



DEVELOPMENT PLAN - VOL.II

DESTINATION MEDICAL CENTER
ROCHESTER, MINNESOTA
VOLUME II - PLANNING DOCUMENTS

SECTION 8.0 DISTRICT INFRASTRUCTURE MASTER PLAN

8.1 INTRODUCTION

The Infrastructure Plan forecasts an order of magnitude estimate of the infrastructure improvements that will be required during the next 20 years to support the anticipated growth of Mayo Clinic and Downtown Rochester as a global Destination Medical Center (DMC). The Infrastructure Plan identifies infrastructure requirements in six key areas:

1. Public utilities
2. Bridges, subways, and skyways
3. Shared parking
4. Parcel development
5. Civic uses, cultural uses, and public amenities
6. Technology improvement

The Market Research (Section 5), the Master Plan (Section 6), and the Transportation Plan (Section 7) were all prerequisites for the development of the District Infrastructure Master Plan. Although the Infrastructure Plan helped to refine elements of the Master Plan and Transportation Plan, the Infrastructure Plan did not significantly guide or change key elements of the plan.

Infrastructure capital projects and costs were identified by estimating the infrastructure required to support the DMC Development Program (see Section 5). This Infrastructure Plan provides an order of magnitude estimate of the costs associated with executing this type of comprehensive economic development initiative. Costs were estimated using industry standard data and specific cost estimates from the City of Rochester and other regional projects. Improvements are assumed to be phased during a 20-year period. In total, the costs for infrastructure improvements are estimated at more than \$1.2 billion during a 20-year period. The following pages describe the assumptions that were made in each of the four categories.

Some other typical infrastructure capital projects, like transportation and signature public spaces, were identified by other DMC planners and are discussed in other sections of the DMC Development Plan.

Infrastructure Element	Escalated Cost
Public Utilities	\$94,722,000
Bridges, Subways, and Skyways	\$12,123,000
Shared Parking	\$725,000,000
Parcel Development	\$137,200,000
Civic Uses, Cultural Uses, and Public Amenities	\$261,000,000
Technology Improvement	\$6,729,000
Nontransit Streets and Sidewalks*	\$17,800,000
Total	\$1,254,574,000

See Section 7.0 for additional street breakdown.



Rochester, Minnesota



Peace Plaza



Downtown Rochester

8.1.1 OVERVIEW OF THE INFRASTRUCTURE PLAN PURPOSE AND STRATEGY

The purpose of this Infrastructure Plan is to help guide investment of public and private infrastructure capital to support the DMC Development Plan.

The strategy of this Infrastructure Plan is to determine infrastructure capital improvement projects that are required due to increased demand, relocation due to conflicts, or support of new technology. Capital improvements also have been identified where a primary infrastructure project may create an opportunity to replace other nearby infrastructure, if warranted due to age or condition of the nearby infrastructure.

8.1.2 INFRASTRUCTURE PLANNING PRINCIPLES

Planning for a development as large as the DMC with \$5.6 billion in investment needing to be coordinated over a 20-year time frame requires guiding principles from which to make consistent decisions, both large and small. Through the DMC infrastructure planning process the following principles were developed and applied:

- Maximize value of investments
- Flexibility to adapt to increasing demands and emerging technologies over time
- Right-size parking capacity using principles of shared parking and reduced dependence on single occupancy vehicles
- Consider storm water a resource; manage quality, quantity, and rate of runoff
- Preserve the flood-carrying capacity of the Zumbro River
- Water efficient landscape; consider non-potable water irrigation
- Identify affordable housing developments and properties with historic designation
- Identify brownfield sites for redevelopment to remove blight and take development pressure off undeveloped land
- Reinforce pedestrian scale and connectivity to create a walkable and prominent public realm

These principles were implemented not only by the infrastructure planner, but also by the other DMC planners, as the DMC planning team worked collaboratively on infrastructure elements.

8.2 SUMMARY OF EXISTING CONDITIONS

8.2.1 INTRODUCTION

This section summarizes characteristics of the existing conditions in the DMC Development District that are important considerations for the Infrastructure Plan.

8.2.2 SUBSURFACE CONDITIONS

Southeast Minnesota is a region of active karst topography. Karst topography is a region of bedrock experiencing erosion due to the dissolving action of water creating sinkholes, springs, disappearing streams, complex underground drainage, and caves. This is important to note due to costs for underground excavation for utilities, underground parking and also for storm water management infiltration systems. See Figure 8.2.2-1 for section showing typical features of an area of karst topography.

Bedrock depths are variable throughout downtown Rochester. There are areas of exposed rock near the Saint Marys Campus, and areas along the Zumbro River where bedrock is generally greater than 50 feet. There is anecdotal evidence that rock can vary significantly across a development site—for example, the Mayo Clinic Jacobsen Building encountered rock ranging in depths from 8 to 20 feet.

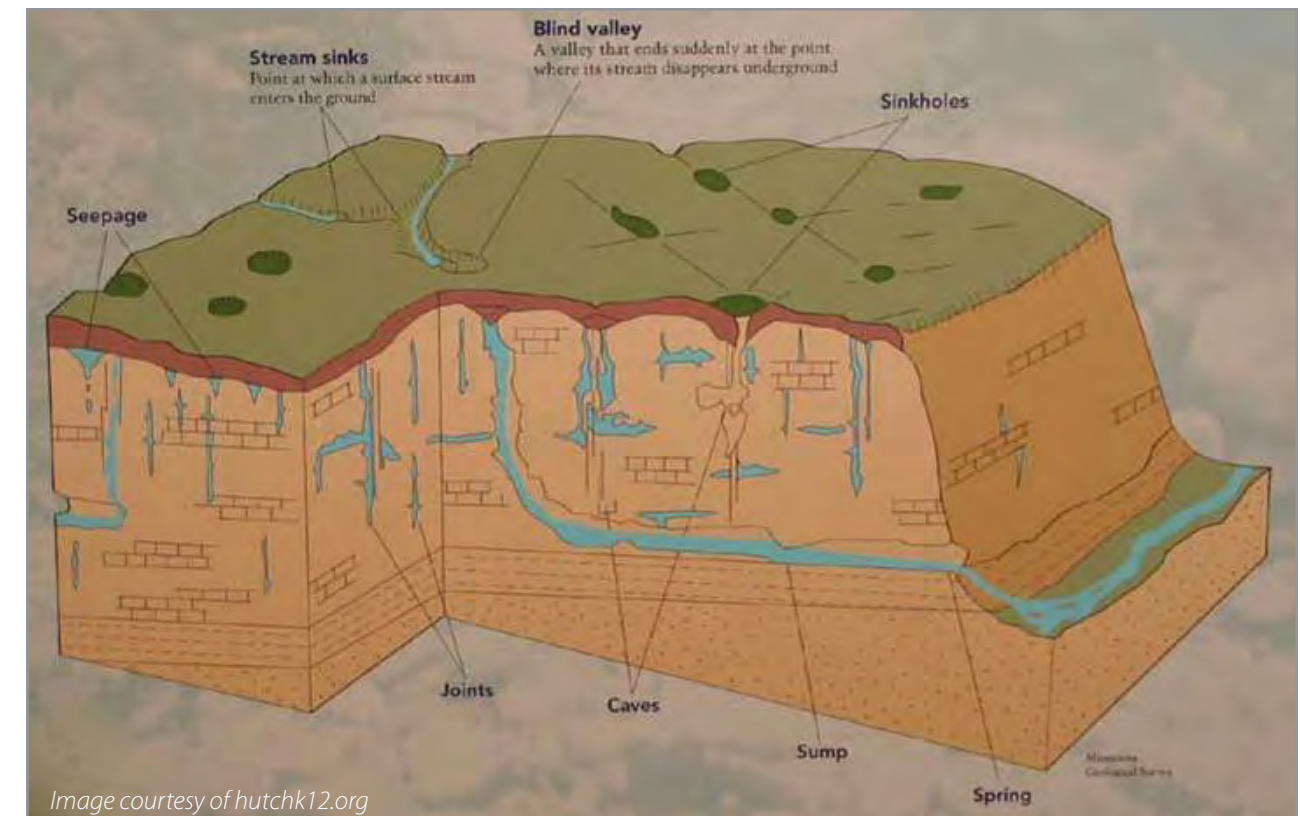


Image courtesy of hutchk12.org

FIGURE 8.2.2-1 - TYPICAL FEATURES OF AN AREA OF KARST TOPOGRAPHY



Photo courtesy of Ryan Frick

Zumbro River

8.2.3 FLOOD ZONES

The South Fork Zumbro River flows through downtown Rochester. Bear Creek joins the South Fork Zumbro River just east of the Government Center. Monthly average river flows range from approximately 100 cubic feet per second (cfs) in the winter months to over 400 cfs in the rainy spring season and average about 150 to 200 cfs the rest of the year (Source: Zumbro Watershed Partnership – Watershed Management Plan Page 40). This results in an average river stage of about 3 to 4 feet. See Figure 8.2.3-1 for the existing floodplain boundaries.

When the South Fork Zumbro River begins to flood, it has the following flood stage and flow characteristics (Source: National Weather Service Advanced Hydrologic Prediction Service website):

Category	Stage	Flow
Action	11 feet	4,300 cfs
Minor	14 feet	8,000 cfs
Moderate	18 feet	14,000 cfs
Major	20 feet	19,000 cfs

Flood stage is 14 feet. Record flood stage is 23.4 feet in July 1978.

As a result of the 1978 flood, flood control projects were undertaken by the City of Rochester, with support from the U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) and the U.S. Army Corps of Engineers (USACE). Construction on a 9-mile-long flood control project began in the mid-1980s and ended in the mid-1990s, resulting in protection of this stretch of river from storms with up to a 0.5% chance of occurrence. The flood control project cost \$114 million with the city's portion being \$40.7 million. The city funds were raised through a voter-approved, 1% addition to the local sale tax that was collected between 1983 and 1992 (Source: City of Rochester – Rochester Water Primer 2013 – Chapter 2 – Rochester's Water History).

The South Fork Zumbro River and its tributaries are all impaired waters due to total suspended solids and fecal coliform (Source: Minnesota Pollution Control Agency). In downtown Rochester there are warm water discharges from Rochester Public Utilities Silver Lake facility and from Mayo Clinic Franklin Heating Station. Note that the waterfall feature in the Zumbro River floodwall near the railroad bridge is the discharge point for the Franklin Heating Station water, and flows all year.

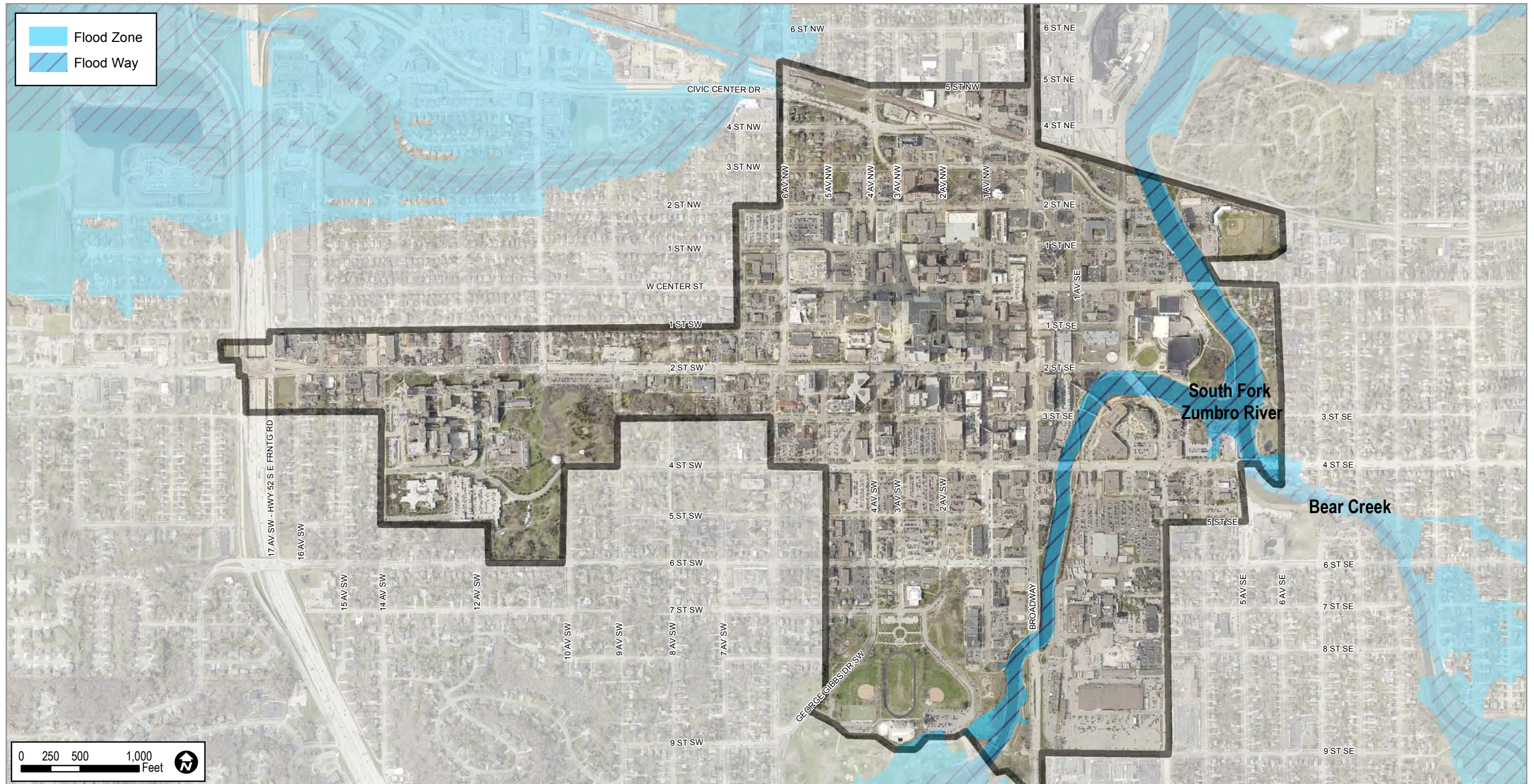


FIGURE 8.2.3-1 - EXISTING FLOODPLAIN BOUNDARIES

*Development District Boundary extends along South Broadway to 12th Street Southeast



Utilities

8.3 PUBLIC UTILITIES

This section addresses public utility infrastructure needs for underground utilities to support the DMC vision. The transportation strategy in Section 7 identifies the street capital improvement projects.

8.3.1 EXISTING CONDITIONS

Existing utilities in the DMC Development District consist of water, sanitary sewer, storm sewer, steam, chilled water, electricity, natural gas, and communications. The City of Rochester owns the sanitary sewer and storm sewer system. Rochester Public Utilities owns steam and electricity infrastructure. Olmsted County and Mayo Clinic own steam, electricity, and chilled water infrastructure. See Figures 8.3.1-1 and 8.3.1-2.

Few public and private sanitary sewer and storm sewer siphons allow these utilities to flow by gravity under fixed obstructions like pedestrian subways and the river. These are necessary, but undesirable from a long-term maintenance and operations perspective.

There is a history of localized street flooding in downtown that has led to building flooding. This flooding is separate from river flooding and is attributed to two factors:

- A storm sewer collection system that is undersized for the rainfall events that historically occur in Rochester
- Building entrance thresholds that may have been constructed at an elevation that didn't take into consideration the potential for typical street flooding

In the past few years the National Oceanic and Atmospheric Administration (NOAA) has issued revised hydrology information for the United States. In southeast Minnesota this means that the intensity, duration, and frequency of rainfall events that need to be used for storm sewer design has led to larger capacity storm sewer systems for the same existing conditions.

The following private utility companies have natural gas and communications infrastructure in the DMC Development District and are located in public right-of-way by permit with the City of Rochester:

- Arvig Communications
- Charter Communications
- CenturyLink
- Enventis Communications
- Jaguar Communications
- Windstream Communications
- Minnesota Energy Resources
- Neutral Path
- Zayo Bandwidth

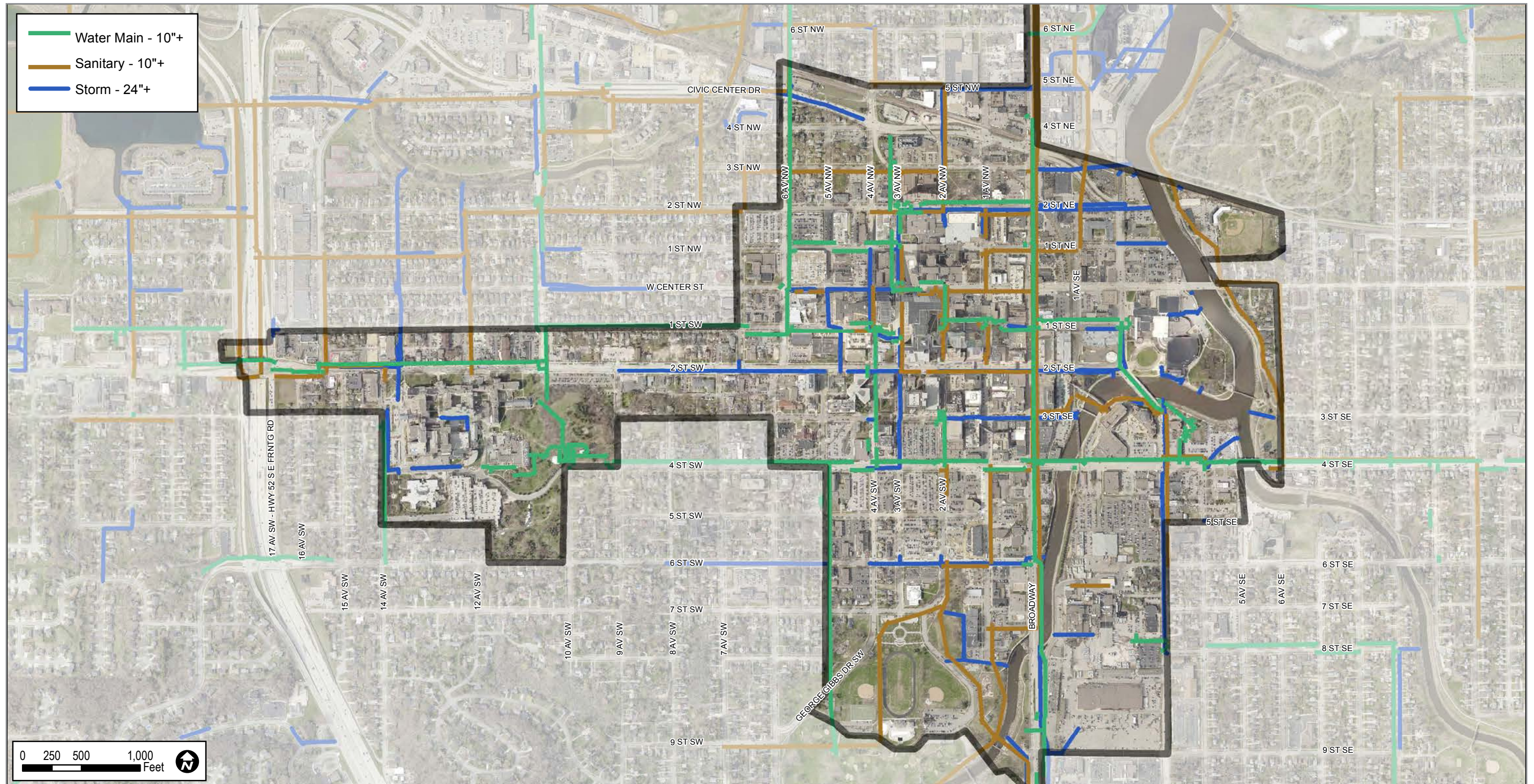


FIGURE 8.3.1-1 - ROCHESTER PUBLIC UTILITIES AND ROCHESTER PUBLIC WORKS WATER, SANITARY SEWER, AND STORM SEWER TRUNK LINES

*Development District Boundary extends along South Broadway to 12th Street Southeast

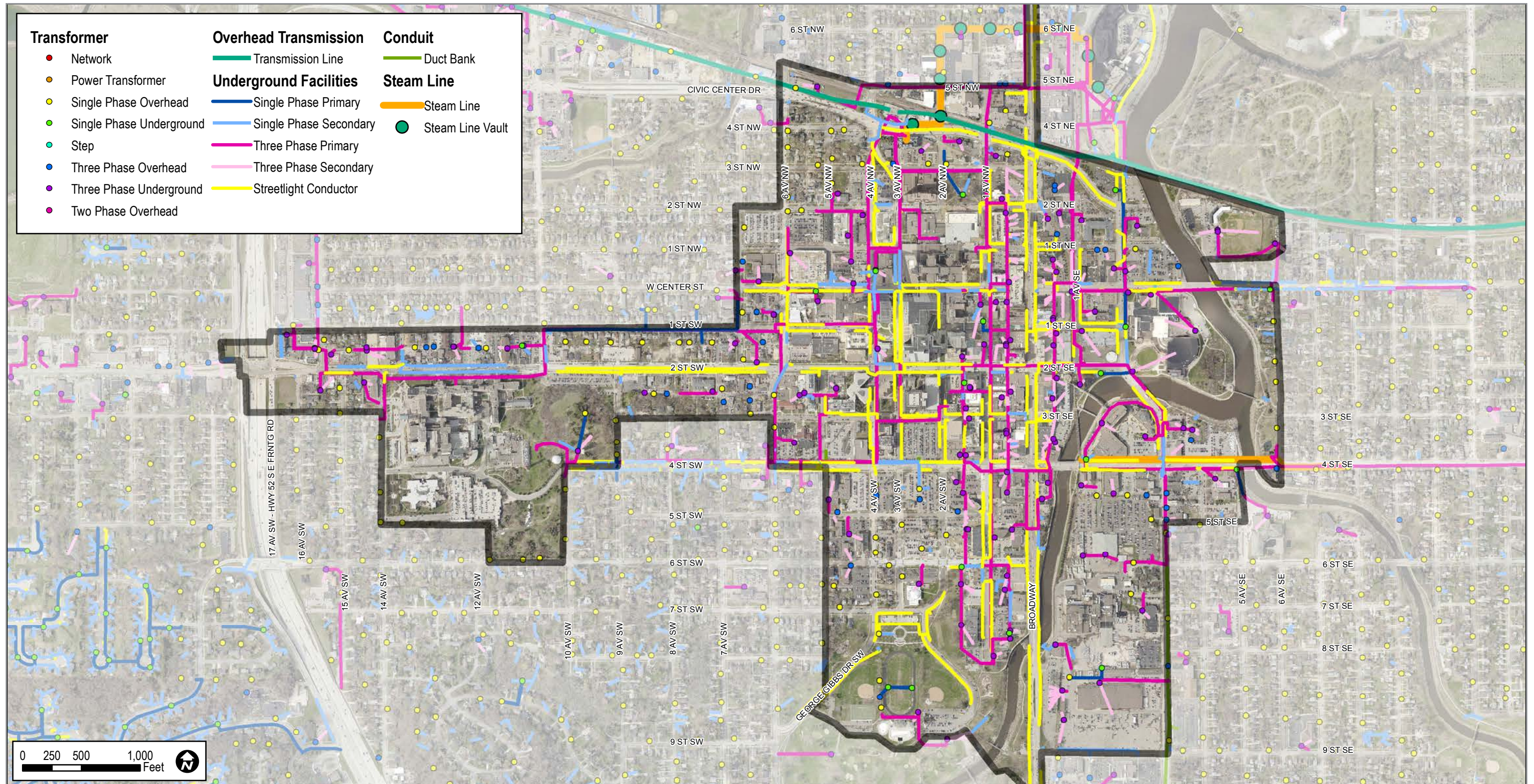


FIGURE 8.3.1-2 - ROCHESTER PUBLIC UTILITIES STEAM AND ELECTRICITY INFRASTRUCTURE

*Development District Boundary extends along South Broadway to 12th Street Southeast

8.3.2 PROJECT DESIGN CRITERIA

There are two main criteria for identifying general DMC infrastructure projects: **relief** and **rerouting**. **Relief projects** are needed where there is insufficient capacity to accommodate DMC growth. **Rerouting projects** are needed where proposed DMC improvements conflict with existing infrastructure. In addition, a third criterion is replacement due to age or condition, only in those cases where a proposed DMC relief or rerouting project is in close proximity to existing aging infrastructure and makes the replacement cost considerably less to occur concurrently with the nearby DMC project.

The relief and rerouting criteria account for the majority of utility projects required to support the DMC. The street reconstruction associated with these utility projects are accounted either in the street projects identified in **Section 7** to support the transportation strategy, or are identified in this section if the street reconstruction project is only due to the underlying utility project.

CRITERIA FOR DISTRICT UTILITIES, PRIVATE UTILITIES, AND ELECTRICITY

District utilities (steam and chilled water), private utilities (natural gas and communications), and electricity are all enterprise utilities, meaning their capital project costs and operations and maintenance costs are paid for out of revenue from user fees. For the DMC Development Plan no district utility, private utility, or electricity capital project was identified that would not be satisfied by the current enterprise model. For any public infrastructure project that requires relocation of private utilities in the public right-of-way, there should be no cost to the city or DMC, since the private utilities are in the public right-of-way by permit that requires relocation costs be borne by the utility owner. For district utilities and electricity relocations, none have been identified, but if required would likely become a cost to the city or DMC.

The University of Minnesota Rochester (UMR) Master Plan identified possible extensions of district utilities from either Olmsted Waste to Energy Facility (OWEF) or Mayo Clinic to serve the new UMR campus. Refer to the UMR Master Plan for options for the street corridors for these utility options might be located. Note that the OWEF option would be predicated on a new bridge for 6th Street over the Zumbro River.



Stormwater Best Management Practices (BMP)



Utility Construction

CRITERIA FOR UTILITY RELIEF PROJECTS

Previous study data for the City of Rochester and RPU were used as a basis to evaluate sanitary and water capacity. Distribution of new flows was estimated based on proposed DMC development square footages within the six districts. Any existing sanitary pipe that will be over 80% utilized with the new flows was identified as inadequate and needing relief. RPU used the same flow rate assumptions to identify water distribution relief projects that will be needed to provide adequate potable water and fire flow.

Relief projects, shown in Figure 8.3.2-1, also are needed for storm sewer to provide adequate conveyance of storm water following rainfall events, due primarily to changing storm water ordinances and rainfall intensity estimates. Rain intensity estimates in NOAA Atlas-14 in southeast Minnesota have increased, which more closely matches the historical rainfall data. The city also has indicated a desire to design storm sewer capacity to a 25-year rain event in the downtown area rather than a 10-year event, which is a higher standard and will require greater pipe capacity. For the purposes of this planning, the existing storm sewer system was assumed to be adequate to convey a 10-year storm event under previous intensity standards. Relief lines were identified to convey the increased volume of storm water to be generated by a 25-year Atlas 14 event.

