fitness studio tenant (Studio on 3rd - Merchants Exchange Bldg - Unit 2)	Silika Construction Josh Silika 1055 1 Ave SE Rochester, MN 55904	Sarah Pascheri 830 8 Ave SW ROCHESTER, MN 55902	Finalized	11/5/2014
Commercial Bldg	Phased Partial Permit	R14-0314CB	8/5/2014	017780	304 SW 1 AVE, ROCHESTER, MN 55902	\$3,000	Interior partial demolition for - Alterations to existing dining area, bar area and window improvements (Bilotti's Pizza)	OWNER	Karla Sperry 1820 5 Ave SE ROCHESTER, MN 55902	Closed	11/24/2014
Commercial Bldg	Alteration	R14-0275CB	8/12/2014	017854	221 SW 1 AVE, ROCHESTER, MN 55902	\$108,598	Office floor 2nd floor (Brandix IS - Bio Business Center)	CONSTRUCTION COLLABORATIVE Grant Michalecz 320 S BROADWAY ROCHESTER, MN 55904	Aaron Epps 881 1 Ave SW ROCHESTER, MN 55902	C of O Issued	10/21/2014
Commercial Bldg	Alteration	R14-0313CB	8/25/2014	017780	304 SW 1 AVE, ROCHESTER, MN 55902	\$49,000	Alterations to existing dining area, bar area and window improvements (Bilotti's Pizza)	OWNER	Karla Sperry 1820 5 Ave SE ROCHESTER, MN 55902	C of O Issued	12/8/2014
Commercial Bldg	Phased partial Permit	R14-0054CB	8/27/2014	014442	30 SE 3 ST	\$1,500,000	Partial phase finish of common areas throughout; plumbing, electrical and mechanical infrastructure. No tenant finishes (Plaza on Historic 3rd)	WEIS BUILDERS Scott Senke 2227 7 ST NW ROCHESTER, MN 55901	Plaza on Historic 3rd 2211 AVESW # 300 ROCHESTER, MN 55902	C of O Issued	3/20/2015
Commercial Bldg	Addition	R14-0184CB	9/19/2014	014318	10 SW 3 ST, ROCHESTER, MN 55902	\$180,000	Elevated deck addition (Tap House - 3rd St SW)	ALVIN E BENIKE, INC Steve E Bieniek 2980 W Hwy 14 ROCHESTER, MN 55901	Natalie Victoria 103 ST SW ROCHESTER, MN 55902	Finalized	11/30/2015
Commercial Bldg	Alteration	R14-0371CB	9/25/2014	017871	5 E CENTER ST, ROCHESTER, MN 55904	\$16,300	Renov (SLA Law Firm)		BLK. CHARLES JAMES 880 CLOVER LN SW ROCHESTER, MN 55902	Finalized	10/9/2014
Multi-Family Bldg	New	R14-0034MFB	8/11/2014	018097	329 N BROADWAY, ROCHESTER, MN 55905	\$300,000	Conversion of second floor to two apartments (Rumble Residence)	REGEL HOMES MICKY ROWLAND PO BOX 5481 ROCHESTER, MN 55903	PUNKLE, TORY 329 NORTH BROADWAY ROCHESTER, MN 55901	Finalized	3/9/2015
Residential Bldg	Alteration	R14-1046RB	8/7/2014	006369	207 SW 5 AVE 1203, ROCHESTER, MN 55902	\$80,000	interior remodel of condo: kitchen, baths, bedrooms, closets,	KEY BUILDERS, INC BRAD CLEMENS 7840 LEQUE DR SW STE# A ROCHESTER, MN 55902	LAYNE THRAKE 207 5TH AVE SW #1203 ROCHESTER, MN 55902	Finalized	8/18/2015

\$2,754,403

DMC Report  
2014 Building Permits (2nd Quarter - April 1st to June 30th)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)  
(Report updated 3-16-2016 to omit public buildings)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
1 Commercial Bldg	Alteration	R14-0109CB	4/1/2014	002485	1406 SW 2 ST, ROCHESTER, MN 55902	\$14,521	Alterations / Windows - install (8) insert window, custom sized, 2nd & 3rd floors	RYAN WINDOWS & SIDING, INC Bruce Ryan Box 5837 Rochester, MN 55903	BRENTWOOD ON 2ND 1406 2 ST SW ATTN: AMY SULLIVAN ROCHESTER, MN 55902	Final	5/14/2014
2 Commercial Bldg	Alteration	R14-0045CB	4/3/2014	025249	400 S BROADWAY, STE# 105, ROCHESTER, MN 55902	\$285,000	Tenant fitup on main level (Cambria - Riverside Building)	ALVIN E BENKE, INC Steve E Benke 2960 W Hwy 14 ROCHESTER, MN 55901	Merle Towey 11100 West 78 St Eden Prairie, MN 55344	Final	8/11/2014
3 Commercial Bldg	Alteration	R14-0130CB	4/15/2014	014312	809 S BROADWAY, ROCHESTER, MN 55904	\$800	Exterior site approach for accessibility to rear of building (Big Brad's on Broadway)	STEVE GENTRY CONSTRUCTION LLC STEVE E GENTRY 2307 7 ST NW ROCHESTER, MN 55901	Eric Peterson 809 South Broadway ROCHESTER, MN 55904	Final	4/28/2014
4 Commercial Bldg	Alteration	R14-0122CB	4/24/2014	017712	20 SW 2 AVE, ROCHESTER, MN 55902	\$15,000	Barber shop relocation (Kahler Hospitality Group - Subway level)	OWNER	Kahler Hospitality Group 200 1 ST SW ROCHESTER, MN 55905	C of O Issued	7/30/2014
5 Commercial Bldg	Alteration	R14-0092CB	4/29/2014	017887	101 SW 1 AVE, ROCHESTER, MN 55902	\$160,000	New tenant in existing space (Freshens - Marriott Subway level)	KEY BUILDERS, INC BRAD CLEMENS 7840 LEQUE DR SW STE# A ROCHESTER, MN 55902	Kahler Hospitality Group 20 2 Ave SW Rochester, MN 55902	C of O Issued	1/24/2014
6 Commercial Bldg	Alteration	R14-0142CB	4/29/2014	017882	150 S BROADWAY, ROCHESTER, MN 55904	\$2,780	First floor conference room glazing wall replacement (Double Tree)	CONSTRUCTION COLLABORATIVE Grant Michalecz 320 S BROADWAY ROCHESTER, MN 55904	BGD5 HOTEL LLC 121 23 AVE SW # 105 ROCHESTER, MN 55902	Final	8/15/2014
7 Commercial Bldg	Alteration	R14-0175CB	5/13/2014	050974	524 SE 4 ST, ROCHESTER, MN 55904	\$21,681	Reroof 2,187 sq ft to adhered EPDM (Rossi Auto Body)	OWNER	ROSSI, MICHAEL 524 4 ST SE ROCHESTER, MN 55904	Final	5/29/2016
8 Commercial Bldg	Phased Partial Permit	R14-0179CB	5/22/2014	014435	310 S BROADWAY AVE, ROCHESTER, MN 55904	\$12,500	Concrete floor finish with UG electrical, plumbing, no tenant finishes (City Centre Building)	ALVIN E BENKE, INC Mary E Kilewaki 2960 W Hwy 14 ROCHESTER, MN 55901	CITY CENTRE ROCHESTER LLC 2227 7 ST NW ROCHESTER, MN 55901	Final	10/23/2014
9 Commercial Bldg	Alteration	R14-0189CB	6/9/2014	017771	402 SW 1 AVE, ROCHESTER, MN 55902	\$723,000	Removal of existing portion of building and drive-up canopy; internal remodeling (US Bank)	KNUTSON CONSTRUCTION Derek O'Connor 5985 BANDEL RD NW ROCHESTER, MN 55901	U S BANK NATIONAL ASSOCIATION 2900 East Lake St Minneapolis, MN 55406	C of O Issued	10/31/2014
10 Commercial Bldg	Alteration	R14-0133CB	6/17/2014	017888	11 SW 4 AVE, ROCHESTER, MN 55902	\$850,000	Remodel lower level - O'Day room, kitchen, restroom, stairwell, elevator; upper level conference room, fireside room, resident, stairwell; and main level building entrance, Southeast church entrance, lobby, and residence living area (Church of St. John the Evangelist)	WEBB BUILDERS Dan Piliga 2227 7 ST NW ROCHESTER, MN 55901	CHURCH OF ST JOHN 11 4 AVE SW ROCHESTER, MN 55902	C of O Issued	8/18/2015
11 Multi-Family Bldg	Alteration	R14-0020MFB	5/1/2014	008428	207 SW 5 AVE, ROCHESTER, MN 55902	\$5,000	Redo existing bathroom to a shower instead of tub.	EXCEPTIONAL CONSTRUCTION & REMODELING LLC DOUGLAS K BATZLAFF 3760 SPRING GREEN CT NE ROCHESTER, MN 55906	NELSON, CAROL M 207 5 AVE SW # 1005 ROCHESTER, MN 55902	Final	6/19/2014
12 Sign	Business	R14-0032S	4/22/2014	017880	NW 3 AVE, ROCHESTER, MN 55901	\$12,000	Wall Sign (Freshens Restaurant - Kahler Inn & Suites)	OWNER	Kahler Hospitality Group 20 2 Ave SW Rochester, MN 55902	Final	5/2/2014
13 Sign	Business	R14-0025S	5/1/2014	017881	15 SW 1 AVE, ROCHESTER, MN 55902	\$2,225	Wall sign (Kahler Grand - Dunkin Donuts)	OWNER	BLUNSTONE KAHLER LLC 120 VANTIS STE 350 SAN VIEJO, CA 92586	Closed	6/17/2014
14 Sign	Business	R14-0081S	5/15/2014	008105	809 SW 2 ST, ROCHESTER, MN 55902	\$295	Business Sign - Neurological Recovery House	OWNER	Carlson, Ronald 801 6th Street SW Stewartville, MN 55978	Final	7/18/2014

DMC Report  
 2014 Building Permits (2nd Quarter - April 1st to June 30th)  
Completed Building Permits  
 (Within DMC Boundary, does not include Mayo Projects)  
 (Report updated 3-18-2016 to omit public buildings)

15	Sign	Business	R14-0054S	5/29/2014/017911	15 SW 1 AVE. ROCHESTER, MN 55902	\$1,800	Projecting sign (Kahler Grand - Dunkin Donuts)	OWNER	SUNSTONE KAHLER LLC 120 VANTIS STE 350 ALIS VIEJO, CA 92656	Closed	8/17/2014
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\$2,104,489

DMC Report  
2014 Building Permits (1st Quarter - January 1st to March 31st)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date	
1	Commercial Bldg	Alteration	R13-0438CB	1/13/2014	017888	111 S BROADWAY, ROCHESTER, MN 55904	\$18,000	New tenant space fit up (City Wine - University Square - 1st level)	RELIABLE CONTRACTORS, INC GARY NORDINE 8831 10 Ave SW ROCHESTER, MN 55902	BGD 3 LTD PARTNERSHIP GALLERIA PO BOX 249 ROCHESTER, MN 55903	C of O Issued	6/28/2014
2	Commercial Bldg	Alteration	R13-0450CB	1/13/2014	014308	317 S BROADWAY, ROCHESTER, MN 55904	\$27,269	New tenant in existing space (Canvas & Chardonnay)	CONSTRUCTION COLLABORATIVE 320 S BROADWAY ROCHESTER, MN 55904	HENDERSON, HOLLY A 2211 SALEM RD SW ROCHESTER, MN 55902	C of O Issued	7/18/2014
3	Commercial Bldg	Alteration	R13-0434CB	1/31/2014	017990	9 NW 3 AVE, ROCHESTER, MN 55901	\$250,000	Tenant space alteration to restaurant (Freshen's Restaurant - Kahler Inn & Suites)	OWNER	Kahler Hospitality Group 20 2 Ave SW Rochester, MN 55902	C of O Issued	8/22/2014
4	Commercial Bldg	Alteration	R14-0009CB	2/24/2014	017912	20 SW 2 AVE, ROCHESTER, MN 55902	\$31,000	Alterations for new tenant on main level (Kahler Grand) Optical Plane	KEY BUILDERS, INC BRAD CLEMENS 7840 LEQUE DR SW STE# A ROCHESTER, MN 55902	SUNSTONE KAHLER LLC 20 2 Ave SW Rochester, MN 55902	C of O Issued	4/4/2014
5	Commercial Bldg	Alteration	R14-0029CB	3/5/2014	025249	400 S BROADWAY, ROCHESTER, MN 55902	\$200,000	Wall installation for new tenant (Limb Lab)	Doug Peterson Construction Doug Peterson Box 8 Dover, MN 55929	LNI RIVERSIDE LLC PO BOX 807 CLEAR LAKE, IA 50428	Finalized	7/2/2014
6	Commercial Bldg	Alteration	R14-0031CB	3/6/2014	017887	100 BW 1 AVE, STE# 209, ROCHESTER, MN 55902	\$22,500	New restaurant in food court (Azteca Express - Suite #209)	OWNER	Sandra Comejo 1053 3 Ave SE ROCHESTER, MN 55904	Finalized	4/23/2014
7	Commercial Bldg	Alteration	R14-0022CB	3/7/2014	017911	15 SW 1 AVE, ROCHESTER, MN 55902	\$295,000	New coffee and donut shop into existing space street level (Kahler Grand - Dunkin Donuts)	SCHOEPNER, INC BRYAN SCHOEPNER 1770 75 ST NE ROCHESTER, MN 55906	SUNSTONE KAHLER LLC 120 VANTIS STE 350 ALIS VIEJO, CA 92658	C of O Issued	8/23/2014
8	Commercial Bldg	Alteration	R13-0425CB	3/25/2014	014326	14 SW 2 ST, ROCHESTER, MN 55902	\$176,859	Interior renovation to existing tenant (Morgan Stanley - Landmark Building)	MISSION CONSTRUCTION INC JAY ALLEN 13821 INDUSTRIAL PARK BLVD PLYMOUTH, MN 55441	LANMARK PO BOX 863 NEW HAMPTON, IA 50859	C of O Issued	7/18/2014
9	Commercial Bldg	Phased Partial Permit	R14-0014CB	3/27/2014	014442	30 SE 3 ST	\$1,000,000	Partial phase structural sheet with roof, exterior wall panels and common area doors (Plaza on Historic 3rd)	WEIS BUILDERS Todd Severson 2227 7 ST NW ROCHESTER, MN 55901	CITY CENTER LLC 221 1 AVE SW # 300 ROCHESTER, MN 55902	C of O Issued	3/20/2015
10	Multi-Family Bldg	Alteration	R14-0004MFB	2/19/2014	017989	22 N BROADWAY AVE, ROCHESTER, MN 55908	\$5,000	Insulate and construct two interior turned out walls with foam insulation and sheetrock (Park Towers)	CREEKWOOD CONSTRUCTION RYAN SCHULTZ 6491 CREEKWOOD CT SE ROCHESTER, MN 55904	CCM HOUSING SERVICES-PARK 1059 EAST 900 SOUTH LT LAKE CITY, UT 84105	Finalized	3/11/2014
	Business		R14-0011S	2/12/2014	017912	20 SW 2 AVE, ROCHESTER, MN 55902	\$10,900	Alterations for new tenant on main level (Mama Fu's Asian House - Kahler Grand)	OWNER	SUNSTONE KAHLER LLC 20 2 Ave SW Rochester, MN 55902	Closed	4/4/2014

\$7,038,928

DMC Report  
2013 Building Permits (4th Quarter - October 1st to December 31st)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Date
1 Commercial Bldg	Alteration	R13-0352CB	10/2/2013	009154	422 SW 6 ST, ROCHESTER, MN 55902	\$95,000	Exterior walkway and stair guard replacement only (Best Western Soldiers Field - Bldg #3)	CONSTRUCTION COLLABORATIVE Grant Michael 320 S BROADWAY ROCHESTER, MN 55904	MAOKS LLC 401 6 ST SW ROCHESTER, MN 55902	C of O Issued	10/29/2014
2 Commercial Bldg	Alteration	R13-0353CB	10/2/2013	009156	419 SW 6 ST, ROCHESTER, MN 55902	\$95,000	Exterior walkway and stair guards replacement only Best Western Soldiers Field - Bldg #2)	CONSTRUCTION COLLABORATIVE Grant Michael 320 S BROADWAY ROCHESTER, MN 55904	MAOKS LLC 401 6 ST SW ROCHESTER, MN 55902	C of O Issued	10/29/2014
3 Commercial Bldg	Alteration	R13-0349CB	10/29/2013	017773	18 SW 3 ST, STE# 300, ROCHESTER, MN 55902	\$288,000	3rd floor fit-up for dental clinic unit #300 (Blue Sky Dental - Merchants Exchange)	WEIS BUILDERS Todd Severson 2227 7 ST NW ROCHESTER, MN 55901	HAMILTON REAL ESTATE INC 4057 28 ST NW SUITE 200 ROCHESTER, MN 55901	C of O Issued	1/10/2014
4 Commercial Bldg	Alteration	R13-0382CB	10/30/2013	017778	18 SW 3 ST, ROCHESTER, MN 55902	\$14,475	New office tenant in lower level (Zimmerman offices - Merchants Exchange Bldg - Unit 2)	Silika Construction Josh Silika 1055 1 Ave SE Rochester, MN 55904	Annie Henderson 115 1/2 North Broadway Suite #5 ROCHESTER, MN 55905	C of O Issued	1/2/2014
5 Commercial Bldg	Alteration	R13-0359CB	11/14/2013	017854	221 SW 1 AVE, ROCHESTER, MN 55902	\$63,320	New tenant build out in suite 102 (Imanis Life Science Lab - Bio Business Center)	RELIABLE CONTRACTORS, INC GARY NORDINE 8851 10 Ave SW ROCHESTER, MN 55902	Imanis Life Science Lab 221 1 Ave SW Suite 102 ROCHESTER, MN 55902	C of O Issued	1/6/2014
6 Commercial Bldg	Alteration	R13-0435CB	12/16/2013	017882	150 S BROADWAY, ROCHESTER, MN 55904	\$14,000	Main level alterations for gift shop - Tableside-Manor (Double Tree Hotel)	RELIABLE CONTRACTORS, INC GARY NORDINE 8851 10 Ave SW ROCHESTER, MN 55902	BODS HOTEL LLC 121 23 AVE SW # 105 ROCHESTER, MN 55902	C of O Issued	3/19/2014
7 Multi-Family Bldg	Finished Partial Permit	R13-0054MPB	10/8/2013	012778	409 SW 1 ST, Rochester 55902	\$150,000	Footings and Foundation walls through first level; no precast; partial phase permit for 20-unit 4-story apartment building (The Lofts on 1st)	KEY BUILDERS, INC BRIAN MOSER 7700 AIR COMMERCE DR SW STE# A ROCHESTER, MN 55902	MCSHAY LLP 10873 VIOCA RD NE EYOTA, MN 55834	Finished	8/28/2014
8 Multi-Family Bldg	New	R13-0051MPB	12/16/2013	012778	409 SW 1 ST, Rochester 55902	\$1,795,000	New 20-unit 4-story apartment building with enclosed garage (The Lofts on 1st)	KEY BUILDERS, INC BRIAN MOSER 7700 AIR COMMERCE DR SW STE# A ROCHESTER, MN 55902	Topel and Sons, LLC 4057 28 St NW Suite 200 Rochester, MN 55901	Finished	8/3/2014

\$2,495,795

DMC Report  
2013 Building Permits (3rd Quarter - July 1st to September 30th)  
**Completed Building Permits**  
(Within DMC Boundary, does not include Mayo Projects)  
(Report updated 3-16-2016 to omit public buildings)

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Lic Prof	Owner	Current Permit Status	Current Permit Status Date
1 Commercial Bldg	Alteration	R13-0131CB	7/8/2013	048797	400 SE 4 ST, ROCHESTER, MN	\$319,559	Interior alterations to gas station (Holiday Store #404)	Holiday Store Scott Acosta 4537 American Blvd West Bloomington, MN 55437	Holiday Store 4537 American Blvd West Bloomington, MN 55437	C of O Issued	3/16/2014
2 Commercial Bldg	Alteration	R13-0187CB	7/12/2013	002485	213 SW 14 AVE, ROCHESTER, MN 55902	\$25,000	Substitution of a sign (Heating Touch)	OWNER	1455 SECOND STREET ASSOC LLC 1455 2nd Street SW Rochester, MN 55902	C of O Issued	11/13/2013
3 Commercial Bldg	Alteration	R13-0133CB	7/17/2013	014309	315 S BROADWAY, ROCHESTER, MN 55904	\$4,000	Tenant fitup (Press Coffee and Tea Lounge)	OWNER	Christopher Holoway 625 S St SW ROCHESTER, MN 55902	Finalized	7/28/2013
4 Commercial Bldg	Phased Partial Permit	R13-0231CB	7/17/2013	011554	1217 SW 2 ST, ROCHESTER, MN 55902	\$25,000	Interior demolition of flooring, cellings and walls for a new restaurant in existing space (Tonic) See also fitup permit #R13-0230CB.	KEY BUILDERS, INC BRIAN MOSER 7700 AIR COMMERCE DR SW STE# A ROCHESTER, MN 55902	Tonic, Inc. 1217 2 ST SW ROCHESTER, MN 55902	Closed	11/5/2013
5 Commercial Bldg	Alteration	R13-0182CB	7/23/2013	017887	100 SW 1 AVE, STE# 204, ROCHESTER, MN 55902	\$62,000	Tenant finish (Tinn's Philly Sandwich - 100 1 Ave Food Court) See also permit #R13-0084CB - Food Court expansion	SCHOEPPNER, INC Jeremy Kane 1770 75 ST NE ROCHESTER, MN 55906	Tien Dahn 1885 Central Valley Rd NE ROCHESTER, MN 55906	C of O Issued	11/1/2013
6 Commercial Bldg	Alteration	R13-0264CB	8/21/2013	017881	102 S BROADWAY, ROCHESTER, MN 55904	\$20,000	Reception, copy room and file room alterations (Stifel Nicolaus)	PHIL HOWARD CONSTRUCTION Phil Howard 10230 CTR RD 10 ST CHARLES, MN 55972	MURPHY TRUSTEE, JUDITH CHISHOLM PO BOX G CLEAR LAKE, IA 50428	Finalized	10/24/2013
7 Commercial Bldg	Alteration	R13-0230CB	8/22/2013	011554	1217 SW 2 ST, ROCHESTER, MN 55902	\$100,000	new restaurant in existing space (Tonic) See interior demolition permit #R13-0231CB	KEY BUILDERS, INC BRIAN MOSER 7700 AIR COMMERCE DR SW STE# A ROCHESTER, MN 55902	Tonic, Inc. 1217 2 ST SW ROCHESTER, MN 55902	C of O Issued	11/6/2013
8 Commercial Bldg	Alteration	R13-0270CB	9/18/2013	017887	100 SW 1 AVE, STE# 208, ROCHESTER, MN 55902	\$46,000	Tenant finish (1st Ave Food Court - Nippon Express - Site 208)	SCHOEPPNER, INC Jeremy Kane 1770 75 ST NE ROCHESTER, MN 55906	NIIPPON EXPRESS 100 1 ST AVE SW ROCHESTER, MN 55902	C of O Issued	11/1/2013
9 Commercial Bldg	Alteration	R13-0320CB	9/18/2013	017887	100 SW 1 AVE, ROCHESTER, MN 55902	\$40,500	Tenant finish (1st Ave Food Court - Essential Juice Bar - Suite 202)	SCHOEPPNER, INC BRYAN SCHOEPPNER 1770 75 ST NE ROCHESTER, MN 55906	Ann Chaloulas 3985 Berkshire Rd SW Rochester, MN 55902	C of O Issued	10/23/2013
10 Commercial Bldg	Alteration	R13-0299CB	9/23/2013	017887	100 SW 1 AVE, ROCHESTER, MN 55902	\$80,000	Tenant finish (1st Ave Food Court - Dunn Bros / Hot Pot - Suite 201)	SCHOEPPNER, INC BRYAN SCHOEPPNER 1770 75 ST NE ROCHESTER, MN 55906	Dennis Wong 120 Elton Hills Dr NW Suite 300 Rochester, MN 55901	C of O Issued	11/21/2013
11 Demolition			9/18/2013	012778	611 SW 1 ST, ROCHESTER, MN 55902	\$15,000	Demolition for the Lofts Apartment	KEY BUILDERS, INC BRIAN MOSER 7700 AIR COMMERCE DR SW STE# A ROCHESTER, MN 55902	MCSHAY LLP 10873 VIOLA RD NE EYOTA, MN 55934	Finalized	6/28/2014
12 Multi-Family Bldg	Alteration	R13-0052MFB	8/6/2013	011518	1418 SW 1 ST, ROCHESTER, MN 55902	\$700	2 Egress Windows on 2nd floor #5 apartment bedroom (rental)	OWNER	KEREANOS, GEORGE 1418 1 ST SW ROCHESTER, MN 55902	Closed	8/14/2013
13 Multi-Family Bldg	Alteration	R13-0057MFB	9/24/2013	009449	825 SW 3 ST, ROCHESTER, MN 55902	\$6,500	installing new windows	MASTER TRADE SERVICES Jesse Welle 1200 5 ST S SAUK RAPIDS, MN 56379	INH Property Management 175 7th Avenue South Waltke Park, MN 56367	Finalized	10/16/2013
14 Residential Bldg	Alteration	R13-1085RB	8/29/2013	018556	431 SW 3 AVE, ROCHESTER, MN 55902	\$1,000	Wall construction in basement (Blue Sky Homes)	OWNER	BLUE SKY HOMES LLC 631 3 AVE SW ROCHESTER, MN 55902	Finalized	2/26/2014

DMC Report  
2013 Building Permits (3rd Quarter - July 1st to September 30th)  
Completed Building Permits  
(Within DMC Boundary, does not include Mayo Projects)  
(Report updated 3-16-2016 to omit public buildings)

15	Residential Bldg	Alteration	R13-1151RB	9/9/2013 009159	824 SW 5 AVE, ROCHESTER, MN 55902	\$1,000 Alterations/Windows - remove (2) existing window (double hungs), & install (2) new single casement windows to meet egress (RENTAL-SFD) on main level	BOB'S CONSTRUCTION INC JAMIE STAUDACHER 4008 HWY 14 E ROCHESTER, MN 55904	BERGSTROM, RACHEL A 824 5 AVE SW ROCHESTER, MN 55902	Finald	10/24/2013
16	Residential Bldg	Alteration	R13-1251RB	9/27/2013 009588	107 SE 8 AVE, ROCHESTER, MN 55904	\$14,721 RENTAL- Replace 19 Windows	OWNER	GEORGE F POUZIALES REV TRUST 8617 Dakota Trail Edina, MN 55439	Finald	11/25/2013
17	Sign	Business	R13-0077S	8/13/2013 017696	615 SW 1 AVE, ROCHESTER, MN 55902	\$19,493 Blade Sign (Metropolitan Market Place)	OWNER	METROPOLITAN MARKET PLACE LLC 420 5 AVE S STE A LACROSSE, WI 54601	Closed	11/26/2013
18	Sign	Business	R13-0078S	8/13/2013 017698	615 SW 1 AVE, ROCHESTER, MN 55902	\$9,298 Freestanding Sign (Metropolitan Market Place)	OWNER	METROPOLITAN MARKET PLACE LLC 420 5 AVE S STE A LACROSSE, WI 54601	Closed	
19	Sign	Business	R13-0079S	8/13/2013 017698	615 SW 1 AVE, ROCHESTER, MN 55902	\$48,000 Wall Signs (Metropolitan Market Place)	OWNER	METROPOLITAN MARKET PLACE LLC 420 5 AVE S STE A LACROSSE, WI 54601	Closed	11/26/2013

\$829,770

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200 First Street SW  
Rochester, Minnesota 55905  
507-284-2511  
mayoclinic.org

March 31, 2016

Katie Clark Sieben  
Commissioner  
Minnesota Department of Employment and Economic Development  
1st National Bank Building  
332 Minnesota Street, Suite E-200  
Saint Paul, MN, 55101-1351

Dear Commissioner Sieben:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative for the period starting January 1, 2015 and ending December 31, 2015. The amount of qualified investment for this report is approximately \$85.7 million.

Overall, Mayo Clinic expended more than \$250.0 million on capital projects and equipment in Rochester in calendar year 2015. Major projects contributing to it include: Domitilla 3 Modernization, Saint Marys Mary Brigh East Bed Tower Expansion and addition to Superior Drive Support Center. Again, Mayo Clinic is taking a conservative approach this year when counting eligible investments and expenditures for purposes of meeting the DMC investment thresholds.

We look forward to working with the State of Minnesota, City of Rochester, Olmsted County and other stakeholders to strengthen our economy and further strengthen Minnesota's position as the world's premiere destination medical center.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey W. Bolton".

Jeffrey W. Bolton  
Vice President, Administration  
Mayo Clinic

cc: Kevin McKinnon, Deputy Commissioner Economic Development,  
Minnesota Department of Employment and Economic Development

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## Mayo Investments: 2015 Submission

Project/Equipment Name	Total Expenditures reported for 2015	Total Spent as of December 31st 2015	District
SDSC Expansion Construction Only	17,450,422.46	20,930,906.74	Outside District
Bed Tower Modernization MB east	11,053,196.76	14,839,697.91	St. Mary Place
Domitilla 3 Modernization	6,048,206.11	6,567,649.66	St. Mary Place
Neurology Renovation, Mayo 8	3,764,497.03	3,764,497.03	Heart of City
GE; DISCOVERY MR750 PET (Assets 149876, ,150145-150157, 150668-150670)	3,698,538.02	3,698,538.02	Heart of City
VARATHON MEDICAL; TRUE BEAM (Asset 162800)	2,895,908.00	2,895,908.00	Heart of City
Saint Marys Hospital Chiller Addition	2,623,112.47	2,964,932.31	St. Mary Place
SIEMENS; PRISMA 3T MRI and Accessories (Asset 157677, 157935-157946)	2,241,875.00	2,241,875.00	Heart of City
USPS Building Purchase (Asset 156757, 156758)	2,185,017.25	2,185,017.25	Outside District
GE; DISCOVERY 710 PET Scanner (Asset 148389)	2,103,046.58	2,103,046.58	Heart of City
Four Operating Rooms Off Core 700	2,074,097.12	3,082,756.73	St. Mary Place
Mary Brigh East Expansion	2,009,593.07	2,009,775.10	St. Mary Place
SIEMENS; SKYRA 3TMRI (Asset 157191, 157322-157339)	1,859,239.00	1,859,239.00	Heart of City
Employee and Community Health Southeast Clinic	1,834,724.04	4,326,200.60	Outside District
Somatom Force CT (Asset 157628)	1,831,372.00	1,831,372.00	Heart of City
SIEMENS; SOMATOM FORCE CT (Asset 149843)	1,750,000.00	1,750,000.00	Heart of City
PHILIPS; XPER FD20 (Assets 147302, 147339, 147392)	1,649,213.30	1,649,213.30	Heart of City
SIEMENS; DEFINITION EDGE CT (Asset 148622, 148623)	1,315,697.00	1,315,697.00	Heart of City
DOM 3/4 Infrastructure Revisions for Remodeling	1,286,328.61	1,959,447.05	St. Mary Place
CT MBM Incremental Interventional CT	1,250,604.70	1,250,604.70	Heart of City
DLMP Phlebotomy Remodel	1,173,668.83	1,604,136.38	Heart of City
Executive, Development and International Program Expansion - Mayo East 5	1,047,756.53	1,389,567.71	Heart of City
Land for Ronald McDonald House (Asset 147588, 147589)	1,000,203.16	1,000,203.16	St. Mary Place

## Mayo Investments: 2015 Submission

Project/Equipment Name	Total Expenditures reported for 2015	Total Spent as of December 31st 2015	District
SIEMENS MEDICAL; ARTIS ZEE (Asset 146871,146872)	985,408.00	985,408.00	Heart of City
SIEMENS; SOMATOM DEFINITION (Asset 164325)	862,578.20	862,578.20	Heart of City
SIEMENS; CT EDGE (Asset 163463)	856,459.02	856,459.02	Heart of City
MR-RO-CN-1-MR/PET installation	760,295.75	760,295.75	Heart of City
CT Scanner - 5yr (Asset 162815)	687,812.80	687,812.80	Heart of City
Vascular OR Core 801 SMH	661,076.59	661,076.59	St. Mary Place
GO3 Build 2 CT Bays	655,198.35	655,198.35	Heart of City
Incremental MRI Body Scanner	600,079.87	600,079.87	Heart of City
CH N Neuro Scanner CN I-119C	590,162.52	590,162.52	Heart of City
Mayo 8 - Lobby Remodel	498,399.33	498,399.33	Heart of City
Mary Brigh Electrical Upgrades (Phase 3)	456,479.17	1,884,351.84	St. Mary Place
CT Scanner Replacements (3L, 3Z & 4J) - somatom - CH 2	381,846.25	381,846.25	Heart of City
Cancer Center Station Eisenberg 4-3	359,522.31	359,522.31	Heart of City
Remodeling of multiple laboratories on Guggenheim 8	348,636.65	774,090.58	Heart of City
CMCT and Prev. Med. Relocation Gonda 18 to Mayo East 17	287,923.90	358,383.16	Heart of City
Gonda 5, 5th PET/CT Installation & Uptake	274,920.16	301,874.69	Heart of City
SMH Mary Brigh East Corridor Relocation	250,692.96	250,692.96	St. Mary Place
Renovation Mary Brigh Main, PACU - Phase 4	244,816.16	244,816.16	St. Mary Place
SMC, Mary Brigh Main NH, MR-MCR 1.5T Replacement Scanner	240,362.00	240,362.00	St. Mary Place
Dr. Lee Diamond Reactor Lab Remodel on Med Sci SL	219,387.21	219,387.21	Heart of City
Cardiac Catheterization Procedure Room 103 Remodel - Saint Marys, Mary Brigh 4	211,059.65	412,584.91	St. Mary Place
Creation of the consolidated freezer and BAP facility at the 2915 Warehouse	207,924.74	4,006,693.46	Outside District
Linear Acc Replace Rm "C"	185,937.00	185,937.00	Heart of City
CT Simulator I Replacement Charlton S-259, S-261	184,912.43	184,912.43	Heart of City
Rad Vascular Imaging Ste 90	144,461.29	144,461.29	Heart of City
Clinical Genome Sequencing, Lab Expansion	125,602.22	296,600.82	St. Mary Place
Remodeling within the Metabolomics Core on Alfred 5	112,927.03	611,703.48	St. Mary Place

## Mayo Investments: 2015 Submission

Project/Equipment Name	Total Expenditures reported for 2015	Total Spent as of December 31st 2015	District
Charlton 2 Incremental 3T Body Scanner	76,577.92	76,577.92	Heart of City
2915 Warehouse Infrastructure	64,822.76	693,219.52	Outside District
SMC, Mary Brigh Main NV, Intraoperative Replacement Scanner	35,178.43	35,178.43	St. Mary Place
Psychiatry and Psychology Master Plan, Phase 1A - Generose Main	9,175.55	1,213,985.91	St. Mary Place
Remodeling within Opus 1 to accommodate space for a new CT machine.	1,350.00	480,162.90	Heart of City
Institute Hills Chiller Replacement	1,000.00	441,903.16	Outside District
Development Remodel	194.43	2,679,274.32	Heart of City
Sports Medicine Center	(7,228.89)	5,666,939.49	Heart of City
Dermatology Remodel	(13,537.50)	9,123,648.24	Heart of City
<b>Totals</b>	<b>85,708,731.30</b>	<b>131,919,346.19</b>	

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## Certification of Expenditures Destination Medical Center

For Calendar Year 2015

Due to Commissioner of Employment and Economic Development (DEED) by April 1

Pursuant to Minnesota Statutes, Section 469.47, the Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) respectively submit to the Department of Employment and Economic Development (DEED) the following expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2015, and the information required to support the approved methodology provided in the City of Rochester/Commissioner of Employment and Economic Development State Infrastructure Aid Agreement (State Infrastructure Aid Agreement).

### Expenditures Reported This Year

Total Expenditure Reported This Year by Medical Business Entity <sup>1</sup>	\$85,708,731
Total Expenditure Reported This Year for individuals and other private entities <sup>1,2</sup>	\$20,487,686
TOTAL Expenditures This Year	\$106,196,417

### Cumulative Expenditures


Cumulative Previous Expenditures	\$46,210,615
Previous Qualified Expenditures (minus \$200,000,000 Required Initial Investment)	(\$153,789,385)
TOTAL Expenditures This Year (from above)	\$106,196,417
Cumulative Qualified Expenditures as of 12/31/15	(\$47,592,968)

### State Aid Qualified for this Year (local government match also required)

General State Infrastructure Aid Qualified for (Cum. Qual. Exp. multiplied by .0275)	
State Transit Aid Qualified for (multiplied by .0075)	

By providing my signature below, I certify that the information state herein, to the best of my knowledge, is accurate, true, and complies with the provisions of Minnesota Statutes, Section 469.47 and the approved methodology as outlined in the State Infrastructure Aid Agreement.

### For Expenditures by the Medical Business Entity:

  
\_\_\_\_\_  
Mayo Clinic Chief Financial Officer

3/24/2016  
\_\_\_\_\_  
Date

### For all other Expenditures:

  
\_\_\_\_\_  
Destination Medical Center Corporation

3-30-2016  
\_\_\_\_\_  
Date

<sup>1</sup> Expenditures need to be after June 30, 2013

<sup>2</sup> Private expenditures for the period of July 1, 2013 - December 31, 2015, after adoption of the Development Plan. Certain additional expenditures for this time period are currently under discussion with DEED, and may be included in the certification for calendar year 2016.



Department of Employment and Economic Development

**EXHIBIT C**

July 13, 2016

Ardell F. Brede, Mayor  
City of Rochester  
201 4<sup>th</sup> Street SE – Room 281  
Rochester, MN 55904-3782

Dear Mayor Brede:

Thank you for submitting the 2015 Certification of Contributions for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

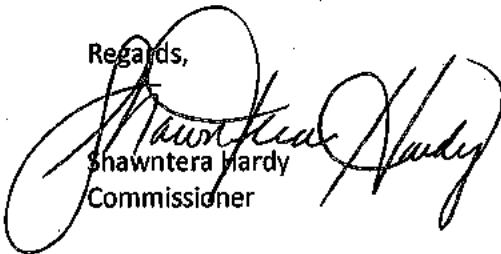
Your certification listed \$9,846,771.68 in city contributions between July 1, 2013 and December 31, 2015. You provided a detailed listing of 765 expenditures. These expenditures consisted of direct DMC expenses paid by the city as well as DMC Corporation and DMC Economic Development Authority expenses paid for by the city. From that list, DEED randomly selected 17 expenses for review. We reviewed invoices, payments and city payroll files for accuracy and eligibility.

Additionally, the city provided DEED with an independent third party report from Clifton Larson Allen stating the law and procedures for certifying contributions are being followed properly.

While the amount of your contributions qualifies you for \$25.1 million, expenditures from Mayo Clinic and others has not surpassed the minimum \$200 million. Your contributions will be credited towards future years.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,



Shawntera Hardy  
Commissioner

C: Tina Smith, Chair of Destination Medical Center Corporation  
Jeff Bolton, Chief Administrative Officer Mayo Clinic  
Patricia Simmons, Chair of Economic Development Agency Board of Directors  
Lisa Clarke, Economic Development Agency Executive Director

**Economic Development Division**

1st National Bank Building ■ 332 Minnesota Street, Suite E200 ■ Saint Paul, MN 55101-1351 USA ■ [www.mn.gov/deed](http://www.mn.gov/deed)

Toll Free: 800-657-3858 ■ Phone: 651-259-7114 ■ Fax: 651-296-5287 ■ TTY: 651-296-3900

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER



Department of Employment and Economic Development

July 13, 2016

Tina Smith, Chair  
Destination Medical Center Corporation  
4720 West Lake Harriet Parkway  
Minneapolis, MN 55410

Jeff Bolton, Chief Administrative Officer  
Mayo Clinic  
200 First Street SW  
Rochester, MN 55905

Dear Ms. Smith and Mr. Bolton:

Thank you for submitting the 2015 Certification of Expenditures for Destination Medical Center (DMC). We are excited to assist with this initiative to make the Mayo Clinic, Rochester, and Minnesota a premier medical destination.

Your certification listed \$85,708,731 in Mayo Clinic expenditures and \$20,487,666 in other expenditures. The Mayo Clinic provided DEED with information on all invoices and payments to account for their certification amount. They also provided an independent third party report from RSM US LLP stating the law and procedures for certifying expenditures which are being followed properly. Additionally, DEED staff reviewed invoices and payments in your certification. We selected 62 of your listed expenditures totaling more than \$8.5 million. We selected one expenditure from each of the 62 projects listed. All invoices for the selected expenditures were on file and payments were made in a timely fashion. DEED staff also confirmed that all projects had building permits after June 30, 2013. DEED acknowledges the expenses and payments met guidelines and the internal accounting and auditing system the Mayo Clinic has in place is sufficient.

Additionally, the DMCC and the City of Rochester provided DEED with a list of 100 construction permits that were filed to account for the \$20,487,666 in other expenditures. DEED randomly selected 10 permits and was provided the permit application, permit, project closeout, and map of projects. From this information, DEED confirmed the projects' values, dates, eligibility, and completion.

As required by law, I have determined that the amount of 2015 Destination Medical Center expenditures is \$106,196,397 as you certified. DMC cumulative expenditures are now \$152,407,012. The \$200 million cumulative expenditure threshold has not been met and the state will not be investing funds for public infrastructure or transit this year. The expenditures will be credited towards future years for this purpose.

Thank you again for your efforts on this groundbreaking economic development effort.

Regards,

  
Shawntera Hardy  
Commissioner

Economic Development Division

1st National Bank Building ■ 332 Minnesota Street, Suite E200 ■ Saint Paul, MN 55101-1351 USA ■ [www.mn.gov/deed](http://www.mn.gov/deed)

Toll Free: 800-657-3858 ■ Phone: 651-259-7114 ■ Fax: 651-296-5287 ■ TTY: 651-296-3900

AN EQUAL OPPORTUNITY EMPLOYER AND SERVICE PROVIDER

**C: Patricia Simmons, Chair of Economic Development Agency Board of Directors  
Lisa Clarke, Economic Development Agency Executive Director  
Gary Neumann, City of Rochester**

**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_ - 2017****Adopting Modification Number 1 to the Development Plan****BACKGROUND RECITALS**

- A. Pursuant to Minnesota Statutes Section 469.43, the Destination Medical Center Corporation (“DMCC”), working with the City of Rochester (the “City”) and the Destination Medical Center Economic Development Agency (the “EDA”), adopted a development plan on April 23, 2015 (the “Development Plan”).
- B. The DMCC also adopted a geographic area in the City identified in the Development Plan, in which public infrastructure projects are implemented as the Destination Medical Center development district (the “Development District”).
- C. The City and the EDA received a request for a modification to the Development District, set forth in Exhibit A, attached (the “Proposed Development District Modification” or “Modification Number 1”).
- D. Pursuant to Resolution 42-2016, the DMCC submitted the Proposed Development District Modification to the City for its consideration and action.
- E. The City of Rochester Common Council approved the Proposed Development District Modification in a Resolution passed and adopted on December 19, 2016. A copy of that Resolution is attached hereto as Exhibit B.
- F. On November 14, 2016, the DMCC made copies of the Proposed Development District Modification available to the public at the DMCC, City, and EDA offices during normal business hours, and on the websites of the DMCC, the EDA, and the City. On January 26, 2017, the DMCC published notice of a public hearing scheduled for February 8, 2017 in the *Rochester Post-Bulletin*, the official newspaper of the City. The DMCC received written comments through February 2, 2017.
- G. In Resolution 44-2016, the DMCC approved the public infrastructure project associated with the Proposed Development District Modification as consistent with the Development Plan.
- H. With the benefit of input from the public, including the opportunity for written comments and public testimony, and comments from the City, EDA staff, and officials, the DMCC makes the following findings of fact and resolution.

## FINDINGS OF FACT

1. The Proposed Development District Modification relates only to the geographic boundary of the Development District and does not otherwise amend the Development Plan. Accordingly, findings 2, 3, and 6 of the DMCC in Resolution A-2015, dated April 23, 2015 concerning the Development Plan, are hereby incorporated by reference.
2. The Proposed Development District Modification is consistent with the Development Plan, advancing the goals and development to support the destination medical center framework.
3. The Proposed Development District Modification affords maximum opportunity, consistent with the needs of the City, Olmsted County, and the State, for the development of the City by private enterprise as a destination medical center.
4. The Proposed Development District Modification conforms to the general plan for the development of the City and is consistent with the City Comprehensive Plan.
5. In the Resolution passed and adopted on December 19, 2017, the City approved the Proposed Development District Modification.
6. On February 8, 2017 at 9:30 AM, the DMCC held a meeting and public hearing to receive public input and to consider the Proposed Development District Modification. The DMCC published notice of the hearing at least ten days in advance in the *Rochester Post-Bulletin*. The DMCC also received written comments through February 2, 2017.

## RESOLUTION

**NOW THEREFORE, BE IT RESOLVED** by the Destination Medical Center Corporation Board of Directors that the Proposed Development District Modification, or Modification Number 1, attached as Exhibit B hereto, is adopted.

**BE IT FURTHER RESOLVED** that the DMCC Chair, Vice Chair or Treasurer are authorized to take such other actions as are necessary and appropriate to effectuate the adoption of the Proposed Development District Modification.

**EXHIBIT A**

**ORIGINAL CORRESPONDENCE FROM ALATUS, LLC**



Alatus, LLC  
800 Nicollet Mall, Suite 2850  
Minneapolis, Minnesota 55402

October 18, 2016

DMC Corporation  
Attn.: Board Members  
195 South Broadway, Suite 12  
Rochester, Minnesota 55902

Dear DMC Corporation Board Members:

Alatus is formally requesting an amendment to the DMC Boundary limits to include the additional parcels proposed for the Alatus 2<sup>nd</sup> Street Development footprint. A significant portion of the proposed project, approximately sixty-five percent (65%), is already located within the St. Mary's Place DMC sub-district. To provide a visual reference of the proposed development footprint, an aerial of the site plan has been attached to the end of this letter. The applicant is requesting this boundary adjustment to develop a mixed-used, high-quality, precedent setting project serving as a gateway into the overall DMC Development District, which will adhere to various stakeholders' requests for a quality, sustainable, community-oriented development. Because Alatus will be requesting funds through the DMCC and City of Rochester Joint Funding Application, it is necessary that the entirety of the development and the parcels it includes be within the DMC Boundary. The applicant has been working closely with both the City and DMC EDA staffs to develop a project that meets the DMC Plan Goals and Objectives. It is also important to note that the current property owners of all fourteen (14) land parcels are under purchase agreement with Alatus.

The Alatus 2<sup>nd</sup> Street Development has been proposed with high-quality materials, similar to that of the Alatus Latitude 45 apartment development in Minneapolis which several people of the Rochester community visited during the DMC's "*St. Mary's Place Planning: Site Visit to Twin Cities*" event. The project presents a new level of quality of rental housing the city of Rochester has yet to experience; thus it is an untested product which market research supports as a demanded lifestyle. Given this quality of development, the overall project cost is estimated to be approximately \$115mm. The overall design situates a 13-story residential building within the existing block and is respectful to its residential neighbors in terms of height, massing, ground level circulation and landscaping. While dense, the development seeks to create a human scale to the ground floor so as to engage the community, residents, visitors, patients, and employees alike. The building will include apartment and townhome rental housing, retail space, a neighborhood restaurant, office incubator space, and a fully enclosed parking garage occupied solely by the building's tenants. The project will support the residents' sustainable living experience by meeting

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800 Nicollet Mall  
Suite 2850  
Minneapolis, MN 55402  
Phone 612.455.0700  
Fax 612.455.0740

[www.alatusllc.com](http://www.alatusllc.com)

LEED standards and incorporating energy-efficient appliances, low-flow water fixtures, low-VOC paints and building-wide recycling practices. In addition, the proposed Alatus project provides a highly-activated pedestrian experience which will exceed the DMC and City of Rochester's landscaping usage goals and streetscape requirements.

To provide some background of our progress thus far, the Alatus 2<sup>nd</sup> Street Development has received its preliminary phase Restricted Development approval from the City and submitted our Final Phase Restricted Development Application on October 12, 2016. The Planning Commission review on the Final Phase is scheduled to be held on November 9, 2016 followed by the final City Council hearing scheduled for December 19, 2016, at which time it is anticipated that the Council would provide approval of the Development Assistance Agreement as well as approval of the boundary adjustment. The final step of the approval process would be held at the DMCC Board Meeting to be scheduled in January 2017, to approve the boundary adjustment. The DMCC Board will be requested to give its approval to the project at their meeting on December 15, 2016, contingent upon the final approval of the boundary modification in January. The DMCC Board needs to approve the project before the City Council grants their approval. Conversely the City Council needs to approve the boundary modification before the DMCC Board approves that.

