



# DESTINATION MEDICAL CENTER CORPORATION (DMCC)

## BOARD OF DIRECTORS MEETING

9:30 A.M. TUESDAY, NOVEMBER 13, 2018

MAYO CIVIC CENTER - ROCHESTER





DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Tuesday, November 13, 2018

9:30 A.M.

AGENDA

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XII. Meeting Schedule:	
A. Next Regular Meeting: February 5, 2019 at 9:30 A.M.	
B. DMCC/City/County/EDA Joint Board Meeting: February 5, 2019 from 11:00 A.M.-1:00 P.M.	
C. Next Executive Committee Meeting: March 21, 2019 at 9:30 A.M.	
XIII. Adjournment	



DESTINATION MEDICAL CENTER CORPORATION (DMCC)  
BOARD MEETING

Tuesday, September 25, 2018  
9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:35 a.m. at Mayo Civic Center Riverview Suites C & D, located at 30 Civic Center Drive SE, Rochester, MN 55904.
- II. Roll Call. Chair R.T. Rybak, Mayor Ardeell Brede, Council Member Mark Hickey, Commissioner Jim Bier, Paul Williams, Dana Bailey, James Campbell and Michael Dougherty were present.
- III. Approval of Agenda. Commissioner Bier moved approval of the agenda. Mayor Brede seconded.  
  
Ayes (7), Nays (0). Motion approved.
- IV. Approval of Minutes: June 28, 2018. Mayor Brede moved approval of the Minutes of the June 28, 2018 meeting. Ms. Bailey seconded.  
  
Ayes (7), Nays (0). Motion approved.
- V. Public Comment Period. Chair Rybak invited members of the public to provide comment.  
  
John Eischen, executive director of Rochester Area Builders, commented on the positive impact of DMC growth.  
  
Buff Hennessey, executive director of the ARC SE Minnesota region, commented on the collaboration between ARC and the EDA with respect to the Assistive Technology Challenge, a competition intended to generate solutions for the challenges faced by community members with disabilities.
- VI. Chair's Report. Chair Rybak noted several recent and upcoming announcements and activities, including the August 30 DMC site visit to downtown Minneapolis; the September 25, 2018 television premiere of the Ken Burns-produced "Mayo Clinic: Faith-Hope-Science" documentary; and a future funding prioritization discussion being planned for a DMCC board meeting. Chair Rybak also commented on the recently-announced expansion of Mayo Clinic's Gonda Building.  
  
Chair Rybak invited Ms. Bailey to share her thoughts on her recent visit to Rochester. Ms. Bailey described a sense of excitement and challenge, and noted the community partnerships evolving to capitalize on local opportunities, and that challenges, including a tight local housing market, should be addressed.
- VII. DMC Metrics: Update. Lisa Clark, EDA Executive Director, noted that development in the DMC district is generally on track against market absorption estimates produced in 2015. Patrick Seeb, EDA Director of Economic Development and Placemaking, said there is enough variation that the EDA has commissioned a new set of retail/dining/entertainment, housing, and office market demand analyses that will incorporate recent market activity. He noted that EDA staff are working with City of Rochester and Olmsted County staff to evaluate the increase in tax revenues, and also discussed local employment increases, which averaged approximately 1,500 annual new jobs in recent years, and reached approximately 2,000 new jobs in 2017. Mr. Seeb also stated that the EDA has compiled household income statistics in response to a request by Mr. Williams at the June, 2018 DMCC board meeting and that the local figures compare favorably to statewide averages. Chair Rybak asked that further analysis be completed to determine whether the shrinking share of jobs making less than \$50,000/year is the result of a loss of lower-paying jobs

or an indication of upward mobility in the job market.

VIII. 2019 DMCC Funding Request Approval.

Chair Rybak thanked the participants of the informal working group, and invited comments from the Board.

Resolution A: Approving the 2019 DMCC Funding Request and Authorizing Transmittal.

Commissioner Bier moved approval. The motion was seconded by Mr. Campbell.

- A. 2019 EDA Work Plan and Budget. Mr. Williams asked that work plan strategic objectives be amended to include a strategy to address affordable housing needs in 2019. Chair Rybak asked that potential housing strategies be presented at the November, 2018 meeting.

Mr. Williams moved to amend the Resolution to direct the EDA to add strategic objectives addressing affordable housing and workforce needs. Commissioner Bier seconded.

Chair Rybak asked that EDA staff draft a letter of thanks from the DMCC to the McKnight Foundation for the grant funding.

Chair Rybak called for a vote on the amendment offered by Mr. Williams.

Ayes (8), Nays (0). Amendment passed.

- B. Capital Improvement Program. Mr. Seeb and Aaron Parrish, Assistant City Administrator, provided an overview of the 2019 capital improvement program.

Mr. Seeb noted that transportation projects in the 2019 CIP include the transportation management association, improvement to bicycle and pedestrian infrastructure, bus acquisition, and a study of the feasibility of freeway decking on U.S. Highway 52. Federal grant funding is also being pursued. Public realm projects in the CIP include funding to advance the Heart of the City design in preparation for construction, which could begin in 2020. Funding is also provided for improvements to the Chateau Theatre.

Chair Rybak suggested that the Board and staff consider which investments need to be made now in order to secure the long-term success of the DMC initiative.

Mr. Campbell stated that transportation improvements should be accelerated and aggressively address the needs of the community. Chair Rybak agreed and suggested that Second Street SW could be a starting point, given the increasing development activity along the corridor, from Discovery Square to Saint Marys Place.

Mr. Parrish stated that transportation efforts are nearing key decision points, including the location of mobility hubs, the suitability of a freeway lid, the use of park-and-ride facilities, and the application for Federal Transportation Administration funds.

- C. Working Capital Loan. Kathleen Lamb described the working capital loans, stating that the City extends a one year loan of \$1,000 to the DMCC and \$50,000 to the EDA to provide for operational expenses.
- D. 2019 DMCC Budget. Ms. Lamb stated that the DMCC budget primarily funds legal, audit, room rental, insurance, and other costs related to the operations of the Board.

Resolution A as Amended: Approving the 2019 DMCC Funding Request and Authorizing Transmittal

Ayes (8), Nays (0). Motion approved.

- IX. DMCC Form 990: Annual Charitable Organization Report. Craig Popenhagen and Marty Lienau of CliftonLarsonAllen provided the report. The Form 990 and its related schedules will be filed by November 15, 2018.

Resolution B: Approving the 2018 State of Minnesota Charitable Organization Annual Report and 2017 Form 990. Commissioner Bier moved approval of the resolution. Council Member Hickey seconded.

Ayes (8), Nays (0). Motion approved.

- X. Project Updates (City of Rochester, EDA)

- A. Status of Private Development Projects Receiving Prior Approval. Terry Spaeth, City of Rochester Development Director, presented an update on previously-approved projects:

The Titan Hilton, Titan-Opus, and One Discovery Square developments are all scheduled to be completed by mid-2019, with the Berkman development completing construction in 2020. The Bloom Waterfront development team is working with the City and EDA to finalize the development assistance agreement and several ancillary agreements. City staff intend to advance the agreements to the City Council for approval in October 2018. Ryan Companies continues to work with the City and EDA on its redevelopment and adjacent public realm improvements. The Hotel Indigo redevelopment is underway; in order to accommodate construction, skyway access through the building will be created. The Hyatt House-City of Rochester development assistance agreement has been approved. Demolition of the current buildings on the development site will start in late 2018 or early 2019.

Mr. Spaeth noted other, non-DMC-funded development projects in and adjacent to the DMC district: twenty percent of the housing units constructed at Residences at Discovery Square will be available to residents earning less than sixty percent of the area median income, while five percent of the tax increment generated by a market-rate apartment building near Mayo Field will be dedicated to city-wide affordable housing efforts.

- B. Status of Capital Improvement Plan (CIP) Public Infrastructure. Mr. Parrish provided brief updates on approved 2018 capital improvement projects. Fourth Street SW is being reconstructed, including upgraded utilities to support future development, and is expected to be completed in 2019. 7<sup>th</sup> Avenue NW/SW will be reconstructed to provide additional sanitary and storm sewer capacity, but recent bids were rejected due to higher-than-expected costs. The reconstruction of North Broadway will upgrade utilities and enhance the public realm; property owners are being engaged in the process and construction will begin in 2019. 13<sup>th</sup> Avenue is being reconstructed to add more sewer capacity adjacent to the Second Street South corridor.
- C. Discovery Square Subdistrict Update. Ms. Clarke introduced Chris Schad, EDA Director of Business Development-Discovery Square, and Jeremy Jacobs, M.A. Mortenson Co. Director of Real Estate Development. Ms. Clarke described Discovery Square as a sixteen-block subdistrict intended to leverage Mayo Clinic's, Rochester's, and Minnesota's reputation for innovation. Ms. Clarke noted that several elements are progressing, including construction of new residential developments, planned public space, and co-working and business development activities.

Mr. Schad outlined the Discovery Square strategy, which is the result of community input, alignment with the DMC Development Plan, site visits, and tactics that will augment and amplify other existing and planned efforts. The strategy elements include space, business, capital, access to Mayo Clinic, workforce and start-up eco system.

Chair Rybak noted the significant amount of surface parking lots in Discovery Square. He asked if consideration had been given to the idea of providing climate-controlled pedestrian corridors from Second Street SW to the center of the Discovery Square subdistrict about two blocks south. Ms. Clarke stated that the next phase of Discovery Square public realm planning will include more details.

Mr. Jacobs outlined the progress of the One Discovery Square development. Chair Rybak asked how One Discovery Square will complement the pedestrian experience in Discovery Square; Mr. Jacobs described the café and outdoor space that will be adjacent to Discovery Walk, and announced that the University of Minnesota Rochester and Wisconsin-based Epic Systems will occupy ground floor space in One Discovery Square, which will help establish the culture of the building.

D. Public Realm

1. Chateau Theatre. Mr. Seeb noted that the DMCC Board authorized funding to provide for the preservation and activation of the Chateau Theatre. Bids for roof repairs and interior renovations were received but were higher than anticipated. The bid package will be re-evaluated and re-issued. The City will request bids for a third party management and programming company.
2. Heart of the City. Mr. Seeb reported that schematic design reconciliation is underway. EDA and City staff presented to the City of Rochester Committee of the Whole on Monday, September 24, 2018 and determined that more information is needed before proceeding, particularly related to funding for operations, maintenance, and priorities. Mr. Seeb also stated that staff remain sensitive to community concerns about the final location of the fountain that is currently on Peace Plaza.
3. Discovery Walk. Mr. Seeb noted that development of Discovery Walk is now expected to begin in 2020 or later, unless the DMCC and City Council elect to accelerate the work.
4. Saint Marys Place. Mr. Seeb stated that Second Street SW remains a topic of community conversation, particularly as development of the corridor continues.

Chair Rybak state that operations and maintenance costs need to be factored in. Mr. Parrish stated that operations and maintenance costs for all publicly-funded projects is a priority for City staff and elected officials. Chair Rybak acknowledged these financial concerns and stated that the DMCC Board ought to contribute to these discussions so that solutions can be generated and the public space and infrastructure can be developed as a sustainable model.

- E. Transportation Planning. Mr. Seeb reported that the 2019 CIP includes resources to advance the transportation plan, including funding for the bike-pedestrian system, freeway decking, the Federal Transportation Administration funding process, park-and-ride, and bus acquisition. Mr. Campbell asked that the Board be provided a full transportation update prior to the next Board meeting. Mr. Parrish stated that the transportation management association ("TMA") is being developed, and a firm will be engaged in a public-private partnership to administer the TMA. The City continues to



construct parking ramp #6, immediately east of the Titan Hilton, and recently approved a parking rate increase, which could provide funding for a seventh city-owned downtown parking ramp.

- XI. EDA Update. Ms. Clarke delivered a brief EDA update. Market demand study findings will be shared at the November, 2018 board meeting.
- XII. Discovery Square Trademark. The proposed trademark resolution allows the EDA to manage the DMCC-owned Discovery Square trademark on behalf of the DMCC. Mr. Williams moved approval. Mr. Campbell seconded.

Resolution C: Authorizing EDA as Agent for Discovery Square Trademark Licensing on Behalf of DMCC

Ayes (8), Nays (0). Motion approved.