Utility Relief Projects			
Map Reference Number	Development Phase	Capital Project Name	Escalated Costs
042	1	12th Ave Relief Line	\$2,103,000
043	1	Cooke Park (along 12th) Relief Line	\$2,103,000
044	1	Goose Egg Park Relief Line (Outside District)	\$3,417,000
060	1	2nd Ave NW Relief Line (Outside District)	\$4,205,000
061	1	Broadway Relief Line	\$3,154,000
082	1	Storm Sewer Atlas14 Capacity Increase	\$399,000
093	1	Street Reconstruction due to Utility Capacity Project	\$8,179,000
064	1	Water Main 12" Trunk Upsize	\$526,000
	1	Zumbro River, Storm Water Reduction	\$788,000
043	2	Installation of Grit Chambers/Storm Water Management	\$119,000
062	2	2nd Street SW Sanitary Sewer Relief Line	\$2,379,000
046	2	4th Street SW Sanitary Sewer Relief Line	\$2,379,000
051	2	Extension 12th Ave Relief	\$2,974,000
045	2	7th Ave Relief Line	\$5,947,000
048	2	Sanitary Sewer Government Center Siphon	\$2,379,000
047	2	7th Ave Storm Relief Line	\$1,784,000
083	2	Storm Sewer Atlas14 Capacity Increase	\$5,067,000
092	2	Street Reconstruction due to Utility Capacity Project	\$8,552,000
065	2	Water Main 16" Upgrade	\$1,189,000
063	3	Sanitary Civic Center Dr Relief Line	\$4,710,000
084	3	Storm Sewer Atlas14 Capacity Increase	\$2,597,000
096	3	Street Reconstruction due to Utility Capacity Project	\$2,987,000
095	4	Storm Sewer Atlas14 Capacity Increase	\$6,501,000
094	4	Street Reconstruction due to Utility Capacity Project	\$2,893,000
	GIS	Storm Water Management Planning	\$305,000
Total			\$77,636,000

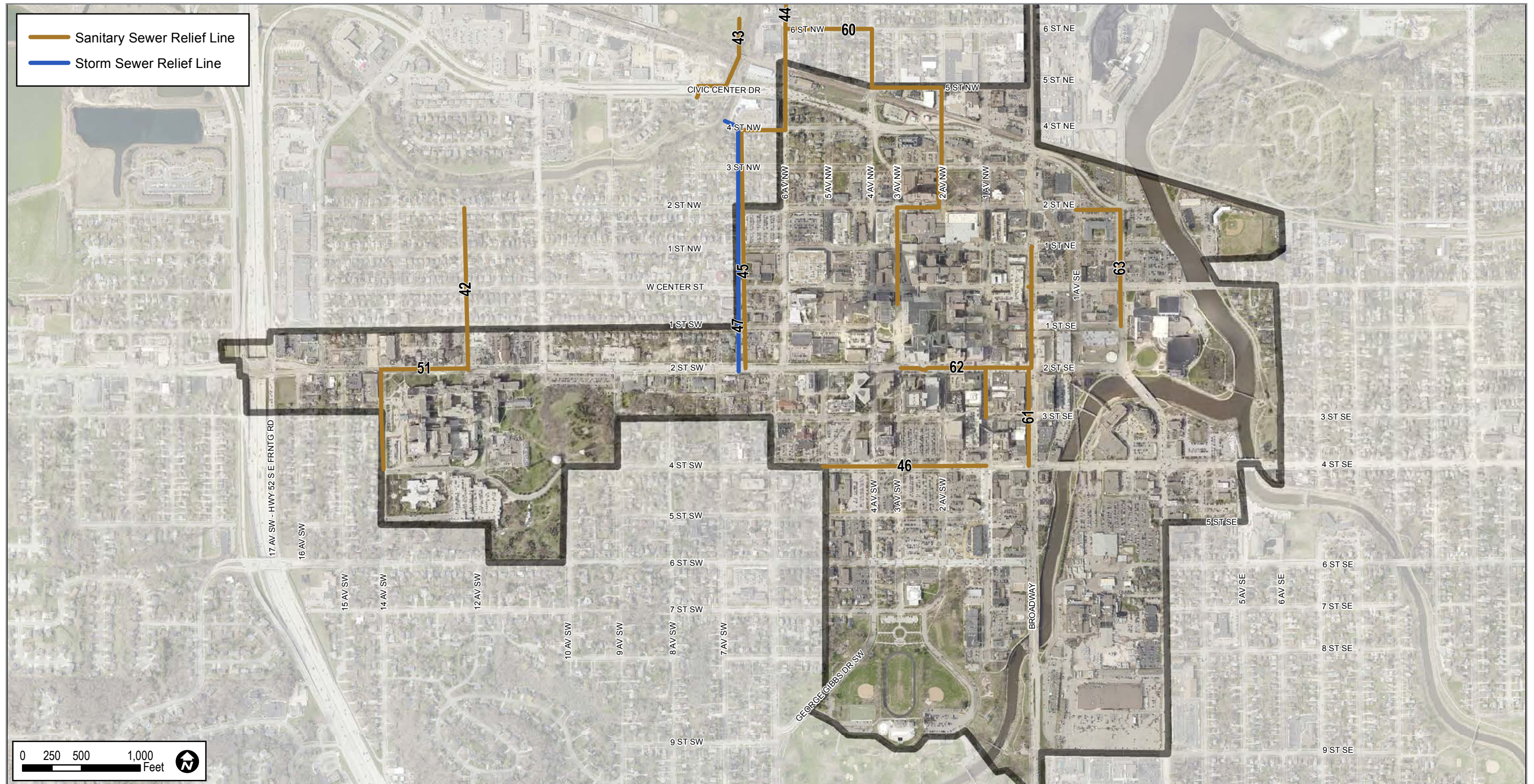


FIGURE 8.3.2-1 - UTILITY RELIEF PROJECTS

*Development District Boundary extends along South Broadway to 12th Street Southeast



Underground Utility Construction



Underground Utility Construction

CRITERIA FOR UTILITY REROUTING PROJECTS

Underground DMC development has the potential to conflict with existing utilities. For the purposes of planning, all proposed parking was assumed to be a potential underground conflict, as well as any proposed subways. Rerouting projects, shown in Figure 8.3.2-2, were identified to reroute any utilities in conflict with these items.

Utility Rerouting Projects			
Map Reference Number	Development Phase	Capital Project Name	Escalated Costs
088	2	Sanitary Sewer Reroute Civic Center Ramp	\$238,000
085	2	WaterMain Reroute 2nd Ave NW Subway	\$476,000
086	2	WaterMain Reroute Civic Center Ramp	\$238,000
087	2	WaterMain Reroute G17 Parking Ramp	\$119,000
080	2	Storm Sewer Reroute 1st Av 2St SE	\$238,000
081	2	Storm Sewer Reroute 5th Av 4St SE	\$119,000
078	2	Storm Sewer Reroute Siphon 2nd St NE	\$595,000
079	2	Storm Sewer Reroute Siphon 2nd St NW	\$595,000
077	3	Storm Sewer Reroute 2nd Ave NW	\$1,077,000
Total			\$3,695,000

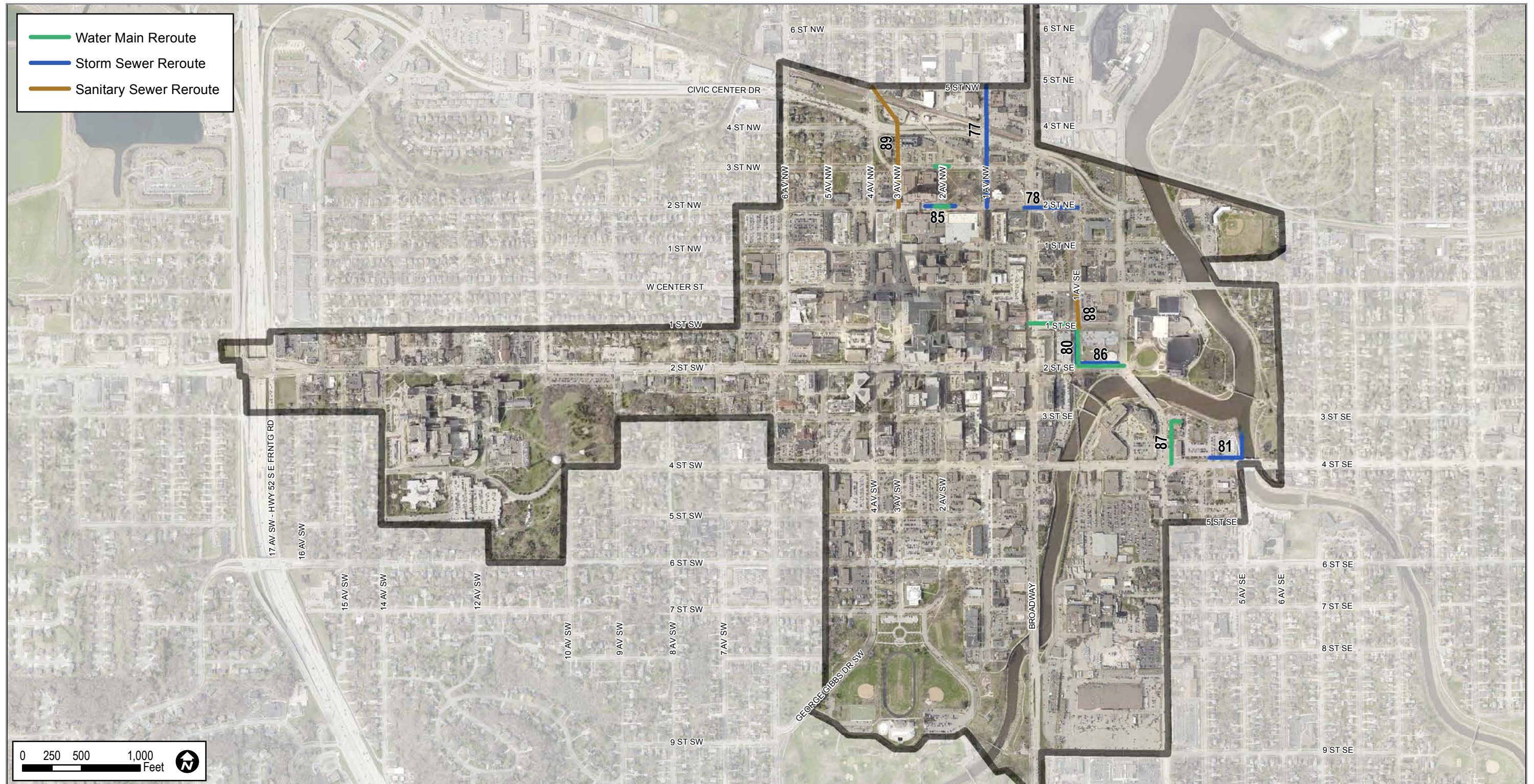


FIGURE 8.3.2-2 - UTILITY REROUTING PROJECTS

*Development District Boundary extends along South Broadway to 12th Street Southeast

CRITERIA FOR UTILITY REPLACEMENT PROJECTS

Utility pipes were identified that will reach the end of their expected design life within the planning period (2014–2034). Any utility pipe that was constructed before 1970 and was within the right-of-way of a planned DMC road and transit reconstruction project was selected for replacement. Figure 8.3.2-3 shows a map of potential utility replacement projects.

Utility Replacement Projects			
Map Reference Number	Development Phase	Capital Project Name	Escalated Costs
068	1	Sanitary Sewer Replacement	\$2,628,000
071	1	Storm Sewer Replacement	\$1,314,000
074	1	Water Main Replacement	\$1,189,000
070	2	Sanitary Sewer Replacement	\$2,379,000
072	2	Storm Sewer Replacement	\$1,487,000
075	2	Water Main Replacement	\$1,189,000
076	3	Sanitary Sewer Replacement	\$673,000
091	3	Water Main Replacement	\$336,000
073	3	Storm Sewer Replacement	\$673,000
069	4	Sanitary Sewer Replacement	\$761,000
059	4	Storm Sewer Replacement	\$381,000
090	4	Water Main Replacement	\$381,000
Total			\$13,391,000

8.3.3 COORDINATION WITH TRANSPORTATION PLAN AND CITY PLANS

COORDINATION WITH TRANSPORTATION PLAN

The Transportation Plan in Section 7 outlines the transportation strategy and identifies the street and bridge capital improvement projects that support the DMC vision. These transportation projects have been coordinated with the public utilities plan. Where a transportation project and public utilities project are proposed in the same location, the two projects have been scheduled to occur in the same phase. In addition, where a transportation project would require the reconstruction of a street, if the existing utilities in that street are more than 40 years in age, a capital project to replace those utilities, due to age and condition, has been identified for the DMC Development Plan.

COORDINATION WITH CITY PLAN

The city's current Capital Improvement Program (CIP) is for 2014–2018. The CIP contains several proposed relief projects that are needed to support the DMC Development Plan. At the time this report was being drafted, the city was preparing the 2015-2019 CIP. That CIP has not been reviewed.

8.3.4 RECOMMENDED PHASING/IMPROVEMENTS STRATEGIES

The phasing of public utilities projects was guided by both the thresholds of development intensity that triggered specific projects and the phasing of street and bridge projects to achieve the transportation strategy. Capacity of existing pipes was based on capacity modeling calculations completed during the City's Downtown Project Area 3 ("PA3") sanitary sewer study, and Kutzky/Slatterly Pilot I/I sanitary sewer study, and invert/length information obtained from the City GIS.

Existing flow rates were based on actual metered and modeled data from the PA3 and Kutzky/Slatterly studies. Pipes that had not been included in either study were typically 8-inch diameter collection mains. These were assumed to be 50% full under existing peak wet weather conditions for the purpose of this analysis.

New flows were estimated based on the amount and type of DMC development in each district. Each type of development was assigned a unit flow rate. For example, the unit flow rate for 'health' is 0.10 gallons per day per square foot; the unit flow rate for 'hotel' is 50 gallons per day per room. These unit rates are based on actual metered sanitary sewer data, RPU water use data, and applicable industry design guidelines. These unit rates were multiplied by the proposed development units (square footage, rooms, etc) to produce estimated future flows.

When the proposed DMC development causes flows to reach above 80% of existing pipe capacity, then it will trigger the need to upgrade existing pipes to bigger pipes. The 80% trigger comes from the City of Rochester design standards, which requires new pipes to be less than 80% full when carrying peak wet weather flows.

The utilization percentages and any triggered improvements were estimated for Development Phases 1–4. This breakdown corresponds to the square footage development projections that were estimated for Development Phases 1–4.

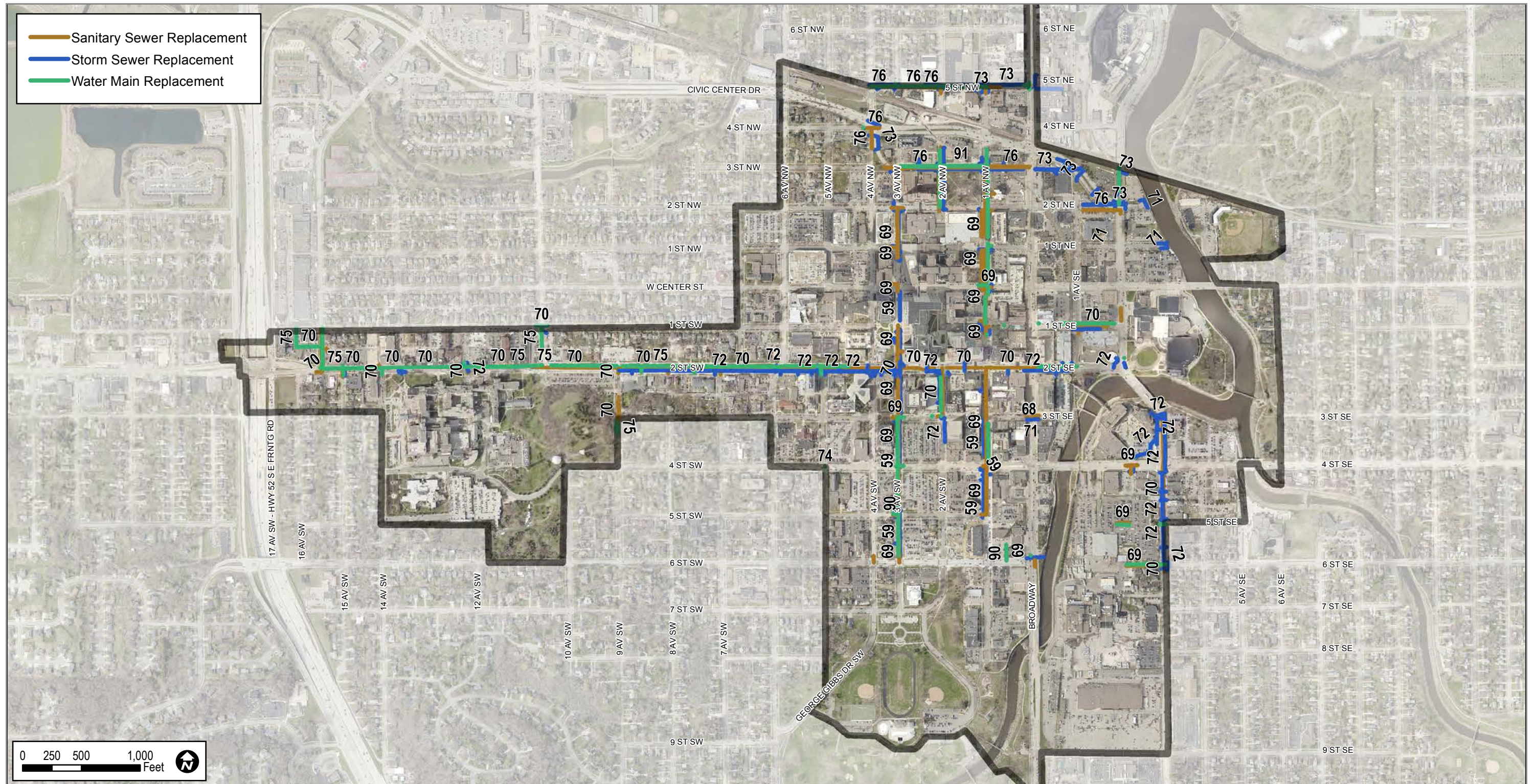


FIGURE 8.3.2-3 -MAP OF REPLACEMENT DUE TO AGE CONDITION OR PROXIMITY THE STREET PROJECTS

*Development District Boundary extends along South Broadway to 12th Street Southeast



Photo courtesy mprnews.org

Skyway



Photo courtesy mprnews.org

Pedestrian Subway

8.4 BRIDGES, SUBWAYS AND SKYWAYS

Subways, skyways, and bridges are important structures that support pedestrian and vehicle movement in downtown. The Master Plan in Section 6 outlines the public realm strategy and the Transportation Plan in Section 7 outlines the transportation strategy that identify the subway, skyway and bridge capital improvements that support the DMC vision. Section 7 addresses vehicular bridges and the associated capital projects and costs. This section addresses pedestrian structures; subways, skyways, and pedestrian bridges.

8.4.1 EXISTING CONDITIONS

The Mayo Clinic has developed a pedestrian subway system for patients, visitors, and staff that interconnects all of the Mayo Clinic buildings and parking areas in the vicinity of the Gonda Building. The pedestrian subway has some areas that are restricted to Mayo Clinic staff only. See Figure 8.4.1-1 showing the Mayo Clinic subway system.

The City of Rochester and private property owners have developed a climate-controlled pedestrian skyway system for public use that interconnects all of the major public buildings (library, civic center, government center, University of Minnesota Rochester (UMR) classrooms, UMR housing, and public parking ramps) and passes through numerous private properties (hotels, shopping mall, and restaurants). See Figure 8.4.1-1 showing the public skyway system.

The subway and skyway systems are important pedestrian facilities for accessibility challenged visitors as well as for all pedestrians during cold and rainy weather. The skyway system and subway system are generally in separate geographic areas. The primary place that these two systems are vertically interconnected by both elevator and escalator is in the Centerplace Building (at the northwest corner of 2nd Street S and 1st Avenue W). See Figure 8.4.1-1.

Small retail and fast food businesses have been developed in the subway and skyway. In the subway, these businesses are primarily under the Kahler Grand Hotel, the Marriot Hotel, and the Centerplace Building. In the skyway, these businesses are primarily in the University Square Mall, the Oddfellows Building, and the Doubletree Hotel.

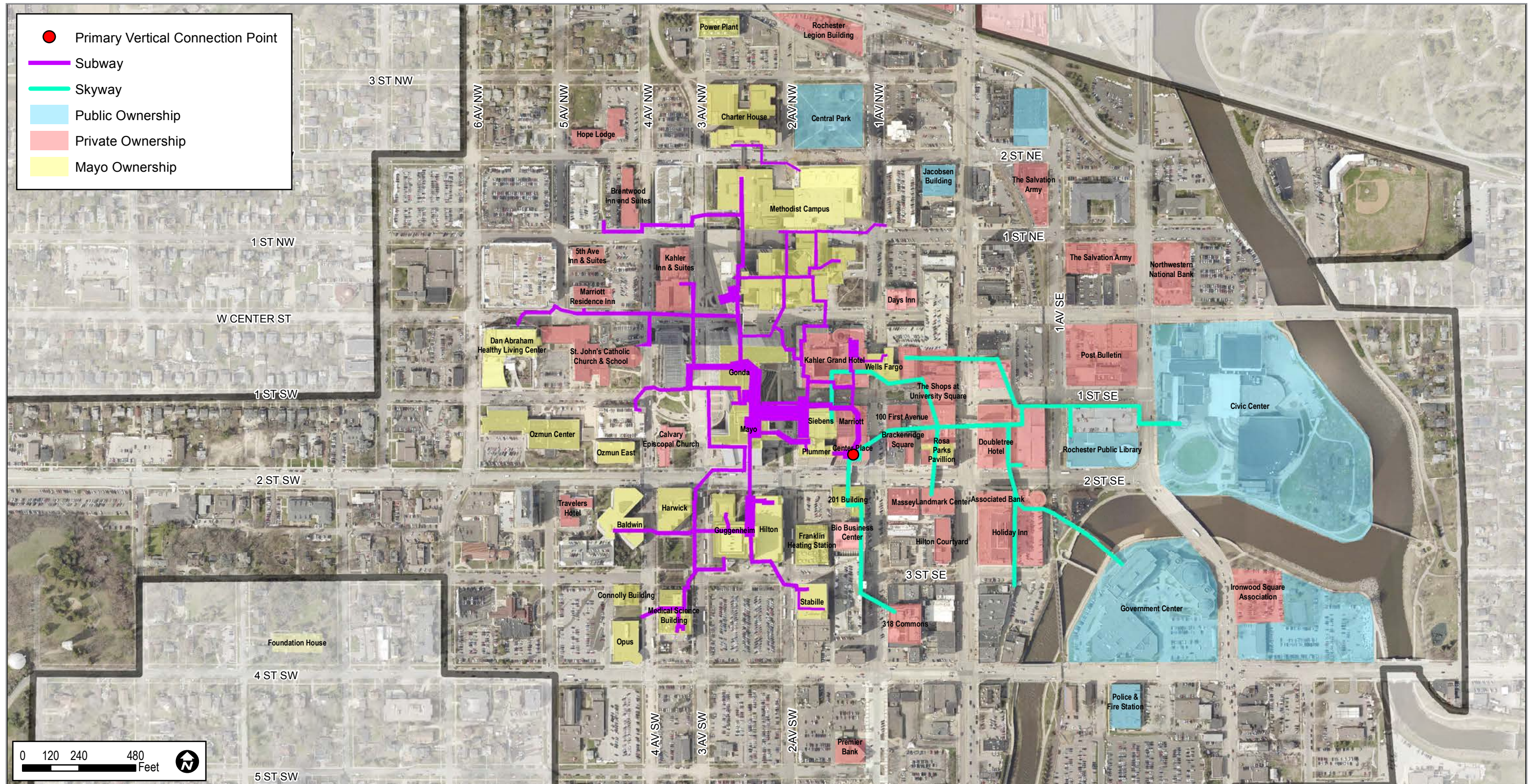


FIGURE 8.4.1-1 - MAYO CLINIC SUBWAY SYSTEM AND PUBLIC SKYWAY SYSTEM

*Development District Boundary extends along South Broadway to 12th Street Southeast

8.4.2 PROJECT DESIGN CRITERIA

CRITERIA FOR PEDESTRIAN SUBWAY PROJECTS

New pedestrian subways were identified where new land uses serving Mayo Clinic could be easily connected via relatively short distances to existing subways or Mayo Clinic facilities. There are no subway rerouting or replacement projects; however, the Ice Pavilion is proposed to be constructed at the subway level to expose the pedestrian subway and create a physical and visible vertical connection to the street level. Figure 8.4.2-1 shows a map of subway and skyway projects.

CRITERIA FOR SKYWAY PROJECTS

The criteria for expansion of the skyway system should follow the Rochester Downtown Master Plan criteria, which states:

- No additional skyway crossings should be allowed on 1st Avenue SW or 3rd Street SW/SE (beyond those approved as of 2010). This will help retain the intimate, “Main Street” feeling of these streets and encourage street-level retail and activity
- New skyway connections must be strategically important toward closing gaps in the system and not expand outside the current Central Business District (CBD) “loop”
- Within the priority areas, connections should only be considered for uses that generate a high level of pedestrian activity such as hotels, large residential buildings, parking garages, civic and government uses, and large office towers
- Skyway connections should not be made where parallel crossings are available within two blocks and easily accessed through the system
- Skyway crossings of Broadway should be designed to ensure adequate height to allow future electric streetcar operations. Clearance of 18 feet is helpful in accommodating centenary wires at a height that allows streetcars to operate in mixed traffic.
- In place of east-west skyways south of 2nd Street, consideration should be given to the development of a 3rd Street S pedestrian corridor design program that would include a unified and continuous awning design, heated sidewalks, wayfinding, and amenity program. While this would not replicate the climate controlled skywalk environment, it could help encourage street-level pedestrian activity in this important corridor.
- Skyway design standards should be developed and adopted to ensure future skyway connections fit in with the character of the downtown streetscape, especially as they relate to historic buildings and crossings of important pedestrian corridors

CRITERIA FOR BRIDGE PROJECTS

New bridges were identified where street or pedestrian connections would improve vehicle and pedestrian circulation. Bridge replacement projects were identified where existing bridges need to be strengthened or replaced to support the proposed fixed guideway transit system.