We greatly appreciate your review and consideration of the boundary adjustment for the Alatus 2<sup>nd</sup> Street Development project. Should you have any questions, please feel free to contact me at (612) 201-8487 or via [cbosmundson@alatusllc.com](mailto:cbosmundson@alatusllc.com).

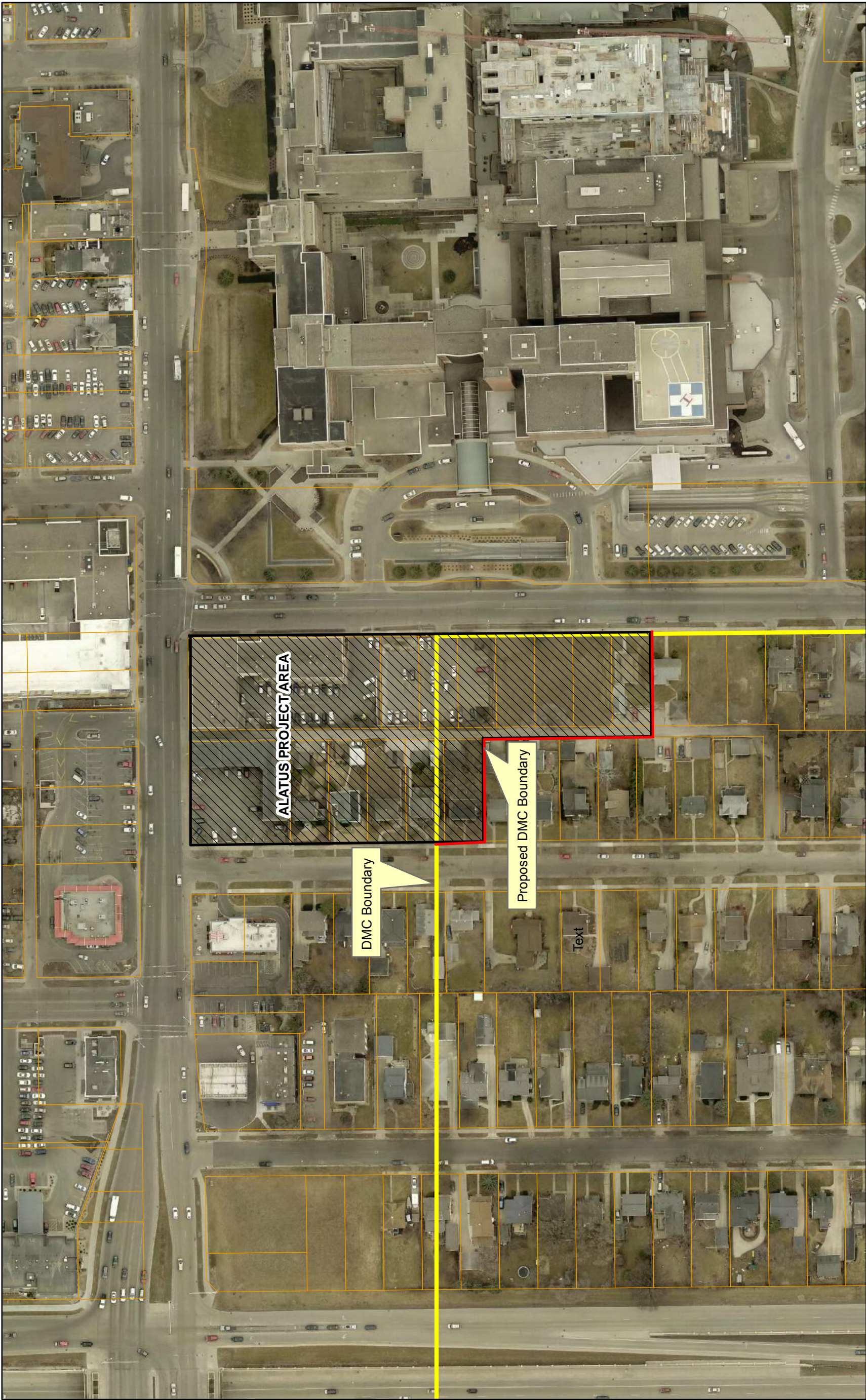
Best Regards,

*Chris Osmundson*

Chris Osmundson  
Development Director  
Alatus, LLC

Enclosure – Aerial of Alatus 2<sup>nd</sup> Street Development Site

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DATA DISCLAIMER - Destination Medical Center (DMC) Boundary  
The DMC Boundary is a boundary for an Economic Development initiative and was approved in the Spring of 2015. The boundary polygon was created based on the 'description' of the DMC area.  
The DMC area was not a surveyed legal description and was subject to interpretation. Please note that this boundary is for informational purposes only and is subject to change.

**EXHIBIT B**  
**CITY RESOLUTION**

## RESOLUTION

BE IT RESOLVED by the Common Council of the City of Rochester that, pursuant to Minn. Stat. §469.43, the City approve of the modification of the Destination Medical Center Development District Boundary as shown on the attached Exhibit A.

The Mayor and City Clerk are authorized to execute any documents needed to implement this resolution.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF  
ROCHESTER, MINNESOTA, THIS 19th DAY OF December, 2016.

  
\_\_\_\_\_  
PRESIDENT OF SAID COMMON COUNCIL

ATTEST:   
\_\_\_\_\_  
CITY CLERK

APPROVED THIS 23rd DAY OF December, 2016.

  
\_\_\_\_\_  
MAYOR OF SAID CITY



## EXHIBIT A



### DATA DISCLAIMER - Destination Medical Center (DMC) Boundary

The DMC Boundary is a boundary for an Economic Development initiative and was approved in the Spring of 2015. The boundary polygon was created based on the 'description' of the DMC area. The DMC area was not a surveyed legal description and was subject to interpretation. Please note that this boundary is for informational purposes only and is subject to change.

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## Downtown Rochester Integrated Transit Studies

### *January 2017 Milestone Deliverables: Executive Summary*

In December 2016 the Transit Circulation, Parking, Street Use, and City Loop Study Teams submitted nearly 1000 pages of deliverables addressing analysis of current conditions, precedent examples, future needs, transportation options, and operational strategies. At the January 23, 2017 meeting of the Rochester City Council Committee of the Whole and the January 26, 2017 DMCC Board Meeting, City staff will present some key findings of that analysis and ask for general support on five topics that are critical to ensuring that the study teams continue their work in an efficient and timely manner and in the direction desired by both of these bodies.

The five topics City staff will present for indications of support are:

- **Support for the Integrated Transit Studies Evaluation Framework** – Nelson Nygaard has developed a Multiple Account Evaluation Framework built on the primary goals of the DMC Plan for evaluation of transportation options identified through the studies. (*Supporting documentation: 2-page summary and 25-page Evaluation Framework memo prepared by Nelson Nygaard.*)
- **Support for the Transit Circulation Purpose and Need** – HDR has developed this document to identify the potential types of users for transit in downtown and the relevant characteristics of transit needed to meet their needs. This document is a foundational element in pursuing any potential federal funding for transit systems. (*Supporting documentation: 1-page summary and 22-page Downtown Transit Circulation Study: Statement of Purpose and Need memo prepared by HDR.*)
- **Support for the identified transit modes, profiles (elevated, surface, subterranean) and transit markets to be carried forward for further analysis** – HDR has analyzed the broad potential range of transit options discussed in the Transit Technology workshop this fall and conducted a workshop with stakeholders to identify an appropriate range of options for further study. (*Supporting documentation: 1-page summary and 22-page Downtown Transit Circulation Study: Transit Circulation Study Tier 1 Alternatives memo prepared by HDR.*)
- **Support for a parking policy framework that supports economic development** – Kimley Horn has identified eight policies they recommend the City consider to allow them to proceed with developing a customized approach tailored to City and DMC goals. (*Supporting documentation: 1-page summary of the eight policies and Parking and Economic Development: A Policy Approach to Linking Parking and Economic Development memo prepared by Kimley Horn.*)
- **Support for draft City Loop Purpose and Need outline** – SEH has prepared a draft document outlining the potential users of the City Loop. Key considerations of the need for ADA accessibility and connections with “healing resources” (e.g. water, groves of trees, etc.) are critical to evaluating potential refinements to the City Loop route. (*Supporting documentation: 3-page memo Outline Draft Purpose and Need for DMC City Loop prepared by SEH.*)

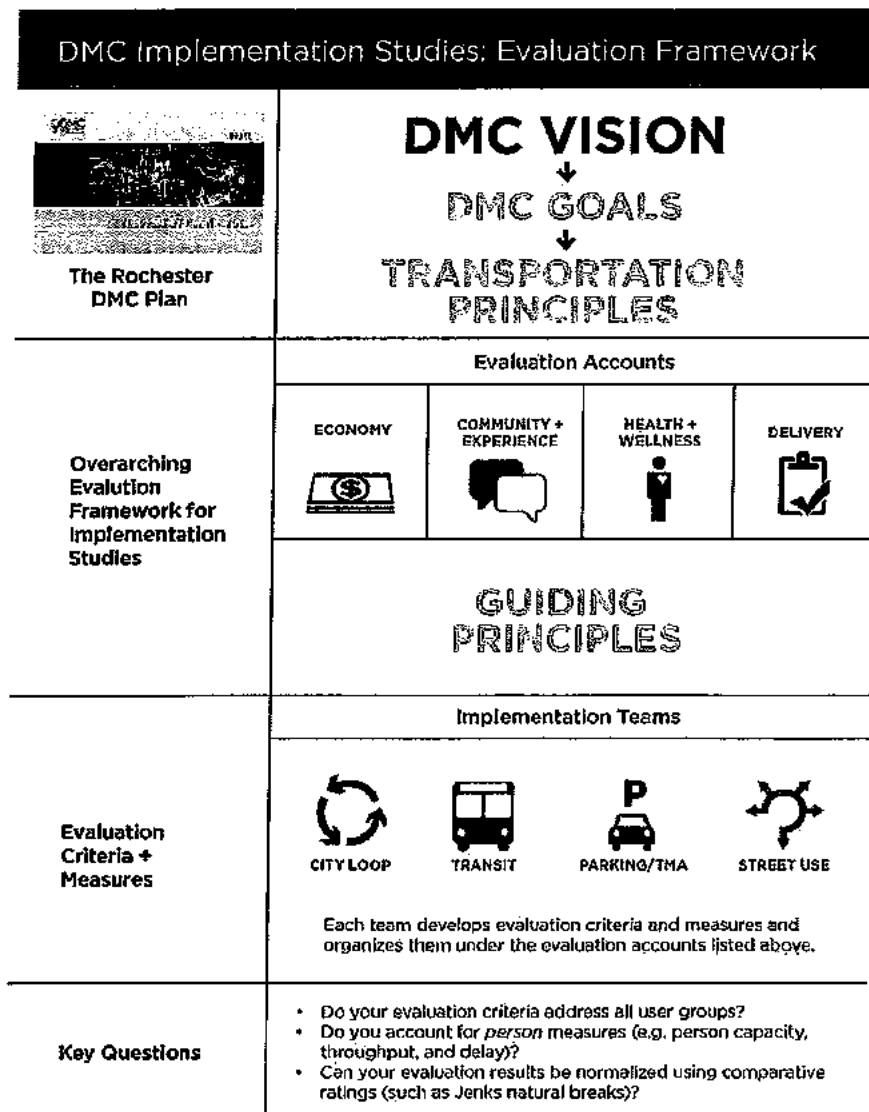
## Evaluation Framework: *DMC Transportation and Infrastructure Studies*

### Multiple Account Evaluation Framework (MAE)

A multiple account evaluation (MAE) process will be used to guide identification of strategies that implement the DMC vision. The MAE process is an outcome-based approach that provides a powerful tool to engage stakeholders and decision-makers and inform project and strategy prioritization processes. The purpose of the MAE framework is to assist the DMC and City of Rochester evaluate the implications and relative merits of a coordinated set of projects, policies, and programs. Underlying these guidelines are four basic principles.

**Principle 1:** Plans and projects are not undertaken in isolation; they are generally part of, and have implications for, broader economic and social goals and strategies. The evaluation process must therefore be seen as part of an integrated planning framework.

**Principle 2:** Plans and projects are not ends in themselves, they are means of addressing challenges or taking advantage of opportunities in delivering the DMC vision. It is essential at the outset of any evaluation to identify discrete outcomes; in this case these are outlined clearly in the DMC Development Plan.



**Principle 3:** The DMC plan has multiple goals and objectives; it is a broad and inclusive vision with a complicated set of interdependencies. There is no single measure of overall net benefit that can adequately summarize performance in all relevant areas. A systematic analysis of performance under a number of evaluation accounts is required to understand the full range of implications of alternative plans or projects.

**Principle 4:** The implications of alternative projects and plans are subject to considerable uncertainty. It is essential to identify the nature and extent of the uncertainty and the potential significance it can have.

## Evaluation Accounts & Guiding Principles

Four evaluation accounts are proposed to provide the evaluation framework for the Transportation and Infrastructure Studies. The intent of organizing the evaluation under multiple “accounts” is to ensure that different perspectives and/or outcomes that are critical to the plan and its stakeholders are represented in the evaluation process and organized so that decision makers can make informed choices about important tradeoffs.

- ❖ **Economy:** The DMC is an economic development initiative and its ultimate success will be the level of private investment generated by public money invested in infrastructure and programming.
- ❖ **Community + Experience:** The DMC District is at the heart of a thriving community. Success will enhance all aspects of community life for the people of Rochester and those who visit, including arts and entertainment, recreation, sports and outdoor activities, education, and many other aspects of community life. Further, improving the visitor experience is foundational to the plan. It is assumed that the “Community Account” would also house important criteria supporting DMC sustainability and community health goals.
- ❖ **Health and wellness:** The DMC is rooted in the success of the nation’s leading health care and wellness institution, the Mayo Clinic. Not only does the initiative support Mayo’s business development, its success is rooted in delivering the highest quality health care, preventative practice, and well-being for Rochester citizens, workers, and visitors.
- ❖ **Delivery:** Success of the DMC plan is based on cumulative investment initiated by targeted investments that build the local tax base and incent private developers and businesses to invest in Rochester. The ability for DMC transportation and infrastructure investments to be delivered on time, within budget, and with political support is critical and is the focus of this evaluation “account.” This account should include financial viability and project delivery, performance, and risk assessment criteria.

## Downtown Rochester Transit Circulation Study: Statement of Purpose and Need

### *Project Purpose*

The purpose of the Rochester Downtown Transit Circulation Project is to provide high quality downtown public transportation service for residents, commuters, businesses, patients, students, and visitors that will support the City of Rochester and DMC district transportation, economic development, and livability goals and substantially increase public transportation use downtown.

#### Anatomy of the Purpose statement:

- **What:** Provide high quality downtown transit service
- **For whom:** Residents, commuters, businesses, patients, students, and visitors
- **Why (intended outcome):** a) To support the City of Rochester and DMC district transportation, economic development, and livability goals and b) To substantially increase transit use downtown

### *Project Need*

The downtown area of the City of Rochester is expected to grow dramatically, with approximately 65 percent more jobs and 30 percent more people in the next 20 years. Both the City of Rochester *Downtown Master Plan* and the *DMC Development Plan* identified an aggressive transit mode share increase to accommodate this growth, a goal to carry between 23 and 30 percent of all commuters on transit. As a result, transit ridership on both the local and regional transit systems is expected to nearly double, requiring more transit capacity. The following five factors contribute to the need for the Downtown Rochester Transit Circulation Project:

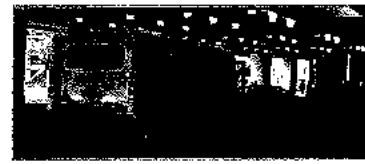
1. **Growth in local and regional travel associated with the implementation of the *DMC Development Plan*.** Downtown Rochester anticipates an increase of approximately 26,000 new jobs over the next 25 years. The growth in jobs will lead to a significant increase in travel demand and will overload the existing transportation network if existing travel patterns remain. Future local transit ridership within the City of Rochester is expected to substantially increase to reach transit mode split goals.
2. **Limited ability of the existing transportation network to support local and regional economic development priorities.** Congested roadways as a result of unchanged current travel behavior will restrict efficient movement of goods and people and discourage visitors and shoppers from supporting businesses within downtown Rochester. This limits the opportunity to support economic development objectives within the study area, as one of the key goals of the *DMC Development Plan* is to generate between \$7.5 and \$8 billion in new tax revenue over the next 35 years.
3. **Congested downtown entry points and primary streets resulting from continued reliance on personal automobiles.** Available roadway capacity on downtown streets is expected to drop to only 10 percent by 2035 if the planned growth is realized and if commuters continue to rely on personal automobile use. Nearly all the major downtown entry points will lack any capacity to allow vehicle traffic into and out of downtown Rochester.
4. **Parking programs and policies that encourage the use of private automobiles.** Approximately 113 percent of the total Rochester Public Transit park-and-ride capacity is used among the five lots, with two lots showing over capacity conditions. Parking supply to meet the anticipated increase in employment is estimated to require 180 acres of surface parking (equivalent to eight city blocks of six-story parking structures), which will increase downtown traffic congestion, prevent development of valuable land, and will require costs that can be better used elsewhere.
5. **Constrained transit system capacity and need to optimize/coordinate multiple existing services (Rochester Public Transit, Rochester City Lines, Mayo and private shuttles).** The variety of downtown transit services are not well integrated, limiting the effectiveness of service options within the area. The existing transit system does not have the capacity to serve anticipated ridership growth and does not have the functionality to serve the wide range of user groups that need to be served to achieve transit mode split goals. The existing transit service will need to be successfully integrated to meet passenger demand and provide sufficient facilities for transit operations and riders.

### Three key transit markets:

Mayo passengers  
between  
St. Marys and  
Downtown

Peripheral parking  
for  
St. Marys and  
Downtown  
employees

Internal circulation  
within downtown for  
employees, residents,  
patients, visitors and  
students



### Profiles and Modes Considered

**ELEVATED:** Moving sidewalks, Automated Guideway Transit (AGT), Personal Rapid Transit (PRT), magnetic levitation, and autonomous vehicles (AV) were selected for evaluation.



Moving Sidewalk



AGT



PRT



Magnetic Levitation



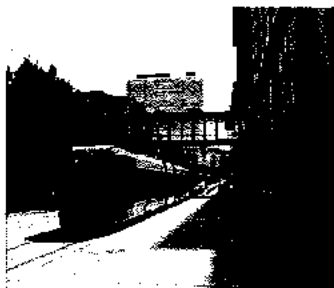
Autonomous Vehicle

*Each of these modes except autonomous vehicles requires a special guideway that must be separated from bicycle and automobile traffic.*

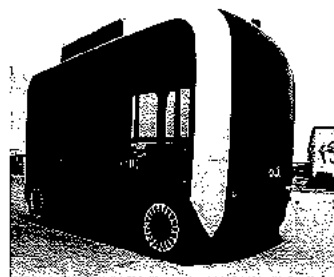
**SURFACE:** BRT, Tram and autonomous vehicles were selected for further evaluation.



**BRT**



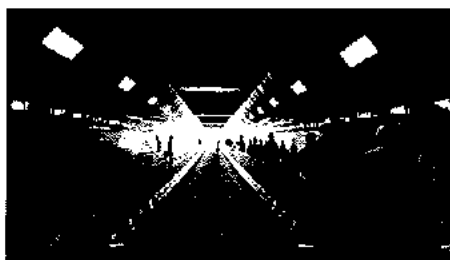
**Tram**



**Autonomous Vehicle**

*BRT, Tram and Autonomous vehicles are the only modes that can operate within or adjacent to the street without conflicting with pedestrian, bicycle or automobile traffic.*

**SUBTERRANEAN:** Moving sidewalk and Autonomous Vehicle were identified for further evaluation.



**Moving Sidewalk**



**Autonomous Vehicle**

*Moving sidewalks and autonomous vehicles were selected for evaluation because they require a relatively small tunnel compared to the other modes, which reduces utility conflicts and construction costs.*

## **Parking & TMA Study**

### **City of Rochester, MN**

#### **Parking/Access Management Policy to Support Community and Economic Development**

This document provides an overview of a proposed parking and access management policy with eight key policy statements that the Parking and TMA team recommends for DMCC Board consideration/endorsement.

The City of Rochester parking policy will embrace a comprehensive approach that emphasizes eight recommended parking policies to include:

**Policy #1 Maintain ownership of parking assets & grow the system**

Retaining ownership of public parking assets (up to 40% of the total parking supply) enables the City to maintain significant market influence on development and parking pricing as we evolve the new parking and access management strategies of the future.

**Policy # 2 Set an expectation of a 5-to-1 return on parking investments**

This policy statement shifts the focus from providing “parking incentives” to developers in favor of an “investment strategy” with defined expectations re: return on investments and potentially creates a new funding approach for parking infrastructure and access programs.

**Policy # 3 Strongly support the concept of “Shared Parking”**

Designing parking infrastructure specifically to be “shared” is essential to achieving the desired 5-to-1 return on investment as well as being a strategy to support the vision of reduced parking infrastructure in the downtown core and maximizing more desirable land uses and promoting good urban design.

**Policy # 4 Leverage parking investment to support new development opportunities**

Providing a parking development strategy that is aligned with the larger DMC vision and still provides some level of economic development support for desirable projects, provides more consistency from a policy perspective and supports continued and sustainable growth.

**Policy # 5 Support a consolidated parking management organization to promote effective and customer friendly parking and access management**

An integrated parking and access management organization is important to creating a better balanced parking and transportation system, but a reinforced focus on customer service and ease of access must be an on-going program priority and a key benchmark for success and community acceptance.

**Policy # 6 Develop a robust parking planning function**

Parking and access management planning is a unique and specialized area that needs to be developed and integrated into larger community planning. The development of the “Park+” demand model is one example of a specialized tool being provided to support this policy statement.

**Policy # 7 Create a balanced and sustainable community access strategy**

A primary goal of the integrated transit studies is to contribute to a balanced, sustainable and user-friendly set of parking and transportation policies to support the larger DMC vision.

**Policy # 8 Promote a “Park Once – Pedestrians First” approach for downtown Rochester and integrate good urban design principles relative to parking facility design**

Linking parking and transportation policy to support a high quality, walkable and engaging urban environment experience while meeting the access needs of the community cannot be separated.

## What is the City Loop?

The City Loop will provide a comprehensively branded, low-stress, high quality walking and biking facilities that safely connect residents, employees, visitors, patients, and patient companions with places and spaces throughout the DMC Development District.

## Why develop the City Loop?

- Supports the DMC Vision by improving year-round active transportation and recreation options.
- Improve community health and wellness through walking and biking instead of driving.
- Support environmental sustainability by improving air quality and reducing Rochester's carbon footprint.
- Support Mayo strategic initiatives including expansion of Sports Medicine, Executive Health and the Healthy Living Program.
- Strengthen walking and biking connections to each DMC sub-district, linking visitors, patients/companions, residents and workers to nature, arts, culture, and entertainment – serving users of all abilities.



## What are some of the needs the City Loop can address?

- DMC is expected to experience significant development growth in the next 20 years with increased transit volumes adding congestion to city streets.
- There is a strong preference by Millennials for biking rather than driving.
- The rate of Coronary Heart Disease (CHD) in Rochester is 5%, compared to 3.5% in the State of Minnesota and 4.4% in the United States.
- In the City of Rochester there are higher rates of CHD, poor mental health, obesity, and diabetes within DMC district and in adjacent neighborhoods compared to other neighborhoods in Rochester.

## Benefits of the City Loop:



**75%** of carbon monoxide emissions come from automobiles. In urban areas, harmful automotive emissions are responsible for anywhere between

**50-90%** percent of AIR POLLUTION.  
(fromstuffworks.com)



Increasing **WALKING** and **BIKING** reduces motor vehicle trips, reduces congestion, reduces likelihood of **ROAD RAGE** and improves **AIR QUALITY**.



**\$8,698** average annual **COST** OF OWNING A VEHICLE in America for a car driven 15,000 miles / year.  
(AAA, 2015 (yourdrivingcosts) Study)

Walking and biking are significantly **LESS EXPENSIVE** than driving, improving economic wellbeing.



**CARDIOVASCULAR DISEASES** are the **#1** CAUSE OF DEATH in the United States.  
(Mozaffarian, D. et al. 2014)



**20 MINUTES WALKING OR BIKING** each day is associated with

**21%** LOWER RISK OF HEART FAILURE FOR MEN and **29%** LOWER RISK FOR WOMEN.  
(Rahman, 2014 and 2015)



**50%** of Americans will DEVELOP AT LEAST ONE MENTAL ILLNESS during their lifetime.  
(CDC, 2016)



**30 MINUTES OF WALKING** per day can **REDUCE ANXIETY AND THE RISK OF DEPRESSION**.  
(Sharma, 2006)



**ASTHMA** IS THE LEADING CHRONIC DISEASE IN CHILDREN and the number one reason for missed school days.  
(CDC, 2015a)



A minimum of **20 MINUTES OF PHYSICAL ACTIVITY, 3X WEEK**, **STRENGTHENS THE LUNGS**, including those of individuals living with asthma.  
(PubMed Health, 2014)

**CITY LOOP**



**DMC** TRANSPORTATION  
INFRASTRUCTURE  
PROGRAM MANAGEMENT

1-24-2017

# Evaluation Framework

## ***For DMC Transportation and Infrastructure Studies***

*Draft Version 2*

### **Prepared for:**

**DMC Transportation & Infrastructure Program**  
City of Rochester, MN



Prepared by:



Date: December 12, 2016

DMC Project No. 86 Advisor Services

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*Document File Name*

# Introduction

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The DMC Development Plan provides a strong vision and a detailed master plan for Rochester to develop a vibrant urban core that enhances economic opportunity for the local community, region, and State. Four Transportation and Infrastructure Studies have been identified to implement the Development Plan; these include a Transit Circulator study, City Loop planning and concept design, a coordinated Parking and TMA study, and a Street Use study that will help coordinate all right-of-way investments.

---

*What is the DMC Vision?*

*“With Mayo Clinic at its heart, the Destination Medical Center (DMC) initiative will be the catalyst to position Rochester, Minnesota as the world’s premier destination center for health and wellness attracting people, investment and jobs to America’s City for Health and supporting the economic growth of Minnesota and its biosciences sector.”*

*– DMC Vision Plan (2014)*

---

These studies – to be completed between August 2016 and December 2017 – have been established to advance planning and design elements set forth in the DMC Development Plan. Coordination between studies and consistency with the DMC vision are critical to the success of this effort. In particular, a single evaluation framework based on the vision, goals, and principles established through the DMC Development Plan stakeholder and community engagement and technical study process will ensure implementation strategies and designs advanced through each of the four studies are strongly rooted and well-coordinated. While each study will require specific criteria and measures for decision making, those criteria and measures of effectiveness must be derived from common goals.

# Evaluation Framework

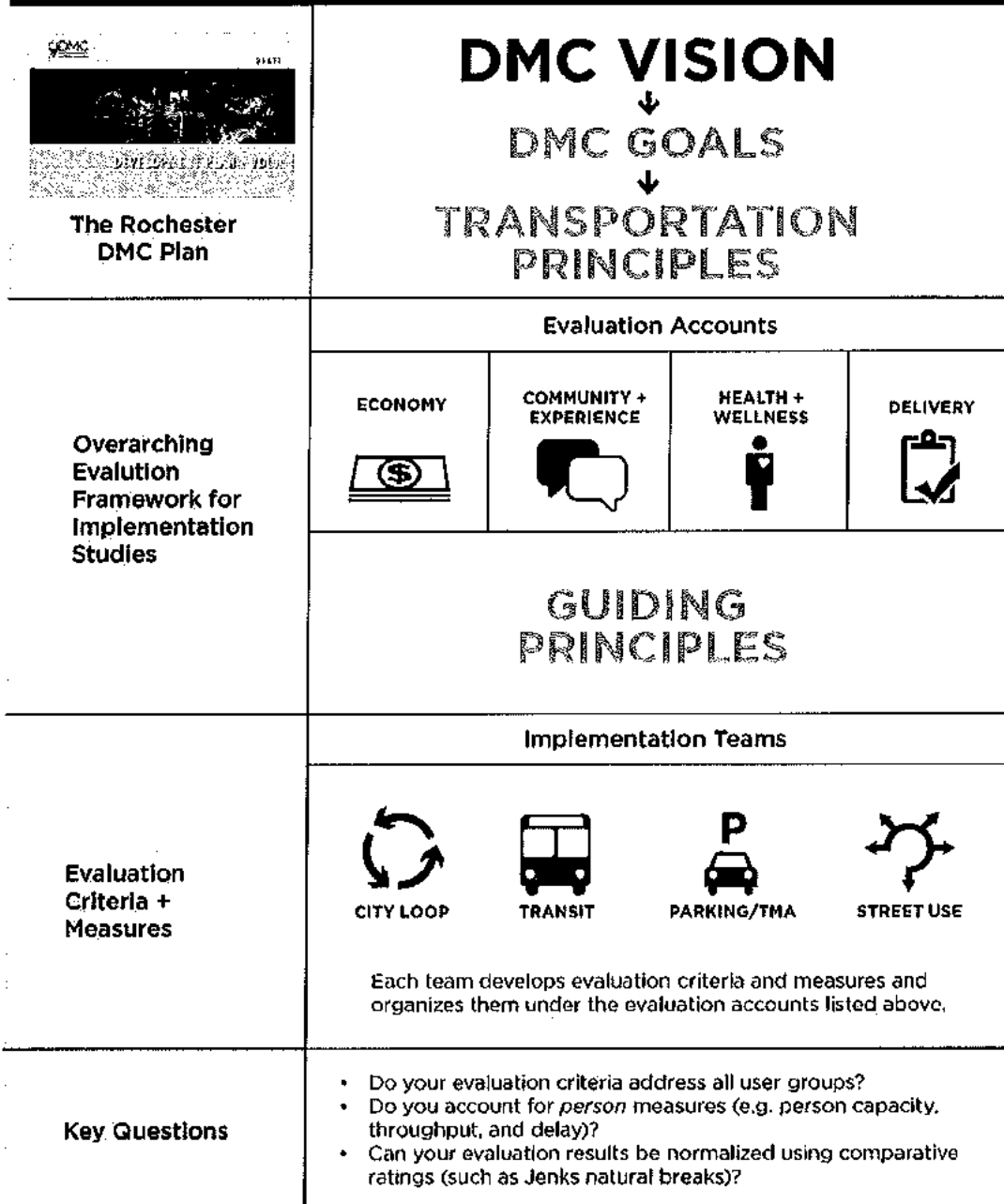
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The evaluation framework for the Transportation and Infrastructure Studies hinges upon thousands of hours of work, collaboration, and public input that set the vision for Rochester's downtown and broader DMC District. Coordination of technical decision making must begin prior to significant advancement of technical work and public outreach for the implementation studies.

***Planning and designing a successful multimodal transportation system for an urban district is a process of informed tradeoff decision making. For every action, project, or determined use of streets and public rights-of-way in Rochester, there will be a commensurate decision about desired projects and actions that won't occur. Challenging, value-based decisions need to be made in a coordinated and data-driven fashion. The proposed evaluation framework ensures that investment decisions support the community's values and the goals of the DMC.***

This memo provides the evaluation framework that will be used by each of the four implementation teams to ensure the implementation studies and associated strategies are integrated in their decision making and aligned with the DMC vision.

# DMC Implementation Studies: Evaluation Framework



## DMC Development Plan: The Foundation

Destination Medical Center will use public investment in infrastructure and programs to encourage private development and economic activity in Rochester and SE Minnesota. Transportation is a major area of investment, and early actions and investments will play a crucial role in ensuring development and economic growth is accommodated gracefully and with maximum economic return. Access and mobility for a projected 35,000 additional employees, thousands of patients, visitors, and others seeking access to education, recreation, and other key services, is foundational to DMC success.

The DMC Development Plan calls for a uniquely dense and urban core district in a mid-sized city graced with bucolic surroundings and quiet residential neighborhoods. A linchpin of the plan is to evolve a live-work urban core that has character and supportive land uses that generate economic energy and a unique urban environment for residents and visitors alike. Some key attributes of the master planners' vision for the DMC district are:

- A highly authentic urban district with mixed-use neighborhoods where people live, work and play.
- World class public places that attract visitors, provide opportunities for economic and social connection, and create opportunity for rest and contemplation.
- Compact and concentrated development that maximizes economic production and moves low-value uses such as parking outside or to the fringe of the district.
- Pedestrian-first design to create street level interest while building on the valuable skyway and subway systems already in place.
- Cohesive, connected sub-districts that offer unique experiences within the DMC district while connecting seamlessly with multiple transportation options.
- Integrated public and private realms that optimize public benefit.

The image below and subsequent descriptions illustrate the DMC district and sub-districts provided in the DMC Development Plan.

## DMC Development Plan Vision for Rochester



The Transportation and Infrastructure studies are also guided by the **five** goals outlined in the Development Plan:

1. Create a comprehensive strategic plan with a compelling vision (completed via the DMC Development Plan).
2. Leverage DMC public investment to attract more than \$5 billion in private investment.
3. Create approximately 35,000 new jobs.
4. Generate approximately \$7.5 - \$8.0 billion in new tax revenue over 35 years.
5. Achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future.

This guidance sets the course for the DMC Transportation and Infrastructure Studies. Transportation and Infrastructure study efforts are not starting from scratch; they are intended to implement the vision set forth in the DMC Development Plan.

Growth will be centered around **eight core elements** of investment and development, which will be the focal point of private investment in the community:

1. Health and Wellness
2. Commercial Research and Technology
3. Retail, Dining, Entertainment, Arts, and Culture
4. Sports and Recreation
5. Livable City
6. Learning Environment
7. Hospitality and Conventions
8. Transportation

The DMC effort recognizes a number of unique user groups that have varying needs and experiences in Rochester and the District. The DMC initiative seeks to elevate the experience for all groups, but recognizes there will be tradeoffs and certain customer needs will need to be emphasized to achieve the initiative's economic development, placemaking, and programming goals.

An important goal of the DMC master plan is to provide a variety of high quality and memorable experiences for all user groups which include:

- Resident
- Commuter
- Business
- Patient
- Visitor

The quality of these experiences share a commonality noted in an active mixed-use environment composed of great public spaces and integrated with a convenient transit network that connects all of the key places in the DMC Development District.

Study teams should review and refer to the user experiences identified in Section 6 of the plan and how they related to key places that are described in further detail in Section 6.3.

The following table excerpts summarize each user group experience in the District. While the physical manifestation of the plan may evolve through further planning and design, it is important that its experiential goals are carried through in that work. Volume 2, Section 6.1 of the DMC Development Plan highlights the user experience and connection to design and programming in greater detail.

## DMC Development Plan User Experience Goals



### RESIDENT

Critical to the DMC Development Plan is the establishment of a strong residential community. This community will transform the downtown into a 24-hour mixed-use neighborhood with a variety of residential housing types located throughout the Development District, but concentrated within the Downtown Waterfront. The neighborhoods will be walkable to work downtown as well as enriched by convenient retail, restaurants, entertainment, a public market, recreation and cultural offerings (See Figure 6.1-4, Zumbro Market). Residents will experience a modern urban lifestyle enhanced by strong connections to an improved network of open space, a reactivated waterfront, and a citywide trails network.



### COMMUTER

The master plan provides for several modes of transit to be woven into the downtown fabric and provides commuters with convenient access to the City of Rochester via fast and reliable connections including local and regional bus systems. Key arrival points to the DMC Development District are enriched with welcoming urban plazas and parks and integrate state of the art transit stops with real-time arrival information. The streets are updated to support a bicycle and pedestrian network, expanding commuter options so as to provide easy and safe exchange between most downtown destinations. The Transit Terrace blends into Central Park, permitting easy intermodal connections downtown between all transit modes while providing for future potential high speed rail connections.



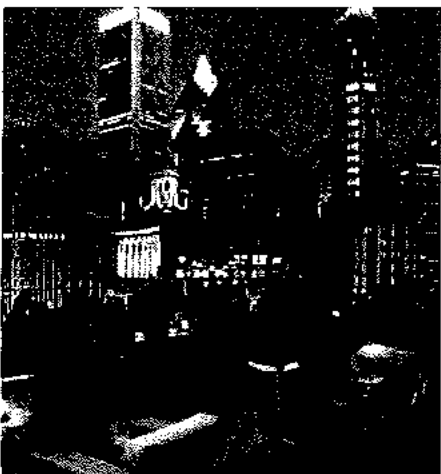
## BUSINESS

The proximity of the downtown to Mayo Clinic, physicians, researchers, doctors and scientists makes it an ideal location to attract private research, bio-medical, bio-technology and related businesses. Discovery Square is the focal point for the new workplace environment of the DMC business community similar to the Google Campus. This community must attract the best and brightest in order to achieve the project goals of becoming a nationally and internationally recognized address for Health Science Research. The Translational Cloud and The Square, the public park amenity at Discovery Square, will provide a supportive setting for fostering a focus on collaboration between the Mayo Clinic and other companies in the biomedical, bio-technology and related sectors.



## PATIENT

Downtown Rochester provides patients with easy access to the Mayo Clinic's facilities, physicians and staff in an environment dedicated to health, wellness and integrated care. Key to enhancing this experience is a welcoming arrival which includes easy navigation from conveniently located transit to a series of high quality, fully accessible interior spaces including the Visitor's Center, Integrated Care Pavilion and Wellness Center. Iconic downtown places such as Peace Plaza and the proposed Ice Pavilion are seamlessly integrated with Mayo Clinic facilities, allowing a patient equal access to the great spaces of the downtown experience along with the general public.



## VISITOR

DMC Development Plan looks to enrich downtown Rochester with a series of places creating unique, year-round destinations attracting visitors not otherwise coming to Rochester. These places will extend throughout the DMC Development District providing easily accessible and iconic places to visit including First and First (Figures 6.1-17 & 6.1-18), the Zumbro Market (Figure 6.1-16), a reactivated waterfront, city-wide trails and a street car system to key destinations. The visitor experience will further benefit from the planned expansion of the Mayo Civic Center and growth in convenient retail, restaurants, entertainment, recreation and cultural offerings.

## Multiple Account Evaluation Framework (MAE)

A multiple account evaluation (MAE) process will be used to guide identification of service, capital, and organizational strategies that implement the DMC vision. The MAE process is an outcome-based approach that provides a powerful tool to engage stakeholders and decision-makers and inform project and strategy prioritization processes.

The purpose of the MAE framework is to provide an evaluation framework that will assist the DMC and City of Rochester and their elected Board and Council in evaluating the implications and relative merits of a coordinated set of projects, policies, and programs. It is hoped that the application of the MAE framework will contribute to well-informed decision making and to the selection of alternatives which best serve the needs and interests of Rochester, the Mayo Clinic, and the State, including economic, human health and wellness, sustainability, and social objectives of the community and region. Underlying these guidelines are four basic principles.

**Principle 1:** Plans and projects are not undertaken in isolation; they are generally part of, and have implications for, broader economic and social goals and strategies. The evaluation process must therefore be seen as part of an integrated planning framework. This requires an explicit recognition of the broader goals that plans or projects may serve and the interrelated interests and activities of the DMC EDA, City of Rochester, Olmsted County, The Mayo Clinic, and other key stakeholders.

**Principle 2:** Plans and projects are not ends in themselves, they are means of addressing challenges or taking advantage of opportunities in delivering the DMC vision. It is essential at the outset of any evaluation to identify discrete outcomes; in this case these are outlined clearly in the DMC Development Plan. The evaluation of an incomplete or inappropriate set of alternatives, no matter how sophisticated, will not generally assist in directing DMC supportive actions.

**Principle 3:** The DMC plan has multiple goals and objectives; it is a broad and inclusive vision with a complicated set of interdependencies. There is no single measure of overall net benefit that can adequately summarize performance in all relevant areas. A systematic analysis of performance under a number of evaluation accounts (e.g. financial performance, customer or public service, environmental impacts, economic development, social impacts) is therefore required to understand the full range of implications of alternative plans or projects. Such “multiple account” evaluations may not determine which of a set of alternatives is unequivocally preferred. However, that is not the goal. Rather, the goal is to clearly identify advantages and

disadvantages, and the trade-offs that different alternatives entail – to inform and assist decision-making, not to supplant it.

**Principle 4:** The implications of alternative projects and plans are subject to considerable uncertainty. It is essential to identify the nature and extent of the uncertainty and the potential significance it can have. To some extent this can be done with traditional sensitivity analysis – determining the range of possible outcomes, corresponding to a range of alternative assumptions. However, uncertainty should also be considered more strategically, in terms of the flexibility of different alternatives to respond to new information and unfolding events. An understanding of how and at what cost alternative plans and projects would respond to unexpected conditions can be as important as understanding their implications under what is considered most likely.

## Evaluation Accounts & Guiding Principles

Multiple account evaluation entails the systematic documentation and assessment of the economic/financial, social, environmental and other relevant implications of alternative projects, programs, and policies in order to determine the advantages and disadvantages they entail. It involves three basic steps:

1. The specification of evaluation accounts (identified in this evaluation framework)
2. The documentation and assessment of implications under each account (each study team under guidance of this framework and coordinated by advisors); and
3. The presentation and interpretation of the results (responsibility of each team and coordinated by advisors).

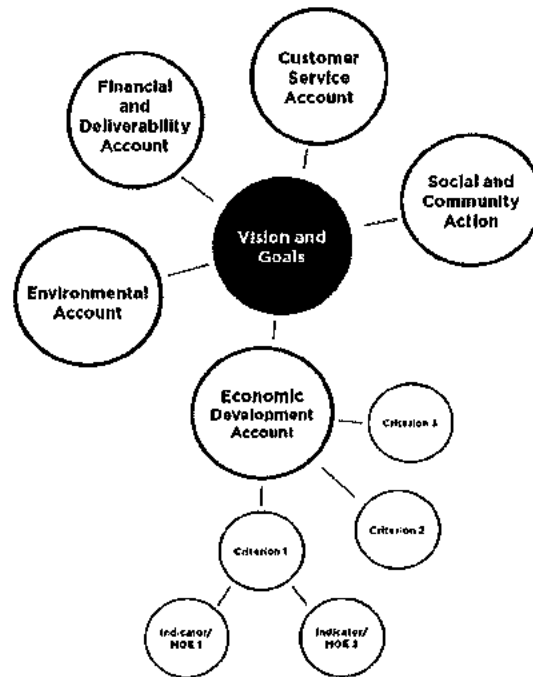
***It is important to note that the MAE framework and coordinated individual team evaluation approaches are a structure to support decision making. Decisions will be made by the DMCC Board and Rochester City Council.***

### 1. Evaluation Accounts

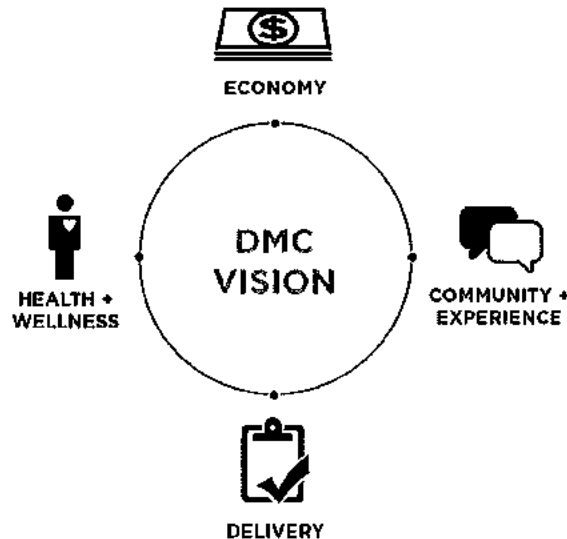
Four evaluation accounts are proposed to provide the evaluation framework for the Transportation and Infrastructure Studies. The intent of organizing the evaluation under multiple “accounts” is to ensure that different perspectives and/or outcomes that are critical to the plan and its stakeholders are represented in the evaluation process and organized so that decision makers can make informed choices about important tradeoffs.

Figure 1 provides an example of a typical multiple account evaluation structure. Figure 2 illustrates the four evaluation accounts that support the DMC vision and how they support more detailed definitions of criteria and measures of effectiveness or indicators of achievement.

**Figure 1 Example of MAE Structure**



**Figure 2 DMC Development Plan Evaluation Accounts**



The four evaluation accounts are indicative of DMC success.

- **Economy:** The DMC is an economic development initiative and its ultimate success will be the level of private investment generated by public money invested in infrastructure and programming.
  - *Teams should review the DMC Development Plan Volume II, Section 5 (Market Research), Section 9.0 (Finance Plan), Section 10 (Business Development Implementation Plan), and Section 14 (Economic and Fiscal Impact Report) to better understand the DMC economic development goals.*
- **Community + Experience:** The DMC District is at the heart of a thriving community. Success will enhance all aspects of community life for the people of Rochester and those who visit, including arts and entertainment, recreation, sports and outdoor activities, education, and many other aspects of community life. Further, improving the visitor experience is foundational to the plan. It is assumed that the “Community Account” would also house important criteria supporting DMC sustainability and community health goals.
  - *Teams should review the DMC Development Plan Volume II, Section 6 (Master Plan), Section 7 (Transportation Plan), Section 12 (Community Outreach Implementation Plan) and Volume III Appendix 14 (Community Input Process) to better understand the relationship between design and community stakeholder and user experience goals.*




- **Health and wellness:** The DMC is rooted in the success of the nation's leading health care and wellness institution, the Mayo Clinic. Not only does the initiative support Mayo's business development, its success is rooted in delivering the highest quality health care, preventative practice, and well-being for Rochester citizens, workers, and visitors.
  - *Teams should review the DMC Development Plan Volume II, Section 1 (Market Research), Section 6 (Master Plan) and Volume III Appendix 10 (Active Transportation).*
- **Delivery:** Success of the DMC plan is based on cumulative investment initiated by targeted investments that build the local tax base and incent private developers and businesses to invest in Rochester. The ability for DMC transportation and infrastructure investments to be delivered on time, within budget, and with political support is critical and is the focus of this evaluation "account." This account should include financial viability and project delivery, performance, and risk assessment criteria.
  - *Teams should review the DMC Development Plan Volume I Section 2.0 (Capital Investment Plan), Volume II, Section 13 (Operations Implementation Plan) and implementation, funding and delivery related appendices in Volume III.*

Several Transportation Principles were identified in the Development Plan to guide transportation investment. Figure 3 illustrates how those principles related to the four MAE evaluation accounts. These should be used to help organize the evaluation framework (criteria and indicators/measures of effectiveness) for each study.

Study teams should also consider the implications of other local plans and policies in developing study-specific evaluation criteria and measures of success. This should include among others the Draft City of Rochester Comprehensive Plan (P2S), Rochester Downtown Master Plan, the City's Transit Development Plan, the Rochester Energy Action Plan, and others. Coordination with these studies is important in defining measures of success for DMC transportation and infrastructure projects, but also to ensure that benefits and impacts to adjacent neighborhoods are accounted for in the evaluation of DMC related projects.

During early stages of DMC Transportation and Infrastructure studies, the MAE framework will be used to help develop and organize decision making frameworks for each individual study. Project advisors will work to organize a smaller set of cross-cutting criteria that will help to guide decision making as investments are weighed and balanced for inclusion in a final preferred set of projects and investments.

**Figure 3 Alignment of Development Plan Transportation Principles with MAE Evaluation Accounts**

Evaluation Accounts	Evaluation Account Description	Guiding Principles
<b>ECONOMY</b> 	Recognizes the importance of convenient and efficient access to realize Rochester's downtown, regional, and state economic development goals.	<p>1.1: Make it easy, affordable, and convenient for people from Southeast Minnesota and around the world to access downtown Rochester</p> <p>1.2: Meet mode share goals to prioritize space for people, economic growth, and community activities</p> <p>1.3: Build shared-parking with access and pricing prioritized for those with greatest need and in support of economic development</p>
<b>COMMUNITY + EXPERIENCE</b> 	Prioritizes investments that support a comfortable, convenient, and resilient community.	<p>2.1: Establish great streets that encourage year-round walking, socializing, rehabilitation, and economic exchange</p> <p>2.2: Create a park-once environment with safe, comfortable, and accessible options for District circulation</p> <p>2.3: Invest in sustainable transportation infrastructure and programs that reduce the ecological footprint of the City and District</p>
<b>HEALTH + WELLNESS</b> 	Identifies strategies that support a healthy community – both for residents and employees and for the thousands of patients and patients' families that access Rochester every year.	<p>3.1: Establish and maintain a transportation network that is accessible and inclusive to people of all ages, abilities, and states of wellness</p> <p>3.2: Create exceptional opportunities for active transportation and recreation</p> <p>3.3: Create an urban environment that is welcoming to people from diverse cultures and backgrounds</p> <p>3.4: Provide places for rest and quiet contemplation within the public realm</p>

## DELIVERY



Ensures that projects and strategies selected for implementation are cost-effective, minimize risk, and leverage public and private investments.

- 4.1: Minimize delivery risk
- 4.2: Select cost-effective solutions that optimize DMC outcomes
- 4.3: Use DMC funding to leverage public and private transportation infrastructure funding
- 4.4: Establish organizational mechanisms to ensure delivery (i.e., TMA)

Note: Guiding Principles were developed using the transportation principles for the DMC outlined in section 7.1.2 of the DMC Development Plan.