- XIII. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver. Ms. Lamb described the waiver, stating the DMCC must annually elect whether or not to waive the statutory tort limitation provided to the Board as a public entity. Ms. Lamb recommended electing not to waive the statutory limit. Commissioner Bier moved approval of the motion. Council Member Hickey seconded.

Ayes (8), Nays (0). Motion approved.

- XIV. DMCC 2018 Budget Year to Date Update. Commissioner Bier stated that the budget update is available in the Board materials and that with thirty-three percent of the year remaining, fifty-one percent of the budget has been spent.
- XV. DMCC 2019 Regular Meeting Schedule. Commissioner Bier moved approval. Council Member Hickey seconded.

Resolution D: Approval of 2019 Regular Meeting Schedule

Ayes (8), Nays (0). Motion approved.

- XVI. Meeting Schedule:

A. Next Regular Board Meetings: November 13, 2018 at 9:30 A.M.  
February 5, 2019 at 9:30 A.M.

B. Next Executive Committee Meeting: March 21, 2019 at 9:30 A.M.

- XVII. Adjournment. Council Member Hickey moved to adjourn the meeting. Mayor Brede seconded.

Ayes (8), Nays (0). Motion approved.



**DESTINATION MEDICAL CENTER CORPORATION****RESOLUTION NO. \_\_\_\_-2018****Commending Mark Hickey and Expressing Gratitude for His Service to the Destination Medical Center Corporation****BACKGROUND RECITALS**

Whereas, in 2016 Mark Hickey was appointed by the City of Rochester, Minnesota, (the “City”), to serve as a member on the Destination Medical Center Corporation Board of Directors (the “Board”); and

Whereas, Mr. Hickey has been actively engaged in the establishment of Board policies and procedures, with a particular focus on transparency and good governance for the Board; and

Whereas, Mr. Hickey offered a unique perspective to the Board, by virtue of his tenure on the Rochester City Council, his background as an electrical engineer holding over thirty patents, as an inventor in the fields of computer design and computer architecture, and in his thirty-two years in the U.S. Army and Army Reserve, retiring as a Colonel in 2013, not to mention his participation in so many other civic, educational, cultural, and athletic organizations; and

Whereas, Mr. Hickey’s participation and oversight in annual budget reviews for the Board have helped ensure the prudent use of public dollars; and

Whereas, Mr. Hickey has been instrumental in the deliberations and refinement of the Development Plan for the Destination Medical Center initiative and in framing the Board’s priorities in these areas: Discovery Square, Heart of the City, and transportation initiatives; and

Whereas, Mr. Hickey’s commitment to the citizens of Rochester and the surrounding communities has been steadfast and well-reflected in his service on the Board, and his stewardship of the Board’s mission and purpose has been unwavering.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that it commends Mark Hickey for his service to the Board, to the community and to the State of Minnesota.

**BE IT FURTHER RESOLVED**, that the Board expresses its gratitude to Mr. Hickey for his devotion of time and energy to the Board, for his leadership in establishing priorities for the Board, for his engagement on issues and willingness to share expertise, and for his resolute determination to make Rochester, Minnesota, America’s City for Health.



**DESTINATION MEDICAL CENTER CORPORATION**

**RESOLUTION NO. \_\_\_\_-2018**

**Commending Ardell F. Brede and Expressing Gratitude for His Service to the Destination Medical Center Corporation**

**BACKGROUND RECITALS**

Whereas, Ardell Brede, the Mayor of the City of Rochester, Minnesota, (the “City”), was appointed to serve as one of the City’s inaugural members on the newly established Destination Medical Center Corporation Board of Directors (the “Board”); and

Whereas, from the first meeting of the Board on August 9, 2013, Mayor Brede has been actively engaged in the establishment of Board policies and procedures, with a particular focus on transparency and good governance for the Board; and

Whereas, Mayor Brede offered a unique perspective to the Board, by virtue of his four terms as Mayor of the City, and his tenure with the Minnesota State Arts Board, League of Minnesota Cities, National League of Cities, United States Conference of Mayors, and the University of Minnesota Regent Candidate Advisory Committee, not to mention his participation in so many other civic, educational, cultural, and athletic organizations; and

Whereas, Mayor Brede has been instrumental in the deliberations and refinement of the Development Plan for the Destination Medical Center initiative and in framing the Board’s priorities in these areas: Discovery Square, Heart of the City, and transportation initiatives; and

Whereas, Mayor Brede’s history with and affection for the Chateau Theatre made him the natural choice to chair the Board’s Chateau Theatre Re-Use Taskforce, and his work on the Chateau Theatre has provided a solid platform for the re-use of that historical resource; and

Whereas, Mayor Brede’s knowledge and experience have been key in the formation and early years of the Destination Medical Center initiative and extraordinarily helpful to the DMCC; and

Whereas, Mayor Brede’s commitment to the citizens of Rochester and the surrounding communities has been steadfast and well-reflected in his service on the Board, and his stewardship of the Board’s mission and purpose has been unwavering.

**RESOLUTION**

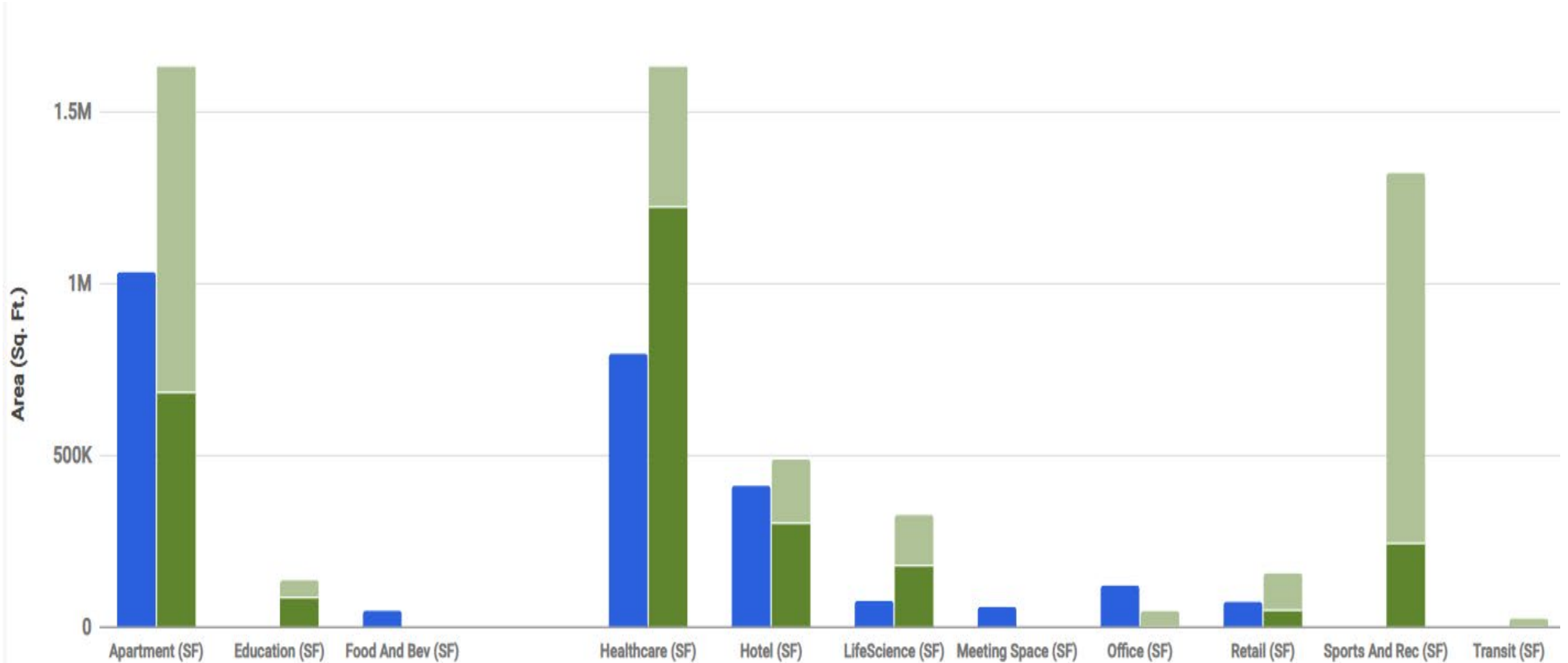
**NOW, THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that it commends Ardell F. Brede for his service to the Board, to the community and to the State of Minnesota.

**BE IT FURTHER RESOLVED**, that the Board expresses its gratitude to Mayor Brede for his devotion of time and energy to the formation of the Board, for his leadership in establishing priorities for the Board, for his engagement on issues and willingness to share expertise, and for his resolute determination to make Rochester, Minnesota, America's City for Health.

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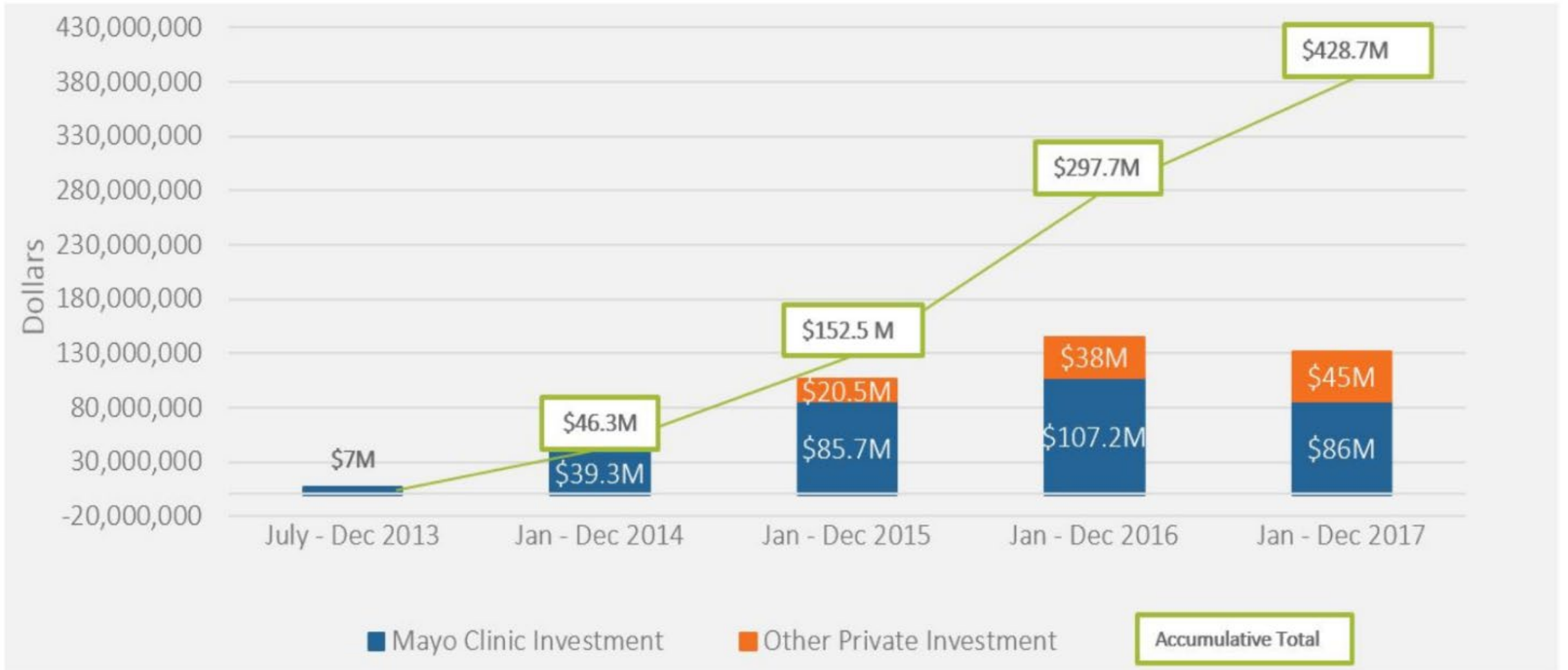
# DMC Metrics

DMC Growth vs. Projections (Phase 1 & 2)