Pedestrian Subway, Skyway, and Bridge Projects			
Map Reference Number	Development Phase	Capital Project Name	Escalated Costs
034	2	2nd Avenue NW Subway	\$5,947,000
023	2	Civic Center Pedestrian Bridge	\$2,676,000
		Other Subways and Skyways	\$3,500,000
002	2	Skyway Ring	Alternate
Total			\$12,123,000

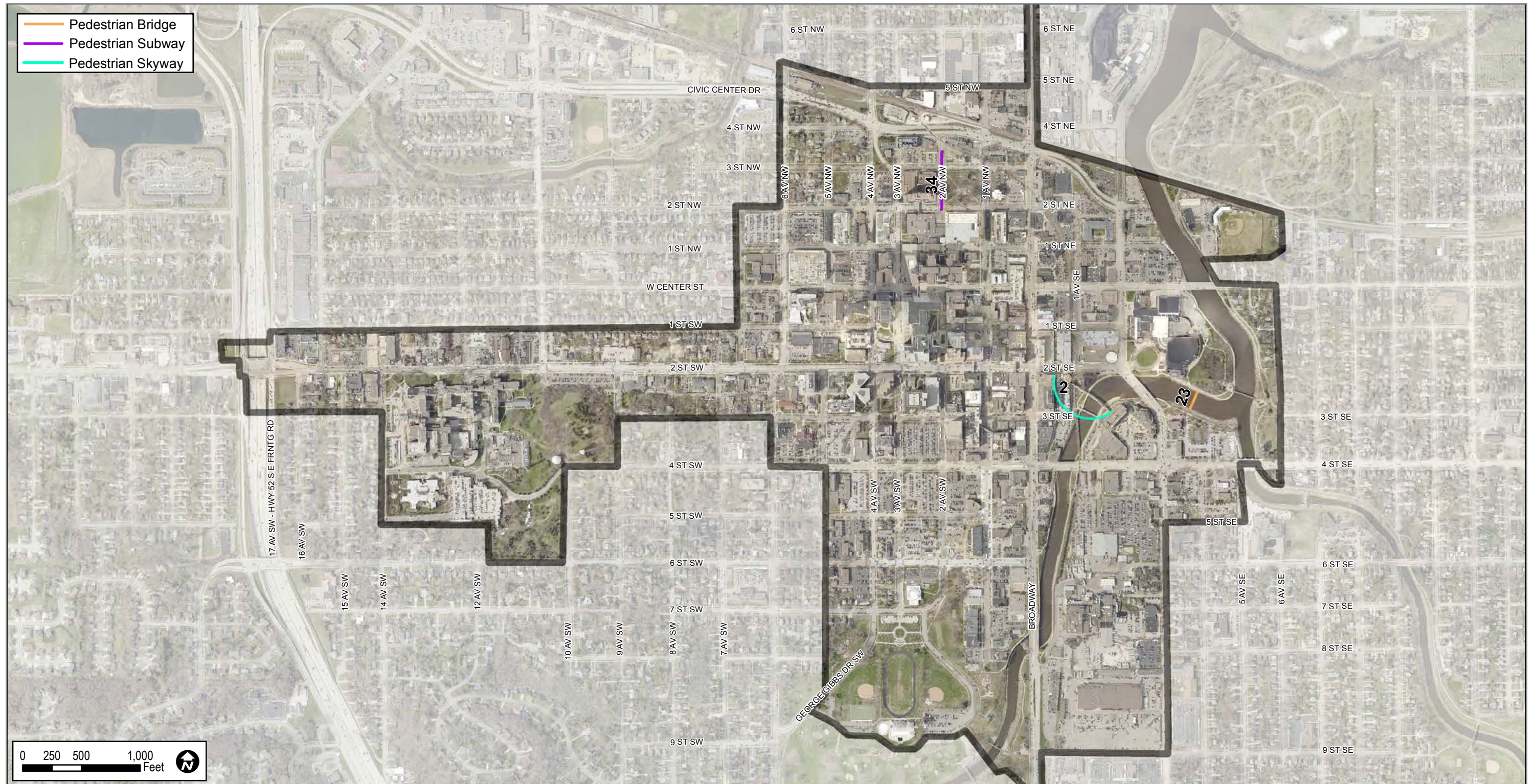


FIGURE 8.4.2-1 - MAP OF SUBWAY AND SKYWAY PROJECTS

*Development District Boundary extends along South Broadway to 12th Street Southeast

8.5 SHARED PARKING

8.5.1 EXISTING CONDITIONS

This section addresses the need for additional off-street parking to support the DMC vision. Note that the transportation strategy in Section 7 defines the future parking demand, and provides details of the shared parking analysis that identifies the need for approximately 17,000 net new spaces over the course of the 20-year DMC planning horizon. This Parking Development Plan identifies where those 17,000 net new stalls can be located, and accounts for existing parking that would be removed to make way for DMC development, and accounts for replacing those parking stalls.

Parking in downtown Rochester is a mix of on-street and off-street parking. As the downtown has grown, the need for parking has grown. Surface parking has been a solution for both providing needed parking and “land banking” for future development. Structured parking has been a solution in more recent years to provide larger reservoirs of parking closer to entertainment venues, retail and professional buildings, and Mayo Clinic patient areas. On-street parking is primarily metered within the area bounded by 3rd Avenue E and the river on the east, 6th Avenue W on the west, Civic Center Drive on the north, and 6th Street S on the south. See Figure 8.5.1-1 for the City of Rochester on-street parking map.

Existing On-Street Parking	
30-min	158
90-min	402
2-hour	172
3-hour	357
10-hour	365
Total	1,454

There is a significant unmet parking demand for downtown parking. The Mayo Clinic and City of Rochester have waiting lists for parking in the downtown area estimated at approximately 15,000 people, consisting primarily of downtown employees that drive to work. This estimate does not include waiting lists for private contract parking areas.

A large portion of the unmet downtown parking demand is served by the Mayo Clinic remote parking/shuttle system, which is available to Mayo Clinic employees only. Another significant portion of the unmet downtown parking demand finds parking in residential areas outside the heart of downtown. The city has instituted a residential parking permit system to help residents keep their street parking available to residents and guests. Free public on-street parking can be found six blocks or more from the heart of downtown. Many employees park on the streets near Soldiers Field. These parking spaces are filled by about 7:00 a.m.

Existing Off-Street Parking	
Mayo Clinic Ramps	9,500
Mayo Clinic Lots	3,800
City of Rochester Ramps	3,000
City of Rochester Lots	1,100
Private Contract Lots	600
Total	18,000

These counts do not include private surface parking lots that are self-parked, the only exception being Mayo Clinic. Figure 8.5.1-2 shows the locations of the approximately 18,000 existing off-street parking stalls for Mayo Clinic, public parking, and private contract parking.

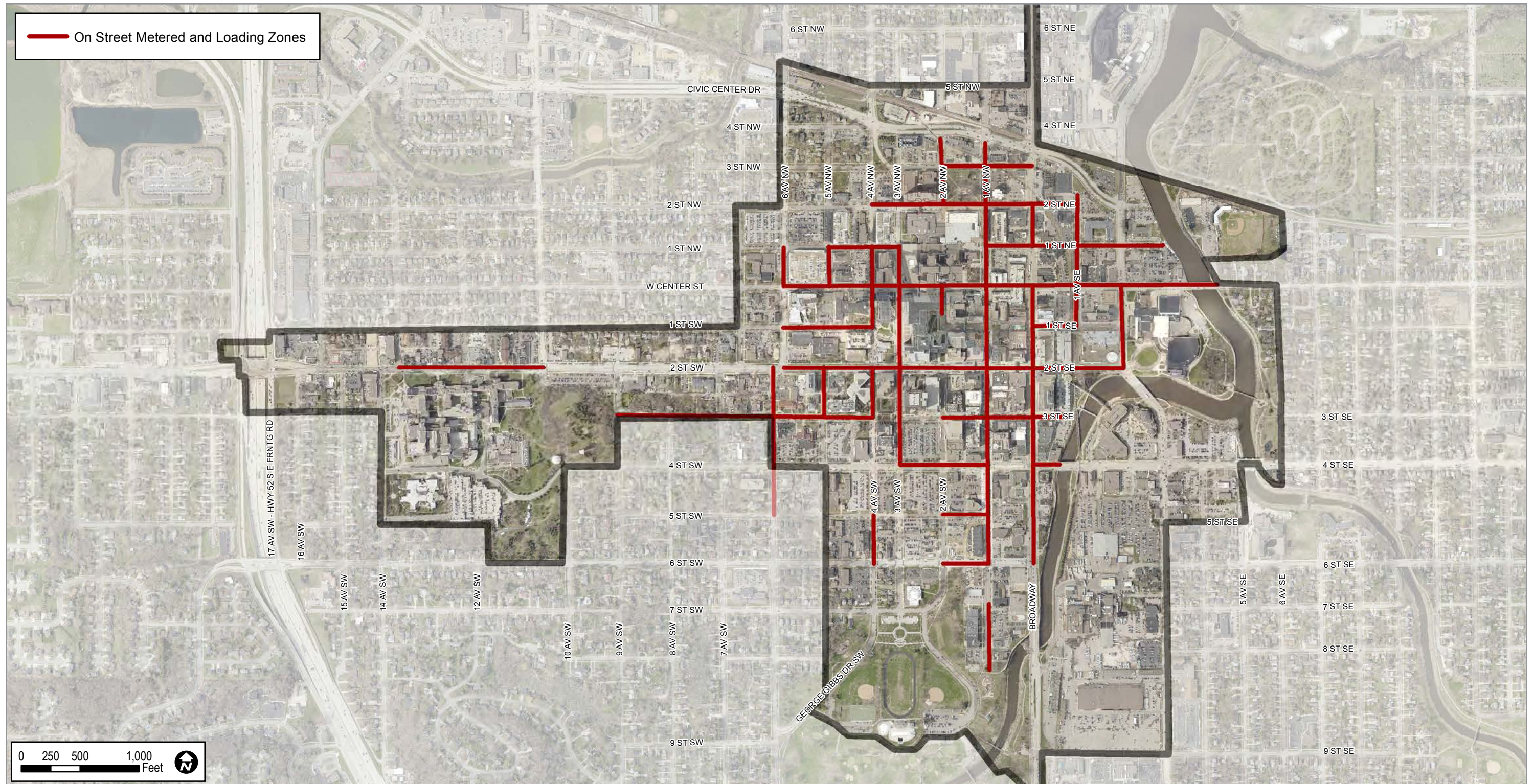


FIGURE 8.5.1-1 - ON-STREET PARKING LOCATIONS

*Development District Boundary extends along South Broadway to 12th Street Southeast

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8.5.2 PROJECT DESIGN CRITERIA

Early in the DMC planning process it was understood that approximately 10,000 to 20,000 new parking stalls would be required in the DMC Development Plan. Initial preliminary calculations indicated that the magnitude of this parking would be equivalent to up to 10 city blocks of parking ramps six stories tall. It is necessary to find ways to incorporate parking in the DMC Development Plan on a block-by-block basis, not only to dilute the visual impact of parking ramps, but also to make the parking more effective by being as close to the destinations as practical.

Several ramp configurations were established to accommodate parking needs for the DMC initiative and to provide a realistic supply on each block. The various design criteria for each type is outlined below:

- Self-parked areas are for residential and hotel and have been assigned spaces at a rate of 1.0 spaces per dwelling unit or hotel room
- Self-parked plus areas have some retail on the block along with the residential use. An additional 10 to 20% more parking was added to the number of residential spaces on those blocks to reserve spaces for the residents and provide sharing spaces for the district.
- Integrated ramps are found on blocks where the amount of parking is less than what the block needs (e.g., most of the ramps in Discovery Square). These ramps are wrapped with the program development envisioned on the block.
- Integrated reservoirs are found on blocks that can support significantly more parking than what the block needs thereby acting as a parking reservoir for public parking within the district or in an adjacent district. These ramps are wrapped with the program development envisioned on the block.
- Reservoir ramps are meant to provide large amounts of public parking within the district or in an adjacent district. These ramps are wrapped with an appropriate level of the program development.



Rochester, Minnesota



Wrapped private parking (self parked)



Wrapped public parking (integrated ramp)

8.5.3 COORDINATION WITH TRANSPORTATION PLAN AND CITY PLANS

The Transportation Plan in Section 7 outlines the transportation strategy and identifies an access management district, supported by transit that would manage the development of new parking to support the DMC initiative. The shared parking analysis in Section 7 was the foundation for this Parking Development Plan.

8.5.4 RECOMMENDED PHASING/IMPROVEMENTS STRATEGIES

ASSUMPTIONS

Parking for all new development will be shared parking except for residential and some hotel parking. Parking capacity will be allocated in the following priority order:

- Downtown Parking Priority (off-street) for patients and residents
- Downtown Parking Secondary (off-street and on-street) for retail patrons and short-term visitors
- Peripheral Parking (park-and-rides) for commuters and long-term visitors

Parking demand will vary by phase based on potential for sharing, availability of transit, and Transportation Demand Management programming. It is assumed that a parking wayfinding system and bus information system will be part of the real-time transportation information provided to employees, customers and visitors downtown. Total parking in each district was adjusted to be equivalent to the districtwide shared parking calculations which are summarized below:

Heart of the City	3,527
Discovery Square	7,006
Downtown Waterfront	2,142
Saint Marys Place	1,477
UMR & Recreation	293
Central Station	2,373
Total	16,818 spaces

In no case was a parking ramp envisioned that exceeded four levels of parking above ground or two levels underground.

LOCATIONS

The Development Plan allocated proposed development to each block. Parking rates, as adjusted by the shared parking analysis, were used to estimate parking demand for each block. Then each block was evaluated as to its size and amount of development to determine the realistic amount of parking that could be supplied on that parcel. These parking configurations are also useful in defining pricing categories. Figure 8.5.4-1 shows a map of parking allocation by type.

Once parking was allocated on each block then the amount of parking supplied on each block was summed to determine the amount of parking in each district. The amount of parking allocated to each district was compared to the shared parking requirements. As the summary below indicates some districts have significant deficits while others provide more than is needed in that district.

Rochester DMC Parking Allocation Summary Table				
District	New to be Constructed	Net New	NN Shared Parking	Overage, (Deficit)
Heart of the City	780	368	3,527	(3,159)
Discovery Square	6,565	4,170	7,006	(2,836)
Downtown Waterfront	6,830	4,759	2,142	2,617
St Marys Place	2,835	2,513	1,477	1,036
UMR & Recreation	270	270	293	(23)
Central Station	5,570	4,738	2,373	2,365
Total	22,850	16,818	16,818	-



Visually screened ramp in multi-story mixed-use tower (integrated ramp)



Reservoir Ramp



Anoka, Minnesota

Due to the removal of existing surface lots and parking ramps for development, it is estimated that nearly 23,000 new parking spaces will be required to yield nearly 17,000 net new parking spaces. A portion of the shared parking is assumed to be delivered by private developers, UMR, and other entities. It is assumed that the shared parking capital cost for the DMC Development Plan is \$725,000,000.

Development Phase 1	
New Block ID	No. of Spaces
C04	540
C11	240
D05	240
D15	800
G08	450
M09	1085
M10	800
R5	270
T12	680
Phase 1 Total	5105

Development Phase 2	
New Block ID	No. of Spaces
D02	290
D03	250
D04	343
D04	342
D07	275
D08	285
D09	1150
D10	460
D11	930
D14	1200
G09	210
G09	220
G09	220
G12	970
G14	50
M01	300
M02	250
T05	1000
Phase 2 Total	8745

Development Phase 3	
New Block ID	No. of Spaces
G01	330
G05	200
G06	270
G07	810
G13	250
G18	1050
G20	720
G21	1080
M03	250
T04	2600
T08	400
T11	240
T12	450
T20	200
Phase 3 Total	8850

Development Phase 4	
New Block ID	No. of Spaces
M07	50
M12	75
M14	25
Phase 4 Total	150

PHASED IMPLEMENTATION

The parking demand analysis in Section 7 anticipates a majority of the new parking stalls will be developed in the first three 5-year phases of development. Park-and-ride facilities and transit would satisfy additional parking demand that emerges in the later years of the 20-year development horizon. Figure 8.5.4-2 shows the allocation of parking stalls by development phase.



Visually screened transit station ramp (integrated reservoir)

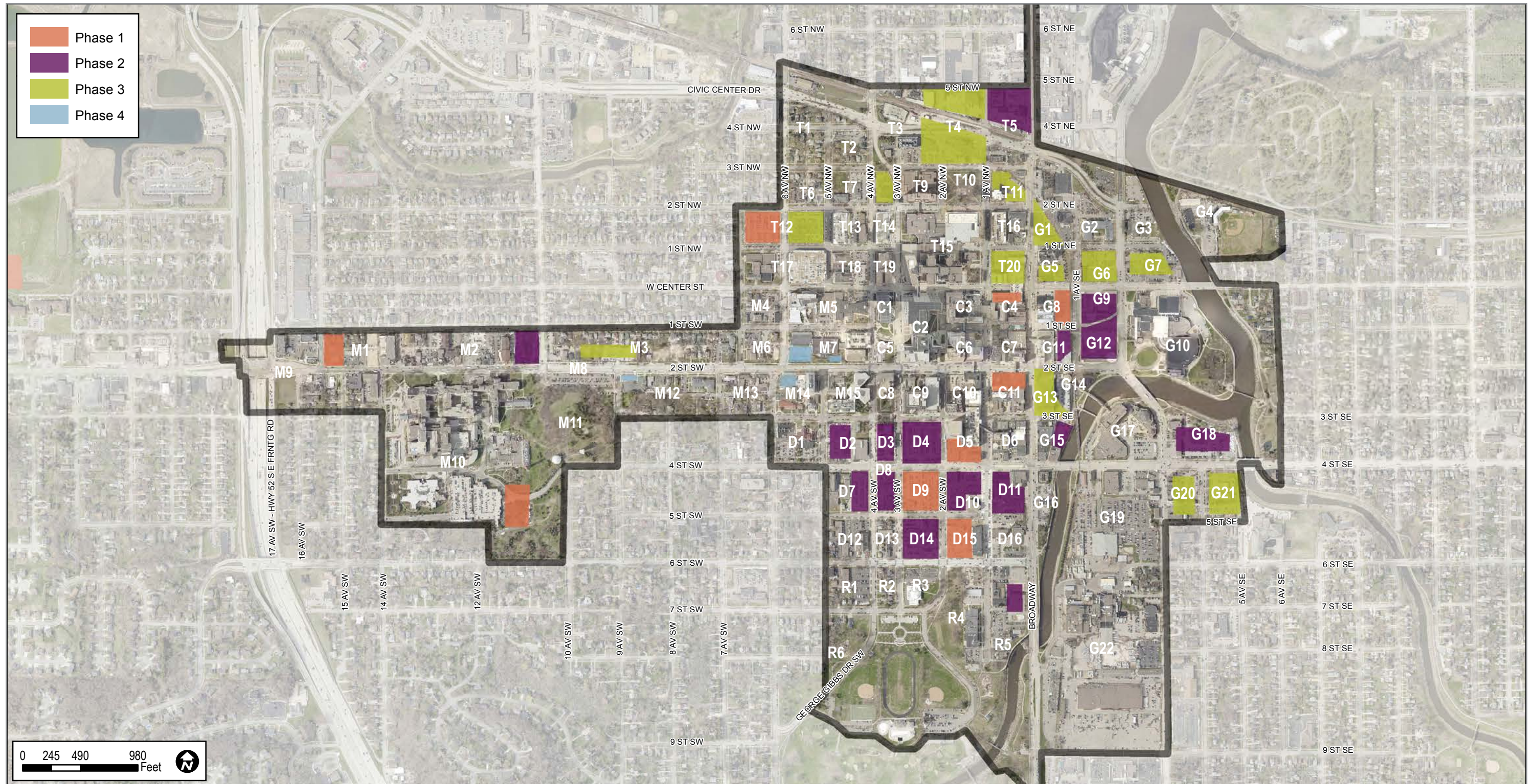


FIGURE 8.5.4-2 - MAP OF PARKING ALLOCATION BY PHASE

*Development District Boundary extends along South Broadway to 12th Street Southeast



Photo courtesy City of Minneapolis

Affordable housing

8.6 PARCEL DEVELOPMENT

This section estimates the costs that may be required to prepare parcels for development. Most parcel development costs will be borne by developers; however, some parcel development costs may be an opportunity for DMC participation to incentivize development to follow the DMC Development Plan.

8.6.1 EXISTING CONDITIONS

AFFORDABLE HOUSING

An inventory of affordable housing was created during the master planning process by researching and identifying the locations of private housing developments that accept Olmsted County Housing Choice Vouchers (formerly known as Section 8) within downtown Rochester (see Figure 8.6.1-1). The Infrastructure Plan took into consideration the location of affordable housing and minimizes potential impacts to those areas.

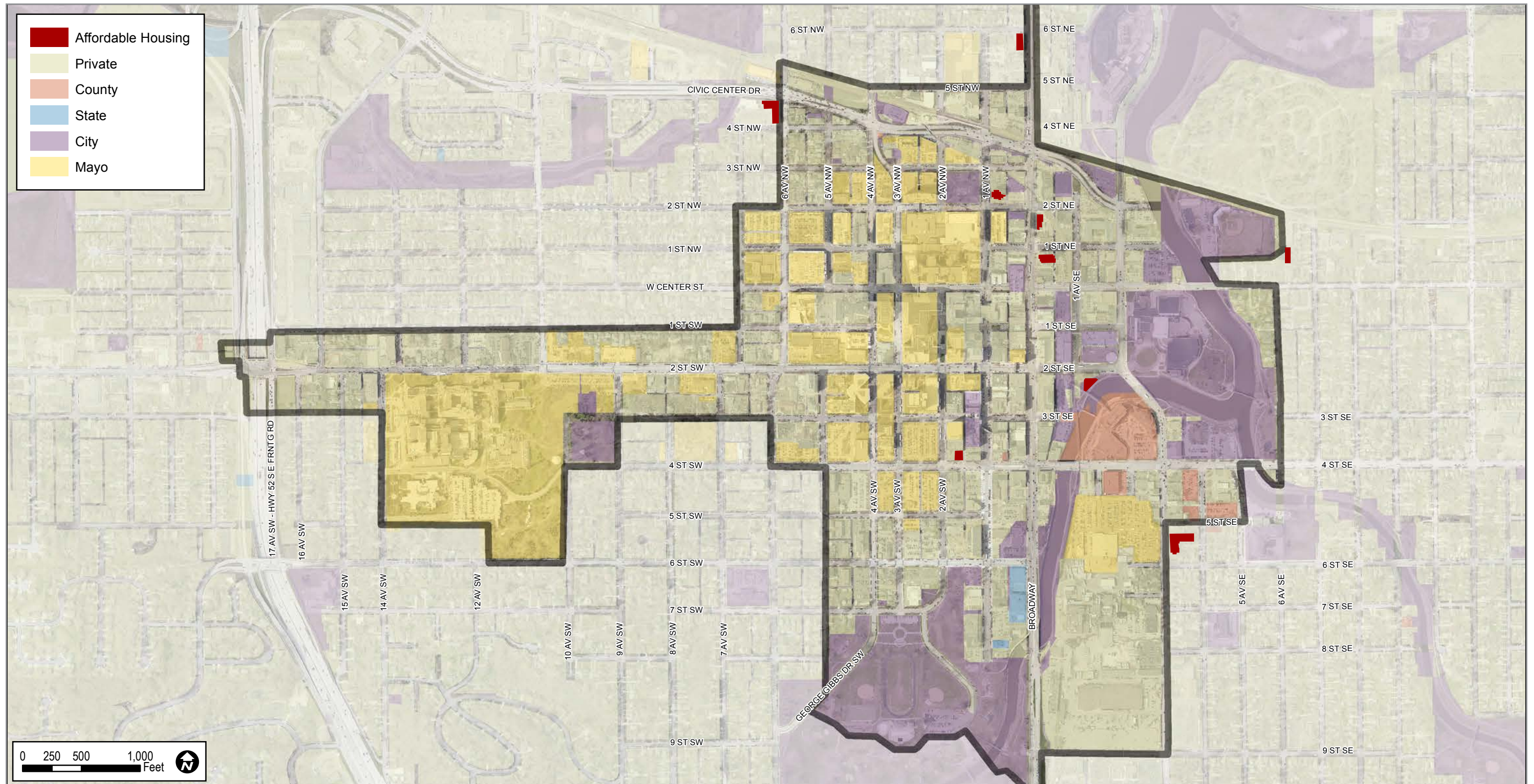


FIGURE 8.6.1-1 - AFFORDABLE HOUSING AND PROPERTY OWNERSHIP MAP

*Development District Boundary extends along South Broadway to 12th Street Southeast



HISTORIC PROPERTIES

The City of Rochester has a rich history that is reflected in its built environment. A number of properties and one neighborhood have been identified to have intrinsic value and are officially listed on the National Register of Historic Places (NHRP) (see Figure 8.6.1-2). In July 2014 the city commissioned an inventory of historic properties. Phase 1 of this study focused on properties located within the downtown core. The survey resulted in the identification of 12 architecturally historic properties that are NRHP listed. The survey identified six additional architecturally historic properties that are NRHP eligible in the opinion of the investigator.