## 2. Evaluation Against Accounts

Each DMC Transportation and Infrastructure study team will develop a framework for evaluating projects, programs, and policies that meet the DMC goals and advance the vision. Each study team should ensure its evaluation framework:

- Is responsive to each of the four evaluation accounts and the specific Transportation Principles included under each. (Certain accounts will be more important, but all should be addressed).
- Considers DMC user groups in testing the application of possible evaluation criteria and indicators/MOEs.
- Considers the types of decisions that will be required by your study and ensure the framework provides measures that will help to differentiate various alternatives.
- Considers the types of decisions that will need to be made across all four studies and ensures the framework helps to inform those decisions.
- Develops a list of key tradeoff decisions (i.e., use of limited ROW space for various modes, customer markets affected by a parking policy, etc.) and test your draft framework to ensure criteria and indicators/measures of effectiveness are robust and provide needed information to facilitate a decision.

### Evaluation Criteria

Each Transportation and Infrastructure Study team will develop a set of evaluation criteria that support the DMC vision and the evaluation accounts noted in Figure 3 above. These criteria will be measured using quantitative and qualitative approaches, allowing a robust discussion about priorities and tradeoffs. The MAE approach is not intended as a weighted evaluation

process that dictates “the answer;” rather it is a method for comparing important information to facilitate informed decision making. This approach encourages a process that considers how measurable (quantitative or qualitative) outcomes relate to broader city values as well as to one another and discourages overvaluing elements that are easily quantified.

**Figure 4 Sample MAE Criteria from Regional Transit Study**

25 Evaluation Criteria			
Community	Environment	Economy	Reliability
C1: Supportiveness of Existing Land Uses	EN1: Reduction in Emissions and Disturbance	EC1: Transportation Efficiency (Operator – cost per rider)	D1: Total Project Capital Cost (Exclusive & Non-Exclusive ROW Options)
C2: Local Aspirations	EN2: Risk of Natural Resource Disturbance	EC2: Transportation Efficiency (System annualized capital & operating cost per rider)	D2: Capital Cost Per Mile (Exclusive & Non-Exclusive ROW Options)
C3: Placemaking and Urban Form	EN3: Risk of 4(f) Resource Disturbance (Addressed in White Paper)	EC3: Economic Competitiveness (Change in employment served)	D3: Operating & Maintenance Cost
C4: Ridership Generators		EC4: Rebuilding/ Redevelopment Opportunity (vacant and redevelopable land)	D4: Total Corridor Ridership
C5: Support of regional 2040 Growth Concept			D5: Funding Potential
C6: Integration with Regional Transit System (Addressed in White Paper)			
C7: Integration with Other Road Uses			
C8: Congestion Avoidance Benefit			
C9: Equity Benefit			
C10: Health (Promotion of Physical Activity)			
C11: Safety and Security (Addressed in White Paper)			
C12: Housing + Transportation Affordability Benefit			
C13: Transportation Efficiency (User Travel Time Savings)			

### Measures of Effectiveness (MOE) or Indicators

Measures of effectiveness are indicators that describe the approach to measure and document the MAE criteria. Approaches are likely to vary widely from monetization of benefits, to basic quantitative rankings, to qualitative assessments. Teams are expected to develop study-specific criteria and MOEs or indicators for evaluating each criterion.

Appendix A provides an example of a write up (from a regional transit project) of a specific criterion and how it is measured.

## 3. Presentation and Application of Results

A key intent of the MAE process is to organize results into a format that allows decision makers to view costs, benefits, and risks of a wide range of

projects, programs, and policy choices. By creating a common approach to presenting the indicators and MOEs, decision makers can view and value various investments through multiple lenses (accounts) that bring to focus the vision, goals, and principles of the Development Plan.

### **Normalizing Results**

A goal of the MAE process is to be able to evaluate a wide variety of criteria side by side. The intent is not to evaluate all equally, but to understand the comparative and cumulative effects across accounts.

This can be aided by using a simple positive and negative scale with standard gradings.

**Significant benefit**



**Neutral**



**Significant constraint or adverse impact**

Where quantitative data is available as part of a criterion evaluation, natural data breaks are a simple and effective approach to organizing data in cohorts. The Jenks natural breaks formula is an effective tool and can be used with basic data sets or GIS analyses. The following are some resources to describe the Jenks approach to defining contiguous classes. Figure 5 provides a sample criteria scoring method.

- <http://www.realt-statistics.com/multivariate-statistics/cluster-analysis/jenks-natural-breaks/>
- <http://support.esri.com/technical-article/000006743>

**Figure 5 Criteria Scoring Method**

Assessment	Natural Data Break	Rating
Significant Benefit	4 <sup>th</sup>	
Moderate Benefit	3 <sup>rd</sup>	2
Slight Benefit	2 <sup>nd</sup>	1
Neutral	1 <sup>st</sup>	0
Slight Constraint/Adverse Impact	2 <sup>nd</sup>	-1
Moderate Constraint/Adverse Impact	3 <sup>rd</sup>	-2
Significant Constraint/Adverse Impact	4 <sup>th</sup>	

Note: For most criteria with quantitative evaluation outputs, four natural data breaks were applied indicating the level of benefit or constraint. In all cases the first break was considered to fall close to neutral and was indicated as such. For several of the criteria, it was determined that the corridors needed to be scored using the full range of impacts – from significantly adverse to significant benefit – in which case seven natural breaks were used.

Figure 6 provides an example of how criteria are organized to show the range of evaluation accounts for various accounts and related criteria.

**Figure 6 Example of Quantitative and Qualitative Criteria with Normalized Cohorts**

MAE Matrix																									
Corridor	Description	Community				Environment				Economic				Social				Other				Total			
		C1: Supportiveness of Existing Local Land Use	C2: Local Appearance	C3: Placemaking and Urban Form	C4: Pedestrian Circulation	C5: Regional Transit Connections	C6: Integration with Regional Transit System	C7: Congestion Avoidance	C8: Equity Benefit	C9: Health (Promote Physical Activity)	C10: Housing - Transportation Affordability Benefit	C11: Transportation Efficiency (User travel time savings)	C12: Transportation Efficiency (System time savings)	C13: Transportation Efficiency (System time savings)	C14: Transportation Efficiency (System time savings)	C15: Transportation Efficiency (System time savings)	C16: Transportation Efficiency (System time savings)	C17: Transportation Efficiency (System time savings)	C18: Transportation Efficiency (System time savings)	C19: Transportation Efficiency (System time savings)	C20: Transportation Efficiency (System time savings)	C21: Transportation Efficiency (System time savings)	C22: Transportation Efficiency (System time savings)	C23: Transportation Efficiency (System time savings)	C24: Transportation Efficiency (System time savings)
8	Clackamas Town Center to Oregon City via I-205 (LRT)	1	2	0	0	2	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
9	Park Ave to CGTC via McLoughlin (LRT extension)	0	2	2	0	2	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
10	Portland to Gresham via Powell (LRT)	0	2	2	0	2	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
11	Portland to Starnwood via Burnhamway 59 (LRT)	0	2	2	0	2	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
12	Hillsboro to Forest Grove (LRT extension)	0	2	0	2	2	1	0	2	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1
13	Gresham to Troutdale Extension (LRT Extension)	0	2	0	2	2	1	0	2	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1
13D	Troutdale to Camas (LRT)	0	2	0	2	2	1	0	2	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1
14	Clackamas Town Center to Bannockburn via Sunnyside (LRT)	0	2	2	1	2	1	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
17	Sunset Transit Center to Hillsboro via Hwy 26 / Evergreen	2	2	1	2	1	2	2	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17D	Tualatin (LRT extension)	1	2	1	2	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Clackamas Town Center to Washington Square via I-205/217 (LRT)	1	2	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
20	Clackamas Town Center to Washington Square via RR ROW (LRT)	2	2	1	2	2	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
21	Beaverton to Hillsboro via I-5 highway (LRT)	2	2	1	2	1	1	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
24	Beaverton to Wilsonville (LRT upgrade)	2	2	1	2	1	1	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
30C	Shenandoah to Tualatin	1	1	2	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	Downtown Portland to Volvo Line via St. Johns (LRT)	2	2	2	2	1	0	2	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	Troutdale to St. Johns via US 50 (LRT)	0	2	1	2	1	1	0	2	2	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1

Other considerations for ensuring that criteria and measurement can be used across study efforts include:

- Consider using person-based metrics whenever possible (i.e., person travel time rather than vehicle travel time, person delay rather than vehicle delay, etc.).
- Use monetized measures where feasible. Quantifying benefits and impacts in monetized terms can help to compare across measures and study priorities.
- Tie measures to DMC user groups (or at least identify which groups' benefits are emphasized in various measurements).
- Create a list of uncertainties and risks related to the criteria selected. These might include variability in projected data, uncertainty related to key assumptions (i.e., energy costs), or policy assumptions that are subject to change.

## Guidance for Study Teams

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Each Transportation and Infrastructure Study team will use the evaluation framework noted above to:

- **Develop a study specific evaluation framework** that supports the DMC vision and guiding principles outlined in this document and which considers decisions and dependencies with other studies.
- **Identify specific evaluation criteria and measures of effectiveness** required to make decisions about study projects, policies, and priorities.
- **Align evaluation criteria and measures with the MAE evaluation accounts.** If evaluation proves difficult, revisit the criteria/measure and its relevance.
- **Identify and document specific methodologies for measurement** that quantify – both quantitatively and qualitatively – the impact or benefit of the strategy, project, or investment. Consider decision making dependencies with other study efforts and broader project goals.

The MAE framework is intended to provide an organizational framework and to ensure value-alignment across studies. Teams can utilize best practices from other evaluation approaches in organizing and making project-specific decisions, shaping evaluation criteria/measures, and weighing technical and community influences and inputs. Most critical is that each team's framework can be rationalized within the MAE construct, provide clear inputs to cross-team decision-making processes, and provide comparative outputs and measures for decision makers to set overall investment priorities.

*Key Questions for Each Team to Consider*

Each team will develop its own evaluation framework. Several key questions should be considered as these frameworks are developed:

- Does your evaluation framework consider economic impacts and risks?
- Does each of the Transportation Principles tie into your study outcomes and influences? If so, how can you effectively measure project, program, or policy support of that principle?
- Are you considering person measures to quantify benefits/costs (e.g. person capacity, person throughput, and person delay)?
- Do your measures capture quantitative and qualitative measures to capture experiential outcomes?
- Do your measures account for all user groups identified in the DMC Plan (e.g. residents, commuters, businesses, patients, and visitors)?

## APPENDIX: Example of Criterion Methods Documentation

The following example demonstrates an approach to documenting the method, data sources, and ranking methodology for an individual MAE criterion. If all DMC teams use a similar format, it will help to fully document and coordinate the evaluation efforts.

### C10: Health (Promote Physical Activity)

<b>Description</b>	This criterion provides a qualitative assessment of the expected health benefits from increased physical activity due to greater pedestrian access to transit. The assessment was based on walking accessibility and trail connectivity.
<b>Data Sources</b>	<p><b>Walking Accessibility:</b></p> <p>The Metro regional travel demand forecasting model was used to project daily walk boardings for each corridor.</p> <p><b>Trail Connectivity:</b></p> <p>GIS shapefiles from Metro Regional Land Information System (RLIS) were used to compare corridors, including regional trails, regional bike routes, and slope. A pedestrian density was calculated based on intersection density and sidewalks with the assumption that stations with excellent trail connectivity will encourage high levels of bicycle and walk access to the HCT line.</p>
<b>Methodology</b>	<p><b>Walking Accessibility:</b></p> <p>Walking accessibility was based on the projected daily walk boardings along the corridor. Direct walk-to-HCT trips and transfer-to/from-HCT trips were considered to have a walk at both the boarding and alighting ends, with the assumption that the majority of HCT transfers from buses initiated their trip with a walk to the bus. For park and ride trips, a walk on only one end of the trip was assumed. These walk trips were summed to create the total walk trips per HCT corridor.</p> <p><b>Trail Connectivity:</b></p> <p>Trail connectivity was based on existing and future bicycle and pedestrian connections in a corridor, and the potential for an HCT corridor to serve those connections. The following eight criteria in four categories were used to evaluate each corridor:</p> <ul style="list-style-type: none"> <li>• <u>Trail connectivity</u> (existing and future trails) <ul style="list-style-type: none"> <li>○ number of trail intersections per mile of segment</li> <li>○ percentage of parallel facilities within 1/2 mile area of segment</li> </ul> </li> <li>• <u>On-street bicycle connectivity</u> (existing and future bike lanes, low-volume streets) <ul style="list-style-type: none"> <li>○ number of bike route intersections per mile of segment</li> <li>○ percentage of parallel facilities within 1/2 mile area of segment</li> </ul> </li> <li>• <u>Pedestrian density</u> (existing sidewalks and intersection density) <ul style="list-style-type: none"> <li>○ percentage of line segment in a high pedestrian density area</li> </ul> </li> </ul>

- percentage of high pedestrian density area within total 1/2 mile buffer area
- Slope (areas with a slope greater than 10%)
  - percentage of line segment in areas of high slope (greater than 10% slope)

The trail connectivity analysis was performed on both the corridor line segments and an area buffer of 1/2 mile around the corridor line.

The following steps were used to calculate trail and on-street connectivity:

- Created half-mile buffer around corridors
- Overlayed evaluation criteria (RLIS trails and RLIS bicycle routes)
- Measured the length of parallel bicycle facilities within buffer
- Divided by length of corridor segment (equals percentage of parallel facilities)
- Intersected corridor segment with evaluation criteria (RLIS trails and RLIS bicycle routes)
- Summed the number of intersecting line segments (RLIS trails and RLIS bicycle routes)
- Divided by length of corridor segment (equals number of intersections per mile)

The following steps were used to calculate pedestrian density and slope:

- Measured total distance of line segment
- Intersected line segment with evaluation criteria (pedestrian density, slope)
- Divided intersected line length by total length (equals percentage of line segment)
- Created half-mile buffer around corridors
- Calculated area of corridor buffer in square miles
- Intersected with evaluation criteria (pedestrian density, slope)
- Divided intersected area by total buffer area (equals percentage of criteria in buffer area)

<b>Ranking Methodology</b>	Both walking accessibility (total daily boardings) and trail connectivity (total of all indicators) were scored using the following method. The ranges were determined using natural breaks. An average of both scores was used for the overall health impact score.			
	<u>Assessment</u>	<u>Quantitative Measure</u>	<u>Walking Accessibility</u>	<u>Trail Connectivity</u>
	Significant benefit	+3	25,000.1+	14.1+
	Moderate benefit	+2	16,000.1 - 25,000	12.1 - 14
	Slight benefit	+1	9,000.1 - 16,000	6.1 - 12
	Neutral	0	5,000 - 9000	4.0 - 6
<b>Issues Limitations</b>	This analysis considered the geographic location of bicycle and pedestrian facilities. A qualitative factor accounting for attractiveness of a given trail or bicycle facility could provide better characterization of which facilities are more frequently used. While this analysis normalized each criterion along the length of the entire corridor, distribution of bicycle and pedestrian facilities greatly differs along the length of a corridor. Station location is also an important consideration for connecting to a facility. This analysis did consider future trail connections based on the regional trails plan; some of those trails may not be constructed in the future. Areas with a high connectivity rating based on the existence of future trail connections will have a lower connectivity if those trails and/or bicycle facilities are not completed.			



# **Downtown Transit Circulation Study: Statement of Purpose and Need**

*Draft Version 1*

**Prepared for:**

**DMC Transportation & Infrastructure Program**

City of Rochester, MN



Prepared by:



Date: January 18, 2016

J8621- Downtown Rochester Transit Circulation Study

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## Introduction

A Statement of Purpose and Need defines *the fundamental reasons why a project is needed and proposed*. It is a foundational element in a transportation alternatives study that provides the framework against which potential solutions (alternatives) can be considered and assessed.

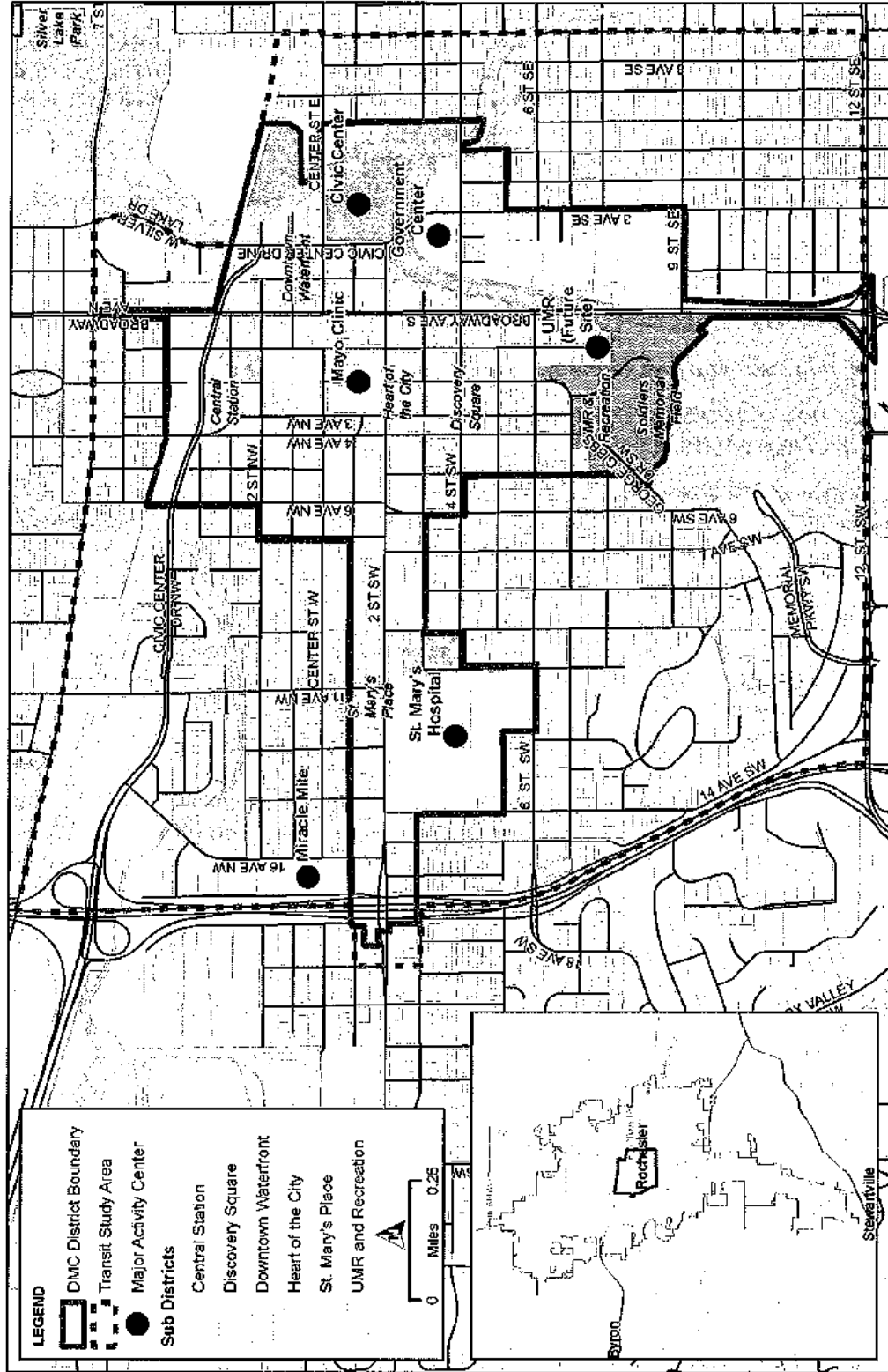
The Statement of Purpose and Need has six components:

- **Study area:** Identify the location in which the problem and potential solutions occur
- **Planning context:** Review of previous plans and policies that developed the foundation for why the project is needed and proposed
- **Purpose:** The fundamental reason(s) why the project is proposed
- **Needs:** Documentation of the transportation problems the project is intended to address.
- **Goals and objectives:** Desired outcomes of the project, and the framework to identify and evaluate potential solutions
- **Evaluation criteria:** Used to measure and assess the performance of potential solutions against the goals and objectives

## Study Area

The study area for the Downtown Rochester Transit Circulation Study Project is shown in Figure 1. The Statement of Purpose and Need is intended to identify and document the transportation problems to be addressed within this study area and is not intended to identify specific solutions. While several transit capital improvements have been discussed for downtown Rochester - including a downtown transit circulator and a downtown transit center - this document sets aside those potential solutions to first examine the underlying issues (needs) to be addressed. In this way, this Statement of Purpose and Need is intended to help develop a shared understanding and agreement regarding needs so the most appropriate solutions can be advanced.

Figure 1. Study Area Location



## Planning Context

A number of different plans and policies have been developed or are currently under development that support the need for improved transit service in the study area. Each plan identifies objectives and recommendations to support the anticipated growth expected within downtown Rochester. The documents will assist in identifying potential transit improvements and help reduce the range of options being considering within the study area. The documents below are reviewed and summarized in Appendix A.

Document	Document Purpose	Relevance to Purpose & Need
<i>2nd St. SW Corridor Framework Study (2009)</i>	<ul style="list-style-type: none"> <li>• Provides the framework to develop 2nd Street SW as an attractive destination for business, residents, and visitors</li> <li>• Develops a long-term transportation strategy to create a multi-modal corridor serving the 2nd Street "Urban Village"</li> </ul>	<ul style="list-style-type: none"> <li>• Presents the need for improved transit, bike, and pedestrian facilities along 2nd Street SW to give people attractive transportation options beyond personal automobiles</li> </ul>
<i>Downtown Rochester Master Plan (2010)</i>	<ul style="list-style-type: none"> <li>• Provides vision for the future of downtown Rochester</li> <li>• Established an Economic Development vision which the DMC Development Plan expanded upon</li> <li>• Targets a 50 percent commuter trip mode share using alternative modes by within 20 years, including 23 percent by transit</li> <li>• Develops a multi-modal transportation strategy to support growth in downtown</li> <li>• Creates a transit framework to limit reliance on automobile trips within downtown</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies the need for more transit investment to accommodate future growth in travel demand and support the transit mode share goal</li> <li>• Supports the need to improve transit operations and legibility in downtown</li> <li>• Identifies 2nd Street SW and Broadway Avenue as corridors in need of transit priority investment</li> <li>• Focuses on expanding the park-and-ride program to connect with frequent transit serving the downtown area</li> </ul>
<i>University of Minnesota – Rochester Campus Master Plan (2014)</i>	<ul style="list-style-type: none"> <li>• Develops a framework to implement a new downtown urban campus within Rochester to support a student population of about 1,400 within the next 10 years</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies the need for future transit to encourage future student population to use alternative transportation modes to access the future campus</li> <li>• Supports the need to limit parking supply for students and staff</li> </ul>
<i>Destination Medical Center (DMC) Development Plan (2015)</i>	<ul style="list-style-type: none"> <li>• Creates a series of six health sub-districts within downtown Rochester to support the planned growth of Mayo Clinic Facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Identifies the need for substantial increases in transit capacity to accommodate projected transit ridership into, out of, and within downtown</li> </ul>

Document	Document Purpose	Relevance to Purpose & Need
	<ul style="list-style-type: none"> <li>• Examines the projected intensification of downtown land use, which is expected to result in a significant increase in travel demand</li> <li>• Develops goals and principles to guide transportation and infrastructure planning in the DMC district</li> <li>• Targets a 30 percent commuter transit mode share by 2035</li> <li>• Identifies four key transit investment strategies to support the transit mode share goal</li> </ul>	<ul style="list-style-type: none"> <li>• Relies on the need for transit investment to limit vehicles in downtown and the associated parking supply</li> <li>• Supports the need to optimize transit operations and provide additional transit facilities in the DMC district</li> <li>• Identifies the need for a downtown transit circulator that can capture various transit markets, including connections to peripheral park-and-ride lots</li> </ul>
<b>Mayo 5-Year Master Plan Update (2016)</b>	<ul style="list-style-type: none"> <li>• Provides guidance of future growth for all Mayo Clinic facilities, including those located within downtown</li> <li>• Establishes a 5-year planning coordination tool to assist in the development of Mayo Clinic expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Supports the need for increased transit investment necessary to accommodate future expansion of Mayo Clinic facilities</li> <li>• Strives to maintain a parking ratio of 1 space for every two employees, which requires a robust TDM program to provide employees with quality travel choices</li> <li>• Identifies the need for a park-and-ride program to limit the amount of personal vehicles traveling to Mayo Facilities</li> </ul>
<b>Rochester Comprehensive Plan 2040 (2017 expected completion)</b>	<ul style="list-style-type: none"> <li>• Identifies long-term strategies and policies to guide future development of land in the City of Rochester.</li> <li>• Reviews the various transit services currently operating within the City of Rochester</li> <li>• Assesses existing and projected demand for transit using a series of demographic, land use, and travel demand information</li> <li>• Develops a Primary Transit Network (PTN) framework to guide the development of future land use oriented around transit streets</li> </ul>	<ul style="list-style-type: none"> <li>• Supports the need to invest in transit in downtown to accommodate future intensification of land use and associated travel demand increases</li> <li>• Identifies specific primary transit corridors that are more suitable for transit priority treatments, including: <ul style="list-style-type: none"> <li>○ 2<sup>nd</sup> Street SW</li> <li>○ N/S Broadway Avenue</li> <li>○ 4<sup>th</sup> Street SE/Collegeview Road SE</li> <li>○ Valleyhigh Drive NW</li> </ul> </li> <li>• Identifies specific transit trip generators and transit-oriented demand locations that will increase success of future transit investment</li> </ul>
<b>Rochester Transit Development Plan (2017 expected completion)</b>	<ul style="list-style-type: none"> <li>• Reviews existing operations, capital facilities, finances, marketing, management, and implementation of existing and future Rochester Public Transit (RPT) services</li> <li>• Identifies needed improvements within a 5-year timeframe</li> </ul>	<ul style="list-style-type: none"> <li>• Supports the need for transit investment in the downtown area due to high levels of stop-level ridership</li> <li>• Identifies needed transit capacity increases within the study area</li> </ul>

## Project Purpose and Need

### *Project Purpose*

The following statement describes the fundamental purpose of the Rochester Downtown Transit Circulation Project:<sup>1</sup>

*The purpose of the Rochester Downtown Transit Circulation Project is to provide high quality downtown public transportation<sup>2</sup> service for residents, commuters, businesses, patients, students, and visitors that will support the City of Rochester and DMC district transportation, economic development, and livability goals and substantially increase public transportation use downtown.*

#### Anatomy of the Purpose statement:

- **What:** Provide high quality downtown transit service
- **For whom:** Residents, commuters, businesses, patients, students, and visitors
- **Why (Intended outcome):** a) To support the City of Rochester and DMC district transportation, economic development, and livability goals and b) To substantially increase transit use downtown

### *Project Need*

This section provides the background for the statement of project purpose. It identifies the problems or needs the Downtown Rochester Transit Circulation Project is intended to address and the underlying causes of those needs.

The downtown area of the City of Rochester is expected to grow dramatically, with approximately 65 percent more jobs and 30 percent more people in the next 20 years. Both the City of Rochester *Downtown Master Plan* and the *DMC Development Plan* identified an aggressive transit mode share increase to accommodate this growth, a goal to carry between 23 and 30 percent of all commuters on transit. As a result, transit ridership on both the local and regional transit systems is expected to nearly double, requiring more transit capacity.

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<sup>1</sup> Because the Statement of Purpose and Need is written to describe an action (project), the purpose statement refers to the Rochester Downtown Transit Circulation *Project* rather than *study*.  
<sup>2</sup> For the purpose of this document, "public transportation" is defined to include one or more of a wide range of transportation solutions other than private vehicles that could address the identified needs. Examples of potential solutions include bus, bus rapid transit, tram, automated guideway, personal rapid transit, moving sidewalks, and a range of autonomous (self-driving) vehicles.

The need to serve a greater share of travel with transit is driven by existing constraints posed by the lack of available right of way for street expansion which, without a shift in travel demand growth to more efficient modes, would result in study area roadways that will be severely congested and the need for approximately eight additional city blocks of six-story parking structures will be required if travel behavior follows similar trends to today. Transit investment will be needed to accommodate the growth in trip making associated with this projected growth, facilitate the opportunity to reach these transit mode share goals, and support the vision of making downtown Rochester into a world-class destination for residents, commuters, businesses, patients, students, and visitors.

The following five factors contribute to the need for the Downtown Rochester Transit Circulation Project:

1. Growth in local and regional travel associated with the implementation of the *DMC Development Plan*
2. Limited ability of the existing transportation network to support local and regional economic development priorities
3. Congested downtown entry points and primary streets resulting from continued reliance on personal automobiles
4. Parking program and policies that encourage the use of private automobiles
5. Constrained transit system capacity and need to optimize/coordinate multiple existing services (Rochester Public Transit, Rochester City Lines, Mayo and private shuttles)

The needs statements below are based on current understanding and available information. The needs statements and documentation can be revisited and updated as the project continues.

1. *GROWTH IN LOCAL AND REGIONAL TRAVEL ASSOCIATED WITH THE IMPLEMENTATION OF THE DMC DEVELOPMENT PLAN.*

The *DMC Development Plan* included an aggressive land use plan to intensify a variety of uses within the study area. Table 1 details the existing and project land use figures within the study area. As shown, multi-family, educational, and medical uses will substantially increase by 2040 in downtown Rochester.

This anticipated intensification of downtown land use is expected to lead to substantial increases in employment and population.

**Table 1. Land Use Allocation Summary<sup>3</sup>**

Land Use	Base Land Use (2010)			Projected Land Use (2040)		
	Central Business District (CBD)	2nd Street SW	DMC District	CBD	2nd Street SW	DMC District
Single Family (units)	63	498	561	79	498	577
Multi-family (units)	962	1,241	2,203	3,430	2,488	5,918
Commercial/ Retail (1,000 sq. ft.)	689.9	1,001.3	1,691.0	1,333.9	1,034.3	2,368.0
Industrial (1,000 sq. ft.)	497.0	--	497.0	476.0	40.0	516.0
Office (1,000 sq. ft.)	1,486.9	112.5	1,599.0	1,669.0	368.9	2,038.0
Education <sup>4</sup> (students)	866	--	866	4,856	--	4,856
Hotels (rooms)	2,438	1,110	3,548	3,724	1,110	4,834
Hospital <sup>5</sup> (1,000 sq. ft.)	7,061.8	6,477.5	13,539.0	12,118.0	10,385.0	22,503.0
Bio Tech (1,000 sq. ft.)	--	--	--	1,020.0	--	1,020.0

Employment levels within the study area are anticipated to grow significantly by 2040. The region anticipates an increase of approximately 51,000 new jobs over the next 25 years within Olmstead County, 51 percent of which are expected to be created within the DMC development district.<sup>6</sup> This equates to approximately 26,000 new jobs or 1,050 jobs per year within the DMC district. The growth in jobs will lead to a significant increase in travel demand and will overload the existing transportation network if existing travel patterns remain. Nearly 70 percent of all commuter trips are personal vehicles trips, so the growth in travel demand will result in

<sup>3</sup> Source: DMC Integrated Studies Baseline Assumptions Memo (ROCOG)

<sup>4</sup> Includes the future UMR expansion

<sup>5</sup> Includes all Mayo Facilities

<sup>6</sup> Source: Rochester-Olmstead Council of Governments (ROCOG)

severely congested roadways and require nearly 40 city blocks of surface parking. Population is also expected to increase by nearly 30 percent within the DMC district, largely as a result of *DMC Development Plan* land use plan.

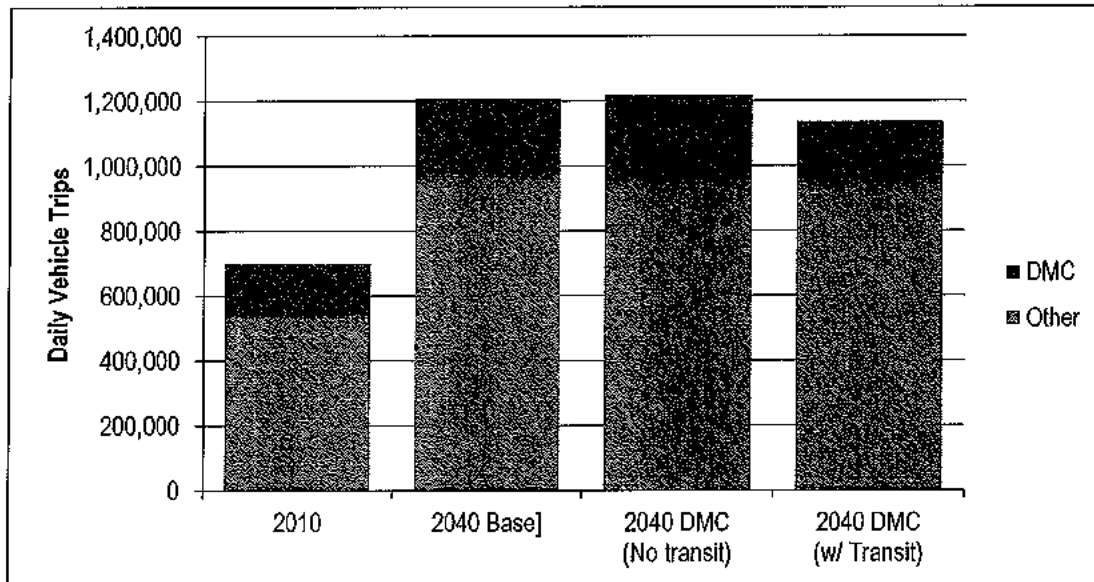
These existing travel trends are important in the context of the amount and length of trips downtown Rochester currently generates. Table 2 will be updated once travel model data becomes available. Existing Trips to DMC Development District

**Table 2. Existing Trips to DMC Development District (to be updated)**

Origin	All Trips		Visitor Trips		Work Trips	
	Trips	Percent of Trips (%)	Trips	Percent of Trips (%)	Trips	Percent of Trips
Exurban Area						
Urban/Suburban Area						
DMC Development District						
Total Trips						

Figure 2 shows the results of the city-wide Comprehensive Plan's base 2040 ROCOG model results for various scenarios. Figure 2 will be updated once travel model data becomes available. Assuming the *DMC Development Plan* is realized, vehicle trips to the DMC district are expected to grow by nearly 64 percent without transit investment, a growth of nearly 104,000 total trips per day. The increased intensity of development and trip generation will increase traffic well above the amount the current roadway network is able to accommodate, creating severely congested conditions.

Figure 2. ROCOG Model Vehicle Trip Generation (to be updated)



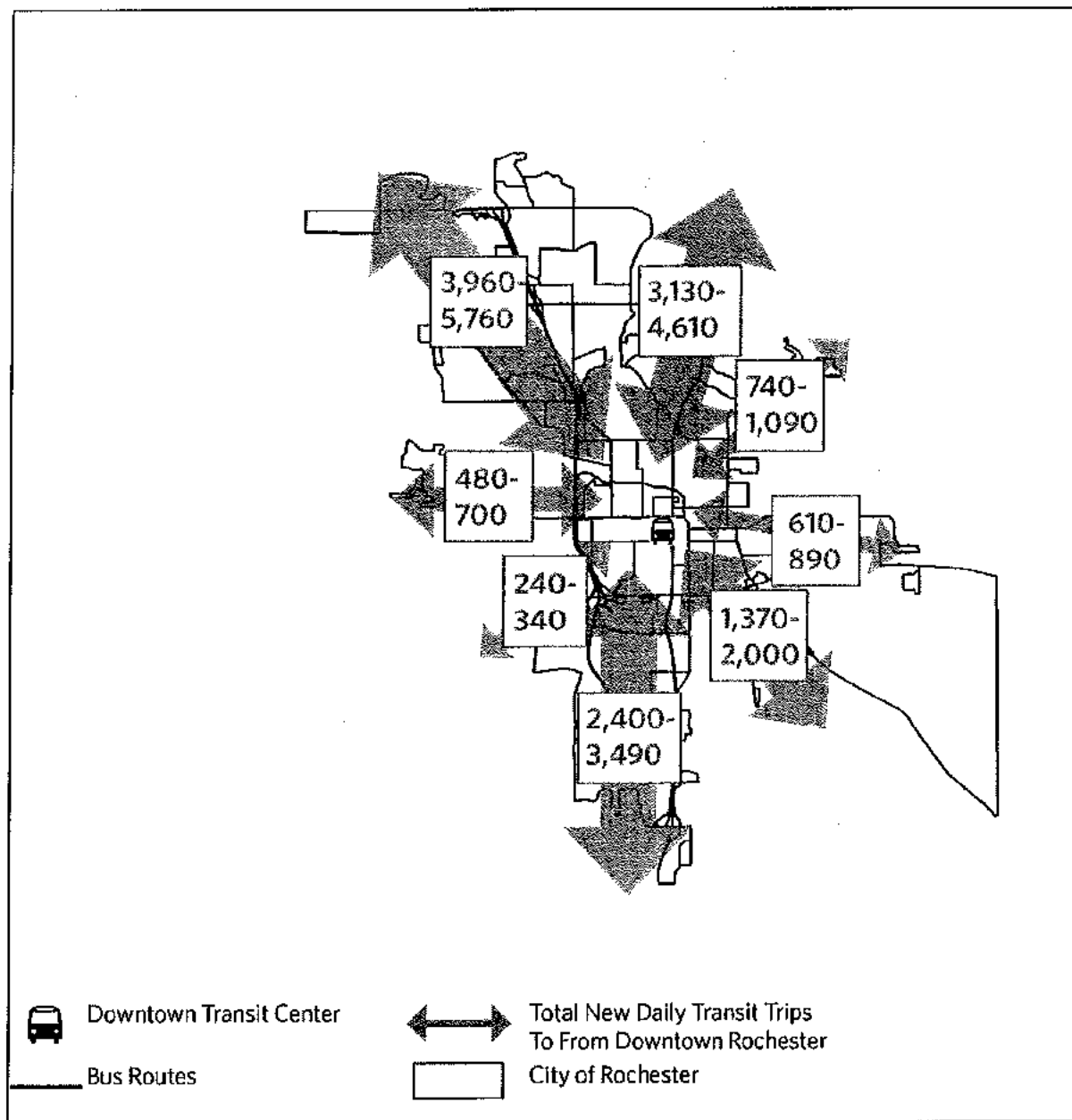
In addition to the projected increases in commuter trips, the concentrated growth associated with *DMC Development Plan* will increase the demand for short trips, particularly for patients, visitors, shopping, recreation, and commute trips. The *DMC Development Plan* identified four key markets that will increase the demand for transit within downtown Rochester, including:

- Patients, staff, and visitors traveling between the Mayo Clinic downtown and St. Mary's campuses
- People with mobility challenges that will benefit from improved transit options and enhanced access to transit
- Short-trips between downtown destinations and major trip generators, including health-care facilities, government institutions, visitor centers, and retail/recreational locations
- Park-once and ride markets, which allow commuters and visitors to travel from outside the study area, park on the periphery of downtown, and connect to high-quality transit options to reach downtown destinations

Based on the City of Rochester population projections and anticipated transit mode share of 23 to 30 percent of all trips commuting to downtown, future local transit ridership within the City of Rochester is expected to increase between 194 percent and 285 percent depending on the service corridors defined in the *DMC Development Plan*. This equates to approximately 12,900 to 18,800 net new RPT local transit trips in the City of Rochester. Similarly, if the transit mode share goals are realized, future regional commute transit ridership is expected to increase between 154 percent and 231 percent depending on the service corridors defined in the *DMC Development Plan*. This equates to approximately 10,710 to 13,970 net new Rochester City Lines (RCL) regional transit trips in Rochester and the surrounding communities. Figure 3

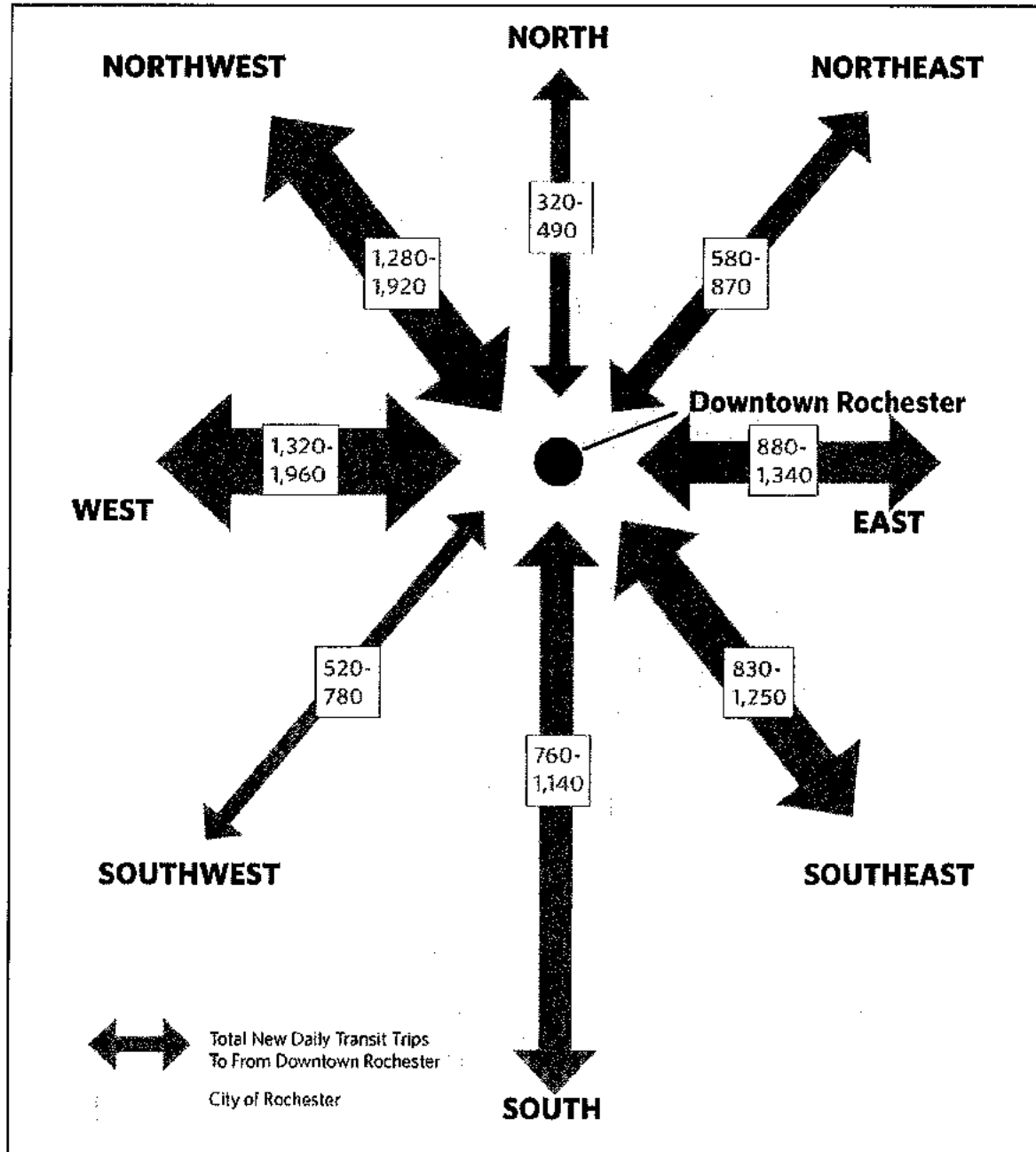
and Figure 4 illustrate the projected net new local RPT transit trips within the City of Rochester and net new RCL transit trips within the region. This future transit ridership is expected to overwhelm the existing service capacity, park-and-ride lot capacity, and capacity at many of the existing transit facilities in the study area.

Figure 3. Projected Net New Local Transit Ridership<sup>7</sup>



<sup>7</sup> Source: DMC Development Plan, 2015.

Figure 4. Projected Net New Regional Transit Ridership<sup>8</sup>



<sup>8</sup> Source: DMC Development Plan, 2015

2. *LIMITED ABILITY OF THE EXISTING TRANSPORTATION NETWORK TO SUPPORT LOCAL AND REGIONAL ECONOMIC DEVELOPMENT PRIORITIES.*

The City of Rochester, Olmsted County, DMC, and other local agencies and organizations have prepared the numerous plans discussed in this document. Together, these documents describe a range of goals and policies related directly or indirectly to economic development. As discussed elsewhere in this document, congestion on the transportation network will limit the achievement of these goals and policies, since it will create a mobility barrier within the study area.

Specifically, the significant increase in projected growth and travel demand is expected to congest study area roadways and limit efficient mobility for all users. This limits the opportunity to support economic development objectives within the study area, as one of the key goals of the *DMC Development Plan* is to generate between \$7.5 and \$8 billion in new tax revenue over the next 35 years. Congested roadways as a result of unchanged current travel behavior will restrict efficient movement of goods and people and discourage visitors and shoppers from supporting businesses within downtown Rochester.

To facilitate the projected land use intensification and future transit-oriented development goals identified in the *Draft City of Rochester Comprehensive Plan*, transit investment will become a vital component to link and support mixed-use development within downtown Rochester. Access to jobs, residences, recreation, health services, and retail will all require improved transit investment and optimized transit operations.

While basic transit service (bus) provided at the right level can potentially address mobility issues and support economic development goals at a basic level, high-quality fixed-route transit improvements, such as tram or high-quality Bus Rapid Transit (BRT), can also catalyze and accelerate economic development by attracting developers who see the permanent nature of the investment as a long-term commitment.

3. *CONGESTED DOWNTOWN ENTRY POINTS AND PRIMARY STREETS RESULTING FROM CONTINUED RELIANCE ON PERSONAL AUTOMOBILES.*

The existing roadways in the study area provide vital access to a variety of destinations and act as key contributors to the economic success of the City of Rochester. Existing and future traffic volumes funnel into a few downtown corridors due to geography, the location of parking structures in downtown, and the limited number of access points on the periphery of downtown. Available roadway capacity on downtown streets is expected to drop to only 10 percent by 2035 if the planned growth is realized and if commuters continue to rely on personal automobile use. Figure 5 illustrates the existing volume/capacity results along study area roadways. **NOTE: FIGURE WILL BE UPDATED WHEN V/C DATA IS MADE AVAILABLE** Primary traffic streets that carry the greatest daily traffic are listed below, which will continue to increase as DMC growth is realized:

- 2nd Street SW
- Broadway Avenue
- 3rd and 4th Avenue SW/NW
- 6th Avenue SW
- Civic Center Drive
- 4<sup>th</sup> St SE / 3<sup>rd</sup> Ave SE

Projected peak hour functional capacity<sup>9</sup> at study area portal locations is shown in Figure 6 and highlights the projected congestion at key downtown access point. **NOTE: FIGURE WILL BE UPDATED WHEN NEW FUTURE PORTAL DATA IS MADE AVAILABLE.** Nearly all the major portal locations will lack any capacity to allow vehicle traffic into and out of downtown Rochester. The greatest access portal constraint is located on downtown Rochester's west edge, as only three portals are able to accommodate the high demand entering from the northwest of downtown. Limited access into and out of downtown without any transit investment will significantly limit mobility for residents, visitors, commuters, and all other future users of the transportation network. Congested roadways will increase safety risk for pedestrians and cyclists and will likely result in more crashes within downtown. The increase in vehicular traffic will also restrict the opportunity to enhance the livability of the community since attractive transportation options will not be available for the emerging workforce and future residents.

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<sup>9</sup> Functional capacity is the total hourly vehicle capacity of an intersection minus the current peak hour vehicle volume.