# DMC Metrics

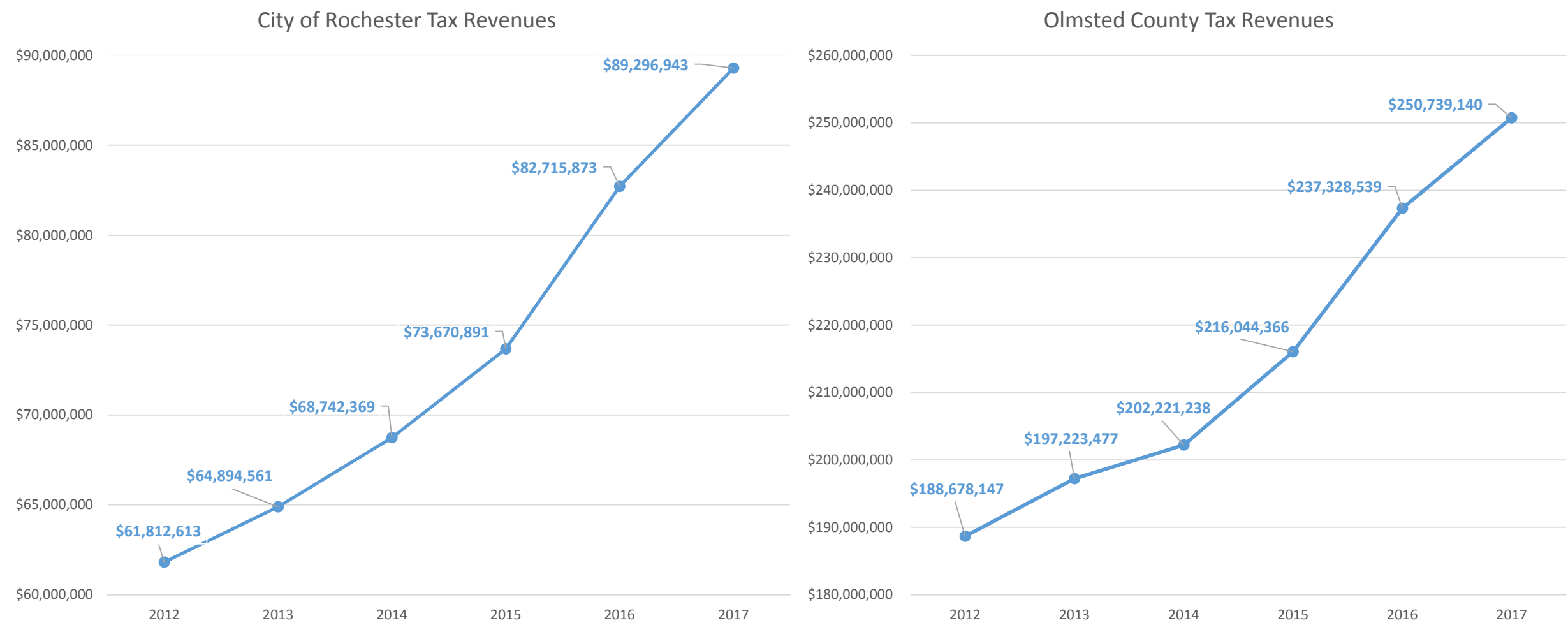
## DMC Investment By Year





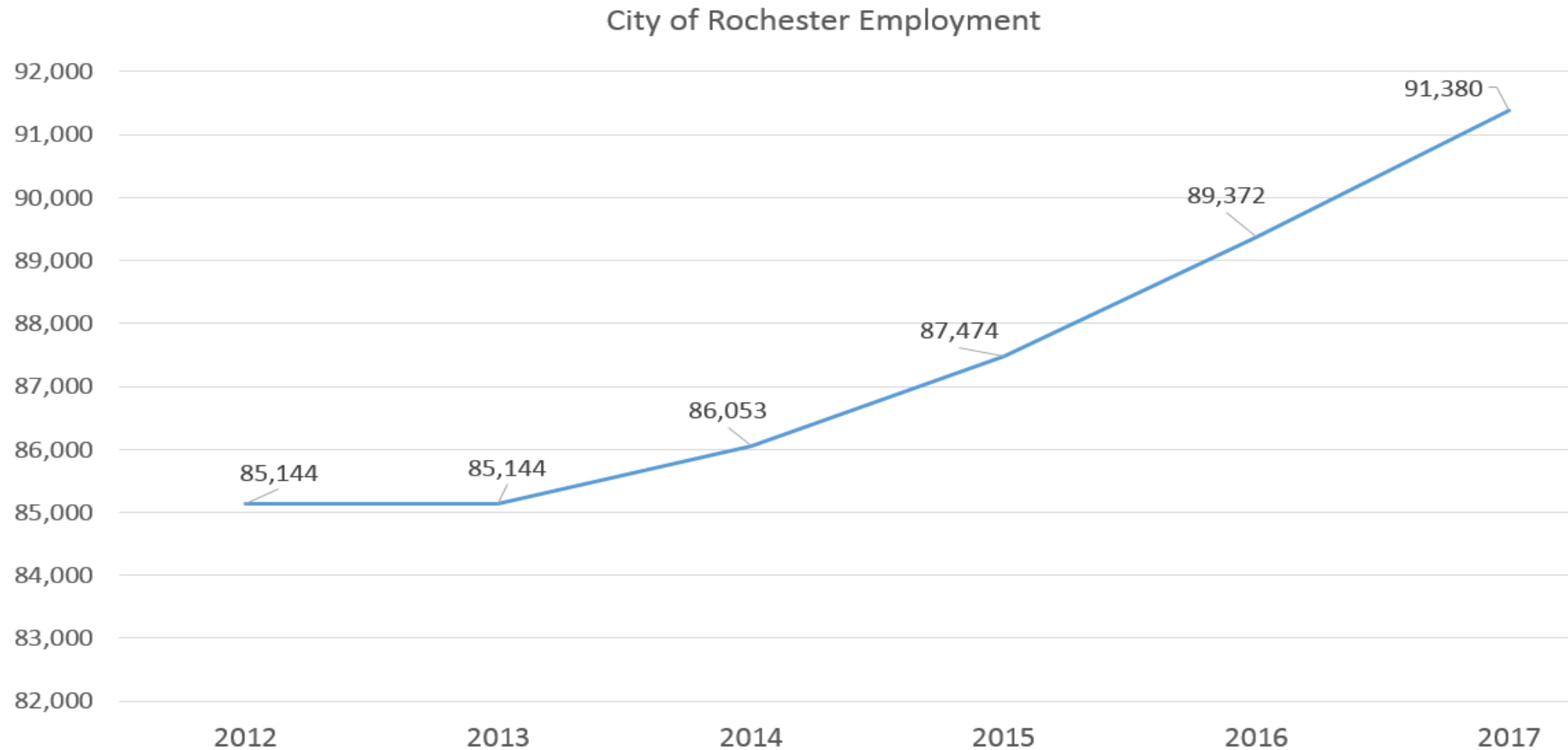
# DMC Metrics

## City & County Tax Revenues



# DMC Metrics

## [City of Rochester Job Growth](#)



## Status of Private Development Projects Receiving Prior Approval

Titan Hilton Hotel- Titan

(Approved as Broadway at Center Project)

Parking Ramp 6

(Approved with the Broadway at Center Project)

Berkman Apartments- Alatus

(Approved as Alatus 2<sup>nd</sup> Street Development)

Urban on First- Titan/Opus

(Approved as Rochester 1<sup>st</sup> Avenue Mixed-Use Project)

One Discovery Square- Mortenson

(Approved as Discovery Square- Phase I)

Bloom Waterfront- Bloom International Reality LLC

(Approved as Bloom Waterfront)

Wells Fargo Renovation- Ryan Companies US, Inc

(Approved as 21 1<sup>st</sup> Street SW)

Hotel Indigo Renovation- RHI Hotel JV, LLC

(Approved as Holiday Inn Downtown Rochester)

Hyatt House- First Civic Center, LLC

(Approved as Hyatt House Civic + First Rochester)

## Titan Hilton Hotel



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### Overview:

After being one of the first two projects approved for DMC funding in spring 2015, the Titan Hilton hotel broke ground in December 2016. The 19-story structure will include retail and dining amenities and be anchored by a Hilton hotel. On January 31, 2018 a topping off ceremony took place with the community.

Updates as it relates to the Legacy Funds I Project.

- City Roadways, Sidewalks & Landscaping will be completed by Thanksgiving
- Interior Guest Room Finishes (264 Total) are about 60% complete
- Owners Furniture, Fixtures & Equipment Installation scheduled to start on 11/19/18
- Building is fully operational with RPU permanent Electrical services. All temporary services have been removed.
- Tower Crane & Material Hoists have been removed with Two (2) Service Elevators in operation for construction use
- Exterior Metal panels are being erected at numerous elevations and scheduled to be completed late December
- L5 Exterior Terrace is substantially completed with perimeter glass railings in process

### Next Steps:

Anticipated completion date is January 31, 2019 with a hotel opening date of April 15, 2019.

## Parking Ramp 6

To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018



### **Overview:**

The 1st Avenue Public Parking Ramp is being constructed by the City of Rochester next to the Titan Hilton Hotel on Broadway in the Downtown Waterfront Sub-District. 82 parking spaces were displaced from a flat lot when the Hilton project began. The new 6-story ramp with 630 parking spaces is being constructed to provide ample parking to serve the needs of downtown shoppers, workers, visitors, and residents. The design allows for an additional 10 stories of private development space above the ramp.

### **Next Steps:**

Anticipated completion of the parking ramp is early 2019.

## Berkman Apartments



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### Overview:

The Berkman Apartments include construction of an approximately 327,965 square foot, thirteen-level commercial and residential complex. In December 2016, the DMC EDA Board of Directors acted unanimously in recommending the proposed project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. It further recommended support in the amount of \$10.5 million in city Tax Increment Financing.

Demolition of existing buildings on the site took place in December of 2017. Financing closed in early February 2018. A ground breaking ceremony took place on May 2, 2018. Currently 40-45 workers are on site daily.

The most recent construction milestones include:

- We completed deep foundations end of July 2018
- Elevator core – we continue to build the elevator core up as we build the tower floors up
- Northland – completed grade beams and foundation walls in August 2018
- Concrete pours of the tower floors (ongoing) – currently pouring Level 4, expected completion of Level 4 is end of October 2018
- Utility installations within and around the building (ongoing) – i.e. electrical, plumbing, etc.
- Backfilling around the tower (ongoing)

### Next Steps:

Final completion of the entire building is early summer 2020 with anticipated lower levels available for leasing in Q1 of 2020.

## Urban on First

To: DMC Corporation Board of Directors  
From: DMC EDA Staff  
Date: November 5, 2018



### **Overview:**

The Urban on First Mixed-Use Development includes construction of an approximately 238,717 square foot, six-story podium commercial and residential complex.

On January 12, 2017, the DMC EDA Board of Directors acted unanimously in recommending the proposed project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. It further recommended support in the amount of \$3.8 million in city Tax Increment Financing.

At its January 2017 meeting, the DMCC approved the funding request upon the condition that proof of financing be provided to the DMCC board of directors. Titan/Opus closed on its financing in March 2018 and commenced construction immediately thereafter. Construction continues to progress on schedule. Wood framing scheduled to be complete January, 2019 with 30-50 workers onsite daily.

### **Next Steps:**

Anticipated completion date is summer of 2019.

## One Discovery Square

To: DMC Corporation Board of Directors  
From: DMC EDA Staff  
Date: November 5, 2018



### **Overview:**

The Mortenson Phase I development is a 90,000 gross square foot building with lab and office space that will cater to the life science economy. Mortenson submitted a Joint Funding Application on May 15, 2017. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in July, 2017. The project was approved at City Council on August 7, 2017. Mortenson and DMC hosted a ground breaking event and community celebration around Discovery Square on November 2, 2017. Construction is underway. A topping off ceremony was held June 28, 2018.

The exterior of the building is progressing with exterior wall panels and windows completing in November. Sidewalks around the building have been completed and landscaping will be installed next spring. Inside the building interior construction is progressing up the building. Painting is progressing on Levels 1,2 and 3. Ceramic tile has completed on Level 1 in the restrooms, and is nearing completion in the Level 2 restrooms, working up the building. Interior finishes will continue throughout the building.

Mayo Clinic's tenant buildouts in the building will get started in November for their spaces on Levels 2,3 and 4. University of Minnesota Rochester's buildout will get started in December on Levels 1 and 3. Epic's buildout on 1<sup>st</sup> floor, on the South side of the building, will get started in January.