Plummer Building

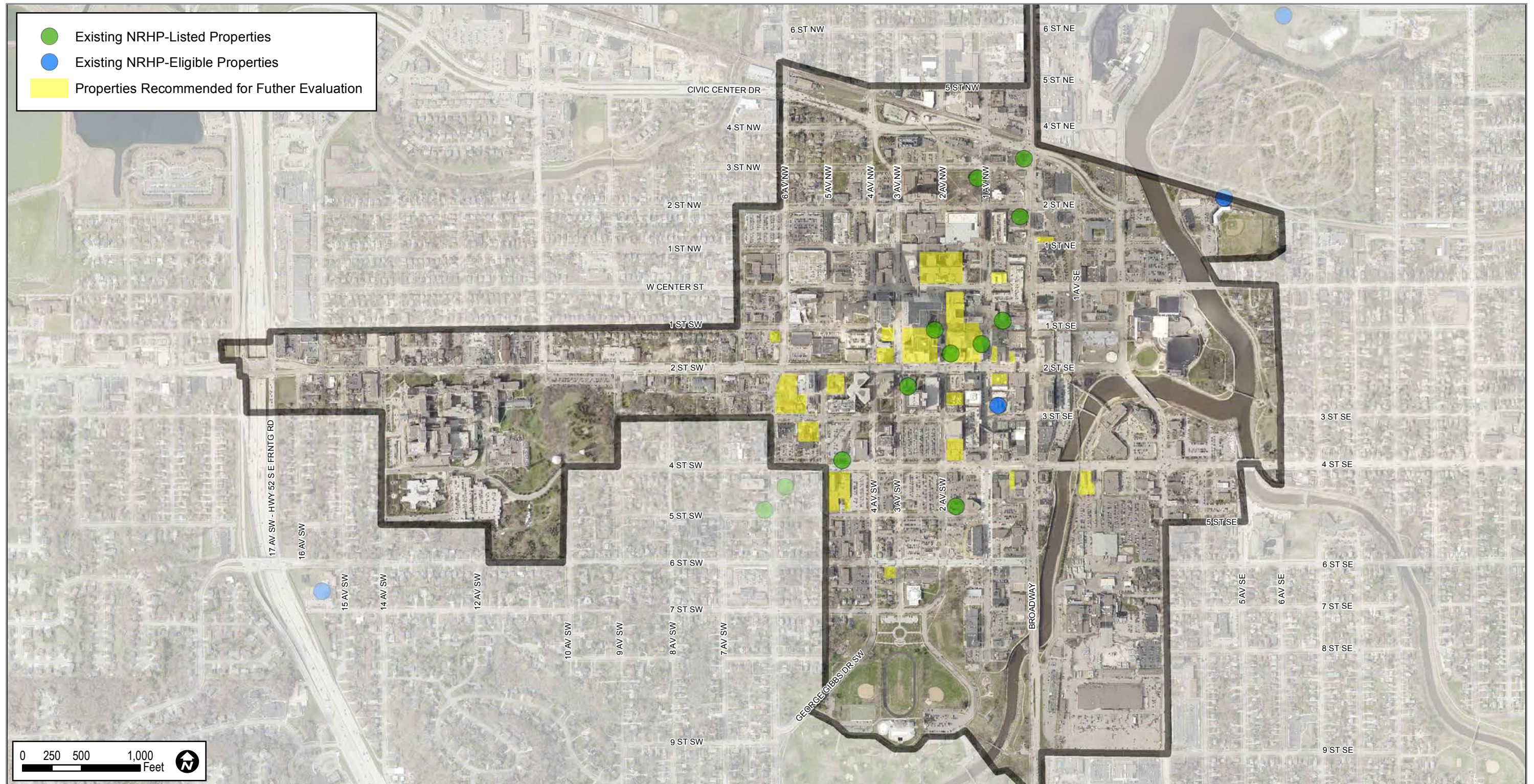


FIGURE 8.6.1-2 - HISTORICAL PROPERTIES

*Development District Boundary extends along South Broadway to 12th Street Southeast

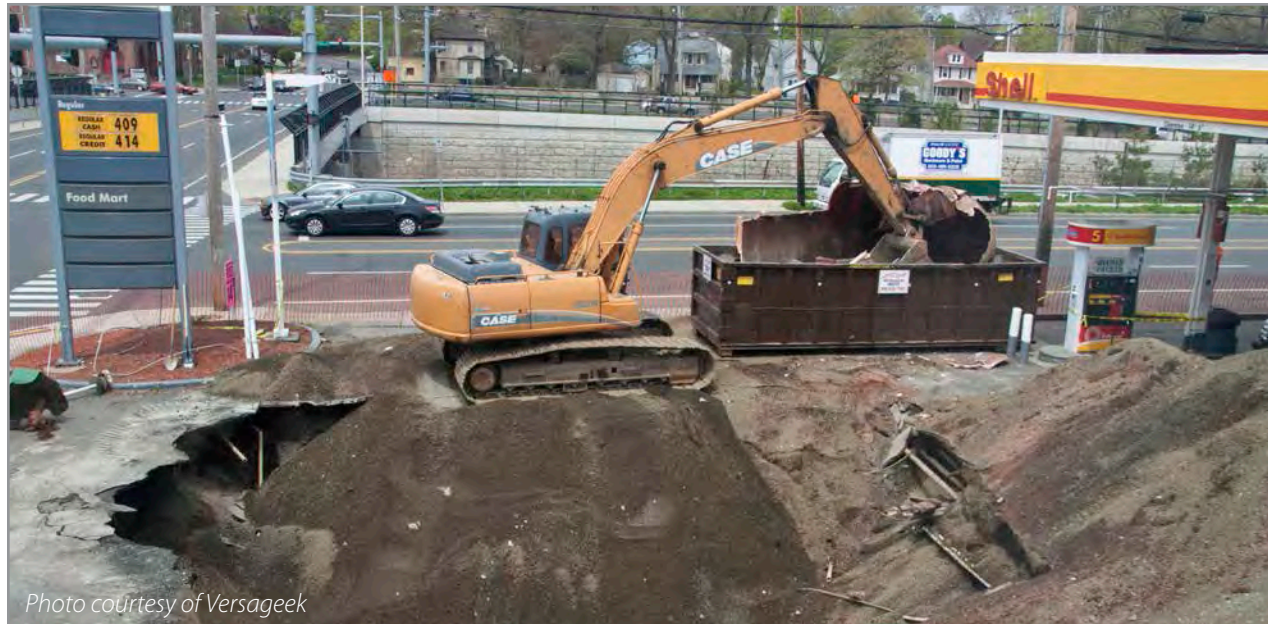


Photo courtesy of Versageek

ENVIRONMENTAL CONTAMINATION

An inventory of the Minnesota Pollution Control Agency's (MPCA) *What's in my Backyard* data was used to identify known sites with environmental contamination (see Figure 8.6.1-3). Other environmental concerns include underground diesel tank near the Franklin Heating Station and the abandoned city underground water storage tanks near the confluence of South Fork Zumbro River and Bear Creek.

Tank Removal



Photo courtesy of geograph.org.uk

Dry Cleaner

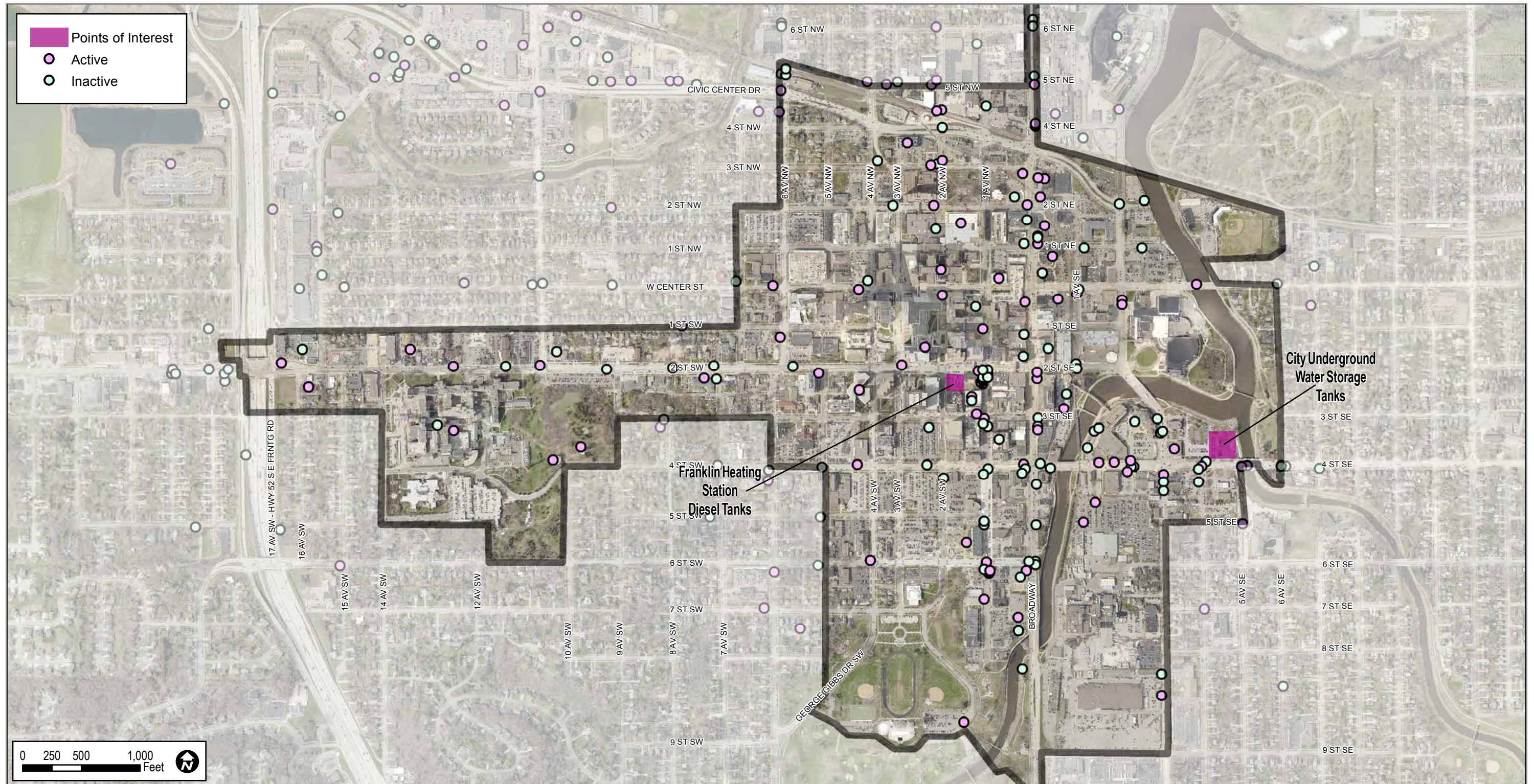


FIGURE 8.6.1-3 - THE MINNESOTA POLLUTION CONTROL AGENCY'S (MPCA) "WHAT'S IN MY BACKYARD" DATA

*Development District Boundary extends along South Broadway to 12th Street Southeast

8.6.2 PROJECT DESIGN CRITERIA

Parcel development projects were identified in general as all property acquisition, demolition, remediation, and storm water management projects that would result from the DMC Development Program. The two criteria that would qualify parcel development costs for DMC participation are either for a public development or as an inducement to catalyze private development that is critical to achieving the DMC initiative.

The DMCC Board and the EDA Board have established the DMC Development District as required by the DMC legislation. This district is established for the certification of private investment and to define the boundary of public infrastructure investments and projects. The development of a DMC Development District has/will have an impact on property value due to speculations and positioning. Not all areas within the district are intended to be redeveloped. Additional market-driven development may occur within the district and elsewhere downtown in support of the DMC Development Plan.



Site Construction

PROPERTY ACQUISITION

The development plan assumes that all parcels where program improvements are planned will be required to be acquired. This is a conservative approach to capturing property acquisition costs and reduces the cost risk associated with conflicts over partial property taxes. Property values are calculated for this process using square foot factors by district developed in conjunction with the market analysis completed for the master plan. Refer to Section 5. These average factors are then compared to property valuations for a comparable downtown district to determine the property value premiums that exist within the DMC Development District Boundary on a square foot basis. These average property value premiums fail to capture the property value variation from property to property within districts, but are effective for calculating high level cost estimates for the acquisition assistance needed for development within the DMC. Public funds could be used to underwrite the cost of land acquisition as a development incentive.

Numerous forces in downtown Rochester that affect property valuation including definition of the DMC Development District, speculation of property owners on the timing and impact of the DMC development initiative, and national and foreign investment which may have different rate of return expectations.

Capital Project Name	Escalated Costs
Property Acquisition	\$40,000,000

DEMOLITION AND SITE PREPARATION

Once properties are acquired, the site must be cleared and prepared for the programed development. Cost per square foot factors provide high level cost estimates for demolition and site preparation based on the types of existing land cover present. Land cover types are divided into structures, surface parking, and landscaped areas based on high resolution aerial imagery. ArcGIS software was used to calculate the two-dimensional square footages of these areas. Cost factors represent an average expected cost based on the two-dimensional measurements of the land cover types. These cost estimates will vary from property to property because of factors including volume of the structure being demolished, basement removal and filling, shoring of adjacent streets and utilities, utility removals, grading, and restoration. Public funds could be used to subsidize the significant cost of demolition and site preparation as a development incentive.

Note that the majority of the existing land uses in areas of proposed demolition and site preparation is surface parking. See Figure 8.6.2-1.

Capital Project Name	Escalated Costs
Demolition and Site Preparation	\$37,000,000

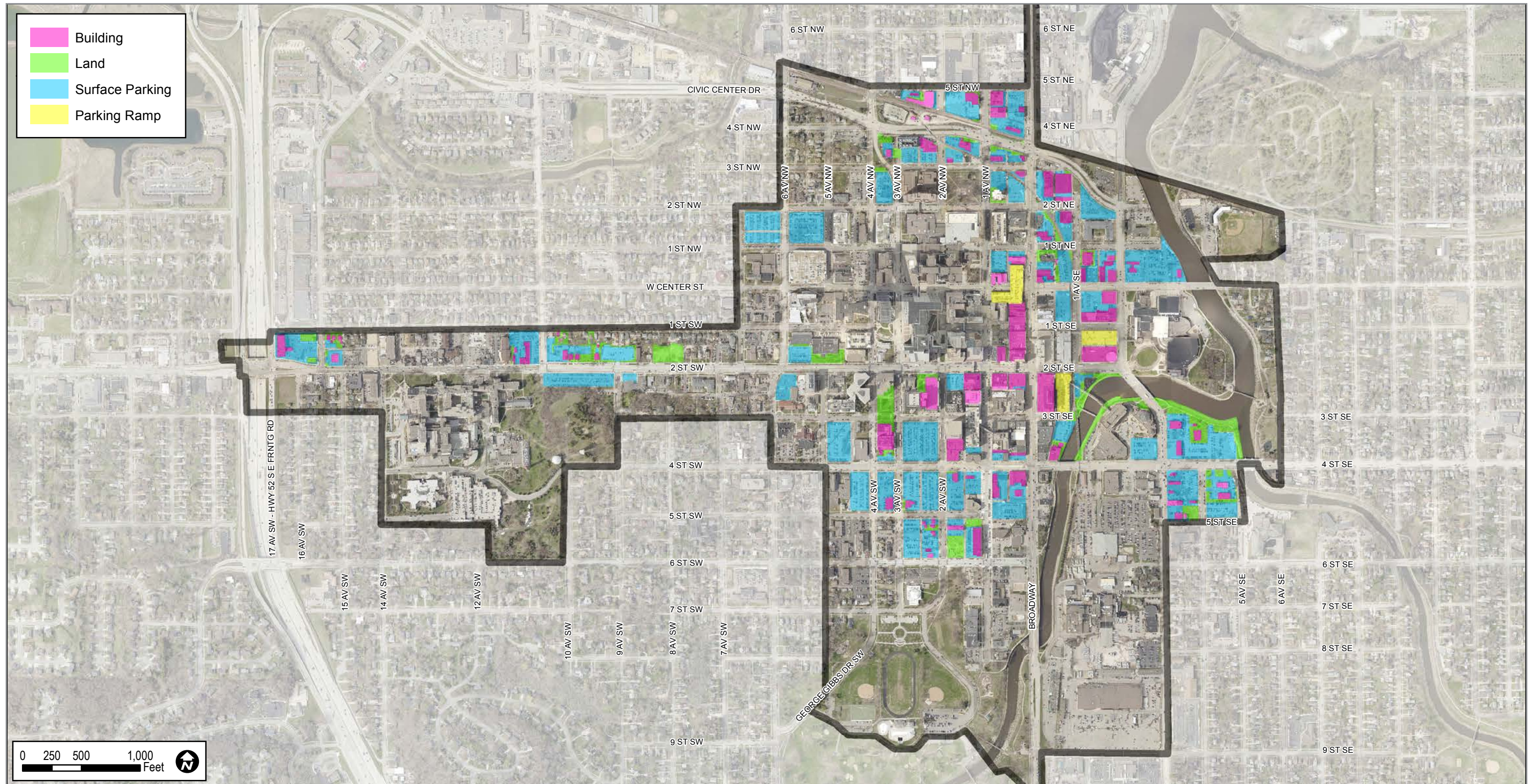


FIGURE 8.6.2-1 - EXISTING LAND COVER IN AREAS OF PROPOSED DEMOLITION AND SITE PREPARATION

*Development District Boundary extends along South Broadway to 12th Street Southeast

ENVIRONMENTAL REMEDIATION

The City of Rochester has seen modern human settlement for 160 years. Through this time, certain activities and practices have led to the environmental impact to soils and groundwater that remain today. Past building practices used materials and systems that are now deemed hazardous or environmentally risky. Leaking underground heating oil and fuel tanks are a common cause of impacted soil. Old, leaking electrical transformers are another common cause of impacted soils. As development and redevelopment occurs within the DMC Development District, appropriate remediation and abatement measures will be required to build. Rochester does not have an extensive history of land uses and industries that historically caused pollution, but certain sites are known to the Minnesota Pollution Control Agency (MPCA).

In order to fully understand the possibility of environmental issues on a development or redevelopment parcel, a Phase 1 Environmental Site Assessment (ESA) should be performed. This research would identify possible recognized environmental concerns (RECs), which would warrant additional testing (soil, groundwater, materials) through a Phase 2 ESA. Once the scope of environmental remediation is assessed, the property owner would work with the MPCA through a number of programs design to assist the property owner in remediating the site and minimize future liability. Public funds could be used to perform Phase 1 ESAs and Phase 2 ESAs as a part of parcel acquisition and assemblage as an incentive. Public funds could be used to subsidize the significant cost of environmental remediation as a development incentive.



Image courtesy Armin Kübelbeck

Asbestos Remediation

Development and redevelopment will require that existing buildings be surveyed for asbestos and other hazardous materials. The Pre-demolition or Pre-renovation Asbestos and Hazardous Materials Survey identifies and quantifies materials that need to be abated prior to demolition or renovation. Public funds could be used to perform these building material surveys as a part of parcel acquisition and assemblage as an incentive. Public funds could be used to subsidize the significant cost of environmental abatement as a development incentive.

The scope of the DMC Development Plan does not include a thorough investigation of every parcel within the DMC Development District. To reflect this uncertainty, a flat cost per square foot factor is applied to all areas of parcel development to aggregate and average environmental costs across the DMC Development District. Typical parcels will have very little, if any, environmental investigation costs and remediation or abatement costs, while a small minority will have relatively high investigation and clean-up costs. The environmental cost factor, for this reason, is only effective at estimating the total environmental costs that are required to accommodate the DMC Development Plan as a whole, and is not appropriate for an individual parcel level analysis.

Capital Project Name	Escalated Costs
Environmental Remediation	\$38,00,000

This study uncovered two underground tanks: diesel fuel tanks under the parking lot north of the Franklin Heating Station and water tanks under the parking lot between the Ironwood office building and Bear Creek. The Franklin Heating Station diesel tanks are currently in use and are anticipated to be in use for the next 8 to 10 years. The water tanks near the Ironwood office building have been decommissioned and have been left in place to avoid hauling in fill material that may only need to be removed for a development.

STORM WATER MANAGEMENT

The City of Rochester Public Works is in the process of developing and implementing new storm water management rules as a part of their Municipal Separate Storm Sewer System (MS4) Storm Water Pollution Prevention Plan (SWPPP) Application for Reauthorization. These storm water management rules will likely include rate, quality, and volume control. These rules have not been implemented in downtown Rochester and pose a significant challenge in a dense urban environment with karst topography. The city’s existing storm sewer system is undersized for the changing NOAA Atlas 14 rainfall design requirements.

Because of the underlying karst formations in the DMC Development District, infiltration as a water quality and volume reduction best management practice (BMP) may be restricted. If a development is pursuing LEED certification or other voluntary sustainability objectives, storm water runoff could be reused in a non-potable irrigation system or a grey water toilet flushing system to meet water quality and volume reduction on site. Otherwise, water quality and volume reduction for the DMC Development District might be more effective if dealt with regionally. It is assumed that the parcel development costs for on-site storm water management would be an estimate of the DMC contribution to a regional storm water management system that would compensate for the water quality and volume reduction that does not occur in downtown.

The City of Rochester and the MPCA have commissioned a study and pilot program to outline a BMP selection process for ultra-urban developments. This study is critical to demonstrate which BMPs are appropriate for the DMC Development District due to karst, limited real estate, and operations and maintenance considerations and cost. A BMP selection methodology will be created and example projects will provide a blueprint for developers to efficiently incorporate storm water BMPs into proposed site plans. These BMPs could include linear systems that are built into reconstructed streets, either with surface features, like rain gardens, or underground in pipes, tanks or gravel trenches.

Under the city's new MS4 permit, the city is required to issue a new storm water management ordinance by spring 2015. For the purpose of the Infrastructure Plan, it is assumed that volume reduction of 1.1 inches over the impervious area will be required, which is consistent with the MPCA Minimal Impact Design Standards (MIDS) for storm water management. The cost assumptions for on-site storm water management assumes each square foot of a development parcel will require 0.08 cubic feet of storm water volume at a factor of \$10.00 per cubic foot. Specific geological attributes of development sites will guide what BMPs are most appropriate and how costly the improvements are. By factoring a standard cost per square foot, an estimate of storm water management costs for all the DMC development parcels, whether approached on site or regionally, is made with wide variation in cost from individual development to development.

Capital Project Name	Escalated Costs
Storm Water Management	\$13,000,000

STREETSCAPE

Where private developments occur adjacent to streets that are not proposed to be reconstructed as part of the DMC Development Plan, the desire is to have these developments improve the streetscape along the development frontage. Although these streetscape costs are typically part of the developer's responsibility, an order of magnitude cost has been estimated for the purpose of having a complete inventory of streetscape investments and to communicate these expectations with developers.

Capital Project Name	Escalated Costs
Streetscape	\$9,200,000

8.6.3 COORDINATION WITH TRANSPORTATION PLAN AND CITY PLANS

Development and redevelopment within the DMC Development District will be guided by a number of planning documents, such as the DMC Development Plan and the Rochester Downtown Master Plan, as well as the existing land use and zoning controls. The DMC Transportation Plan and the resulting transit and transportation infrastructure improvements will influence public and private development and redevelopment by providing improved transportation options for the DMC Development District and other parts of downtown. Improved transit will allow for greater density development and reduce parking demand. Improved bicycle and pedestrian infrastructure will improve the walkability within the DMC Development District. These improvements will make the district more livable and walkable.

8.6.4 RECOMMENDED PHASING/IMPROVEMENTS STRATEGIES

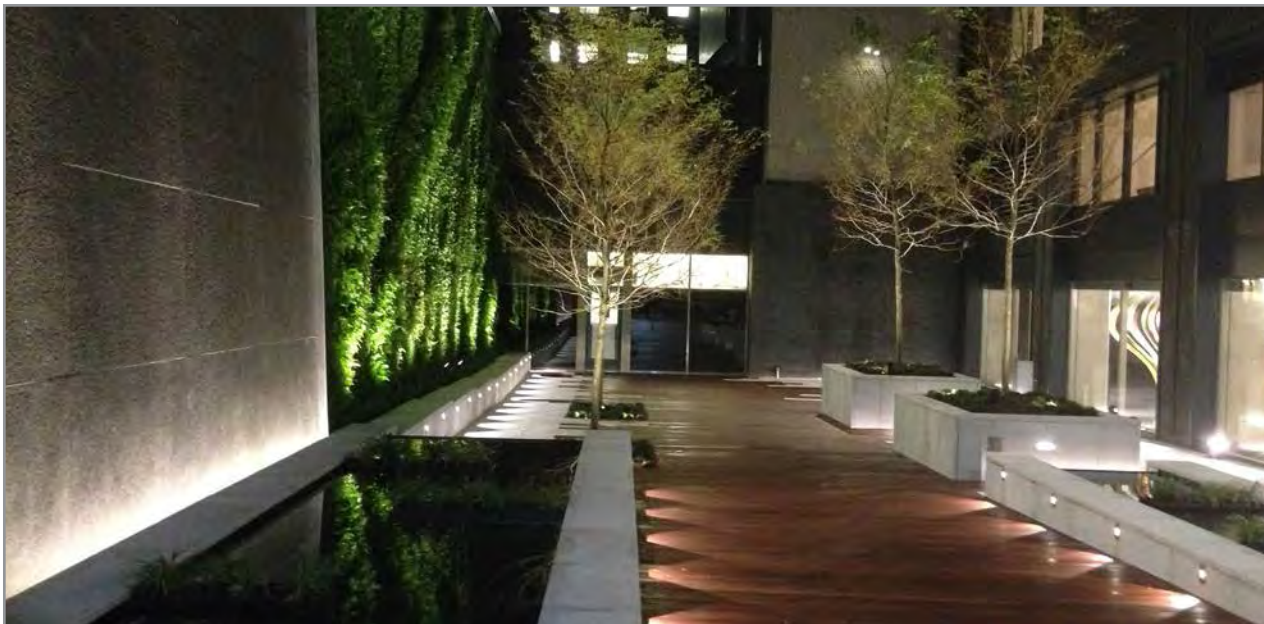
The parcel development plan has a coordinated phasing plan that is a direct reflection of the proposed improvements detailed in the DMC Development Plan. Parcel development is assumed to be needed, at some level, to accommodate the location of every improvement. The program assumes that the major cost drivers of parcel development are acquisition, demolition, environmental remediation, and on-site storm water management requirements.



Bioswale



Target Field Station, Minneapolis, MN



Pocket Park

8.7 CIVIC USES, CULTURAL USES, AND PUBLIC AMENITIES

Downtown Rochester has strong public and private parks and open space assets within the DMC Development District. Soldiers Field, Peace Plaza, Annenberg Plaza, Central Park, Mayo Park, Saint Marys Park, and the Zumbro Riverfront all provide places for access to parks and open space. Leadership Greater Rochester has developed a master plan for the revitalization of Central Park. The City of Rochester currently is working on a master plan for Soldiers Field. See Figure 8.7-1 for the existing park and open spaces.

Open spaces are places that serve the residents and employees of downtown Rochester by providing a high quality public realm with recreational and cultural resources. While the employees and residents of downtown Rochester will benefit the most from the open space network, the City of Rochester is estimated to attract more than 3 million visitors per year, most of who stay in hotels, attending events and/or appointments within the downtown core. All of the planning efforts in downtown Rochester have identified a need to create public activity centers that can help define the non-clinical experience for these visitors. These parks and open spaces can help provide this experience.

