



DEVELOPMENT PLAN - VOL. I

DESTINATION MEDICAL CENTER
ROCHESTER, MINNESOTA

VOLUME I - EXECUTIVE SUMMARY AND PHASE I STRATEGIES



A BOLD VISION FOR THE FUTURE OF ROCHESTER

December 17, 2014

Dear Destination Medical Center Corporation (DMCC) Board of Directors:

Please find enclosed with this letter a copy of the draft Destination Medical Center (DMC) Development Plan for your review and consideration.

On behalf of the DMC Economic Development Agency (EDA) Board of Directors, I would like to thank the DMCC, the City of Rochester (City), Olmsted County (County) and Mayo Clinic for their partnership and guidance in assisting our team in shaping the vision, concepts and primary strategies incorporated within this plan.

We appreciate the value brought by the City, County and Mayo Clinic staff members who worked with our team in the development of the plan by providing their time and lending their expertise in the formation of this Development Plan.

We would like to thank the people of Rochester and Olmsted County for their participation in the planning process. The concepts and feedback we received from the public had significant influence on shaping the "DMC Vision" and identifying opportunities and concerns to be addressed as the planning process evolved.

The EDA looks forward to assisting the DMCC Board and City of Rochester in their formal process of review and approval of this Development Plan and to our work together to make this bold vision a reality.

Sincerely,

Patricia Simmons, M.D.
Chairperson
Economic Development Agency
Board of Directors



HEART OF THE CITY DISTRICT CONCEPT

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PROJECT TEAM

The Project Team was represented by a group of the nation’s leading development and planning consultants, including:

Hammes Company

Hammes Company

Founded in 1989, Hammes Company is a leading real estate development and investment company with offices located in major markets throughout the United States. Hammes Company is comprised of a series of professional services and real estate investment entities which have been established for the purpose of managing, financing and developing complex real estate assets. The firm is currently involved in planning and development assignments with values in excess of \$7.5 billion.

Hammes Company has developed a broad base of expertise and knowledge in integrated, strategic planning solutions for complex mixed-use and master planned developments to maximize returns for all stakeholders. Hammes Company has worked with a variety of private and public partnerships to deliver great projects for communities across the country. The Hammes Company mission is to develop projects that anchor communities and which are catalysts for economic and fiscal development in the areas and regions. The firm has been responsible for notable projects such as Lambeau Field Redevelopment, MetLife Stadium, Minnesota Vikings Stadium, Allentown Arena District, Ford Field, and The Edgewater Hotel.



EE&K, a Perkins Eastman company

Perkins Eastman is among the top design and architecture firms in the world. With more than 750 employees in 13 locations around the globe, Perkins Eastman practices at every scale of the built environment. From niche buildings to complex projects that enrich whole communities, the firm’s portfolio reflects a dedication to inventive and compassionate design that enhances the quality of the human experience. The firm’s portfolio includes education, science, housing, health care, senior living, corporate interiors, cultural institutions, public sector facilities, retail, office buildings, and urban design.

In 2011, Perkins Eastman merged with Ehrenkrantz Eckstut & Kuhn Architects (EE&K), significantly strengthening both practices. EE&K, a Perkins Eastman company is one of the few full service architectural firms in the U.S. that has successfully implemented visionary large-scale urban projects. With expertise in building iconic downtown areas, such as Battery Park City, Baltimore Inner Harbor, Circle Centre in Indianapolis, and Target Field Station in Minneapolis.



Nelson\Nygaard Consulting Associates, Inc.

Nelson\Nygaard Consulting Associates, Inc. is an internationally recognized firm committed to developing transportation systems that promote vibrant, sustainable, and accessible communities. Founded by two women in 1987, Nelson\Nygaard has grown from its roots in transit planning to a 115-person, full-service transportation firm with offices across the United States.

In keeping with the values set by their founders, Nelson\Nygaard puts people first. The company recognizes that transportation is not an end by itself but a platform for achieving broader community goals of mobility, equity, economic development, and healthy living. The company’s hands-on, national experience informs local solutions. Built on consensus and a multi-modal approach, Nelson\Nygaard’s plans are renowned as practical and implementable.



Kimley-Horn & Associates Inc.

Kimley-Horn and Associates, Inc. is one of the nation’s most comprehensive and best respected engineering and land-planning firms. With more than 2,000 staff in 64 offices across the U.S. (including two in Minnesota, one of which is in Rochester), the firm offers full services in a wide range of disciplines including aviation, environmental services, intelligent transportation systems, forensic engineering, land development, landscape architecture, parking, renewable energy, transit, transportation, roads and bridges, urban redevelopment, water resources, and wireless communications. Kimley-Horn is ranked among Fortune Magazine’s “100 Best Companies to Work For.”



AECOM

AECOM is a global professional services firm providing integrated design, planning, engineering, environment and program-management services to a broad range of markets. Formed from some of the world’s leading consultancies, including Ellerbe Becket, Glatting Jackson, EDAW, DMJM, Earth Tech, ERA and many more, the company is configured to address the complex challenges facing its clients as AECOM embark on projects involving land, community or infrastructure. AECOM’s purpose is to enhance and sustain the world’s built, natural and social environments.



Himle Rapp

Since 1982, Himle Rapp has been invited to the decision table to help companies and other organizations think through the implications of important questions and help shape critical decisions. In addition, clients seek our innovative strategic approach to develop and implement plans that make a difference. Our core competencies include analyzing and interpreting the environment that impacts our clients, delivering dispassionate advice and strategy, building and protecting reputations, preventing and managing adverse events, navigating government policy-making and regulation, and creating communication that not only informs, but engages and motivates audiences.



Dorsey & Whitney LLP

Dorsey & Whitney LLP is one of the 100 largest law firms in the United States and offers services in more than 60 areas of legal practice. Dorsey is headquartered in Minneapolis, with 18 offices worldwide. Dorsey lawyers are market leaders in providing advice and counsel on large-scale, complex infrastructure projects and public-private partnerships in a wide range of sectors, including: healthcare, stadiums, transportation, hospitality, mixed-use development and higher education. Dorsey's dedicated Public-Private Project Development (P3D) Group works closely with lawyers in the Public Finance, Corporate, Project Development & Finance, Construction & Design, Real Estate, Regulatory Affairs and Legislative Groups to help public and private clients revitalize urban areas, drive major economic development and create jobs through projects across multiple industries and jurisdictions. From project inception to completion, Dorsey is well-equipped to address the full spectrum of legal issues encountered throughout the life cycle of P3 and infrastructure projects.

CONTRIBUTING PARTNERS

The following organizations provided information to, and participated in, the development planning process.

- City of Rochester
- Olmsted County
- City/County Planning Department
- Rochester-Olmsted Council of Governments (ROCOG)
- Mayo Clinic

WORKING COMMITTEES AND STAKEHOLDERS

The EDA would like to provide special thanks to the individuals who participated on working committees to assist in the completion of the Development Plan:

COMMUNITY INPUT PROCESS (CIP) COMMITTEE

A committee made up of teams in each of the 8 core areas of focus. One leader/liaison was identified and worked to pull in eight other individuals with expertise in a specific area of focus. From November 2013-June 2014, the 80 person committee met to formulate the community engagement process, and identify the most effective ways to communicate concepts and strategies to the community. This input shaped the community conversations and public forums that occurred in 2014 and informed the creative analysis phase of the plan.

COMMUNICATION/ENGAGEMENT GROUP

Initiated in August 2012, this group was engaged to advise on the development of communication and engagement strategies. Individuals on the committee had background in communications or engagement. These professionals lent expertise to the development and execution of the Development Plan process.

DMC SPEAKERS BUREAU

Made up of EDA team members and community volunteers this group continually informed and educated the public on the DMC and Development Plan process. Over 371 presentations have been given since the 1st quarter of 2013 to service clubs, faith based organizations, neighborhoods, non-profits, businesses, Mayo Clinic employees, surrounding communities and statewide.

DMC [ENGAGEMENT] TOOLKIT

In collaboration with the City of Rochester's comprehensive plan team (Planning to Succeed, P2S), a joint team created a community engagement toolkit to gather feedback and inform on both planning initiatives. We would like to provide special thanks to the Rochester Public Library for serving as the physical location for pick-up/drop-off location of the toolkits.

DMC AMBASSADORS

Starting with a handful of interested community members in January 2013, the DMC ambassadors have grown to over 140 community members from across southeastern Minnesota. Some participate through electronic communications while others continue to attend bi-weekly (January-Oct 2013) or monthly (Nov. 2013-current) meetings. Ambassadors receive up-to-date DMC information and brainstorm ways to reach out to the community and other communication/engagement tactics. Many of the DMC pop-up booths, arts based projects, festival of trees and forums/open houses have been lead by ambassadors.

GENERAL & LIMITING CONDITIONS

This Development Plan has been established by the Project Team using information and materials that were collected by Project Team members during the course of the Development Plan process. The information includes analyses, projections and forecasts of market, planning, cost, financial and fiscal-economic data that are based on industry standard methodologies, industry data and/or relevant information provided by the City, County, ROCOG and other third parties deemed to be reliable.

No warranties or representations are made by the Project team, their affiliates, assignees or any other third party involved in the compiling this Development Plan or the data included, which necessarily involves known and unknown risks, uncertainties and other factors that may influence the programs and/or project developments considered as part of the DMC Initiative. Accordingly, actual results may vary materially from the projected results. Parties reviewing this document should make their own investigations, projections and conclusions about the materials contained in this document.

This report is based on information that was available as of December 2014. This Development Plan, its contents and the underlying data that were used to shape the plan are subject to change without notification due to changes in market conditions and changes in assumptions by third parties and other forces. The EDA and Project Team accept no legal liability for the information, analyzes, projections, forecasts or other data included in this Development Plan.

This Development Plan has been prepared solely for review and approval by the DMCC Board and the City of Rochester. No third parties are entitled to rely upon any information included in this plan in making any decisions, including decisions with respect to the investment of funds for development projects or the purchase of obligations issued by the City for Public Infrastructure Projects. Review of the Development Plan does not create any legal liability on the part of the Project Team for the information, analyzes, projections, forecasts or other data.

In preparing this Development Plan, neither the EDA nor any member of the Project team, has provided advice to or, on behalf of, a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities.





ROCHESTER - A CITY OF PROGRESS

SECTION 1.0 DMC & DEVELOPMENT PLAN OVERVIEW

The State of Minnesota has a history of making significant investments in medical research, innovation and education to stimulate activity and opportunity in key economic sectors. In 2013, Mayo Clinic – the state’s largest private employer – with the City, County and other community stakeholders, brought forward the DMC proposal to secure Rochester’s and Minnesota’s future as a global medical destination. After careful deliberation, the Governor and the Minnesota Legislature concluded there was a compelling public interest for the State to assist in the development of the DMC and to create in State statute the financing tools and public governance structure necessary to realize this transformational initiative. In June 2013, the legislation (DMC Act) was signed into law by Governor Dayton and took effect immediately upon such signature.

Pursuant to the DMC Act, the DMCC has worked with the City, County, the EDA, Mayo Clinic, other stakeholders and the Rochester community to complete this Development Plan. The Development Plan is meant to serve as a strategic business plan and framework to guide the implementation of the DMC Initiative. By law, the Development Plan is required to be updated at least every 5 years to direct strategic initiatives to be responsive to the changing market conditions.

This Development Plan outlines the long term vision and planning framework for the Project. Also incorporated in this document are the Capital Improvement Plan, Finance Plan and Strategic Implementation Plans associated with the DMC Initiative.

The document is organized in three volumes as follows:

- Volume I: Executive Summary
- Volume II: Planning Documents
- Volume III: Appendices



DMC VISION

1.1 PROJECT MISSION STATEMENT, GOALS AND OBJECTIVES

The DMC is a public-private partnership designed to leverage the growth of Mayo Clinic and other businesses and institutions within Rochester to create economic opportunity for the local community, region and State as a whole. The mission statement, goals and objectives for the project are established as follows:

1.1.1 DMC MISSION STATEMENT

To foster and direct strategic investment to position Mayo Clinic and Rochester as the world premier destination medical center and center for health.

1.1.2 DMC GOALS AND OBJECTIVES

Certain goals and objectives for the project have been established to serve as guidelines in the planning and development of strategies incorporated in this document, including:

Goal #1:

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

Specific Objectives:

- Establish a compelling vision and identity for Rochester as a global medical destination
- Harness the energy and creativity of the community in the planning and execution of the DMC Initiative
- Develop a comprehensive strategy that addresses all facets of building and sustaining the destination

Goal #2:

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

Specific Objectives:

- Establish a viable economic development strategy grounded by market research
- Define extraordinary costs & set priorities for public investment to meet the mission and goals of the DMC

Goal #3:

Create approximately 35,000 – 45,000 new jobs, with workforce development strategies that support that growth

Specific Objectives:

- Develop strategies to attract new businesses to the market, including small business enterprise (SBE), minority business enterprise (MBE) and women business enterprise (WBE) participation
- Focus on strategies to attract, retain and foster the development of a highly skilled workforce

Goal #4:

Generate approximately \$7.5 - \$8.0 billion in new net tax revenue over 35 years

Specific Objectives:

- Develop a finance plan to foster business and economic growth in the market
- Establish underwriting criteria to direct public funding to maximize the return to state and local jurisdictions

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

Please note, the numbering system above is not meant to rank the importance of the goals and objectives, but only to serve as an organizational tool for their review.



GONDA BUILDING - MAYO CLINIC, ROCHESTER, MN

1.2 GUIDING PRINCIPLES - DEVELOPMENT PLAN

The following guiding principles (Guiding Principles) were established to provide guidance to the EDA Project Team in the completion of this Development Plan. These Guiding Principles resulted from discussions and direction gained from the EDA and DMCC Boards, stakeholders, and public feedback, during the Development Plan process.

ESTABLISH A BOLD AND COMPELLING VISION FOR ROCHESTER AND THE DESTINATION MEDICAL CENTER

The DMC Initiative sets forth a plan to transform the epicenter of Rochester from what is perceived to be largely a medical campus, into a vibrant urban center and one of America's model cities. This is accomplished by creating a vision for an integrated downtown, unified by 6 sub-districts that are anchored by unique places designed to create experiences to attract and retain residents, visitors, employees and investors to the community. This is a place for Rochester, it is envisioned by its citizens. It reflects the principles, ideas, and culture unique to this community.

SUSTAIN ROCHESTER AND SOUTHEAST MN AS A DESTINATION MEDICAL CENTER AND ECONOMIC ENGINE FOR THE STATE

Rochester and its largest employer, Mayo Clinic, are critical components of the regional and State economy. Rochester, particularly its downtown core, needs to maintain an economic concentration, expand its business base and enhance the diversity of its economy. The DMC Development Plan promotes strategies that are focused on a broad range of opportunities, giving special consideration to strategies that support and leverage Mayo Clinic's growth to enhance and expand the economy of Rochester and Southeast Minnesota. These strategies will promote the growth of new businesses, investment, entrepreneurship, and targeted businesses locally and within the region.

A COMPREHENSIVE STRATEGY TO DRIVE ECONOMIC DEVELOPMENT AND INVESTMENT

The Development Plan is a comprehensive planning document akin to a strategic business plan that addresses land use, transportation, infrastructure, finance, business development, marketing and operations strategies and sets an implementation framework for the Project. A financial framework and rigorous application process and underwriting (evaluation) criteria are incorporated and will require Project Sponsors (as defined herein) not only to assess the costs to construct projects, but also to operate and maintain those projects over the long term. Economically unsustainable projects should not be approved as part of the DMC Initiative.

Conversely, the DMCC and City should not limit the DMC vision, project approvals or the implementation plan based on the status quo. The planning framework and implementation strategies are established to encourage an active and on-going public-private partnership between the DMCC, City, EDA, Mayo Clinic, developers and other stakeholders to fund and operate projects, borrowing from the best practices of other cities, and relying on the strength of the assets unique to this community. Finally, the implementation plan establishes metrics to measure the progress of the plan relative to the DMC objectives over the twenty year planning period.

A MARKET DRIVEN FRAMEWORK & STRATEGIES

The Development Plan is based on market driven strategies that set a strategic framework for implementation of the DMC Initiative. It does not dictate specific projects or development/redevelopment parcels. Ultimately, the private and public partners will determine the rate in which the vision is realized and investment occurs. Therefore, the key to the Development Plan strategy is to establish a framework that is both visionary and flexible to respond to changing market conditions.