Figure 5. Existing Volume/Capacity Along Study Area Roadways (to be updated)

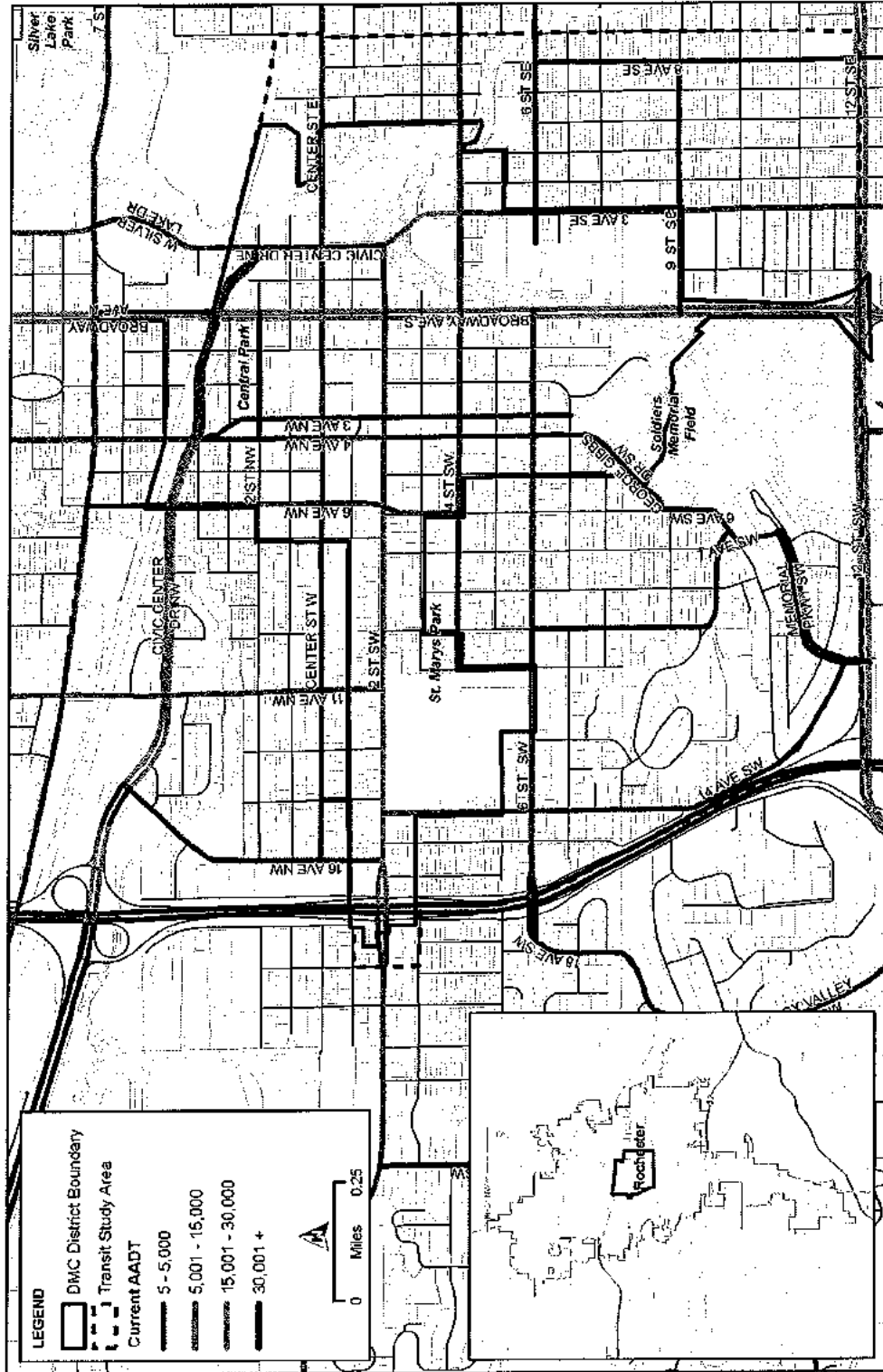
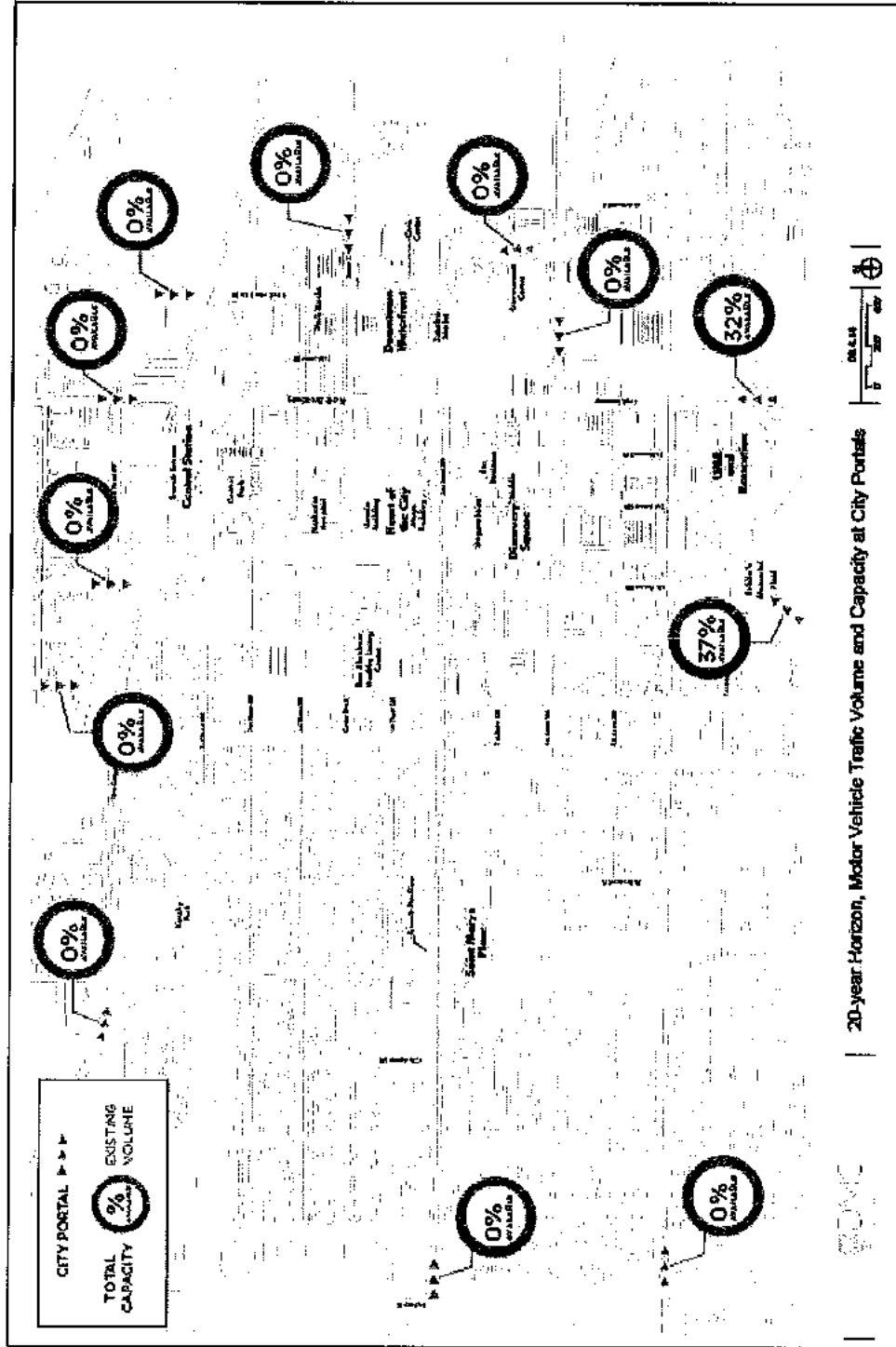


Figure 6. Projected Study Area Access Portal Capacity (to be updated)



#### 4. PARKING PROGRAM AND POLICIES THAT ENCOURAGE THE USE OF PRIVATE AUTOMOBILES.

The *DMC Development Plan* travel demand growth will require a substantial increase in parking supply if current commuter travel habits continue as they are today. Meeting this increased commuter parking demand would reinforce existing travel habits, bringing more cars into downtown and requiring conversion of additional downtown land to parking use.

Parking supply to meet the anticipated increase in employment is estimated in the DMC plan to require 180 acres of surface parking (equivalent to eight city blocks of six-story parking structures). Most of the existing parking in downtown Rochester is provided to meet peak demand for a single use (e.g., employees). Shared parking does not exist to make best use of the existing parking supply. If this single use parking approach is continued, the amount of parking in downtown will need to be increased substantially to accommodate the projected intensification of study area land use (see Table 1).

Managing the parking supply in downtown Rochester is highly dependent on increases in transit investment and optimization within the study area. Without proper management of the parking supply in downtown, several key disadvantages will emerge that go against the vision of the *DMC Development Plan*, including:

- Traffic congestion will increase in downtown because vehicles will be driving to access future parking, which may also adversely affect safety for pedestrians and cyclists downtown. Traffic congestion will also limit efficient movement of goods and people, both which may have negative impacts on a thriving local and regional economy.
- Parking supply designated for visitors, patients, tourists, and shoppers will be limited because much of the parking will be used by commuters. This will greatly limit access to future downtown uses for multiple user groups.
- Projected supply of parking will use valuable land in the study area that could potentially be used for other purposes consistent with planning documents that may have higher tax revenue potential.
- The cost to construct, operate, and maintain parking (which is estimated to be between \$25,000 and \$60,000 per stall) will take away funding that can be better used for other uses.

Several RPT routes connect to five existing park-and-ride lot lots located throughout the City of Rochester. The lots are typically made up of designated spots within an existing parking lot used for a separate commercial purpose (e.g., Target). The existing RPT park-and-ride summary is detailed in Table 3. Total parking capacity at the park-and-ride locations amounts to 1,297 total parking stalls designated for RPT riders. On average, approximately 113 percent of the total park-and-ride capacity is used among the five lots, with two lots showing over capacity conditions. This high utilization is largely attributable to the cost of parking in downtown Rochester, the relative shortage of parking, and the connections to frequent, direct transit service to the downtown transit center.

**Table 3. Existing RPT Park-and-Ride Summary<sup>10</sup>**

Park-and-Ride Lot	Parking Capacity	Parking Stalls Occupied	Utilization (%)	RPT Route Served
NE – Hwy 63 N at Shopko N	160	321	201	1, 1D, 1N
S – Hwy 63 S at Target S	190	222	117	6M, 7N, 15, 15D
SE – Hwy 14 E at Cub Foods	50	48	96	3N, 4D, 17
NW – Hwy 52 N at IBM	667	662	99	12M, 12N, 18D
S – Broadway Ave S at the Olmstead Co Fairgrounds	230	212	92	6D, 6M, 7N

RPT has established effective working relationships with a number of major retailers in designating parking for RPT customers. However, the lot designations are not guaranteed over the long-term, and the City of Rochester has expressed interest in identifying more permanent facilities for its riders. The results from the system-wide on-board survey conducted for the *2015 Draft RPT Transit Development Plan* identified lack of parking and parking pricing are the main incentives for riders to use the bus.<sup>11</sup> In addition, the RPT survey showed that more than 70 percent of all respondents were either satisfied or more than satisfied with the current park-and-ride program, suggesting the continued importance of a well-established and reliable city park-and-ride program. The current overcapacity park-and-ride conditions will present a major constraint if future transit demand is expected to rely on a seamless connection between park-and-ride locations and transit service destined to the study area.

5. *CONSTRAINED TRANSIT SYSTEM CAPACITY AND NEED TO OPTIMIZE/COORDINATE MULTIPLE EXISTING SERVICE (ROCHESTER PUBLIC TRANSIT, ROCHESTER CITY LINES, MAYO AND PRIVATE SHUTTLES).*

Existing transit service within the study area includes a mix of service types catering to several different user groups. In some cases, the different services are not well integrated, limiting the

<sup>10</sup> Source: 2015 *Draft RPT Transit Development Plan*

<sup>11</sup> The survey results revealed that nearly 35 percent of all respondents take the bus because parking is unavailable or too expensive.

effectiveness of service options within the area. RPT operates local bus service for both peak-period commuters and all-day riders within the City of Rochester. Regional express commuters are served by RCL, a privately-operated service providing longer distance trips to downtown Rochester during peak periods. The Mayo Clinic also operates a series of shuttles that connect various campuses to destinations included a set of parking ramps outside of the DMC district. Figure 7 illustrates the transit pathways of the three different operators providing service in the study area. Private shuttles also operate throughout the downtown area serving hotels, hospitals, and visitor destinations.

RPT service is designed with a “radial” network, where routes traveling throughout the city are anchored to the 2nd Street SW transit center located in the core of downtown. This network is well-designed to serve the commute market traveling to and from downtown Rochester destinations.<sup>12</sup> Much of the RPT service operating through downtown Rochester “pulses” with similar timing intervals as other routes to align with commuter works shifts, which creates a high concentration of bus vehicles in downtown at certain locations and certain times of the day. The 2nd Street SW transit center acts as the main hub for all local RPT service, providing a single point for passenger boarding and alighting and transfer activity. The transit center is made up of eight individual stops, five of which are equipped with large, climate controlled shelters and real-time arrival displays. The transit center occupies curb space equivalent to about three city blocks on both sides of 2nd Street SW and partially on 2nd Avenue SW.

RCL service carries longer-distance commuters primarily during similar peak times, operating just over 100 peak trips per day. Nearly all of the RCL routes make two stops in downtown Rochester: one at St. Mary’s Hospital on 2nd Street SW and one at the RCL transit hub in downtown, along 2nd and 3rd Avenues SW within close proximity of the existing RPT transit center on 2nd Street SW. The RCL transit hub is used for both passenger loading and vehicle staging, and is conveniently located to access all major destinations in downtown Rochester. RCL vehicles circulate through downtown using several different travel paths to access the existing transit hub. RCL vehicle staging in downtown requires the use of downtown curb space equivalent to approximately four city blocks, presenting a constraint if service is expected to grow to accommodate future commute travel growth destined for downtown Rochester.

The Mayo Clinic provides employees, patients, and visitors exclusive shuttle service between all Mayo facilities in the City of Rochester and connections to off-site park-and-ride locations. A total of five individual Mayo shuttles operate on weekdays only and are free to all Mayo patients, visitors, and employees. Most of the shuttles use 2nd Street SW to connect to Mayo Clinic buildings and St. Mary’s Hospital, which overlap with many RPT services along the corridor. As shown in Table 4, the existing Mayo Shuttles carry nearly 7,000 passengers per average weekday, more than half of which travel between downtown Mayo Facilities and St. Mary’s

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<sup>12</sup> The survey results from the *2015 Draft RPT Transit Development Plan* indicate that more than 80 percent of respondents do not transfer to a second bus to reach their destination.

Hospital along 2nd Street SW on the intercampus shuttle which serves visitors, patients and staff.<sup>13</sup> The remaining riders on the other Mayo shuttles are all Clinic employees.

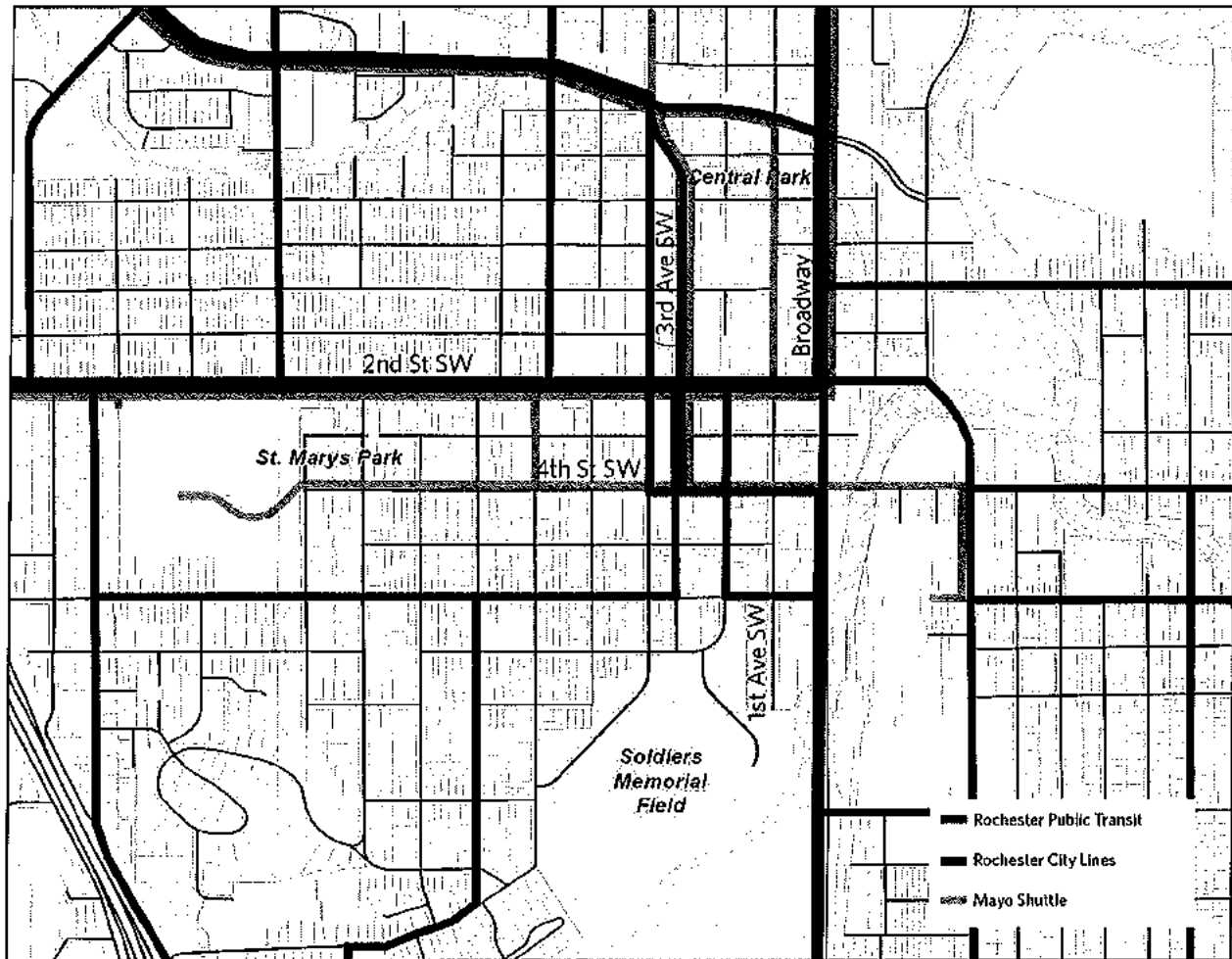
**Table 4. Mayo Shuttle Service Summary**

Shuttle Name	Stop Locations	Service Hours	Peak Frequency <sup>14</sup>	Service Availability	Average Weekday Ridership
Intercampus (2nd Ave SW)	Mayo Clinic, St. Mary's, West Lot	4:30 AM – 12:50 AM	5 mins	Visitor, Patients, & Staff	3,538
East Lot	East Lot, Mayo Clinic, St. Mary's	5:30 AM – 8:18 PM	7.5 mins	Staff	940
West Lot	West Lot, St. Mary's, Mayo Clinic	4:30 AM – 12:50 AM	5 mins	Staff	1,837
Northeast	Northeast Clinic, Assisi Heights, Mayo Clinic	6:00 AM – 5:45 PM	30 mins	Staff	98
Northwest	Mayo Clinic, Technology Drive Center, Superior Drive Support Center, Valley High Business Center, Mayo Support Center, Northwest Clinic	6:05 AM – 6:47 PM	40 mins	Staff	387

<sup>13</sup> Source: Mayo Clinic, 2013.

<sup>14</sup> The frequency shown is in operation during typical commute times. The shuttles operate variable headways throughout the day and may reduce in frequency during off-peak times.

Figure 7. Existing Combined Transit Routing in the Study Area<sup>15</sup>



<sup>15</sup> Source: Rochester Public Transit, Rochester City Lines, Mayo Clinic, 2016.

The City of Rochester has been able to sustain a 10 percent transit mode share for commute trips destined to downtown, which is relatively high compared to other cities of its size. This above average transit mode share is the result of the city and the Mayo Clinic maintaining effective programs and policies that limit auto dependency, including parking demand management and subsidized transit passes. However, given the anticipated goal to carry between 23 and 30 percent of all downtown commuters on transit, ridership on both the local and regional transit systems is expected to nearly double (see Figure 3 and Figure 4). This will result in overcrowding conditions, slower and less efficient service, and decreased passenger comfort. The existing passenger amenities and waiting areas will not be able to accommodate future transit demand in downtown Rochester.

The existing transit system does not have the capacity to serve anticipated ridership growth and does not have the functionality to serve the wide range of user groups (transit markets) that need to be served to achieve transit mode split goals. The transit markets include commuters, visitors, patients, residents, students, people with mobility challenges, short trips within downtown, and park-and-ride connections. If transit is expected to play an important role in providing mobility for future growth, the existing transit service will need to be successfully integrated to meet passenger demand and provide sufficient facilities for transit operations (including improved bus parking, passenger information, and transfer facilities).

## Appendix A. Background Documents Review

# Transit Circulation Study Tier 1 Alternatives

*Report Version Draft 1*

## **Prepared for:**

**DMC Transportation & Infrastructure Program**  
City of Rochester, MN



## **Prepared by:**



Date: December 2016

DMC Project No. J8621 Transit Circulation Study

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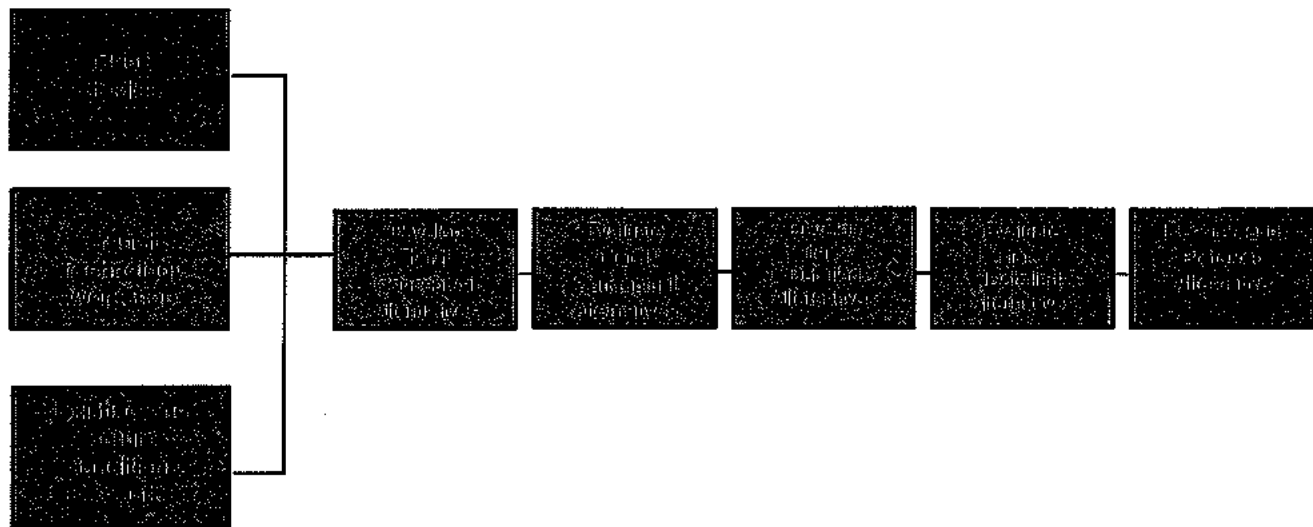
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# Chapter One

## Background

Destination Medical Center will use public investment in infrastructure and programs to encourage private development and economic activity in Rochester and southeast Minnesota. Transportation is a major area of investment and early actions and investments will play a crucial role in ensuring development and economic growth is accommodated gracefully and with maximum economic return. The Transit Circulator Study will identify the transit component of the overall plan. The Circulator will be developed with the Street Use, Parking and Travel Demand Management, and City Loop Studies so that each of the elements are complimentary to each other, and work together to achieve the development goals of the City and the DMC Plan. This memo documents the development of the initial set of transit circulator options for the Tier 1 evaluation.

The overall transit circulator planning process is shown below.



**Transit Circulator Study Process**

The Tier 1 transit options were developed at a conceptual level using input from prior studies, the Transit Technology Workshop held in Rochester on October 27, 2016, and a review available data identifying the existing and future conditions. The future travel conditions will be updated as part of the Integrated Transportation Studies.

The conceptual Tier 1 options will be evaluated using qualitative criteria related to service, costs, and impacts. Based upon this qualitative review, up to three options will be identified for more detailed analysis at the completion of the evaluation process. These Tier 2 alternatives will identify more specific routes, modes, and profile (surface, elevated, subterranean). Each will be developed in

greater detail to facilitate a quantitative analysis of service, cost, and impacts. The Tier 2 analysis will facilitate selection of a preferred alternative and development of an implementation program.

## Development of Tier 1 Options

The Tier 1 options were developed in two steps. The consultant team prepared an initial set of alternatives for review. The review was conducted with a workshop including participation by representatives from the City of Rochester, Rochester-Olmsted Planning Department, Mayo Clinic Facilities Planning and Design Division, and the consultant team. The consultant team adjusted the initial options using information collected in this workshop.

The Tier 1 transit options were shaped to accomplish the following:

- Provide access to key travel markets
- Consider a variety of modal options
- Identify appropriate profile options (surface, subterranean, elevated)
- Apply technologies that are suitable for alignments and profiles

## Key Travel Markets

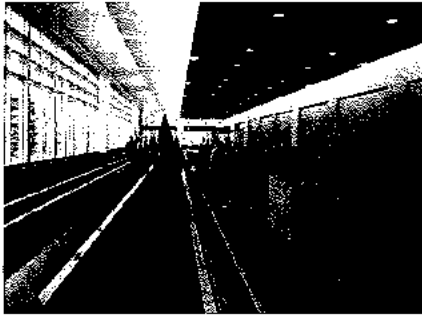
There are three primary travel markets to be served. These markets may be served individually by unique transportation options, or jointly by a single transportation service.

- 1) The existing Mayo downtown shuttle service represents the largest existing travel market, primarily serving trips between St. Mary's and the Mayo/Gonda buildings. This is the primary East/West market.
- 2) Shuttle service between remote parking and downtown destinations is anticipated to become another large market as the DMC Plan is implemented. The location of future remote parking locations will be identified during the course of this Integrated Transportation Studies. Transit alternatives should be flexible to respond to those locations.
- 3) Implementation of the DMC will focus future growth on a North/South axis between 3<sup>rd</sup> Avenue and Broadway Avenue, increasing the need for internal circulation within the downtown area.

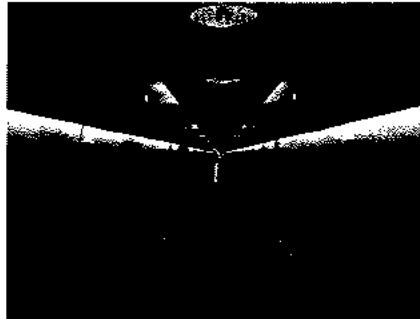
## Modal Options

Most of the travel modes considered in the development of Tier 1 travel options were described in the Transit Technology Workshop identified earlier. Key characteristics of the various transit modes are identified below.

Moving Sidewalks are widely used within airport terminals such as Minneapolis-St. Paul (MSP) to provide a continuous, although relatively slow service for distances less than one mile. This mode was not presented in the transit technology workshop, but has been discussed in the community.

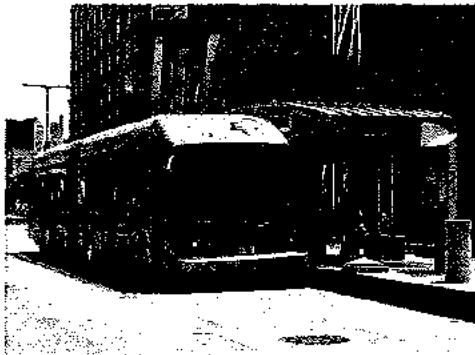


Minneapolis Airport Moving Sidewalk



Frankfurt Airport Moving Sidewalk

Bus Rapid Transit (BRT) is an enhanced transit service that can operate in dedicated lanes or in mixed traffic. BRT service typically includes distinctly branded buses and stations, level vehicle boarding at stations, real-time information, and signal priority. The bus stops are generally spaced further apart than typical bus routes to improve travel speeds. Most BRT systems connect downtowns with suburbs, although several have focused on downtowns. Representative cities using BRT include: Minneapolis, Phoenix, Eugene, Pittsburgh, Miami, Orlando and Columbus.



Cleveland Health Line BRT

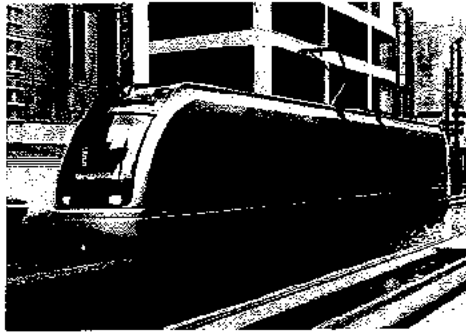


Kansas City Max BRT

Tram is a steel wheel on steel rail technology that generally operates in exclusive or shared traffic lanes, similar to BRT. Trams typically include the BRT characteristics identified above, such as traffic signal priority, level boarding, and wider spacing between stops than traditional bus service. Example cities offering tram service include: Minneapolis, Kansas City, Little Rock, Portland, Cincinnati, Houston, and Sacramento.

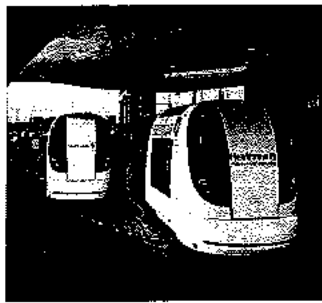
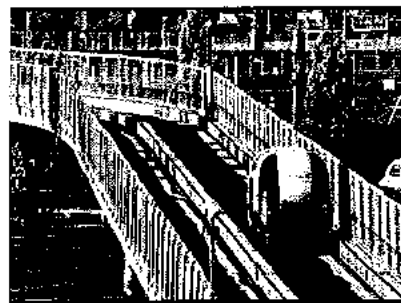


Kansas City Tram



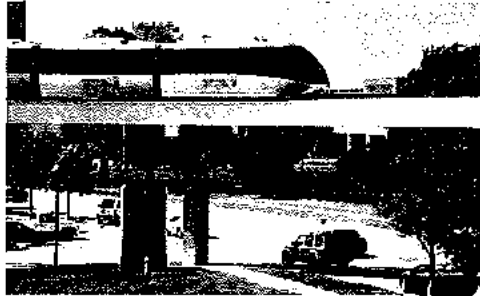
Houston Tram

Personal Rapid Transit (PRT) technology is primarily a concept at this time, with limited actual application. The operating concept provides direct station-to-station travel that bypasses stops at intermediate locations. In addition, the concept uses multiple elevated guideways that provide expanded geographic coverage. The University of West Virginia has used a limited PRT application connecting its dispersed campus facilities and downtown Morgantown for about 30 years. This system allows PRT passengers to bypass intermediate stations, however, the system does not offer the variety of destinations and multiple paths to reach them that take full advantage of the PRT operating concept. PRT vehicles do not need drivers, which reduces the operating costs.



London Heathrow PRT Airport Terminal 5 to Parking

Automated Guideway Transit (AGT) applications are frequently found in large airports connecting different terminals, parking facilities and car rental destinations. The vehicles travel rapidly between stops along an exclusive guideway that is generally elevated or underground. Monorail falls within this transit category. Like PRT, the AGT vehicles do not require operators. Airport terminals using AGT are found in Minneapolis, Detroit, Atlanta, Phoenix, Dallas, and Houston. The Indianapolis monorail connects several medical buildings near downtown. The Miami people mover links the heavy rail passenger line with downtown, and provides access to several activity centers proximate to downtown.

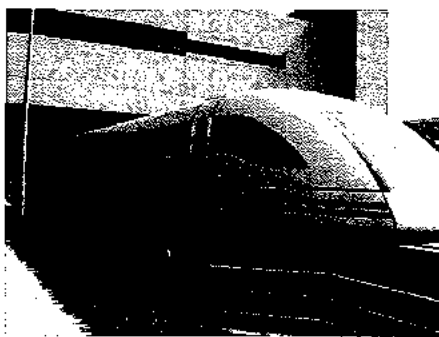


Indianapolis Monorail



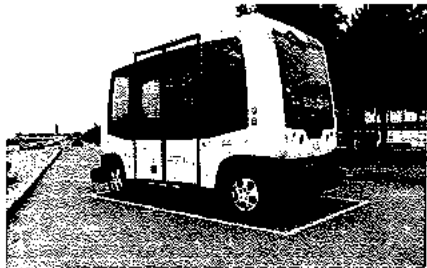
Miami People Mover

Magnetic Levitation propels inert vehicles using a magnetic field incorporated into an exclusive guideway. This technology can achieve extremely high speeds, making it particularly suitable for inter-city travel. The Shanghai example pictured below is relatively short at 18 miles. There are limited applications internationally; none are in the United States. This option must be grade-separated. The technology may be better suited for travel between Minneapolis and Rochester, than within downtown Rochester.

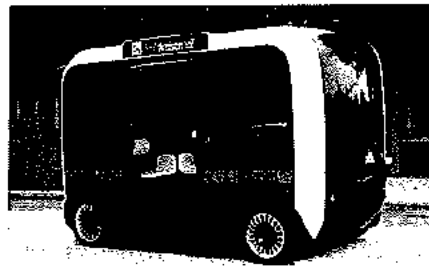


Shanghai to Pudong Airport Magnetic Levitation

Autonomous Vehicle (AV) technology is evolving rapidly. Driverless such as PRT and AGT represent limited forms of this technology in that they do not require drivers to start, stop or steer the vehicles. Improvements to the technology are allowing modern autonomous vehicles to choose their own travel paths beyond the limitation of an exclusive guideway, however. Autonomous vehicles can operate in shared or exclusive travel lanes on the surface, below, or above grade. Several pilot projects are testing autonomous vehicle operation on city streets. Like PRT, direct station to station service will be a key element of this technology. There are many manufacturers engaged in autonomous vehicle development; however, the timing of its widespread adoption is uncertain.



Easy Mile Shuttle



Olli Shuttle

## Profile Options

Profile refers to the grade at which a technology may operate. Options include: surface (ground level), elevated, and subterranean (underground).

Surface operation is generally the easiest, least expensive option to implement because no tunneling or elevated structure is required which can significantly increase costs. It is generally the most accessible option because passengers can board at street level. Special design considerations may be necessary in downtown Rochester to mitigate noise and vibration proximate to medical buildings with sensitive medical equipment.

Elevated operation can have higher travel speeds than surface since the exclusive guideway avoids traffic conflicts. In some instances, the cost of the elevated construction may be partially offset by avoiding utility conflicts that may occur with surface construction. Elevated routes are generally located in office, retail or high-rise residential areas. Single family residential streets are generally unattractive as elevated guideway routes because the height and scale of the guideway conflicts with the character of the neighborhood. Elevated options in downtown Rochester will need to go over or under any skyway pedestrian facilities.

Subterranean (tunnel) operation avoids street level congestion, offering similar travel speed advantages as elevated, alternatives. Underground construction is the most expensive of the three options, which limits guideway length when capital budgets are constrained. This may force use of less expensive surface construction elsewhere in the service area if broad geographic coverage is required. Finally, lack of guideway visibility from the street can make this transit service less apparent to potential riders.

## Application of Modes to Routes and Profiles

The characteristics of the individual modes determine their applicability to different operating conditions as outlined below.

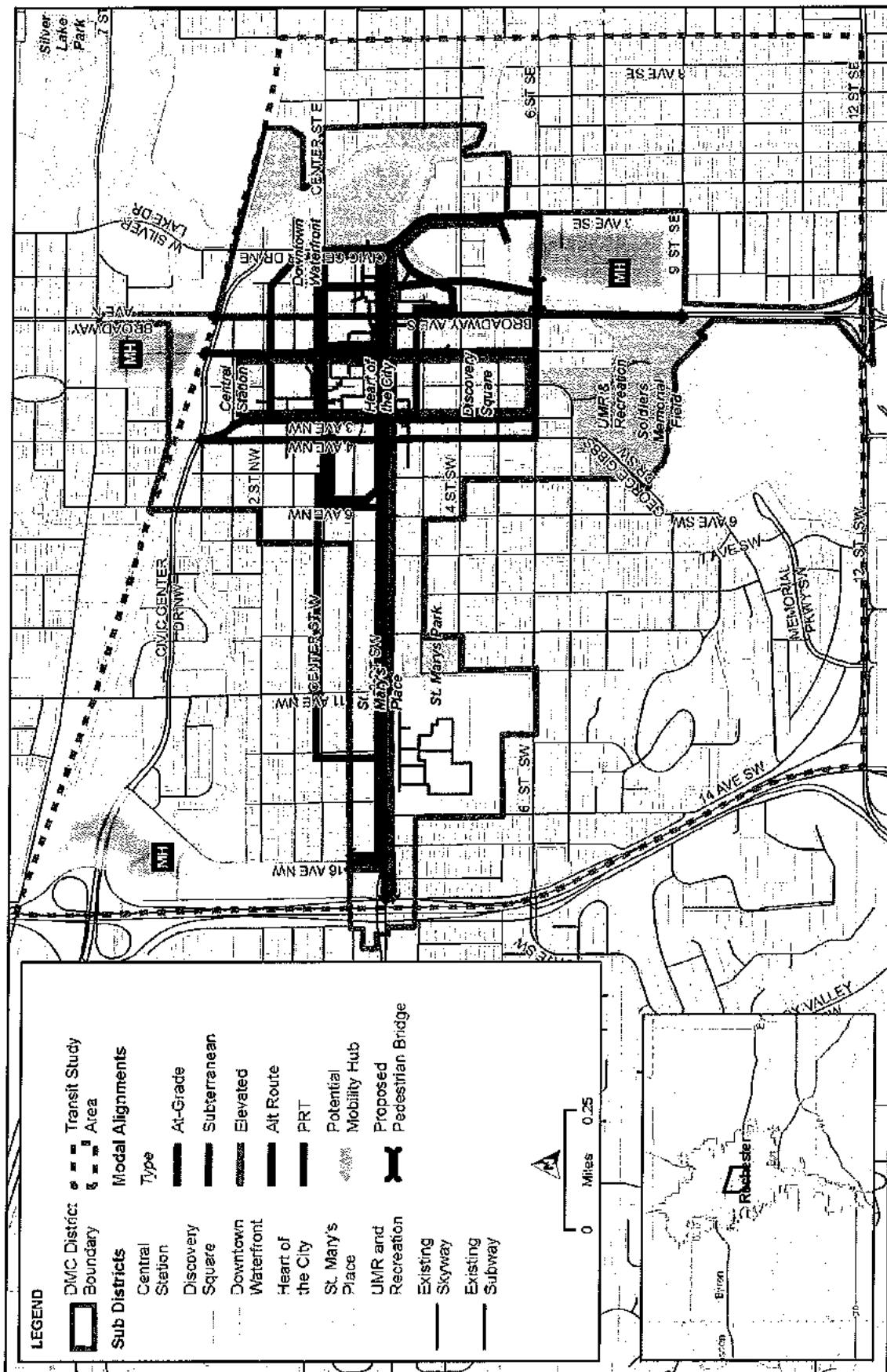
- Moving Sidewalks are generally best suited for a weather protected environment such as a tunnel. Any tunnel application will generally result in a relatively short facility due the high construction expense.
- BRT and Tram can operate in the street in exclusive or shared traffic lanes, making surface streets the most cost-effective location option for these modes. They can also operate in a tunnel or on an elevated guideway, but are usually used at the surface level to reduce cost and optimize access.
- Autonomous vehicles currently under development will be able to operate in almost any environment. Physical or operational specifications such as axle width, vehicle height and capacity may be applied for specific subterranean and elevated applications.
- Systems that use guideways such as Tram, AGT, PRT, and Magnetic Levitation typically operate from a single maintenance and storage facility. When multiple corridors are served by a single technology, it is necessary for the different guideway routes to be physically connected in some way so that all the transit vehicles have a path to reach the maintenance facility.
- Mixing profiles (surface, elevated, subterranean) can make it less convenient to transfer between modes. In particular, transfers between elevated and subterranean options would be particularly onerous.
- Generally, any of the modes benefit from routes that are relatively straight to reduce operating and/or capital costs associated with curves. This is a more significant consideration for options that have a fixed guideway such as Tram, PRT, AGT, and Magnetic Levitation.

## Tier 1 Alternatives

The Tier 1 options include six alternatives considering route, profile, and mode as described below. Each option includes both an East/West and North/South component. The alternatives are named based upon the profile of the East/West component, since that is the most prominent element of each option. The options are discussed in pairs based upon the profile of the East/West route, and are best considered in these pairings.

All of the route options are included in Figure 1, which shows the overall geographic coverage of the various route options. The East/West route alternatives are limited by lack of street continuity. Only Second Street and Center Street traverse the width of the core service area. First Street Southwest is blocked by the Gonda building. Streets parallel to and south of Second Street end at St. Mary's Park.

If there is a desire for the East/West routes to reach a future Fullerton mobility hub, they may connect using either 3<sup>rd</sup> Avenue SE or the railroad alignment running parallel to 1<sup>st</sup> Avenue. The



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East/West routes may also travel north along 16<sup>th</sup> Avenue in order to reach a mobility hub in the northwest area.

There are a number of North/South route options serving the downtown core. All of the avenues between Broadway and 4<sup>th</sup> Avenues penetrate the desired service area, except 2<sup>nd</sup> Avenue, offering a several possible paths. These routes could potentially extend further north to reach a peripheral mobility center. Only Broadway extends significantly south of 6<sup>th</sup> Street, although all of the routes could connect to Broadway using 6<sup>th</sup> Street.

### Subterranean (Tunnel) Options

As noted earlier, the subterranean options are the most expensive to construct. Therefore, the tunnel was applied only to the East/West route, which has an existing ridership base and may support the increased construction cost. Participants in the Tier 1 workshop recommended that the eastern end of the tunnels terminate where they encounter the subway pedestrian network, which could be used by passengers to complete their trips.

In order to minimize the East/West tunnel size and cost, two modes were selected that have the smallest vehicle and guideway dimensions. Moving sidewalks and autonomous vehicles have the smallest width and height requirement off all the modes. This reduces the size of the tunnel and its construction cost compared to the other modes, and may reduce costly utility conflicts. In addition, the sidewalk and autonomous vehicle modes do not require underground space for vehicle maintenance and storage. This further reduces the need for underground construction.

The North/South component of the Subterranean options included only surface operations based upon three considerations:

- Surface operation offers a more convenient transfer than elevated from the North/South route to the East/West tunnel.
- Surface operation is the least expensive option, and helps to offset the cost of the East/West tunnel.
- Elevated options are not cost effective for the short North/South segment alone due to the structure, unique vehicles, and maintenance requirements for both the vehicle and guideway.

These considerations limit the available North/South modes to BRT, LRT, and autonomous vehicles. Although it can operate on the street, LRT was dropped from consideration because the relatively short application has many of the same cost issues as noted for the elevated guideway options. BRT and autonomous vehicles are the preferred modes for the initial North/South component complimenting the East/West tunnel.

### Subterranean (Tunnel) Alternatives

The 2nd Street alternative depicted in Figure 2 shows an East/West subterranean option that begins at a northwest Mobility Hub. This hub could include a mixed-use development, peripheral parking and/or transit center. The route proceeds south along 16<sup>th</sup> Avenue NW and turns east along 2<sup>nd</sup> Street SW to the pedestrian subway connecting the Hilton and Mayo buildings west of 2<sup>nd</sup> Avenue

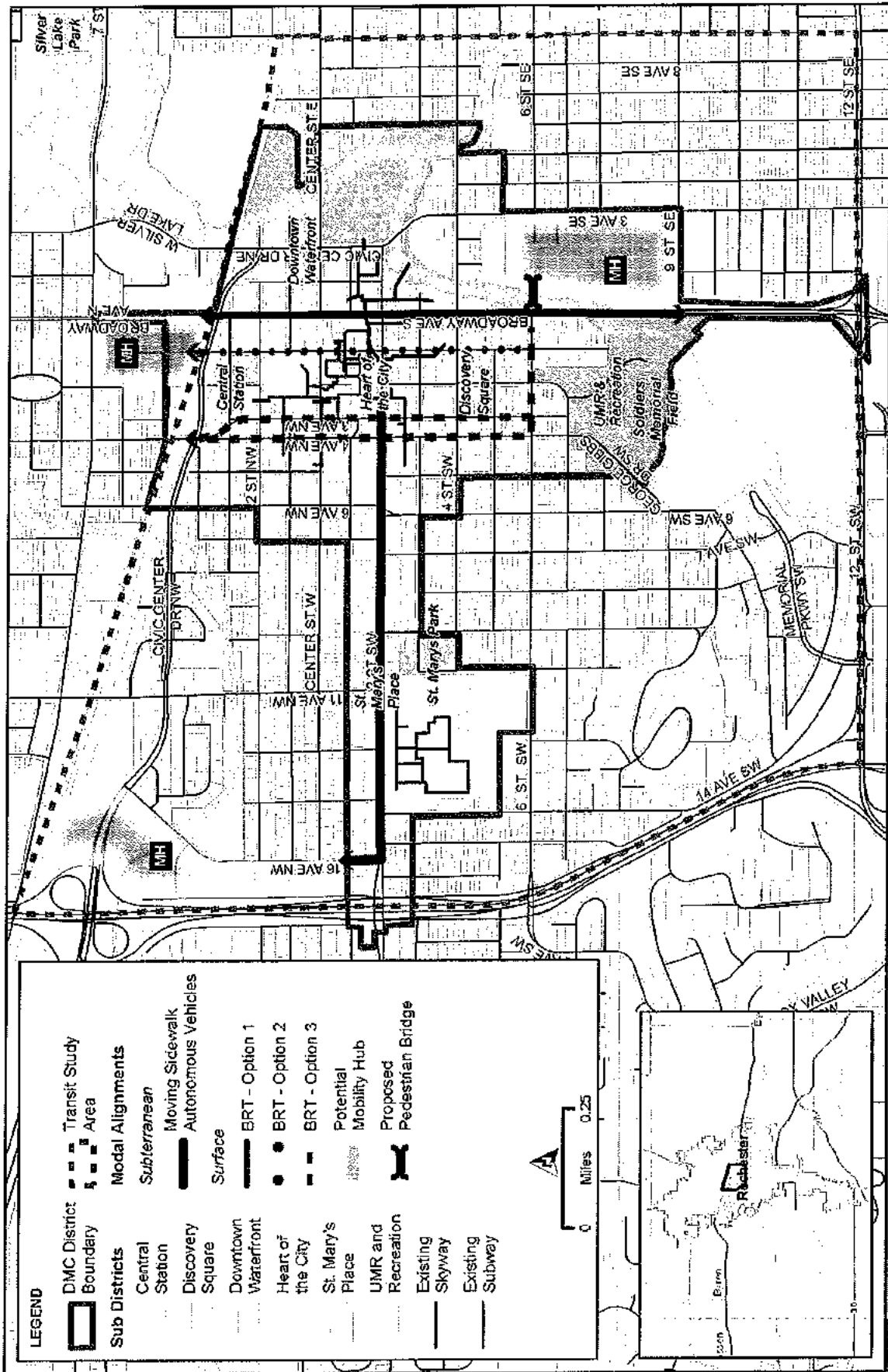


FIGURE 2  
ALTERNATIVE 1 - SUBTERRANEAN (2ND ST SW)

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SW. Construction of the segment along 16<sup>th</sup> Avenue would be dependent upon the development of a substantial northwest Mobility Hub.

The W. Center Street alternative in Figure 3 shifts the East/West tunnel two blocks to the north. Construction of this route would be considerably less disruptive to auto traffic, and may have less utility impact which could reduce costs. Like the Second Street option, this route extends east to the pedestrian subway which it intersects in the vicinity of 4<sup>th</sup> Street NW. The western extension of the tunnel north along 16<sup>th</sup> Avenue to the northwest mobility hub is not included in this option due the circuitous route and increased construction cost required to access both St. Mary's and the hub.

East/West tunnel options share the same North/South component. A BRT or autonomous vehicle route travels north along Broadway to Sixth Street, where it can continue north or turn west on Sixth Street connecting to 1<sup>st</sup>, or 3<sup>rd</sup>/4<sup>th</sup> Avenue options. Two-way operation may be considered on 3<sup>rd</sup> or 4<sup>th</sup>, or the northbound and southbound directions may be split onto both streets. A pedestrian bridge over the Zumbro in the vicinity of 6<sup>th</sup> Street connects to a potential Fullerton area mobility hub.

The North/South route along Broadway Avenue would reinforce development along that street, but is several blocks from the existing and future development concentration. A 1<sup>st</sup> Avenue route is a block closer to that development. Extending further to the west, BRT or autonomous service along 3<sup>rd</sup> and 4<sup>th</sup> Avenues offers convenient service to existing and future development, and also enhances the connection to the UMR/Recreation area from 6<sup>th</sup> Street SW.