This project proposes to revitalize existing open spaces, create new open spaces as the city redevelops, and connect and integrate all of these amenities into a prominent public realm. An existing downtown bike loop and proposed transit routes will help create connections from the perimeter of the downtown to its core and to the riverfront. These, along with particular street corridors identified in the Transportation Plan, will provide strong multimodal connections between all of the downtown parks and open space amenities. Although the DMC master plan has been organized around a number of downtown districts, the open space plan unifies them into a coherent public realm.

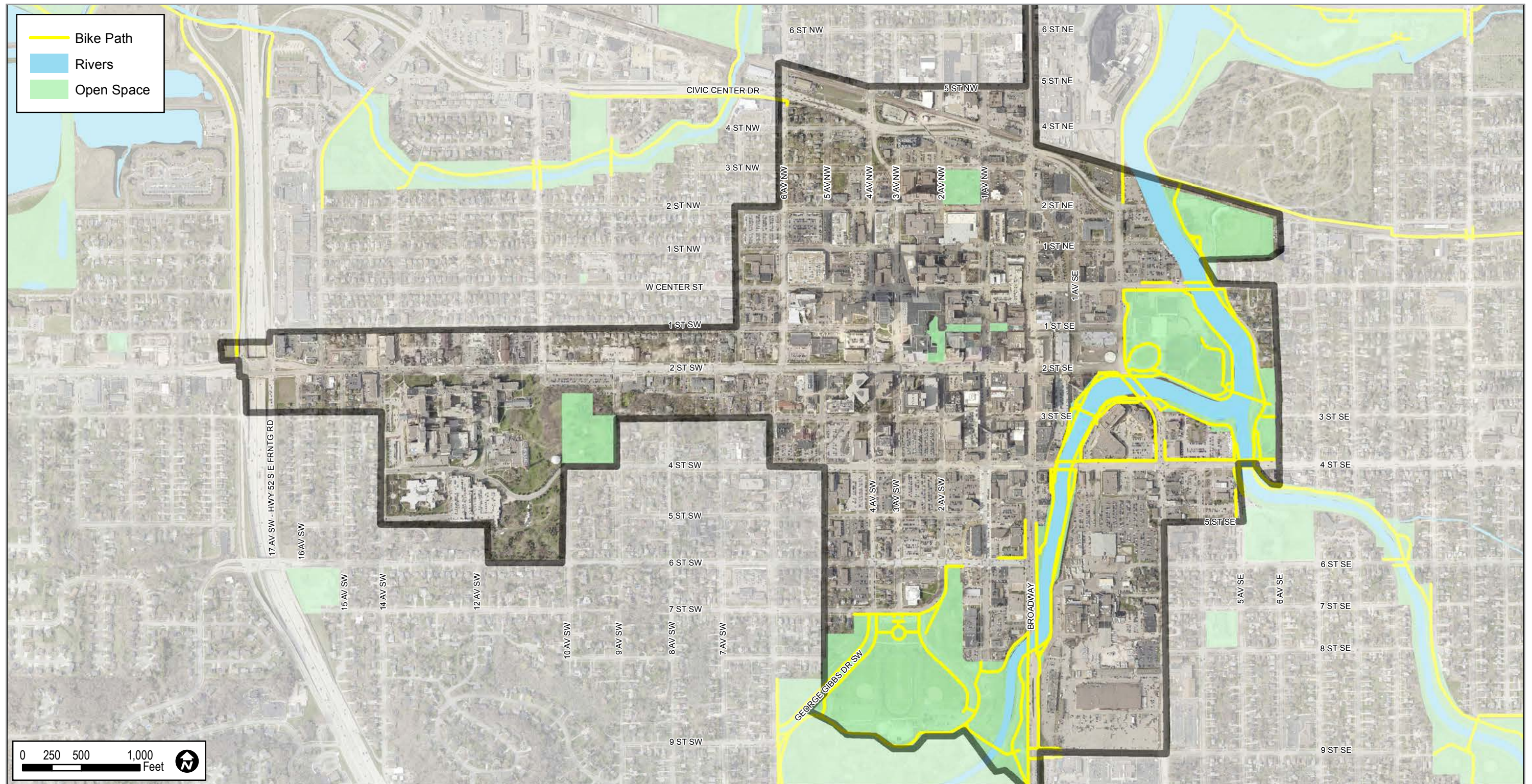
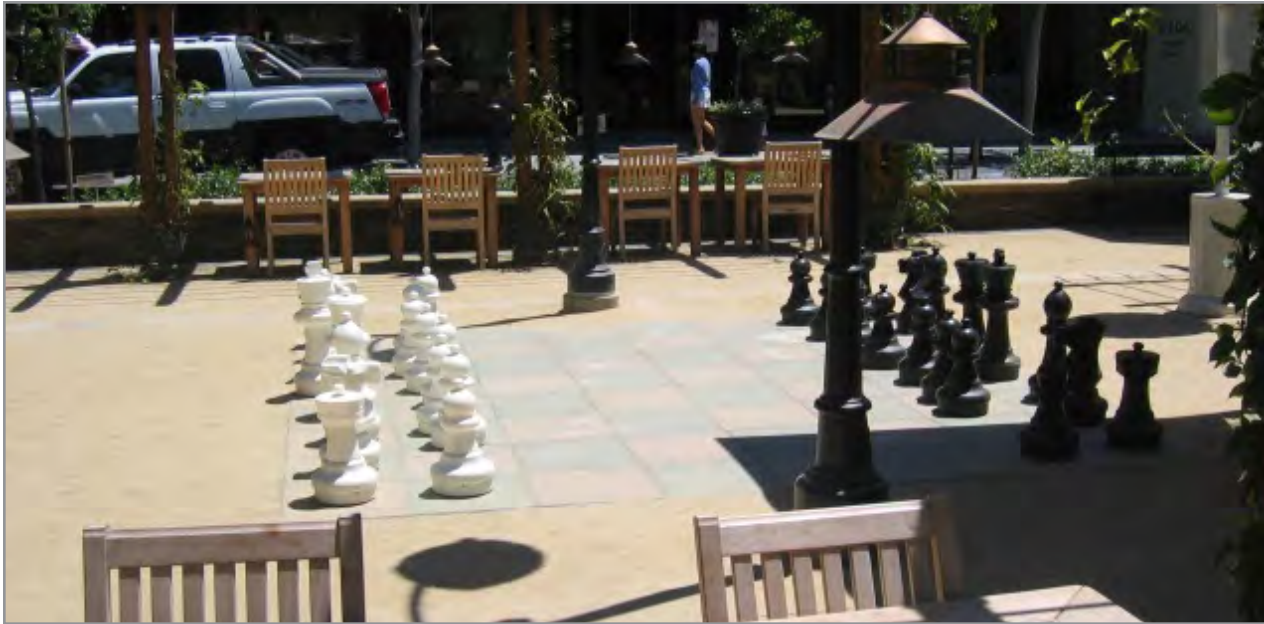


FIGURE 8.7-1 - EXISTING PARK AND OPEN SPACES

*Development District Boundary extends along South Broadway to 12th Street Southeast



Interactive Art in Parks



Bloomington Central Station

8.7.1 PARKS AND OPEN SPACE PROJECT DESIGN CRITERIA

The open spaces within the DMC Development District need to feel connected, but each individual space should provide a unique experience for users. These spaces should provide options for users from an employee on a 15-minute break to an out-of-town visitor with 4 hours to spare while waiting for a loved one to get out of surgery. Experiences in the spaces will depend on time of year and the components provided in the open space. The connections to these spaces should provide a seamless movement in a language that does not necessarily require words, but uses recognizable materials as a form of wayfinding. Accessibility is essential for foreign patients and visitors as well as everyday users.

OPEN SPACE TYPOLOGIES

While each open space proposed within the DMC will have unique components and its own identity, some general functions and design features are associated with each open space typology. Within the DMC boundary, eight different open space typologies have been identified. For the purposes of this document, parks are divided into four typologies. The segregation of these park typologies relies most heavily on the park's size and location, which significantly influences the use and character of the space.

The open space typologies are:

- Park
 - City Park
 - Urban Park
 - Pocket Park
 - Waterfront Park
- Waterfront Promenade
- Plaza
 - Transit Plaza
- Greenway

CITY PARK

While no new parks that fit within this typology are proposed, existing parks within the DMC boundary will fill this role within the open space network. These parks include Saint Marys Place and Soldiers Memorial Field. City parks typically incorporate a lot of green space and large canopy trees, making it easy for one to forget that they are in the middle of a city. Both passive and active uses are generally accommodated in city parks. Programmed activities and structures such as baseball fields, picnic shelters, soccer fields, and other recreational components are often incorporated into these parks.

URBAN PARK

An urban park is similar to a city park in that it provides green space for its users; however, it is typically smaller and therefore cannot offer the same number of programmed recreational activities. While an urban park offers vegetation and respite for urban dwellers, its size limits its capability to provide the experience of being removed from the urban environment. It is a park that is an integral part of the urban fabric rather than an escape from it.



City Park



Urban Park



POCKET PARK

The pocket park is the smallest of the park typologies listed in this document. Pocket parks are frequently built on a single vacant building lot or on small, irregular lots within a dense urban environment. Pocket parks typically provide more intimate gathering spaces and incorporate elements such as game tables, water features, tables and chairs, art, and/or a variety of seating options. They are small gems that provide respite within the noisy, dense urban environment. Within the DMC, pocket parks will most likely branch off of the Crescent. There also will be an opportunity to incorporate them in various locations downtown as it begins to redevelop.

WATERFRONT PARK

A waterfront park is defined by its proximity to a body of water. Within the DMC boundary, this would include parks developed along the Zumbro River such as Mayo Park and the proposed Waterfront Square. The look and feel of these parks can vary greatly, with the unifying factor being that the body of water is the focus and is highlighted as an amenity for users.

Pocket Park



Waterfront Park

WATERFRONT PROMENADE

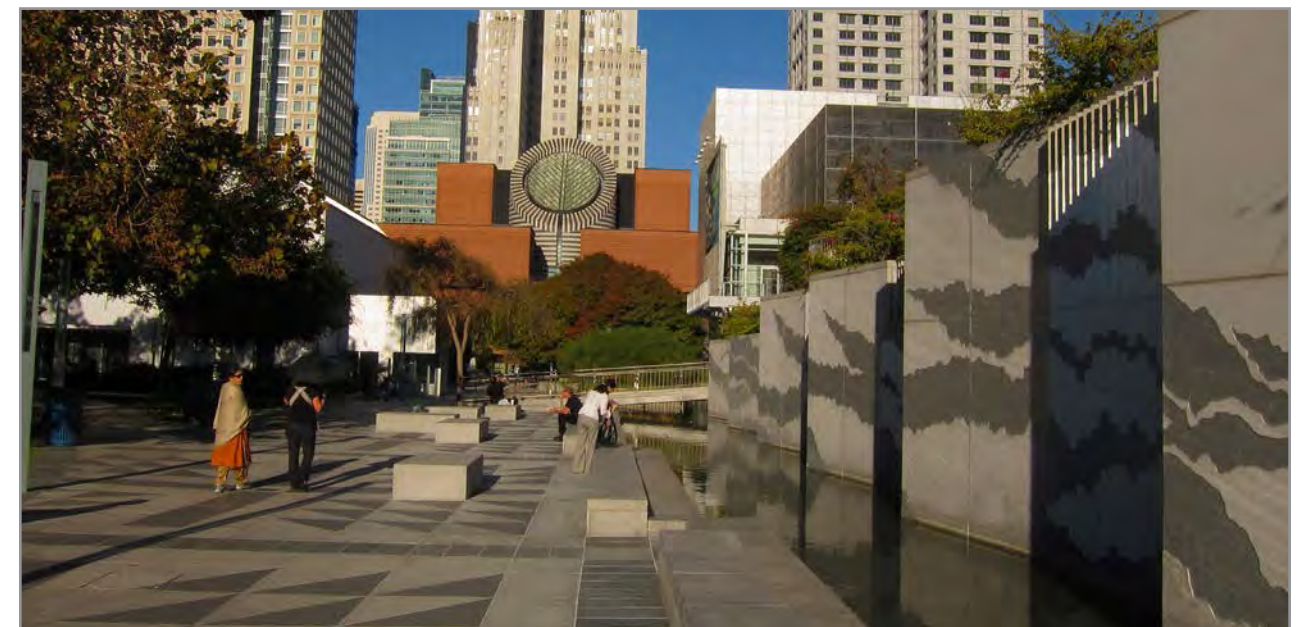
A waterfront promenade is a paved public walk along a body of water, in this case the Zumbro River. The character of a waterfront promenade can vary greatly depending on its intended use. It can serve as an extension of the urban fabric up to the edge of the water, or it can provide an escape from the urban environment through the use of softer walk/trail materials and heavy plantings. Within the DMC boundary, both of these opportunities could be implemented along the riverfront, appealing to a variety of users and activating a thriving and vibrant riverfront.

PLAZA

Plazas are urban gathering spaces. The majority of these spaces are typically paved rather than landscaped, as these spaces are often used for events such as concerts, markets, and other public gatherings that require a hard surface. Often a water feature or art is incorporated into the space, helping to define its character. Various seating options may be incorporated as well, depending on the intended use of the space. Where possible, turf and other vegetation should be included to soften the space and provide respite and human scale.



Waterfront Promenade



Plaza



TRANSIT PLAZA

A transit plaza differs from a typical plaza in that it is defined by people moving through the space rather than being a destination for users. The majority of the space is typically paved to allow for a variety of pedestrian movement through the site. Furnishings and landscaping that are incorporated into the space should be placed so they are not obstacles to pedestrian movements, generally located along the perimeter of the plaza for those who desire to people-watch, wait for the arrival of a loved one, or take a short rest while traveling to their destination.

GREENWAY

A greenway is an open space corridor that incorporates recreational uses such as hiking and/or bicycle trails. One would typically see a lot of vegetation within a greenway corridor, and it generally provides a valuable link in a trails and open space network within a community while providing a comfortable scale for the user. In the case of the DMC, the Crescent will fill this role, connecting the riverfront development to Rochester's existing Central Park.

Transit Plaza



Greenway

OPEN SPACE TYPOLOGIES WITHIN THE DMC

The following lists the DMC existing and proposed open spaces according to their typology, as well as the various components associated with each of the typologies.

	City Park	Urban Park	Pocket Park	Waterfront Park	Waterfront Promenade	Plaza	Transit Plaza	Greenway
DMC Park/Open Space	<ul style="list-style-type: none"> Saint Marys Place Soldiers Memorial Field 	<ul style="list-style-type: none"> The Square Central Park Government Center Plaza 	<ul style="list-style-type: none"> Various spaces branching off of The Crescent Various locations as downtown redevelops 	<ul style="list-style-type: none"> Waterfront Square Mayo Park 	<ul style="list-style-type: none"> Civic Center Promenade Waterfront Promenade Government Center Promenade Promenade Extension 	<ul style="list-style-type: none"> Peace Plaza 	<ul style="list-style-type: none"> The Portal 	<ul style="list-style-type: none"> The Crescent
Components	<ul style="list-style-type: none"> Large canopy trees Extensive vegetation Lawn areas Programmed activities that could include: <ul style="list-style-type: none"> Picnic shelters Athletic fields Seasonal ice skating sheet Golf Amphitheater Trails Benches/variety of seating options Pedestrian-scale lighting 	<ul style="list-style-type: none"> Public art High-end finishes Large planting beds Large canopy trees Lawn areas Variety of seating options Paved pathways Limited programmed activities that could include: <ul style="list-style-type: none"> Game tables Open lawn for organized activities Pedestrian-scale lighting 	<ul style="list-style-type: none"> Game tables Water features Tables and chairs Art Variety of seating options Pedestrian-scale lighting 	<ul style="list-style-type: none"> Varies greatly depending on location and intended use More urban/active park could include: <ul style="list-style-type: none"> Large water feature Seasonal ice skating sheet High-end finishes Variety of seating options Enhanced lighting Banner poles Amphitheater Pedestrian-scale lighting More natural/green park could include: <ul style="list-style-type: none"> Athletic fields Large canopy trees Extensive landscaping Pedestrian-scale lighting Walks/trails Variety of seating options 	<ul style="list-style-type: none"> Walks/trails Benches/various seating options Pedestrian-scale lighting Planting beds High-end railing (same for all promenades within the DMC to unify them and provide wayfinding) 	<ul style="list-style-type: none"> Numerous furnishings Specialty paving Art and/or water feature Granite curbs and paving Landscaping Planters High-level finishes Pedestrian-scale lighting 	<ul style="list-style-type: none"> High-end finishes Limited furnishings Limited landscaping Planters Pedestrian-scale lighting 	<ul style="list-style-type: none"> Large canopy trees Planting beds filled with shrubs and perennials Lawn Hard and soft surfaces for various trail options Pedestrian-scale lighting

8.7.2 RECOMMENDED PHASING/IMPROVEMENTS STRATEGIES

The open spaces within the DMC and the connectivity between these spaces play an important role in the downtown experience. The timing of when the open spaces are developed in relation to when other DMC projects are implemented is critical to create the iconic places and attractions that will define downtown Rochester as a global Destination Medical Center (see Figure 8.7.2-1).

The capital projects identified in this section range from rehabilitating and upgrading passive parks to creating new activated public spaces. A majority of the capital projects are identified and described in the Master Plan, Section 6.



Rochester Art Center

Civic Uses, Cultural Uses, and Public Amenities		
Map Reference Number	Development Phase	Capital Project Name
	1/2	UMR Park Phases 1 and 2
210	1	Central Park
013	1	First and First (Light Pavilion)
203	1	First and First (The Balcony)
012	1	Ice Pavilion Plaza
195	1	Peace Plaza - Plaza
011	1	The Portal
014	2	The Square
103	2	Civic Center Promenade
197	2	Government Center Plaza
025	2	Government Center Promenade
237	2	Government Center Promenade Extension
001	2	Light Loop
194	2	Light Loop Amphitheater
024	2	Mayo Park
198	2	Waterfront Square
018	2	Government Center Transit Station
200	2	St. Mary's Place (St. Mary's Transit Plaza w/ A2.3)
	2	Pocket & Art Park Development
	2	Soldiers Field
		Library Renovation/Relocation
		Cultural Uses
015	3	Translational Cloud
003	3	The Crescent
084	4	St. Mary's Park
016	4	St. Mary's Steps
Total		\$261,000,000

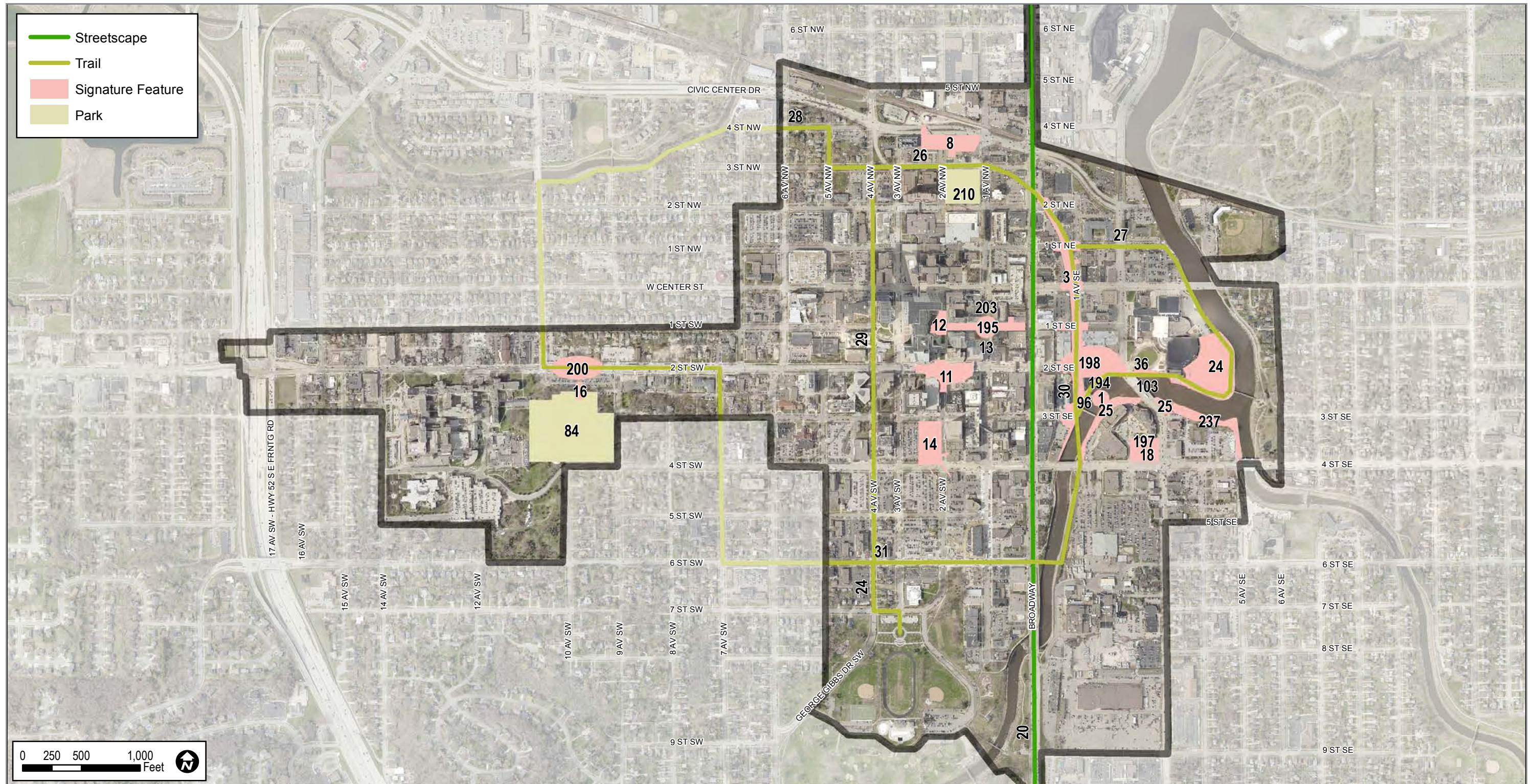
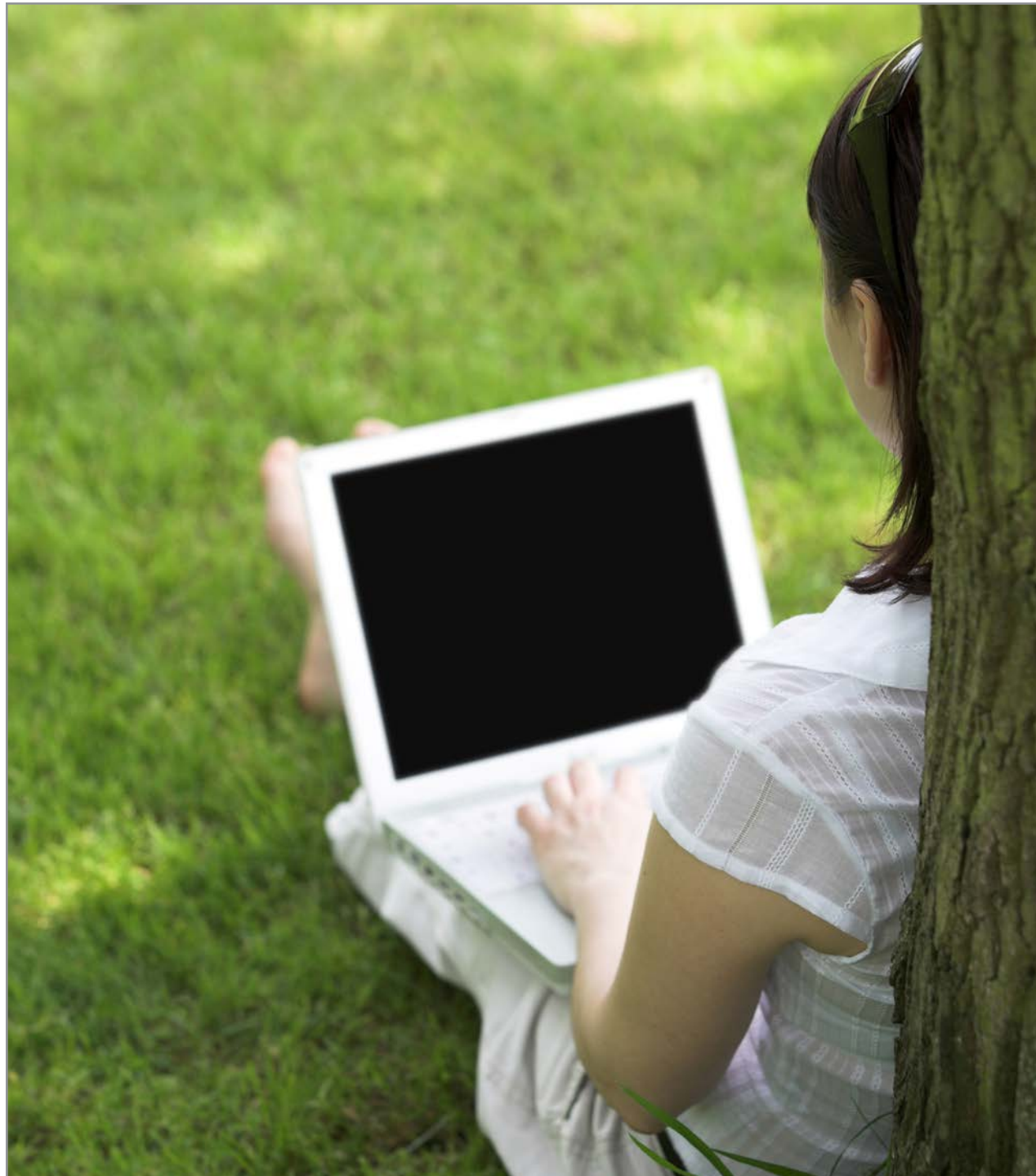


FIGURE 8.7.2 -1 - MAP OF PARKS AND OPEN SPACE IMPROVEMENTS

*Development District Boundary extends along South Broadway to 12th Street Southeast



Wi-fi Capability in Public Park

8.8 TECHNOLOGY IMPROVEMENTS

8.8.1 OVERVIEW OF STRATEGIES AND IMPROVEMENTS

The emergent phenomenon of ubiquitous, ambient technology is revolutionizing business opportunities, public safety, social interactions, sustainability programs, and data privacy. Although it is not clear what technology will be mainstream in the next 20 years, it is clear that a high-speed, high-bandwidth communications infrastructure needs to be in place to support entrepreneurial initiatives that reinforce a connected, collaborative community for businesses, residents and visitors.