### **Next Steps:**

Marketing and tenant recruitment continue. Anticipated construction completion date is March 28, 2019.



## Bloom Waterfront



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### **Overview:**

The Bloom Waterfront development is an approximately 650,000 square foot multi tower and mixed use development. The project includes senior living/memory care residential units, food and beverage, retail, parking, hotel, condominiums, a rehab clinic and public realm space.

Bloom International Realty LLC submitted a Joint Funding Application in March of 2018. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in June 2018. The project was approved at City Council on July 2, 2018 and a purchase agreement was approved by City Council on August 6, 2018. The Conditional Use Permit, which grants site plan approval, was approved by City Council on September 17, 2018. The Developer Assistance Agreement was approved by City Council on October 15, 2018.

### **Next Steps:**

Securing the financing and closing on the real estate will be next steps for Bloom International Realty LLC.

## Wells Fargo Renovation



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### Overview:

Ryan Companies US, Inc. has proposed a renovation to the approximately 92,000 square foot, downtown Rochester Wells Fargo building located on Peace Plaza and First Avenue. This redevelopment is a catalyst for the public realm in Heart of the City and will achieve a sought after public connection of subway, street and skyway.

The developer submitted a Joint Funding Application on May 1, 2018. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in June 2018. The Wells Fargo Project was approved at City Council on July 16, 2018. Interior construction work has begun.

### Recent Construction Milestones Include:

- 1st Floor Wells Fargo Branch Bank Renovation Complete
- Building Roof Tie-Offs installed
- 6th Floor existing TI Demolition Complete
- 6th Floor Wells Fargo Tenant Improvement should start Nov 1
- Design and planning continue for the remainder of the work

### Next Steps:

Continued work on public realm integrated with Heart of the City design including improvements to be funded by TIF.

## Hotel Indigo Renovation



To: DMC Corporation Board of Directors  
From: DMC EDA Staff  
Date: November 5, 2018

### **Overview:**

The Hotel Indigo Development includes renovation to the existing 173 room Holiday Inn on the corner of Third Street and Broadway. The renovation includes a rebrand of the hotel, a new glass facade, improved restaurant, ballroom and other guest areas.

In June 2018, the DMC EDA Board of Directors voted in favor of recommending the Hotel Indigo project to the DMCC as a Public Infrastructure Project, consistent with the DMC Development Plan. The DMC Corporation approved the project on June 28, 2018 and City Council approved on July 2, 2018. The Holiday Inn is no longer operating in preparation for construction. Construction is underway.

### **Next Steps:**

A completion date and opening of the new hotel is estimated for May of 2019.

## Hyatt House



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### **Overview:**

The Hyatt House development is a 175 extended stay hotel with parking which will change the gateway along Civic Center Drive in the Central Station subdistrict.

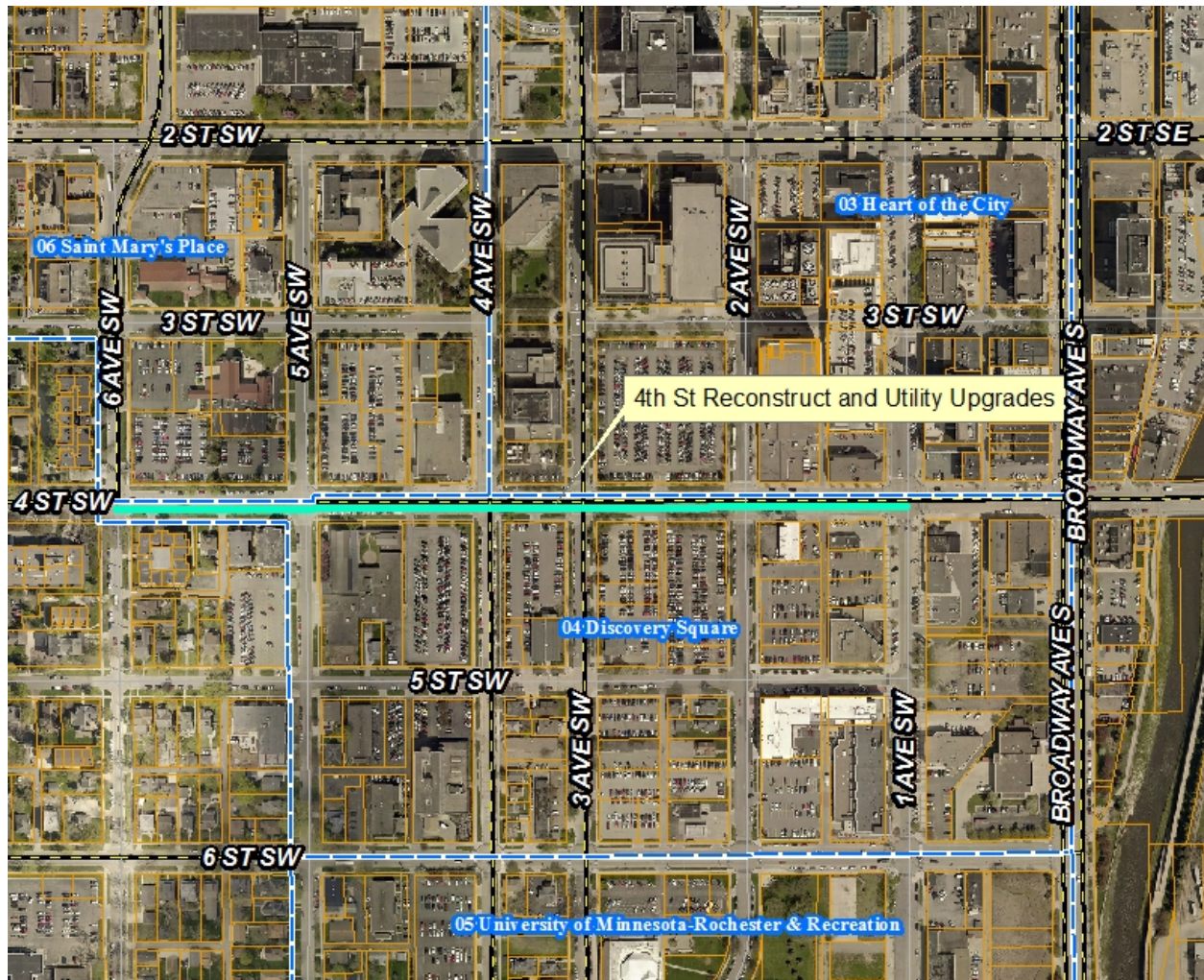
First Civic Center, LLC submitted a Joint Funding Application in May of 2017. The DMC EDA report and recommendation for Joint Funding was brought forward and approved by both the DMC EDA Board and the DMC Corporation Board in July, 2017. The project was approved at City Council on July 2, 2018. The purchase of the property was completed summer, 2018. The developer is currently reviewing the Development Assistance Agreement and Minimum Assessment Agreement.

### **Next Steps:**

Construction is anticipated to begin in late January, 2019.

# 2018 Capital Improvement Program

Reconstruct 4th St SW from 1st Ave to 6th Ave SW and upgrade public utilities.



**Total Project:** \$12.25 million over 5 years (2018-- \$2.25 million-- Source DMC)

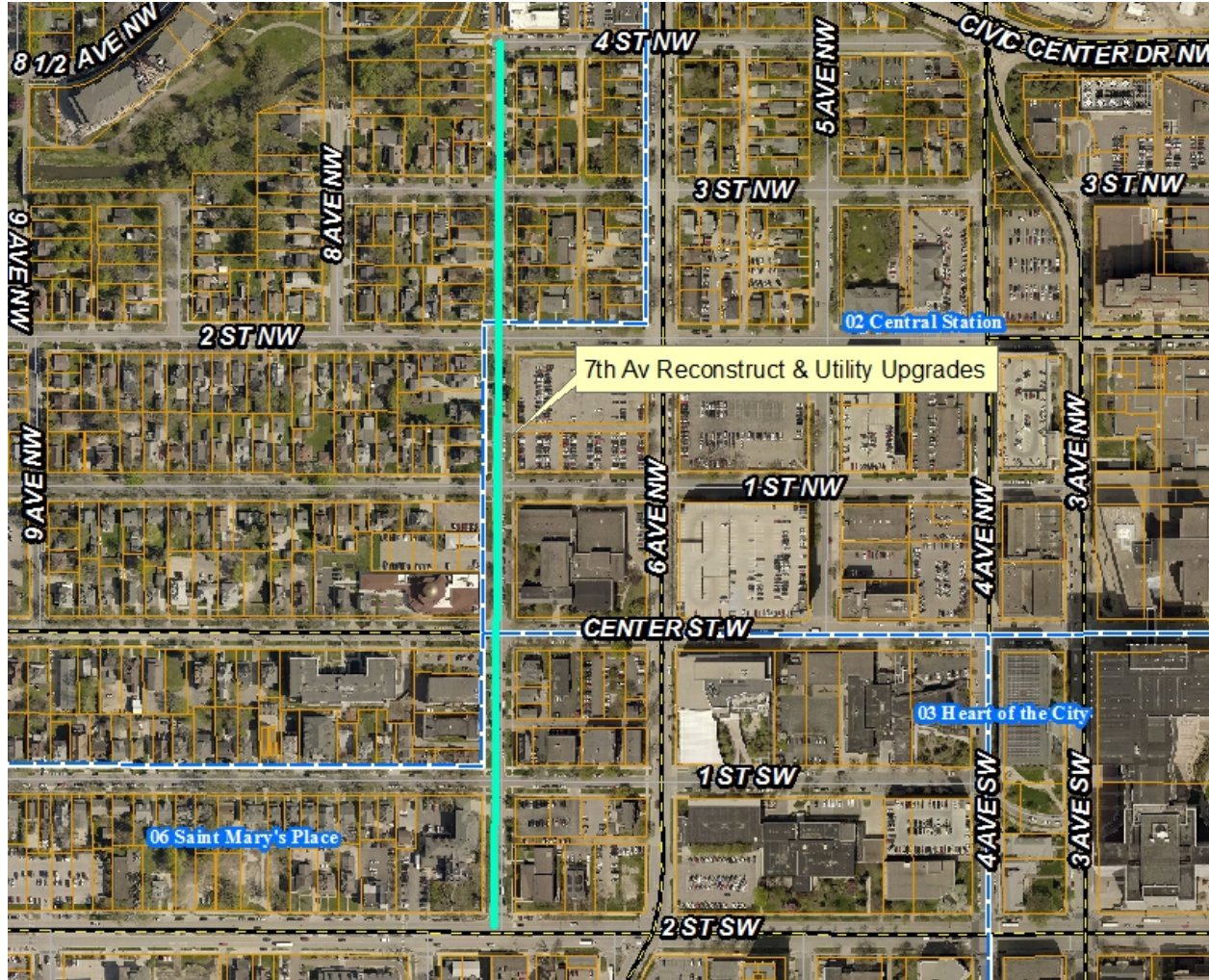
**Purpose & Need:** The Project includes reconstructing the street and replacing and up sizing the utilities. The 3<sup>rd</sup> Ave SW sanitary sewer is not adequate to handle future development and wet weather flows from 3<sup>rd</sup> St and 4<sup>th</sup> St SW.

**Status:** Street design consistent with DMC Design Guidelines and will accommodate future development of Discovery Square. Construction begins in 2018 with completion in 2019.