A DYNAMIC AND ACCESSIBLE URBAN CORE

The DMC vision promotes inclusivity – being open and accessible to residents, employees and visitors alike through key strategies that include:

- Create an experience authentic to Rochester
- Develop a series of memorable urban experiences that appeal to all of Rochester’s residents and visitors
- Establish iconic places and attractions where people want to be
- Provide programmatic offerings and venues that are unique to Rochester
- Establish a compact, walkable, series of streets and public spaces that are connected in the heart of downtown
- Embrace seasonality
- Develop strategies that recognize the unique needs/demands of the patient and companion populations that drive visitation in the City

DEVELOP MOBILITY AND TRANSIT SOLUTIONS TO SUPPORT GROWTH

The DMC transportation framework has been developed with a focus on mobility to reduce the dependency on the automobile and create connections to the surrounding area and region. The vision includes having more high-frequency transit, an enhanced network of bike trails, safe walkable streets, a frequent downtown transit circulator, and high-frequency shuttles from remote parking to provide convenient access to and around downtown.

A MODEL FOR SUSTAINABILITY

The principals of sustainably planning are interwoven throughout the Development Plan through an integrated mix of medium-to-high density uses, integrated live-work environments and green/park space features throughout the downtown. Additionally, the plan will strive to implement sustainable urban design and building practices to improve and enhance the environment and quality of life, including storm water, transportation/transit and parking systems. The Development Plan will recognize interrelationship of uses and build from these strategies to position Rochester and the DMC as a leader in sustainable urban environment.

TECHNOLOGY AND INNOVATION TO PROMOTE A GLOBALLY COMPETITIVE DESTINATION

Technology and innovation is core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester. In addition to the business strategies, our vision integrates technology strategies into the land use, transportation and infrastructure planning to support a connected, collaborative community for businesses, residents and visitors. The plan has the flexibility to adapt to increasing demands and emerging technologies over time.



DISCOVERY SQUARE

1.3 SUMMARY OF MASTER PLAN AND DEVELOPMENT DISTRICTS

Great cities are great destinations. They are vibrant places where people come together to work, live and recreate. They are centers for business. They are centers for culture. They are places that are attractive to residents and visitors alike. Finally, they are places that engage individuals in ways that meet and often exceed their expectations.

The Master Plan is intended to transform Rochester into a dynamic, urban center that integrates Mayo Clinic's medical campus with commercial, biomedical-research-technology, residential, retail-entertainment, hotel-hospitality, educational, recreational and cultural uses through a strategic network of streetscape, transportation, greenway and public space amenities. The primary concept of the DMC Master Plan is to create "places" that foster lasting experiences, create an active and attractive environment to drive visitation and act as catalysts to development and investment in support of realizing the goal of creating a global destination medical center.

The DMC Master Plan has been established as a fairly dense, concentrated area to maximize the impact of DMC Funds, leverage Mayo Clinic's growth, and effectively employ the public investment and to create the mass and energy needed to attract investment and development to the downtown. The "places" are organized into 6 sub-districts, defined as:

- The Heart of the City
- Discovery Square
- Downtown Waterfront
- Central Station
- St. Mary's Place
- UMR/Recreational Area

A rendering illustrating the vision is shown in Figures 1-1 and 1-2. An illustrative Master Plan and description of the sub-districts follows.



FIGURE 1-1 - DMC CITY AERIAL RENDERING

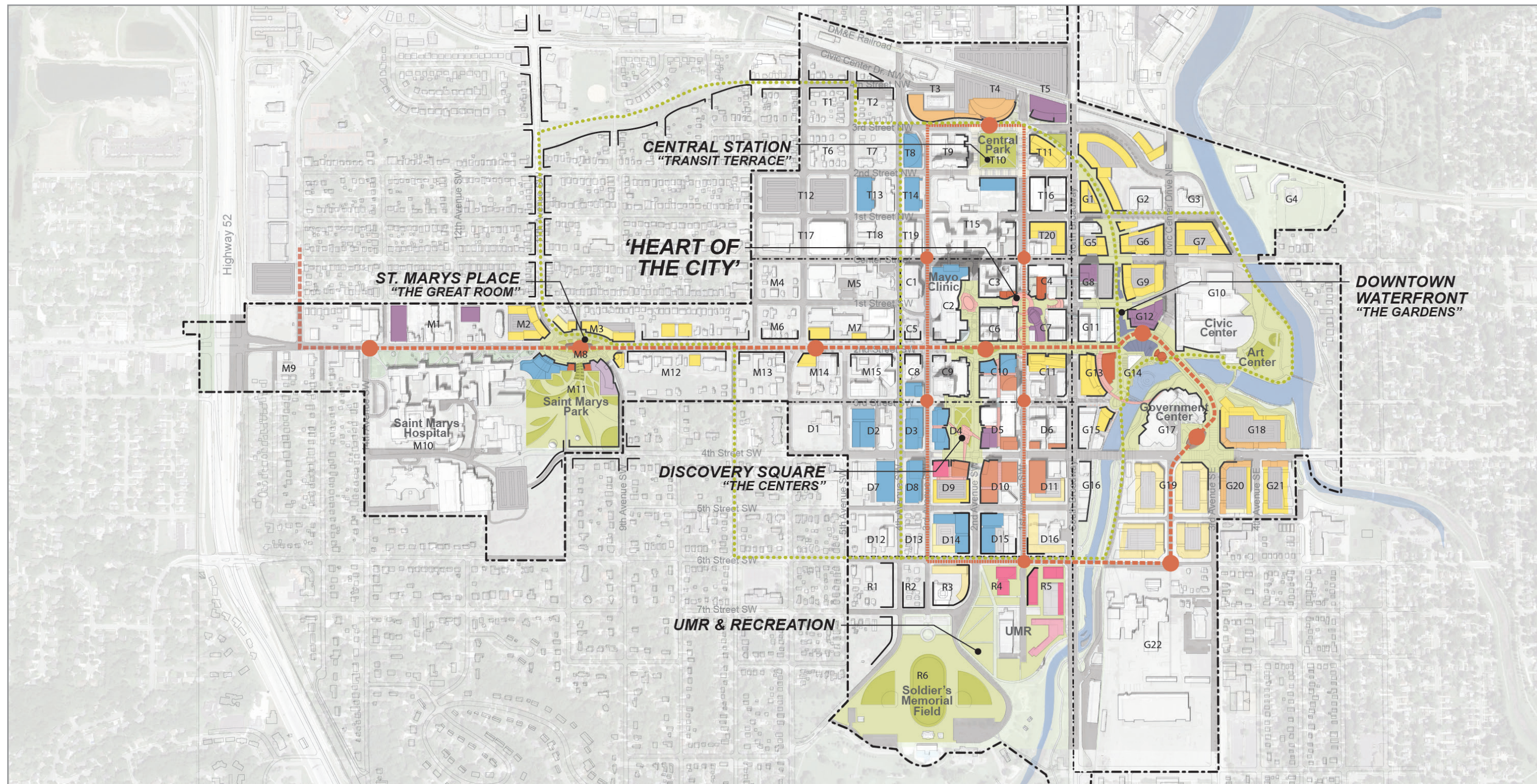


FIGURE 1-2 - DMC MASTER PLAN

1.3.2 SUMMARY OF SUBDISTRICTS

The map on the adjacent page illustrates the DMC sub-districts which are further described below.



THE HEART OF THE CITY

The heart of the downtown, this sub-district creates a true center of the city, a cross-roads where Mayo Clinic, commercial, hospitality, retail and residential meet. The Heart of the City is connected by a primary spine which extends and enhances Peace Plaza to create active experiences and engaging gateways to the other districts downtown.



DISCOVERY SQUARE

A new address for the future of bio-medical, research and technology innovation, Discovery Square is a keystone to the DMC economic development strategy. The sub-district borrows from Mayo Clinic's integrated care model to create an integrated district founded in the principles of translational medicine. Mayo Clinic, private partners and institutions are brought together in the district, organized around a central park and translational cloud, designed to foster communication and the sharing of ideas.



DOWNTOWN WATERFRONT

The downtown waterfront transforms the perception of Rochester as a medical campus to a vibrant destination city. The strategy creates a town square, utilizing the asset of the river and waterfront, to create a 365-day destination for residents and visitors alike. By creating this type of space, the plan enhances the viability of the Mayo Civic Center as a regional convention center and enhances the feasibility of spurring mixed-use development in and around the downtown area.



CENTRAL STATION

Central Station is a cornerstone of the plan for future growth in Rochester. It is envisioned to become a regional transit hub, connecting Rochester with the surrounding region – including the Twin Cities. The Central Station is positioned to support a future high-speed rail connection between Rochester and the Twin Cities. However, the plan is not predicated on that connection. The location is ideal as a transit hub to support the future growth of Mayo Clinic and commercial uses in the downtown.



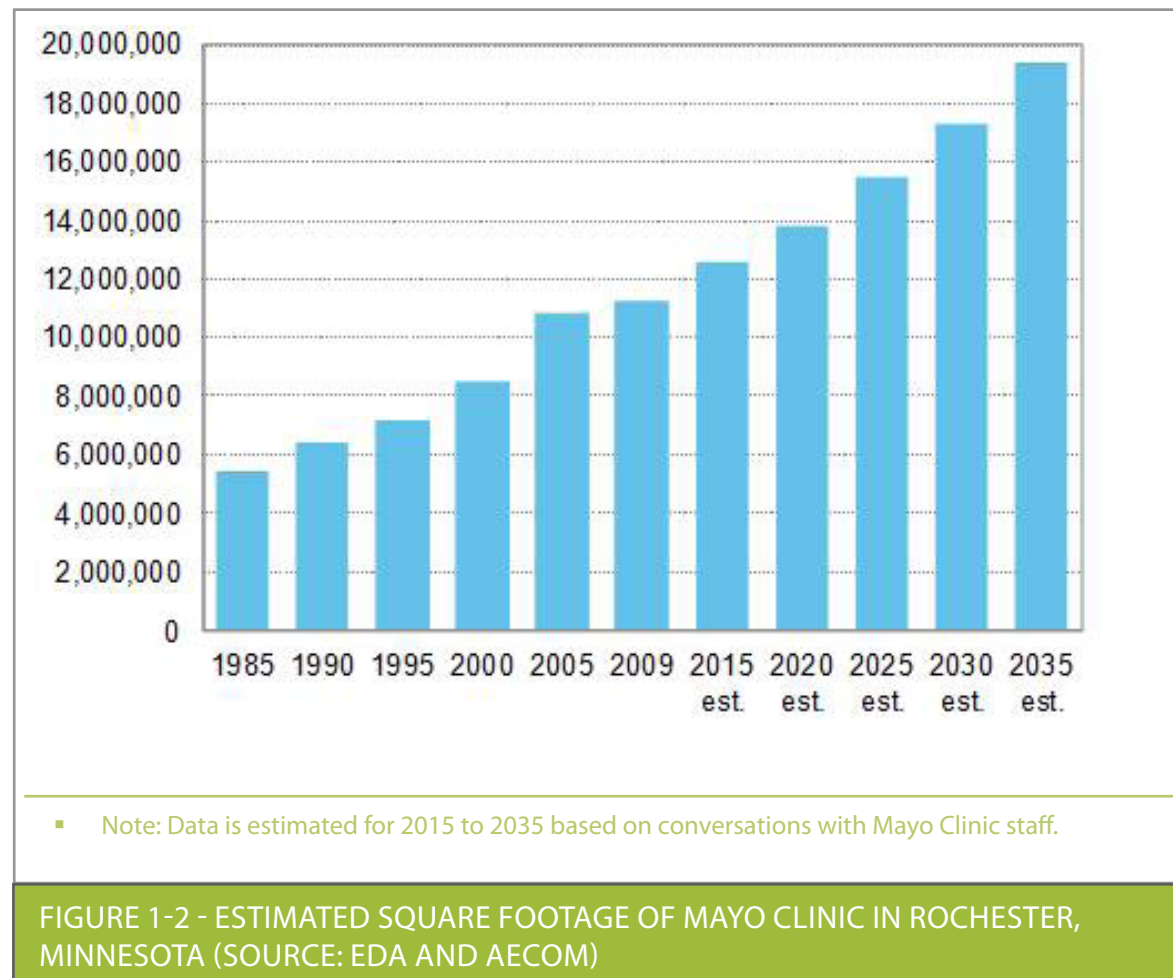
ST MARYS PLACE

Located on 2nd Avenue, St. Mary's Place establishes a civic square and monumental gateway at one of primary entry points to Rochester. The plan incorporates a circulator that connects the St. Mary's campus to the downtown. It also embraces its relationship to the surrounding neighborhoods creating a town square that connects Kutsy Park to St. Mary's Park and the Historic Pill Hill neighborhood.



UMR AND RECREATION AREA

This sub-district incorporates UMR's Master Plan and the northern edge of Soldier's Field as an anchoring element to the DMC Development District and strategies for growth. This sub-district integrates an urban college campus and recreational uses into the district, thereby creating another catalyst for the growth of retail, entertainment and residential uses in the downtown. It is anticipated that UMR will have its first building built in this area before the end of the first phase of the DMC implementation process.



1.4 MARKET SUMMARY AND PROGRAM STATEMENT

The DMC Vision is based on an in-depth market analysis that assesses current conditions, trends, demand and rate of absorption for certain real estate uses and cultural amenities in the DMC Development District. A series of analyses were conducted focusing on the economic and demographic characteristics of the market and providing analysis of the core focus areas that drive real estate development and investment including:

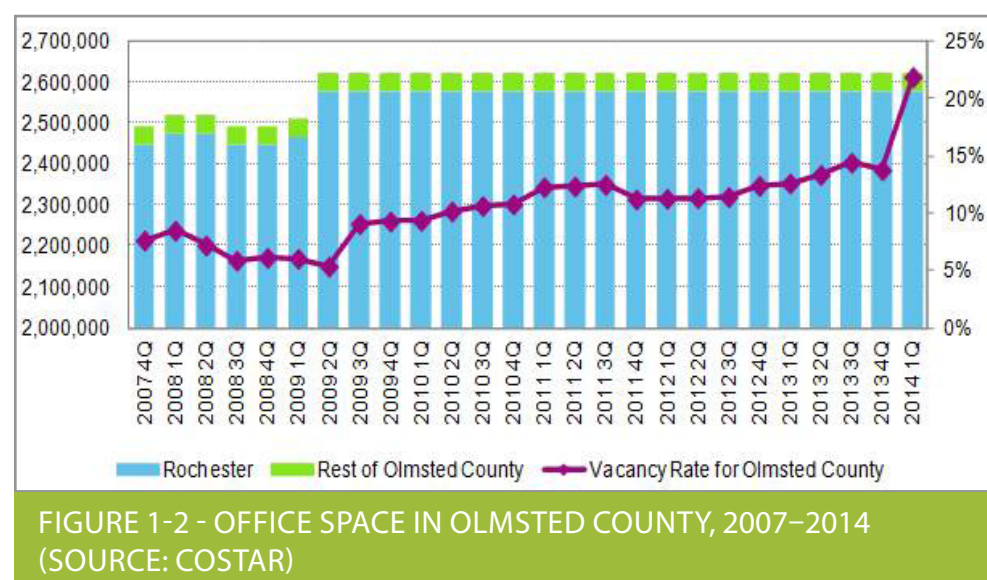
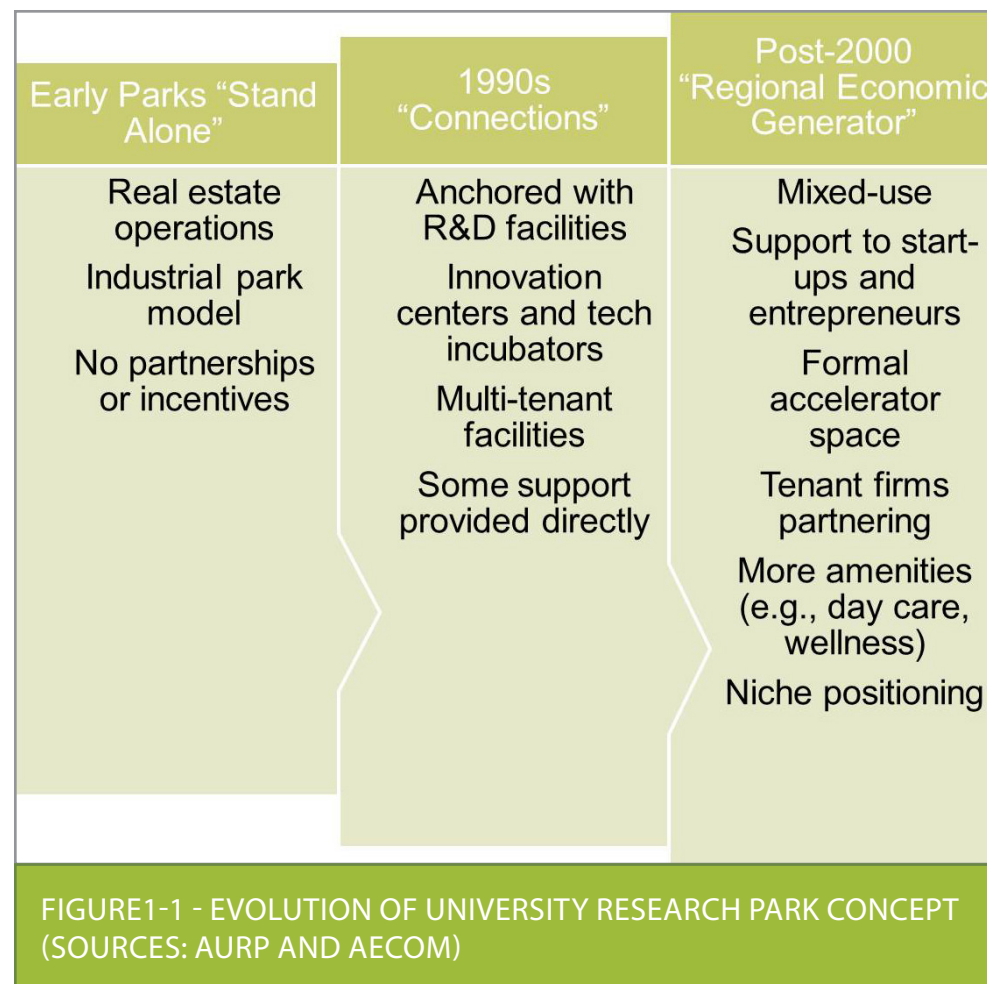
1. Health and Wellness
2. Commercial Research and Technology
3. Retail, Dining, Entertainment, Arts and Culture
4. Sports and Recreation
5. Livable City
6. Learning Environment
7. Hospitality and Conventions

This report includes forecasts that are based on information available as of the date of the submission and is subject to change due to market conditions or other relevant factors. The detailed report is included in Section 5.0 of the Development Plan. A summary of the key findings of the Market Strategy follows.