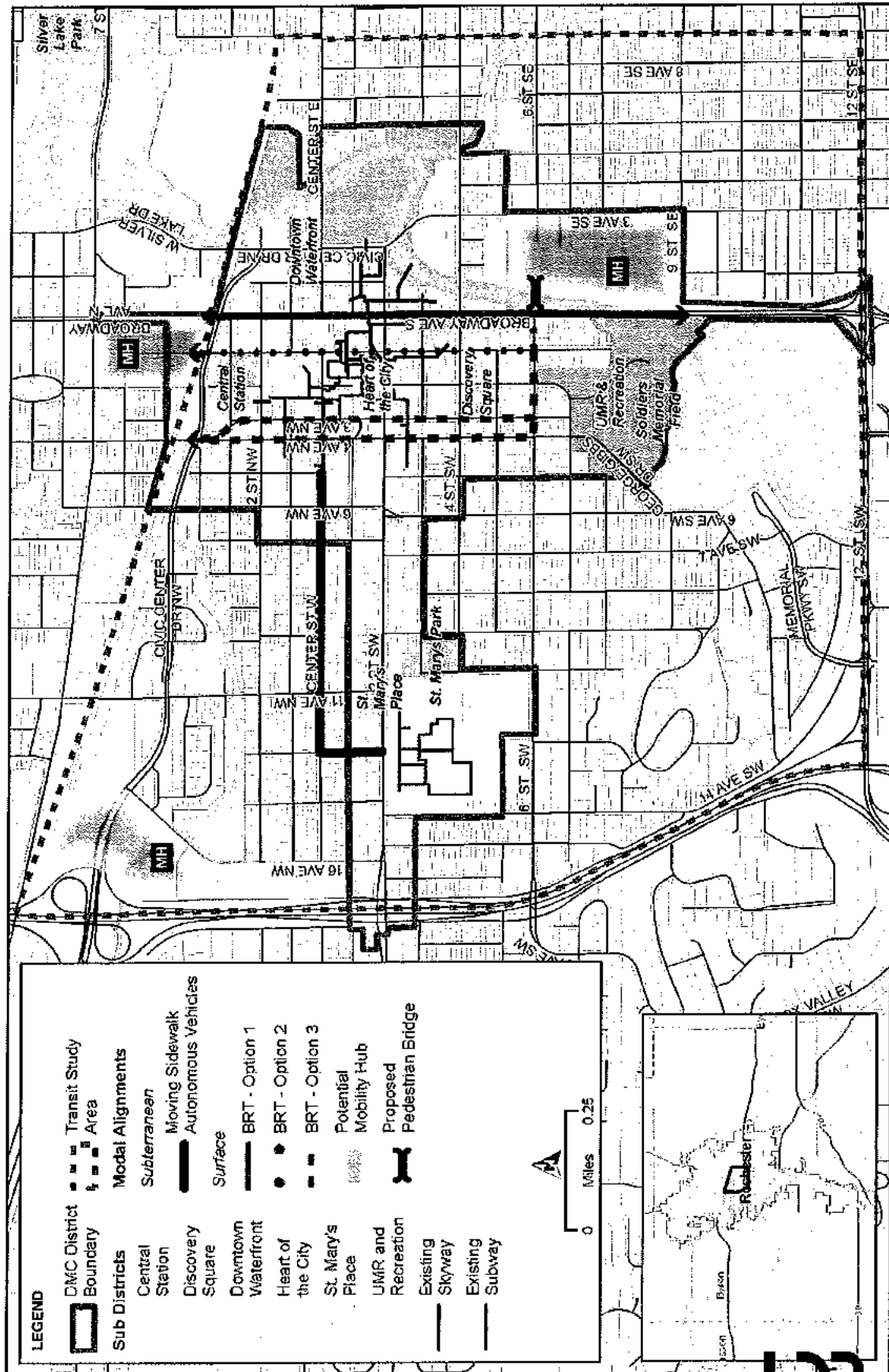
## Surface Options

The surface options modes include BRT, Tram, and autonomous vehicles. These modes can coexist with the pedestrian, bicycle and auto travel on local streets. Moving sidewalks, PRT, AGT and Magnetic Levitation are not practical surface applications within street right-of-way because of the need to isolate their guideways from other activity such as pedestrians, bikes, and cars.

## Surface Alternatives

The 2<sup>nd</sup> Street East/West component shown in Figure 4 extends across the Zumbro River, providing direct access from St. Mary's to a Fullerton area Mobility Hub. The river crossing could occur using the existing bridge, or turning south a block earlier and taking advantage of the railroad bridge. The street route would offer closer service to the Civic Center, while following the rail alignment may reduce capital and operating costs. The western end of the 2<sup>nd</sup> Street route could extend north or west of St. Mary's to reach remote parking or development opportunities such as a northwest Mobility Hub. The BRT or autonomous vehicle would be more cost-effective to extend to remote parking locations than the Tram since they do not require a unique guideway.

The W. Center Street East/West element would extend east from St. Mary's along 2<sup>nd</sup> Street SW, connecting to Center Street via 6<sup>th</sup> Avenue SW (Figure 5). The route continues east along Center Street W., turning south along the railroad right-of-way or Civic Center Drive and proceeding south to a Fullerton Mobility Hub similar to the 2<sup>nd</sup> Street option. This combination of 2<sup>nd</sup> and Center Street operation avoids the Center Street residential neighborhood west of 6<sup>th</sup> Avenue.

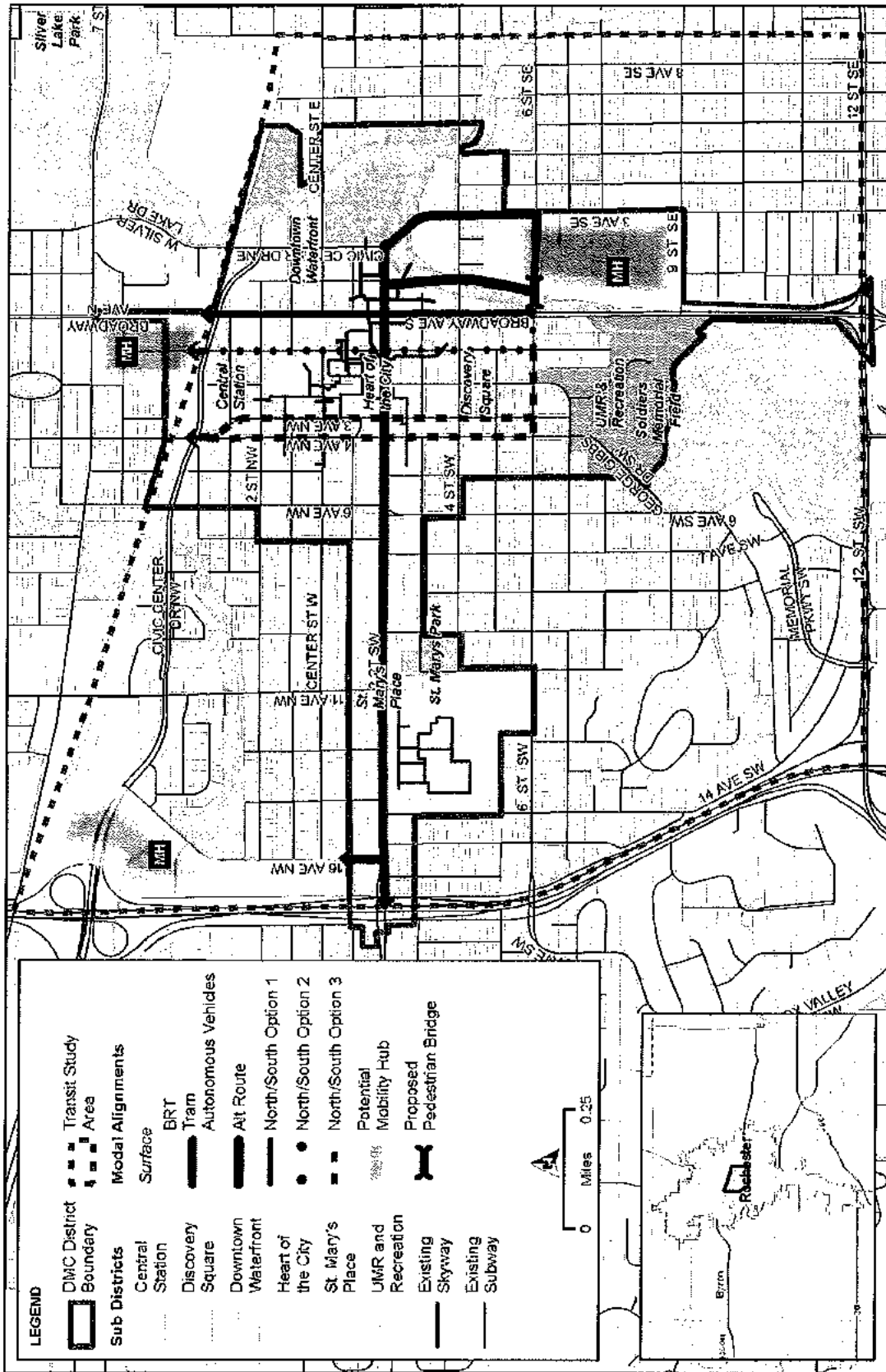


**FIGURE 3**  
**ALTERNATIVE 2 - SUBTERRANEAN (CENTER ST.)**

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**DMC** TRANSPORTATION  
INFRASTRUCTURE  
PROGRAM MANAGEMENT

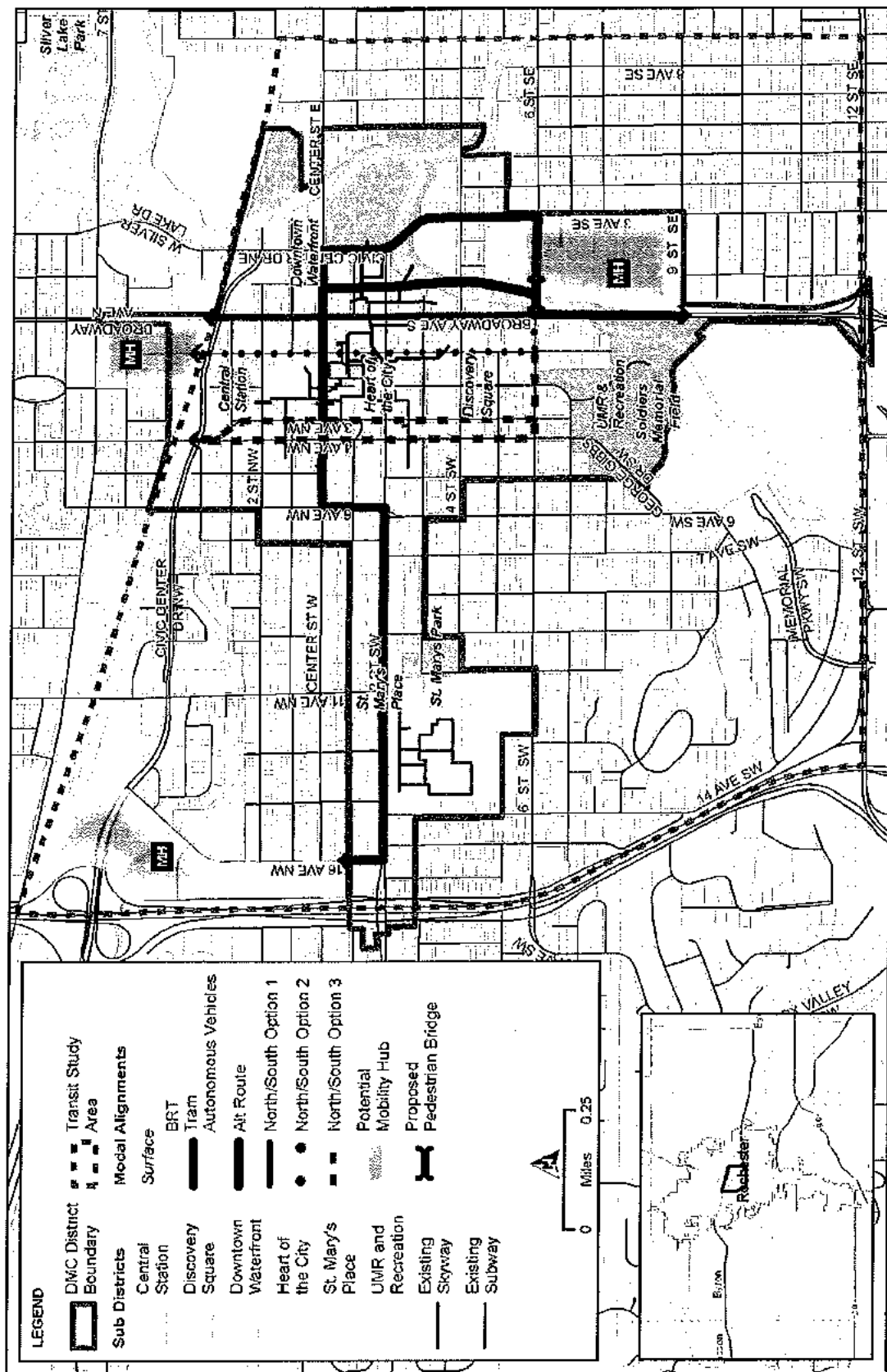
**SRF**  
Consulting Group, Inc.



**FIGURE 4**  
**ALTERNATIVE 3 - SURFACE (2ND ST. SW)**

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**DMC** TRANSPORTATION  
INFRASTRUCTURE  
PROGRAM MANAGEMENT



**FIGURE 5**  
**ALTERNATIVE 4 - SURFACE (CENTER ST.)**

**DMC** TRANSPORTATION  
INFRASTRUCTURE  
PROGRAM MANAGEMENT

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The North/South BRT and autonomous options are the same as for the Subterranean alternatives. The Tram option varies slightly in order to provide a single functional route with convenient access to a rail maintenance facility. The East/West Tram route continues west from a Fullerton Mobility Hub across a new 6<sup>th</sup> Street transit bridge before turning north along any of the 3 BRT route options: Broadway Avenue, 1<sup>st</sup> Avenue, or the 3<sup>rd</sup>/4<sup>th</sup> pair.

Workshop members suggested that the East/West route could potentially stop west of Civic Center Drive, with Tram passengers using the skyway to complete travel to the Civic Center or across the river. This will be considered in the project evaluation phase.

## Elevated Options

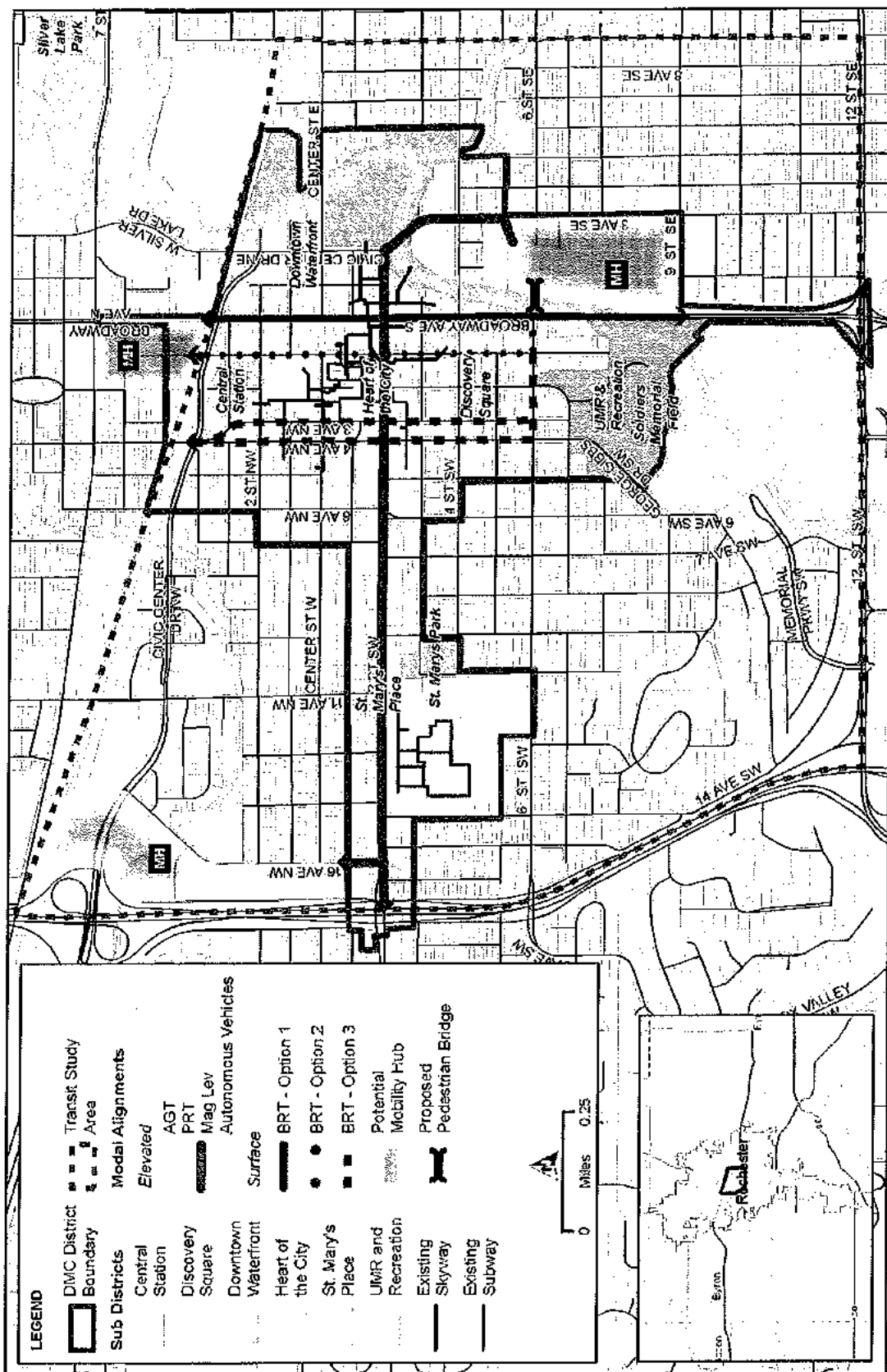
All of the modes discussed in this report could operate on an elevated guideway;; however, the Tier 1 alternatives include only AGT, PRT, autonomous vehicles. Moving sidewalks were not considered due to the desire for weather protection. Elevated BRT and Tram applications are generally elevated only in limited circumstances to avoid crossing railroad or auto traffic. Workshop members determined that the magnetic levitation technology was not applicable for the short travel markets in Rochester.

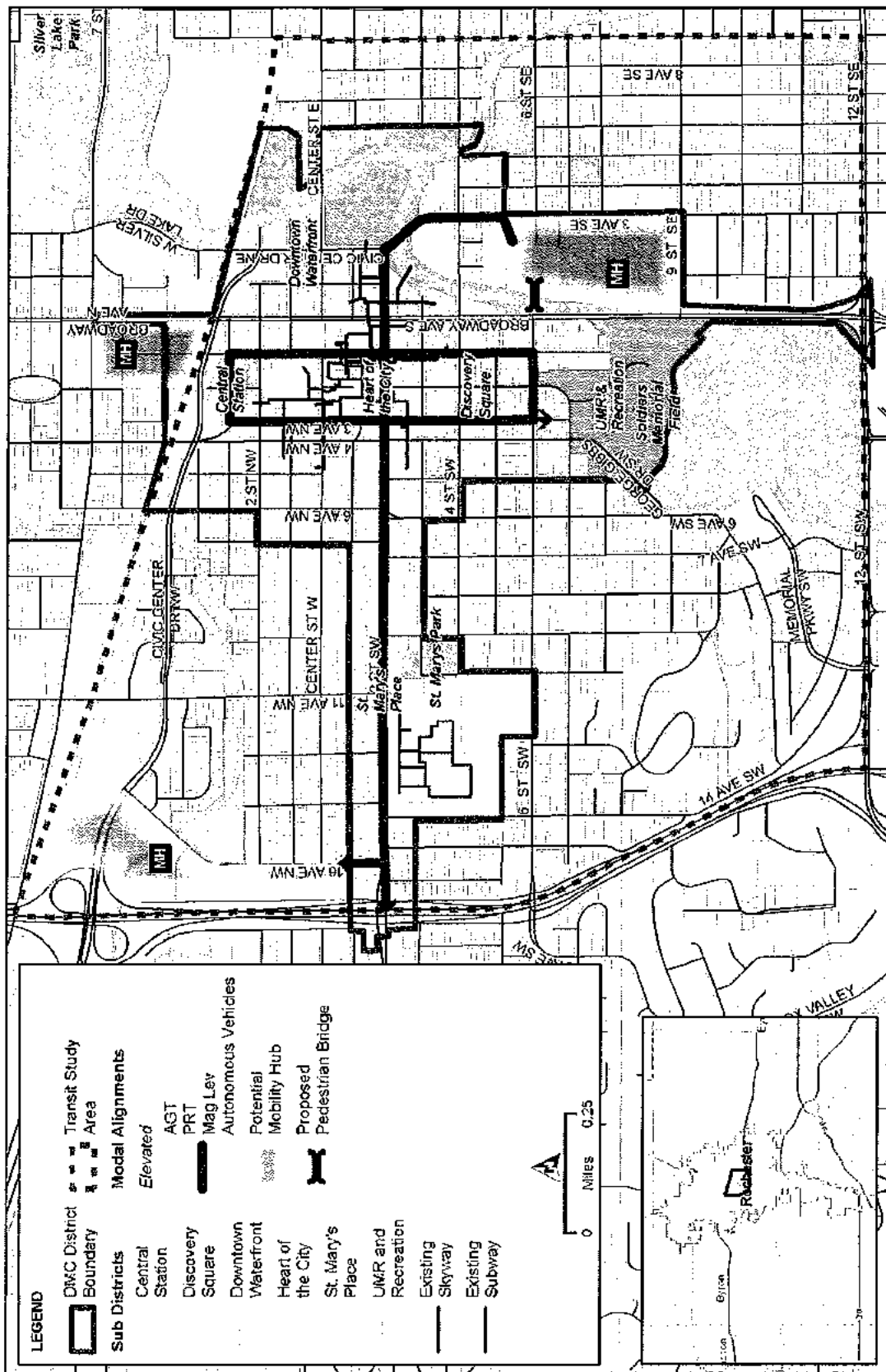
### Elevated Alternatives

Both of the elevated options use an East/West route starting at a northwest Mobility Hub and running along 16<sup>th</sup> Avenue to 2<sup>nd</sup> Street. The guideway then travels along 2<sup>nd</sup> Street to a Fullerton Mobility Hub across the river. As in the Subterranean and Surface options, the 16<sup>th</sup> Avenue component is dependent upon a robust northwest Mobility Hub. No Center Street W. elevated option was developed because of the potential neighborhood impacts west of 6<sup>th</sup> Avenue.

A surface level North/South BRT alternative is shown in Figure 6. This component uses the same streets as the prior options in order. This combination of elevated and surface element reduces the overall cost of the option.

A “full” elevated option is shown in Figure 7. This alternative adds a North/South Broadway/3<sup>rd</sup> Avenue Loop that crosses the East/West route on 2<sup>nd</sup> Street. Rather than operating as a loop, the option could also function as a two-way shuttle on either Broadway or 3<sup>rd</sup> Avenue. If the shuttle approach is used instead of a loop, the North/South route could extend further to the North or South. The use of a North/South elevated option presumes that it is possible to connect the East/West and North/South lines in order to access a single, shared maintenance facility. Another variation not shown would operate similar to the surface 2<sup>nd</sup> Street Tram option (Figure 4) in which an East/West elevated guideway passes through the Fullerton area and extends west along 6<sup>th</sup> Street before turning north on Broadway, 1<sup>st</sup> or 3<sup>rd</sup> Avenues. This creates a single elevated project serving both corridors.





**FIGURE 7**  
**ALTERNATIVE 6 - ELEVATED (2ND ST. SW)**

**DMC** TRANSPORTATION  
INFRASTRUCTURE  
PROGRAM MANAGEMENT

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## Next Steps

The alternatives outlined above will be evaluated to identify up to three alternatives. These alternatives could mix the components of the various options outlined above. In addition, the final options may include additional route variations not included in above, including extending or reducing route lengths and possibly considering additional routes. Identification of peripheral parking plans currently under development may significantly influence the final alternatives.

The recommended options will then be developed and evaluated in detail leading to identification of a preferred alternative and implementation strategy.

# **Parking and Economic Development**

## ***A Policy Approach to Linking Parking and Economic Development***

*Report Version: 1.0*

### **Prepared for:**

**DMC Transportation & Infrastructure Program**  
City of Rochester, MN



### **Prepared by:**



**Kimley»Horn**

Date: 12/20/2016

DMC Project No. Rochester J8618-J8622 Parking/TMA Study

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# Parking as Economic Development Support

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## Introduction

During a set of meetings in November 2016 with City and Mayo Clinic transportation staff to assess current parking and access management programs, the DMC Plan guiding principle of developing “a comprehensive strategy to drive economic development and investment” was discussed. During that discussion, a policy document developed by Kimley-Horn focused on how parking can potentially be used as a tool to support and complement economic development policy was mentioned, with the group expressing interest in the concept. This report is being provided as a resource document for staff to review. If the City staff feel this approach has merit and chooses to pursue a version of this approach for the Rochester community, we will develop a customized approach that will be tailored specifically for the City of Rochester in support of the larger DMC plan.

Having a well-defined and shared vision relative to preferred or targeted types of development is an important first step in this recommended approach. This task report will also focus on the development of general guidelines related to parking and economic development incentives as well as the development of specific policies to better align parking and mobility asset development and management to support community and economic development goals.

### Purpose

Development of a policy linking parking development and management as a key element of community and economic development policies can be an effective strategy. This document suggests strategies and approaches to leverage parking and access management investments as part of an overall downtown business development strategy and encourages shared parking and shared mobility as key elements to support the larger DMC transportation vision.

To promote the effective management of existing and future public parking resources, a consolidated parking management organization will continue to be strongly supported. The parking management program will be a key partner for creating “balanced and sustainable community access strategy” i.e. the parking department will take a more holistic approach to overall downtown access, developing policies and practices that support a more multi-modal approach.

Integration of good urban design principles relative to parking facility design will also be prioritized. The goals of this policy element are to better integrate parking infrastructure into the urban fabric and to contribute to a compact, walkable and vibrant downtown – this includes parking structure design criteria such as street-level activation, a preference for mixed use parking developments, LEED Silver building certification, etc.”

## **Section 2: Parking as a Development Catalyst**

Parking garages can serve as important catalysts in the preservation or redevelopment of downtown centers. In the case of Rochester and the DMC Plan, the identification of parking development sites to serve visitors/patients in the downtown core combined with a peripheral employee parking/transit connector strategy are also key concepts to be refined.

Well designed, well located garages can become part of the revitalization of theater and shopping districts, help make downtown housing more attractive, and arrest the flight of retail and customers to suburban malls. In Rochester, the issue of roadway “portal capacity” and developing parking in concert with the larger transit system framework are specific local issues to be addressed. This leads to discussion of concepts such as “mobility hubs” where parking reservoirs are developed in conjunction with intermodal transit facilities and other amenities designed to remove barriers to remote parking and transit system usage. Examples of these potential amenities include such elements as integrated day-care, grocery/convenience stores and other amenities.

Contemporary, functional garages can be an asset to a city and its inhabitants, and can make visiting downtown more appealing. There are three key elements to consider: the driver, the pedestrian, and the context. Older parking structures have tended to focus on the car, the maximum number of spaces per floor, and driving patterns. This leaves out the pedestrian and the area context elements.

A parking structure may be the first and last experience associated with a visit to downtown, so it needs to facilitate the transition from driver to pedestrian, from roadway to streetscape and back again to create a positive experience for those in driver/pedestrian roles. Successful urban parking structures address movement in a way that makes people wish to return. As part of the “Heart of the City” (urban design) element of the current planning work, the idea of elevating parking or intermodal facility “interior environment enhancements” should be given serious consideration.

For pedestrians, two significant considerations are safety and security. A parking garage needs good lighting with no hiding spaces. Structural elements should not block views, so drivers exiting their cars can see exactly where to go to get to the elevator or stairway. Visitors to the urban garage need clear connections that orient them to downtown destinations. The building itself is a sign. Stairway and elevator placement and design should offer these strong connections.

For drivers, tight dimensions, poor maneuverability, or unclear markers as to where and how to turn to find spaces might work for an employee garage or a commuter garage where people come in early in the morning and know exactly what they must do to find their parking space, but will not work for shoppers, theater goers and other visitors who do not park in a garage regularly. Drivers must be able to easily maneuver through the garage and find parking spaces, which should be generous enough to allow for easy parking.

Parking garages should also address their context. How will the structure be integrated with historic buildings, ongoing developments, and open spaces, while providing enough flexibility to accommodate future growth and changes? Density, traffic, and pedestrian patterns; adjacencies; design guidelines; historic building codes; urban fabric; and neighborhood impact are all important factors to consider.

Parking structure design can also involve street and sidewalk enhancements as well as provide related public amenities that reinforce pedestrian vitality, such as parkways, plazas, courtyards, bicycle and commuter facilities, and retail and commercial uses. In addition, the materials used and the scale of the garage in relation to existing buildings are important to consider, as well as the integration of the structure through high-quality design and the incorporation of retail.

As towns and cities grow denser, and efforts are made to create pedestrian-friendly, thriving downtowns, these once utilitarian structures are playing a more significant and integrated role in new development.

### **Section 3: Parking as an Economic Development Incentive – General Guidelines**

The following are general guidelines and considerations that should be evaluated when developing policies related to leveraging parking as an economic development element. Developing the philosophical underpinnings of these policies that are consistent with larger City development goals is an important foundation if overall economic

development policies are to be consistent and aligned with larger community values and strategic plan objectives. The following guidelines are presented as a starting point for discussion purposes with the expectation that they will be reviewed and refined by City staff and elected officials before any official policy recommendations are put forward.

Parking can be a very powerful development incentive but must be applied in a fair and consistent manner that advances the larger community strategic goals. The following issues are examples of the type of criteria that we recommend as part of the assessment for either committing a significant number of existing parking resources or the development of future parking assets as an element of a development partnership. A companion “Task Report” that accompanies this report entitled “An Update of Parking Requirements Reform” delves into the issues of “How much parking is enough?” for evolving urban areas and transit oriented developments.

When evaluating whether the City will consider an investment in parking to encourage or incentivize a new development project, the following standard set of questions should be answered upfront:

### **Alignment with DMC Guiding Principles**

While many of the elements below reflect basic municipal development review process and goals, special attention should be focused on the degree to which proposed development projects are in alignment with the adopted DMC development and transportation vision as well as community economic development goals.

1. Does the proposed development contribute to economic health of the downtown/community and DMC Guiding Principles? Describe the envisioned contributions.
2. Does the proposed development project include prioritized or highly valued development goals or program elements supported by the City of Rochester and the and DMC vision?
3. Are the proposed land-uses or combination of land-uses associated with this project appropriate the specific area?
4. Is the proposed development project in alignment with the DMC master plan and/or downtown strategic plan?
5. Does the proposed development project incorporate special elements valued by the City, DMC, Mayo Clinic and other community groups/plans? If yes, specify.

6. Has the City/County Planning Department reviewed and endorsed the proposed development plan?
7. Does the proposed development project create any unusual or unacceptable parking or traffic impacts (“portal capacity” issues)?
8. Is the developer willing to create new parking assets in accordance with proposed City parking structure design guidelines (a draft of these recommended design guidelines is a separate deliverable provided as part of this study) to ensure compliance with downtown development standards and parking structure design best practices?
9. Has the initial economic development impact of the project been estimated? What is the anticipated project impact in the following areas?
  - a. New jobs for downtown?
  - b. Jobs retained in downtown?
  - c. Increase in property taxes/TIF Contributions?
  - d. Estimated increase in sales tax revenue?
  - e. Stimulation of additional development?
  - f. Stimulation of additional support jobs?
  - g. Support of existing retail, restaurant and other existing service providers?
10. Is participation in this development project appropriate and consistent with the downtown masterplan or the “Downtown Experience Plan”? If so, please describe.

## **Parking System Support/Program Management – General Guidelines**

Beyond the parking focus of the guidelines below, promotion of shared parking, shared mobility strategies and active transportation elements are critical to the development of multi-modal transportation vision for downtown Rochester.

Below are another set of questions which addresses the potential impact of proposed development deals as they relate to the existing parking management program. Supporting and enhancing the financial and operational influence of the parking and access management program going forward should be a priority as this function can have an important impact on the health and vitality of an effective urban environment.

1. Will this project generate additional parking revenue to support or contribute positively to the City's parking program?

a. If yes, specify:

- i. Estimated visitor/patient parking spaces: \_\_\_\_
- ii. Estimated spaces contracted: \_\_\_\_
- iii. Estimated annual revenue: \_\_\_\_

2. Does this proposed development project create any new or unusual operating expenses that might negatively impact the City's parking program?

3. Are there opportunities for the City's parking program to operate any new parking capacity for a management fee? Is this desirable relative to this specific project?

4. Is the net financial impact of this project the City's parking program projected to be positive?

5. Are the activities proposed, relative to participation in this development opportunity, in compliance with the City's parking program bond covenant requirements/restrictions?

6. Are there opportunities for partnership/collaboration with the developer or property management firms relative to other downtown parking program goals?

- a. Does this project create any possible public use of spaces after typical weekday work hours, weekends, holidays, etc.?
- b. Does this project create any possible shared parking opportunities?

7. Does this development project create any special conditions that undermine the financial or market position of the City's parking program?

## **Section 4: Draft Parking Policy Purpose**

### **Policy Statement and Purpose**

"The City of Rochester parking policy will embrace a comprehensive approach that emphasizes leveraging parking infrastructure investment as a key element of community and economic development. Parking investments, made as part of an overall downtown business development strategy, should carry an expectation of a 5 to 1 return on public funds invested. To achieve this level of return, projects that offer significant shared parking benefits are strongly encouraged.

The preferred approach for future City parking development will be through public-private partnerships with private developers when the proposed development projects are well aligned with the downtown master plan vision and land-use plans. Rather than building separate public parking assets, the City envisions partnering with private development projects in which the private development will provide adequate parking for their proposed combination of land uses at approximately \_\_\_\_ parking spaces per 1,000 square feet of development overall (it is recommended that this ratio be calibrated in Rochester to correspond with the "portal capacity" calculations as a key parking planning benchmark going forward). The City will develop additional public parking within sub district areas as part of private developments based on the specific location and availability of other public parking in the immediate vicinity reflecting the need for additional visitor / patient / customer parking with employee parking pushed to peripheral or remote parking options).

By jointly developing parking on those projects within the downtown core, the costs of major parking development elements (foundations, stair towers, elevators, mechanical systems, etc.) can be shared creating significant cost saving benefits for both parties compared to doing separate developments and thus providing an additional incentive for the proposed development to occur. Beyond incentivizing quality developments that support the development vision of downtown, the development of some amount of public parking with the new development is designed to provide additional public parking to support anticipated adaptive reuse and in-fill projects that are likely to occur in the immediate area of the new development.

For development projects that are complementary to the downtown vision, provide positive contributions to community and economic development objectives the joint development of shared parking assets provides the following benefits:

- This approach reduces development costs for both the developer and the City
- This approach encourages the use of shared parking and reduces the overall amount of parking required in the downtown
- Ideally, the City would manage the jointly developed parking facility ensuring consistent, high quality parking management and promoting use of parking access and revenue control systems that the community is already familiar with (improving ease of use).
- The jointly developed parking facility would be designed in accordance with City developed parking design guidelines to ensure high quality design standards reflecting industry best practices. (See design guidelines provided as part of this study).
- By providing a supply of public parking in conjunction with the new development (to support additional in-fill development and adaptive reuse of other adjacent properties) this approach will ultimately provide a better distributed public parking supply for hourly parkers and retail support throughout the downtown.

To promote the effective management of existing and future public parking resources, a consolidated parking management organization will continue to be strongly supported. The parking management program will be a key partner for creating ‘balanced and sustainable community access strategy’ i.e. the parking department will take a more holistic approach to overall downtown access, developing policies and practices that support a more multi-modal approach.

Integration of good urban design principles relative to parking facility design will also be prioritized. The goals of this policy element are to better integrate parking infrastructure into the urban fabric and to contribute to a compact, walkable and vibrant downtown – this includes parking structure design criteria such as street-level activation, a preference for mixed use parking developments, LEED Silver building certification, etc.”

## Primary Policy Elements

The three central elements of the recommended parking policy relate to linking the parking strategy to community and economic development. These primary policy elements are:

1. Integrating parking planning into a larger “Downtown Business Strategy” context.
2. Setting an expectation of 5 to 1 return on parking investments as part of an overall downtown economic development strategy
3. Supporting a consolidated and “vertically integrated” parking and access management program.

The companion “Task Report” mentioned earlier entitled “An Update of Parking Requirements Reform” provide examples of successful policy implementation and lessons learned from other communities.

Communities interviewed for this study recommend a flexible mindset, leveraging new parking technologies to achieve enhanced operational efficiencies, parking revenues and customer service. They also support having a parking investment strategy which includes minimizing risk on the part of the public-sector partner, and setting an expectation of a targeted return on parking investments.

## New Program Initiatives and Strategic Direction

The City, Mayo Clinic and the DMC are already moving in the proper strategic direction. A few more significant initiatives are noted below that could contribute positively to the City of Rochester:

- The existence of a well-managed and “vertically integrated” parking program (consolidated off-street parking management with on-street resource management and parking enforcement). In fact, it should be emphasized that the City of Rochester already surpasses most communities in this regard as it not only has an existing “vertically integrated” parking program, but one that also is integrated with the community transit agency management. This is a somewhat unique and incredibly valuable arrangement; it is also a solid foundation upon which an enhanced and more comprehensive “access management” program can be built for the future.
- Updating parking and mobility planning information and adding new planning tools/ capabilities (parking demand model, parking policy

refinement, multi-modal/shared mobility/TDM program development etc.)

- Identifying and addressing specific parking issues such as:
  1. On-street time limits
  2. Better aligning on-street and off-street pricing and policies
  3. Assessment of city employee parking / TDM policies, etc.
- Assessing investments in new on-street technologies that offer enhanced customer payment options and greater convenience
- Promoting a broader focus on sustainable community access strategies by creating a more balanced combination of parking, transportation and shared mobility options, etc.
- Development of an overall parking strategy/set of policies to support community and economic development.

### **Parking Policy Development**

One of the main objectives of this study is the development of a strategic parking policy as it relates to the use of parking as a potential catalyst element in support of downtown development. This includes policy guidance related to parking investment and the use of parking as a potential development incentive.

The overall study will also include task reports and GIS based tools to better track, manage and understand parking supply/demand on an on-going basis (Park+ model), provision of parking garage design guidelines to ensure high quality facility design in conjunction with potential private sector partners, and current planning information and recommended zoning and parking requirements to help “right-size” parking supply in urban environments, as well as supporting new shared mobility strategies.

## **Section 5: Recommended Parking Policy Overview**

The recommended parking development policy for the City of Rochester builds upon its significant investment in parking infrastructure. The City should continue to view parking as important civic infrastructure and carefully consider parking as one of several potential incentive options related to attracting new community investment.

The recommended approach encourages several fundamental philosophical and related policy considerations and provides several new parking analysis

tools. One of the primary guiding principles of the recommended parking policy is to view parking development projects and the resulting infrastructure as true “investments”.

As with any other type of investment, there should be an expectation of a specific return for public dollars invested. Based on successful strategies from around the country, a 5 to 1 return is recommended as a goal. For example, if the City were to invest \$10,000,000 in a new parking facility, the expected return on this investment would be at least \$50,000,000 in private sector investment. This is one means of leveraging parking investment as a

tool for community and economic development.

“The City of Rochester parking policy will embrace a comprehensive approach that emphasizes:

- Leveraging parking infrastructure investment and enhanced parking management as a key element of community and economic development.
- Integration of parking planning into the larger “Downtown Business Strategy” context.
- Setting an expectation of 5-to-1 return on parking investments as part of the overall downtown business development strategy.
- Ensuring effective management of existing public parking resources.
- Supporting a “vertically integrated” and consolidated parking management organization.
- Promoting a ‘balanced and sustainable community access strategy’.
- Integration of good urban design principles relative to parking facility design to better integrate parking infrastructure into the urban fabric – this includes criteria such as street-level activation, mixed use parking development, LEED certification, etc.

#### *Key Parking Policy Principles*

Two of the key lessons learned from communities where this model has been successfully applied include:

1. A reinforcement of the importance of “shared parking” as a central component of the strategy. This is important because the ability to leverage complementary (as opposed to overlapping) peak parking accumulation factors<sup>1</sup> allows the sharing of spaces between land uses and thereby allows the garage to support more private sector development projects. This greatly enhances the chances of attaining the 5 to 1 return on investment goal.
2. Recognize the importance of retaining ownership and control of parking assets (i.e., leasing the spaces, not “giving them away”).

This approach also encourages a broader assessment of the economic impacts of proposed development projects, including: initial project value, jobs creation (short-term and long-term), property tax impacts, estimated sales tax

contributions, and potential for stimulating additional development or community investment.

The new “parking demand model” (Park + Model), developed as part of this study, provides the City with updated parking planning data on an on-going basis as a tool to support the recommended parking policies.

## **Section 6: Recommended Parking Policy**

This section lays out eight recommended parking policies. Each policy is presented in the following format:

- A “policy statement”
- A stated policy purpose
- Key issues related to the policy, and
- Supporting tools

The eight recommended parking policies include:

- Policy #1– Maintain Ownership of Parking Assets & Grow the System
- Policy # 2 – Set an Expectation of a 5-to-1 Return on Parking Investments
- Policy # 3 – Strongly Support the Concept of “Shared Parking”
- Policy # 4 – Leverage Parking Investment to Support New Development Opportunities
- Policy # 5 – Support a Consolidated Parking Management Organization to Promote Effective and Customer Friendly Parking Management
- Policy # 6 – Develop a robust parking planning function
- Policy # 7 – Create a Balanced and Sustainable Community Access Strategy
- Policy # 8 – Promote a “Park Once – Pedestrians First” Approach for Downtown Rochester and integrate Good Urban Design Principles Relative to Parking Facility Design

### **Policy #1 - Maintain Ownership of Parking Assets & Grow the System**

- To better leverage parking infrastructure investment as a key element of community and economic development and to develop a more effective downtown development support system, the City should, over time, maintain public parking assets to be approximately 40% of the total parking supply. To achieve this long-term goal, it is critical that ownership of public parking assets be maintained. The City may have

more than 40% of the total parking supply downtown currently. The 40% target has two major goals:

1. By allowing the private supply to increase, this means less parking that the City would have to fund. To achieve this desired outcome, it will be important to let the parking prices increase to market levels to create more of a financial incentive for the private sector to begin to see these investments as financially feasible. Allowing parking pricing to rise to “market levels” (as opposed to artificially subsidizing public parking rates) will also help promote desired mode split goals. It is also important for the private sector to realize that the City will no longer continue to build parking as they have in the past (thus the importance of having a well-defined new public parking policy).
2. Maintaining a significant share of the overall parking market (40%) is important in that the City will still have adequate resources to influence market rates and set a high standard of operational excellence as a community benchmark.

*Purpose:*

- Many successful parking districts view parking as *essential infrastructure* and because of this have over-built supply in strategic locations and then worked on multiple tracks to stimulate community development to “grow into it”. Being ahead of the supply curve is not a bad thing. Who would want to build a water system, for example, with only enough capacity to handle the demand of the current population.
- Another approach is to consider the “idealized build out” of the downtown based on a comprehensive downtown plan, then develop your parking development plan to support the desired build out. This approach should be guided by two major principles – first, keep the public parking supply at approximately 40% of the total parking supply - this provides flexibility relative to attracting new development and creates the capacity to address uses in the realm of the “public good”. In the case of Rochester, the issues of developing a high quality urban environment and recognizing the “portal capacity” issues related to potential traffic congestion are also key concerns. Second, understand that typically more of your parking investment needs to be made on the front end of the process.
- The CCDC/“BoDo” example cited in the companion “Task Report” entitled “An Update of Parking Requirements Reform” delves into the

issues of “How much parking is enough?” for evolving urban areas and transit oriented developments. The same case study also illustrates the need to maintain ownership and control of public parking assets. It is important to note that the development of the Myrtle Street parking garage was done with public funds to effectively support the eastern half of the BoDo mixed-use development (specifically the cinema and the new Hampton Inn Suites), but that CCDC retained ownership of the parking garage. The shared parking nature of the hotel parking needs meant that parking would always be available to the hotel without handing over ownership of any spaces or creating long-term exclusive use rights. A memorandum of understanding combined with a practical reality of the parking usage has been satisfactory for all parties.

- This approach should be coupled with “creating places where people want to be”. The combination of integrated parking into the urban form (all your parking should be in convenient, mixed-use facilities with activated street-level uses) and a make a concentrated effort on “place making” and public realm improvements.

*Key Issues:*

- Manage public parking resources to ensure optimum utilization
- Implicit in this goal is the need to maintain ownership and control of public parking assets

*Supporting Tools:*

- Craft a “Community Vision” document for downtown development goals from the recommendation of recent community plans such as retail plans, housing strategies, public space plans, transportation plans, etc.

**Policy # 2 - Set an expectation of a 5-to-1 return on parking investments**

- City policy should set an expectation of a 5 to1 return on parking investments. These investments will provide community infrastructure to support a variety of private sector developments equaling or exceeding 5 times the investment value of the parking facility.

*Purpose:*

- We often do not look at parking or other infrastructure investments in quite the same way as we do other investments, such as stocks or our 401-K. However, there are some downtown development agencies and urban renewal districts that have begun setting an expectation of a defined return on infrastructure investments. To be a true development

partner, the city needs to think about investment returns and what it means to the community and inducing additional economic development.

- This policy was effectively implemented in Boise Idaho. CCDC had a stated goal of a 5 to 1 return on parking investments. With the recent completion of the so called “BoDo” (Boise Downtown) project, they leveraged \$15.5 million dollars in public infrastructure investment (The Civic Center parking garage [\$8,000,000], the Myrtle street garage [\$6,000,000] and a \$1,500,000 investment in streetscapes) in return for \$87,000,000 in private development – a 5.61 return on investment. (See case studies at the end of this document.

*Key Issues:*

- Better leverage parking and transportation investments
- Utilize parking investment to catalyze other community and economic development
- Establish policy goals re: parking investments
- Educate developers on the preferred types of development desired by the community
- Establish an expected return on infrastructure investment

*Supporting Tools:*

- Recommended “Community Vision” Document

**Policy # 3 - Strongly support the concept of “Shared Parking**

- To achieve the desired return on investment (Policy 2), the concept of “Shared Parking is crucial. City policy should strongly support the concept of “Shared Parking”. Projects that provide shared parking benefits should be strongly encouraged and even incentivized as they help the City achieve the desired 5 to 1 parking investment goal. It should be noted, however, that deals that allow excessive restrictions on the use of shared spaces, reduce the value and effectiveness of this policy and therefore should be avoided.

*Purpose:*

- As part of the parking support policies being proposed, maximizing the benefits of shared parking is an important consideration. Because of the cost of investing in structured parking, it is in the City’s best interest to get the most benefit from these public fund investments. The effective application of shared parking strategies, where applicable, can extend the

reach and impact of investments in public parking and greatly contribute to achieving the recommended 5 to 1 return on infrastructure investments.

*Key Issues:*

- Maximize returns on public parking investment
- Optimize use of existing parking resources
- Extend reach of existing parking resources
- Promote more sustainable parking and transportation strategies

*Supporting Tools:*

- Parking Demand Model
- Shared Parking Model

**Policy # 4 – Leverage Parking Investment to Support New Development Opportunities**

- City parking investments should be used to support and incent new development opportunities, but City parking assets should be leased (with limited restrictions), and not given away or sold.

*Purpose:*

- While parking is supported as a tool to leverage further investment in downtown Rochester, there are right ways and wrong ways to use it if the ultimate goal is to build an effective parking management program to support the long-term health of the City. When evaluating parking as a potential development incentive, ask the following questions:
  1. Does this arrangement give away or sell City owned assets?
  2. Does this arrangement restrict the shared-use of City parking assets?
  3. Prior to offering parking assets as an incentive, has an assessment been developed to quantify the value of the parking assets in both current and future dollars? Have future parking revenues been factored into the assessment. Have costs to replace the parking assets in the future been factored into the assessment?

4. If parking is offered as a development incentive, does the value of the development project elements at least equal the value of the parking assets relinquished (if applicable)?
  5. Are there other economic development incentives that would be equally as effective in moving the deal forward without negatively impacting the development of a strong public parking system?
- If the answer to any of these questions is “No”, the proposal should be reconsidered or at least be given extra scrutiny.
    1. If a decision is being considered that violates the principles above, has a “City desired benefit” been identified and negotiated to offset the loss of the parking investment?

**Policy # 5 – Support a Consolidated Parking and Access Management Organization and Promote Effective and Customer Friendly Parking Management**

- The City should ensure effective management of existing public parking resources. There are several strategies for achieving this multi-dimensional goal, chief among them is supporting and strengthening the consolidated parking management organization under the City, stabilizing the public parking supply over time to be approximately 40% of total parking and establishing a long-term goal of creating a self-supporting parking enterprise.

*Purpose:*

- It has been demonstrated that a parking system that is “vertically integrated” (centrally managed as a single operating agency) and that controls, at a minimum, off-street public parking, on-street parking and parking enforcement can, over time become a self-supporting and self-sustaining venture. In fact, there are many examples of programs that not only cover their operating and maintenance costs, but also debt service, facility and system maintenance reserves and even set aside funds for future parking facility development, provide funding for alternative transportation programs or provide revenues back into the City’s general fund.
- In addition to developing a strong, self-sustaining parking program primarily funded by user fees, this investment in parking and access management can generate additional benefits when directed by an

organization that is focused on community development or downtown revitalization. Some of the most advanced, progressive and successful parking management programs in the country today utilize this model. Examples include:

1. Boulder, CO (Parking District Model)
2. Capital City Development Corporation, Boise, ID (Urban Renewal District)
3. Ann Arbor, MI (Downtown Development Authority)
4. Downtown Tempe Community, Inc., (Business Improvement District)
5. City of Fort Collins, CO (Vertically Integrated City Department Model)

*Key Issues:*

- Have a defined focus on parking management and a comprehensive parking management strategy that is used as a tool to promote overall urban district management
- Create well-defined parking management policies and procedures
- Create a parking planning program element with defined parking planning and management criteria, metrics and benchmarks

*Supporting Tools:*

- Development of a “dual mission philosophy” in which parking and access management policy supports larger downtown district vitality and development
- Parking Demand Model
- Adopt a set of parking management internal benchmarks
- See recommended parking management benchmarks

**Policy # 6 – Develop a Robust Parking and Access Management Planning Function**

- Within the consolidated City Parking and Access Management Program, a special focus on the development of a robust parking planning function is recommended. Using the new “Parking Demand Model” tool, the City

should plan future public parking investments on a “quadrant basis” or similar “district basis”. The demand model tool provides the capability to keep parking supply, utilization and even land-use data up to date. Keeping this data current is a key policy objective as this will greatly enhance the City’s ability to effectively assess the parking dimensions of new development proposals as well as to plan for future parking needs.