# 2018 Capital Improvement Program

**Reconstruct 7th Avenue NW / SW from 2nd St SW to Cascade Creek and replace undersized sanitary and storm sewers.**



**Total Project:** \$3 million over 2 years (2018-- \$1.5 million-- Source DMC)

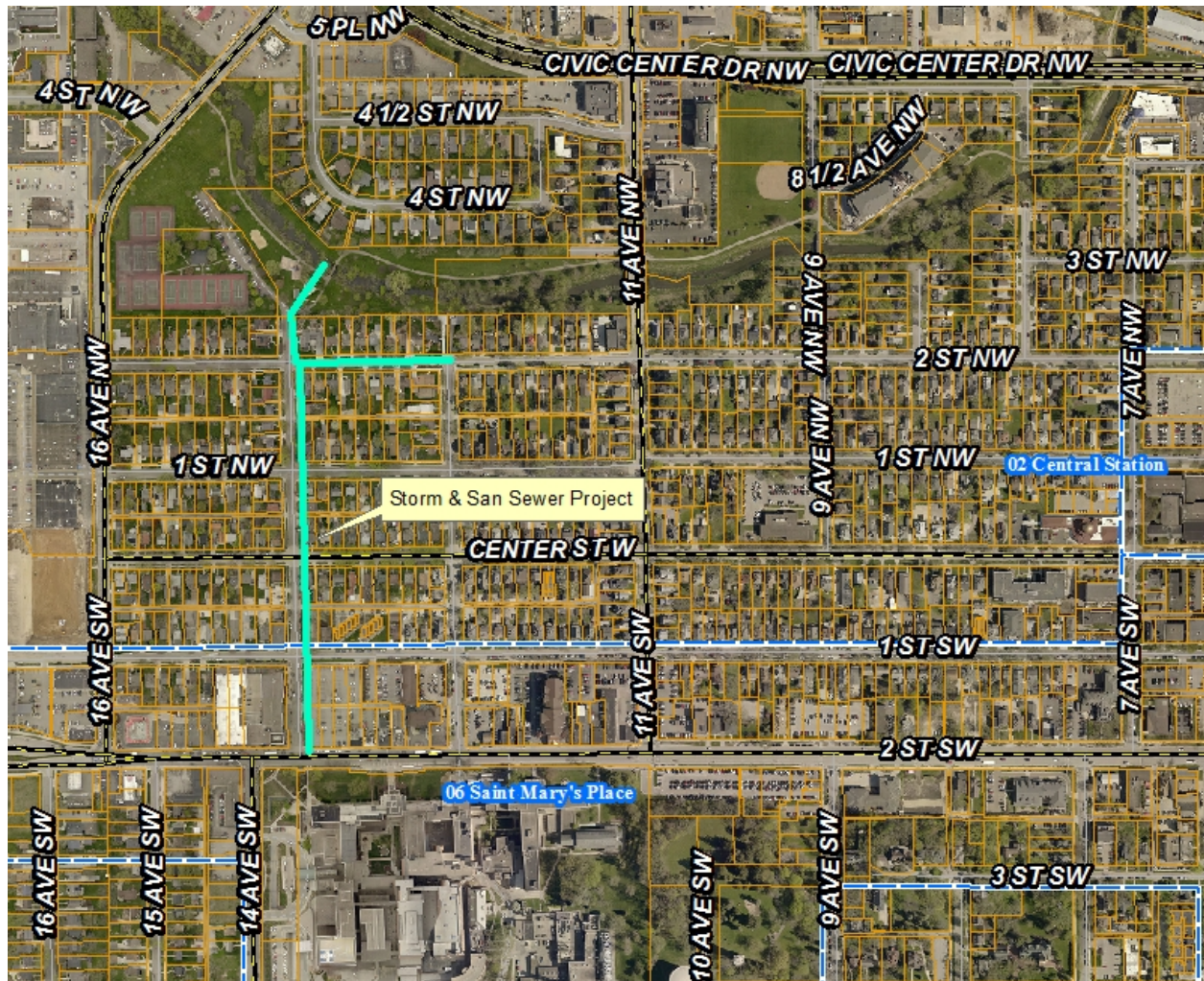
**Purpose & Need:** A street reconstruction project to provide additional capacity for storm and sanitary sewer and by directing it away from the downtown area it has the benefit of creating additional capacity in the downtown/DMC area. Capture sanitary and storm water flows west of the Downtown Business area and direct the flows north. This frees up capacity in the existing downtown system and may eliminate other downtown capacity improvements. This allows for the growth in the Discovery Square and other DMC related development to occur.

**Status:** This project has been postponed to 2019, hoping for a better bidding climate.



# 2018 Capital Improvement Program

## SS1 13th Ave Sanitary and Storm Sewer Capacity Improvements from 2nd St SW to 2nd St NW.



**Total Project:** \$6.1 million over 2 years (2019-- \$3.35 million-- Sources \$1.675 million City and \$1.675 million DMC)

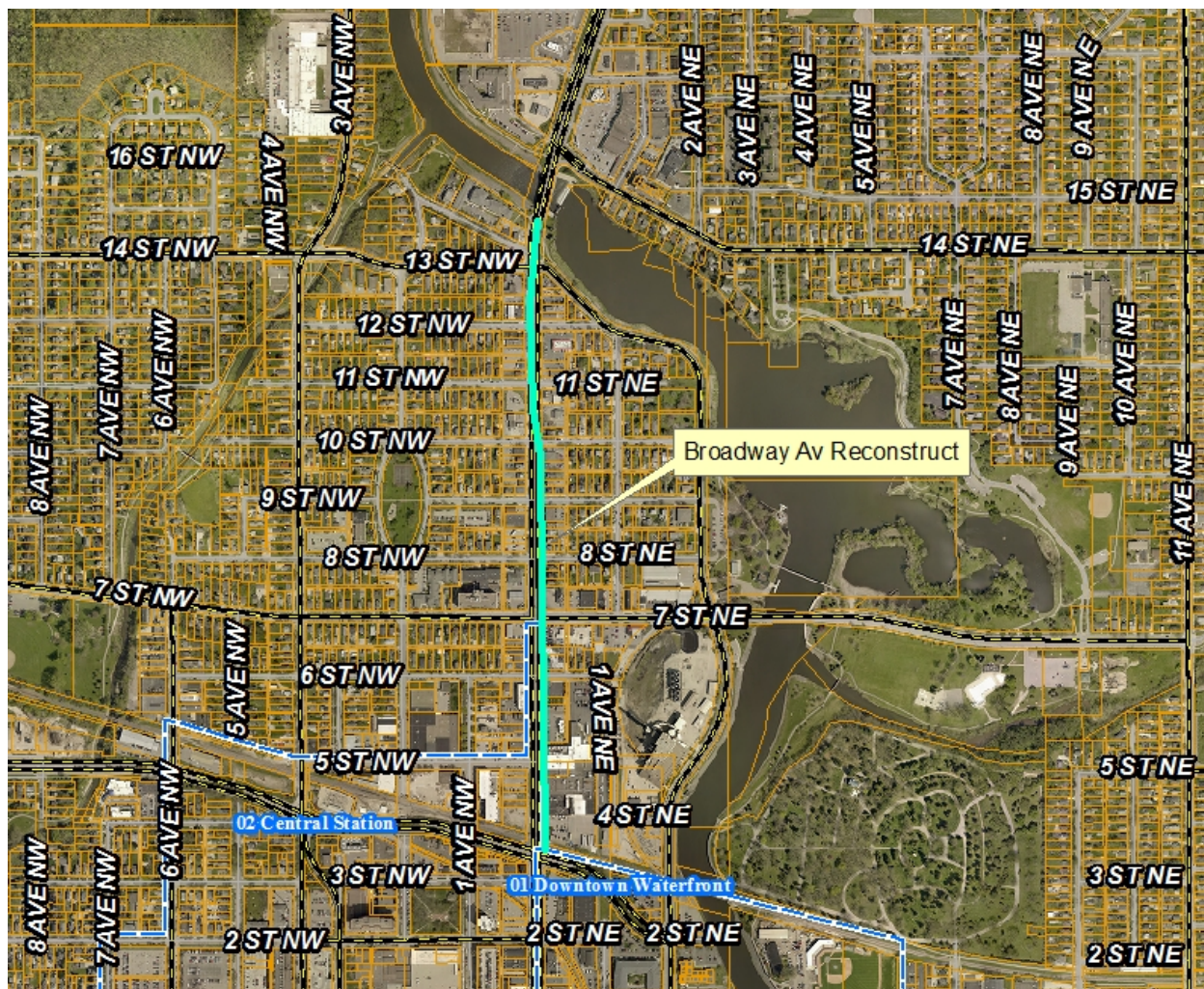
**Purpose & Need:** Additional sewer capacity is needed for development along 2nd St SW, including the proposed growth of the Mayo / St Marys hospital complex. The storm sewer in 2nd Street SW does not have the capacity to meet future needs. The sanitary and storm water improvement have been included in the same street to limit disturbance to other neighborhood streets. The sewer and storm are being design to accommodate a future potential subway tunnel crossing on 2nd Street SW from St Marys to the retail businesses on the north side of 2nd Street SW.

**Status:** Redesign of the street is underway and encouraging the City to apply concepts from Saint Marys Place public realm design concepts. Construction to begin in 2020.



# 2018 Capital Improvement Program

Reconstruct North Broadway Avenue from Civic Ctr Dr to Zumbro River Bridge.



**Total Project:** \$17.1 million over 2 years (2018 -- \$800k design-- Sources \$400K City, \$400K DMC)

**Purpose & Need:** No. Broadway is the north gateway to Downtown Rochester. North Broadway was identified in the 2015 Broadway Corridor study as a corridor in need of reconstruction. Broadway Avenue, formerly Trunk Highway 63 was a turnback roadway from MnDOT. It is a priority Primary Transit Network corridor that is expected to experience the modal shift from single occupancy vehicles to transit such as Bus Rapid Transit. A reconstruction project is needed for the pavements and utilities. A reconstruction project can have a transformational effect on abutting properties in the corridor with enhanced landscaping and public realm improvements.

**Status:** Street redesign has been the subject of a great deal of public discussion, focused primarily on potential bike ways, use of medians and turn lanes, and alignment of bus stops. City Council took action on final schematic decisions in June 2018. Construction to begin in 2019 and be complete by the end of 2020.



## Chateau Theatre Interim Use & Investment

To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018



### Background:

#### 2015:

1. DMCC approved acquisition of Chateau Theatre as “public infrastructure project.”
2. City Council authorized purchase of Chateau Theatre
3. Mayor formed Chateau Theatre Reuse Committee

#### 2016:

1. City finalized purchase
2. Task Force organized its work around three milestone recommendations
  - Reuse
  - Design
  - Management and Governance
3. Consultant team of Miller Dunwiddie and Webb Management were retained
4. Task Force concluded:
  - Reuse as a multipurpose performing arts center
  - Redesign within current footprint of the building and under the alleyway
  - \$23+ million cost estimate
  - Management and programming by City Music Department, with ongoing operation loss
5. City Council received report and asked for the following:
  - Further discussion with adjacent property owners to explore opportunities
  - Consideration of alternative sources of funding, inclusive and in addition to DMC funds
  - Further study of the business plan, avoiding ongoing operating loss

#### 2017:

1. City staff modified proposed operating income and expense model, still resulting in on-going operating loss
2. Ryan Companies agreed to consider incorporating Chateau facilities in the redeveloped Wells Fargo building, pending overall project plans
3. Task Force recommended inclusion of the Chateau costs in the future CIP budget, for presentation to DMCC
4. DMCC Report and Recommendation, November 2017
  - Advance Chateau Theatre as a multiuse performing arts center, but consider a less capital intensive restoration model
  - Develop a strategy to diversify capital funding sources
  - Ensure a sustainable ongoing management, programming, and operations plan
  - Build relationships to adjacent development
  - Consider ideas for interim use and activation
  - Preliminary CIP authorization

5. Discussion at DMCC meeting and subsequent discussion with Acting DMCC Chair:
  - Would like to see an alternative to the overall plan currently on the table
  - Specifically, less capital intensive and alternative management/programming model

**Current Status:**

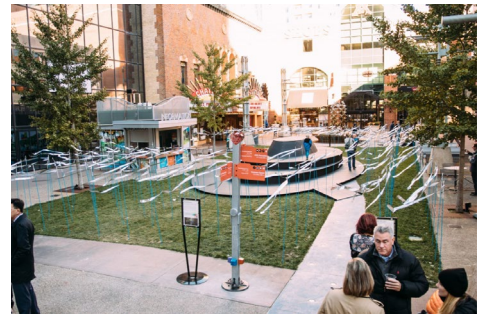
- In March 2018, DMCC authorized use of CIP funds for design costs and capital improvements to Chateau Theatre to a) secure and protect the building; b) bring it up to code so that it can be used for “assembly” purposes; and c) design eventual integration with Peace Plaza and Wells Fargo building.
- City of Rochester retained Miller Dunwiddie to develop construction and bid documents.
- The three construction bids that were received exceeded the estimated amount. City staff recommended the denial of the bids and an alternative approach to rebid. On August 20, 2018 City Council voted to reject the bids.
- A second construction bid package was submitted. Four construction bid proposals were reviewed and on November 5, 2018 City Council awarded by Benike Construction the project.