Economic and Demographic

A summary of the key findings of the report follows:

- Rochester has demand for qualified workers in all sectors, but particularly science, technology, engineering and mathematics (STEM) jobs. The Rochester-Olmsted Council of Governments has projected that by 2030 there will be a labor force need of 37,000 and a labor force gap of 19,762. With additional jobs demand created by the DMC development, AECOM estimates that the gap could be as much as 21,800 jobs. While Mayo Clinic and DMC growth create more opportunities, demand for qualified employees requires attracting a qualified workforce from outside the area.
- The primary economic driver for the greater Rochester-Olmsted area, as well as for the DMC, is Mayo Clinic. The DMC business and economic development strategy aligns with the strength of Mayo Clinic by focusing on bio-med-tech clusters to maximize the competitive advantage that already exists in Rochester.
- A critical aspect of the success of the DMC concept is the need to create a live-work environment that will be attractive to the younger workforce that will support Mayo Clinic's growth, new bio-med-tech businesses, and supporting operations across a wide spectrum of uses– housing options, retail and entertainment, arts & culture, educational and health & wellness options. All of these business and uses must work together to create an attractive urban core. The DMC Initiative should result in a robust economy and attractive living environment for new workers, as well as continue to offer a high quality-of-life to current residents and employees. The Millennial generation workers who will be recruitment targets for DMC expansion tend to favor more urban forms. The lifestyle alternatives under consideration for the DMC are designed with this in mind.



Health and Wellness

A summary of the key finds of the report follows:

- City planners are increasingly aware of the impacts of the built environment on public health, and health is playing a large role in urban design. Cities are focusing on the health and well-being of their employees and residents, wanting to create environments and opportunities for community members to improve their physical, mental, and spiritual well-being.
- Mayo Clinic is one of the largest not-for-profit health care organizations in the US, with more than half a million patients at its US facilities in Rochester, Arizona and Florida. In Rochester, where Mayo Clinic has its beginnings, more than 32,000 people are employed. Mayo Clinic is a major driver of the regional economy with more than 7 million square feet of space in downtown Rochester.
- Health and wellness go beyond Mayo Clinic's efforts to include design that encourages healthy lifestyles. One of the goals of the DMC is to help develop Rochester to become an international attraction for those who are focused on wellness, not just coping with illness. That includes providing options for improving health and fitness, effectively managing the increase in visitors and residents, increasing the social connections that foster a vibrant community, and attracting highly trained young professionals to keep Rochester at the top in the health care field.

Commercial Research and Technology

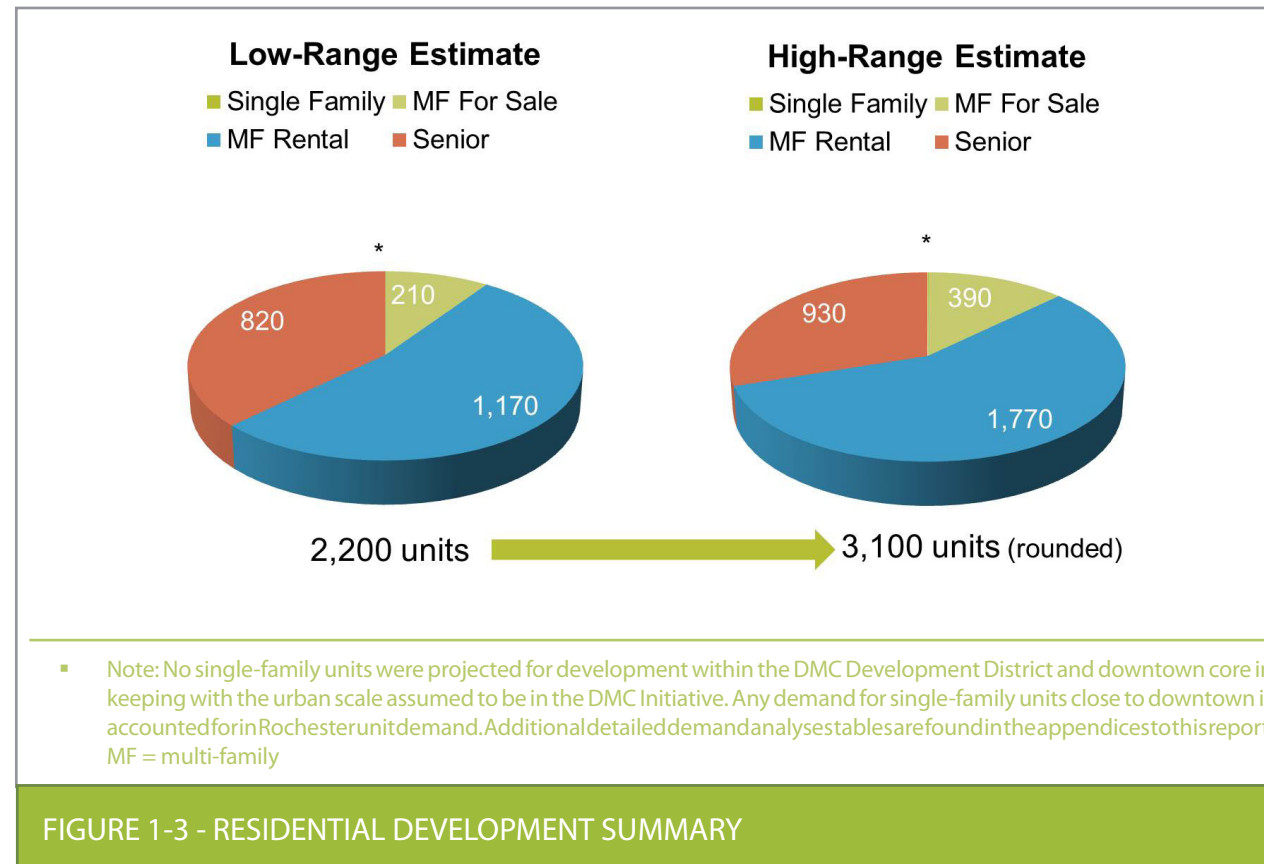
A summary of the key findings of the report follows:

- Research suggests that a mixed-use research park would offer the best format to develop bio-med-tech in the DMC Development District and create the jobs-driver needed to support a larger development concept.
- Analog research clusters suggest that a research cluster of approximately 650,000 to 1,000,000 square feet in addition to research facilities at Mayo Clinic is an appropriate scaled development. The research cluster would average about 250,000 to 300,000 square feet per 5-year phase over a 20-year development program horizon.
- The research cluster should present a collaborative physical and program structure that emphasizes proximity to Mayo Clinic and cutting edge research.

Commercial Office

A summary of the key findings of the report follows:

- There is limited demand for traditional commercial office space in downtown Rochester due to a relatively large difference in asking rents between space downtown and space in suburban office buildings.
- There are office uses included in the estimated space for the research cluster, the educational space in the UMR campus, and the estimated growth space at Mayo Clinic.
- AECOM estimates that the amount of office space needed downtown by 2034 is 225,000 square feet. However, with more aggressive capture rates, targeted development, potential incentives and the allure of being part of a dynamic downtown, this demand could significantly increase over the next 20 years.



Hotels & Hospitality

A summary of the key findings of the report follows:

- The downtown Rochester submarket has 16 properties with 2,794 rooms. Occupancy in this submarket peaked in 1998 at 69.3 percent. In 2013, occupancy averaged 64.1 percent, the highest level since 2007. This compares to a market occupancy rate of 62.2 percent.
- The supply of hotel rooms in the downtown submarket is expected to grow at an annual rate ranging between 0 and 10.5 percent annually between 2014 and 2034, averaging 1.9 percent.
- It is estimated that seven hotels totaling 1,304 rooms will enter the DMC downtown market during the period 2014 through 2034.
- Rochester will probably remain a third tier regional meetings destination during the period covered by this analysis because of its size, economic growth prospects, limited air service and location.
- The “new” expanded Mayo Convention Center (MCC) should be able to outperform the competitive set. Similarly, increasing sales staffing and budget (together with goal setting and accountability) should also result in further increases in market share.

Retail, Dining & Entertainment (RDE)

A summary of the key findings of the report follows:

- Markets supporting RDE development in Rochester include the following: residential markets inside the DMC Development District, residential markets in Rochester (excluding the DMC Development District), Olmsted County excluding Rochester, students at UMR, employees inside the DMC Development District, visitors (tourists, patients & companions, conference & events, business, etc.), and “inflow” (other expenditures from outside sources).
- Preliminary estimates of retail demand in DMC Development District from 2015 to 2039 range from 206,000 to 348,000 square feet, including entertainment space as a cultural arts center.
- Demand will be primarily driven by residential growth and employment from the DMC Project.
- Shoppers goods stores account for 46% of demand; food & beverage stores (consumed at home) account for 29% followed by restaurants at 20%

Livable City (Residential)

A summary of the key findings of the report follows:

- It is estimated that 2,200 to 3,100 units of for-sale and for-rent housing would be needed in the DMC Development District.
- The DMC Development District should contain a range of housing types – for-sale multi-family, for-rent multi-family, high-rise, duplexes and townhomes.
- Inclusionary zoning or housing development incentives will be needed to ensure a housing mix that includes affordable and workforce units, as well as market-rate.
- New employment in the DMC Development District and resulting new households serve as a multiplier of demand for neighborhood-serving businesses.



Learning Environment

A summary of the key findings of the report follows:

- Fostering a “learning environment” in the DMC Development District means more than coordinating with the public school system or area colleges and universities. It also means creating an environment where learning and lifelong education, from pre-school to older/adult continuing education, are core values.
- The presence of a medical school associated with the Mayo Clinic and the Mayo Institutes are major assets and offers an opportunity to expand programs to attract life sciences students and programs.
- UMR with its planned major expansion at the southern end of the DMC Development District along with other educational institutions in Rochester, all contribute to making the DMC a dynamic and diverse learning environment.
- Within the DMC Development District, additional multi-use educational space with high-tech facilities could be used to expand offerings and attractions.

Sports and Recreation

A summary of the key finds of the report follows:

- One element in a community health and wellness strategy is the promotion of and access to sports and recreational opportunities. Consistent with this position, sports and recreation is a core component of the DMC Initiative. Sports and recreation can include organized sports leagues, but also low- and no-cost activities such as biking and hiking on public trails.
- Open spaces, sporting events, and recreational activities can also serve to support economic activity in the DMC Development District and Rochester by supporting such businesses as events promoters, bicycle and other equipment rentals and sales, and attracting visitors for events. Open space, natural areas, and program recreational areas also support the development and values of residential projects in the DMC Development District.
- Open spaces can support environmental and heritage conservation, as well as include traditional historic landscapes, such as Central Park and Soldiers Memorial Field in Rochester. They also have a positive impact on air and water quality, protect biodiversity, and reduce heat build up from impervious surfaces in an urban setting.

Use	Phase 1	Phase 2	Phase 3	Phase 4	TOTAL
Health (sq ft)	1,200,000	1,700,000	1,800,000	2,100,000	6,800,000
Bio-Med-Tech (sq ft)	180,000	150,000	380,000	310,000	1,020,000
Office (sq ft)	0	50,000	110,000	150,000	310,000
Hotel (rooms)	760	240	230	150	1,380
Residential (units)	450	750	860	790	2,850
Retail / Dining / Entertainment (sq ft)	50,000	110,000	120,000	40,000	320,000

FIGURE 1-3 - DEVELOPMENT SUMMARY

* The areas above tie to the 7 core areas referenced in the DMC Act. The demand for the 8th core area – transportation – is addressed in the Transportation Master Plan.

1.4.2 PROGRAM STATEMENT

Using the ranges of supportable square feet or units resulting from the Market Analysis, AECOM consulted with the DMC planning team to prepare a program and phasing strategy that was the basis for the DMC Master Plan. Figure 1-3 represents a target within the supportable ranges of development program identified in the Market Analysis.

The phasing strategy distributes the market-supportable estimates with green space, transit space and also takes the Mayo Clinic and private development program into account. Those distributions occur across the DMC development timeline of 20 years, starting slowly at first as infrastructure improvements are private development occurs in the market.



	PHASE 1	PHASE 2	PHASE 3	PHASE 4	TOTAL
General State Aid	\$38,900,000	\$95,600,000	\$137,700,000	\$54,800,000	\$327,000,000
City Aid	\$15,500,000	\$37,500,000	\$54,000,000	\$21,000,000	\$128,000,000
Combined State Aid	\$54,400,000	\$133,100,000	\$191,700,000	\$75,800,000	\$455,000,000
<i>City Average/Year</i>	<i>\$3,100,000</i>	<i>\$7,000,000</i>	<i>\$10,800,000</i>	<i>\$4,200,000</i>	<i>\$6,400,000</i>
Transit State Aid	\$6,070,800	\$23,626,800	\$22,734,000	\$17,168,400	\$69,600,000
Local Transit Aid	\$4,047,200	\$15,751,200	\$15,156,000	\$11,445,600	\$46,400,000
Combined State Aid	\$10,118,000	\$39,378,000	\$37,890,000	\$28,614,000	\$116,000,000
<i>County Average/Year</i>	<i>\$809,440</i>	<i>\$3,150,240</i>	<i>\$3,031,200</i>	<i>\$2,289,120</i>	<i>\$2,320,000</i>
Sales Tax Exemption	\$3,265,000	\$4,406,000	\$6,329,000	\$-	\$14,000,000
Total DMC Funds	\$67,783,000	\$176,884,000	\$235,919,000	\$104,414,000	\$585,000,000

FIGURE 2-1 - DMC FUNDS BY PHASE

DEFINITION OF PUBLIC INFRASTRUCTURE PROJECTS

Pursuant to the DMC Act, DMC Funds may be used to support Public Infrastructure Projects to:

1. acquire real property and other assets associated with the real property;
2. demolish, repair, or rehabilitate buildings;
3. remediate land and buildings as required to prepare the property for acquisition or development;
4. install, construct, or reconstruct elements of public infrastructure required to support the overall development of the 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, façade construction and restoration, way finding 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;
6. install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;
7. make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the Development District;
8. prepare land for private development and to sell or lease land;
9. provide costs of relocation benefits to occupants of acquired properties;
10. and construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development.

FIGURE 2-2 - PUBLIC INFRASTRUCTURE PROJECTS

SECTION 2.0 DMC CAPITAL INVESTMENT PLAN (PHASE I)

This Development Plan sets forth a bold vision for the DMC Initiative to leverage approximately \$585 million in DMC Funds to attract more than \$5.6 billion of private investment to Rochester. The DMC Master Plan (Section 6.0), Infrastructure Plan (Section 7.0) and Transportation Plan (Section 8.0) set forth a vision, specific project recommendations and phasing strategies to establish a planning framework for the Project. This Section provides the DMC Capital Investment Plan (DMC-CIP) and a financial framework to guide investments in the first phase of the Project.