*Purpose:*

- Use the new parking demand model to create “customized parking assessments” for proposed development projects by selecting an area around the proposed development site (typically defined by walking distance tolerance).
- Create a definition of “parking adequacy” specific to the City of Rochester (the Park+ Model can help define this). Develop specific parking criteria for each of the four downtown quadrants or special parking districts. Monitor these base planning numbers on a regular basis.
- As the parking supply and community access patterns change over time, adapt parking and transportation strategies to improve access, enhance the customer experience and increase event success and attendance through better communications, coordination with Police and traffic enforcement, and by being responsive to feedback from businesses and stakeholders.
- Consider not only the localized demands created by a specific development, but also how that development’s parking needs align with the needs of the specific quadrant or district it is located in. Consider a variety of parking needs including a range of employee parking options; short, intermediate and long-term parking options; retail support parking; special events parking; etc.

*Key Issues:*

- Understanding of parking needs/issues and ongoing monitoring (data driven management)
- Documentation and assessment of localized parking demand issues (“parking hot-spots”)
- Staying “ahead of the curve” relative to parking needs
- Utilize the new parking demand model tool to provide more effective parking analysis related to new development projects

*Supporting Tools:*

- Parking Demand Model

**Policy # 7 - Create a Balanced and Sustainable Community Access Strategy**

- The parking and access management program will be a partner for success in achieving a 'balanced and sustainable community access strategy'. Coordination and collaboration with local transit development, DMC, Mayo Clinic, State, County and other large employers is essential. "Demand side strategies" should be given equal importance to "supply-side strategies". Work collaboratively with these agencies to create a tool to monitor progress in decreasing single occupant vehicle usage (i.e., develop a "Mode Split Monitoring Report").
- Development of a community educational forum for on-going promotion of the benefits of TDM, Shared Mobility and other demand management strategies as they relate to community development and quality of life issues will be another important program element.

*Purpose:*

- Eliminate the all-too-common issue of putting parking into its own "silo". The focus should be on developing an "integrated access management strategy for downtown" that supports other community goals such as: "walkability", congestion management, public safety, promotion of alternative transportation modes, environmental responsibility, and the creation of "places for people".

*Key Issues:*

- Define the key elements of a comprehensive and integrated transportation/access management strategy for the community
- Define key metrics and access management strategy goals
- Develop measurement strategies and tools
- Conduct measurements and establish the current baseline in primary access categories such as parking, transit, light rail, bikes, walking, carpools/vanpools, etc.
- Parking specific criteria might include: parking supply/demand, public vs. private supply, Tempe specific public parking demand ratios, on-

street utilization (for example – manage to achieve 15% availability),  
parking supply within walking distance to key demand generators, etc.

*Supporting Tools:*

- Parking Demand Model
  1. See sample report outputs
- Transit and Metro Rail Monthly Ridership Reports
  1. Local Boardings per Weekday
  2. Local Boardings per Mile
  3. Express Boardings per Weekday
  4. Average Express Boardings per Trip

**Policies # 8 – Promote a “Park Once” Approach for Downtown Rochester and Integrate Good Urban Design Principles Relative to Parking Facility Design**

- The City and DMC will actively promote the integration of good urban design principles relative to parking facility design to better integrate parking infrastructure into the urban fabric – this includes criteria such as requiring street-level activation, preferences for mixed use parking development, LEED or Green Garage certification for all future mixed-use parking facilities, etc. The concept of peripheral and remote parking for employees is another key concept that supports this principle in Rochester.

*Purpose:*

- Urban design is often mistakenly treated only as a “beautification filter” that people put on at the end of a development approval process. From the beginning of a development proposal, urban design needs to be understood as the “product output” to ensure “value” is simultaneously understood and weighed with “cost”.
- Public sector development of its parking “products” can produce a public benefit [physical and financial]. The same can be true for private sector parking “product” development. Purely utilitarian-looking and operating parking facilities can be an economic liability, no matter what was spent on it. Similarly, a facility designed aesthetically, but not for function will negatively affect surrounding development. Conversely, a

parking property [lot or structure] that is designed to a high standard to look good and work well is an economic development benefit

- Promoting walkability and offering multiple options to move around the downtown without driving and parking multiple times promotes less traffic, congestion, pollution and better supports local businesses.

*Key Issues:*

- Community education of transportation options
- Special event parking information
- Evaluate creative alternative transportation options

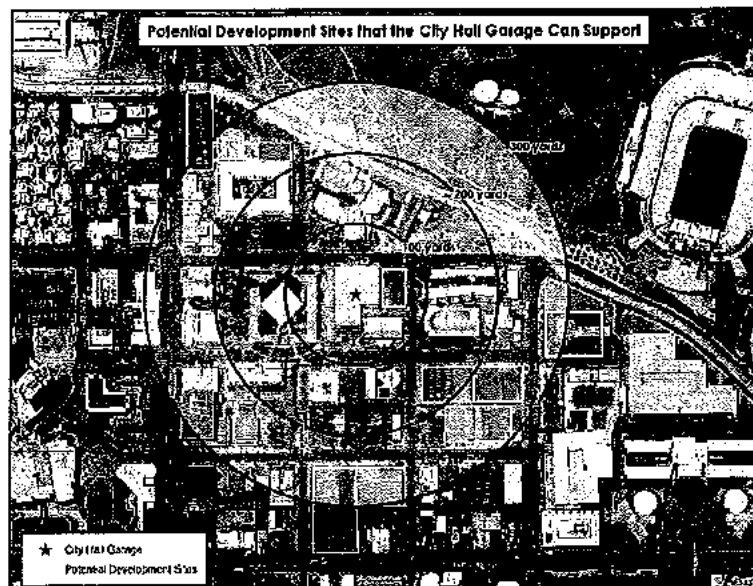
*Supporting Tools:*

- Periodic pedestrian surveys
- Parking Facility Design Guidelines

## Section 7: Policy Application Example

Let's take the recent investment in the City Hall parking garage in Tempe, AZ as an example of how the recommended policy might be applied.

The public City Hall garage represented a \$22,000,000 investment. Using the 5 to 1 ROI guideline, a return of \$110,000,000 in private sector investment would be targeted.



In the image to the right, up to seven potential development sites were located within a reasonable proximity to the new City Hall Garage.

The number of projects this garage could support depends on several variables such as project size, proximity to the parking facility, types of users and significantly the combination of land uses.

This is significant because of the combination of land-uses defines the potential for shared parking. Certain land-uses, because they offer complementary (i.e., not overlapping) peak parking demand periods can provide for greater shared parking benefits.

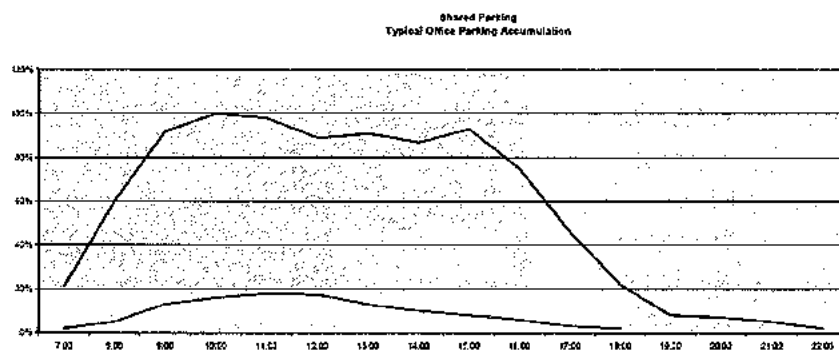
One of the best examples of these “complementary land-uses” is hotels. Because the typical peak parking accumulation for hotels occurs overnight as opposed to an office use which has its parking accumulation peak between 10:00 AM and 3:00 PM.

Consider this theoretical development scenario:

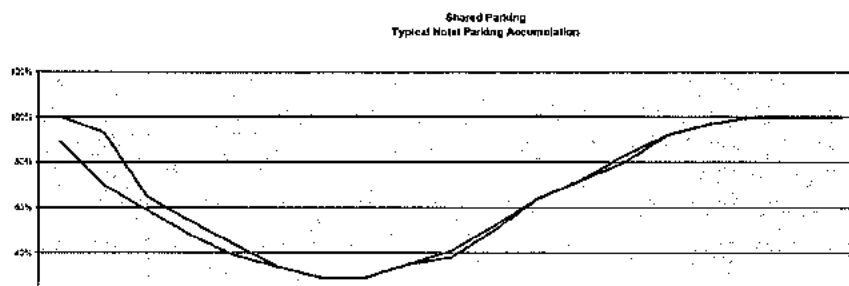
Development Description: A moderate sized mixed-use development containing office, retail and hotel uses.			
Land Use	Units	Parking Demand Ratio	Stand-alone Parking Requirement
Office	90,000 Sq. Ft.	4 spaces / 1,000 Sq. Ft.	360 spaces
Retail	10,000 Sq. Ft.	4 spaces / 1,000 Sq. Ft.	40 spaces
Hotel	200 Rooms	1.25 spaces / Room	250 space
Total:			650 spaces

The following graphs illustrate the typical parking accumulation patterns for office and hotel. The patterns for office and hotel are virtually inverse of each other. That is to say they have “complementary” as opposed to “overlapping” peak parking accumulation patterns.

#### Office



#### Hotel

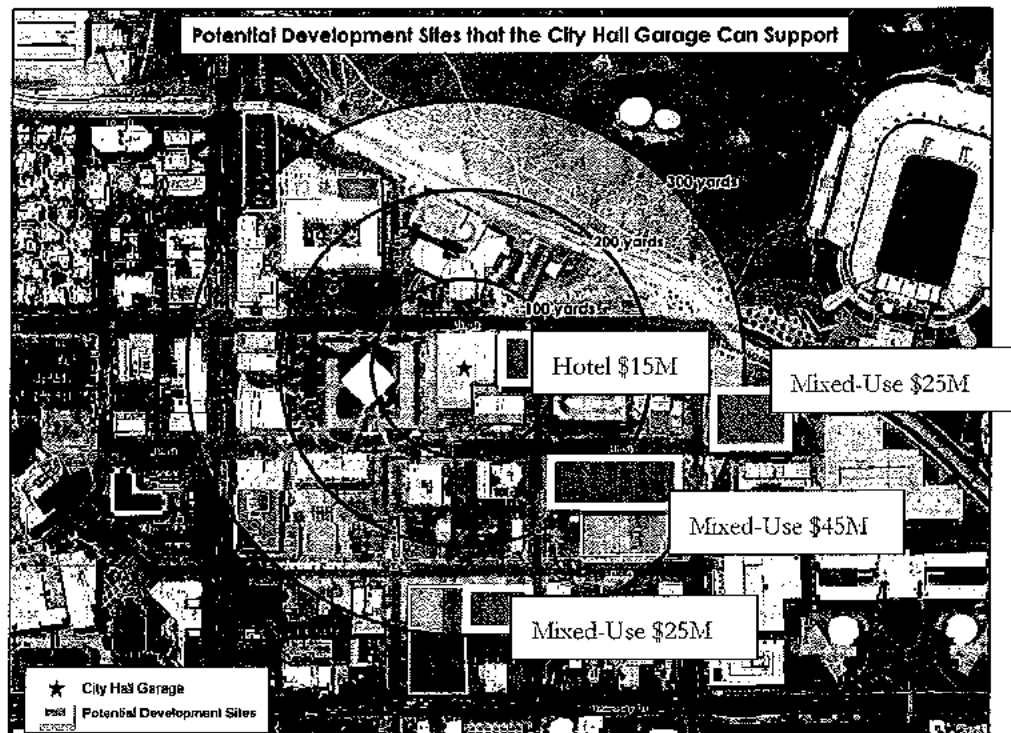


Through the application of shared parking, virtually, the entire 250 space hotel parking requirement could be accommodated in the parking provided for the other uses. Let's assume that the hotel will have management, operations and some restaurant staff on duty during the day. Still, it would be reasonable to assume that, for this specific development, that a parking demand reduction of 200 spaces could be applied.

Through application of shared parking, a 200 space reduction from the original 650 spaces can be achieved. 200 spaces at a construction cost of \$30,000 per space equals an investment value of \$6,000,000. Because the hotel can be accommodated in off-peak demand periods that means that the 200 spaces can accommodate another development to help achieve our investment target – assuming that the control of the spaces has not been taken out of the equation by assigning ownership or legal control to another entity. If this is done, the City must view this as a loss not only of the investment in the spaces (\$6,000,000) but also the potential loss of another \$25,000,000 - \$35,000,000 development project that could have been supported by these 200 spaces.

It is important to encourage a true development partnership when structuring these deals. As a partnership, these deals are about more than just providing developer incentives or making the project more profitable. Identifying and balancing the City's goals and return on investment is also key element of any partnership.





The illustration below shows four potential development projects that could be supported by the investment made in the City Hall garage.



This is not saying that the City Hall garage can fully support these developments on its own, but allowing access to a certain number of leased spaces at market rates, combined with the shared parking benefits from one or more hotels, the City could get very close to achieving to desired return on investment, which translates into significant community and economic development. The key point is that assigning exclusive use agreements or other practices that significantly restrict parking space usage could mean a significant reduction in new community investment.

The recommended parking development policy for the City of Rochester builds upon its history of recognizing the importance of investment in parking infrastructure. The City should continue to view parking as important civic infrastructure and to consider parking as a key element in proposed development deals. The illustration below, from Sacramento, CA, shows their results in having a defined business recruitment and development strategy. Each of these developments had a synergistic effect on other downtown developments. This example can be related to Rochester in two ways. First, it illustrates a community that had a specific “business recruitment strategy” (this concept is discussed under “Successful Strategies” in the companion task report mentioned above) and two, the numbers associated with these real-life projects in Sacramento reinforces the conservative nature of the estimates used in the City Hall Garage example

Four key projects were funded and facilitated by Economic Development's Downtown Development arm and key strategic partners. They've created a synergistic effect on other developments downtown, in Midtown and in surrounding areas. Collectively, these projects will add 440 jobs and \$2.9 million to the tax base.

Project	Investment	Jobs Created	Impact
 Sheraton Hotel/ Parking Garage sale	\$130 million	\$600,000	Sale produced a \$50 million windfall of additional resources for the city and redevelopment agency; a portion of the money was used for further reinvestment on K Street.
 The Cosmopolitan cabaret and restaurant	\$15.4 million	\$550,000	Activated a major corner at 10th and K streets, complementing other attractions nearby, including the Crest Theater, Elia Restaurant, IMAX and the newly opened Citizen Hotel.
 Citizen Hotel	\$70.2 million	\$1.6 million	As one of the first high-rise buildings in Sacramento's history, the renovated Cal West Building was transformed into the Citizen Hotel, the first-ever boutique hotel in the central business district.
 Orleans Hotel condominiums	\$13.9 million	\$150,000	The newly constructed condo project is a re-creation of the 1800s-era building. This will activate 2nd Street in Old Sacramento and bring in residents to Sacramento's historic district. Within the first three months of opening, more than 30 percent of the 24 condos are leased and a restaurant is slated for the end of 2009.

above and reinforces the achievability of the recommended 5 to 1 return on parking investment policy.

## **Section 8: Additional Recommendations to Maximize the Benefits of the Recommended Parking Policies**

- Parking programs are most successful when the overall philosophies, policies and programs are aligned with a larger set of community strategic goals. The creation of a defined shared vision for the downtown - whether through the creation of a new downtown master plan or the assembly of elements from multiple existing plans – can be an important element for ensuring that parking and transportation support systems are developed in a manner to most effectively help the community achieve its overall goals.
- Based on the defined and shared vision for downtown, it is important to develop a specific “Downtown Business Strategy”. The downtown business strategy establishes specific targets for housing, office, retail and hotel development within the downtown district(s). This business strategy should be built upon the shared vision for the downtown and incorporates recommendations from a variety of sources such as downtown housing strategies, retail studies, transportation plans, City comprehensive plans, zoning plans, etc.).

In conjunction with this strategy, the creation of “Business Strategy Scorecard” as tool is helpful for reinforcing the primary strategy goals and documenting progress and accomplishments. A template for such a “scorecard” is provided at the end of this document.

With the knowledge of specific business recruitment strategies, the parking program could play useful role in collaborating with City economic development staff related to quantifying the potential parking impacts of these targeted developments, especially with the addition of new Park+ parking demand model.

# Parking as an Economic Development Strategy

## Introduction

The idea that parking can be an effective economic development strategy has gained greater and greater acceptance as innovative programs from around the country have proven this concept with many successful examples. We have documented several of these case studies in this white paper.

However, as the principles have become more accepted many clients are asking us how they can take this concept to the next level.

- What new trends are emerging?
- What are the specific strategies that have proven to be most successful?
- What are realistic 'return on investment' ratios?

*Having a well-defined and shared vision relative to preferred or targeted types of development is a key first step in the process.*

*Parking can also be used as a "Platform" to achieve a variety of other community goals, beyond parking infrastructure.*

***Consider Parking as a Platform to Support These Other Potential Community Priorities:***

*Downtown Residential Development*

*Urban Parks/Green Space*

*Activated Street Level Retail with Office or Residential Above*

*Public Art / Local Artist Community Engagement*

*Sustainable Development / Renewable Energy*

## Successful Strategies

### Downtown Business Strategy Scorecard Approach Aligned with Parking Policy Objectives

For the agencies or departments charged with downtown development and revitalization, recognize the need for both a long-term strategic plan and a specific, action-oriented business strategy to guide decisions on the use of public resources. One approach to developing a downtown business strategy is to establish specific targets for housing, office, retail and hotel development within the urban districts. This business strategy would ideally reflect the shared vision for the downtown and the community at large as defined in a downtown strategic or master plan.

CCDC Business Strategy Scorecard - 2006					
Land Use	10-Year Baseline Targets 2005-2015	Completed 2005	Completed 2006	Percent of Target Completed by Year End 2006	Projects in the Pipeline
<b>Office Projects (in square feet)</b>	<b>800,000</b>				
Plaza 121 SWC of 6th & Idaho*		3,000			
Front 3 NWC of 8th & Broad*		16,741			
11th and Myrtle Center SWC of 11th & Myrtle		24,500			
BoCo Blocks between Myrtle, Front, 6th & Capitol		53,830			
Banner Bank Building NEC of 10th & Barnack			170,425		
Ada County Justice Center 417 S. 6th*			12,254		
Idaho Independent Bank NEC of 5th & Broad**					70,485
Metropolitan Between 15th & 16th, Idaho & Barnack					18,000
Aspen South of Front between 8th & 9th					5,609
Sustainable Community No. 1					73,000
<b>Total New Office Square Footage</b>		<b>98,071</b>	<b>182,679</b>	<b>35.1%</b>	<b>167,864</b>
<b>Apartment Projects (in units)</b>	<b>100</b>				
Civic Plaza Apt*** (192 & 232 E. Front)		298			
Capitol Terrace Apts East of 6th between Idaho & Main					94
<b>Total New Apt Units</b>		<b>298</b>	<b>0</b>	<b>0%</b>	<b>94</b>
<b>Condominium Projects (in units)</b>	<b>550</b>				
Gam Building NEC of 10th & Idaho**					9
Clyde Lohr SEC of 13th & Myrtle**					77
Paradigm SEC of 8th & Broad					32
The Jefferson SEC of 4th & Jefferson					47
Metropolitan Between 15th & 16th, Idaho & Barnack					96
Aspen Front Street between 8th and 9th					70
Royal Plaza NWC of 11th & Main**					26
417 S. 8th St.**					6
O.V. Smith Building 419 S. 8th St.**					11
Grand Avenue Homes**					20
Sustainable Community No. 1					103
Baker Place					138
<b>Total New Condo Units</b>		<b>0</b>	<b>0</b>	<b>0%</b>	<b>619</b>
<b>Retail Projects (in square feet)</b>	<b>200,000</b>				
Plaza 121 SWC of 6th & Idaho		3,400			
BoCo Blocks between Myrtle, Front, 6th & Capitol		135,204			
Banner Bank Building NEC of 10th & Barnack			14,663		
Lulu Ona NWC of 6th & Grove*			3,000		
417 S. 8th St.**					4,500
O.V. Smith Building 419 S. 8th St.**					4,500
Metropolitan Between 15th & 16th, Idaho & Barnack					16,000
Aspen (Kinnell) Front Street between 8th and 9th					4,409
Royal Plaza NWC of 11th & Main**					6,500
Sustainable Community No. 1					20,000
<b>Total New Retail Square Footage</b>		<b>138,604</b>	<b>17,663</b>	<b>78.1%</b>	<b>57,909</b>
<b>Hotel Projects (in rooms)</b>	<b>250</b>				
Hampton Inn & Suites NWC Capitol & Myrtle			166		
Lulu Ona		6			
<b>Total New Hotel Rooms</b>		<b>6</b>	<b>166</b>	<b>76%</b>	<b>191</b>
*Remodel vs. new construction					
**Projects under construction at year end 2006.					
***This project was completed in 2004, the year in which the Business Strategy was adopted. Although the targets are for 2005-2015, the project is counted toward targets given the size of the project and the amount of investment CCDC made to move this project forward.					

In conjunction with this strategy, the creation of a “Business Strategy Scorecard” is helpful for reinforcing the primary strategy goals and documenting progress and accomplishments. To the right is an example from another US downtown.

As part of this Downtown Rochester parking study we have provided a model business score card that also incorporates several key parking elements.

In addition to the standard business score card documentation, this tool has columns to reinforce the following goals:

1. Identification of projects that reflect defined downtown master plan goals. Targeting specific development projects that move the forward the shared vision of downtown is especially important for helping the district achieve its desired goals. There are often many potential development projects to consider, but prioritizing those projects that help move the community forward in the desired direction and deserve special consideration can provide justification for providing reasonable incentives. Understanding which projects are most valued by the community or are most likely to be developed, can be useful in determining if parking will be considered as a potential development incentive. If parking is to be considered as a primary incentive, use of the parking demand model to help quantify short-term and long-term impacts, including the potential need for funding additional parking supply, is important.

Another important dimension of this approach is that by having a defined set of community or district development goals, City is educating the development community on the types of projects that the City and downtown district will respond positively. In other communities, the better developers will actively seek out community development plans and attempt to align their overall project components to contribute to the defined district vision in the hopes of streamlining the development approval process. When this works, everyone wins.

A “Business Strategy Scorecard Template” is provided as an appendix to this report.

## Best Practices Research:

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Innovative municipal parking programs, urban redevelopment agencies, business improvement districts and downtown development authorities have led the charge as it relates to leveraging investments in strategic parking and mixed-use facility development as a key strategy to improve their communities and stimulate additional economic development opportunities.

A key trend we have identified is that many of these parking programs have developed more advanced and sophisticated planning capabilities in recent years. They have well defined “parking analysis zones” within their downtowns and actively monitor changes to off-street parking supply and demand. They also have begun measuring and tracking changes to on-street utilization. Using creative and demand-based pricing and regulation strategies (time-limits, special permitting strategies, etc.) they are beginning to manage their limited on-street resources to maximize their value by more effectively promoting turn-over. Dr. Donald Shoup, Distinguished Research Professor, from the Department of Urban Planning, UCLA recommends using parking pricing to achieve a goal of an on-street vacancy rate of 15%. This has had the related effect of also increasing off-street parking revenues.

These advances in planning and management are being combined with another, and perhaps more important trend – a philosophy that aims at making parking (and therefore the “overall downtown experience”) more visitor friendly. It is important to note that “friendly” does not equal “free”. Parking is never free, even when there is no direct charge to the customer – someone somewhere is paying the price for providing not only the space, but the electricity, the maintenance, the cleaning, etc.

As part of the research effort for this project we focused on identifying new or creative approaches to using parking as a tool for economic development.

Following are a series of case studies including comments from the developing agencies about “lessons learned”.

*Case Studies*

*Case Study # 1*

**The Ashley Mews Project**

Ann Arbor, Michigan

Ashley Mews was one of the first downtown

developments in Ann Arbor since the early 1980's. The city owned a piece of land at the intersection of Main/Packard and wanted to sell it for redevelopment with the goal of seeing at least some affordable housing units (80% of AMI) included as part of the project.

The Ann Arbor Downtown Development Authority (DDA) helped facilitate the conversation between the City & the developer (Syndeco is the real estate arm of Detroit Edison). Final arrangement had a 9-story office building with first floor retail and penthouses on the top, and approx. 50 stacked townhouses of which 8 are permanently affordable.

The developer brought 120 of their own underground parking spaces, but needed 100 more parking spaces plus some gap financing. The DDA provided some funds toward the affordable housing units and additional funds toward the project's pedestrian improvements to make the numbers work.

"We gained a wonderful mixed use project that made it possible for Detroit Edison to bring 400-500 high paying jobs (the building houses all the energy company's subsidiaries such as Detroit Edison Nuclear, Detroit Edison Wind, etc.) plus more than 50 new downtown residents (the penthouses were a slower sale because the space wasn't built out and residents clearly had trouble understanding what \$1 million was buying them)."

*Lesson Learned:*

1) The City must know what it wants upfront in a development deal like this (improved neighborhoods, promotion of shared parking, alignment with

larger development vision, etc.) so we can understand if it's worth providing a limited public asset (lots of public parking spaces) to accomplish their goal.

2) If possible, use these public/private arrangements to clean up previous mistakes (before the DDA took over parking, the City had given away parking permits in a contract for 3 renewable 20 year terms at the cost of operations plus bond payments. The bond payments were ending. If we hadn't revised the agreement the developer would have been paying \$10-20/month for permits that cost other downtown users \$100/month).

3) Consider all the elements that can make a project work, not just the parking elements.

*Supporting Documents:*

1. Ashely Mews Development Agreement
2. Ashely Mews Parking Agreement
3. Ashely Mews Planned Unit Development (PUD) Agreement

*Case Study # 2*

**“BoDo” Development**

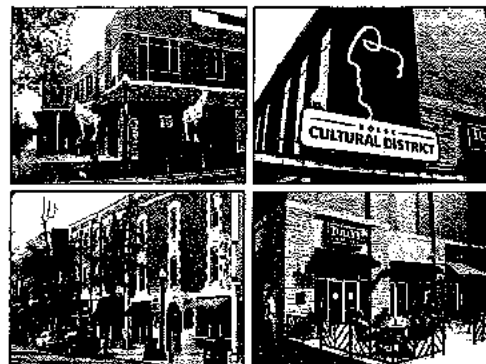
Capital City Development Corporation, Boise, Idaho

The Capital City Development Corporation (CCDC) is the urban renewal agency in Boise, Idaho. The CCDC manages four separate districts in the downtown area as well as managing the off-street public parking system.



CCDC has a stated goal of a 5 to 1 return on infrastructure investments. With the recent completion of the so called “BoDo” (Boise Downtown) project, they leveraged \$15.5 million dollars in public infrastructure investment (The Civic Center parking garage [\$8,000,000], the Myrtle street garage [\$6,000,000] and a \$1,500,000 investment in streetscapes) in return for \$87,000,000 in private development – a 5.61 return on investment!

Beyond this initial success, the “BoDo” project also generated



another \$650,000 in tax increment financing revenues that the CCDC will reinvest in downtown and the project is generating an additional 1,000 parkers per day for an estimated \$800,000 in additional parking revenue per year. It is also worth noting that the “BoDo” project brought several targeted types of development to the downtown including a 17-story residential development, a multi-plex cinema and a new hotel.

*Lessons Learned:*

1. CCDC has successfully used “parking development as a catalyst for other development”
2. They have a defined expectation (5 to 1) relative to parking and other infrastructure investments.
3. Their standard agreement is a “blank page”. Be flexible. Consider all options,
4. Housing/Residential development projects have more spin-off benefits.
5. Their parking strategy was based on an “idealized build out” of the downtown based on the downtown master plan. Their parking development plan is designed to support the desired build out.
6. Goals: Keep the public parking supply between 30 – 40% of the total parking supply & realize that more parking investment is needed on the front end of the process.

*Case Study #3*

**Village Green**

Ann Arbor, Michigan

Village Green is the Ann Arbor DDA’s most recent development project. The City distributed an RFP to sell/redevelop the site of our oldest parking structure. The Village Green project was selected and plans include a multi-story apartment building with an underground public parking structure.



The development agreement was much simpler than the Ashley Mews Project discussed previously. The DDA formulated early what it was willing to provide to make this deal work (\$100K per unit for up to 4 units of affordable housing to 60% AMI = \$400,000 and exact dollar amounts for what it would pay to have the underground parking structure constructed (\$35,000/above ground space + \$45,000/below ground space). This

eliminated negotiations later on, as the developer bids on the property were made knowing that these were the only two sources of local funds for the project. This potentially relates to Rochester in terms of how development incentives related to parking are structured on the front end of deal development.

*Lessons Learned:*

- 1) If the developer is building a public parking structure as part of this public/private development, come to an agreement up front on what the DDA or City is willing to pay per parking space since it is virtually impossible to delineate what is/isn't part of an underground parking structure (earlier developers wanted to charge the DDA for their construction crane costs, all costs to bring utilities to the site, etc.) Once this price is established, it makes it easier to sort between various bids for the site since the variables are reduced.
- 2) The DDA /Village Green parking agreement had us providing 73 spaces for monthly parking + 73 flex parking spaces, leaving some number for public parking. The flex parking numbers made the banks happier about providing financing since the project has more parking spaces per unit - even though the flex spaces can only be used at night.

*Supporting Documents:*

1. Village Green Parking Agreement

**To:** Joni Giese, Principal  
SRF

**From:** Bob Kost, Project Manager  
SEH  
bkost@sehinc.com  
952-912-2604

**Date:** January, 18, 2017

**Subject:** Outline Draft Purpose and Need for DMC City Loop

**Cc:** Rose Ryan, Alta Planning + Design  
Colin Harris, Alta Planning + Design

## Introduction

The Purpose and Need statement is the foundation of any transportation improvement project. It establishes the issues to be addressed and the means for judging the potential value of alternative solutions. It includes an assessment of travel and development markets, the findings of previous studies, a review of existing conditions, and public / stakeholder input. The Purpose and Need then translates into project goals and objectives that then help in defining the criteria by which transportation solutions are evaluated.

In the case of a non-motorized, active transportation facility such as the City Loop the development of a Purpose and Need statement is based on a combination of qualitative and quantitative information due to the limitation of available cycling and walking travel market and user data. Where possible, relevant data developed for the Transit Circulator and Street Use studies will be utilized.

The purpose of this Memo is to lay out an outline or structure for the development of a formal Purpose and Need statement for the City Loop facility. Work on this component of the project will continue over the months of February and March as a part of Task 6.

The Purpose and Need statement is comprised of the following six key elements:

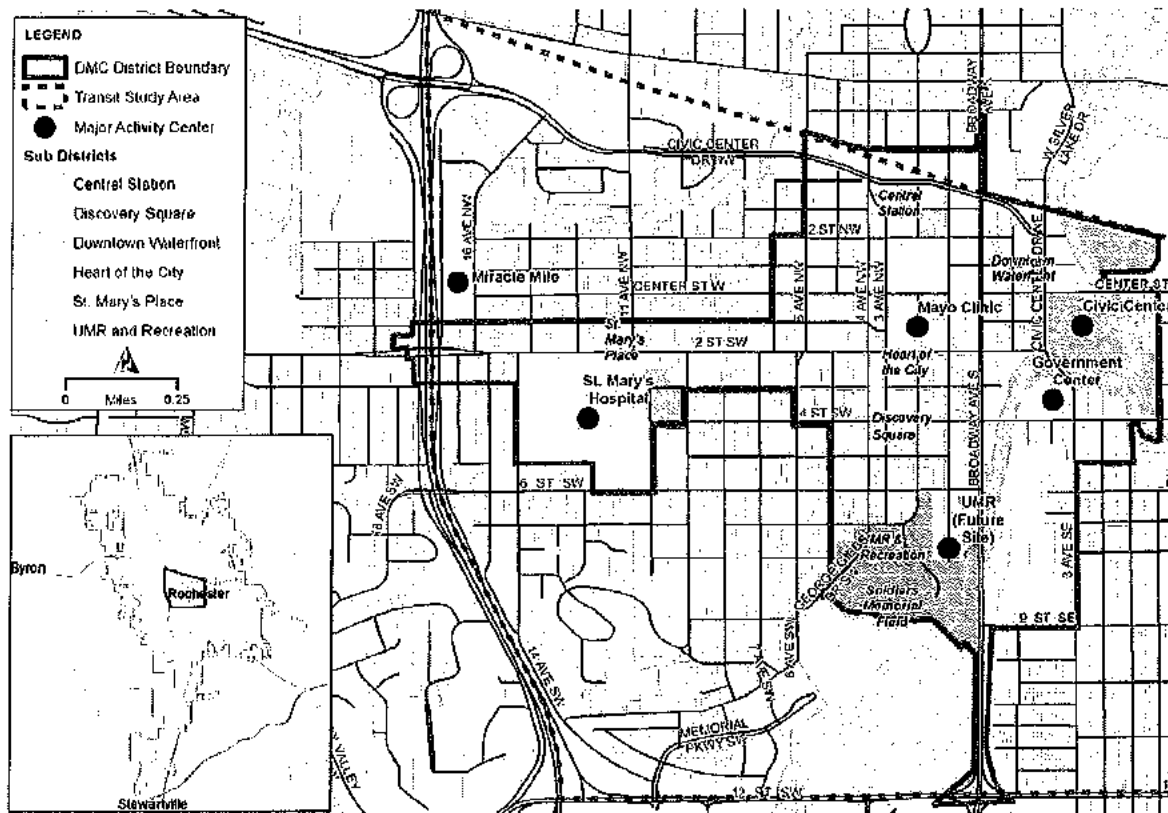
1. **Study area:** identifies the geographic location in which the problem and potential solutions occur.
2. **Planning context:** review and analysis of relevant past plans and policies establishing the foundation for the proposed project.

3. **Project purpose:** statement of the fundamental reason for the project.
4. **Needs:** description of the transportation problems in the corridor that the project is intended to address.
5. **Goals and objectives:** desired outcomes of the project, and the framework to identify and evaluate the performance of a proposed transit alternative.

Evaluation criteria: qualitative and quantitative measures used to assess an alternative's ability to address the project goals and objectives.

1. **Study Area:** The area covered by the City Loop study is described in Figure 1.

**Figure 1. Study Area**



2. **Planning context:** Documents and studies reviewed in development of this Purpose and Need include:

- a. Rochester Downtown Plan
- b. Include DMC Development Plan
- c. Rochester 2nd St corridor framework
- d. Mayo Master Plan
- e. 2012 Bike Plan
- f. Comprehensive Plan Transportation Chapter (still in progress)

g. DMC Transportation Program Transit and Street Use Studies

**3. Purpose:**

**What:**

Provide a comprehensively branded, low-stress, attractive, high quality walking and biking facility.

**For Whom:**

Rochester residents, downtown and DMC area employees, visitors, patients, and patient companions.

**Why:**

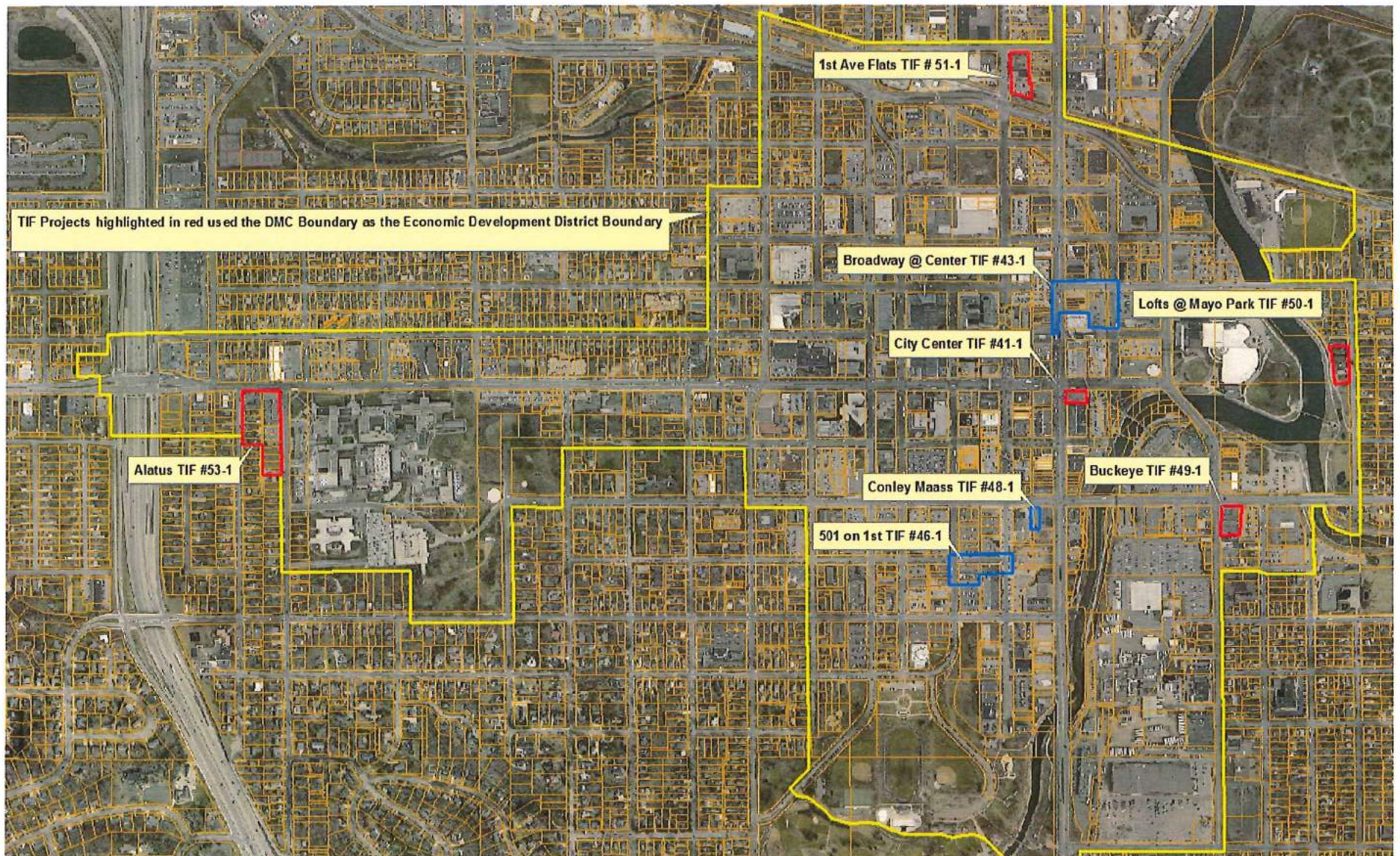
- Support DMC Vision by improving year-round active transportation and recreation options
- Improve health
- Support environmental sustainability
- Support Mayo strategic initiatives

**4. Needs:**

- DMC is expected to experience significant growth in the next 20 years with increased transportation volumes.
- Approximately 310,000 square feet of new office/professional space
- Approximately 1, 020,000 square feet of Bio-Med-Tech related space
- Approximately 6,800,000 square feet of Health care related space
- Approximately 1,380 new hotel rooms
- Approximately 2,850 new housing units
- Approximately 320, 000 square feet of new Retail/Dining/Entertainment space
- Approximately 26,000 new jobs or 1,050 jobs per year are anticipated within the DMC district
- Current road capacity can't accommodate additional volumes if current mode split is maintained
- Need to move more people towards transit, walking and biking
- There is a current lack of bicycle facilities in the DMC
- Need to improve connections to broader bikeway network
- There are a large number of residents with health issues that would benefit from access to and use of active transportation facilities
- There is a need to improve livability of Rochester to foster economic development and to attract workforce.

**5. Goals and objectives:** in process of development.

**6. Evaluation criteria:** in process of development.



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# Memo

To: DMCC Board and Mayor and City Council

From: Gary Neumann

Date: January 2, 2017

Re: Use Of Tax Increment Financing Funds For Transit And Public Infrastructure

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At the December 15, 2016 meeting, the DMCC Board adopted a motion to direct the staff to provide information on the potential use of tax increment financing proceeds for transit infrastructure purposes.

1. Can tax increment financing funds be used for “transit Infrastructure” purposes now?

YES. Increments generated by DMC TIF districts and a portion of the increments from other City TIF districts in the DMC Development Plan area can be used for public infrastructure improvements including transit to the extent those funds are not committed to a developer. DMC TIF district funds can be used only in the DMC Development Plan Area. If the transit improvements extend outside that area, a boundary modification could be considered.

2. Have current TIF Districts within the DMC Development Plan Area been established to allow for use for some portion of the TIF funds for public realm and transit improvements?

YES. The City has established 6 City TIF Districts and 2 DMC TIF Districts within the DMC boundary area to date since 2013. In each case a specific TIF District incorporates just the project site itself. A larger economic development district is also identified in this process in which TIF funds not provided for the project site itself can be utilized for legally authorized purposes within the larger economic development district. As shown on the attached map the City has already been using the DMC Development Plan Area Map as the economic development district for 5 of the 8 TIF districts we have established. This allows additional TIF funds to be used for authorized purposes throughout that area. We intend to do this for all future TIF districts within the DMC Boundary. Transit improvements is one of many authorized uses for TIF. The City has anticipated that the use of TIF funding would be a key component to both incent redevelopment, resulting in private investment

to secure future State funding, and as a funding source for additional public improvements that will be needed.

3. Is there any funding available for transit purposes now for the DMC Development Plan Area?

YES. In the total DMC funding of \$585 Million, there is an amount of \$116 Million that is restricted to be used for transit costs. This \$116 Million, which is dedicated specifically to transit, is funded by an estimated \$46 Million in local matching funds from Olmsted County and \$70 Million from the State. The legislation specifies that the "City must" use the state transit aid and the local matching funds for transit costs. To an extent, of all the listed potential infrastructure improvements listed in the DMC Development Plan, transit already has the most clearly identified and secure funding amount.

4. What happens if the transit costs exceed \$116 Million?

If the approved transit solutions exceed \$116 Million then additional funding might be provided from a number of funding sources including federal funds, the \$455 Million GSIA funding, or other funding sources which might include TIF funds. Decisions on the final transit solution, the transit mode, parking locations, how the current bus system and future bus improvements might mesh with a transit system, the capital costs to be approved, future operating costs obligations and other decisions will all need to be made by both the DMCC Board and the Mayor and City Council for the use of DMC funds. Those bodies will need to prioritize the funding for the various proposed infrastructure improvements.

5. Besides transit are there other public infrastructure needs that may require funding from TIF funds?

YES. For example, the overall goal in the St. Mary's area has been to essentially re-make and improve this entire area as a gateway to the downtown and to enhance the major employment area that already exists at St. Mary's. In addition to TIF funding needed to incent redevelopment projects there will be public infrastructure costs that may include: a reconstruction of 2<sup>nd</sup> St from 11<sup>th</sup> Avenue to Highway 52; improved streetscaping; improved pedestrian crossings, improved connections to adjacent neighborhoods; consideration of a pedestrian tunnel crossing or a larger tunnel system; and the potential for an arcade to protect pedestrians. Some of the costs may be paid from other sources such as assessments and Federal and State street funding but those options are limited. For many of those improvement costs the City has viewed TIF funding from area projects as one of the primary funding sources, otherwise those improvements are not likely to proceed. Those improvements may be ready to proceed in the next few years.

6. Are there other ways to maximize the use of TIF to provide funding for transit or other public infrastructure.

YES, potentially.

First, in Minneapolis, a Streetcar Value Capture District was created by legislation one block either side of a potential streetcar corridor. Under that approach the increased property valuation from both property value inflation and new development was captured

resulting in the new property taxes being available, similar to TIF, to pay for transit improvements.

Second, in the DMC legislation the City of Rochester secured exemptions from certain TIF provisions that could allow the city to establish a TIF district that could encompass the entire DMC district or a smaller subset thereof to capture the taxes generated from both inflationary value increases for existing properties and from new development. This allows the City to essentially do the same thing that was accomplished in the Minneapolis Streetcar Value Capture approach without special legislation. Once we are further along and have determined: the recommended transit option; whether the transit improvement costs exceed \$116 million; more specific information on route and benefits; then this can be one of the many options that are looked at for funding transit or other improvements. There would be many potential ramifications to consider before such an option were selected, including the impact on other taxing jurisdictions.

Third, currently a large share of the TIF proceeds from individual projects are needed to close an identified gap in the financial pro forma for such projects. That may be driven by a combination of forces including the much higher cost both to acquire land and to construct structured parking in the DMC development area and also the reality of market revenue streams that have not matured to the point at which a reasonable rate of return can be made without some financial assistance that allows the project to proceed. In 2013 when the initial DMC legislation was being developed this was cited by Mayo Clinic and its consultants as one of the major factors in the need for some state participation and financial assistance. It is also consistent with the City's experience in attempting to redevelop the downtown area over the last 30 years. Hopefully that situation will change over the passage of time and the achievement of many of the improvements envisioned in the DMC, such that a greater percentage of the TIF proceeds can be used for public infrastructure and less to incent developments to come to fruition. Based on the pro forma analysis of projects that have come forward to date the market has not reached that point.

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To: Lt. Governor Tina Smith and members of Destination Medical Center Corporation board of directors

From: Jeff Bolton, Chair, DMC EDA  
Lisa Clarke, Executive Director, DMC EDA

Date: February 1, 2017

Re: Urban on First Development Project

The DMC EDA board acted unanimously in recommending the Urban on First Development project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. The board further recommended the amount of \$3.8 million in city Tax Increment Financing.

Our findings, which are attached, are based on a thorough independent review of the project using the criteria established by DMCC. Additionally, this recommendation aligns with the City of Rochester's recommendation.

Thank you for considering this recommendation.

## Rochester 1<sup>st</sup> Ave Mixed-Use Development Evaluation Report February 1, 2017

### EXECUTIVE SUMMARY / RECOMMENDATION

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#### STATEMENT OF RECOMMENDATION:

Based on information provided by Opus Development Company, LLC (the “Applicant”), the Proposed Project aligns with the Destination Medical Center (“DMC”) vision and is consistent with the DMC goals, objectives and values. It will significantly increase tax base, create job growth, and attract additional private investment. It falls in the Discovery Square sub-district, one of the top priority areas for the DMC initiative and the DMCC board.

The following complete report evaluates the Proposed Project on all criteria as required by the Development Plan. Based on this criteria, the Destination Medical Center Economic Development Agency (“DMC EDA”) would categorize the Proposed Project as a high priority DMC project that has great potential to help realize the vision, goals and objectives of the DMC initiative.

#### STATEMENT OF ELIGIBILITY:

Based upon information provided by the Opus Development Company, LLC, the Proposed Rochester 1<sup>st</sup> Ave Mixed-Use Development Project is a “public infrastructure project” under the DMC Act, and the Proposed Project falls within the DMC Development District boundaries (Discovery Square Subdistrict).

#### PROJECT SUMMARY:

The Rochester 1<sup>st</sup> Ave Mixed-Use Development will transform a surface parking lot into mixed-use residential and commercial development. It will include 156 units of apartments, 9000 square feet of street level retail, and structured parking garage for approximately 156 vehicles. It is a total of 238,700 square feet of development. The anticipated residential mix is 48 alcove, 59 one-bedroom, and 49 two-bedroom apartment units. The interior amenity package for use by all residents will include a fitness center, on-demand fitness trainer and gym, club room with demonstration kitchen, premium bike valet storage area with bike repair stations and replacement parts, dog wash, and secured, tempered garage parking. Exterior amenities will include two separate and distinct outdoor amenity decks at level 2 which will include a pool/hot tub, outdoor kitchen and barbeque, seating areas, green roofs, fire pits, stunning views of downtown Rochester and the Zumbro River. Additionally a level 6 “resident overlook” terrace will provide residents with views of the greater surrounding area.

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RELEVANT PROJECT HIGHLIGHTS:

The following list outlines relevant project highlights for consideration:

- Located in Discovery Square DMC Subdistrict;
- Provides capital investment of \$38 million;
- 238,717 square feet mixed-use building;
- Activates the ground floor with 9,000 square feet of commercial and retail space for restaurants and businesses
- Create permanent jobs in those businesses occupying the building and for property management;
- It will create more than 130 jobs, many of which will be short-term construction jobs;
- Approximately 30% of the TIF generated by the project will be available for other public improvements with the District;
- Project has received preliminary approval by the Planning and Zoning Commission and City Council for Incentive Development, with 17 conditions;
- Project will have a functional green roof and developer is exploring the project's capacity of meeting Minnesota Green Communities building standards;
- Developer will make good faith efforts to address recommendations from neighborhood organization and DMC design standards;
- Project will provide quality, high density housing within a priority DMC subdistrict .