**Next Steps:**

- Construction is anticipated to begin in December 2018.
- Continue active engagement with Ryan Companies for integration of Chateau with Wells Fargo redevelopment (inclusive of major building tenants).
- Develop interim use programming and management model.
- Develop RFP with the City of Rochester for program and operations management.

## Heart of the City Public Realm

To: DMC Corporation Board of Directors  
From: DMC EDA Staff  
Date: November 5, 2018



### Overview:

The RSP-led design team completed the Schematic Design for Heart of the City in 2017. It was received by the Community Advisory Group, DMC EDA, DMCC, and City Council.

Based on the opportunity associated with the redevelopment of the Wells Fargo building, recommendations to advance the detailed design for the two portions of the Heart of the City public realm: 1<sup>st</sup> Ave and the east end of Peace Plaza were made at the March, 2018 DMCC board meeting. To proceed in a timely manner, DMCC authorized and the City approved the use of CIP funds for this purpose.

During the Schematic Design Reconciliation phase of Heart of the City Phase 1 Coen + Partners, DMC, and City of Rochester have made great progress in establishing design direction for 1st Ave, Theatre Square, the Wells Fargo Building, and artist integration into the whole of the project.

On September 24, 2018 at Committee of the Whole (COW), City Council Members were provided a Heart of the City public realm design update. Questions and feedback were collected from the council and put into action steps for DMC EDA staff and the design team.

### Next Steps:

1. Staff will prepare a report which documents current use of the Heart of the City district, further growth opportunities, and anticipated impact of this project.
2. During the schematic design phase a detailed operations, maintenance, and revenue program was developed by HR&A. This analysis will be updated, addressing both the Phase I portion of this project and the creation of a framework for funding the operating and capital needs for future projects. Operating and governance models are being explored.
3. Due to concerns regarding fountain design and location, the designers are readdressing the fountain concept for consideration.
4. Part of the design strategy is to do temporary builds and installations of potential project features, to test with the community and get feedback. The seating structure is one of many features that will be tested. The first of these temporary installations occurred on Oct 17 and will be in place through mid-November.
5. Sources of funding are being developed and will be shared at forthcoming meetings. The primary funding for the first phase is DMC General State Infrastructure Aid.

Once the steps above have been addressed, DMC EDA will return to a COW meeting in early December.



## DMC Transportation Plan



To: DMC Corporation Board of Directors  
From: DMC EDA Staff  
Date: November 5, 2018

### **Background:**

The DMC state statute provides for the establishment of the DMC Development District (“District”) for the purpose of guiding public investment and facilitating DMC public infrastructure projects.

The DMCC and Rochester City Council adopted the DMC Development Plan (“Plan”) in spring 2015. The Plan included a transportation vision focused on access and mobility that would reduce private vehicle dependency while improving multi-modal travel connections. The vision provided for:

- Transit services connecting the District to the community and the region
- Downtown transit circulator
- Network of bike facilities providing connections to District destinations and across the District
- Safe walkable streets
- Convenient, high-turnover downtown parking
- Long-term, low-turnover peripheral/remote parking with convenient downtown connections

DMC Development Plan transportation strategies required further study and refinement, including:

- Capital investment needs and services
- Refinement and updates of the planning-level vision
- Assessment of options and details of proposed transportation solutions
- Ensuring transportation projects best serve the needs of the City and the District
- Ensuring cost-effective solutions

To address these needs, the Rochester City Council authorized the DMC Integrated Transit Studies (“Transit Studies”). The Transit Studies assessed detailed alternatives for vehicular, transit, pedestrian, and bicycle travel in order to support the goals of the DMC Development Plan.

### **Current Status:**

The Transit Studies were completed in four parts: Downtown Transit Circulator; Street Use and Operations; Parking and Travel Demand Management; and City Loop. The Transit Studies have led to the preparation of the ITS Final Report and supporting documentation for each study.

The ITS Final Report provides:

- A framework for refining the transportation solutions and strategies needed to advance DMC
- The basis for development of a DMC Transportation Strategy and Implementation Plan that supports economic development and the realization of the DMC vision

In June and July, 2018, DMCC and City Council, respectively, accepted the ITS Final Report as a framework for the development & implementation of the DMC Development Plan transportation vision.

In accepting the ITS Final Report the DMCC and City Council supported the conclusions and recommendations of the study, subject to following points of clarification:

- *Mobility Hub A & B locations.* Factors to be considered when determining Mobility Hub locations and investment include:
  - Circulator connecting routes
  - Development opportunities that contribute to City & DMC goals
  - Providing a safe and reliable transportation system and network access
  - Leveraging joint financing approaches
- *BRT circulator route.* The circulator route will leverage opportunities for economic development and create operational efficiencies.
- *ITS Final Report phasing.* The phasing is illustrative and subject to change as DMC transportation plan stakeholders work to adopt a ITS Implementation Plan and Schedule. The Implementation Plan will include a plan for monitoring activity in the DMC District against benchmarks that indicate the need for action on critical Transit Studies recommendations.
- *Right-of-way impacts on private property.* The impacts are illustrative and subject to change based upon the development, refinement and review of geometric layouts or adoption of Official Street Map(s) identified in the ITS Implementation Plan and Schedule.
- *Alternative uses of general purpose vehicle travel lanes.* Any repurposing of travel lanes will be based on the ability of multi-modal strategies to meet projected travel demand within limited space constraints while maintaining adequate vehicle operations.
- *Parking space replacement.* Downtown visitors, patients and residents will be served through:
  - New public and private parking resources
  - Expanded shared use of existing parking resources
  - Repurposing of existing commuter parking
  - Pricing strategies that better match parking demand with parking supply.

**Next Steps:**

- Mobility Hub location criteria will be discussed at the November 13, 2018 DMCC Board meeting
- Finalize Implementation Matrix and Phasing Plan
- Address and resolve each of the “points of clarification” from the final ITS report
- Focus on critical first steps in long-term catalytic transportation change
  - Start shifting transportation modes
  - Start Federal Transportation Administration (FTA) process for circulator
  - Start shifting long-term parking outside of downtown
  - Start building active transportation network
  - Study potential Highway 52 decking concept

## DMC Market Studies

To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

### **Overview:**

Part of the original DMC Plan included a market study to evaluate the needs of the DMC District. This study was completed by AECOM in 2015. Due to the growth projected for the DMC an updated market study was commissioned to measure the progress of the district against the original plan and projections. AECOM was selected through an RFP process to update the original document. They have completed a draft copy of their findings which were presented to attendees at the annual Rochester Real Estate Summit on October 12, 2018. The findings show key trends in population, income and labor force in the DMC and how it translates to the DMC plan in terms of fulfilling the objective of creating private investment such as Hotels, Residential, Office/Med-Tech, and Retail development.

### **Next Steps:**

AECOM's analysis is coming to a close. Preliminary findings will be shared with the DMCC board on November 13, 2018.





**Destination Medical Center  
Economic Development Agency  
2019 Workplan**

**Updated: November 5, 2018**

## Executive Summary

In 2019, the Destination Medical Center (“DMC”) initiative will focus on continuing robust economic development, further developing the DMC District and the continued implementation of programs and initiatives to transform America’s City for Health.

Anchored by the DMC Development Plan and influenced by the engagement and participation of our stakeholders, the Destination Medical Center Economic Development Agency (“DMC EDA”) will continue to pursue the Phase 1 and 20-year goals of the DMC initiative.

Twenty year goals include:

- Create a comprehensive strategic plan
- Leverage the public investment of \$585 million
- Create approximately 35,000 new jobs
- Generate approximately \$7.5 - \$8.0 billion in new net tax revenue
- Achieve the highest quality patient, companion, visitor, employee, and resident experience

To date, the DMC Corporation board of directors has made strategic investments in public realm planning and design, including Heart of the City and Chateau Theatre, Saint Marys Place, and Discovery Walk; the development of Discovery Square; transportation; energy and sustainability; targeted marketing; meaningful public engagement; and significant private development projects. These investments are direct examples of the successful implementation of the DMC Development Plan.

This work plan outlines the objectives and allocates the resources necessary to capitalize on these public investments; continue to pursue private investment and development opportunities; implement business and workforce recruitment and retention activities; and exceed patient, visitor and resident experience expectations in order to achieve DMC’s twenty-year goals. To this end, several significant one-time activities and targeted new investments have been incorporated into the work plan, including:

- Advancing Heart of the City public space for construction
- Programming Discovery Square in support of new business development
- Activating Chateau Theatre reuse

## DMC EDA Statutory Role and Responsibilities

The DMC EDA assists the Destination Medical Center Corporation (“DMCC”) and the City of Rochester (“City”) in implementing the development planning and promotion, development services, and marketing, outreach and communication activities required to achieve the goals of the DMC development plan.

The DMC legislation identified several key responsibilities of the DMC EDA in addition to its role as an advisory agency to the DMCC and City. The 2019 DMC EDA work plan serves these responsibilities, which have been organized as follows: (A) development planning and promotion, (B) development services, and (C) marketing, outreach and communications. The specific statutory responsibilities are listed below:

**A. Development Planning and Promotion, including:**

- Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the DMCC and the City regarding those proposals
- Seeking financial support for the DMCC, the City, and projects
- Partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center
- Supporting and administering the planning and development activities required to implement the development plan

**B. Development Services, including:**

- Developing and updating the criteria for evaluating and underwriting development proposals
- Providing transactional services in connection with approved projects
- Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property
- Assisting the DMCC or City and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development

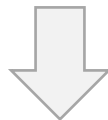
**C. Marketing, Outreach, and Communications, including:**

- Facilitating private investment through development of a comprehensive marketing program to global interests
- Developing patient, visitor, and community outreach programs
- Preparing and supporting the marketing and promotion of DMC
- Preparing and implementing a program for community and public relations

All objectives contained within this work plan address one or more of these statutory responsibilities, demonstrating the commitment of the DMC Corporation, City of Rochester, and DMC EDA to the DMC Development Plan and to the intent of the State Legislature and Governor indicated by the support and enactment of the DMC legislation.

## DMC Mission

With Mayo Clinic at its heart, the Destination Medical Center (DMC) initiative is the catalyst to position Rochester, Minnesota as the world's premier destination for health and wellness; attracting people, investment opportunities, and jobs to America's City for Health and supporting the economic growth of Minnesota, its bioscience sector, and beyond.



## DMC Goals

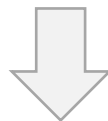
Create a comprehensive Strategic plan with a compelling vision that harnesses the energy and creativity of the entire community

Leverage the public investment to attract more than \$5 Billion in private investment to Rochester and the region

Create approximately 35,000 new jobs with workforce development strategies that support growth

Generate approximately \$7.5-8 Billion in new tax revenue over the next 35 years

Achieve the highest quality of patient, companion, visitor, employee, and resident experience, now and in the future



## DMC Priorities

Transportation

Heart of the City

Discovery Square

### Economic Development

Community Engagement  
Marketing & Communications

Experience  
Energy & Sustainability

Workforce  
Housing

## DMC Priority: Heart of the City

**Objective A: Project Development-** Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Build a strong business relationship between the Wells Fargo project and public realm	Q1-Q4		Lead
2	New private development growth underway (execute development recruitment strategy using updated market research)	Q1-Q4		Lead
3	Building renovation complete for Chateau with operator identified	Q1-Q2		Participate

**Objective B: Public Realm-** Includes design, development and/or operational activities that result in active use of public spaces within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Community embraced Heart of the City design (manage stakeholder group, manage design team, execute community engagement strategy)	Q1-Q4		Lead

**Objective C: Experience/Programming-** Includes design and operational activities that result in increased use of public amenities and private development opportunities.

	Outcome	Timeline	Status	Lead or Participate
1	Community embraced Chateau Theatre vision (grand opening and activate the Chateau and Theatre Square)	Q1-Q4		Lead
2	Evaluate ideas and concepts that support HoC public space (2 prototypes to test and evaluate ideas)	Q1-Q4		Lead
3	New retail strategies tested (introduce pop up retail opportunities)	Q1-Q4		Lead

## DMC Priority: Discovery Square

**Objective A: Project Development-** Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	One Discovery Square: plan developed to have market rate shared office space, maker space, wet lab space available plus below-market startup space available	Q1-Q3		Lead
2	Two Discovery Square: design completed and construction underway	Q1-Q4		Participate

**Objective B: Public Realm-** Includes design, development and/or operational activities that result in active use of public spaces within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Discovery Walk: interim prototyping deployed	Q1-Q4		Lead

**Objective C: Business Development-** Includes activities related to formation, recruitment, growth and/or retention of businesses and the ecosystem needed to support those businesses.