One school of thought, led by Mark Shepard, Assistant Professor of Architecture and Media Study at the University at Buffalo, State University of New York, heralds “a coming age of urban infrastructure capable of sensing and responding to the events and activities transpiring around them. Imbued with the capacity to remember, correlate and anticipate, this near-future ‘sentient’ city is envisioned as being capable of reflexively monitoring its environment and our behavior within it, becoming an active agent in the organization of everyday life in urban public space.” The Sentient City is an emerging idea, based in “big data,” not an established framework for realizing some agreed-upon standards for integrating technology into urban public spaces. Some technologies that are part of the Sentient City idea are here today and in daily consumer use (mobile technologies like augmented reality smartphone apps and crowd sourced anonymous real-time traffic congestion monitoring, or networked traffic signal systems with red-light running cameras). Some technologies are in the prototype phase, like Google Glass (wearable technology that seamlessly augments reality), driverless cars, and IBM’s Smarter City initiative. Some technologies are just futuristic concepts (a bench ejects a sitter who sits too long, a recycling bin throws back the wrong kind of trash, a network of “electronically assisted” plants to encourage energy conservation, wireless technology and portable infrastructure to make the entire city a collaborative workplace.) (“Toward the Sentient City” website hosted by the Architecture League of New York curated by Mark Shepard <http://www.sentientcity.net/exhibit/>)

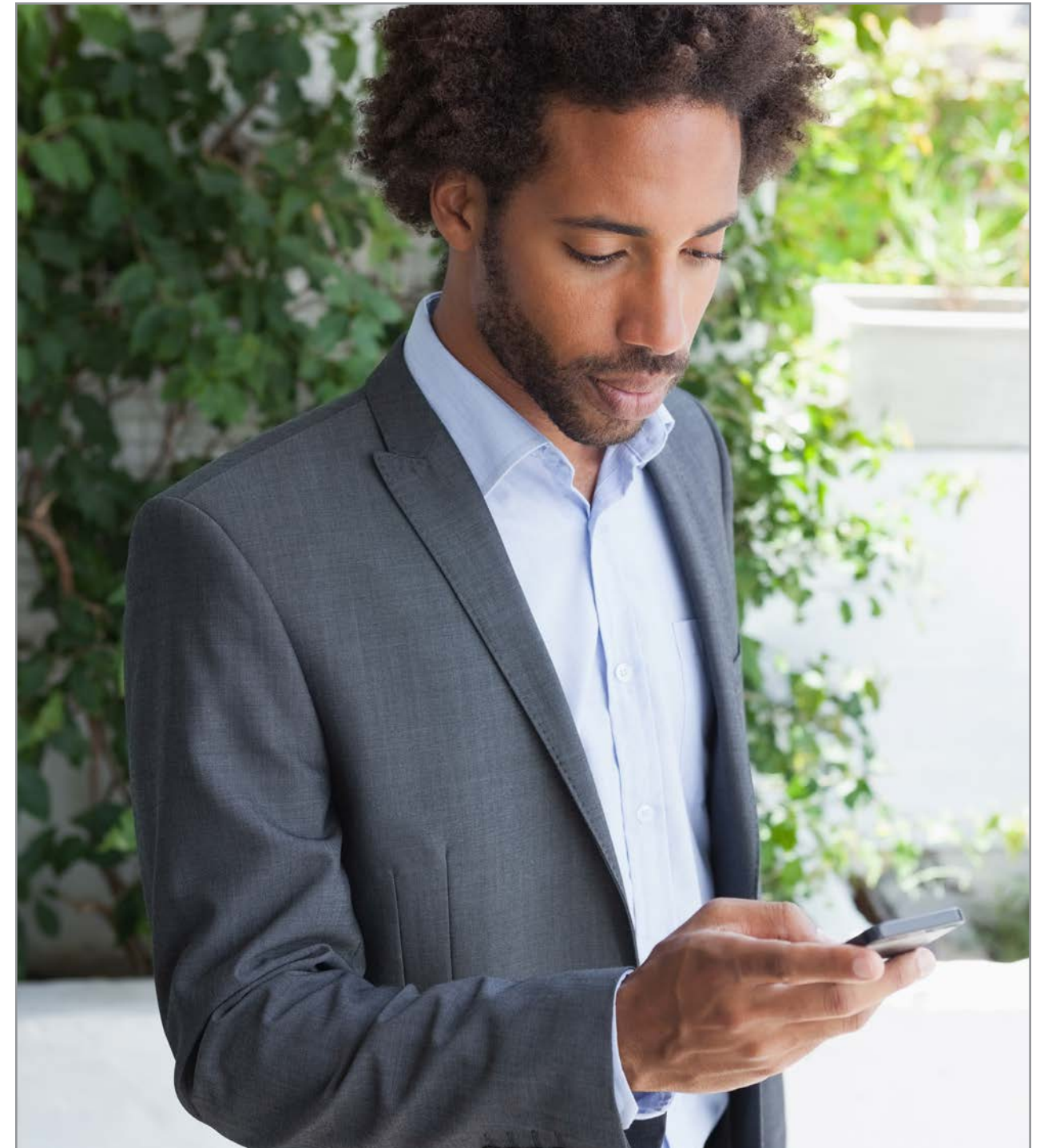
IBM has developed the “Smarter City” program recognizing that “smarter cities of all sizes are capitalizing on new technologies and insights to transform their systems, operations, and service delivery. Competition among cities to engage and attract new residents, businesses, and visitors means constant attention to providing a high quality of life and vibrant economic climate. Forward-thinking leaders recognize that although tight budgets, scarce resources and legacy systems frequently challenge their goals, new and innovative technologies can help turn challenges into opportunities.”

“These leaders see transformative possibilities in using big data and analytics for deeper insights. Cloud for collaboration among disparate agencies. Mobile to gather data and address problems directly at the source. Social technologies for better engagement with citizens. Being smarter can change the way their cities work and help deliver on their potential as never before.” (http://www.ibm.com/smarterplanet/us/en/smarter_cities/overview/)

A recent Urbanful.org article entitled “8 Cities that are Doing Cool Things with Big Data” reported, “As computers get smaller every day, cities are getting smarter. If you can slap a sensor on anything—which at this point, costs pennies—you can track it. And cities are discovering a hunger for big data: Navigant Research forecasts that smart city technology investment will reach \$27.5 billion by 2023.

“Odds are your city has already bought into the trend. Here are eight cities changing their urban fabric with sensors, crowd sourcing and all things big data:

- **New York City, New York.** America’s largest city is, of course, doing some creative things with big data, many of which we’ve written about here before. In addition to those projects, academics from New York University have installed light sensors to study when New Yorkers turn off their lights at night and meters to gauge the volume of house parties or car horns. The city is also using analytics to predict which of its buildings are most at risk for fires, helping prioritize fire inspectors’ time.
- **Chicago, Illinois.** The Windy City has recently installed sensors on thousands of light poles that track everything from noise levels, pedestrian traffic, and—yes—wind.
- **Birmingham, England.** England’s second-largest city offers hyper-local weather forecasting with cloud sensors on lamp-posts citywide.
- **Paris, France.** An app developed by startup Snips scours publicly available data to predict how full commuter trains outside Paris will be—three days in advance. Similar to Waze, an app for drivers, the Tranquilien app lets users report crowded conditions on their train, which helps the startup improve its predictions.
- **Seattle, Washington.** In Seattle, MIT SENSEable City Lab tracked individual pieces of garbage using tiny tags to see where they go. The researchers found that some trash and recyclable objects were moved “thousands of miles in the wrong direction,” sending some e-waste fully across the country to Florida and printer cartridges to New Jersey.
- **Minneapolis, Minnesota.** Not all big data projects are “sexy.” Since the beginning of this year, Minneapolis began using an IBM suite of tools that lets city officials combine and analyze data from multiple, previously unlinked databases. It’s not flashy, but it’s letting the city identify landlords violating city codes by analyzing that data in new ways.
- **Los Angeles, California.** Using historical crime data, cops build models of which neighborhoods are most likely to see an incident, and then engage in “predictive policing,” warning residents to stay on the right side of the law or justify dispatching extra patrols. (Yes, the department is aware of the “Minority Report”-esque vibe this lends and the accompanying controversy).
- **Detroit, Michigan.** Detroit has its share of problems, but one problem was less obvious: city officials didn’t know where the problems were. Now with a map and click-to-report app, officials are keeping a closer eye on blight. The map is already helping the city prioritize which vacant lawns get city mowing and which ones get offered to local groups for use as a community garden or park.” (Source: http://urbanful.org/2014/10/29/8-cities-cool-things-big-data/?utm_source=Urbanful+Master+List&utm_campaign=0f474d82d1-October_29_Daily_Subscribers&utm_medium=email&utm_term=0_fdf64fbc84-0f474d82d1-197216285)



Big Data can be used for Research and Public Safety

A recent article in The Verge reports that New York City is building 10,000 internet pylons for free public Wi-Fi. “LinkNYC will be the fastest and largest free municipal Wi-Fi deployment in the world.” LinkNYC will replace public pay telephones with a console that provides free public Wi-Fi (“up to gigabit speeds”) 24 hours a day, 7 days a week. The physical pillar also will provide free domestic phone calls, a charging station for your phones, and a “touchscreen tablet interface to access city services, directions, and more.” LinkNYC will reportedly be funded entirely through advertising revenues and “will be built at no cost to taxpayers.” The project is estimated to generate more than \$500M in revenue for New York City over the first 12 years. (Source: <http://www.theverge.com/2014/11/17/7235481/new-york-city-to-provide-free-gigabit-speed-public-wi-fi-for-everyone>)

The private communications companies in Rochester have stated that the fiber-optic cable infrastructure already installed in Rochester has significant capacity to accommodate growing needs for communications speed and bandwidth. This has been driven in Rochester in large part by the demand for transmitting digital medical records, especially for reviewing digital medical records during conference calls between doctors. The limiting factor for the current capacity of the communications network is the switch gear at the ends of the fiber-optic cable. Therefore, significant additional communications capacity can be achieved without ripping up streets to install new cables.

No specific improvements have been identified to support technology implementation.

8.8.2 PROJECTED COST

A budget has been established to respond to potential technology implementations that are led by the City of Rochester.

Capital Project Name	Escalated Costs
Embedded Technology	\$6,729,000



Est. DMC Funds	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 9-1- ESTIMATED DMC FUNDS

Note: This is based on the preliminary build out assumptions and will change as the project is implemented.

SECTION 9.0 FINANCE PLAN (LONG-TERM FRAMEWORK)

This finance plan (Finance Plan) is established to provide an overview of the DMC funding model, the roles and responsibilities of the parties and a long-term financial framework for the anticipated execution of the DMC Development Plan over the 20 year project period.

9.1 DMC FUNDING MODEL

The DMC Act prescribes a process by which DMC funds may be allocated to Public Infrastructure Projects in accordance with this Development Plan. For the purpose of this Finance Plan, the \$585 million in DMC Funds are categorized into three types of funds:

- Combined General Infrastructure Aid: Est. at a maximum of \$455 million, comprised of:
 - A maximum of \$128 million from the City of Rochester (City Matching Funds)
 - A maximum of \$327 million from the State of Minnesota (State General Aid)
- Combined Transit Infrastructure Aid: Estimated at a maximum of \$116 million, comprised of:
 - Approximately \$46.4 million from the County and local jurisdictions (Transit Matching Funds)
 - Approximately \$69.6 million from the State of Minnesota (State Transit Aid)
- Sales Tax Exemption on Construction Materials: Estimated at approximately \$14 million

DMC Funds are not available as a single, lump sum payment. Rather, the amount of available funds is determined each year by a series of formulas and subsequent approvals that are required by the State and local jurisdictions. Figure 9-1 estimates the State Aid available each year.

To determine the amount of funds available, on April 1st of each year the DMCC and City will certify the amount of qualified expenditures made by Mayo Clinic, throughout the City of Rochester, and by private developers within the DMC Development District. The amount of State General Aid is determined by a formula which estimates funding based on approximately 2.75% of the qualified expenditures. For the purpose of this model, the rate of private investment was determined based on an assumed rate of Mayo Clinic growth and the program and phasing assumptions that resulted from the Market Report (Section 5.0). The program and assumed investment in each phase of the project are summarized in Figure 9-1 and 9-2 of this report.

After its review, and not later than September 1st each year, DEED will provide the amount of State General Aid and State Transit Aid to be allocated in a given year. All payments are made to, and held by, the City of Rochester as fiscal agent for the DMC Initiative in accordance with the DMC Act and Project Agreements. The State's portion of investment is only available after \$200 million of private investment has been made in the market. The appropriation of State Funds may also not exceed \$30 million in any given year.

To determine the total amount of Combined General Infrastructure Aid in any given year, the City must also provide matching funds which are roughly equivalent to \$1.00 for every \$2.55 of State General Aid that is eligible to be appropriated. The allocation of State Funds must not exceed this formula on a cumulative basis, for all years of the project.

The City Matching Funds are generated from sales tax, tax increment financing (TIF), tax abatement or other through other available resources identified in the DMC Act. The amount of City Funds available will be determined on an annual basis. For the purpose of the modeling in this Development Plan, the EDA has worked with City staff to estimate the available funds that may be generated to support the DMC Initiative. The model assumes that the City's match will be capped at \$5.5 million in funds the first five (5) years, \$7.0 million of funds the second five (5) years and distributed hereafter on a phased basis.

The Transit Matching Funds are anticipated to be generated from a wheelage tax and estimated based on the formula in the DMC Act which roughly equates to the lesser of 40% of the State Transit Aid or 1.5% of tax collection for the given year. For the purpose of the modeling in this Development Plan, the EDA has estimated the available funds that may be generated to support the DMC. Approximately \$46.4 million is assumed to be generated from Transit Matching Funds.

Specific investment decisions will be made on a project-by-project basis by the DMCC and City. To be conservative, the model assumes a PAYGO approach to project investments. The impact of the DMC Funds could be increased if certain investments were made to support bonding, rather than the PAYGO model.

The EDA has not provided any advise with respect to the issuance of City bonds.

9.2 ROLES AND RESPONSIBILITIES OF THE PARTIES

The DMC Initiative has been structured as a public-private partnership with balanced responsibilities and powers between the primary stakeholders. Figure 9-4 and the outline below summarize the roles and responsibilities of the parties. This outline is a summary only. Persons interested in the specific roles and responsibilities of the entities should consult the DMC Law and Project Agreements.

9.2.1 GOVERNANCE AND FINANCE

The roles and responsibilities of the parties related to governance and finance include:

- Destination Medical Center Corporation (DMCC). A public non-profit corporation established to oversee the implementation of the DMC Initiative. Governed by an 8 person board, the DMCC includes representation from the State, local jurisdictions and Mayo Clinic. The DMCC has review and approval authority over the DMC Development Plan, projects and funding requests within the DMC Development District.
- The State of Minnesota. Provides funding to Public Infrastructure Projects (including General State Infrastructure Aid and State Transit Aid) in accordance with the terms and conditions of the DMC Law. The State also provides oversight to the DMC Initiative through reporting which is made to the Governor, State Legislature, Department of Employment and Economic Development (DEED) and other state agencies on an annual basis. The State participates in decisions of the DMC through its representation on the DMCC Board (4 of 8 seats).
- City of Rochester. Provides local matching funds to Public Infrastructure Projects in accordance with the DMC Act and Project Agreements. The City acts as fiscal agent for the DMC Initiative. The City participates in decisions of the DMC through its representation on the DMCC Board (2 of 8 seats). The City Council also has separate approval rights over the DMC Development Plan, projects and funding requests.
- Olmsted County. Provides local matching funds to transit-related Public Infrastructure Projects in accordance with the DMC Act. The County participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats).
- Mayo Clinic. The primary driver of private investment, employment and visitation in the market. Mayo Clinic participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats). Mayo Clinic also appoints the Board of Directors of the Economic Development Agency.
- Economic Development Agency (EDA). A private non-profit economic development corporation, responsible for managing the Development Plan process and implementing the approved strategies over time. The EDA does not have approval rights over the Development Plan, projects or funding requests.

9.2.2 PROJECT IMPLEMENTATION

The roles and responsibilities of the parties related to project implementation include:

- The State of Minnesota. Oversight through reporting and certification of private investments. On-going funding of Public Infrastructure Projects in accordance with the DMC Law.
- City of Rochester. Identifies City public works projects in Development District for consideration/approval of the DMCC Board and City Council. With the EDA, identifies/facilitates local tax increment financing and tax abatement requests by private developers for consideration/approval. Approves projects and funding requests (see above). Oversees construction of City public works projects. On-going operations and maintenance of City projects.
- Olmsted County. Identifies County public works projects in Development District for consideration/approval of the DMCC Board and City Council. Oversees construction of County public works projects. On-going operations and maintenance of County projects.
- Destination Medical Center Corporation. Project oversight for compliance with intent of DMC Law and goals and objectives of DMC Initiative. Implements, reviews and facilitates projects in accordance with the DMC Law. Establishes strategies and funding priorities. Approves annual operating budgets, capital improvements plans, project and funding requests. With City, provides reporting to State agencies.
- Mayo Clinic. Primary driver of on-going investment and growth.
- Economic Development Agency. Recommends strategic priorities and facilitates economic development projects in each phase. Facilitates the development, implementation and marketing of the DMC Initiative, all in accordance with the strategies incorporated in the approved Development Plan, the DMC Act, Project Agreements and the annual operating budget as approved by the DMCC Board and City.



SOURCES OF FUNDS	TOTAL
DMC Funds	
DMC Combined General Aid	\$455,000,000
DMC Combined Transit Aid	\$116,000,000
Sales Tax Exemption on Construction Materials	\$14,000,000
Subtotal	\$585,000,000
Non-DMC Funds	
City CIP and Other Funding	\$200,000,000
MNDOT/Other State Funding	\$10,500,000
Federal Funding	\$285,600,000
Private Development Contribution	\$723,100,000
Other (e.g. Sponsorships, Other Sources)	\$53,600,000
Subtotal	\$1,272,800,000
TOTAL	\$1,857,800,000

USES OF FUNDS	TOTAL
General Infrastructure	
Non-Transit Streets & Sidewalks	\$17,800,000
Bridges / Subways/ Skyways	\$12,000,000
Public Utilities	\$94,800,000
Parcel Development	\$137,200,000
Development	\$62,000,000
Civic Uses, Cultural Uses and Public Amenities	\$261,000,000
Shared Parking	\$713,000,000
Subtotal	\$1,297,800,000
Transportation / Transit Projects	
Transit	\$310,000,000
Transit Streets & Bridges	\$107,500,000
Transit Stations and Parking	\$108,600,000
Active Transportation	\$27,000,000
Signage and Wayfinding	\$6,900,000
Subtotal	\$560,000,000
TOTAL	\$1,857,800,000

FIGURE 9-3 - COMBINED SOURCES AND USES OF FUNDS

9.3 FINANCE PLAN (LONG-TERM)

This section includes a Finance Plan, and long-term financial framework for the project. The information included herein has been developed from 3 primary sources:

1. Projects identified in the DMC Master Plan (Section 6.0), Transportation Plan (Section 7.0), and Infrastructure Master Plan (Section 8.0). Project costs were developed based on the assumed design criteria, operating strategies (e.g. shared parking, etc.) and phasing strategies outlined in the planning documents.
2. Projects identified by the City as potential public works and/or development projects. Certain broadly defined projects related to concepts included in the RDMP plan and/or that were part of emerging concept plans were assumed to be accounted for in similar categories defined in the DMC Master Plan above. For instance, both the DMC Master Plan and RDMP Plan assume improvements and amenities along the Zumbro River. We did not assume projects would be duplicated, but rather that a single, coordinated project plan will be brought forward to support the needs.
3. Allocations for projects related to specific economic development and business strategies for general development and bio-med-tech development.

Figure 9-5 illustrates the total sources and uses of funds estimated for projects in this framework. All projects that assume a Public Infrastructure Project component – whether public or private- are assumed to be included. For instance, if a parking structure supports private uses but also has a public component under the shared parking model, the project is included and both the public and private funding sources are estimated as part of the project.

The key assumptions of this Finance Plan are the same as those outlined in the DMC Capital Improvement Plan (DMC-CIP) (Section 2.0) and include a presumption that:

1. DMC funds should be invested to support project goals, objectives and strategic priorities
2. DMC funds should provide gap financing to support extraordinary growth in the market
3. Investments should be made with partnership in mind, facilitating and supporting the strategic goals of the DMCC, City, State of Minnesota, Olmsted County (County) and Mayo Clinic
4. Investments should be evaluated for financial viability and economic sustainability, especially to the extent that they will result in long-term operational and maintenance costs to public, quasi-public and/or non-profit entities

The Finance Plan is a framework only and is anticipated to change overtime. The framework and finance plan do not commit the DMCC, City, County, State, Mayo Clinic, private developers or other third parties to specific resources or specific projects in support of this plan. The amount of funding available to support projects is contingent upon market factors, budget approvals and other factors outside the control of the DMCC, City, EDA, Mayo Clinic, or other stakeholders or third parties involved in the Development Plan. All project approvals are subject to the processes outlined in this Finance Plan and elsewhere in this Development Plan.

If the parties do not fund at the specified level, or if projects do not come forward as anticipated the model will be adjusted accordingly. Decisions of the DMCC and City will be based on the available funding in any given year.

A summary of the detailed assumptions for the sources and uses of funds follows:

9.3.1 KEY ASSUMPTIONS - SOURCES OF FUNDS

Figure 9-6 illustrates the assumed sources of funds. The key assumptions follow.

DMC Combined General Aid and State Transit Aid

- \$455 million in Combined State General Aid, see Section 9.1 for detail.
- \$116 million in Combined State Transit Aid, see Section 9.1 for detail.

Ordinary Local CIP and Other City Funding

- \$200 million approximated base on CIP funding assumed to be available from City tax levy, parking enterprise funds, utility funding among other funding sources.

MNDOT or Other State Funding

- \$10,500,000 in MNDOT funding.
- The City has a funding agreement with MNDOT which provides \$26 million in funds to assist with construction, repair and maintenance of Broadway. The agreement provides for \$6 million in funding in 2013, \$10 million in 2014 and \$10 million in 2015. Approximately \$6.7 million is assumed to be applicable in the district.
- It is assumed \$3.8 million of the Turnback Agreement provides funds for partial replacement of bridge structures.
- Other sources of funds to include Redevelopment Grant Program from State.

Construction Sales Tax Exemption

- \$14 million - see Section 9.1 for detail

SOURCES OF FUNDS	TOTAL
DMC Combined General Aid	\$455,000,000
DMC Combined Transit Aid	\$116,000,000
City CIP and Other Funding	\$200,000,000
Sales Tax Exemption on Construction Materials	\$14,000,000
MNDOT / Other State Funding	\$10,500,000
Federal Funding	\$285,600,000
Private Development Contribution (Shared Parking, Site Costs, Req. Road-work, etc.)	\$723,100,000
Other (e.g. Sponsorships, Other Sources)	\$53,600,000
TOTAL	\$1,857,800,000

FIGURE 9-6 - SOURCES OF FUNDS

Federal Funding

- \$285.6 million - estimated Federal Funding from programs that include:
 - Federal Transit Authority has several funding programs that include:
 - ♦ Small Starts - Sec 5309: Capital costs for new/extensions of fixed guide way systems, bus corridor improvements
 - ♦ TIGER Grants: Funding for transportation planning, bicycle & pedestrian, road, rail, and port projects
 - ♦ Urbanized Area Grant - Sec 5307: planning, engineering (transit/transportation projects), bus and bus-related activities
 - ♦ Bus & Bus Facilities Program - Sec 5339: purchase, replace, rehab transit buses and modernize or construct bus facilities.
 - Federal Highway Administration Transportation Alternatives Programs (TAP):
 - ♦ Recreational Trails Program
 - US Department of Commerce's Economic Development Agency's - Public Works Program
 - Other Sources (See Section 9.4)

Private Funding

- \$723.1 million - includes contributions from Mayo Clinic and other private sources (collectively Private Sources, private sources can be defined as Mayo, UMR, private developers).
- Private Investment by Mayo Clinic is assumed to be consistent with the proportional level of historic investment made in the market.

Sponsorships/Other Sources

- \$53.6 million - assumed to be obtained by sponsorships and other sources including:
 - Naming rights for specific improvements
 - Sponsorships of specific improvements and/or programs
 - Private donations and grants (including \$650,000 from Blue Cross Blue Shield Prevention Center)
 - Other sources

9.3.2 KEY ASSUMPTIONS - USES OF FUNDS

Figure 9-7 outlines the Uses of Funds estimated for the Project. The key assumptions related to the uses of funds (Uses of Funds) are outlined below. The assumptions are organized by General Infrastructure Projects and Transit Infrastructure. Definitions of what is included in each category are summarized in their individual sections.