## EVALUATION REPORT

### SECTION 1.0 PROJECT OVERVIEW

The Rochester 1<sup>st</sup> Ave Mixed-Use Development includes construction of an approximately 238,717 square feet, six-story podium commercial and residential complex. Approximately 9,000 square feet of commercial and retail space will be dedicated to the street level along 1<sup>st</sup> Avenue South. This Proposed Project will include 156 market-rate rental apartment units. The mixed use commercial and residential complex will be supported by a below-grade and above-grade, tempered parking garages for residential vehicles. The proposed development would redevelop 2 existing parcels including an underutilized surface parking lot. The proposed unit mix on the residential levels is to have 48 alcove, 59 one-bedroom, 49 two-bedroom apartment units. The interior amenity package for use by all residents will include a fitness Center, on-demand fitness trainer and gym, club room with demonstration kitchen, premium bike valet storage area with bike repair stations and replacement parts, dog wash and secured, tempered garage parking. Exterior amenities will include two separate and distinct outdoor amenity decks at level 2 which will include a pool/hot tub, outdoor kitchen and barbeque, seating areas, green roofs, fire pits, stunning views of downtown Rochester and the Zumbro River. Additionally a level 6 “resident overlook” terrace will provide residents with views of the greater surrounding area. The project total is projected to be \$38,100,000 and the requested TIF amount in this application is \$4,000,000.

### SECTION 2.0 MINIMUM ELIGIBILITY REQUIREMENTS OF DMC ACT

**Check the following that apply to the Project:**

- ☒ ☒ "Public Infrastructure Project"
  - ☒ General Infrastructure Project or
- ☒ ☒ Within DMC Development District Boundaries

In order for a project to be eligible for DMC Funding, the project must be (1) a “public infrastructure project” and (2) within the DMC Development District Boundaries.

Per Minnesota Statutes, Section 469.40, Subdivision 11, a “Public Infrastructure Project” is described as a project financed in part or in whole with public money in order to support Mayo Clinic’s development plans, as identified in the DMCC Development Plan. Based on information, the Proposed Project would qualify as a “Public Infrastructure Project” as required by the DMC Act.

The Proposed Project is within the DMC Development District Boundaries.

### SECTION 3.0 EVALUATION CRITERIA

The EDA’s recommendation for the project outlined herein was formed in consideration of the following criteria:

- 3.1 DMC Vision, Goals and Objectives / Development Plan Strategies
- 3.2 Consistency with Development Plan and Other Planning Documents
- 3.3 Financial Viability
- 3.4 Consistency with Adopted Strategies, Phasing and Capital Improvement Planning
- 3.5 Targeted Business Enterprise Strategies

- 
- 3.6 Compliance with Economic-Fiscal Goals and Objectives
  - 3.7 Other Project Policy Considerations

### **SECTION 3.1 DMC VISION, GOALS AND OBJECTIVES / DEVELOPMENT PLAN STRATEGIES**

**Does the project include a plan for achieving the DMC vision, goals and objectives and is it critical to driving the strategies included in the Development Plan?**

**Is the project consistent with the stated DMC Goals & Objectives and specifically contributing to job creation?**

- ***Does the project meet one or more of the goals and objectives established for the Development Plan?***

*The Proposed Project provides critical modern housing units to support the growing DMC labor pool. In addition, the 9,000 sf of retail space along 1st Avenue is increasing tenancy options in localized area as the Proposed Project is not displacing any businesses. This transformational mixed use project includes a green roof, many of the mandatory and optional conditions for Minnesota Green Communities standards, and dedicated public art space in an inviting walkway towards the river from 1st Avenue. The project meets the goal of developing a resident community with convenient retail and commercial establishments. It also reinforces 1st Avenue as an important pedestrian connection to the DMC proper.*

**Is the project consistent with the DMC Vision?**

- ***Is the project part of a bold and aspirational concept for the future?***

*The Proposed Project is consistent with the DMC vision of creating a place to Live, Work, Play and Thrive. The building addresses many sustainable building practices, while creating a new model for future Rochester mixed-use developments. The Proposed Project is an important component to the future development of the DMC area. With a need of approximately 3,100 additional housing units this project becomes a catalyst of delivering urban, highly amenitized rental units to the market updating current housing stock in the immediate area.*

- ***Does the project fit with the principles of the vision?***

*“At the core of the DMC design is a belief that urban redevelopment is the most vital, sustainable, and efficient form of human settlement.” We believe the Proposed Project aligns greatly with this core principle as it will deliver needed rental housing inventory for incoming and existing labor pool but also helping develop the Discovery Square area by replacing an underutilized surface parking lot and not displacing any business but actually adding to tenancy options in the immediate area.*

- ***Does the project provide a framework for growth in this sub---district?***

*By filling a gap in the street wall of 1st Avenue, the Proposed Project reinforces the important development of 1st Avenue, and larger Discovery Square area, as a primary pedestrian corridor. As more and more residents move into the area, so too does the new development of services, entertainment options and jobs thus creating the need to again add to the housing stock. This churn of development can create cyclical growth for the future.*

**Does the project build infrastructure to support growth and drive investment?**

- ***Would the investment occur without the public infrastructure to be funded?***

*The Proposed Project does support growth in the form of labor pool, housing units and local/*

*commercial retail tenancy options. The Applicant states they would be challenged economically if the incentives were not provided; based on our own independent analysis, we concur.*

- ***Is the proposed public infrastructure solely for the benefit of the project or does it also support the broader vision of the DMC District?***

*As identified in the Infrastructure Master Plan, there are six (6) key areas of infrastructure requirements: (1) public utilities, (2) bridges, subways and skyways, (3) shared parking, (4) parcel development, (5) civic uses, cultural uses and public amenities, and (6) technology improvement. Any incentives given to this Proposed Project are not solely for the benefit of the project but to the benefit of the greater DMC vision and improvements to the local streetscape environment. The Proposed Project includes elements encouraging pedestrian engagement, focuses on parcels that are underutilized and offers 9,000 square feet of new community retail. Additionally, as much as 30% of the TIF generated by this project will be available for uses outside the project.*

- ***Will the public funding accelerate private investment in the Development District or applicable subdistrict?***

*The Proposed Project will likely continue a compounding reaction for development in the Discovery Square market. By adding residents who need services and jobs as you create housing options additional services will ideally follow.*

**Does the project provide a catalyst for/or anchor for an approved strategy?**

- ***Can the project reasonably be expected to catalyze or anchor development in one of the six subdistricts?***

*The Proposed Project can provide a solid eastern edge anchor to the Discovery Square subdistrict. Providing a pedestrian link to the river, encouraging further development of the 1st Avenue pedestrian corridor and by proximity support Discovery Square with additional housing stock.*

- ***Can the project reasonably be expected to catalyze necessary transportation/transit strategies?***

*The Proposed Project will encourage the use of alternate means of transportation with the availability of premium bike valet storage and repair stations as well as the option to live, work and play in a localized area restricting the need for traditional car transportation to and from work.*

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## SECTION 3.2 CONSISTENCY WITH DEVELOPMENT PLAN, OTHER PLANNING DOCUMENTS

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**Does the project include a plan for achieving consistency with the Development Plan (and any updates thereto) and other relevant planning documents?**

**Is the project consistent with the DMC Planning Documents?**

- ***Is the project consistent with the current DMC Master Plan, Transportation Master Plan, and/or Infrastructure Master Plan?***

*The Proposed Project fits well with the vision and principles of the DMC Master Plan. The unique advantage of this site is that it actually densifies a potentially underutilized parcel in the Master Plan. The project provides housing in proximity to where the DMC Master Plan was proposing. The value added to the Master Plan is that this site density has been increased when compared to the Master Plan. The proposed solution helps to tie the vision of this block along 1<sup>st</sup> Avenue wholly together. Thus reinforcing the pedestrian experience along 1st avenue.*

- ***Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?***

*As a goal to attract and retain an educated and highly productive workforce who continues to desire a live, work, play environment, housing tends to be a key driver. This project delivers in a truly urban redevelopment way to continue to provide for additional production of the land in the DMC area.*

**Is the project consistent with the City/County Planning Documents?**

- ***Is the project consistent with the RDMP Plan or City Comprehensive Plan?***

*The Proposed Project is a unique destination that provides residents, employees and visitors an environment to enjoy high-quality living while encompassing business, life and leisure. The Rochester 1<sup>st</sup> Avenue Mixed-Use project also meets supporting principles of the City Comprehensive Plan: expand housing choices; enhance the integrity of existing neighborhoods and encourage compact; missed-use developments.*

- ***If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?***

*The ROCOG model was utilized for DMC to determine the effects of development and transportation system changes. One main area of the model considers the trips generated by land uses and activities. The Proposed Project will have limited impact on the current traffic flow, in addition the project is designed to incorporate various options for alternate transportation to reduce the single-vehicle traffic flow in the Development District.*

**Does the project support sustainability principles as a core objective in the development and operations of the project?**

*Yes, the Proposed Project will support sustainable principles and execute current best practices. In addition there is an emphasis on sustainable initiatives in sustainable site selection, indoor environmental quality, energy and atmosphere, materials and resources, and water efficiency.*

- ***Sustainable Site Selection – A redevelopment by nature promotes sustainability of established urban living patterns, creating a more stable and interactive community. The Proposed Project is within walkable proximity of public transportation options and allows for an active lifestyle***

*with abundant bike storage and a bike maintenance shop. It will also be located immediately next door to an incubator space, adding to the Live/Work area of the downtown.*

- *Indoor Environmental Quality – Residences will have access to abundant natural daylight and views through expansive windows. Each residence will be able to control their own cooling and heating for comfort and energy usage. Also, low and no VOC material will be utilized in construction to maximize well-being. Optional Well Building Amenities including lighting, air filtration, and water quality upgrades will add to the being of residence.*
- *Energy and Atmosphere – in combination with abundant natural daylighting, low-e windows will greatly improve energy performance. The air conditioning units will also utilize non CFC refrigerant. Also, light colored roofing materials in combination with green roofs helped reduce heat island effect. Green roofs will also reduce and slow storm water runoff of all rainwater that hits the lower roofs.*
- *Materials and Resources – best practices include recycle and reduction of demolition and construction waste materials and utilization of local and regional materials where appropriate. The building includes a dedicated area for collection and removal of recyclable materials.*
- *Water Efficiency – emphasis to reduce burden on municipal water supply include the use of low consumption fixtures and appliances and drip irrigation.*

### SECTION 3.3 FINANCIAL VIABILITY [Form may vary based on size/scope of project]

#### Does the project include a plan that is financially viable?

##### Does the project include:

- ☒ ☒ Project Summary (e.g. concepts, detailed program, project team, etc.)
- ☒ ☒ Total Project Budget
- ☒ ☒ Sources of funding, demonstrating a verifiable gap that justifies DMC Funding
- ☒ ☒ Project Operating Pro Forma including an overview of any operations and maintenance funding that may be required
- ☒ ☒ A Project Plan and/or Market Study supporting the demand/need for the project
- ☒ ☒ Demonstration of financial capacity to support the project

##### Is the project supported by current market conditions and comprehensive feasibility studies?

*The Proposed Project is supported by an extensive market feasibility analysis completed by Maxfield Research and Consulting LLC. Based on the consultant's analysis of the property's location, demographic characteristics and growth trends of the target populations and current rental market conditions in the area that a market rate general occupancy rental housing development on the subject property will be well-received in the marketplace. The overall vacancy rate for newer product is 2%; indicating pent-up demand for new units. In addition, the three newest rental projects in Downtown Rochester are averaging rents of approximately \$1.76 per square foot which is driving up the average monthly rents in Rochester. Maxfield Research and Consulting LLC estimates that a development at the site would have approximately 25% of its units pre-leased with the remaining units leasing at a rate of between 9 and 11 units per month.*

**Does the project leverage additional private funds, maximizing the use of DMC Funds?**

*Of the approximate \$38,100,000 million dollars in total project costs, private funds will consist of \$11,240,000 in equity and \$22,860,000 private debt financing which would maximize the requested \$4,000,000 DMC Funding.*

**Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?**

*The project has demonstrated financial feasibility and a plan for long-term viability. The funding request that the Applicant has proposed will support various aspects of the project including the improvement of current public infrastructure, addition of parking stalls which contributes to the reduction in traffic flow, and enhances the public spaces and amenities surrounding the development. These along with other costs of the Proposed Project are considered to be TIF eligible expenses.*

**Is the project inclusive of an Operation and Maintenance pro forma?**

*The Proposed Project's operating pro forma was reviewed and appears to be reasonable. When net operating income, TIF reimbursement, and debt service are calculated, it suggests that the cash flow after debt service could be in excess of \$1.4 million per year. This calculation is based on a \$38 million project with nearly \$23 million in debt and an Interest rate of 4.5%. Apartment occupancy rates are projected to be at 95%, and rental rates are projected to be among the highest in the market. Construction costs are rising, as are interest rates. If occupancy is lower and/or as construction costs and interest rates increase, cash flow after debt service may be lower.*

**Is there a verifiable gap for funding based upon a reasonable return on private investment?**

*There are additional costs associated with this project that create a gap and support the recommended TIF. Those costs include the green roof, structured parking, meeting a significant number of Minnesota's Green Communities Standards, wider sidewalks, and improving the entryway on the 1st Avenue SW side of the building. More recent estimates suggest project costs may be as high as approximately \$40.4 million. The additional costs referenced above do not translate into commensurate additional income potential to the developer because the projected rental rates on the apartment units are already at the top of the market. Consequently, TIF is required in order for the developer to expect a reasonable return on the private investment.*

**Is the proposed operating structure sustainable?**

*The proposed cash flows demonstrate that the project will cover the operating costs and debt service which will provide an acceptable return on investment.*

**Does the Project impose any financial obligations on the DMC or City for ongoing operational or maintenance support?**

*No.*

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**Has the project applicant agreed to execute the DMC Development Agreement?**

Yes.

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**SECTION 3.4      CONSISTENCY WITH ADOPTED STRATEGIES, PHASING, AND CAPITAL IMPROVEMENT  
PLANNING**

**Is the project consistent with adopted strategies and/or one or more projects for the current implementation phase of the DMC initiative?**

**Is the project part of an approved strategy and current focus? Is the project outlined as an approved strategy for the project within the Development Plan?**

*The Proposed Project is located in the Discovery Square subdistrict. Arts and cultural amenities, public space, green space, shared uses and public amenities, workforce development and training programs, health and wellness elements, sustainable elements, provided in the project plan are part of the approved strategy of the Development Plan.*

**Is the project recommended as a focus for the particular phase of the project in the Development Plan?**

*The Proposed Project is recommended as a focus for Phase 1 of the Development Plan. The current focus in this phase revolves around development in Discovery Square.*

**Is the project consistent with the DMC---CIP?**

*The Rochester 1<sup>st</sup> Avenue Mixed-Use Development supports both of the primary goals of the DMC-CIP – (1) create a catalyst to begin the process– public or private projects measured by whether they support making Rochester the global center for health; and (2) investing in strategic projects – that lay a foundation for future growth and investment in the DMC District. The City of Rochester will benefit from the significant improvements the Proposed Project will make to the existing public infrastructure.*

- ***If public, is the project specifically listed in the DMC---CIP? Or is the project necessary to facilitate a DMC related strategy?***

*N/A*

- ***If private, is the project otherwise compatible with the planned public improvements in the DMC---CIP?***

*Yes, improvements required by the Proposed Project are included in the current DMC---CIP.*

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**SECTION 3.5 TARGETED BUSINESS ENTERPRISE STRATEGIES** *[Form may vary based on size/scope of project]*

**Does the project include a plan for achieving Local Business, S/M/WBE Project Requirements and other project requirements, as applicable?**

*The Applicant states that the project plan goal is to meet the intent of the S/M/WBE project requirements along with the other requirements of the DMC Act.*

**Has the applicant agreed to execute the DMC Development Agreement? (the terms of which are provided in form to all applicants)?**

*Yes – the Applicant has agreed to execute the DMC Development Agreement.*

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**SECTION 3.6 COMPLIANCE WITH ECONOMIC-FISCAL GOALS AND OBJECTIVES**

**Does the project include a plan to comply with or support the economic-fiscal goals and objectives of the**

**DMC initiative? Does the project generate substantial economic-fiscal gain based upon job projections?**

*Based upon job projections, the project has the potential to create approximately 102 new construction jobs for all trades of the construction and development process. Once operational, it is anticipated that 29 new positions are created to efficiently run the ongoing management of the property.*

**Does the project generate substantial economic---fiscal gain based upon tax base projections?**

*Olmsted County assessor staff has not determined the fully assessed taxes for the project. The estimated stabilized real estate taxes which was used in the proforma is \$472,000 a year broken down by \$54,000 for retail and \$418,000 for the residential.*

**Does the project maximize the opportunity for investment by attracting other private capital?**

*The location, mix-use and amenity package of this project would be unique to the Rochester market. If it is constructed and succeeds, this project could serve as a demonstration to other potential investors that development in Rochester is a good risk.*

**Is the project required (e.g. public works) to continue to seed investment in the DMC District?**

*The increase in annual property tax revenue will be a substantial amount for the City of Rochester to invest in future public and private developments.*

**Does the project support the economic strategies of the project by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan?**

*The inclusion of retail on First Avenue will provide new retail tenancy space which does not displace any existing retail or commercial space on the First Avenue corridor. In addition to new retail on the first avenue corridor, the Applicant have also reserved space along the pedestrian link between 1st and Broadway which will provide opportunities for public art to be displayed. The art installations could be programmed or a rotating collection provided by the city or local artists. The project will provide an annual grant of \$1,000 for ten years to promote and display the work of makers, artist and innovators in the dedicated pedestrian and art areas.*

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**SECTION 3.7 OTHER PROJECT POLICY CONSIDERATIONS**

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**Is the project inside the DMC Development District?**

*Yes, the Proposed Project is inside of the DMC Development District.*

**If the project is not inside the DMC Development District, are they asking for a boundary change?**

*NA*

**If so, are the recommended changes:**

- *Limited to the area required to support the project request? Yes*
- *Consistent with the core strategies and planning documents? Yes*
- *Essential to the strategies and/or catalytic to growth under the DMC Development Plan? Yes*

**Does the project include any distinctive social and/or community benefits that are not specifically required by the DMC Act?**

*The Rochester 1<sup>st</sup> Ave Mixed-Use Development incorporates social and/or community benefits that are not specifically required by the DMC Act. Public amenities include the addition of new short term on-street parking for commuters to engage with local retailers and commercial tenants for 1st Avenue and approximately 9,000 SF of new retail space which does has is not dislocating any existing or local businesses.*

**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_\_\_-2017**

**Approving the Urban on First Development, With Conditions**

**BACKGROUND RECITALS**

A. Under Minnesota Statutes, Section 469.41 Subdivision 13, a project must be approved by the Destination Medical Center Corporation (“DMCC”) before it is proposed to the City of Rochester (the “City”). The DMCC must review the proposed project for consistency with the Development Plan, adopted by the DMCC on April 23, 2015 (the “Development Plan”).

B. By correspondence to the DMCC dated February 1, 2017, and attached hereto as Exhibit A, the City has requested approval of the Urban on First development project (the “Proposed Project”), and that City expenditures and financing in the amount of up to \$3,800,000 be credited to the City’s \$128,000,000 local contribution as required by statute. The City’s expenditures and financing include funding from tax increment financing bonds.

C. Pursuant to Minnesota Statutes, Section 469.47, subdivision 4, the City’s local match contribution may be provided by the City from any source identified in Minn. Stat. Section 469.45 and any other local tax proceeds or other funds from the City and may include providing funds to assist developers undertaking projects in accordance with the Development Plan or by the City directly undertaking public infrastructure projects in accordance with the Development Plan, provided the projects have been approved by the DMCC.

D. Pursuant to Minnesota Statutes, Section 469.45, Subdivision 4, the City may elect to establish one or more redevelopment tax increment financing districts within the Development District to fund public infrastructure projects.

E. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to

(1) acquire real property and other assets associated with the real property; . . . (4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, facade construction and restoration, wayfinding and signage, and other components of community infrastructure; (5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal

transportation and public transit; . . . and (7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district; . . .

F. The site of the Proposed Project is located in the development district boundaries as adopted in the Development Plan (the “Development District”) and in the Discovery Square district as described in the Development Plan.

G. The City and the Destination Medical Center Economic Development Agency (the “EDA”) have examined the Proposed Project, applying the evaluation factors contained in the Development Plan, and now recommend the Proposed Project for approval. Copies of those reports are available and on file with the City and the EDA.

### RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors, that the DMCC finds that the Proposed Project is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which provides for: acquiring real property and other assets associated with the real property; installing, constructing or reconstructing elements of public infrastructure required to support the overall development of the Development District; acquiring, constructing or reconstructing, or equipping parking facilities and other facilities to encourage intermodal transportation and public transit; and making related site improvements; and that the DMCC approves the Proposed Project as consistent with the Development Plan.

**BE IT FURTHER RESOLVED**, that the DMCC approves the Proposed Project for the purposes of Minnesota Statutes, Section 469.47, subdivision 4, and supports the certification of the City’s expenditures of up to \$3,800,000 in tax increment financing identified in the Proposed Project, upon final approval by the City, subject to approval and certification by the State of Minnesota, Department of Employment and Economic Development, as part of the City’s \$128,000,000 local contribution.

**BE IT FURTHER RESOLVED**, that the approvals contained herein are expressly contingent upon the following: 1) evidence of financing satisfactory to the Board or Executive Committee, such evidence to be presented within 90 days; and 2) as compared to the specifications of the Proposed Project set forth in Exhibit A: if there is an increase or decrease in the floor area ratio of the Proposed Project that will result in more than a ten percent (10%) change, or one of the approved uses of a multi-use project is eliminated, then the Proposed Project must return to the DMCC Board for reconsideration of the approvals contained herein.

**BE IT FURTHER RESOLVED**, that the Chair or the Treasurer of the DMCC is authorized to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.

**EXHIBIT A**

CITY OF ROCHESTER CORRESPONDENCE

# ROCHESTER

*Minnesota*

FIRST CLASS CITY • FIRST CLASS SERVICE



February 1, 2017

Tina Smith  
Chair, DMCC Board of Directors  
130 State Capital  
75 Rev. Dr. Martin Luther King Jr. Boulevard  
St. Paul, MN 55155

TERRY A. SPAETH  
Redevelopment Director  
City Administrator's Office  
201 4th Street S.E., Room 266  
Rochester, MN 55904-3781  
507-328-2000  
Fax 507-328-2727

Re: DMCC Board approval for the Titan / Opus Urban on 1st Development Project

Dear Chair Smith and DMCC Boardmembers:

The City of Rochester provides the following information relating to the Urban on 1st Project for your consideration at your February 8, 2017 meeting.

1. DMCC Board action requested. Grant approval of the prepared resolution to approve the Urban on 1st Development (herein after "Project") as a DMC Public Infrastructure Project that is consistent with the DMC Development Plan. The approval as a DMC public infrastructure project by the DMCC Board is required before the City Council can act to approve it as a DMC Public Infrastructure Project. Such approval would need to be made contingent upon the City of Rochester's subsequent approval: of the Project as a DMC Public Infrastructure Project and of the Development Assistance Agreement (DAA) for the Project.
2. Current project status/schedule. The City of Rochester has land use, planning and zoning authority for all projects in the City including within the DMC Development Plan Area. In addition the City has the authority to provide financial assistance, if needed, to assist in the development of projects through Tax Increment Financing (TIF) including the authority to establish TIF districts within the DMC Development Plan area. The DMC legislation authorizes the City's use of TIF for DMC projects and to receive credit for the TIF financial assistance provided to DMCC Board approved projects towards the City's required \$128 Million local contribution.
  - a. Land Use and Zoning Status. On Wednesday, January 4, 2017 the Project received unanimous approval of the City Council for the Incentive Development Preliminary Plan. The developer has submitted the Incentive Development Final Plan application and the City Council will consider approval of the Incentive Development Final Plan for the Project at a public hearing, in March, 2017. The City approves incentive development projects under a two-phase process involving review of a preliminary plan at public hearings before both the City Planning and Zoning Commission and the Rochester City Council and consideration of a Final Plan at the

City Planning and Zoning Commission as a non-hearing item, followed by the third public hearing at the City Council. If the City Council approves the Final Plan after the public hearing, that would provide the final land use approval needed for the Project. If the land use is approved a separate City Public Works Development Agreement (DA), addressing public infrastructure construction and utility service matters, would also need to be considered and approved by the City Council in order for the Project to proceed.

- b. Establishment of Tax Increment Financing (TIF) District and Development Assistance Agreement (DAA). The land use approvals would allow the Project to proceed to construction by the developer and are independent of any financial assistance considerations or approval as a DMC Public Infrastructure Project. However, the Developer has indicated that even with the land use approvals in hand the Project would not be able to proceed to construction and be financially feasible without or “but for” some financial assistance from the City or the DMCC. The developer has provided detailed financial information to document the need for \$4 Million in assistance to close the financial “gap” for this Project. As the DMCC Board is aware, the potential receipt of State DMC funding will grow over time but is lower/limited in these early years until private capital investments increase well beyond the minimum threshold for State DMC funding of \$200 Million. As both an alternative to State DMC funding to fund early stage DMC projects and in order to retain future bonding capacity for future DMC capital needs, the City can utilize its authority to establish a tax increment financing district within the DMC Development Plan Area to provide financial assistance through TIF to allow the project to proceed. The City Council will consider establishment of a tax increment district and terms and conditions of a Development Assistance Agreement (DAA) at its February 22, 2017 meeting, contingent upon final land use approval.

In instances in which the City provides TIF financing for DMC Public Infrastructure Projects, the State legislation makes provision for the City to obtain credit for such costs towards its required \$128 Million City DMC contribution. For the Urban on 1st Development project the staff will be recommending to the Mayor and City Council that the City provide \$3.8 million of tax increment financing assistance for this Project. The Council will consider this as a component of the Development Assistance Agreement (DAA) at their meeting on February 22, 2017. It should be noted that the City staff has been working closely with the DMC EDA staff in the review of all aspects of this Project including the proposed amount of financial assistance that is recommended for the Project. The DMC EDA will be providing their comments on the Project separately and independently from the City staff. The DMC EDA staff and the City staff are in agreement concerning the recommended amount of assistance and the developer has indicated that they can proceed with the Project with that \$3.8 million level of assistance. Approval by the DMCC Board of the Urban on 1st Development Project as a DMC Public Infrastructure Project will also mean that DMC provisions relating to prevailing wage rates, WMBE, and American-made steel will also apply for the construction of the Project.

The City staff's review of the financial information provided by the developer which showed a financing gap, was based on our experience in reviewing many other TIF projects over the years and a financial analysis of the submitted developer information by Springsted, Inc., the

City's financial consultant, which performs such reviews for many communities. The public assistance comprises approximately 1/10<sup>th</sup> of the project development cost. In the instance of this Project there would be a conservatively estimated 25% of the total TIF proceeds available for other public improvements within the district. The City staff believes that these are supportable measures for this Project.

3. Financial Impact Information.

The request for public funding, as a proposed Public Infrastructure Project, is what requires DMCC approval before the presentation to the City Council.

a. Urban on 1st Capital Project Investment.

(1) General State Infrastructure Aid (GSIA). The Urban on 1st project developers have submitted information that shows that the overall project cost is estimated at \$38.1 Million. That \$38.1 Million investment is multiplied by 2.75% to determine the amount of General State Infrastructure Aid (GSIA) payments that investment may be equal to annually, which is \$1,047,750. Under the City "pay as you go" TIF approach however, the annual GSIA payments will start lower than that and will grow to the \$1,047,750 over several years.

(2) State Transit Aid (STA). That same \$38.1 Million investment amount is multiplied by 0.75% to determine the State Transit Aid (STA) annual payment equivalent amount, which is \$285,750 per year payable annually over several years, but lower in earlier years as noted in (1) above. An estimated 40% of the annual STA amount would be from the required local match provided by Olmsted County.

(3) City TIF Contribution. The State GSIA can only be received if sufficient matching dollars have been spent by the City at the rate of \$1 City to secure \$2.55 GSIA. The proposed City TIF contribution of \$3.8 Million is multiplied by 2.55 to determine the amount of GSIA that can be secured from that \$3.8 million matching contribution, which is \$9.69 Million. In the early years of the DMC initiative, the City expenditures will result in excess credits towards future State GSIA payments until the capital investments catch up. Those excess credits will carry forward for later years of the DMC initiative.

4. Summary of the Proposed Project.

a. The applicant is proposing a 6 story, 156 unit market rate rental apartment project, that also has approximately 9000 square feet of commercial retail space on the ground floor along the 1<sup>st</sup> Avenue SW frontage. The project contains 162 structured parking spaces, enclosed within the development site. The project is located south of 4<sup>th</sup> Street SW and has building frontage along both South Broadway and 1<sup>st</sup> Avenue SW and is located within the DMC Discovery Square subzone.

b. From the developer submissions: "The primary goal of the development is to provide the level of vitality that this prominent site deserves. In its current state as a surface parking lot, an opportunity has been found to enhance the 1st Avenue pedestrian experience. This site serves as an outstanding in-fill site in the Discovery Square district of the Destination Medical Center (DMC) District of Rochester. Enhancing the vibrancy of this site will contribute to the

liveliness and character of 1st Avenue and Rochester as a whole. This mix of residential and retail uses will attract more activity to the site at all hours.

5. How does the proposed Project address the DMC Development Plan goals and objectives? (these are addressed more thoroughly in the developer's application and in the DMC EDA report, but these are a few that the City staff would note):
- a. The Project is within the DMC Discovery Square subzone and the proposed mixed use development acts as a catalyst by providing a density of housing that supports the existing commercial development in the vicinity and will support additional development within the Discovery Square subzone.
  - b. The Project will provide a capital investment of \$38 million within the DMC development plan area.
  - c. The Project provides for commercial and retail space to activate the ground level along the 1<sup>st</sup> Avenue corridor, which functions as a "Main Street" for retail and downtown vibrancy, which is consistent with the Rochester Downtown Master Plan.
  - d. It has been conservatively estimated by the City staff that approximately 25% of the TIF created by the project will be available for other DMC District public realm improvements.
  - e. The project develops an underutilized property (surface parking) along the downtown's major pedestrian street with a development that provides an excellent opportunity for persons to live in proximity to their workplace and minimize auto dependency.
  - f. The project is bicycle and pedestrian oriented, and is also adjacent to transit routes.

Respectfully Submitted,



Terry Spaeth  
Redevelopment Director

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Mortenson Project:

Proposed Project  
in  
Discovery Square

# DISCOVERY SQUARE



## PHASE 1



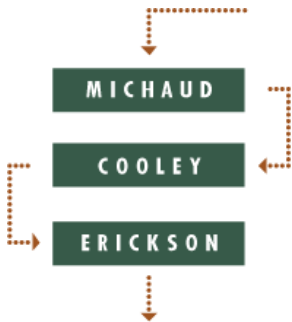
- **Project Updates**
- **Phase 1 Project Team**
- **Connection with DMC Development Plan**
- **Project Precedents**
- **Schedule / Next Steps**

## Progress to Date

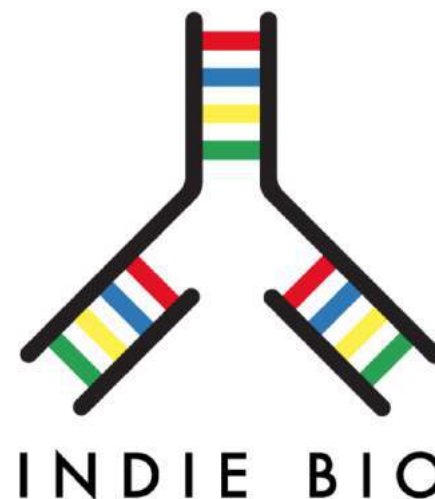
- **Mortenson Development announced as Developer – September 2016**
- **National Search for AE Partner – November - December 2016**
- **Selection of Project Partners – December 2016**
- **Kick Off Meeting – January 5<sup>th</sup>, 2017**
- **Environmental Investigation & Soil Borings – Completed Jan. 16<sup>th</sup> 2017**
- **Visioning Session #1 – January 13<sup>th</sup>, 2017**
- **Tenant Recruitment Strategy Kick-Off Meeting – January 20<sup>th</sup>, 2017**



MEYER | BORGMAN | JOHNSON

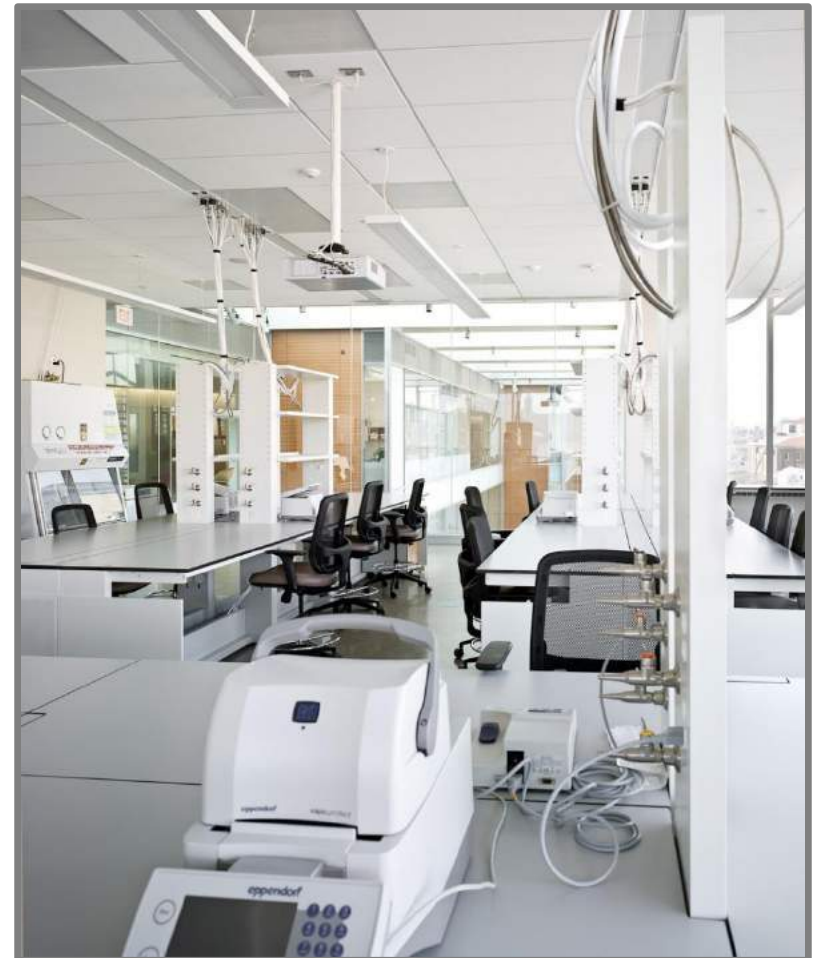


- **Intentional consideration of and connection to DMC Development Plan**
- **Creation of an ecosystem that fosters “orchestrated serendipity”**
- **Focused on Placemaking**
- **Conscious of Lifestyle**
- **Accelerating the continuum of care**
- **Phasing and Sequencing**
- **Minority Owned Business and Women Owned Business inclusion**
- **Sustainability**



## 2017 Project Outlook

- **Visioning Session #2 – January 27<sup>th</sup>, 2017**
- **Market Study – January – April 2017**
- **Tenant Recruitment and Lease Negotiations – February – October 2017**
- **Concept Design – February 2017**
- **GeoTech Stage 2, Phase 1 Investigation – February 2017**
- **Schematic Design – March 2017**
- **Site Plan Submission – April 2017**
- **Design Development – July 2017**
- **Construction Documents – October 2017**
- **Permitting, City & DMC Approvals – July to October, 2017**
- **Close on Financing – 4<sup>th</sup> Qtr 2017**
- **Commence Construction – 4<sup>th</sup> Qtr 2017**
- **Initial Occupancy – 1<sup>st</sup> Qtr 2019**



# Subdistrict Update

## Heart of the City: Public Realm Design

# HEART OF THE CITY DESIGN UPDATE

DMCC Board Presentation 02.08.2017

## HEART OF THE CITY DESIGN TEAM

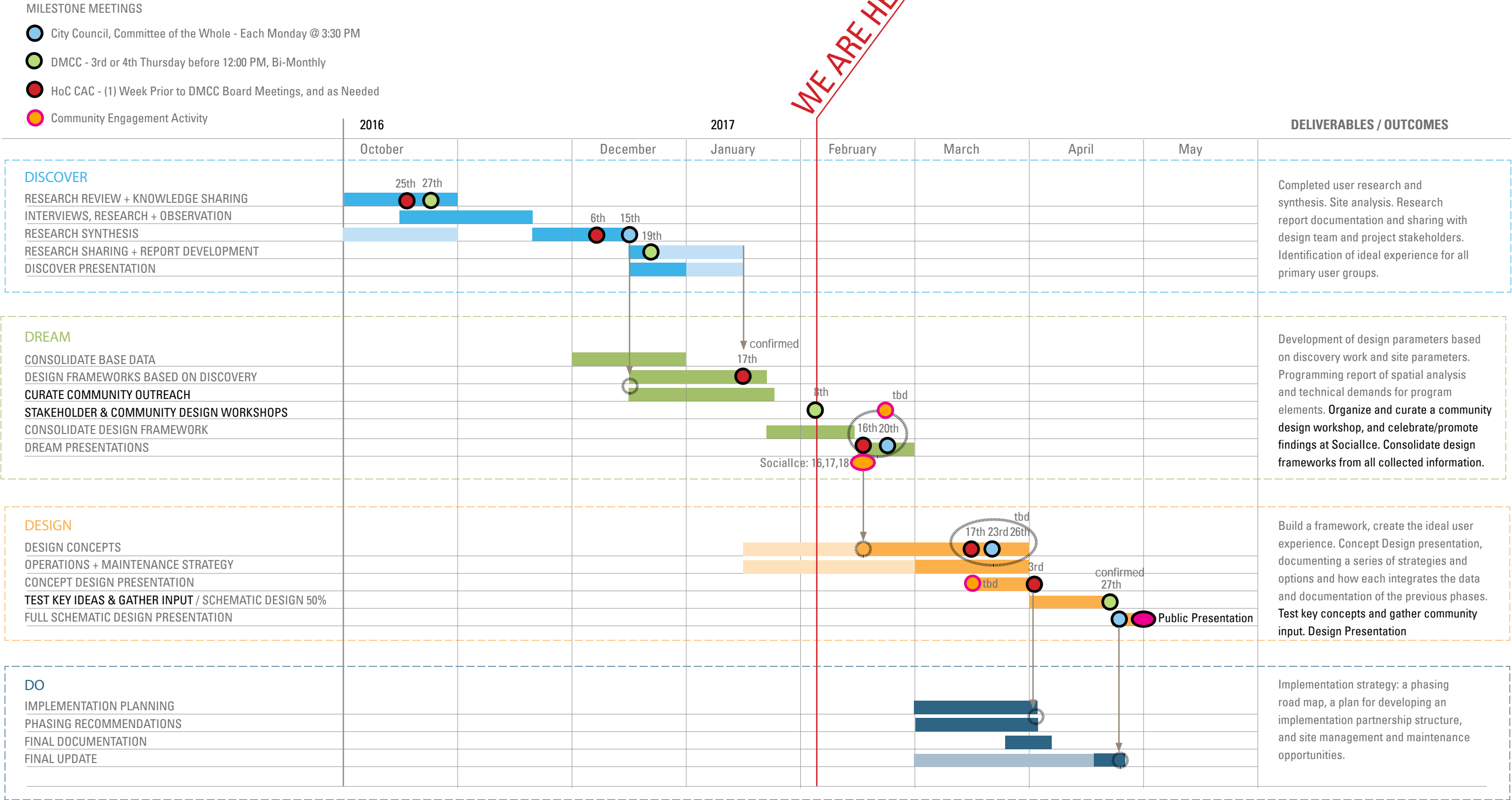
RSP + Coen+Partners + 9.Square + HR&A Advisors + Kimley-Horn

# HEART OF THE CITY

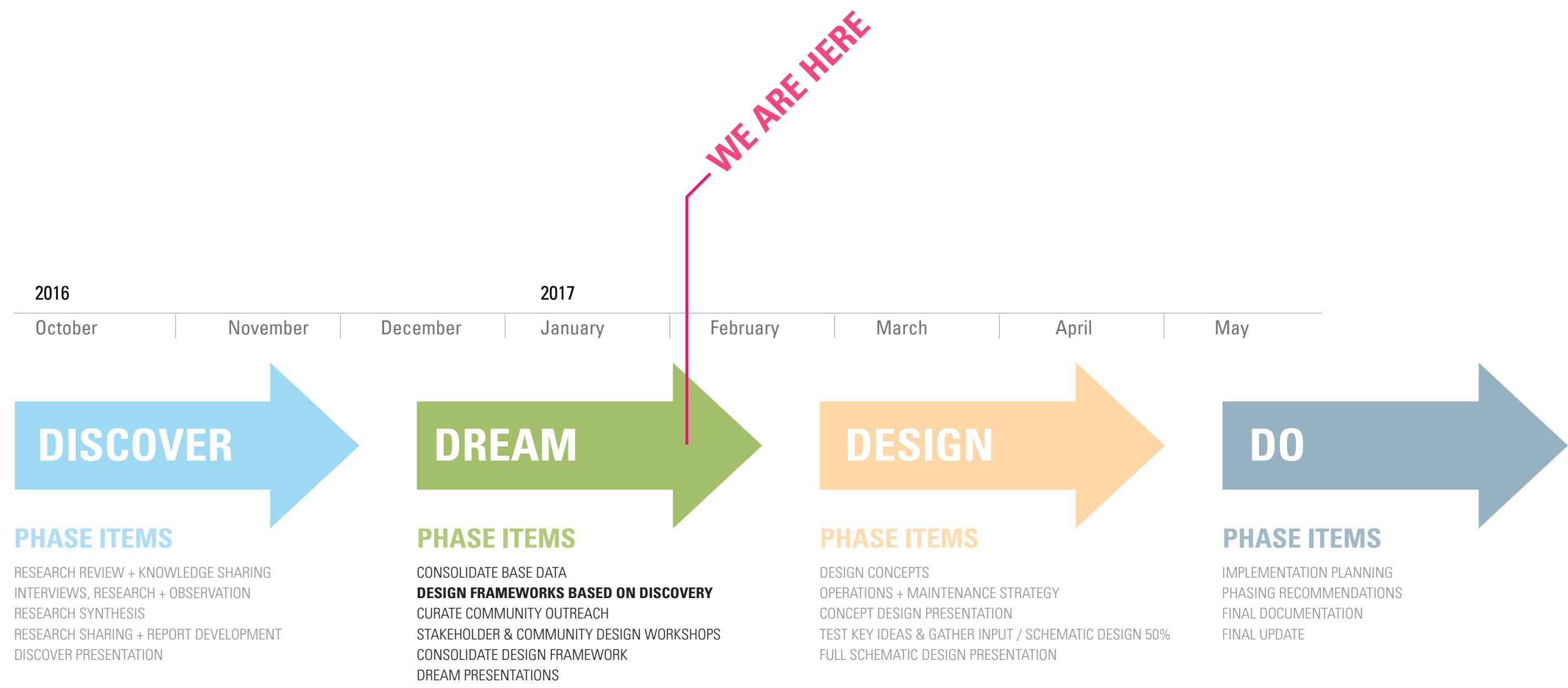
## SCOPE + SCHEDULE



Complete [Discover | Dream | Design | Do] project work plan + deliverables



# SCOPE + DELIVERABLES



## HEART OF THE CITY DESIGN TEAM

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# SUMMARY OF DISCOVERY PHASE

## DISCOVERY

- Qualitative research was performed over 2 months in varied locations focusing on the needs of our key market segments: visitors, patients, community and stakeholders.
- We sought to uncover what is uniquely Rochester, and what promotes healing and connection. Compassion is in our DNA, healing is deeply personal and comes in many forms.
- The design research was branded to the DMC to support an awareness of the project and it's outreach to community. People in the community were excited to participate.
- The final Discovery report identifies and insights and recommendations that are informing experience design framework for the Heart of the City.

### HEART OF THE CITY DESIGN TEAM

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## “It’s the people.”

We are diverse. We are a uniquely compassionate group of people who step in when a need is present.



# SUMMARY OF DISCOVERY PHASE

## EXPERIENCE DESIGN OPPORTUNITIES

Clear aspects of our constituent's ideal desired experiences were uncovered. For example connections are important in different ways to different constituents: to nature (patients), to each other (community), to self (patient/patient families), activity (residents) and to resources (visitors).