2.1 OVERVIEW OF THE DMC FINANCIAL FRAMEWORK

The DMC Initiative is a unique economic development strategy that drives private investment through long-term investments in public infrastructure projects (Public Infrastructure Projects) to support the growth of Rochester. This financial framework is predicated on the following key assumptions:

DMC Funds Are Determined by Annual Allocation and Budget Formula

The availability of DMC Funds is determined annually by a formula that measures Mayo Clinic's investment throughout Rochester and private investment in the DMC Development District to determine the amount of State General Aid and State Transit Aid available to the project. Figure 2-1 summarized the assumed breakdown of DMC Funds overtime.

The contribution of State Aid (State General Aid and State Transit Aid) is also determined by the amount of matching funds from the City and County. Funding is determined by an annual budget process. A more detailed description of the DMC funding model is included in the Finance Plan (Section 9.0).

DMC Funds Are Derived Largely from New Sources of Revenue

The DMC Act provided for funding allocations to be made from the State and for expanded taxing authorities and other funding tools for local jurisdictions to support the implementation of the DMC Initiative over the 20 year period. While it is assumed that certain existing funding mechanisms such as Tax Increment Financing (TIF) and Tax Abatement may be used to support DMC Funds, the bulk of the funding is assumed to come from new revenues collected by the City and County that result from investment and growth of the employment and visitation base in the community.

DMC Funds Are Used to Fund Public Infrastructure Projects, As Defined in the DMC Act

The DMC Act provides for the financing of Public Infrastructure Projects to include projects implemented in accordance with the Development Plan, whether public or private, and financed in part or in whole with public money. Figure 2-2 outlines the types of projects that qualify as Public Infrastructure Projects. This Finance Plan does not estimate those projects that are financed strictly as private investments.

Public Infrastructure Projects are identified in the model as general infrastructure projects (General Infrastructure) which is inclusive of both public works and development projects and transportation infrastructure (Transportation Infrastructure). These categories are used to identify not only the type of project, but also the type of DMC Funds assumed to be expended on these projects.

DMC Funding is Gap Financing

The DMC Funding is gap financing to support the extraordinary costs of creating and sustaining a global destination. It is assumed that the City and local jurisdictions will continue to invest in the downtown and will continue to employ the tools they have historically used to support growth in the market. Additionally, unique sources of revenue secured or identified, such as non-DMC sales tax and MNDOT funding, are also assumed to be utilized to support this growth, in accordance with the intent of these investments and subject to the restrictions for their use.

Due to the comprehensive nature of the DMC Development Plan, it is assumed that all projects within the DMC Development District will be coordinate with DMC strategies and will be leveraged with DMC funding to the benefit of the City and DMC Initiative as a whole.

It is also assumed that other sources including, but not limited to, federal sources, private sources and sponsorships may also be employed on the execution of the Project. This said, there is no guarantee that the model reflects the sources of funds that may be available in any phase, or over the 20-year period. The parties will engage in an annual budget process to determine available funds. From there, the parties will determine how DMC funding can be guided to support strategic priorities and the execution of the plan as a whole.

DMC is a Public Private Model for Investment

The DMC Act provides that Public Infrastructure Projects may occur as part of public or private developments provided such projects are executed in accordance with the DMC Development Plan. This DMC-CIP, and the other strategic planning documents included in this Development Plan, contemplate that private development and investment is coupled with public funds to support the strategic initiatives of the plan (e.g. catalytic developments, shared parking, transit spaces, public spaces and amenities, etc.). The utilization of funds is subject to the limitations of the DMC Act.

Furthermore, this framework makes certain assumptions about the demand, especially for parking and transit, that is generated by employee growth. The model – and the financial framework as a whole – recognizes that this demand, and the estimated financial investments to support growth are significant and that alternative investments may be identified or preferred by either public or private entities. The City, County, Mayo Clinic and downtown stakeholders have a long tradition of successfully working through the issues of growth management and realizing viable solutions that are beneficial to all. This Development Plan assumes that partnership, coordination and collaboration will continue and that the parties will work together to find the best solutions to support the demand and growth of the employment base in downtown through a mix of transit, transportation and parking alternatives.

This Capital Investment Plan is a Framework Only and Not a Long-Term Commitment

The DMC Development Plan, and this DMC-CIP (and the related Finance Plan), provide a framework to guide investment decisions. The approval of this Development Plan does not commit the City, DMCC, County, Mayo Clinic, private developers or other third parties to specific projects or funding resources. Going forward, the allocation of DMC Funds and additional resources shall be determined through an annual budgeting process, project financing requirements and project approvals. Therefore, the implementation of the DMC Initiative may vary significantly from what is presented herein.

As DMC funding applications are submitted, it will be the responsibility of the Project Sponsor (whether public or private) to provide a project specific finance plan in accordance with the application process outlined later in this section. The DMC-CIP will be tracked against project approvals, verified and updated as part of annual operating budget submitted for approval of the DMCC and City in each calendar year.

These principles have been utilized to guide the short-term (DMC-CIP) and long-term financial strategies of the DMC Initiative.

SOURCES OF FUNDS	TOTAL
DMC Funds	
DMC Combined General Aid	\$ 54,400,000
DMC Combined Transit Aid	\$ 10,118,000
Sales Tax Exemption on Construction Materials	\$ 3,265,000
Sub Total DMC Funds	\$ 67,783,000
Non-DMC Funds	
City CIP and Other Funding	\$ 20,000,000
MNDOT/Other State Funding	\$ 6,702,000
Federal Funding	\$ 13,183,000
Private Development Contribution	\$ 88,204,000
Other (e.g. Sponsorships, Other Sources)	\$ 8,778,000
Sub Total Non DMC Funds	\$ 136,867,000
TOTAL	\$204,650,000

USES OF FUNDS	TOTAL
General Infrastructure	
Street Realignment/Upgrades to Support Heart of the City	\$ 790,000
Planning, Design & Construction of Public Space, Plazas, Parks, Cultural Spaces	\$ 36,268,000
Allocation/Reserve for Phase I Development Projects - General	\$ 20,000,000
Allocation/Reserve for Phase I Development Projects - Bio-Med-Tech	\$ 8,500,000
Public Works Projects (e.g. Utilities, Sanitary Sewers, Storm Sewers, Water Main, etc.)	\$ 28,815,000
Shared Parking	\$ 79,212,000
Subtotal	\$173,585,000
Transportation Infrastructure	
Design and Planning - Transit Circulator Phase I (East-West)	\$ 5,256,000
Reconstruction/Upgrades/Enhancements to Broadway and Other Streets	\$ 8,357,000
Relocation of Bus Layover and Construction of Parking Lot	\$ 2,628,000
Planning & Construction of City Loop and Bike Share (Phase I)	\$ 14,194,000
Signage and Wayfinding (Phase I)	\$ 630,000
Subtotal	\$ 31,065,000
TOTAL	\$204,650,000

FIGURE 2-3 - SUMMARY SOURCES AND USES OF FUNDS

2.2 CAPITAL INVESTMENT PLAN

The Capital Investment Plan (DMC-CIP) has been developed to focus on two primary goals: 1) creating a catalyst to begin the process of transformation. Proposed projects, whether public or private, will be measured against whether they support making Rochester the global center for health, and 2) investing in strategic projects that lay the foundation for future growth and investment in the DMC District. These goals are realized by establishing specific priorities to guide funding decisions which include:

- **Priority #1: Create a Catalyst.** Identify and support the development of a concentrated and dynamic “city center” (the Heart of the City) and other early phase Public Infrastructure Projects that can effect change, be a catalyst for development throughout the DMC Development District, and create reserves to provide the funding resources necessary to catalyze large-scale investments over time.
- **Priority #2: Drive Investment in Bio-Medical-Technology Sector.** Identify projects and reserve funds to support the initiation of strategies to attract and retain bio-medical-technology investments, business, and educational partners to the DMC Development District.
- **Priority #3: Early Phase Improvements to Support Strategic Growth and Enhance Quality of Life.** Unite the City, County, Rochester-Olmsted Council of Governors (ROCOG) and Mayo Clinic to identify projects that leverage DMC Funds as gap financing to support the extraordinary costs associated with the creation of a global destination medical center.
- **Priority #4: Initiate Detailed Planning, Strategic Investments for Long-Lead Phase 2 Strategies.** Initiate planning for long-lead initiatives, especially transit initiatives, that are contemplated as part of Phase II improvements.

Figure 2-3 summarizes the estimated sources and uses of funds and provide a draft framework for how the funds may be expended over Phase I (5 years). The DMC Combined General Aid and Combined Transit Aid are estimated based on the assumed rate of private investment and collection of sales taxes in accordance with the DMC funding model (See Section 9.0).

Other sources of public and private funding are assumed to be strategically invested to support projects and growth in the DMC Development District. As previously stated, funding sources are contingent upon the availability of funds and the projects ultimately approved by the DMCC and City.

The DMCC and the City recognize and acknowledge that the demand for projects and funds may exceed available resources. As such, the DMCC and City may choose to fund certain projects listed herein and not others, such decisions are at the sole and absolute discretion of the DMCC and City in accordance with the DMC Act and Project Agreements.

SOURCES OF FUNDS	TOTAL	2015	2016	2017	2018	2019
DMC Combined General Aid	\$54,400,000	\$10,462,000	\$20,701,000	\$6,232,000	\$4,260,000	\$12,745,000
DMC Combined Transit Aid	\$10,118,000	\$1,051,000	\$3,548,000	\$3,022,000	\$1,574,000	\$923,000
Sales Tax Exemption on Construction Materials	\$3,265,0000	\$652,000	\$-	\$-	\$1,141,000	\$1,472,000
	\$67,783,000	\$12,165,000	\$24,249,000	\$9,254,000	\$6,975,000	\$15,140,000
City CIP and Other Funding	\$20,000,000	\$6,098,000	\$2,741,000	\$3,310,000	\$3,959,000	\$3,892,000
MNDOT/Other State Funding	\$6,702,000	\$3,154,000	\$3,548,000	\$-	\$-	\$-
Federal Funding	\$13,183,000	\$-	\$1,156,000	\$1,577,000	\$6,757,000	\$3,693,000
Private Development Contribution	\$88,204,000	\$-	\$15,485,000	\$11,934,000	\$24,681,000	\$36,104,000
Other (e.g. Sponsorships, Other Sources)	\$8,778,000	\$-	\$315,000	\$5,940,000	\$1,907,000	\$616,000
TOTAL	\$204,650,000	\$21,417,000	\$47,494,000	\$32,015,000	\$44,279,000	\$59,445,000

USES OF FUNDS	TOTAL	2015	2016	2017	2018	2019
General Infrastructure						
Street Realignment / Upgrades to Support Heart of the City	\$790,000	\$-	\$790,000	\$-	\$-	\$-
Planning, Design & Construction of Public Space, Plazas, Parks, Cultural Spaces	\$36,268,000	\$2,584,000	\$12,113,000	\$7,359,000	\$5,300,000	\$8,912,000
Allocation / Reserve for Phase I Catalytic Development Projects - General	\$20,000,000	\$12,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Allocation / Reserve for Phase I Catalytic Development Projects - Bio-Med-Tech	\$8,500,000	\$-	\$2,125,000	\$2,125,000	\$2,125,000	\$2,125,000
Public Works Projects (e.g. Utilities, Sanitary Sewers, Storm Sewers, Water Main, etc.)	\$28,815,000	\$2,628,000	\$1,714,000	\$8,179,000	\$5,519,000	\$10,775,000
Shared Parking	\$79,212,000	\$-	\$19,869,000	\$7,096,000	\$22,812,000	\$29,435,000
Subtotal	\$173,585,000	\$17,212,000	\$38,611,000	\$26,759,000	\$37,756,000	\$53,247,000
Transit Infrastructure						
Design and Planning - Transit Circulator Phase I (East-West)	\$5,256,000	\$-	\$2,628,000	\$2,628,000	\$-	\$-
Reconstruction/Upgrades/Enhancements to Broadway and Other Streets	\$8,357,000	\$4,205,000	\$4,152,000	\$-	\$-	\$-
Relocation of Bus Layover and Construction of Parking Lot	\$2,628,000	\$-	\$-	\$-	\$2,628,000	\$-
Planning & Construction of City Loop and Bike Share (Phase I)	\$14,194,000	\$-	\$2,103,000	\$2,628,000	\$3,308,000	\$6,155,000
Signage and Wayfinding (Phase I)	\$630,000	\$-	\$-	\$-	\$630,000	\$-
Subtotal	\$31,065,000	\$4,205,000	\$8,883,000	\$5,256,000	\$6,566,000	\$6,155,000
TOTAL	\$204,650,000	\$21,417,000	\$47,494,000	\$32,015,000	\$44,322,000	\$59,402,000

FIGURE 2-4 - DETAIL SOURCES AND USES

2.2.1 ESTIMATED SOURCES OF FUNDS (PHASE I)

The sources of funds that have been identified as targets for Phase I of the project follows. Figure 2-4 summarizes the funding. All sources of funds are approximated and rounded within the model.

DMC Combined General and Transit Aid

- \$64.5 million in General State Infrastructure and Transit Aid and City Matching Funds
 - Estimate is based on DMC funding model formula (see Section 9.0)
 - City funds are assumed to be supported by \$5 - \$6 million in annual funding generated from sales tax. The estimate was provided by City staff
 - The model assumes PAYGO funding only; no bonding is assumed

Construction Sales Tax Exemption

- \$3.26 million collected from sales tax exemption, limited to select projects
- Amount could increase if applied to all projects

Ordinary Local CIP and Other City Funding

- \$20 million in CIP or other funding:
 - Funding is assumed to vary from \$2 - \$13 million in any given year depending on projects. The average expenditure per year would equate to \$7.3 million, over the 5 year period
 - This compares to the estimated historic rate of CIP expenditures is \$56 million per year for the entire City of Rochester, 20% of which was estimated to be spent in the downtown area (an average of \$11.2 million per year)
 - Funding sources that contribute to CIP funding are assumed to be similar to past years and include the City tax levy, parking enterprise funds, utility funding among other sources

MNDOT or Other State Funding

- \$6.7 million in MNDOT funding. The source comes from a funding agreement MNDOT has with the City of Rochester to provide \$26 million in funds to assist with construction, repair and maintenance of the Broadway Corridor. The agreement provides for \$6 million in funding in 2013, \$10 million in 2014 and \$10 million in 2015.

Federal Funding

- \$13.1 million for parking and transit related improvements
- The sources of revenue may be collected from:
 - FTA Bus & Bus Facilities Program
 - Federal Highway Administration Transportation Alternatives Program (See Section 9.3.1)
 - TAP Recreational Trails Program
 - Land and Water Conservation Fund

SOURCES OF FUNDS	TOTAL
DMC Funds	
DMC Combined General Aid	\$ 54,400,000
DMC Combined Transit Aid	\$ 10,118,000
Sales Tax Exemption on Construction Materials	\$ 3,265,000
Sub Total DMC Funds	\$ 67,783,000
Non-DMC Funds	
City CIP and Other Funding	\$ 20,000,000
MNDOT/Other State Funding	\$ 6,702,000
Federal Funding	\$ 13,183,000
Private Development Contribution	\$ 88,204,000
Other (e.g. Sponsorships, Other Sources)	\$ 8,778,000
TOTAL	\$204,650,000
FIGURE 2-4 - SOURCES OF FUNDS	

Private Funding

- \$88.2 million includes contributions from Mayo Clinic, UMR or other private developers
- Investments are made in shared parking and / or transit related improvements
- Private investments are at a rate comparable to current rates of investment in the downtown area

Sponsorships/Other Sources

- \$8.78 million is assume to be obtained from:
 - \$1.7 million, for the City Loop and Bike Share program, which equates to approximately 10% of the cost. This estimate is conservative relative to performance in other cities
 - \$5.7 milion in support for amenities in the Heart of the City, which may include elements such as the light pavilion, ice rink or other similar amenities
 - Private donations and grants (e.g., Blue Cross, Blue Shield Prevention Center)

USES OF FUNDS	TOTAL
General Infrastructure	
Street Realignment/Upgrades to Support Heart of the City	\$ 790,000
Planning, Design & Construction of Public Space, Plazas, Parks, Cultural Spaces	\$ 36,268,000
Allocation/Reserve for Phase I Development Projects - General	\$ 20,000,000
Allocation/Reserve for Phase I Development Projects - Bio-Med-Tech	\$ 8,500,000
Public Works Projects (e.g. Utilities, Sanitary Sewers, Storm Sewers, Water Main, etc.)	\$ 28,815,000
Shared Parking	\$ 79,212,000
Subtotal	\$173,585,000
Transportation Infrastructure	
Transit Circulator Phase I (East-West)	\$ 5,256,000
Reconstruction/Upgrades/Enhancements to Broadway and Other Streets	\$ 8,357,000
Relocation of Bus Layover and Construction of Parking Lot	\$ 2,628,000
Planning & Construction of City Loop and Bike Share (Phase I)	\$ 14,194,000
Signage and Wayfinding (Phase I)	\$ 630,000
Subtotal	\$ 31,065,000
TOTAL	\$204,650,000

FIGURE 2-5 - SUMMARY ESTIMATED USES OF FUNDS

2.2.2 ESTIMATED USES OF FUNDS (PHASE I)

This DMC-CIP includes an inventory of projects that have been identified as of the date of this Development Plan. This list has been compiled from three primary sources: 1) those projects identified as Phase I strategies in the Infrastructure and Transportation Plans; 2) public works projects identified by City/County staff; 3) development projects or funding allocations related to strategic priorities.