- Project costs and phasing assumptions are based on the project categories, recommendations and phasing strategies outlined in the preface to this section
- Base cost estimates (2014) are estimated based on discussions with City staff, industry data and recent comparable project cost data
- Project costs are escalated in this model to the assumed phase of development. Escalation is estimated at 2.5% per annum

9.3.2.1 GENERAL INFRASTRUCTURE PROJECTS - USES OF FUNDS

General Infrastructure Projects, include but are not limited to the following assumptions:

Non-Transit Streets and Sidewalks: (\$17,800,000)

- Streets identified in the transportation category that do not carry transit but need a street upgrade.
- Bridges, Skyways, Subways
- Subway Element to the Transit Center located in Central Station District
- Allocations for other bridges and skyways in the district

Public Utilities (\$94,800,000)

- Public Utilities in conjunction with an approved development contain utilities such as
 - Sanitary Relief
 - Sanitary Sewers
 - Storm Sewers
 - Water Mains
 - Street Reconstruction due to Utility Capacity
 - Utility Reroutes due to new construction of parking ramps
- Public Utility upgrades needing replacement due to age and condition are inclusive of
 - Sanitary Sewer Replacement due to Age and Condition
 - Storm Sewer Replacement due to Age and Condition
 - Water Main Replacement due to Age and Condition

USES OF FUNDS	TOTAL
General Infrastructure	
Non-Transit Streets & Sidewalks	\$17,800,000
Bridges / Subways / Skyways	\$12,000,000
Public Utilities	\$94,800,000
Parcel Development	\$137,200,000
Development	\$50,000,000
Civic Uses, Cultural Uses and Public Amenities	\$261,000,000
Shared Parking	\$725,000,000
	\$1,297,800,000
Transit Infrastructure	
Transit	\$310,000,000
Transit Streets & Bridges	\$107,500,000
Transit Stations and Parking	\$108,600,000
Active Transportation	\$27,000,000
Signage and Wayfinding	\$6,900,000
	\$560,000,000
TOTAL	\$1,857,800,000

FIGURE 9-7- USES OF FUNDS

Parcel Development (\$137,200,000)

- Site work
- Demolition
- Environmental
- Property Acquisition

Development: (\$50,00,000)

- Investments in projects as approved by both the DMCC and City in Phase I
- Allocations to incentivize private development, and in accordance with the requirements for Public Infrastructure Projects, especially in:
 - General development
 - Bio-Med-Tech sector

Civic Uses, Public Spaces, Cultural Amenities: (\$261,000,000)

- Outdoor Plazas and Walkways (e.g. Peace Park expansion, the portal, embedded technologies, etc.)
- Indoor / Outdoor Public Spaces (e.g. the Waterfront, the translational cloud)
- Parks and Recreational Areas
- Public Amenities (e.g. visitor center, transit centers, meeting / gathering spaces, attractions, library, performing arts center and/or other cultural uses). Public amenities may be stand-alone projects or integrated into private developments

Shared Parking: (\$725,000,000)

- Public and Private Ramps incorporated into the Shared Parking System (Reference Section 8.0 for detail)

9.3.2.2 TRANSIT INFRASTRUCTURE - USES OF FUNDS

Transit/Transportation Infrastructure projects, include but are not limited to the following assumptions:

Transit (\$310,000,000)

- Downtown Circulator Planning and Design Costs
- Downtown Circulator Construction Costs
- Real Time Transit Information Costs
- Vehicle Capital to Support Park and Ride
- Regional Bus Layover Relocations

Transit - Streets and Bridges (\$107,500,000)

- Primary Bus Pathway Streets
- Street Network Changes or Proposed Lane Configuration Changes
- Streetscape Enhancements
- Broadway Enhancements
- Gap Funding for the Balance of Street Costs

Transit Stations and Parking (\$108,600,000)

- Transit Stations
- Transit Parking (reservoir flat lots or Park and Ride Lots)

Active Transportation (\$27,100,000)

- City Loop (known as world class urban trail)
- A Nice Ride MN Bike Share System

Signage and Wayfinding (\$6,900,000)

- Transit Wayfinding System
- Gateway and Downtown System including Skyway/Subway Integration

9.4 SUPPLEMENTAL FUNDING SOURCES & CONSIDERATIONS

Successful cities and destination draw from significant federal, state, local and charitable resources to implement the vision and specific project objectives. To be truly successful, the DMC cannot rely solely on DMC Funds or allocations from the City, County, Mayo Clinic or local developers to achieve the vision. Additional capital will need to be attracted and retained in the market to support growth.

One of the most important roles for the EDA going forward will be to work collaboratively with the DMCC, City, County and local stakeholder to identify funding resources to support projects. This funding support may be related to bricks and motor improvements, venture capital, or be supportive of workforce or other policy initiatives.

Figure 9-7 provides an initial listing of Federal, State and other funding/grant programs that have been identified as of the date of this Development Plan and for which the DMC Initiative may be eligible. Upon approval of the plan, the EDA will begin the process of vetting these resources to identify and secure potential funds to support projects and business-economic development strategies adopted in the Development Plan.

9.5 OTHER CONSIDERATIONS

This Finance Plan provides a framework to guide the DMCC, City and EDA on the advancement of projects and strategies over the long term. The assumptions included herein are contingent upon many factors and the implementation of the project may vary significantly from what is outlined herein.

This Development Plan and the strategies incorporated herein may vary over time. The assumptions included herein are based on the strategies incorporated in this Development Plan. Cost savings (or increases) may be realized on certain projects depending on the approach to development, construction markets and design requirements.

Additionally, private funding of Public Infrastructure Projects is subject to demand and decisions related to alternate development proposals. For instance, Mayo Clinic may not choose to trade off downtown parking for mass transit alternatives over time. It is assumed that transitions of these strategies are managed within the context of the plan.

Finally, the amount of projects that may be financed with DMC Funds will be dependent upon the level of private investment and the financing method. It is possible, that more project costs could be covered by DMC Funds if bond financing was employed vs. a PAYGO model.

Parties undertaking this Development Plan are committed to work collaboratively to maximize the impact of the DMC Funds while also balancing the individual interest of the parties.

FEDERAL				
DEPARTMENT	U.S Department of Commerce		US Department of the Treasury	
Agency	Economic Development Agency (EDA)		Internal Revenue Service	Community Development Financial Institutions Fund (CDFI)
Program(s)	Economic Development District / Comprehensive Economic Development Strategy <ul style="list-style-type: none"> Planning Program Technical Assistance 	Public Works Program	Low Income Housing Tax Credits	New Markets Tax Credits
Purpose	Facilitate economic development strategies in local communities/larger regions by providing planning funds and guidelines to assist organizations in the planning process	Provide public works investment assistance to support the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain long-term private sector jobs and investments, attract private sector capital, and promote regional competitiveness.	Promote development of affordable and low-income housing by offering incentives to investors in the form of tax credits: 4% tax credits and 9% tax credits. The 4% tax credit is for acquisition costs, the 9% for rehabilitation and new construction costs, but only 4% percent if the development has federal subsidies or tax-exempt financing.	Provides authority to Community Development Entities (CDEs) to offer an incentive to investors in the form of tax credits over seven years, which is expected to stimulate the provision of private investment capital and facilitate economic and community development in Low-Income Communities.
Type of Support	Grant, Technical Assistance	Grant	Tax Credit	Tax Credit
Available Funding	Appropriation (2014 information): * Planning: \$27 million, *Technical Assistance: \$12 million. Average grant < \$100,000	Appropriation (2013 information): \$100.3 million	Estimated tax credits allocated to Minnesota in 2014 - \$12 Million	The CDFI Fund may allocate to CDEs the authority to issue to their investors up to the aggregate amount of \$5 billion in equity as to which NMTCs may be claimed (2014 NOFA)
Cost Sharing / Matching	Typically up to 50% of total project cost. Additional 30% based on relative needs of the region	Typically up to 50% of total project cost. Additional 30% based on relative needs of the region	A dollar-for-dollar reduction in federal tax liability in exchange for providing financing to develop affordable rental housing. Investors receive tax credits against their Federal tax liability each year over a 10-year period.	Tax Credits equal 39% of Qualified Equity Investment (QEI) over a 7 year period
Description	Funding for planning and technical expertise to support communities and regions in their comprehensive, entrepreneurial, and innovation-based economic development initiatives. CEDS funding can be a pre-requisite to receive funding under the Public Works Program.	Provides strategic Public Works investments to support the construction or rehab of essential public infrastructure and facilities to help communities and regions leverage their resources to create new and better jobs, drive innovation, become centers of competition in the global economy, and ensure resilient economies.	Section 42 of Internal Revenue Code. Provides tax credits against Federal income taxes for making qualified investments in affordable and low-income housing projects. The IRS allocates housing tax credits to designated state agencies- which in turn award the credits to developers of qualified projects. Each state is limited to a total annual housing tax credit allocation	Provides tax credits against Federal income taxes for making qualified equity investments in designated CDEs substantially all of which must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven year credit allowance period.
Eligibility	Eligibility Requirements Include: <ul style="list-style-type: none"> District Organizations Indian Tribes /Consortium of Indian Tribes States, Cities or other political subdivisions including special purpose units / or consortium Public or Private non-profit organizations acting in coordinate with governmental officials or political subdivision of the State 	Eligibility Requirements Include: <ul style="list-style-type: none"> District Organizations Indian Tribes /Consortium of Indian Tribes States, Cities or other political subdivisions including special purpose units / or consortium Public or Private non-profit organizations acting in coordinate with governmental officials or political subdivision of the State 	Project Eligibility Requirements: <ul style="list-style-type: none"> Project must be a residential property Commit to 1 or 2 low-income housing occupancy threshold requirements Restrict rents including utility charges in low-income units Operate under rent and income restriction for 30 years or more At least 20% of units must be rent restricted (household incomes at or 50% of HUD determined area medium income (AMI)) At least 40% of units must be rent restricted to household incomes at or below 60% of HUD determined AMI 	Investment Requirements: <ul style="list-style-type: none"> Cash investment by investor into a CDE CDE must invest in qualified low income community investments (QLICIs) At least 85% of the cash is used by the CDE to make qualified low-income community investments (QLICI) The investment is designated by the CDE as a QEI on its books and records
Targeted Areas	At least one Distressed Area based on unemployment rates, per capita incomes, or special need determined by the EDA	At least one Distressed Area based on unemployment rates, per capita incomes, or special need determined by the EDA	No set targeted area requirements -private developers are incentivized to build in low-income (Qualified Census Tracts) areas to claim 30% more in tax credits	Low-Income Community census tracts with: poverty rates and median family incomes, and other target populations per CDFI guidelines
Evaluation Criteria	Criteria Include: <ul style="list-style-type: none"> National Strategic Priorities Economically Distressed / Underserved Communities Return on Investment (Economic Development) Collaborative Regional Innovation Public / Private Partnerships 	Criteria Include: <ul style="list-style-type: none"> National Strategic Priorities Economically Distressed / Underserved Communities Return on Investment (Economic Development) Collaborative Regional Innovation Public / Private Partnerships 	Evaluation by state housing finance agencies: Criteria includes: <ul style="list-style-type: none"> Site and Market Evaluations Rent Affordability Project Development Costs Capability of Project Team Unit Mix and Project Size 	CDFI Award Criteria for CDE's Includes: <ul style="list-style-type: none"> Business Strategy Community Impact Management Capability Capitalization Strategy
Web Address	http://www.eda.gov/AboutEDA/Programs.xml	http://www.eda.gov/AboutEDA/Programs.xml	http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/lihtc/basics	http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

FIGURE 9-8 - SOURCES MATRIX

FEDERAL				
DEPARTMENT	U.S Department of the Interior		U.S. Department of Transportation	
Agency	National Parks Service		Federal Transportation Authority (FTA)	
Program(s)	Federal Historic Tax Credit Program <ul style="list-style-type: none"> Certified rehabilitation of certified historic structures Rehabilitation of nonhistoric, non-residential buildings (before 1936) 	Land and Water Conservation Fund	MAP-21*: Sections 5309, 5307, 5339 Programs <ul style="list-style-type: none"> * Moving Ahead for Progress in the 21st Century 	TIGER Discretionary Grants <ul style="list-style-type: none"> Transportation Investment Generating Economic Recovery
Purpose	Promote the rehabilitation of historic structures which are instrumental in preserving the historic places that give cities, towns and rural areas their special character. Attract private investment to the historic cores of cities and towns to generate jobs, enhance property values, and augment State and local tax revenues.	The LWCF Program provides matching grants to States and local governments for the acquisition and development of public outdoor recreation areas and facilities (as well as funding for shared federal land acquisition and conservation strategies).	<ul style="list-style-type: none"> Small Starts (section 5309): Capital costs for new/extensions of fixed guideway systems, bus corridor improvements Urbanized Area Grant - Section 5307: planning, engineering (transit/transportation projects) Section 5339: Bus and Bus Facilities: provides capital assistance for new and replacement buses, related equipment, and facilities. 	TIGER Grants: Funding for transportation planning and capital for bicycle & pedestrian, road, rail, and port projects. (Note: The DOT has not been authorized for another round of TIGER at this time. Decision is pending in Congress.)
Type of Support	Tax Credit	Grant	Grant Programs	Grant
Available Funding	Credit provided upon placing the rehabilitated building into service based on 20% of the amount spent on certified rehabilitation of a certified historic structure or 10% of the amount spent to rehabilitate a non-historic building built before 1936.	State of Minnesota was awarded approximately \$760,000 in 2014. Maximum individual grant - \$500,000	<ul style="list-style-type: none"> Small Starts: Applicants seeking funding < \$75 million for projects with total costs < \$250 million Urbanized Area Grant - Sec 5307: formula-based on population, population density and number of low-income individuals (areas of 50,000 - 199,000 in population) Bus and Bus Facilities: State receives \$1.25 allocation from FTA plus formula-based funding 	\$10 million minimum for capital projects. FTA awarded \$600 million (2014) for 72 transportation projects out of total pool of 797 eligible applications. Two MN projects: Interchange at US 10/CSAH 83 (\$10 million construction project) and St. Paul to Multimodal Corridor Plan (\$100,000 project planning)
Cost Sharing / Matching	None	50:50 matching program	<ul style="list-style-type: none"> Small Starts / New Starts: Federal funds are typically 50% of project costs with a 50% state or local match, Urban Area Grants and Bus & Bus Facilities Program : Federal share - 80% /local match - 20% 	20% non-federal match requirement for capital and planning projects
Description	The Federal Historic Preservation Tax Incentives program promotes the rehabilitation of historic structures of every period, size, style and type by attracting private investment to restore abandoned or underused schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices in a manner that maintains their historic character.	The LWCF state assistance program provides matching grants to help states and local communities protect parks and recreation resources. Includes funding for trails and neighborhood playgrounds. Typical Projects include: * Renovating community parks * Building new skate parks, tennis courts, swimming pools, and trails * Protecting wildlife habitat * Building athletic fields	<ul style="list-style-type: none"> Small Starts (section 5309) program funds projects that include commuter rail, light rail, heavy rail, bus rapid transit, streetcars, and ferries Urbanized Area Grant (Sec 5307): formula grant program for urbanized areas providing capital, operating, and planning assistance for mass transportation Bus & Bus Facilities Program - Section 5339: Provides funding for new rail or busway projects, the improvement / maintenance of existing rail and other fixed guideway systems that are more than 7 years old, and upgrading of bus systems. Includes rolling stock, equipment, and construction 	The Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program, is a DOT-wide program investing in critical road, rail, transit and port projects across the nation, managed by DOT's Office of the Secretary. Awarded on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area or a region."
Eligibility	Project eligibility Requirements for 20% tax credit: <ul style="list-style-type: none"> Rehabilitate structures on the National Register of Historic Places or that are certified by NPS as contributing to the historic significance of a registered historic district Must be depreciable, not an owner-occupied residence Must have substantial rehabilitation costs in excess of the greater of \$5,000 or the adjusted basis of the building Projects eligible for 10% tax credit: <ul style="list-style-type: none"> Rehabilitate structures built before 1936 and not moved after 1935 Must be for non-residential use Must also be depreciable and substantial 	Eligible Entities to Apply for Funding include: <ul style="list-style-type: none"> Local agencies Special purpose districts, such as park and port districts Native American tribes State agencies 	Small Starts Eligibility Requirements: <ul style="list-style-type: none"> Be a fixed guideway for at least 50% of the project length in the peak period and/or be a corridor-based bus project with transit stations, signal priority/pre-emption (for bus/LRT), low flow / level boarding vehicles, special branding of service, frequent service (10 min/15 min off peak), and service offered at least 14 hours per day Urbanized Area Grants Eligibility Requirements <ul style="list-style-type: none"> FTA apportions funds to designated recipients, which then suballocate to state / local government authorities, including transportation providers Bus and Bus Facilities Eligibility Requirements <ul style="list-style-type: none"> Designated recipients and states that operate or allocate funding to fixed route bus operators and subrecipients 	Eligible Applicants: <ul style="list-style-type: none"> State/local governments Tribal governments Transit agencies Port authorities MPOs and other political entities Eligible Projects: <ul style="list-style-type: none"> Highway or bridge projects eligible under title 23 Public transportation projects eligible under chapter 53 of title 49 Freight rail projects; high speed and intercity passenger rail projects Port and port infrastructure investments.
Targeted Areas	Properties included on the National Register of Historic Places or within registered historic districts	National Program	Urban and Rural Areas	Urban and Rural Areas
Evaluation Criteria	Conformance Reviews: <ul style="list-style-type: none"> State Historic Preservation Office and NPS reviews the projects for: conformance with the Secretary of the Interior's Standards for Rehabilitation (20%) At least 75% of the building's structural frame and exterior walls must remain in place and 50% of exterior walls must remain exterior (10%) 	Criteria Include: <ul style="list-style-type: none"> Goals and objectives Inventory Public Involvement Demand and Need Analysis Capital Improvement Plan Adoption 	FTA Project Selection Criteria include: <ul style="list-style-type: none"> Cost Effectives of Project Land Use Economic Development Benefits Local Financial Commitment 	TIGER Grant Evaluation Criteria: <ul style="list-style-type: none"> State of Good Repair Economic Competitiveness Environmental Sustainability Safety Innovation Partnerships
Web Address	http://www.nps.gov/hps/tps/tax/index.htm	http://www.nps.gov/lwcf/index.htm	http://www.fta.dot.gov/12347_5221.html =, http://www.fta.dot.gov/documents/MAP-21_Fact_Sheet_-_Bus_and_Bus_Facilities.pdf	http://www.dot.gov/tiger/about

FIGURE 9-8 - SOURCES MATRIX (CONTINUED)

FEDERAL				STATE
DEPARTMENT	U.S. Department of Transportation	U.S. Department of Homeland Security	U.S. Department of Housing and Urban Development	Department of Employment and Economic Development
Agency	Federal Highway Administration (FHWA)	U..S. Citizenship and Immigration Service	Congressional Grants Division	Office of JOBZ and Business Finance
Program(s)	"MAP-21: Transportation Alternatives Program (TAP)" * Moving Ahead for Progress in the 21st Century *Recreational Trails Program	EB-5 Immigrant Investor Program Regional Center Program Direct Investments in a New or Troubled Business	Community Development Block Grants	Job Opportunity Building Zone (JOBZ) Program
Purpose	MAP-21 provides for a variety of alternative transportation projects - the TAP replaces the funding from pre-MAP-21 programs including, Recreational Trails, and Boulevards from Highways, wrapping them into a single funding source.	Stimulate the U.S. economy through job creation and capital investment by immigrant investors by creating a new commercial enterprise, investing via a regional center, or investing in a troubled business and obtain U.S. residency (visa)	The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.	Restore productivity to under-used and unproductive properties through development, redevelopment, reclamation or recycling using local and state tax exemptions to qualified companies that start up or expand in places poised for business growth with adequate infrastructure.
Type of Support	Grant	Investment Capital	Grant	Tax Exemptions, Tax Credits
Available Funding	TAP funding is 2% of MAP-21 funding (FY 2014 - \$819,000,000) which is apportioned to States which suballocate the funds to agencies within the state based on population. MNDOT is administrator in Minnesota and it awarded \$13 million in TAP funds for 37 out of 49 applications for in 2013-2014 cycle.	Allocation: 10,000 visas (Note: program has run out of visas - no more EB-5 visas will be issued until the beginning of the 2015 fiscal year in October) Required Investment: \$500,000 - Targeted Employment Area (TEA) Any Other Area: \$1,000,000	Formula driven allocations: City of Rochester, MN received a 2014 grant in the amount of \$542,789	Tax exemptions available in JOB zones: <ul style="list-style-type: none"> Individual / Corporate Income Taxes Sales and Use Taxes Property Taxes on Improvements Tax Credits for High Paying Jobs
Cost Sharing / Matching	20% non-federal match (state or local)	None	None	NA
Description	The TAP provides funding for programs and projects defined as transportation alternatives, including on- and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to public transportation and enhanced mobility, community improvement activities, and environmental mitigation; recreational trail program projects; safe routes to school projects; and projects for planning, designing, or constructing boulevards and other roadways largely in the right-of-way of former Interstate System routes or other divided highways.	USCIS administers the Immigrant Investor Program, also known as "EB-5," created by Congress in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. Under a pilot immigration program first enacted in 1992 and regularly reauthorized since, certain EB-5 visas also are set aside for investors in Regional Centers designated by USCIS based on proposals for promoting economic growth.	The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.	The Job Opportunity Building Zone (JOBZ) initiative provides local and state tax exemptions to qualified companies that start up or expand in designated JOB Zones. The program promotes development in places that are already poised for business growth and have adequate infrastructure in place. It also seeks out places where favorable conditions exist for restoring productivity to under-used and unproductive properties through development, redevelopment, reclamation or recycling.
Eligibility	Eligible Applicants: <ul style="list-style-type: none"> State/local governments Tribal governments Transit agencies Port authorities MPOs and other political entities Eligible Projects Project must relate to surface transportation or recreational trails Recreational trails program including maintain/restore/construct 	EB-5 Investment Requirements <ul style="list-style-type: none"> Project must generate 10 jobs per immigrant investor and create or preserve either direct or indirect jobs Direct jobs located within the invested commercial enterprise Indirect jobs created as a result of capital invested in the commercial enterprise affiliated with a regional center A foreign investor may only use the indirect job calculation if affiliated with a regional center Minimum qualifying investment - \$1 million and \$500,000 in a TEA (Targeted Employment Area) - a high unemployment (of at least 150 % of the national average rate) or rural area 	Eligibility Requirements: <ul style="list-style-type: none"> Projects must benefit low- and moderate-income persons Prevention or elimination of slums or blight Address community development needs A grantee must develop and follow a detailed plan that provides for and encourages citizen participation. <p>Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons.</p>	Businesses that startup or expand in a zone or relocate from other states or from elsewhere in Minnesota are eligible for the incentives if they meet certain job and wage goals: <ul style="list-style-type: none"> Increase employment by a minimum of five jobs or 20 %, whichever is greater, within the first full year of operations in a zone Pay employees (including benefits not mandated by law) at a level equal to a least 110% of the federal poverty level for a family of four Retail development is not eligible
Targeted Areas	Statewide program (Minnesota)		Local jurisdictions called "non-entitlement" and "entitlement" communities.	There are 10 job zones comprising more than 29,000 acres in about 325 communities
Evaluation Criteria	TAP Evaluation Criteria: <ul style="list-style-type: none"> Impact on the transportation system Part of a larger project concept Planning Integration / Quality Financial Considerations 	Regional Centers must submit a proposal showing: <ul style="list-style-type: none"> Plans to focus on a geographical region / achieve the required economic growth Business plan / model grounded in reasonable and credible estimates and assumptions Verifiable detail on how jobs will be created Amount / source of capital committed to the project 	HUD determines the amount of each grant by using a formula and the annual CDBG appropriation is allocated between States and local jurisdictions .	Evaluation Criteria: <ul style="list-style-type: none"> Project relates to surface transportation Project can be categorized as one or more of 12 eligible activities Economic, community, cultural, aesthetic, and/or environmental benefits Demonstrated community support
Web Address	http://www.fhwa.dot.gov/map21/factsheets/tap.cfm	http://www.uscis.gov/	http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs	http://mn.gov/deed/business/financing-business/tax-credits/jobz/jobz-overview.jsp

FIGURE 9-8 - SOURCES MATRIX (CONTINUED)

STATE		LOCAL		
DEPARTMENT	Department of Employment and Economic Development	City of Rochester		
Agency	Brownfields and Redevelopment Unit	Economic Development Authority, City Finance Department		
Program(s)	Redevelopment Grant Program	Industrial Revenue Bonds	DMC Legislation -Special City Tax Authority	Land Sales and Ground Leases
Purpose	Assist communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use.	Issue revenue bonds through cities and counties as a vehicle for assisting private companies to purchase, acquire, construct, improve, equip, or remodel facilities for commercial and manufacturing purposes	Special taxing authority granted to the City of Rochester in the Destination Medical Center Legislation to finance costs of public infrastructure projects implemented in the Destination Medical Center Development District	Other potential sources of revenues that may be generated by the City of Rochester to fund public infrastructure investments in the Destination Medical Center Development District
Type of Support	Grant	Bond Financing	Special City Tax Revenues	Other Potential City Revenues
Available Funding	Approximately \$64 million awarded in 2014: City of Rochester received \$240,900 for the Minnesora Bio-Business Center	Revenue bonds are issued with the strength of the project dictating terms and conditions of financing and interest rate.	Determined by the City	To be determined by real estate market and land value analysis. Land values to be based on appraisals that would evaluate proposed uses by private developers and comparables land sales if applicable.
Cost Sharing / Matching	Grants pay up to 50% of project eligible costs			
Description	State Redevelopment Grant Program pays up to 50% of redevelopment costs for a qualifying site, with a 50-percent local match. Grants can pay for land acquisition, demolition, infrastructure improvements, soil stabilization, ponding or other environmental infrastructure and adaptive reuse of buildings, including remedial activities at sites where a subsequent redevelopment will occur	Revenue bonds can be used to finance industrial, commercial and medical facilities, multifamily rental housing, nursing homes and some nonprofit activities. Projects can include land acquisition, new-facility construction, additions to existing facilities, purchase and renovation of existing structures and production-equipment purchase.	Article 10: Destination Medical Center, Sec. 8. [469.45] City Tax Authority Per DMC Legislation, the City is allowed to: <ul style="list-style-type: none"> Extend its current 0.5% sales tax or impose an additional 0.25% sales tax Increase its lodging tax Impose a food and beverage tax Impose an admission and entertainment tax Exercise expanded tax abatement authority Exercise expanded TIF authority 	Potential sources of revenues, such as land sales and/or ground leases (City-owned sites identified within the Destination Medical Center District), that may be generated by the City of Rochester to fund public infrastructure investments in the Destination Medical Center Development District
Eligibility	Eligible Applicants / Recipients Include: <ul style="list-style-type: none"> Cities Counties Port Authorities Housing and Redevelopment Authorities Economic Development Authorities Costs incurred before the grant award date are not eligible for payment	Revenue bonds issued for industrial / manufacturing, medical facility, 501 (c) (3) nonprofit or nursing-home projects are generally tax-exempt; those for commercial projects are taxable.	Public infrastructure projects implemented within the Destination Medical Center Development District	City-owned sites for land sales or ground leases would require approval by the city administration and City Council and be conducted pursuant to State law.
Targeted Areas	Priority is given to projects with one or more of the following: <ul style="list-style-type: none"> Contamination remediation needs in conjunction with a redevelopment project Project meets current tax increment financing requirements for a redevelopment district and tax increments will be used Redevelopment potential within the municipality Multi-jurisdictional projects that have the need for affordable housing, transportation, and environmental Advances or promotes the Green Economy 		Project sites within the Destination Medical Center Development District	Project sites within the Destination Medical Center Development District
Evaluation Criteria	Criteria Include: <ul style="list-style-type: none"> National Strategic Priorities Economically Distressed / Underserved Communities Return on Investment (Economic Development) Collaborative Regional Innovation Public / Private Partnerships 		Criteria Include: Defined in the Development Plan and adopted by the City of Rochester and approved by the Destination Medical Center Corporation	To be determined by City Administration and City Council
Web Address	http://mn.gov/deed/government/financial-assistance/cleanup/redevelopmentgrantprogram.jsp	http://www.eda.gov/AboutEDA/Programs.xml	http://www.rochestermn.gov/departments/administration/dmc/pdf/DMC%20Overview.pdf	

FIGURE 9-8 - SOURCES MATRIX (CONTINUED)

LOCAL, REGIONAL, NATIONAL, INTERNATIONAL OTHER SOURCES			
DEPARTMENT	OTHER SOURCES		
Agency	Public, Private, Philanthropic Institutions		
Program(s)	Private Investment	Grants, Donors, Sponsorships, Advertising, Naming Rights, User Fees, Other	
Purpose	Private Developers, Real Estate Investment Trusts (REIT), and other Private Entity investments in mixed-use development and parking in the DMC Development District	The EDA will pursue a range of additional public and private sources that can contribute to funding capital costs and/or operating costs for public infrastructure projects that are special features and / or active transportation components (City Loop and Bike Share programs) in the Development Plan. The EDA will also assist private developers in obtaining subsidies, tax credits, and other forms of governmental financial assistance to develop other private projects that are consistent with the goals of the Development Plan.	
Type of Support	Private Investment	Non-Profit / Private Investment / User Fees	
Available Funding	Private financing secured by investors for for privately developed projects	The EDA will pursue grants ans sponsorships for certain programs and amenities incorporated into the Development Plan. These grants and sponsorships may be used for, but are not limited to: <ul style="list-style-type: none"> Development and Construction Venture Capital, Start Up Funding, Research Grants Operating Costs Operations and Maintenance Programming Special Events and Activation Other as Deemed Appropriate 	
Cost Sharing / Matching		Will vary according to source	Will vary according to source
Description	The DMC Public Infrastructure investment is intended to leverage public investment with private investment to catalyze development within the Development District. Private investment financing strategies may include utilizing Federal programs such as New Markets Tax Credits, Low Income Housing Tax Credits, Historic Tax Credits and the EB-5 program for eligible projects.	Range of potential capital cost sources include: <ul style="list-style-type: none"> Foundations/ Philanthropic Institutions Corporations Private Developers Non-profit organizations Private Donors Sale of naming rights 	Range of potential operating revenue sources: User fees: <ul style="list-style-type: none"> Bike Share program (City Loop trail network) Parking ramp user fees Ice skating rentals / other sales (Ice Pavilion) Other Potential Operating Revenue Sources: <ul style="list-style-type: none"> Advertising Sponsorships Sale of naming rights Special District fees
Eligibility	For private investment seeking DMC funds as part of its financing structure, the proposed projects must be located within the DMC Development District	Funding eligibility will vary according to project and the potential funding source	Funding eligibility will vary according to project and the potential funding source
Targeted Areas	Project sites within the Destination Medical Center Development District	Project sites within the Destination Medical Center Development District	Project sites within the Destination Medical Center Development District
Evaluation Criteria	Defined in the Development Plan and adopted by the City of Rochester and approved by the Destination Medical Center Corporation	Based on requirements of funding source	Based on requirements of funding source
Web Address			

FIGURE 9-8 - SOURCES MATRIX (CONTINUED)



SECTION 10.0 DMC BUSINESS DEVELOPMENT IMPLEMENTATION PLAN

A Guiding Principle the Development Plan is to create “A Comprehensive Strategy to Drive Economic Development and Investment” in Rochester by creating a strong and diverse economy for the City, the County and the region. The lynchpin of the DMC Business Development strategy is Mayo Clinic. Success will be dependent upon the ability to strategically align the growth of Mayo Clinic with the growth of the private sector. Partnership and collaboration between Mayo Clinic, the City, the County and local and regional stakeholders is the key to success.