	Outcome	Timeline	Status	Lead or Participate
1	Community development: enable success of new businesses through intentional assimilation into the business and scientific community and introductions to key resources	Q1-Q4		Lead
2	Programming: implement social, scientific and business programming that ensures success in building community, encouraging startups, and equipping business leaders	Q1-Q4		Lead and Participate
3	Tenants: 1) One Discovery Square highly occupied; and 2) Business recruitment under way for all available spaces in the sub-district.	Q1-Q4		Lead

## DMC Priority: Transportation

**Objective A: Project Development-** Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Complete Phase 1 design and planning exercises for transit and infrastructure projects	Q1-Q4		Participate
2	Complete Phase 1 design and planning exercises for pedestrian and bicycle system	Q1-Q4		Participate
3	Evaluate a lid concept for the northwest mobility hub identified in the Transit Studies	Q1-Q4		Participate

**Objective B: Public Realm-** Includes design, development and/or operational activities that result in active use of public spaces within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Integrate public realm and transportation design on 2nd Street	Q1-Q4		Participate

**Objective C: Experience/Programming-** Includes design and operational activities that result in increased use of public amenities and private development opportunities.

	Outcome	Timeline	Status	Lead or Participate
1	Develop a measurement and monitoring system for transportation plan	Q1-Q4		Participate
2	Communicate changes effectively and celebrate successes and share with the community	Q1-Q4		Lead
3	Identify the next bike share system for Rochester	Q1-Q4		Lead
4	Continue to introduce new ways of thinking and technology through participation in state-wide autonomous vehicle research	Q1-Q4		Lead
5	Engage the developer community in transit-oriented development policy	Q1-Q4		Lead
6	Identify strategies to encourage alternative commuting habits through participation in the Transportation Management Association (TMA)	Q1-Q4		Participate

**DMC Priority: Economic Development**

**Objective A: Project Development-** Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Complete review of development projects as proposed	Q1-Q4		Lead

**Objective B: Business Development-** Includes activities related to formation, recruitment, growth and/or retention of businesses and the ecosystem needed to support those businesses.

	Outcome	Timeline	Status	Lead or Participate
1	Strong developer relationships built (support and attend: Rochester Real Estate Summit; ULI; ICLV; RECON; ICSC; APA; TIAACREF)	Q1-Q4		Lead
2	Opportunities identified to create new revenue streams for public infrastructure and operations	Q1-Q4		Lead
3	New retail strategy developed for DMC District	Q1-Q4		Lead

**Objective C: Experience/Programming-** Includes design and operational activities that result in increased use of public amenities and private development opportunities.

	Outcome	Timeline	Status	Lead or Participate
1	Educate stakeholders and gain advocacy support (best practice research and site visit re.. Heart of the City and Discovery Walk design elements, transportation and retail)	Q1-Q4		Lead

**DMC Priority: Economic Development: Community Engagement**

**Objective A: Community Engagement-** Includes establishment of a community engagement strategy that builds a community of stakeholders that trust the DMC vision.

	Outcome	Timeline	Status	Lead or Participate
1	Continue to identify and support community and regional partnerships that help to realize the vision of the DMC initiative (Chamber, RAEDI, SMIF, DEED, Greater MSP ect.)	Q1-Q4		Lead
2	Continue to monitor and acknowledge new business activity and positive change in the DMC district through direct business and community engagement activities	Q1-Q4		Lead
3	Build community awareness and ownership by hosting events that create opportunities for communicating progress, partnerships and future planning (4 Peace Plaza events, 1 annual meeting, DMC lobby talks)	Q1-Q4		Lead
4	Develop visual acknowledgment of DMC private projects and the DMC presence in the public realm space	Q1-Q4		Lead



**DMC Priority: Economic Development: Experience**

**Objective A: Experience-** Includes implementing DMC patient, visitor, and community experience strategy that identifies the needs of the community while becoming the catalyst for change and fueling private sector and growth

	Outcome	Timeline	Status	Lead or Participate
1	Implement DMC experience strategy that includes experience framework, score card and monitoring metrics collaboratively with experience partners	Q1-Q4		Lead
2	Determine and implement best practices in experience methodology	Q3		Lead
3	Continue to implement new experience improvement projects in partnership with Mayo Clinic, Experience Rochester and Rochester Downtown Alliance	Q1-Q4		Lead

**DMC Priority: Economic Development: Marketing & Communications**

**Objective A: Marketing & Communications-** Includes executing the state, national and international marketing and communications strategy to attract identified target audiences (investors, developers, bioscience companies and entrepreneurs) to Rochester, MN and elevate the DMC brand.

	Outcome	Timeline	Status	Lead or Participate
1	Increase brand awareness and targeted lead generation via multi-channel marketing campaign: local, regional and national international audiences	Q1-Q4		Lead
2	Implement subdistrict brand integration program starting with Heart of the City & Discovery Square (Ensure the consistent and appropriate use of the Discovery Square brand by licensing and managing the trademark on behalf of the DMC Corporation)	Q1-Q4		Lead
3	Provide leadership to Market Rochester Collaborative (community marketing collaborative group)	Q1-Q4		Lead
4	Content development, social media, website analytics, podcasts, event activation	Q1-Q4		Lead
5	Regional and national media placement and media tracking	Q1-Q4		Lead
6	Maintain regional and statewide communication, engagement and advocacy	Q1-Q4		Lead
7	Develop marketing asset inventory and media photo library development	Q1-Q4		Lead
8	Upgrade website	Q1-Q4		Lead

**DMC Priority: Economic Development: Workforce Development**

**Objective A: Business Development-** Includes activities related to formation, recruitment, growth and/or retention of businesses and the ecosystem needed to support those businesses.

	Outcome	Timeline	Status	Lead or Participate
1	Collaborations are developed where DMC can participate and support workforce initiatives that are led by other organizations	Q3-Q4		Participate

**Objective B: Project Development-** Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.

	Outcome	Timeline	Status	Lead or Participate
1	Operational plan for intern placement program is developed and implemented- template potential for other sectors	Q1-Q3		Lead
2	Undergrad and grad school students are placed into internships with Discovery Square businesses via DMC workforce development strategy	Q4		Lead
3	Discovery Square workforce has opportunities to integrate into DMC subdistrict programming to support growth of the entrepreneurial ecosystem.	Q4		Lead

DMC Priority: Economic Development: Sustainability				
Objective A: Project Development- Includes design, development and/or operational				
	Outcome	Timeline	Status	Lead or Participate
1	Assist with the development of housing inventory and promotion of affordable housing projects	Q1-Q4		Participate
2	Accelerate environmental program progress	Q1-Q4		Lead
3	Ensure development meets DMC environmental goals	Q1-Q4		Lead
4	Meet DMC MBE/WBE participation targets	Q1-Q4		Participate
Objective B: Experience/Programming- Includes design and operational activities that				
	Outcome	Timeline	Status	Lead or Participate
1	Finalize strategy and process to realize DMC vision of "creating America's City for Health"	Q1-Q4		Participate
2	Grow voluntary energy benchmarking program	Q1-Q4		Lead
3	Develop GHG reduction action plan to meet DMC and City GHG Goals	Q1-Q4		Lead
4	Continue to introduce new ways of thinking and technology	Q1-Q4		Lead
5	Identify a rating system to measure and benchmark sustainability success	Q1-Q4		Lead

DMC Priority: Economic Development: Affordable Housing				
Objective A: Strategy Development- Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.				
Outcome		Timeline	Status	Lead or Participate
1	Understanding of the current progress and needs for affordable housing in Rochester	Q1		Participate
2	Public and private parcels are identified within the DMC District that are promising for equitable development opportunities including the creation of a tool that maps amenities and transit stops to support housing	Q1		Participate
3	Confirmation of the statutory opportunities available to the DMC for affordable housing development	Q1		Lead
4	Community partners are identified and leveraged to support strategy development	Q1-Q4		Participate
5	Continued engagement with community groups and activities related to a workforce housing strategy	Q1-Q4		Participate
6	Goals are identified for units of affordable and senior housing (#, % of AMI) and shared publicly in order to clearly outline expectations	Q1-Q4		Participate
7	Using data, partnerships and goals, complete an affordable housing and senior housing action plan for the DMC initiative	Q1-Q4		Lead
Objective B: Project Development- Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.				
Outcome		Timeline	Status	Lead or Participate
1	Attraction and recruitment of affordable housing developers to DMC District and Rochester market	Q1-Q4		Participate
2	Identified property opportunities within the DMC District with City and County partners	Q1-Q4		Participate
3	Coordinate activities with other priorities and plans including the public realm projects and transportation planning	Q1-Q4		Lead
4	Public and private partners are identified and leveraged to support project execution	Q1-Q4		Lead

## Assistive Tech Challenge



To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018

**Objectives:** To partner with individuals with visible and invisible disabilities to creatively solve the daily challenges they face, to strengthen their ability to live more independently, and help reduce the direct support workforce crisis confronting communities in the region and across the United States.

**Audiences:** Those interested in developing innovative Assistive Technology solutions that would allow people with visible and invisible disabilities to live more independently, engage in productive employment, and participate in community life. This could include people with disabilities, direct support providers, group home administrators, special education teachers and administrators, clinical service providers and researchers.

**The Competition:** In partnership with The Arc Minnesota Southeast Region and Mayo Clinic, challenges will be presented to the community within the major theme of **facilitating greater independence**. The challenge seeks solutions to **1)** alleviating barriers to employment, **2)** reducing the need for and/or easing the demands of direct support on care providers; **3)** developing social skills that better enable people with and without disabilities to interact and cultivate meaningful relationships; and **4)** Improving access to community through public infrastructure.

Innovations in both personal technology and the public realm/public infrastructure will be encouraged. Teams will be asked to address the following questions in a 5 minute presentation, followed by three minutes of Q&A.

- What problem are you solving?
- How are you solving the problem?
- Why is your team the one to solve it?
- What do you need to advance your idea?

Contending teams will come from local high schools, regional colleges and universities, local and regional businesses, and the community at large. We will also encourage representation from schools of architecture, urban design, city planning, and engineering.

Awards made to the winning teams will be used to develop an MVP and business plan, and the winning teams will be eligible to participate in the Walleye Tank business competition in December, 2018. All teams can apply for the 2019 Minnesota Cup competition, subject to eligibility rules.

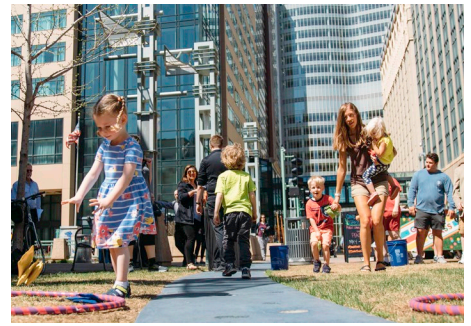


## DMC Experience Strategy

To: DMC Corporation Board of Directors

From: DMC EDA Staff

Date: November 5, 2018



### Overview:

The Destination Medical Center (DMC) Initiative sets forth a plan to transform Rochester from what is perceived to be largely a medical campus, into a vibrant urban center and one of America's model cities. To accomplish this, an overall "Experience Strategy" must be created and aligned to enhance the quality of experience for patients, visitors and community members in Rochester. This comprehensive strategy is built upon the research and recommendations within the DMC Development Plan and collaboration with community partners/stakeholders.

DMC Development Plan Goal #5: Achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future

#### Specific Objectives:

- Create strategies, programs and services that support a world class destination
- Develop strategies to enhance the quality of the experience for patients, visitors and residents In Rochester

### Next Steps:

#### Experience Strategy

- DMC worked with RSP Architects/Dreambox to help facilitate the creation of the DMC Experience Framework and Scorecard.
- A third workshop with primary partners (Rochester Downtown Alliance, Experience Rochester, Mayo Clinic and DMC EDA) is scheduled for Q4 2018.
- The framework and supporting tools are being used as DMC and primary partners are identifying experience concepts for 2018 and 2019.