Figure 2-5 summarizes the assumed uses of funds. A more detailed description of the projects, their relationship to the funding priorities and other relevant cost segregation information is included in the table in Figure 2-6 - 2-9 that follows.

2.2.3 OPERATING, PROGRAM AND ACTIVATION CONSIDERATIONS

Working with the City staff and Springsted, the City's municipal advisor, AECOM estimated fiscal benefits generated by the DMC Project and compared these benefits to City budgets for services. The conclusion of this analysis was that the City's tax base growth under the DMC Initiative would support the increased costs for operating and maintaining public utilities, services, plazas and amenities similar to today's standards. Additionally, the analysis identified a surplus of approximately \$23 million, to help support investments and increased operations and maintenance costs that may result from the DMC Initiative.

However, certain amenities and improvements requiring new systems or on-going operations cannot be funded through normal City tax levy or public funding sources. It is assumed these projects will require on-going support of funding from private sources, including Mayo Clinic, developers and/or the public from fees to utilizing parking, transit and other improvements.

The funding application process requires that projects bring forward an operations plan as part of the Finance Plan for the project to estimate the long-term viability and sustainability of the project. It is not recommended that projects be approved for DMC Funds if a sustainable operating plan does not accompany the project.

CATEGORY	PRIORITY	TYPE	PROJECT DESCRIPTION	EST. COST
GENERAL INFRASTRUCTURE	Strategic Priority #1 Create a Catalyst	Streets & Sidewalks	Street Realignment / Upgrades to Support Heart of the City. 1st Street SE (2nd Ave to Civic Center Drive) includes a shared street design, realignment of street to the north at Civic Center Drive.	\$790,000
		Public Space	Allocation for Planning, Design and Improvement of Public Spaces, Plazas, Parks and Cultural Amenities in Heart of City or Other Phase I improvements. This allocation is roughly estimated based on:	\$36,268,000
		Development	Allocation/Reserve to support Phase I Catalytic Development Projects – General. Support to assist in writing down the cost of land, assembling parcels or providing other support in accordance with the provisions of the DMC Act.	\$20,000,000
	Strategic Priority #2 Drive Investment in Bio-Med-Tec Strategies	Development	Allocation/Reserve to Support Phase I Catalytic Development Projects – Bio-Med-Tech. Support to assist in writing down the cost of land, assembling parcels or providing other support in accordance with the provisions of the DMC Act.	\$8,500,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utilities Sanitary Sewer	Sanitary SS8: Broadway Relief Line Ph1. Reconstruction of an existing sanitary sewer under Broadway Avenue between 4th Street South and 1st Street North. The purpose is to provide sanitary sewer capacity for additional flows generated in the Discovery Square, UMR, and the Gardens Districts.	\$3,154,000
		Public Utilities Sanitary Sewer	Removal and replacement of existing sanitary sewer in the right-of-way of the proposed street/ transit reconstruction project “S1.1 Broadway Enhancements” (See Transit Plan)	\$2,628,000
		Public Utilities Sanitary Sewer	Sanitary SS1: 12th Ave Relief Line Ph1. Reconstruction of existing sanitary sewer main under 12th Avenue between 2nd Street SW and 2nd Street NW to provide sanitary sewer capacity for additional flows generated at St Marys. (Note: Currently outside current DMC Development District, if approved the area would need to be adjusted)	\$2,103,000

FIGURE 2-6 - DETAILED COST SEGREGATION INFORMATION

CATEGORY	PRIORITY	TYPE	PROJECT DESCRIPTION	EST. COST
GENERAL INFRASTRUCTURE	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utilities Sanitary Sewer	Sanitary SS2: Cooke Park (along 12th) Relief Line Ph1 –Reconstruction of existing sanitary sewer main under Cooke Park between 8th Avenue NW / Civic Center Drive, and 7th Avenue NW / 7th Street NW to provide sanitary sewer capacity for additional flows generated at St Marys. (Note: Currently outside current DMC Development District, if approved the area would need to be adjusted)	\$2,103,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utility Sanitary Sewer	Sanitary SS3: Goose Egg Park Relief Line Ph1. Reconstruction of existing sanitary sewer main near Goose Egg Park between 6th Avenue NW / 5th Street NW, and 2nd Avenue NW / 12th Street NW to provide sanitary sewer capacity for additional flows generated in Discovery Square, The Center, and Central Station Districts. (Note: Currently outside current DMC Development District, if approved the area would need to be adjusted)	\$3,417,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utility Sanitary Sewer	Sanitary SS4: 2nd Ave NW Relief Line Ph1. Reconstruction of existing sanitary sewer main between 3rd Avenue SW / Center Street, and 6th Ave NW/6th St NW to provide sanitary sewer capacity for additional flows generated in the Central Station District. (Note: Currently outside current DMC Development District, if approved the area would need to be adjusted)	\$4,205,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utility Sanitary Sewer	Removal and replacement of existing storm sewer within the right-of-way of the proposed street/transit reconstruction projects “S1.1 Broadway Enhancements” and “S1.4 New Waterfront Street”	\$1,314,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utility Sanitary Sewer	Cap in place existing storm sewer	\$399,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utilities Sanitary Sewer	Zumbro River, Storm Water Reduction. Assess feasibility of using green infrastructure practices in the downtown area to reduce the volume and pollutant load of storm water runoff (Note: Certain portions of this Project are outside current DMC Development District, if approved the area would need to be adjusted)	\$788,000

FIGURE 2-7 - DETAILED COST SEGREGATION INFORMATION

CATEGORY	PRIORITY	TYPE	PROJECT DESCRIPTION	EST. COST
GENERAL INFRASTRUCTURE	Strategic Priority #3 (Continued) Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Public Utilities Water Main	Water W_1: Water Main 12" Trunk Upsize Ph1. Reconstruction of existing water main to 12"-diameter between North Broadway/ 4th Street, and 6th Street/ 6th Street NW to provide potable water and fire flow for demand generated in Discovery Square, Downtown Waterfront/The Gardens, Central Station, and The Center Districts. (Note: Certain portions of this Project are outside current DMC Development District, if approved the area would need to be adjusted)	\$526,000
		Public Utilities Water Main	Street reconstruction due to utility capacity project	\$8,179,000
		Parking	<p>Parking Structures. Construction of 3,145 spaces to support the growth and the long-term transit strategy for the project. It is assumed ramps that are built are employed under the shared parking model, which influences the transit demand models and transit strategy. Parking by private sources only are not represented.</p> <p>The shared parking model assumes that Mayo Clinic and the City all invest in parking at a proportional rate to what their investment in parking is in the downtown today. Private developers are assumed to invest in shared parking to support their own developments and/or in dedicated parking for hotel and residential developments.</p>	\$79,213,000
TRANSIT INFRASTRUCTURE	Strategic Priority #1 Create a Catalyst	Active Transportation	City Loop and Bike Share Program: Segments include Central Station; Kutzky Park; St Marys Place (via bicycle boulevard on 1st St SW); Historic Pill Hill; UMR/Soldier's Field Downtown Waterfront; Mayo, the Plaza, and the Square (via 1st Ave SW bicycle boulevard connection); The cost includes all necessary lane reallocation and restriping to accommodate the trail facility; assumes that no repaving is necessary. Establishes an initial loop that serves all DMC sub-districts and aims to attract development, particularly in the Downtown Waterfront / The Gardens and St Marys Place. Station-based bike share system ranging between 18-23 stations and 180-243 bicycles located along City Loop Trail and other downtown destinations. The overall goal is to provide immediate downtown circulation and visitor amenity benefits; consideration can be made to phase this project as development occurs.	\$14,194,000
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Transit Streets and Bridges	Reconstruction/Upgrades and Enhancements to Broadway and Other Transit Streets. Broadway Enhancements (4th to Center) - includes lane reduction, pedestrian improvements, streetscape/storm water enhancements. This project is not necessarily tied to land development, but it is a critical catalytic project that reorients access into downtown and crossing between downtown and the waterfront. The purpose is to incent private commercial development along this former main street by returning the street to its main street roots. Upgrades and enhancements are assumed at a lesser level on the balance of Broadway between 7th Street (north) and 12th Street (south).	\$8,357,000

FIGURE 2-8 - DETAILED COST SEGREGATION INFORMATION

CATEGORY	PRIORITY	TYPE	PROJECT DESCRIPTION	EST. COST
TRANSIT INFRASTRUCTURE	Strategic Priority #3 (Continued) Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Transit Streets and Bridges	The 3rd/4th Avenue Primary Transit Bus Pathway will include preparation for transit hub relocation including design and bus pathway changes.	
	Strategic Priority #3 Early Phase Improvements to Support Strategic Growth and Enhance The Quality of Life	Transit Stations and Parking	Relocation of Bus Layover & Construction of Transit Lot. Project includes moving the regional bus layover to north of downtown or SE allowing connection via Mayo parking shuttle. The overall goal is to move the commuter coach layover out of the Center. Transit lot would include 450 spaces.	\$2,628,000
	Strategic Priority #4 Initiate planning for long lead initiatives, especially transit initiatives, most are contemplated as part of Phase II improvements		Design & Planning – Transit Circulator (Phase I) Downtown Circulator Planning, Environmental and Preliminary Design - First phase of planning and 10% design for circulator could start immediately, followed by NEPA, and furtherance of project design. It would be recommended in order to eliminate delays to have the final design complete and begin construction in Phase 2. It is also recommended that the DMC entity begins a federalized project development program which is a 7-10 year effort through construction.	\$5,256,000
	Strategic Priority #4 Initiate planning for long lead initiatives, especially transit initiatives, most are contemplated as part of Phase II improvements	Signage & Wayfinding	Signage and Wayfinding (Phase I) Dynamic wayfinding signs focused around the existing subway/skyway system, existing district land uses (The Center, Discovery Square, and around the Gardens District), future development in corridors between UMR south campus, as well as connections to the regional trail system. The overall goal is to Integrate with the existing network of destinations, Phase 1 of the City Loop, and new development in the Heart of the City.	\$630,000

FIGURE 2-9 - DETAILED COST SEGREGATION INFORMATION

2.3 IMPLEMENTATION PLAN – DMC-CIP/FINANCE PLAN (5 YEARS)

The following provides a strategic implementation plan (Implementation Plan) for the work associated with initiating projects and executing the DMC-CIP and Finance Plan (Section 9.0) incorporated in this Development Plan. This work will be undertaken by the EDA and other stakeholders as identified and will be coordinated with other work outlined in this Development Plan.

The key tasks to be undertaken during Phase I include:

Clarify Legislation and Finalize Agreements

In September 2014 the Attorney General of the State of Minnesota rendered an opinion that the DMC Act should be clarified with respect to the intent of the funding formula to be based on cumulative private investment. This clarification is intended to be addressed in the next legislative session, which convenes January 6, 2015. Subsequently, the parties will move forward with finalizing certain outstanding agreements that support the implementation of the Development Plan. These agreements include:

- **Funding Agreements**
 - General State Infrastructure Aid Agreement between the City of Rochester and the Department of Employment and Economic Development
 - Funding Agreement Between City and County
 - Working Capital Agreement Between City and DMCC; DMCC and EDA
- **Project Agreements**
 - Application for Funding (see Appendix 11)
 - Development/Grant Agreement(s) (see Appendix 12)
 - Development Loan Agreements, If Needed (see Appendix 13)

Initiate Projects - Planning, Development, Construction in Accordance with the DMC-CIP

- Upon approval of the Development Plan, the EDA will begin to work with the DMCC, City and County to facilitate projects in accordance with the roles and responsibilities of the parties (See Section 9.0). The specific tasks that have been identified for Phase I include:
 - Receive applications and prepare an Evaluation Report for pending project requests including Broadway at Center and bio-business building
 - Solicit bids and facilitate planning, design and construction of public spaces in the Heart of the City
 - Solicit bids and facilitate planning, design and federal application process for Phase I Transit Infrastructure (East-West Circulator)
 - Facilitate requests and prepare Evaluation Reports upon receipt of project applications and/or funding requests
 - Facilitate (or assist with) the implementation of strategies approved in the Master Plan, Infrastructure Plan, Transportation Plan, Business Development Plan or as otherwise noted in the Development Plan.

Reporting and Budgeting – To Facilitate DMC Funds and Operating Budgets

In each year, complete the annual reporting and budgeting process required to secure DMC Funds:

- By April 1st of each year: DMCC and City submit certification of Qualified Expenditures in the preceding calendar year to DEED
- By June 1st of each year: City and County submission of preliminary list of DMC capital improvement projects (or portions thereof) to the DMCC for consideration for inclusion in the five-year DMC Capital Improvement Plan
- By August 1st of each year: DMCC review and approval of DMC budget and DMC-CIP
- By September 1st of each year:
 - DMCC approval and submission of DMC budget and DMC-CIP to City
 - DEED Determines the amount of Qualified Expenditures for the preceding calendar year
- By December 1st of each year: City approval of DMCC budget and DMC-CIP

Identify and Solicit Additional Revenue - to Support Strategic Initiatives, Operations and Policies

To be successful, the DMC Initiative will need to attract additional sources of capital to support the project implementation strategies, operations and policy initiatives that may be considered by the DMCC Board of Directors. The specific tasks that have been identified for Phase I include:

- Identify potential sources of funds to support projects and/or programs (See Section 9); apply for grants
- Attract private development/investment, and assist/facilitate project and funding applications to DMCC

Policy Considerations - Engage in and Facilitate Discussions Related to Policy Considerations

Over time, the DMCC and/or City may wish to adopt certain policies that influence the review and approval of project and/or funding requests. An outline of the policy considerations that have been identified as of the date of this report are included in Section 3.0 of the Development Plan. The specific tasks that have been identified for Phase I include:

- Assist with (as appropriate) and engage in discussions related to the advancement of the City Comprehensive Plan and other planning documents that will incorporate specific ordinances, requirements and policy considerations
- Engage in discussions, and build coalitions, with stakeholder groups to understand issues and identify organizations to facilitate work.