- **LEVERAGE OUR UNIQUENESS**
- **CREATE EXPERIENCE ZONES TO SUPPORT OUR DIFFERENT USER NEEDS**
- **REMOVE BARRIERS: FROM PHYSICAL TO REGULATORY**
- **ELEVATE HEALTH + HEALING TO AN ART**
- **BE A KNOWLEDGEABLE 360° RESOURCE**
- **PROMOTE DEEP MUTUAL CONNECTIONS BETWEEN VISITORS + RESIDENTS**
- **BE PROUD OF THE CONTRAST + UNIQUENESS**
- **HERE, YOU HAVE TIME**
- **REVEAL THE MAGIC**



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# HEART OF THE CITY

## URBAN FRAMEWORK

## Heart of the City



# HEART OF THE CITY

## DESIGN PRINCIPLES

**MAKE IT ROCHESTER**

# AUTHENTIC + CONTEXTUAL



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**MAKE IT A DESTINATION**

# HOME GROWN + WORLD RENOWNED



## HEART OF THE CITY DESIGN TEAM

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**MAKE IT BIG + KEEP IT SMALL**

# BLEND BIG CITY + SMALL CITY, OLD + NEW



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**REVEAL THE UNSEEN**

# REVEAL THE MAGIC OF MAYO



## HEART OF THE CITY DESIGN TEAM

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# SHARE STORIES OF VISITORS AND RESIDENTS



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**MAKE IT ABOUT LIFE**

# EVENTS + ACTIVITIES FOR A DIVERSITY OF PEOPLE THROUGHOUT THE DAY



## HEART OF THE CITY DESIGN TEAM

RSP + Coen+Partners + 9.Square + HR&A Advisors + Kimley-Horn

# VALUE THE QUALITY OF SMALL SHOPS + KEEP IT UNIQUE



## HEART OF THE CITY DESIGN TEAM

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**MAKE IT ABOUT ART**

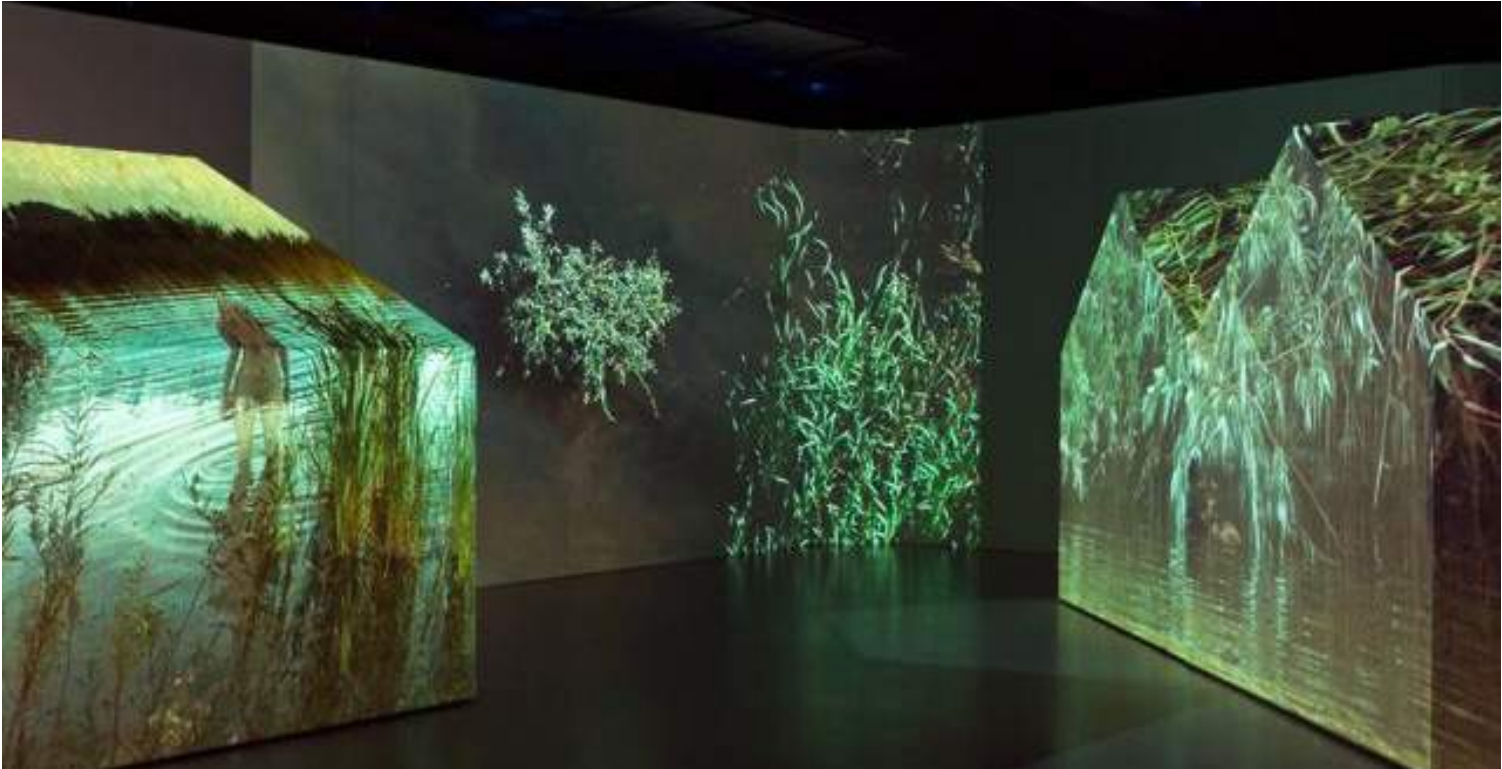
**INNOVATIVE + ENERGETIC + CONTEMPLATIVE**



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# INTERACTIVE + TRANSFORMATIVE + CONTEXTUAL



## HEART OF THE CITY DESIGN TEAM

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**MAKE IT ABOUT HEALING**

# MOMENTS OF REPOSE IN AN URBAN SETTING



## HEART OF THE CITY DESIGN TEAM

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# MOMENTS OF NATURE INSIDE/OUTSIDE



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**MAKE IT INVITING**

# FLEXIBLE + DIVERSE PLACES TO GATHER



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# YEAR-ROUND USE + PROGRAMMING



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**MAKE IT BRIGHT**

# INTEGRATED LIGHTING



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# EXPERIENTIAL LIGHTING



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**MAKE IT CONNECTED**

# CONNECT THE SKYWAY, STREET + SUBWAY



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**MAKE IT GREEN**

# URBAN + NATURAL

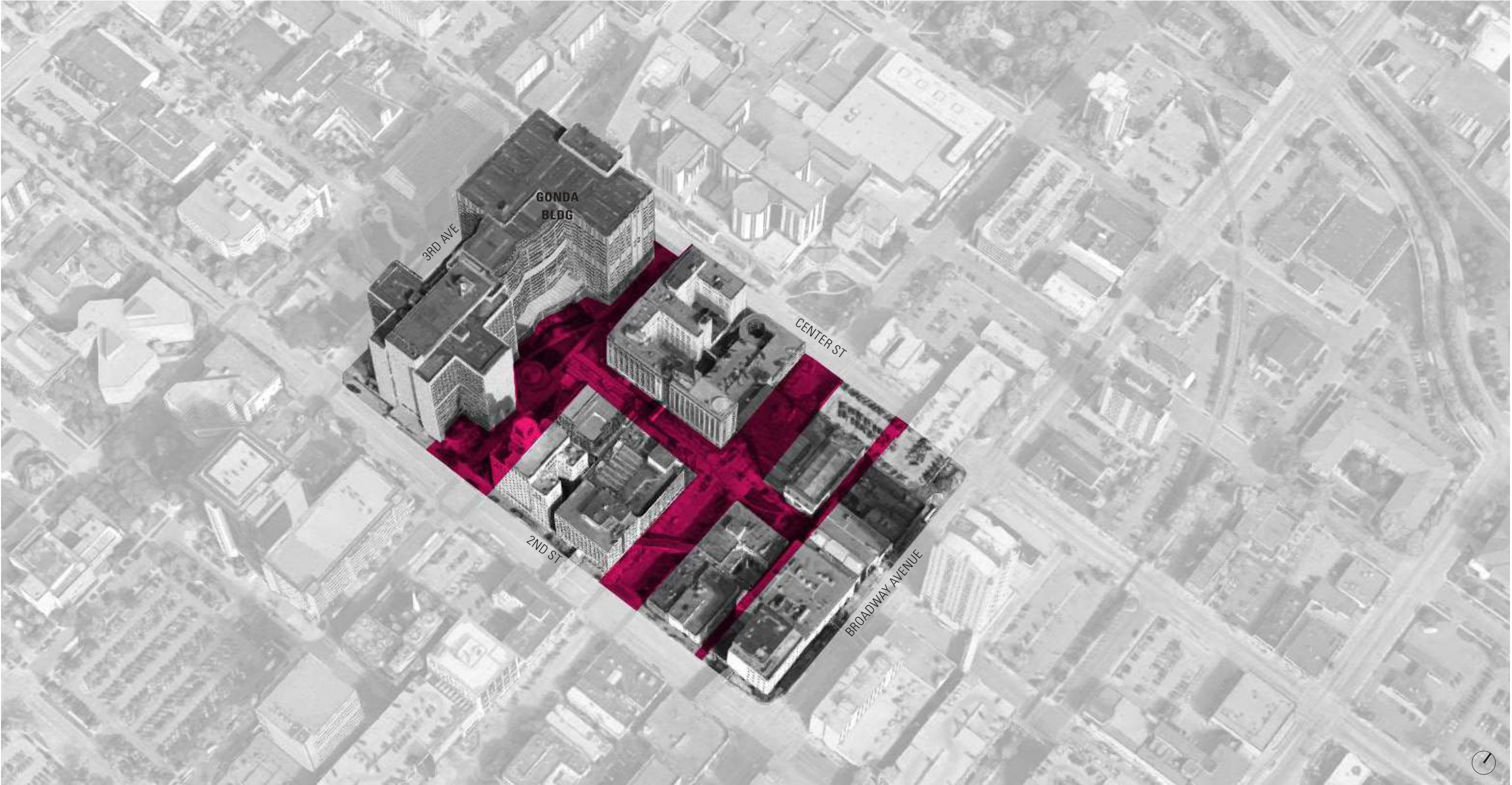


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**MAKE IT CONTEXTUAL**

# HEART OF THE CITY

Study Area



## HEART OF THE CITY DESIGN TEAM

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EXISTING PLAZA USE PATIENTS + COMMUNITY MEMBERS **SEPARATED** IN PLAZA



HEART OF THE CITY DESIGN TEAM

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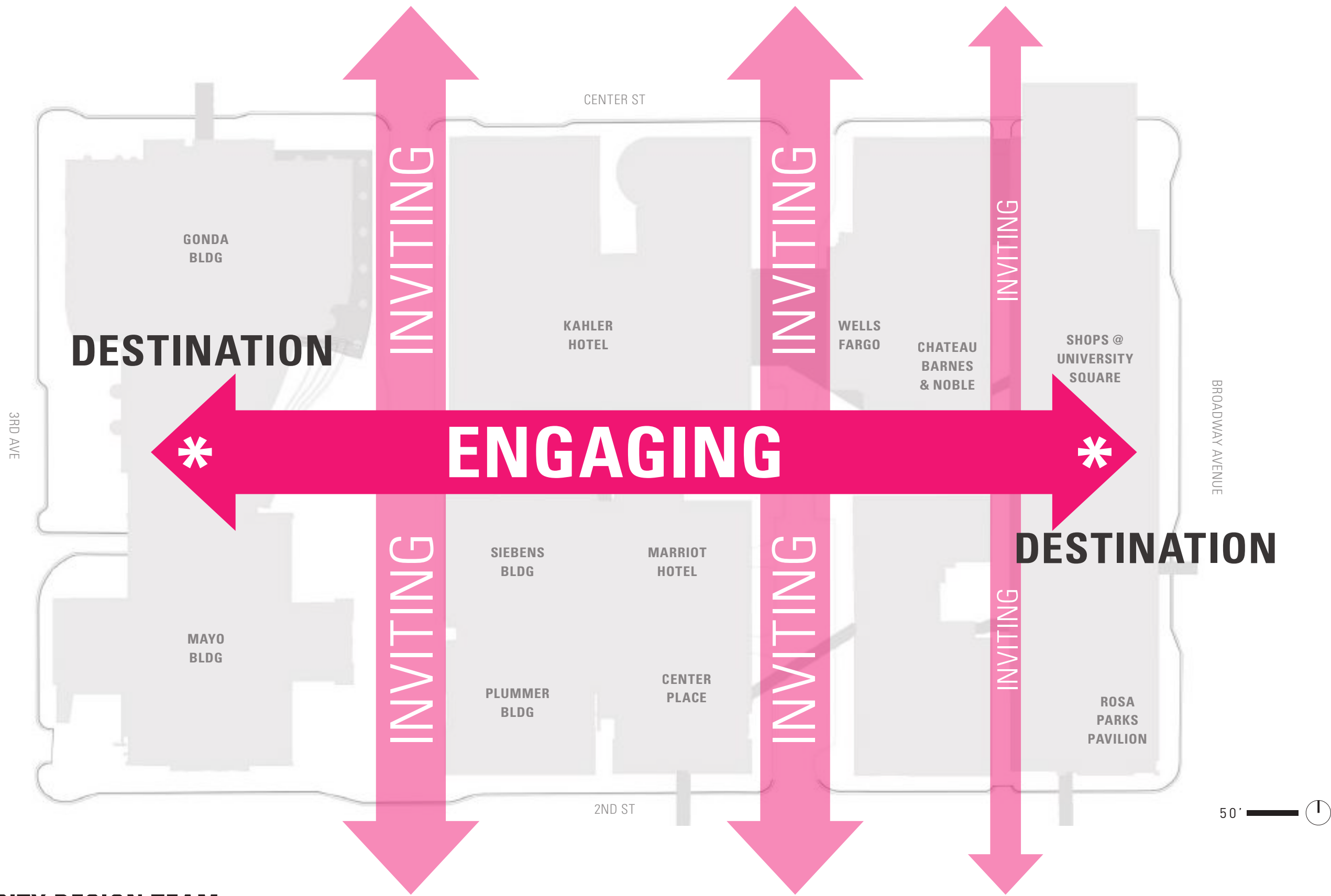
CREATE AN INVITING PUBLIC REALM FOR BOTH COMMUNITY + PATIENTS TO BELONG



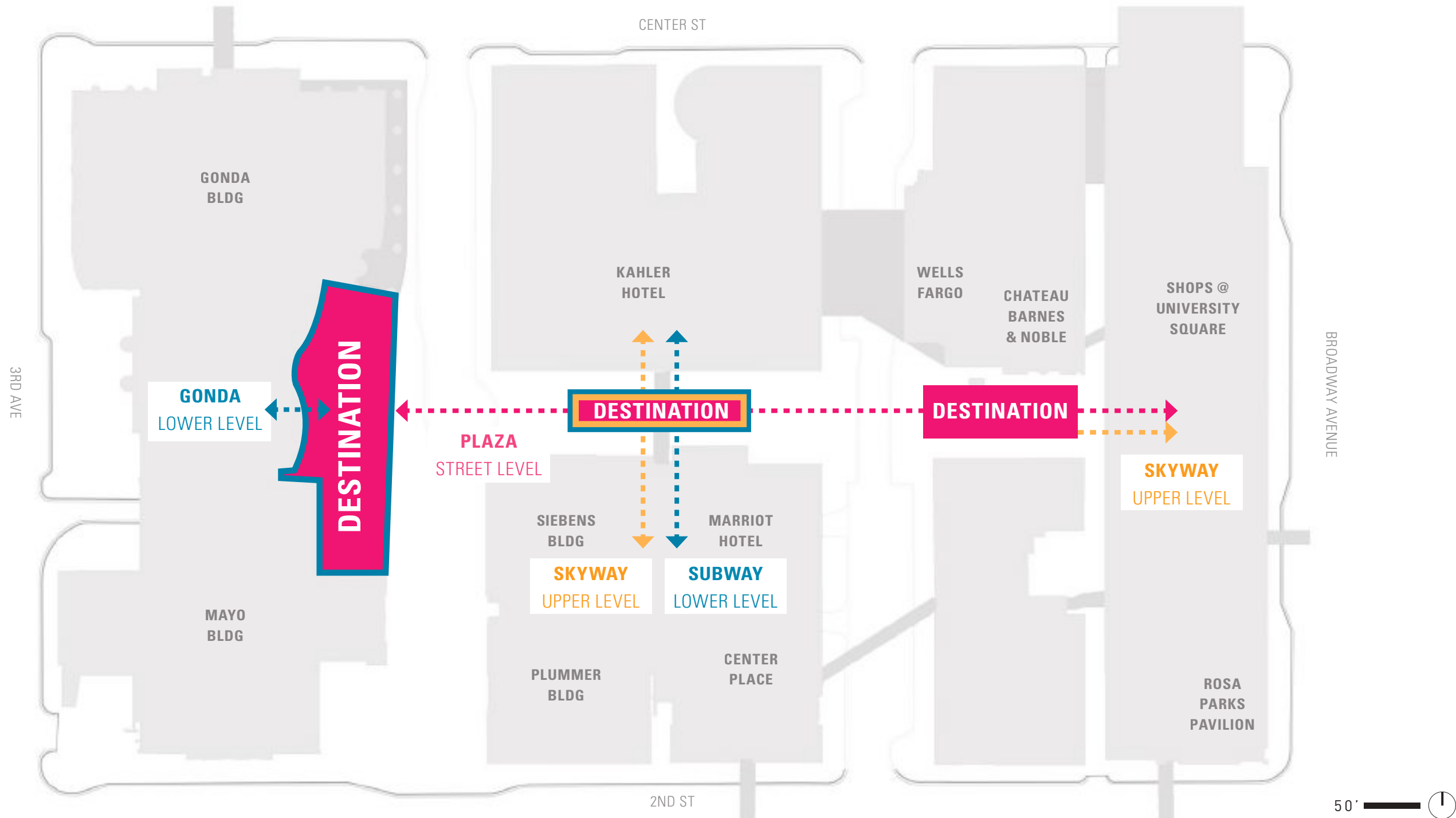
HEART OF THE CITY DESIGN TEAM

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CREATE MAGNETIC EXPERIENCES TO DRAW PEOPLE IN AND THROUGH PLAZA



CREATE MEANINGFUL DESTINATIONS THROUGHOUT PLAZA TO ORIENT + ENGAGE PEOPLE



**MAKE IT WORK**

**BALANCE VARIOUS DESIGN DRIVERS**



**HEART OF THE CITY DESIGN TEAM**

RSP + Coen+Partners + 9.Square + HR&A Advisors + Kimley-Horn

TO: Jim Bier, Treasurer  
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: January 18, 2017

RE: December 2016 Financial Budget Summary



The attached summary for December 2016 reflects expenditures to year end 2016 of \$2,023,591. The total remaining 2016 budget of \$2,237,221 represents 53% of the original with one MAP request of \$229,119.22 outstanding plus some smaller operational accrued expenses yet to be recorded into this fiscal year.

The December DMCC direct cost section reflects \$49,313 primarily representing insurance charges and legal services. The DMC EDA costs are billed through both the Master Application for Payments (MAPs) for outside contractors and through working capital loan advances for the EDA payroll and other operational expenses. DMC EDA Payroll and Operational expenses paid through July amounted to \$629,379 with contract payments through the MAP process totaling \$1,128,417. Details of those contract payments including remaining contract commitments can be found on the third through fifth pages of the summary as provided by the DMC EDA.

The second page of this summary now reflects DMCC approved CIP project costs that are being implemented by the City. Total capital expenditures in 2016 amounted to \$8,286,798.24. That represents an increase from the prior month of \$246,326.58 and primarily shows up in the street study work underway.

Please keep in mind that this is not a final 2016 report as it does not reflect accrued expenses that existed at 12/31/2016. We will be recording those over the next couple months and reconciling these numbers with the DMC EDA staff in preparation for the audit work soon to begin.

Please feel free to contact me with any questions or concerns.

Destination Medical Center Corporation  
Financial Budget Summary  
December 2016

	2016 Approved Approved Budget	Curent Month Dec 2016	Dec 2016 YTD	Amount Remaining	Percent Remaining
DMCC Board Expenses	36,612		573	36,039	98%
General Administrative Services	180,600	35,040	67,603	112,997	63%
Professional Services	780,600	14,273	197,619	582,981	75%
City Expenses	275,000	-	-	275,000	100%
<b>Subtotal DMCC</b>	<b>1,272,812</b>	<b>49,313</b>	<b>265,795</b>	<b>1,007,017</b>	<b>79%</b>
<b>Third Party Costs - DMC EDA *</b>					
Payroll, Staff, Administration & Benefits-EDA	777,000	48,449	610,291	166,709	21%
DMC EDA Operational Costs	163,000	20,892	47,268	115,732	71%
Economic Development Outreach & Support	495,000	10,530	59,692	435,308	88%
Professional Services	1,148,000	292,985	967,625	180,375	16%
Miscellaneous Expenses	405,000		72,920	332,080	82%
<b>Subtotal EDA</b>	<b>2,988,000</b>	<b>372,856</b>	<b>1,757,796</b>	<b>1,230,204</b>	<b>41%</b>
<b>Total DMCC 2016</b>	<b>4,260,812</b>	<b>422,169</b>	<b>2,023,591</b>	<b>2,237,221</b>	<b>53%</b>
* Note: An additional MAP request for December Expenses totalling \$229,119.22 will be paid in Janua					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	50,000	

**DMCC Authorized CIP Projects  
Managed by the City of Rochester**

**As of December 31, 2016**

DMCC Project	DMCC Project Revenues	DMCC Project Expenditures to Date	DMCC Project Budget
8611C- - Sn/S12AvSW/NW<2StSW>2StNW		3,940.13	300,000.00
8612C- - WZmbrRvrSn/SRIfLin<CookPk>CCDr			200,000.00
8613C- - ChateauTheatrePre-OccupancyM&O	2,655.25	66,045.48	500,000.00
8614C- - DMCTransit&InfrastrctrPgrmMgmt	239,700.00	546,003.45	500,000.00
8617C- - Broadway @ Center Parking Ramp			10,500,000.00
8618C- - SharedParkngStudy&PrgmDevlpmnt		336,424.87	200,000.00
8620C- - City Loop Plan		157,651.19	200,000.00
8621C- - Transit Circulator Study	630,150.00	198,409.07	538,535.00
8623C- - DMCC Street Use Study	630,150.00	367,742.80	775,465.00
8624C- - ChateauTheatreBldgImprov/Purch	500,000.00	6,548,057.75	
8625C- - Heart of the City		62,523.50	
<b>Grand Total</b>	<b>2,002,655.25</b>	<b>8,286,798.24</b>	<b>13,714,000.00</b>
	Prior Month	8,040,471.66	
	Change	246,326.58	

**Master Application for Payment**  
Destination Medical Center Economic Development Agency

**Master Application For Payment Detail: November 2016**

**12/1/2016**

DMC EDA P&L Description	Vendor	Contract #	Previous Billings	Current Work in Place	Total Work to Date
<b>EDA Staff Costs</b>			\$ 1,803.15	\$ -	\$ 1,803.15
Payroll	Smart-Fill	NA	\$ 1,803.15		\$ 1,803.15
<b>EDA Operational Costs</b>			\$ 26,375.62	\$ -	\$ 26,375.62
Website, Drafting, Hosting	Brandhoot	4043	\$ 24,924.00		\$ 24,924.00
Website, Drafting, Hosting	Brandhoot	NA	\$ 210.00		\$ 210.00
IT Hardware & Support	Data Smart	4044	\$ 1,241.62		\$ 1,241.62
<b>Econ Dev Outreach &amp; Support</b>			\$ 49,162.47	\$ 10,530.00	\$ 59,692.47
Conferences, Meetings, Travel & Sponsorships	AdvaMed 2016	NA	\$ 7,990.00		\$ 7,990.00
Conferences, Meetings, Travel & Sponsorships	BioAM LLC	NA	\$ 2,500.00		\$ 2,500.00
Conferences, Meetings, Travel & Sponsorships	DEED	NA	\$ 5,000.00		\$ 5,000.00
Outreach, Print & Collateral	Fuse Digital	4042	\$ 2,025.00		\$ 2,025.00
Outreach, Print & Collateral	Journal Communications	NA	\$ 8,755.00	\$ 10,530.00	\$ 19,285.00
Conferences, Meetings, Travel & Sponsorships	Mayo Civic Center	NA	\$ 522.47		\$ 522.47
Conferences, Meetings, Travel & Sponsorships	Minnesota Chamber of Commerce Exec	NA	\$ 15,445.00		\$ 15,445.00
Conferences, Meetings, Travel & Sponsorships	RCTC	NA	\$ 600.00		\$ 600.00
Conferences, Meetings, Travel & Sponsorships	Rochester Area Chamber of Commerce	NA	\$ 4,250.00		\$ 4,250.00
Conferences, Meetings, Travel & Sponsorships	Rochester Area Economic Development, Inc	NA	\$ 500.00		\$ 500.00
Conferences, Meetings, Travel & Sponsorships	Rochester City Lines	NA	\$ 700.00		\$ 700.00
Conferences, Meetings, Travel & Sponsorships	Rochester Downtown Alliance	NA	\$ 750.00		\$ 750.00
Conferences, Meetings, Travel & Sponsorships	Rochester Trolley & Tour Company	NA	\$ 125.00		\$ 125.00
<b>Professional Services</b>			\$ 674,639.92	\$ 292,985.37	\$ 967,625.29
Other Contracting Services	Brandhoot	4016	\$ 18,611.52	\$ 40,000.00	\$ 58,611.52
Other Contracting Services	Catharine Jones	4058	\$ 7,560.00		\$ 7,560.00
Marketing Communications & Advertising	Clarity Coverdale Fury (CCF)	4052	\$ 106,755.00	\$ 164,451.50	\$ 271,206.50
Marketing Communications & Advertising	Clarity Coverdale Fury (CCF)	NA	\$ 95,010.00		\$ 95,010.00
Marketing Communications & Advertising	Post Bulletin	NA	\$ 3,442.40		\$ 3,442.40
Marketing Communications & Advertising	Timothy J. Griffin	NA	\$ 5,826.60		\$ 5,826.60
Marketing Communications & Advertising	Townsquare Media Rochester	NA	\$ 960.00		\$ 960.00
Marketing Communications & Advertising	White Space LLC	NA	\$ 1,500.00		\$ 1,500.00
Financial Reporting Services	CliftonLarsonAllen	NA	\$ 2,950.00		\$ 2,950.00
Financial Reporting Services	Lund Tax & Accounting	NA	\$ 6,357.50	\$ 1,380.00	\$ 7,737.50

**Master Application for Payment**  
Destination Medical Center Economic Development Agency

Master Application For Payment Detail: November 2016			12/1/2016		
Other Contracting Services	Deluxe	NA	\$ 643.02		\$ 643.02
Other Contracting Services	EJ Photography	NA	\$ 350.00		\$ 350.00
Other Contracting Services	Eric Anderson	NA	\$ 1,120.00		\$ 1,120.00
Other Contracting Services	Gina Osmond	NA	\$ 1,312.50		\$ 1,312.50
Other Contracting Services	Himle Rapp	4056	\$ 137,619.24	\$ 19,321.75	\$ 156,940.99
Other Contracting Services	Imagebridge Design	4061	\$ 25,080.00		\$ 25,080.00
Other Contracting Services	Inspire MN, LLC	NA	\$ 74,395.50	\$ 2,080.00	\$ 76,475.50
Other Contracting Services	Inspire MN, LLC	5005-4041	\$ -	\$ 4,500.00	\$ 4,500.00
Other Contracting Services	Knowble LLC	NA	\$ 6,800.00		\$ 6,800.00
Other Contracting Services	LaCroix-Dalluhn Consulting	N/A	\$ -	\$ 1,896.12	\$ 1,896.12
Other Contracting Services	Louis Jambois	PO NC201	\$ -	\$ 7,916.00	\$ 7,916.00
Other Contracting Services	Majestic Tents & Events	NA	\$ 1,867.96		\$ 1,867.96
Other Contracting Services	MarketaBelle	4055	\$ 20,328.00		\$ 20,328.00
Other Contracting Services	Mayo Clinic	NA	\$ 10,031.04		\$ 10,031.04
Other Contracting Services	Medical Alley	NA	\$ 2,325.00		\$ 2,325.00
Other Contracting Services	Michael Best	NA	\$ 200.00		\$ 200.00
Other Contracting Services	Midwest Signtech of Rochester LLC	NA	\$ 52.86		\$ 52.86
Other Contracting Services	Momentum	NA	\$ 2,600.00		\$ 2,600.00
Other Contracting Services	Nelsen BioMedical	4057	\$ 63,713.95		\$ 63,713.95
Other Contracting Services	Nelson Nygaard	NA	\$ 1,235.00		\$ 1,235.00
Other Contracting Services	Our City	NA	\$ 16,260.00		\$ 16,260.00
Other Contracting Services	Riggott Creative Inc	NA	\$ 1,076.25		\$ 1,076.25
Other Contracting Services	Sheryl Barlow	NC-12002	\$ -	\$ 1,200.00	\$ 1,200.00
Other Contracting Services	Short Elliot Hendrickson Inc.	NA	\$ -	\$ 50,090.00	\$ 50,090.00
Other Contracting Services	St Paul River Front Corporation	NA	\$ 8,056.58		\$ 8,056.58
Other Contracting Services	Terra Eclipse, Inc.	NA	\$ 21,600.00		\$ 21,600.00
Other Contracting Services	The Rochester Experience Co.	NA	\$ -	\$ 150.00	\$ 150.00
Other Contracting Services	Wilder Research	4054	\$ 16,500.00		\$ 16,500.00
Other Contracting Services	University of Minnesota	4053	\$ 12,500.00		\$ 12,500.00
Miscellaneous Costs			\$ 72,920.10		\$ 72,920.10
Insurance & Taxes	Aon Risk Services		\$ 72,920.10		\$ 72,920.10
<b>Project Total</b>			<b>\$ 824,901.26</b>	<b>\$ 303,515.37</b>	<b>\$ 1,128,416.63</b>

**Master Application for Payment**  
Destination Medical Center Economic Development Agency

Master Application For Payment Detail: November 2016

12/1/2016

Vendor Name	Description	Contract #	Invoice #	Invoice Date	Invoice Amount
Brandhoot	Website updates - November	4062	1501	11/1/2016	\$ 20,000.00
Brandhoot	Website updates - December	4062	1502	12/1/2016	\$ 20,000.00
Clarity Coverdale Fury	Agency Fee - November	PO 8	028740-0000	11/7/2016	\$ 5,085.00
Clarity Coverdale Fury	Agency Fee - November	PO 11	028742-0000	11/8/2016	\$ 3,500.00
Clarity Coverdale Fury	Out-of-pocket Expenses	PO 14	028885	11/30/2016	\$ 650.00
Clarity Coverdale Fury	Out-of-pocket Expenses	PO 15	028886	11/30/2016	\$ 7,500.00
Clarity Coverdale Fury	Out-of-pocket Expenses	PO 16	028887	11/30/2016	\$ 2,750.00
Clarity Coverdale Fury	Out-of-pocket Expenses	PO 17	028888	11/30/2016	\$ 14,056.50
Clarity Coverdale Fury	Out-of-pocket Expenses	PO 18	028889	11/30/2016	\$ 2,200.00
Clarity Coverdale Fury	Media Expense - 1Q2017	PO 22	028739-0000	11/7/2016	\$ 128,710.00
Himle Rapp & Co., Inc.	Consulting Services - September	N/A	0916	10/5/2016	\$ 10,676.75
Himle Rapp & Co., Inc.	Consulting Services - November	N/A	1116	12/2/2016	\$ 8,645.00
Inspire MN	Communications Support - November	4041	000114-1	11/30/2016	\$ 4,500.00
Inspire MN	Communications Support - November	PO 1043	000114-1	11/30/2016	\$ 2,080.00
Journal Communications	Advertisement	PO 1040	086260	11/2/2016	\$ 10,530.00
LaCroix-Dalluhn Consulting	Facilitation and Planning	PO 1042	072016	9/26/2016	\$ 1,896.12
Louis Jambois	Project review and staff recruitment assistance	PO NC201	N/A	11/30/2016	\$ 7,916.00
Lund Tax & Accounting	Accounting Support - November	PO 1033	2170	11/30/2016	\$ 1,380.00
Sheryl Barlow	Website analytics and content review	NC-12002	DMC-2016Nov	12/8/2016	\$ 1,200.00
Short Elliott Hendrickson Inc.	St. Mary's Place Public Realm Plan	N/A	322408	10/12/2016	\$ 17,826.25
Short Elliott Hendrickson Inc.	St. Mary's Place Public Realm Plan	N/A	324668	11/22/2016	\$ 32,263.75
The Rochester Experience Co.	Marketing video	PO 1041	N/A	11/1/2016	\$ 150.00
<b>Total Invoices</b>					<b>\$ 303,515.37</b>

## Energy Position Update

To: DMCC Board of Directors

From: DMC EDA Staff

Date: February 1, 2017

### Highlights:

With help from Center for Energy and Environment, McKnight Foundation, and the Energy Integration Committee, DMC developed a job description for our McKnight-funded Energy and Sustainability Director position. The Energy Integration Committee includes representatives from the City of Rochester, Olmsted County, Mayo Clinic, Rochester Public Utilities, Minnesota Energy Resources Corp., and DMC EDA. After multiple rounds of interviews with highly qualified candidates the committee made their selection. Please see the attached resume for Kevin Bright, who has accepted the offer to serve as he DMC Energy and Sustainability Director.

### Next Steps:

The Energy and Sustainability Director will begin in March, 2017.

## BIOGRAPHY

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*Kevin Bright, CEM, LEED AP BD+C, O+M, Homes*, is the Sustainability Coordinator at Colby College. As Sustainability Coordinator, Kevin supports all facets of sustainability at the College including: occupant engagement programs, greenhouse gas accounting, third party certifications, new and existing building performance, renewable project development and demand management activities in the existing building stock. Currently, Kevin is managing an energy management program reduction program aimed to reduce energy consumption at the College by 20% over the next six years. Previously, Kevin worked as the Assistant Program Manager of the Green Building Services program at Harvard University in Cambridge, Massachusetts. The program supports Harvard schools and units in efforts to design, build, and operate their buildings more sustainably. His team helped identify opportunities for improving building performance and share best practices across the University. The seven (7) full-time Green Building Service staff also met with project teams to explain Harvard's Green Building Standards, perform life-cycle costing analyses, facilitate green building trainings, conduct energy audits, commission new construction and commercial interior projects, and manage many of the University's LEED green building certification efforts. During his five years of employment, Kevin gained experience on over fifty (50) LEED projects, commissioned over forty (40) spaces on Harvard campus and completed ASHRAE Level II energy audits on 70 campus buildings ranging in space types including: laboratory, office, classroom, data center, residential, dining hall, and library. In total, the Harvard Energy Auditing program he co-created identified over 750 energy conservation measures expected to save the University \$1.5 million dollars annually and return on their investment in nearly 3 years. Additionally, as a Founding Principal of Ecolutions Sustainability Consulting, LLP, Kevin provides sustainability consulting, energy auditing, and commissioning services outside of Colby's campus.

Kevin also focuses on education in work outside of Colby. Kevin volunteers as a member of the United States Green Building Council (USGBC) Energy and Atmosphere Technical Advisory Group and has served as Chair since January 2015. This group meets biweekly to discuss issues with the LEED rating systems and provide expertise in forming the rating system to be released in 2013. Kevin has also taught as a faculty member at Boston Architectural College, an instructor at Middlesex Community College for LEED Credential Test Preparation courses, held Guest Lecturer positions at Harvard's Extension School, taught a course at Colby College and has made many presentations at national Green Building and sustainable operations conferences.

Kevin holds a Master of Arts in Energy and Environmental Analysis from Boston University, and a Bachelor of Arts from Middlebury College in Environmental Geology.

## PROFESSIONAL EXPERIENCE

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### **Colby College Sustainability Office: Sustainability Coordinator** – Waterville, ME (May 2013 – Present)

- Direct sustainability efforts for new construction projects, renewable energy development, projects in existing buildings, and through sustainability engagement programs with students, faculty and staff
- Manage the College's greenhouse gas accounting process and reporting
- Identify, evaluate, prioritize and implement energy conservation and renewable energy projects to reduce operating expenses
- Manage 25 student employees engaged in the student dormitory EcoRep program which promotes sustainable living and assists with sustainability related institutional research

### **Ecolutions Sustainability Consulting, LLP: Co-Owner and Partner** – Cambridge, MA (2011 – Present)

- Provide sustainable design and energy efficiency consulting services, full LEED administration, peer review, owner's sustainability representation, energy auditing, program development and commissioning services to clients outside of Harvard
- Negotiate contracts and manage personnel in the completion of a variety of projects

### **Harvard University Green Building Services: Assistant Program Manager** – Cambridge, MA (May 2008 – May 2013)

- Hired as a Project Coordinator in May 2008, promoted to Senior Project Coordinator in July 2009, and further promoted to current role of Assistant Program Manager in September 2010.
- Manage the energy auditing, energy conservation measure implementation and commissioning services including managing workflow, securing new contracts, and developing client relationships
- Project manage LEED projects at Harvard, ranging in construction costs from \$100K to \$75 million
- Managed multiple personnel in the completion of commissioning, energy auditing, LEED administration, and green building and sustainability consulting

## TEACHING EXPERIENCE

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### **Colby College** – Waterville, Maine (2015 – Present)

- Developed course materials for a three credit January Plan Course entitled Green Building Design for January 2015 and January 2016. Offered to 16-20 students each year.

### **Harvard University Extension School: Lecturer** – Cambridge, MA (2010 – Present)

- Developed multiple presentation materials for the ENVR E119 Sustainable Buildings course

#### **Boston Architectural College: Lecturer** – Boston, MA (September 2012 – May 2013)

- Developed material and lectures for a course entitled Sustainable Building Systems

### **EDUCATION**

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#### **Boston University – Masters of Arts Energy and Environmental Analysis**

**2008**

- Built map of BU campus in ArcGIS and modeled the energy use index, water, and land use of 250 campus buildings, helped compile energy audit of 3 departments, and co-authored the final report
- Courses: Spatial Analysis using GIS, Multivariate Analysis for Geographers, Risk Assessment, Natural Resource Economics

#### **Middlebury College – Bachelor of Arts Environmental Studies and Geology Joint Major**

**2006**

- Completed thesis investigating source of naturally-occurring arsenic in private wells, Stowe, VT (2006)
- Dean's List for three semesters

### **CONTINUING EDUCATION AND CERTIFICATIONS**

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- AEE Certified Energy Manager Certification (Spring 2013)
- LEED AP: Homes Credential (Summer 2011)
- Siemens Building Technologies PPCL Programming (Spring 2010)
- Harvard University Extension School: Managing Yourself and Others (Fall 2010)
- LEED AP: Building Design and Construction Credential (Summer 2010)
- University of Wisconsin-Madison – Testing, Adjusting, and Balancing Course (Spring 2010)
- The Green Roundtable - Energy Modeling & Optimizing Energy Performance (Winter 2010)
- Harvard University Extension School: Project Management (Fall 2009)
- AEE Certified Energy Auditor (CEA certification pending Spring 2009)
- San Diego State University (2009) - Solar Energy Conversion; Energy Auditing: The Metrics of Green Building
- Northeastern University (Winter 2009) - Commissioning of Mechanical Systems; HVAC Design 1
- LEED AP: Operations and Maintenance (Winter 2009)
- Tufts University – Post Baccalaureate (Spring 2008) - Courses: Calculus 2; Community Economic Development; Methods of Environmental Impact Assessment; Urban Green Design
- Eagle Scout Award (Spring 2001) - Provided local meeting hall with universal access after constructing a ramp and landing

### **PRESENTATIONS**

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- “Life after achieving your CAP Goals: What are teaching moments for others and how do you plan for the next big thing,” Panel Presentation AASHE National Conference, 2015, Minneapolis, MN
- “Non-Profit Non-Starters? Using Creative Economic Levers on Campus,” AASHE National Conference, 2014, Portland, Oregon and Greenbuild International Conference, 2014, New Orleans, LA
- “Building Blocks of Integrated Design: Goal-setting Charettes Using the Nominal Group Technique,” AASHE National Conference, 2013, Nashville, Tennessee
- “Institutionalizing Green Buildings: A Case Study of Constructing, Operating and Maintaining High Performance Buildings at Harvard University,” APPA National Conference, Boston, MA
- “Internal Energy Auditing to meet Portfolio-wide GHG Reduction Goals,” AASHE National Conference, Denver, CO
- “Building Weatherization Planning through Cross-Campus Collaboration,” AASHE National Conference, Denver, CO
- “Internal Energy Auditing to Realize Portfolio-wide GHG and Energy Reduction Goals,” NESEA Regional Conference, Boston, MA
- “Sustainable Building and Construction: Myths and Realities,” Lisbon, Portugal
- “Designing, Benchmarking and Maintaining a High Performance Building: The Path from LEED NC Platinum to LEED EB Platinum at 46 Blackstone,” ASHRAE High Performance Buildings Conference, San Diego, CA
- “Expect the Unexpected: Systematic Post-Occupancy Evaluation” Greenbuild 2012, San Francisco, California

### **VOLUNTEER WORK**

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- AASHE STARS Technical Advisor – March 2014 - present
- USGBC Maine Chapter: Board Member – December 2013 – present
- Sustain Mid-Maine Coalition (SMMC) Board Member – June 2015 - present
- **Energy and Atmosphere: Technical Advisory Group Chair** – United States Green Building Council (2011 – present, elected chair in January 2015)
- AASHE National Case Study Award Winner Judge (2011)

## Proposed Development: Chateau Theatre

To: DMCC Board of Directors

From: DMC EDA Staff

Date: February 1, 2017

### Overview:

In 2015, the City of Rochester, with a considerable contribution from Mayo Clinic, purchased the historic Chateau Theatre on Rochester's Peace Plaza. The theatre has been closed to public events while a City- and DMC EDA-led task force considers how to repurpose the theatre.

A consulting team led by Miller Dunwiddie has completed various analyses of the property related to its current floor space, possible renovation plans, and the management, control, and funding structures necessary to support such a venue. Their report was presented to the Reuse Task Force and City Council Committee of the Whole in November.

### Next Steps:

City Council asked that there be further exploration of several key elements from the report:

- a) Relationship of Chateau Theatre physical space and financing to other adjacent public and private projects;
- b) Consideration of alternative sources for capital funding, inclusive of and in addition to DMC funds;
- c) Further study of the proposed business model and operating income, particularly in the context of other city-supported arts organizations.

We are working with city staff, adjacent property owners, and others in this next phase.

## Metrics Update

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: February 2, 2017

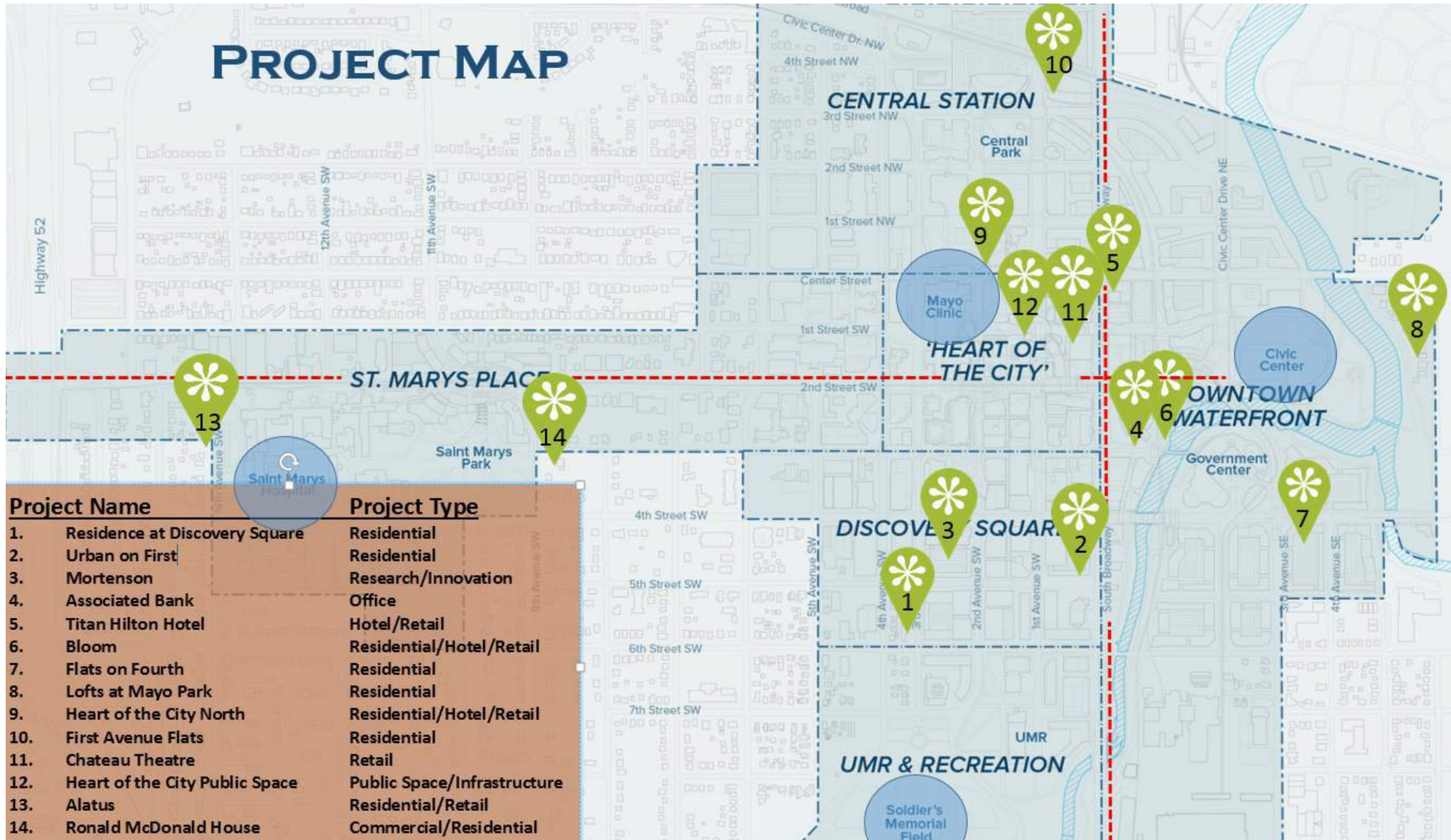
### Overview:

Wilder Foundation has continued to be a valued partner in gathering the indicator metrics for the DMC dashboard. Updated 2014 and 2015 data has started to be collected and compiled into the dashboard. DMC EDA staff continue to refine the presentation format while incorporating the updated data for the dashboard.

### Next Steps:

An updated dashboard will be shared with the DMCC Board on April 27, 2017 along with a plan to publish the dashboard and incorporate an interactive webpage model.

# PROJECT MAP



## Active Projects in DMC District

### Discovery Square

Development: **Residence at Discovery Square**  
Developer: **Vance Sr. & Barbara Vinar**  
Purpose: **Residential**  
Subdistrict: **Discovery Square**  
Location: **Third Ave. SW and Sixth St. SW**  
Status: **Proposed**



Development: **Urban on First**  
Developer: **Titan Investments and OPUS Group**  
Purpose: **Residential**  
Subdistrict: **Discovery Square**  
Location: **Between First Ave. SW and Broadway Ave. S.**  
Status: **Proposed**

Development: **Mortenson**  
Developer: **M.A. Mortenson and Mayo Clinic**  
Purpose: **Research & Innovation**  
Subdistrict: **Discovery Square**  
Location: **First Ave. SW**  
Status: **Proposed**



### Downtown Waterfront



Development: **Associated Bank**  
Developer: **Bloom Properties**  
Purpose: **Office**  
Subdistrict: **Downtown Waterfront**  
Location: **Broadway Ave. S and Second St. SE**  
Status: **Under Renovation**

Development: **Titan Hilton Hotel**  
Developer: **Titan Investments**  
Purpose: **Hotel/Retail**  
Subdistrict: **Downtown Waterfront**  
Location: **Broadway Ave. S and Center St. E.**  
Status: **Under Construction**



Development: **Bloom**  
Developer: **Bloom Properties and City of Rochester**  
Purpose: **Mixed-Use**  
Subdistrict: **Downtown Waterfront**  
Location: **Riverfront near Second St. SE and Broadway Ave. S**  
Status: **Proposed**

Development: **Flats on Fourth**  
Developer: **Stencil Group**  
Purpose: **Residential, Affordable Housing**  
Subdistrict: **Downtown Waterfront**  
Location: **Fourth St. and Third Ave. SE**  
Status: **Under Construction**



## Active Projects in DMC District



Development: **Lofts at Mayo Park**  
Developer: **Pougiales Trust properties**  
Purpose: **Residential**  
Subdistrict: **Downtown Waterfront**  
Location: **Sixth Ave. SE**  
Status: **Under Construction**

Development: **Heart of the City North**  
Developer: **Hammes Company**  
Purpose: **Hotel/Residential/Retail**  
Subdistrict: **Central Station**  
Location: **Center St. W. and First Ave. N.**  
Status: **Proposed**



Development: **First Avenue Flats**  
Developer: **Joseph Development**  
Purpose: **Residential, Affordable Housing**  
Subdistrict: **Central Station**  
Location: **Civic Center Dr. and Broadway Ave. N.**  
Status: **Under Construction**

Development: **Chateau Theatre**  
Developer: **City of Rochester**  
Purpose: **TBD**  
Subdistrict: **Heart of the City**  
Location: **Peace Plaza**  
Status: **Completed Report**



Development: **Heart of the City Public Space**  
Developer: **City of Rochester and RSP Architects**  
Purpose: **Public Space**  
Subdistrict: **Heart of the City**  
Location: **Heart of the City**  
Status: **Studies Underway**

Development: **Alatus Development**  
Developer: **Alatus, LLC**  
Purpose: **Residential, Retail**  
Subdistrict: **Saint Marys Place**  
Location: **Second St. SW and 14<sup>th</sup> Ave. SW**  
Status: **Approved**



Development: **Ronald McDonald House Rochester**  
Developer: **Ronald McDonald House Charities**  
Purpose: **Commercial/Residential**  
Subdistrict: **Saint Marys Place**  
Location: **Second Street SW**  
Status: **Under Construction/Addition**

## Saint Marys Place Update

To: DMCC Board of Directors  
From: DMC EDA Staff  
Date: February 1, 2017

### Background:

The public design process initiated for the Saint Marys Place sub-district public realm continues to move forward. Following data collection, including a site visit to the Twin Cities, the design team led a process called a Design Sprint. This is an accelerated and in-depth engagement process to illustrate ideas and preliminary concepts to test out with the community.

Following the results of this phase, three concepts were developed for community feedback. Feedback data were collected using on-line surveys (650 responses); intercept surveys (150); open houses (150+ attendees); prototype demonstration project (75 participants); and an independent survey by Post Bulletin regarding subway connection (11,000 responses).

Eight key features emerged that will may find their way into a final design concept:

1. A single North South subway with dramatic public access courtyards;
2. Weather protection arcade system at street level;
3. Frequent pedestrian crossings at street level;
4. Wide sidewalks and four traffic (or transit) lanes;
5. North south greenway to Kutzky Park and Historic Southwest Neighborhood;
6. Strengthen 1<sup>st</sup> Street bicycle corridor;
7. Prominent transit nodes at key locations;
8. Create gateway features and neighborhood identity.

Other ideas such as mid-block connections, restoring the alley system, activating the front lawn of St. Marys Place, turning 12<sup>th</sup> Avenue into a pedestrian plaza, and a more extensive subway system were also proposed.

### Next Steps:

- Initiate prototyping/temporary demonstrations of project ideas;
- Incorporate feedback and study findings into final concept for public consideration in Q12017.

## Marketing and Communications Update

To: DMCC Board of Directors

From: DMC EDA Staff

Date: February 1, 2017

### Marketing:

The DMC marketing campaign launched in September is showing great progress with good ranges for measurements against baselines. This is the high level awareness phase of the campaign with a strong digital presence resulting in increased web visits and engagement. Attached is the metrics analysis and the plan for 2017 which includes reaching target audiences for Discovery Square.

### Highlights of the metrics analysis for 2016:

- Substantial increase in sessions and page views versus the prior period:
  - 230% increase in sessions
  - 99% increase in page views
- Pages per session and session duration has dropped from September/October. Typically we see these numbers decline when we drive large volumes of new visitors to the site with paid media. New visitors are not as highly engaged with the brand and are still actively scanning versus more brand-aware return visitors who are likely to be spending more time with the site.
- The most popular page of the site in the November/December timeframe was the DocuMNTary page which had an average time on page of 5:13 and accounted for 38% of all page views in this timeframe.
- There was an increase of 849 Facebook fans, 80 new Twitter followers and 8 new Linked In followers in this timeframe. Facebook continues to be DMC's biggest social channel.
- Paid social placements on Facebook drove reach to over 1 million unique users while keeping the engagement rate high at over 3% (average is just over 2%)
- Our newsletter subscriptions grew from 1,891 to 2,847, a 51% increase from July to December.

### Communications:

The DMC Website has been enhanced and will launch the end of January. New features of the Website include:

- **Front page** will incorporate the new “DMC in the Middle of Everywhere” campaign.
- **Navigation bar** on the masthead of the home page now includes most used pages.
- **Maps** of the DMC District now include dynamic content describing each project.