#### Rochester App Project

- For the past 12 months Experience Rochester, Mayo Clinic and DMC have been partnering on the development of a mobile app that will serve wayfinding, service/program and active navigation needs of community members, patients and visitors.
- Due to cost constraints the requirements have been modified to change the app's navigation function to include google maps instead of beacon technology.
- The app is expected to be completed in Q1 of 2019.

#### RST Airport Experience Project: Phase I

- In June 2018, the project moved into experimentation phase - a total of 5 experiments will be tested to improve the over-all experience at the airport.
- Multiple opportunities were identified for improvements at the RST Airport and business processes within Mayo Clinic. Projects and resources are being identified to make these improvements.

#### Rochester Experience Project: Phase II

- Rochester Experience Project, Phase II has been identified through the outcomes of the RST Airport Experience Project Phase I.
- It includes documenting and analysis of the destination traveler's visit to Rochester through the Rochester Airport to better understand:
  - o Common episodic experiences and emotional reactions during their time spent in Rochester, MN.
  - o Amount of time spent in various experiences, and the extent that anticipation is used to guide the experience
  - o Destination health as it relates to their experience and expectations, and the extent to which we care for them in that way
  - o Sticking points and opportunities in their experiences, and the extent to which we creatively/innovatively address these experiences that uniquely positions Rochester as Destination Medical Center



## Marketing & Communications Update

### 2018 Year to Date

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#### DMC Marketing Plan Objectives:

- Build awareness and support DMC and Discovery Square development by driving qualified investor/developer, entrepreneur and life science leads and engagement
- Demonstrate continued momentum
- Drive traffic to targeted pages on DMC.mn, specifically Investor & Developer and Discovery Square pages
- Target Markets: Regional (upper Midwest) and select national audiences

#### 2018 Results to Date:

##### Advertising Key Highlights

- 162 leads generated through social media platforms
- Robust digital strategy yielding high click through rate of 0.26% (national benchmark ranges from 0.08 – 0.15%)
- Highest engaged markets: Michigan, Illinois, Florida, Texas, and California.
- 2018 impressions through September 30: 7,774,588. (Impressions = total number of times members of our target audience were exposed to a DMC message via the paid media plan). Examples: a user seeing a web banner; an MPR listener hearing a sponsorship message; a Twin Cities Business reader seeing our print ad)

##### Website Analytics

DMC marketing efforts have been successful in driving increased traffic to key pages, including Investor & Developer, Discovery Square, Maps and Contact Us pages, with increased time spent on site and number of pages visited.

#### WEBSITE SESSIONS (VISITS), TIME ON SITE, PAGES VISITED

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YTD Sessions	Time On Site	Pages Visits/Session	Inv. & Dev. Visits	Disc. Square Visits
74,111	+39.6%*	+15.4%*	+168.5%*	+109.9%*

\*Compared to 2017

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## GEOGRAPHIC REACH

**Goal:** Drive national traffic to DMC.mn by diversifying and growing audiences beyond Rochester and state of Minnesota

**Success Metric:** Geographic reach

Description	Target Metric	Current Metric
Geographic reach beyond Rochester	80% beyond Rochester	Q1 = 77% Q2 = 81% Q3 = 81% Q4 = 80.3%**
Geographic reach beyond Minnesota	67% beyond Minnesota	Q1 = 69% Q2 = 72% Q3 = 72% Q4 = 71%** ***through 10/21

Marketing efforts to audiences beyond Rochester and Minnesota are producing impressive results. Current geographic reach includes about 75 cities across U.S. Fluctuations occur depending on content (i.e. local events will spike visits from local traffic); however, our goal is to be above 67% outside Minnesota consistently.

Top cities beyond Rochester in order of visits include: Minneapolis, Chicago, Coffeyville, New York, Houston, St. Paul, Ashburn, Washington, San Francisco, Dallas, Philadelphia, Atlanta, Los Angeles, Phoenix, Boston, St. Louis, Omaha, Madison

### Blogs and e-Newsletters (through 10/22/18)

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Blogs Published	Newsletter Sent	Subscribers Reached
68	22	65,399

Open rate is 32.0% over the past ten months/22 newsletters. (Industry avg. = 21.9%)

Click rate is 6.4% over the past ten months/22 newsletters. (Industry avg. = 2.2%)

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### Social Media

In 2018, DMC has been increasing social media posting and presence to communicate progress on projects, events, educational resources & information available on the website with strong increases in followers and engagement over 2017.

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Facebook Likes

Twitter Followers

LinkedIn Followers



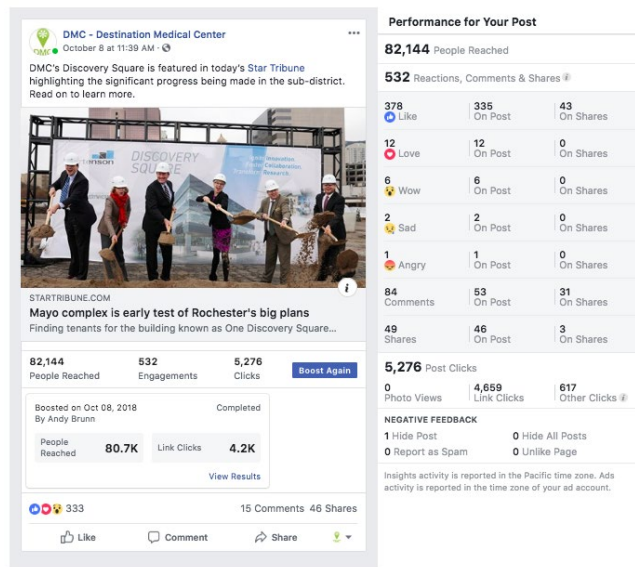
6,844  
+6.0%

4,383  
+27.45%

364  
+203.1%

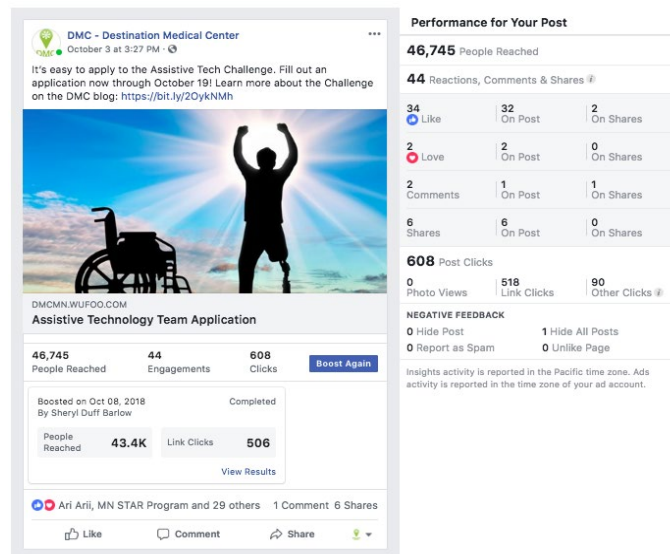
## Popular Posts (Boosted): Star Tribune Article on Discovery Square

The post about the Star Tribune's article on Discovery Square was boosted to reach 82,144 people who clicked into the article 5,276 times.



## Popular Posts (Boosted): Assistive Tech Challenge

The Assistive Tech Challenge post was boosted and reached 46,745 people who clicked through to the landing page on dmc.mn 506 times.



## **Earned Media**

From January 1, 2018 – October 22, 2018, 1.9K DMC-related stories in the media were tracked.

Year-to-date story highlights include: Bloom Waterfront Project, Discovery Walk, Chateau Theater, New DMCC Board Members, Integrated Transit Studies, Games on the Grass, Alatus Groundbreaking, Vyriad Rochester Expansion, Ken Burns Mayo Clinic Documentary, Discovery Square update, Assistive Tech Challenge, Gonda Expansion, DMC Annual Meeting

## **DMC in the Community**



DMC Annual Meeting



Minnesota Real Estate Journal Rochester Summit



Launch of Transit Management Association (TMA)

TO: Jim Bier, Treasurer  
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: November 2, 2018

RE: September 2018 Budget Summary



The attached financial summary through September 2018 reflects year-to-date DMCC expenditures of \$1,587,092 out of the approved 2018 budget plus carryover encumbrances of \$2,963,974. The remaining amount unspent represents 46% of the available budget with 3 months, or 25% of the year remaining.

You will remember at the end of 2017, DMC EDA staff received approval of a budget carryover encumbrance of \$111,868.49 which represented open contracts at year-end 2017. There was still \$9,601 of this encumbrance remaining on September 30th of this year.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. A total of \$3.5 million has been spent on these projects in 2018 through September 30th. The largest share of spending was for the construction of the Broadway @ Center Parking Ramp followed by the DMCC Street Use Study. Total life-to-date expenditures on these projects was approaching \$29 million.

Please feel free to contact me with any questions or concerns.



Destination Medical Center Corporation  
Financial Budget Summary  
September 2018

	2018 Approved Approved Budget	Curent Month September 2018	September 2018 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,200	2	16,145	25,055	61%
Professional Services	294,500	106	102,587	191,913	65%
Insurance and Bonds	20,000		11,041	8,959	45%
City Support Expenses		-	-	-	
<b>Subtotal DMCC</b>	<b>355,700</b>	<b>108</b>	<b>129,773</b>	<b>225,927</b>	<b>64%</b>
<b>Third Party Costs - DMC EDA **</b>					
Payroll, Staff, Administration & Benefits-EDA	724,740	22,227	409,102	315,638	44%
Operating Expenses	30,220	18,788	111,504	(81,284)	-269%
Operational Costs - Contracted	43,880	1,217	17,320	26,560	61%
Economic Development Outreach & Support	760,672	52,640	324,639	436,033	57%
Professional Services	871,894	30,652	447,569	424,325	49%
Miscellaneous Expenses	65,000		44,917	20,083	31%
<b>Subtotal EDA</b>	<b>2,496,406</b>	<b>125,523</b>	<b>1,355,051</b>	<b>1,141,355</b>	<b>46%</b>
<b>Total DMCC 2018</b>	<b>2,852,106</b>	<b>125,632</b>	<b>1,484,824</b>	<b>1,367,282</b>	<b>48%</b>
<b>2017 Budget Carryover - Encumbered Funds for Contracts</b>	<b>111,868</b>	<b>-</b>	<b>102,267</b>	<b>9,601</b>	<b>9%</b>
<b>Totals in 2018 Including Encumbrance</b>	<b>2,963,974</b>	<b>125,632</b>	<b>1,587,092</b>	<b>1,376,883</b>	<b>46%</b>
** An additional MAP request in the amount of \$117,842 was received in October for Sepember DMC EDA expenses					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	50,000	

DMCC Projects  
Managed by the City of Rochester  
As of September 30, 2018

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	204,441	2,850,000	312,072
8612C- - WZmbrRvrSn/SRIfLin<CookPk>CCDr	8,079	950,000	46,036
8613C- - ChateauTheatrePre-OccupancyM&O	44,932	3,326,802	243,438
8614C- - DMCTransit&InfrastrctrPgrmMgmt	422,083	1,800,000	1,566,244
8617C- - Broadway @ Center Parking Ramp	733,913	10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmnt	293,775	2,061,854	1,567,433
8620C- - City Loop Plan	229,740	1,209,938	950,561
8621C- - Transit Circulator Study	359,982	2,241,532	1,657,991
8623C- - DMCC Street Use Study	723,198	3,117,708	2,818,894
8624C- - ChateauTheatreBldgImprov/Purch	103,810		6,852,339
8625C- - Heart of the City		948,940	598,936
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	274,240	5,000,000	1,715,726
8627C- - Property & ROW Acquisition			
8702C- - RPTSolarPwrdbusFleetGrntApp	51,333		51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn	26,058		26,058
8705C- - TransitCrlctr-FTAGrntBus&Facit	11,196		11,196
8804C- - TH 52 LID Bld GrantApplication	22,145		22,145
8901C- - TH 14/52 InterchangeBldGrntApp	36,331		36,331
<b>Grand Total</b>	<b>3,545,254</b>	<b>34,006,774</b>	<b>28,976,732</b>

\* Note: Broadway @ Center Parking Ramp Maximum DMCC Local Share Credit = \$10,500,000