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5	
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK	
Clarification of Legislation & Funding Agreements	Funding Agreement #1: General State Infrastructure Aid Agreement between the City of Rochester and the Department of Employment and Economic Development	Q1	City/DEED	NA	
Clarification of Legislation & Funding Agreements	Funding Agreement #2: Funding Agreement Between City and County	Q1	City/County	NA	
Clarification of Legislation & Funding Agreements	Funding Agreement #3 Working Capital Agreement Between City and DMCC; DMCC and EDA	Q1	DMCC/City/EDA	NA	
Clarification of Legislation & Funding Agreements	Project Agreements #1: Final Form(s) of Project/Funding Application	Q1	DMCC/City	NA	
Clarification of Legislation & Funding Agreements	Project Agreements #2: Development/Grant Agreement(s)	Q1	DMCC/City		
Clarification of Legislation & Funding Agreements	Project Agreements #3: Development/Loan Agreement(s), if Needed	Q1	DMCC/City	NA	
Initiate Projects	Receive applications and prepare an Evaluation Report for pending project requests including Broadway at Center and bio-business building	Q1	EDA	NA	
Initiate Projects	Solicit bids and initiate planning and design of public spaces in the Heart of the City	Q2	EDA	Work continues through end of Phase I	
Initiate Projects	Solicit bids and facilitate planning, design and federal application process for Phase I Transit Projects (East-West Circulator)	Q2	EDA	Work continues through end of Phase I (5-7 year federal grant process)	
Initiate Projects	Facilitate requests and prepare Evaluation Reports upon receipt of project applications and/or funding requests	On-Going	EDA	Work continues through end of Phase I	
Initiate Projects	Facilitate (or assist with) the implementation of strategies approved in the Master Plan, Infrastructure Plan, Transportation Plan, Business Development Plan or as otherwise noted in the Development Plan.	On-Going	EDA/City	Work continues through end of Phase I	
Initiate Projects	Facilitate (or assist with) the implementation of strategies approved in the Master Plan, Infrastructure Plan, Transportation Plan, Business Development Plan or as otherwise noted in the Development Plan.	On-Going	EDA/City	Work continues through end of Phase I	

FIGURE 2-10 - STRATEGIC ACTIONS

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5	
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK	
Reporting & Budgeting	By April 1st, Certify Mayo Clinic and Private Investment	April 1	DMCC/City EDA (Supports)	Work continues through end of Phase I	
Reporting & Budgeting	By June 1st, City to Provide List of CIP Projects and estimated costs for inclusion in updated DMC-CIP	June 1	City	Work continues through end of Phase I	
Reporting & Budgeting	By August 1st, EDA to submit updated DMC-CIP and annual budget for subsequent year	August 1	EDA	Work continues through end of Phase I	
Reporting & Budgeting	By September 1st, DMCC to approve updated DMC-CIP and operating budget for subsequent year	September 1	DMCC	Work continues through end of Phase I	
Reporting & Budgeting	By September 1st, State to certify investment for preceding year	September 1	Deed	Work continues through end of Phase I	
Reporting & Budgeting	By December 1st, City to approve updated DMC-CIP and operating budget for subsequent year.	December 1	City	Work continues through end of Phase I	
Identify and Solicit Additional Revenue	Identify and solicit potential sources of funds to support projects and/or programs (See Section 9); apply for grants	Q2	EDA	Work continues through end of Phase I	
Identify and Solicit Additional Revenue	Identify and solicit potential sources of funds to support projects and/or programs (See Section 9); apply for grants	On-going	EDA	Work continues through end of Phase I	
Identify and Solicit Additional Revenue	Attract private development / investment	On-going	EDA	Work continues through end of Phase I	
Policy Considerations	Assist with (as appropriate) and engage in discussions related to the advancement of the City Comprehensive Plan and other planning documents that will incorporate specific ordinances, requirements and policy considerations	On-going	DMCC/EDA/City	Work continues through end of Phase I	
Policy Considerations	Engage in discussions, and build coalitions, with stakeholder groups to understand issues and identify	On-going	DMCC/EDA/City	Work continues through end of Phase I	

FIGURE 2-11 - STRATEGIC ACTIONS - CONTINUED

2.4 METRICS, MEASUREMENTS AND ON-GOING REPORTING

At the beginning of each phase (every 5 years), this Development Plan will be updated to assess the successes and challenges of the project and refocus the strategic initiatives to meet the demands of the market. It is critical that part of that assessment be tied to performance metrics on the economic and business development strategies outlined herein.

The following includes an outline of the kinds of metrics that may be used to estimate this performance. Portions of this data can be collected from State and local jurisdictions. Others will be estimates of economic performance as compared to the baseline projections established in this report.

Economic-Fiscal Projections/Analysis

- Increases in Jobs
- Increases in Visitation
- Increase in Income, Property, Sales, Hotel-Motel and Other Taxes
- Estimated Indirect Benefits (e.g. jobs, tax base, etc.)

Other Economic Indicators

- Increases in Median Income (Above Inflationary Rates)
- Increases in Work Force Population Living in City/County
- Increases of the Gross Regional Product (GRP)
- Increases in Targeted Business/Industry Sectors

Real Estate Indicators

- Number of Building Permits
- Property Tax Collection
- Hotel Occupancy/ADR
- Commercial Rental/Sales Data (e.g. Occupancies, Rental Rates, etc.)
- Retail Rental/Sales Data (e.g. Occupancies, Rental Rates, etc.)
- Residential Home Sales Data
- Residential Rental Data (e.g. Occupancies, Rental Rates, etc.)

Business Development Metrics

- Attraction of Venture Funds and Capital to Market
- Investments in Property and Development
- Growth of Businesses in Development District
- Attraction of Start-Up Companies
- Attraction of Anchors/Established Companies
- Positive Traction on the Efforts to Recruit and Retain Workforce

Other Indicators

- Number/Attendance at Conventions, Exhibitions and Other Events at Mayo Civic Center
- Visitation to Downtown
- Transit Ridership



SECTION 3.0 APPLYING FOR AND EVALUATING PROJECTS/FUNDING REQUESTS

This section provides an overview of the funding application process (Funding Application Process) and provides a series of underwriting and evaluation criteria (Evaluation Criteria) that will be utilized by the DMCC and City in the review and approval of projects undertaken in accordance with the approved Development Plan. Also included are Policy Considerations that have been identified during the Development Plan process and which will be taken up as the project advances and as other plans, including the City Comprehensive Plan are completed.

3.1 PROCESS TO APPLY FOR PROJECTS & FUNDING

The deliberative process for identifying, evaluating and ultimately approving or disapproving Public Infrastructure Projects must provide certainty, timeliness, and consistency to all applicants for DMC Funds. The Development Plan establishes a detailed framework to identify and prioritize development in the market and to approve Public Infrastructure Projects. The application process is as follows:

STEP 1: IDENTIFICATION OF APPLICANTS

Once the DMC Development Plan is approved, eligible applicants for DMC Funds (Project Sponsors) including the City, County, DMCC, EDA, other public or quasi-public entities, and private parties, including for profit and not-for-profit entities, may apply for DMC Funds to support projects. The EDA, working on behalf of the City, County, and other stakeholders shall facilitate the projects and implementation strategies incorporated in this Development Plan.

STEP 2: REVIEW FOR MINIMUM ELIGIBILITY REQUIREMENTS

Within 5 business days of its receipt of the application, the EDA shall notify the applicant if the projects meet the minimum eligibility requirements as described below. A copy of said notification shall also be sent to the DMCC Board Chair, EDA Board Chair, Mayo Clinic and the City of Rochester.

The minimum eligibility requirements include: 1) Confirmation that the Project is within the DMC District or that a request will be made for an amendment to the area of the DMC Development District; 2) if incorporating a request for General State Infrastructure Aid or City Matching Funds, is the project eligible to be classified as a General Infrastructure Project; and 3) if incorporating a request for State Transit Aid or Transit Matching Funds, is the project eligible to be classified as a Transit/Transportation Project?

STEP 3: FORMS OF APPLICATION

The DMCC and the City shall establish a form for application for DMC Funds. Such form may be subject to revision at the discretion of both the DMCC and City. Such form must be approved and re-approved by the aforementioned parties if revision has occurred. See Appendix 11 of the Development Plan for the initial form.

STEP 4: SUBMISSION OF APPLICATION FORMS

Application forms may be submitted by Private Sponsors to either the City or the DMCC, which will designate the EDA to receive such applications and prepare the Evaluation Report in a timely manner (as further described below and in Section 2.3 of this Development Plan). The Evaluation Report shall consider whether the projects are eligible for General State Infrastructure Aid, State Transit Aid, City Matching Funds or Transit Matching Funds.

For applications made to the City, the City may either:

1. decline to consider the project for City Matching Funds and transmit such application to the EDA for consideration for other types of DMC Funds; or
2. consider the project for City Matching Funds and transmit such application to the EDA for consideration for City Matching Funds, and other types of DMC Funds, together with information as to:
 - (a) the type/source of City Matching Funds under consideration,
 - (b) the amount of City Matching Funds under consideration, and
 - (c) the City application and evaluation forms (including analysis as to availability of City Matching Fund type/source).

Private Project Sponsors shall be required to pay an application fee to cover estimated administrative costs of the evaluation process, which fee shall be determined by the DMCC and the City and may be adjusted from time to time by agreement of the DMCC and the City.

The EDA, on behalf of the DMCC, shall, simultaneous with the City's review for City Matching Funds, prepare the Evaluation Report for all types of DMC funds.

TIMING OF CIP REVIEW/APPROVAL

- By April 1st of each year: DMCC and City submit certification of Qualified Expenditures in the preceding calendar year to DEED
- By June 1st of each year: City and County submission of preliminary list of DMC capital improvement projects (or portions thereof) to the DMCC for consideration for inclusion in the five-year DMC Capital Improvement Plan
- By August 1st of each year: DMCC review and approval of DMC budget and DMC-CIP
- By September 1st of each year:
 - DMCC approval and submission of DMC budget and DMC-CIP to City
 - DEED Determines the amount of Qualified Expenditures for the preceding calendar year
- By December 1st of each year: City approval of DMCC budget and DMC-CIP

After final City approval of DMCC budget and CIP, the City, County and DMCC may submit applications for individual DMC-CIP projects as provided below.

TIMING OF REVIEW/APPROVAL OF PROJECTS

- Project Sponsor submits funding application to City or DMCC, who must submit to the EDA for review within 2 business days of receipt.
- EDA has 5 business days to review project for minimum eligibility requirements
- Within 21 days, City (1) declines to consider the project for City Matching Funds and transmits such application to the EDA; or (2) considers the project for City Matching Funds and transmits such application to the EDA with required information
- Within 30 days of receipt of application from City or DMCC, EDA reviews application, measures project against Evaluation Criteria and as further provided in Development Plan, and delivers independent Evaluation Report to DMCC Board, City*
- Within 35 days, DMCC Board considers Evaluation Report and votes to approve/disapprove DMC Funding; including, if applicable, City Matching Funds (DMCC approval may be contingent upon provision of City Matching Funds)
- Within 14 days, City Common Council votes to approve/disapprove DMC Funds and transmits decisions to DMCC
- Within 2 business days, EDA notifies applicant of funding decisions
- For projects not approved by the DMCC or the City, the Project Sponsor may revise the project proposal and resubmit the funding application within 30 days of EDA notification of disapproval.

* City Land Use/Zoning Processes may be undertaken simultaneously with the Evaluation Process.

Timing of Review/Approval — of Proposed Projects

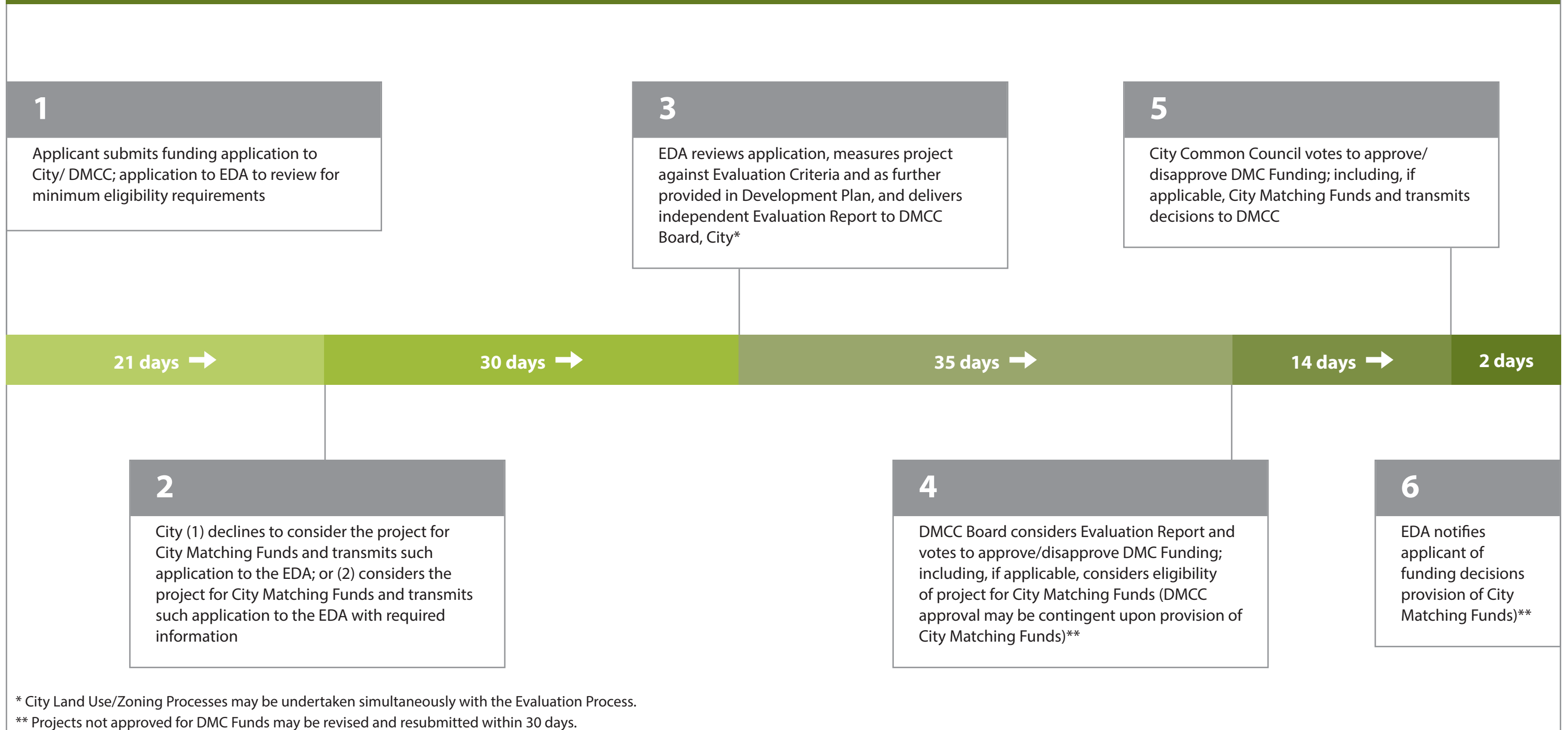
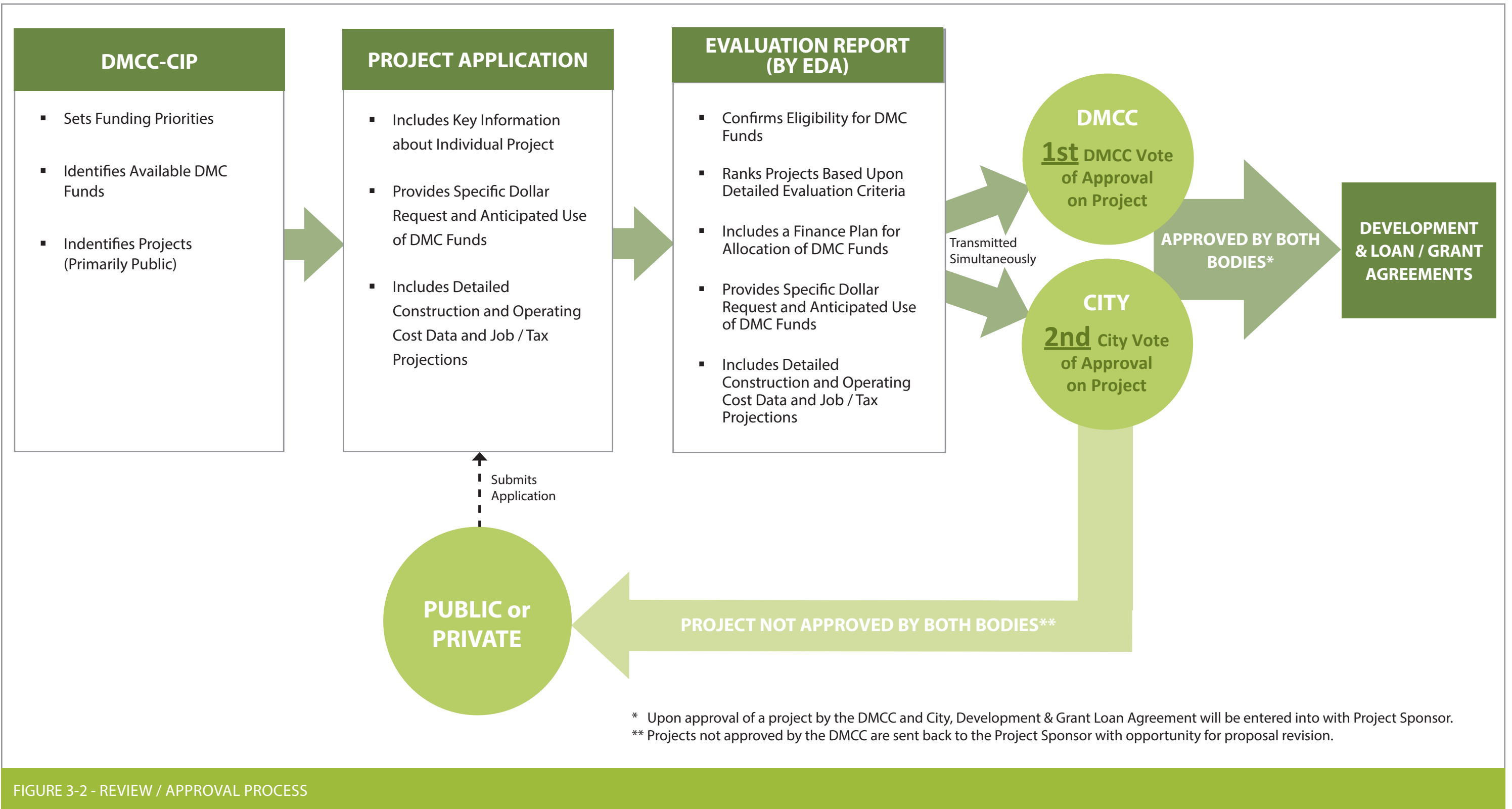


FIGURE 3-1



3.2 EVALUATION CRITERIA FOR PROJECTS

The Development Plan, together with any updates thereto, shall include a list of potential projects and recommended strategies to serve as a guideline for the DMCC Board and City Council in making investment decisions in accordance with detailed and uniform guidelines for expenditure of DMC Funds.

Within 30 days of receipt of a funding application and the required supporting documentation, the EDA shall prepare a report for the DMCC Board that assesses the compliance of a project and project funding request as compared to the approved projects and/or strategies incorporated in the Development Plan, including any updates thereto. The basis for this evaluation shall be the Evaluation Criteria outlined below. The EDA's evaluation shall be presented in the form of a staff report to the DMCC Board, which shall include a detailed assessment and ranking of a project's compliance with the specified criteria.

This report shall be provided to the DMCC Board members and shall be used for information purposes only. The DMCC Board may utilize any information to make its decisions including, but not limited to the EDA report, public comments, City/County information or other information. The City Council may choose to utilize the EDA's report at its own discretion in its approval process. All approvals will be reviewed and approved in accordance with the DMC Act and Project Agreements.

1. Is the project consistent with the DMC vision, goals and objectives? Is it critical to driving the strategies included in the Development Plan?

This Development Plan is a strategic framework to guide the DMC Initiative and direct public funds and incent private investments to accomplish certain specific goals and objectives and to realize the DMC vision. The following has been established to assist in the evaluation of projects against these critical elements of the structure:

- a. Is the project consistent with the stated DMC Goals & Objectives? (1 point for compliance with each objective, up to 11 points total)
 - Does the project meet one or more of the goals and objectives established approved for the Development Plan?
- b. Is the project consistent with the DMC Vision? (up to 5 points for each)
 - Is the project part of a bold and aspirational concept for the future?
 - Does the project fit with the principles of the vision?
 - Does the project provide a framework for growth in this sub-district?
- c. Does the project build infrastructure to support growth and drive investment? (Up to 5 points for each)
 - Would the investment occur without the public infrastructure to be funded?
 - Will the public funding accelerate private investment in the Development District or applicable sub-district?

- d. Does the project provide a catalyst for /or anchor for an approved strategy? (Up to 5 points for each)
 - Can the project reasonably be expected to catalyze or anchor development in one of the six sub-districts?
 - Can the project reasonably be expected to catalyze necessary transportation/transit strategies?

2. Is the project consistent with the Development Plan (and any updates thereto) and other relevant planning documents?

The Development Plan includes a Master Plan (Section 6.0), Transportation Plan (Section 7.0) and Infrastructure Plan (Section 8.0) establishing a planning framework for the project. The Development Plan also includes Finance Plan, Business Development Plan and Implementation Strategies that serve as the business and finance framework of this Development Plan. The Development Plan also conforms to the general plan for the development of the City and conforms to specific City planning documents. The specific questions to be explored include:

- a. Is the project consistent with the DMC Planning Documents? (up to 5 points for each)
 - Is the project consistent with the adopted DMC Master Plan, Transportation Master Plan and/or Infrastructure Master Plan?
 - Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?
- b. Is the project consistent with the City/County Planning Documents? (up to 5 points for each)
 - Is the project consistent with the RDMP Plan or City Comprehensive Plan?
 - If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?

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

The Development Plan outlines projects and strategies that are recommended as the focus in each phase of the DMC Initiative. These recommendations and the list of anticipated projects shall be reaffirmed and/or updated each year in the DMC-CIP that is incorporated as part of the DMC's annual budget process and as necessitated by private investment in the Development District. Criteria will include:

- a. Is the project part of an approved strategy and current focus? (Up to 5 points for each question)
 - Is the project outlined as an approved strategy for the project within the Development Plan?
 - Is the project recommended as a focus for the particular phase of the project in the Development Plan?
- b. Is the project consistent with the DMC-CIP? (2 points for each)
 - If public, is the project specifically listed in the DMC-CIP? Or is the project necessary to facilitate a DMC related strategy?
 - If private, is the project otherwise compatible with the planned public improvements in the DMC-CIP?

4. Is the project financially viable?

Projects are required to provide a preliminary finance plan with their applications. The information that will be required includes:

- a. Project Summary (e.g. Concepts, Detailed Program, Project Team, etc.)
- b. Total Project Budget
- c. Sources of Funding, demonstrating a verifiable gap that justifies DMC Funding
- d. Project Operating Pro Forma
- e. A Project Plan and/or Market Study supporting the demand/need for the project
- f. Demonstration of financial capacity to support the project
- g. A plan for achieving M/WBE Project Requirements and other party requirements, as applicable
- h. Agreement to execute the DMC Development Agreement, the terms of which shall be provided in form to all applicants
 - Agreements will include requirements of the DMC Act (e.g. American Made Steel, MBE/WBE Construction Targets)

The project-specific finance plan will be evaluated based upon the following criteria (up to 5 points each)

- Is the project supported by current market conditions and comprehensive feasibility studies?
- Does the project leverage additional private funds, maximizing the use of DMC Funds?
- Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?
- Is there a verifiable gap for funding based upon a reasonable return on private investment?
- Is the proposed operating structure sustainable?
- Has the project applicant agreed to the DMC Development Agreement?

5. Does the project comply with or support the economic-fiscal goals and objectives of the DMC Initiative?

The DMC is established to drive economic and fiscal benefits to State and local jurisdictions and to benefit the community as a whole. Each project will be evaluated for its ability to realize and/or support growth occurring within the DMC District. The information that will be required to make the evaluation will include:

- a. Jobs Projections
 - Construction jobs
 - Permanent operating jobs, if applicable
- b. Tax Base Projections (through 2049), if applicable
- c. Capacity or other support to demand (e.g., public works)

The economic-fiscal analysis will be evaluated based on the following criteria (up to 5 points each)

- Does the project generate substantial economic-fiscal gain based upon job projections?
- Does the project generate substantial economic-fiscal gain based upon tax base projections?
- Does the project maximize the opportunity for investment by attracting other private capital?
- Is the project required (e.g. public works) to continue to seed investment in the DMC District?
- 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?

6. Other Considerations (No Point Values Assigned)

A summary will be provided of other considerations that the DMCC Board may take into account when evaluating projects. These include:

- a. Is the project inside the DMC Development District?

To be funded, projects must be within the boundaries of the DMC Development District. From time to time, the DMCC and City may consider expanding the DMC Development District to support the execution of specific projects or strategies that are outside of the current boundaries. The DMCC and City may choose to do this by amending the current Development District or creating a new district, which may or may not be contiguous to the existing Development Districts or Sub-districts. An amendment can happen at any time, but it is recommended that it only be done with an accompanying project request. The criteria to be considered include:

Are the recommended changes:

- limited to the area required to support the project request?
- consistent with the core strategies and planning documents?
- essential to the strategies and/or catalytic to growth under the DMC Development Plan?

- b. Are there specific policies the DMCC wishes to include/consider as implementation of the DMC Development Plan moves forward?

During the implementation phase of the DMC Initiative, the DMCC and/or City may wish to provide special consideration to projects with certain social and/or community benefits that are not specifically required by the DMC Act. The prioritization of these considerations within the DMC Development Plan and the role of the DMCC and/or City in implementing these considerations will be dependent on many factors, including: the completion of certain planning efforts, including but not limited to, the City Comprehensive Plan, the adoption of policies and/or ordinances by the City and/or County; identifying sources of funding to support programs and/or operations; and other implementation or operational considerations. The DMCC Board may direct the EDA to work with the City, County and community organizations to develop and recommend specific policies, ordinances and programs that may incentivize the integration of these types of benefits in the DMC Development District.

3.3 POLICY CONSIDERATIONS

A preliminary outline of the type of policies that may be addressed by the DMCC and City during implementation of the DMC Initiative are included below. This list is limited by the purview of the DMCC Board and the DMC Act. As such, this list only considers policies related to the implementation of economic development and investment strategies specific to the development in the DMC District. This list includes those policies considerations which have been raised by DMCC Board Members, City/County leadership, City/County staff and/or the public during the planning process and may change over time based on the demands of the market or other relevant factors. This list is provided in alphabetical order, and does not suggest priority of one policy over others.

AFFORDABLE HOUSING

The creation of a series of vibrant downtown residential neighborhoods is integral to realizing the vision for a “Livable City”. A key strategy of this plan is to inter-mix market-rate housing with affordable units to accommodate the needs of Rochester’s growing workforce, low income and senior communities. As the DMC implementation process moves forward, we recommend the EDA work with federal agencies, state agencies and local organizations to evolve strategies and programs to incent the integration of affordable housing in the DMC District. A preliminary list of strategies that may be considered includes:

- Establish specific affordable housing goals for the seniors and working families in the Comprehensive Plan and/or City Ordinances. As approved, recommend policies and funding guidelines to support implementation.
- Establish density bonuses, permitting/fee reductions or other incentive programs to encourage private developers to include affordable and workforce housing in the DMC Development District.
- Identify federal, state and other resources such as Low Income Housing Tax Credits (LIHTC) that may assist developers and private investment in affordable housing in the DMC Development District.
- Assist developers and private investors in applications for grants and/or funding proposals.

HISTORIC PRESERVATION

The preservation of historic landmarks and districts is an important part of a City’s historic fabric. The City of Rochester is currently undertaking a study to better define policies and ordinances around the City’s cultural assets. The DMC Master Plan (Section 6.0) and Infrastructure Plan (Section 8.0) recognize this study is underway and assumes the Development Plan will differ to City ordinances on this matter. As the DMC implementation process moves forward, we recommend the EDA work with federal agencies, state agencies and local organizations to evolve strategies and programs to incent historic preservation DMC District. A preliminary list of strategies that may be considered includes:

- Work with City and local organizations to identify historic assets, policies and ordinances that recognize an economic and cultural balance between development and preservation. Recommend policies and funding guidelines to support implementation of the plan.
- Identify federal, state and other resources such as Historic Tax Credits (HTC’s) that may assist developers and private investor in preservation of key assets
- Assist developers and private investors in applications for grants and/or funding proposals.

INTEGRATION OF ARTS, CULTURAL AND PUBLIC AMENITIES

One of the core themes of the DMC and an important part of any great destination city is the integration of “Retail, Entertainment, Arts and Culture” into the fabric of the City. The DMC Master Plan contemplates the integration of these uses in many diverse ways and contemplates that public and private interests will partner to fund both the capital costs and the on-going operational costs of these improvements. As the DMC implementation process moves forward, we recommend the EDA work with federal agencies, State agencies and local organizations to evolve strategic initiatives to build, operate and program the assets over the long term. Some of the preliminary strategies questions that have been identified include:

- Establish a working group comprised of the EDA, City and local and regional organizations to build a coalition of groups whose purpose is to prepare an inventory of existing and planned cultural assets, building / space program requirements. Recommend policies and funding guidelines to support implementation of the plan.
- Work with the Rochester Downtown Alliance (RDA) to identify and coordinate programming and funding strategies for the downtown area that support the activation of spaces and a vibrant downtown environment.
- Work with the Library Board, City and local interests to identify a strategy for the expansion of the library in the downtown area.

PUBLIC SPACE, GREEN SPACE, SHARED USES AND PUBLIC AMENITIES

The DMC Finance Plan is predicated on an assumption that the EDA will work to bring public and private interests together to facilitate strategies and support investments over the long-term. As the DMC implementation process moves forward, we recommend the EDA work with the City of Rochester to identify policies, ordinances and potential state/federal programs to help support funding of construction or operational costs on these types of initiatives. Preliminarily, the strategies that may be considered include:

- Establish density bonuses, permitting/fee reductions or other projects to encourage private developers to include Public Spaces.
- Utilize density bonuses to direct development to specific neighborhoods or zones, such as transit-oriented development in station areas, or provide amenities including additional public parking stalls in their developments, public amenities such as pocket parks, plazas, and pedestrian walkways.

CITY CODES AND ORDINANCES

The DMC Development Plan contemplates certain changes to the City codes and ordinances including, but not limited to, developer capacity improvements, SAC/WAC, stormwater, and development incentives and bonuses. These are strategies that may need to also be addressed in the City Comprehensive Plan and adopted by the City Council to be implemented.

SUSTAINABLE DEVELOPMENT INCENTIVES

This Development Plan integrates a sustainability framework as part of the DMC Master Plan (Section 6.0). As the DMC implementation process moves forward, the EDA will work with the City of Rochester to identify policies, ordinances and potential State/federal programs to help support funding of construction or operational costs on these types of initiatives. Preliminary strategies that have been identified for consideration include:

- Work with the City and the Rochester Energy Commission to establish sustainability goals and objectives as part of the City Comprehensive Plan and/or ordinances. Recommend policies and funding guidelines to support implementation of the plan.
- Work with the City and Comprehensive Plan Team to develop a density bonus programs to encourage private developers to integrate sustainable practices into Development.
- Identify potential federal, State and/or other resources to support integration of sustainable practices in the DMC District
- Engage in discussions with IBM to identify opportunities to apply for a “Smarter Cities” grant to encourage sustainable practices in the downtown.
- Encourage implementation of transit incentives in accordance with the Transportation Plan.

WORKFORCE DEVELOPMENT AND TRAINING PROGRAMS

In addition to the M/WBE requirements of the DMC Act, there will be opportunities to expand opportunities for training, apprenticeships, small business development and local business development as part of the DMC Strategy. The City, DMCC and EDA have already begun discussions with local and regional organizations to discuss strategies for implementation of these programs over the longterm. As these discussions advance, some of the strategies that have initially been identified may include:

- Establish a working group comprised of the EDA, City and local and regional organizations to build a coalition of groups whose purpose is to coordinate programs/services, identify opportunities and recommend strategies that support the DMC mission, goals and objectives over the long-term.
- Structure RFP’s and contracting requirements to afford opportunities to small businesses and start-ups by directing the size of contracts, capital requirements of projects and/or contracting requirements.
- Develop programs and strategies to encourage the growth of minority, women-owned, small business and local businesses through construction, operations and maintenance contracting associated with the project.
- Develop strategies to educate/train the existing and/or underserved populations in Rochester through partnerships with Workforce Development, Inc. (State Agency) Rochester Community and Technical College (RCTC) and the dean of the C-Tech facility, University of Minnesota Rochester (UMR), the Chamber of Commerce, Mayo Clinic and other partners.
- Implement retailing and marketing strategies to encourage locally owned and operated business to be integrated into the downtown area.
- Identify opportunities and funding sources to support targeted business enterprises. Such services may include business start-up, tax and legal advisory services.



SECTION 4.0 DEVELOPMENT PLAN FINDINGS

The DMC Act requires that the DMCC, working with the City and the EDA, prepare and adopt a Development Plan to guide the DMC Initiative over the 20 year planning period. The Development Plan may not be adopted unless the DMCC makes certain findings by resolution. A summary of the required findings are included below.

Required Development Plan Findings

1. The Plan provides an **outline for the development** of the City as a destination medical center, and the Plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite State and local objectives;
2. The proposed development affords **maximum opportunity**, consistent with the needs of the City, County, and State, for the development of the City by private enterprise as a destination medical center;
3. The proposed development **conforms to the general** plan for the development of the City and is consistent with the city Comprehensive Plan;
4. The Plan includes: **strategic planning** consistent with a destination medical center in the core areas of commercial research and technology, learning environment, hospitality and convention, sports and recreation, livable communities, including mixed-use urban development and neighborhood residential development, retail/dining/entertainment, health and wellness, and transportation; estimates of short- and long-range fiscal and economic impacts; a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development, including the criteria and process for evaluating and underwriting development proposals; land use planning; transportation and transit planning; operational planning required to support the medical center development district; and ongoing market research plans; and
5. The **City has approved** the plan.

A description of the content of the Development Plan and reference to the location(s) in the Plan where the requirements of each finding are as follows:

4.1 REQUIREMENT #1 PROVIDE AN OUTLINE FOR THE DEVELOPMENT OF THE DMC

The DMC Act requires that: “The Development Plan provides an outline for the development of the city as a destination medical center, and the plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives.”

The DMC Development Plan sets forth a bold vision and complete outline for the DMC Initiative that is: 1) capable of supporting the growth of Mayo Clinic in Rochester; 2) encourages the expansion of the economy by leveraging the growth of Mayo Clinic and other anchors – including the Mayo Civic Center and UMR; 3) develops strategies to support and manage the expansion of the local and regional workforce to the market; 4) creates a livable and attractive urban core that enhances amenities for residents, patients, visitors alike, and; 5) establishes strategies to develop opportunities to create a business environment capable of attracting investment and recruiting/retaining a top-tier workforce to the market.

The Development Plan puts forth a strategic planning, finance and implementation framework to guide the DMCC, City, EDA and other stakeholders in the execution of its strategies over the long term. A summary of the sections that specifically address the requirements outlined above include:

- **DMC Program, Master Plan, Infrastructure Plan and Transportation Plans**
 A vision and planning framework is established in these documents forecasting the program and providing land use and transportation project recommendations and phasing strategies for the implementation of Public Infrastructure Projects, all as further described in Section 5.0 – 8.0 of this Development Plan.
- **DMC-CIP and DMC Finance Plan**
 A short-term and long-term financial framework is established for the project that sets investment priorities, recommends initial project investments (Phase I), establishes a long-term financial framework for the project and goes forth as Implementation Plan, all which are further described in Sections 2.0 and 9.0 of this Development Plan.
- **Process to Apply for Project and Funding Approvals Forms of Application**
 The deliberative process for identifying, evaluating and ultimately approving or disapproving Public Infrastructure Projects must provide certainty, timeliness, and consistency to all applicants for DMC Funds. To that end, the “Process for Applying For Project and Funding Approvals” provides a rigorous process to identify, facilitate and evaluate projects in the context of the DMC vision, goals and objectives, as further outlined in Section 3.0 of this Development Plan.
- **On-Going Reporting**
 A methodology for reporting progress of the DMC Initiative and measuring its success against approved goals and objectives established as part of the Business Development Plan in Section 10.0 of this report. Additionally, the DMC Act requires on-going reporting to the Governor, State Legislature and certain State agencies.
- **Updates to the Development Plan**
 The DMC Act requires that the Development Plan be updated every 5 years to ensure the plan remains on track and is consistent with current market conditions and trends.

The complete strategic framework of the Development Plan is tied to the State and local DMC objectives as illustrated in Figure 4-1.

4.2 REQUIREMENT #2: MAXIMIZATION OF OPPORTUNITY FOR PRIVATE ENTERPRISE

The DMC Act requires that: “The proposed development affords maximum opportunity, consistent with the needs of the city, county, and state, for the development of the city by private enterprise as a destination medical center.”

The DMC-CIP (Section 2.0) and DMC Finance Plan (Section 9.0) establish a financial framework for the project and set strategic investment priorities (Section 2.2.1) to drive private investment and maximize the opportunities for private enterprise through strategic investments in core infrastructure and anchor/ catalytic developments to drive business and private enterprise in the community.

The Process to Apply for Project and Funding Approvals (Section 3.0) outlines specific requirements and establishes evaluation criteria by which the DMCC Board and City can review projects for consistency with the DMC vision, goals and objectives.

These strategies are further reinforced by Business Development and other Implementation Plans outlined in this Development Plan (see Sections 10.0 – 13.0).

✓	Establish a compelling vision and identity for the City of Rochester as a global medical destination. <i>See Master Plan - Section 6.0.</i>
✓	Harness the energy and creativity of the community in the planning and execution of the DMC initiative. <i>See Community Outreach Plan - Section 11.0; Development Plan Process - Appendix 14.</i>
✓	Develop a comprehensive strategy that addresses all facets of building and sustaining the destination. <i>See DMC-CIP - Section 2.0; Master Plan - Section 6.0; Transportation Plan - Section 7.0; Infrastructure Master Plan - Section 8.0; DMC Finance Plan - Section 9.0.</i>
✓	Establish a viable economic development strategy grounded by market research. <i>See DMC-CIP - Section 2.0; Market Report - Section 5.0; DMC Finance Plan - Section 9.0; Business Development Plan - Section 10.0.</i>
✓	Define extraordinary costs and set priorities for public investment to meet the mission and goals of the DMC. <i>See DMC-CIP - Section 2.0; DMC Finance Plan - Section 9.0.</i>
✓	Develop strategies to attract new business to the market, including Small Business Enterprise, Minority Business Enterprise and Women Business Enterprise participation. <i>See Business Development Plan - Section 10.0; Marketing & Communications Plan - Section 11.0.</i>
✓	Focus on strategies to attract, retain and foster the development of a highly-skilled workforce. <i>See Policy Considerations, Section 3.0; Business Development Plan - Section 10.0.</i>
✓	Develop a finance plan to foster business and economic growth in the market. <i>See DMC-CIP - Section 2.0; DMC Finance Plan - Section 9.0.</i>
✓	Establish underwriting criteria to direct public funding to maximize the return to State and local jurisdictions. <i>See Applying for and Evaluating Projects/Funding Requests - Section 3.0.</i>
✓	Create strategies, programs and services that support a world-class destination. <i>See DMC-CIP - Section 2.0; Master Plan - Section 6.0; Transportation Plan - Section 7.0; Infrastructure Master Plan - Section 8.0; DMC Finance Plan - Section 9.0; Business Development Plan - Section 10.0.</i>
✓	Develop strategies to enhance the quality of experience for patients, visitors and residents in the City of Rochester. <i>See Master Plan - Section 6.0; Transportation Plan - Section 7.0; Community Outreach Plan - Section 11.0.</i>

FIGURE 4-1 - DMC STATE AND LOCAL OBJECTIVES

4.3 REQUIREMENT #3: CONFORMANCE AND/OR CONSISTENCY WITH PLANS

The DMC Act requires that: “The proposed development conforms to the general plan for the development of the city and is consistent with the city comprehensive plan.” Public improvements are necessary to: add capacity; position the DMC for economic development, investment, and diversification; create markets (such as for housing); or enhance value and better the quality-of-life and visitor experience. All these investments create value, not just for the DMC, but for Rochester as a whole.

- First, The DMC Development plan builds off the Rochester Downtown Master Plan RDMP. The Master Plan presents a vision of what downtown can become. The realization of that vision will be the result of thousands of actions made by both the public and private sectors. This Plan, when adopted, will provide direction and guidance to the DMCC board, city leaders, downtown stakeholders and all of the individuals and organizations whose decisions will shape the future of downtown. It provides a framework for coordinating and integrating future development in a way that will allow downtown to reach its full potential. The Plan is not a static blueprint. We must constantly evaluate our progress and accomplishments and adjust our course as time passes and circumstances change. The Key finding of Market analyses are very similar, except for their not being a true comparison for the need to expand the Bio-Tech market.
- Second, University of Minnesota Rochester (UMR) Master Plan - The University of Minnesota Rochester (UMR Master Plan) was incorporated specifically into DMC Master Plan UMR District (see Section 6.0) The comparisons were used for the expansion of the education program and inclusivity of creating a UMR district. The current UMR Master plan process ran on a similar time line as the DMC Development Plan and was submitted September 11, 2014. Originally, In 2009, UMR prepared a master plan that envisioned an “Education District” in downtown Rochester that would foster collaborations in learning, research, and industry; and in the process contribute to the regeneration of downtown through the campus’ physical design and successful integration with the city. The shared vision of the ‘09 UMR Plan and the ‘10 Downtown Plan is the basis for Envision UMR, the plan that will guide UMR’s campus development over the next ten years as well as set a vision for the University’s longterm growth.
- Third, Rochester Parks Department began a master plan for Soldiers Field Memorial Park, Rochester’s primary downtown city park and is located at the edge of the Education District. Several Parks and Recreation improvements were incorporated into the DMC Development Plan. The Parks and Open Space section was incorporated into both the DMC Master Plan in Section 6.0 and the General Infrastructure Plan in Section 8.0.
- Fourth, ROCOG Transportation Plan - The regional nature of the ROCOG Plan, is adopted into he RDMP’s recommended multimodal network, projects and policies. In effect, the RDMP is the operating assumptions for the downtown portion of the ROCOG Transportation Plan. The ROCOG elements as well as the RDMP plan elements were incorporated in the DMC Transportation Plan, see Section 7.0 Transportation Plan.

- Fifth, the City of Rochester has begun the task of updating its comprehensive plan, which will set the City’s strategic direction and potentially lead to revisions to the City Comprehensive Master Plan which is an expression of the community’s vision for the future and a strategic map to reach that vision. Comprehensive planning is an important tool for cities to guide future development of land to ensure a safe, pleasant, and economical environment for residential, commercial, industrial, and public activities. A comprehensive plan sets forth a vision and goals for a city’s future, and provides the overall foundation for all land use regulation in the city. State law encourages all cities to prepare and implement a comprehensive municipal plan. Since the DMC Development Plan is likely to be adopted prior to completion of the Comprehensive Plan, it is our hope that the City will adopt this plan and it’s strategies into the Comprehensive Plan.

LAND USE	DMC PROGRAM	CITY/RDMP/OTHER
Health ⁽¹⁾	6.0 – 7.0 million ft ²	See Mayo Clinic 5 Year Plan
Bio-Tech	8.0 – 1.0 million ft ²	Not Included
Office	200,000 - 300,000 ft ²	90,000 – 360,000 ft ²
Hotel	1,300 - 1,500 rooms	1,035 rooms
Retail	270,000 – 290,000 ft ²	143,600 ft ²
Residential	2,500 - 3,000 units	1,900 - 4,200 units
Education ⁽²⁾	440,000 - 450,000 ft ²	See UMR Master Plan
Transit	100,000 - 120,000 ft ²	See ROCOG Transportation Plan
Open Space ⁽³⁾	50 acres	See Rochester Parks Department

4.4 REQUIREMENT #4: STRATEGIC PLANNING DOCUMENTS

The DMC Act requires that: “The plan includes: strategic planning consistent with a destination medical center in the core areas of commercial research and technology, learning environment, hospitality and convention, sports and recreation, livable communities, including mixed-use urban development and neighborhood residential development, retail/dining/entertainment, and health and wellness; estimates of short- and long-range fiscal and economic impacts; a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development; a criteria and process for evaluating and underwriting development proposals; Land use planning; transportation and transit planning; operational planning required to support the medical center development district; The DMC Act requires that: “and ongoing market research plans”

4.4.1 INCORPORATION OF THE 7 CORE AREAS AND TRANSPORTATION

The DMC Development Plan incorporates strategic planning of the 7 core areas required by the legislation throughout the plan. The DMCC Board also requested that the team consider an 8th core area of focus – Transportation – to ensure that transportation planning rose to the same level of strategic importance as other elements of the plan. The DMC Program and core areas are further described in Figure 4-2.

- **The DMC Community Engagement Process**
Established the 80-person Community Input Committee, the purpose of which was to engage experts in each of the core area to facilitate information gathering and the public input process. A master list of current studies, information and initiatives was created by the group and shared with the planners during the information gathering phase of the project. In June 2014, the Community Input Committee hosted a series of community conversations which included focus groups in each area. The community engagement process will continue throughout Phase I with a strategic community outreach plan (Section 12.0).
- **Market Report**
The Market Report (Section 5.0) examines the current market condition and forecasts the potential trends for each of the 7 core areas listed in the DMC Act. The Market Report resulted in program estimates that are incorporated as part of the DMC Vision (See Master Plan description below).
- **DMC Vision, Master Plan and Strategic Plans**
The DMC vision and strategies incorporated in the DMC Vision and Master Plan (Section 6.0) that are interwoven into the Infrastructure Plan (Section 7.0), DMC-CIP (Section 2.0), Finance Plan (Section 9.0) and Business Development Plan (Section 10.0). The DMC Master Plan incorporates program related to each of the core areas in the sub-districts and “places” referenced within that document (see Figure 4-2). Each core area reinforces the market support for the other core areas –expansion of health/wellness supports development of bio-med-tech development; employment centers support urban housing; urban housing helps attract and retain talent that supports economic development; and so on. The adjacencies create synergies and interest that attracts visitors, residents, and employers (in addition to Mayo).

- **Transportation Plan**

The Transportation Plan (Section 8.0) includes an analysis of current conditions, forecasts demand and makes project recommendations to address the strategic elements of Transit Infrastructure.

4.4.2 OTHER PLANING DOCUMENTS

The other requirements of the DMC Act are addressed as follows:

- **Short-Term and Long Term Fiscal and Economic Impact Report**
See Economic-Fiscal Impact Report (Section 14.0)
- **Short-Term and Long Term Public/Private Investment Strategies**
See DMC-CIP (Section 2.0) and Finance Plan (Section 9.0) for investment strategies, these are further supported by the Master Plan (Section 6.0) and Business Development Plan (Section 10.0)
- **A Criteria and Process for Evaluating and Underwriting Development Proposals**
See Process for Applying and Evaluating Projects and Funding Requests (Section 3.0)
- **Land Use Planning**
See Master Plan (Section 6.0) and Infrastructure Master Plan (Section 7.0)
- **Transportation and Transit Planning**
See Transportation Master Plan (Section 8.0)
- **Operational Planning**
See Operations Plan (Section 13.0)
- **Ongoing Market Research Plans**
See Business Development Plan (Section 10.0) and Marketing Plan (Section 11.0)

4.5 REQUIREMENT #5: CITY APPROVAL OF PLAN

The DMC Act requires that: “The city has approved the plan.”

This will be confirmed at the time the DMCC findings are made.

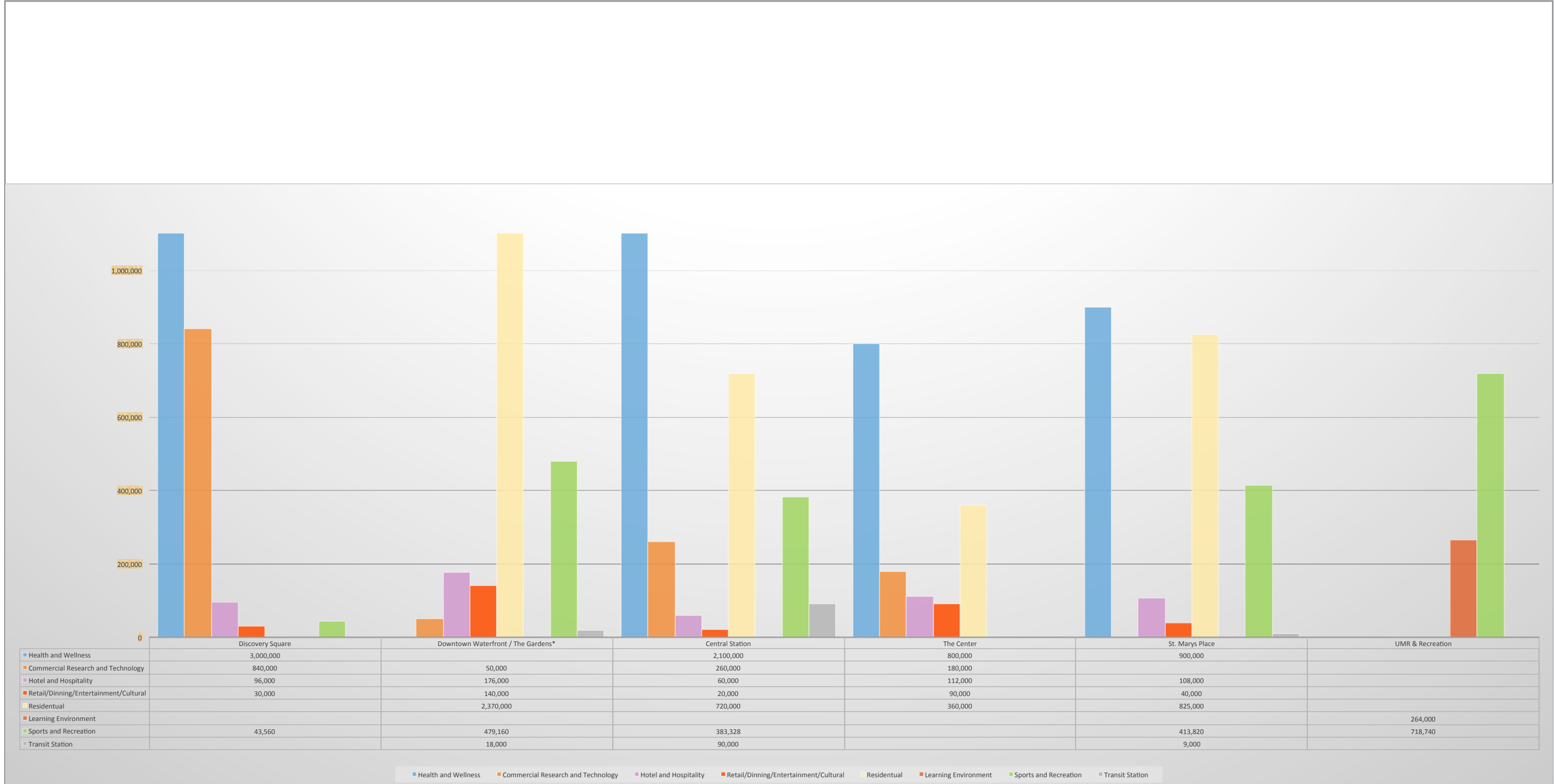


FIGURE 4-2 - PROGRAM BY DISTRICT