This section expands upon this Guiding Principle and outlines a comprehensive set of objectives and strategies (including a five-year work plan) that can be executed by the stakeholders and other public and private partners to create a strong and sustainable local and regional economy by driving economic development in the DMC Development District. Specific focus has been given to the strategic priorities established to initiate the bio-med-tech strategy (see Section 10.2).

10.1 BUSINESS DEVELOPMENT OVERVIEW & GOALS

The strategic framework and implementation plan for the DMC has been developed around certain objectives designed to achieve the goals of the DMC Initiative and more specifically:

- Leverage Mayo Clinic’s presence to ignite the **bio-med-tech economy** and catalyze development in Discovery Square
- **Catalyze growth** in the downtown core – at the Heart of the City and around core assets and targeted infrastructure investment
- Create opportunities for all economic sectors and create a **diversified business** base in the Development District
- **Foster entrepreneurial enterprise and innovation** and ensure continued economic health and growth of existing small businesses in the Development District
- Create a sustainable framework for a diverse **regional economy** that can withstand economic shifts and market swings
- Develop recruitment and retention strategies to address the potential workforce gap and meet private business hiring needs through **workforce development** in targeted sectors

10.2 THE BIO-MED-TECH STRATEGY

A key component of the DMC Development Plan is to leverage Mayo Clinic's presence in the downtown to foster an innovation economy. The physical aspects of the plan are manifested in the Discovery Square sub district, which includes a potential program of 600,000 – 1,000,000 square feet of development based on the analog research completed by AECOM (See Market Study, Section 5.0).

Once operational, the EDA will provide leadership to this through the implementation of the business development, real estate and investment strategies. The strategic priorities of the strategy are outlined below. The Phase I tasks of these strategic priorities are incorporated into the work plan at the end of this sections.

Strategic Priorities:

The strategic priorities and key tasks that have been identified for these strategies include:

1. Foster a Partnership with Mayo Clinic; Leverage Key Assets

- Develop strategic connections/leverage opportunities with Mayo Clinic in clinical, research and education fields (the "Three Shields")
- Develop protocols to access patients, research, technology and intellectual property, subject to HIPPA and other rules
- Through the EDA, engage Mayo Clinic leadership to advise and provide assistance with long-term strategic plans
- Direct the EDA to establish a working committee with Mayo Clinic, Rochester Area Economic Development, Inc. (RAEDI)/Journey to Growth (J2G) and other local stakeholders to coordinate initiatives

2. Identify Other Core Competencies and Partnership Opportunities in Local and Regional Markets

- Look for opportunities to foster technology partnerships with IBM
- Identify and solicit partnerships/coalitions with other companies, service/advocacy and business organizations in the region
- Establish partnerships and form coalitions with Mayo Clinic, RAEDI, LifeScience Alley, DEED and others to attract investment and businesses to region

3. Attract Partners, Companies and Technology To The Market

- Learn through focus groups/surveys about the factors driving locational, investment decisions of companies; address needs
- Assess the venture capital funding provided in other states and regions
- Attract a greater variety of companies, including technology, software companies, engineering, advisory and consulting services

4. Identify Potential Partners and Venture Capital

- Work with Mayo Clinic Ventures to identify strategies and opportunities to attract venture capital to the market
- Working with Mayo Clinic to facilitate connections between clinicians and business/venture capital groups

5. Create an Platform for Entrepreneurism

- Engage entrepreneurs in identifying potential companies / start-up opportunities
- Identify space for start-up businesses
- Partner with business leaders, service organizations and educational institutions to provide a range of low-cost or discounted services for early stage start-ups including space, legal services, business/investment advisory services, human resources and other similar services

6. Initiate the Real Estate Strategy

- Determine land use and development strategy for Discovery Square
- Reserve DMC Funds to support and attract investment and catalytic development projects
- Promote awareness of the DMC funding program
- Where appropriate, engage in land banking and other activities to facilitate development
- Provide state-of-the-art technology infrastructure
- Facilitate an environment of collaboration with integrated facilities and shared public space
- Create a dynamic, live-work environment and direct links to transit/transportation alternatives
- Provide alternative real estate space opportunities for campus academic and housing needs

7. Assessing Workforce Competencies and Identifying Strategies to Mitigate Gaps in Education, Training or Recruitment

- Identify partners and build coalition to support workforce initiatives around bio-med-tech economy
- Work with Mayo Clinic, the Chamber of Commerce, J2G and other businesses/stakeholders to identify workforce gaps in the market
- Work with educational institutions to develop training and education programs to support need
- Coordinate business development strategies with other DMC strategies to improve livability, accessibility and economic opportunity in Rochester to attract and retain top tier talent.

8. Measure, Track and Assess Success

- Provide annual tracking and reporting on advancement of plans and strategic priorities
- Adjust strategies as needed

10.3 SUMMARY OF STRATEGIC PRIORITIES

The strategic work plan is comprised of key actions involved in planning and executing the business development strategies to achieve the DMC goals stated in Section 10.1 above in the first phase of work. During the first year of the DMC implementation, business development activities provided in the work plan below will play a key role in helping to grow and diversify the private business sector centered around the DMC Initiative. The EDA will manage the implementation of this strategic work plan through its in-house resources, as well as through assistance from consultants and other advisors as needed.

10.4 CHALLENGES, RISK & CONSIDERATIONS

Because the DMC is a long-term, economic development initiative planned to be executed over a 20-year period, one of the biggest challenges to a successful business development strategy will be maintaining a Development Plan that can withstand the test of time and evolve to meet the changing needs of private business and incite public cooperation and ongoing investment. To that end, every five years the Development Plan will be updated to assess the successes and challenges of the various aspects of the plan and refocus the strategic initiatives to meet the demands of the market so that the plan remains a financially viable and sustainable economic development framework (see Figure 10-1 for Years 1-5). This framework for proper guidance of DMC Fund investments over the 20-year period will help ensure realization of the business development goal to create a strong and sustainable local economy.

It is also critical that part of the assessment be tied to performance metrics on the economic and business development strategies and programs outlined herein. The business development strategy should be measured on a regular basis against established metrics to measure goals and objectives.

There are also major challenges to the bio-med-tech strategy which include the competitive environment, venture capital resources, a technical workforce to meet demands and complicating factors in the commercialization or research and technology innovations. Identifying these challenges and developing strategies to address/mitigate them is essential to the success of the DMC and the bio-med-tech strategy over the long term. This is one of the most critical aspects of the plan that requires a strong, deliberate and committed partnership between the parties to advance these strategies and realize the objectives of the DMC Initiative overall.

Adding to the challenges of the business structure are cost constraints that may apply to business development activities. Thus, an alternate source of funds must be identified to support the strategies and programs outlined in this business development work plan. Without adequate staff and resources to execute this strategy, it will be difficult to achieve the vision, goals and objectives of the DMC Initiative overall.

Other challenges should be acknowledged as well, which are generally outside of the control of the DMC stakeholders. These include: private sector capital constraints beyond the anticipated DMC gap financing; national or Statewide economic downturns similar to the recent great recession; increased costs of health care and health care industry regulatory burdens that may materially negatively impact Mayo Clinic or the bio-med-tech strategy; and other legislation policy changes unfavorable to the business climate or local government funding capabilities.

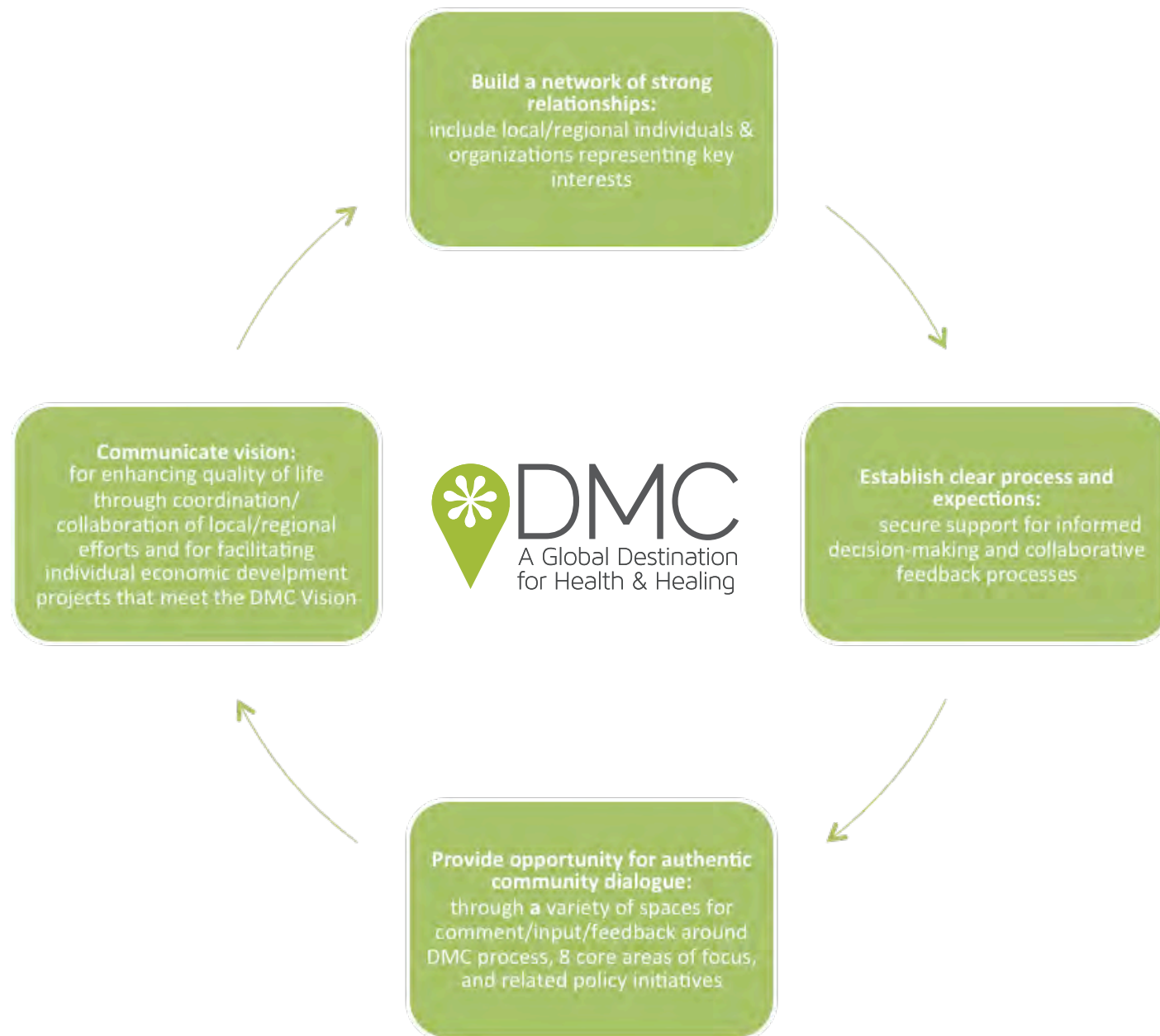
STRATEGIC ACTIONS	YEAR 1			YEARS 2-5	
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK	
General	Hire and retain permanent staff and advisors based on approved EDA Budget	Q1/Q2	EDA	Implement staffing and advisory roles as needed, within approved budget.	
Ignite the Bio-Med-Tech Economy	Structure partnership with Mayo Clinic to promote the bio-med-tech economy in Rochester. Develop a tactical strategic plan working in collaboration to meet goals of DMC and Mayo Clinic with respect to these initiatives.	Q1/Q2	EDA	On-going strategic planning	
	Structure partnership and/or coalitions with Mayo Clinic, RAEDI, LifeScience Alley, DEED and others to attract investment and technology to the market. Create a committee structure for coordinated activities.	Q2/Q3	EDA	On-going coalition building	
	Identify other potential partners for business development, investment and development of the bio-med-tech economy and Discovery Square concept	Q3/Q4	EDA	On-going coalition building	
	Assess core competencies, competitive advantages/disadvantages to execution of plan	Q3/Q4	EDA	Annual reporting to measure progress and trends in market	
	Develop grant/funding proposals for national/charitable funds to support investment (venture, operational or other) in market	Q3/Q4	EDA	Partner with business leaders, service organizations and educational institutions to provide a range of low-cost or discounted services for early state start-ups including, space, legal services, business/investment advisory services, human resources and other similar services	
	Host focus groups with potential partners/companies and advisors to develop understanding of needs/demands to attract uses to market	Q3/Q4	EDA	Track incentive programs	
	Coordinate with marketing/communications team to identify messaging and finalize collateral materials for sales purposes	Q3/Q4	EDA	Updates as needed	
	Solicit companies, entrepreneurs and technologies to the market; transactional services to assist with projects and/or funding requests	On-Going	EDA	On-going marketing and solicitation of proposals	
	Initiate a long-term real estate strategy for build out of Discovery Square.	Q2/Q3/Q4	EDA	Solicit proposals and development opportunities to the market	
	Assess workforce competencies	Q1/Q2	EDA	On-going reporting/assessments	
	Identify funding/programs to support targeted educational initiatives to build/sustain a highly skilled work force in market	Q3/Q4	EDA	On-going development of programs	

FIGURE 10-1 - STRATEGIC ACTIONS

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK
Catalyze Growth in the Market	Working with Chamber and other organizations, identify business gaps, uses and/or growth opportunities in the market	Q3/Q4	EDA	On-going analysis/reporting
	Solicit companies/uses to the market; transactional services to assist with projects and/or funding requests	On-Going	EDA	On-going marketing and solicitation of proposals
	Coordinate with marketing/communications team to identify messaging and finalize collateral materials for sales purposes	Q3/Q4	EDA	Updates as needed
	Identify and develop national and international promotional, seminars, opportunities (conferences, conventions, etc.)	Q3/Q4	EDA	On-going assistance in developing seminars and programs
	Promote awareness of the DMC Funding Program	On-Going	EDA	On-going assistance in development
Diversified Business Base	Identify partners and service organizations engaged in workforce diversification efforts in the community; coordinate with targeted business strategies	Q1/Q2	EDA	On-going committee involvement
	Identify funding/programs to support targeted educational initiatives to build/sustain a highly skilled work force in market	Q3/Q4	EDA	On-going development of programs
Entrepreneurship/Innovation	Identify partners and service organizations engaged in workforce diversification efforts in the community; coordinate with targeted business strategies	Q1/Q2	EDA	On-going committee involvement
	Identify funding/programs to support targeted educational initiatives to build/sustain a highly skilled work force in market	Q3/Q4	EDA	On-going development of programs
Workforce Development	Identify available workforce gap analysis or conduct an independent analysis of workforce gaps	Q2/Q3	EDA	On-going analysis
	Identify K-12 and adult training programs through the existing state workforce development system	Q3/Q4	EDA	Identify STEM and other programs to provide focused skills development consistent with the DMC strategies
	Develop, identify funding sources and implement promotional campaigns to attract new qualified workers to the region	Q4/On-Going	EDA	On-going promotions

FIGURE 10-1 - STRATEGIC ACTIONS (CONTINUED)





SECTION 11.0 COMMUNITY OUTREACH IMPLEMENTATION PLAN

The primary goal for community outreach is to increase awareness within the local and regional communities about the importance and potential impact of the DMC Initiative and create a two-way dialogue to ensure successful long-term economic development of Rochester as a global medical destination. Community representatives will be among the most effective sounding boards and, ultimately, ambassadors for the DMCC, City and Stakeholders. Community outreach supports the general economic development goals of the DMC Initiative and the Guiding Principles, which specifically include “A Bold and Compelling Vision” for Rochester and the DMC that reflects the principles, and ideas. This section expands upon this community outreach goal and outlines a comprehensive set of objectives and strategies, and a Phase I (5 year) implementation plan to engage members of the community with the realization of the Development Plan and to provide diverse opportunities for input and feedback to inform the vision and future DMC strategies.

11.1 COMMUNITY OUTREACH OVERVIEW & GOALS

The community outreach plan includes a concerted effort to connect the vision and strategies of the Development Plan to the local and regional constituencies, which will increase awareness about the importance and potential impact of the DMC Initiative on the local community and region. The intent is to create a two-way dialogue to ensure successful long-term implementation of the DMC vision and enhanced experiences for the Rochester community as a global medical destination. The DMCC desires to have sufficient representation and maintain active participation from the various community interests to achieve a technically and politically viable development initiative. Collaboration with all of the local and regional constituencies to fully implement the DMC Development Plan over the next five years – and over the full 20 year project period – is essential. The more specific goals listed below are the foundation for the community outreach strategy implementation plan:

- **Continue** the community engagement process through the Development Plan approval process
- **Build a network of strong relationships** that includes local and regional individuals and organizations who represent key interests and secure their support as partners for an informed decision-making and feedback process
- Facilitate a collaborative process on all projects in the DMC Development District with private developers, City officials and community interest groups to ensure development results are focused on **strategic priorities** consistent with the Development Plan and result in programs, cultural assets and experiences that will be embraced by residents and visitors alike
- Create an open dialog to gather input from local and regional constituencies resulting in **collaboration for a regional economy** that will contribute to the success of the specific DMC strategies

- Create a set of comprehensive **communication strategies** to share findings and solicit community comments on specific projects as they are brought forth for the DMC Development District, as well as to respond quickly and effectively to any questions or concerns that may arise as the DMC Initiative progresses
- Identify opportunities for local and regional constituencies to help foster a healthy, vibrant and diverse voices to the table
- Encourage coordination, collaboration, and communication among **entrepreneurs and innovators** in the community to foster start-up and small businesses within the downtown core

11.2 STRATEGIC IMPLEMENTATION PLAN (5 YEAR WORK PLAN)

The strategic implementation plan is comprised of key actions involved in planning and executing the community outreach strategies to achieve the DMC outreach goals stated in Section 11.1. During the first year of the DMC implementation, communication outreach activities provided will play a key role in connecting the vision and strategies for the DMC to the local and regional consistencies. It is assumed that the EDA will engage in these activities as it ramps up operations. The EDA will manage the implementation of this strategic work plan through its in-house resources, as well as through assistance from consultants and other advisors as needed.

11.3 CHALLENGES, RISKS AND CONSIDERATIONS

The DMC initiative is a unique opportunity to identify the resources and strategies for a comprehensive urban redevelopment and, as such, comes with challenges and risks. Particularly, when reshaping a vibrant community, questions will be raised in the community about its heritage, culture and character. It will be key to realizing the DMC vision to engage organizations and individuals rooted in the local community and throughout the region to maintain collaboration at the highest level. Challenges and risks include: meeting opposing community viewpoints without proper forums for review, discussion and feedback; lack of coordination and collaboration among existing local organizations and special interest groups and new interest groups that may form as a result of DMC; unrealistic expectations or miscommunications to the local community about what the DMC Initiative can/cannot achieve; actual or perceived lack of transparency in the decision-making process at the DMCC or City level. The community outreach strategy must address all of these issues throughout the execution of the Development Plan, but particularly in Phase 1 when strong public opinions are likely to form.

The communications outreach plan will be negatively impacted by failure to achieve the full public-sector funding potential allowed under the DMC legislation from the City, County and State, or by slowed growth or a lack luster response from the market. It is also critical that the strategic actions be measured on a regular basis against established metrics to determine whether goals and objectives are being met. This will provide timely information to adjust marketing/communications/public outreach strategies as needed.

Another challenge will be to identify funds to support community programs and policies, DMC funds are restricted to use for capital infrastructure projects and cannot be used to support social programs. An alternate source of funds must be identified to support the strategies and programs outlined in this community outreach work plan.

Further it is essential that the project is funded with the resources to manage this process. Without adequate staff and resources to execute this strategy, it will be difficult to achieve the vision, goals and objectives of the DMC Initiative overall.

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK
Community Engagement through Development Plan Approval	Continue community presentations and dialogs	On-Going	EDA	Not applicable
	Social media, newsletter and blog posts	On-Going	EDA	
	Host a public forum	On-Going	EDA	
	Continue tool kits	Q1	EDA / City	
Network / Partnership Building	Identify local and regional organizations and individuals representing key interests	On-Going	EDA	Continually evaluate and expand diverse network of partnerships and alliances
	Establish and communicate a clear process and expectations for informed decision-making and collaborative feedback	Q1/Q2	EDA	Strengthen relationships with key decision makers in network
	Provide opportunity for authentic community dialogue through a variety of spaces for comment/input/feedback around the DMC process, 8 core areas of focus, and related policy initiatives (sustainability, etc.)	On-Going	EDA	
	Communicate vision for enhancing quality of life through coordination and collaboration of local/regional efforts and for facilitating individual economic development projects that meet the overall DMC Vision	On-Going	EDA	
Targeted Growth and Target Markets	Conduct research and interviews with local and regional interest groups and thought leaders about the expected impacts of the DMC for Phase 1	Q2/Q3	EDA	Conduct research and interviews with local and regional interest groups and thought leaders about the actual impacts of the DMC for prior phases
	Prioritize and track input and feedback based upon the eight core areas, with Discovery Square and Heart of the City as the primary focus in Year 1	On-Going	EDA	Demonstrate the need for technology and innovation in land use, transportation and infrastructure planning to support a connected, collaborative business community at the downtown core
	Provide a process to gather ongoing feedback on the strategies, projects, and performance of each core area and targeted businesses as set forth in the business development plan	Q2/Q3	EDA	Conduct annual assessments and adjust strategies

FIGURE 11-2 - STRATEGIC ACTIONS

STRATEGIC ACTIONS	YEAR 1			TASK
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	
Collaboration for a Regional Economy	Coordinate community outreach strategies with Mayo Clinic	On-Going	EDA	Continually evaluate and expand diverse network of partnerships and alliances
	Collaborate with Twin Cities partners for consistent messaging and quality input	On-Going	EDA	Conduct annual assessments and adjust strategies
	Provide a process to gather ongoing information on the regional strategies for economic development, including those tied to the Twin Cities economy	Q2	EDA	
Communication Strategies	Form a Community Outreach/Community Advisory Committee	Q1	EDA	Conduct annual assessments and adjust strategies
	Establish a comprehensive community outreach communications strategy, including multiple channels (public forums, interactive and user friendly website with social media portals for information sharing and feedback gathering, newsletter of events and upcoming meetings, etc.)	Q2/On-Going	EDA	Update / refresh annually DMC tool kits and related resources for community interaction and feedback
	Provide a process to gather ongoing input and feedback on the strategies, projects, and performance of DMC Initiative and to react to concerns	Q4	EDA / City	
Build a Network of Strong Relationships	Build alliances that bring diverse groups of citizens together to advocate for positive change around the DMC's eight core areas, focusing on Discovery Square and Heart of the City in Phase 1	On-Going	EDA	Continually build alliances that bring diverse groups of citizens together to advocate for positive change around the DMC's eight core areas
	Create a dialogue surrounding sustainability and quality of life issues	On-Going	EDA	Conduct annual assessments and adjust strategies
	Communicate goals for targeted business programs, including minority-owned, women-owned, small and local business initiatives	On-Going	EDA	
	Identify existing diversity programs and utilize Community Outreach strategies to reach diverse populations	On-Going		
Support Strategic Priorities	Identify existing, or develop new, programs and services to support start-up business	On-Going	EDA	Identify and promote awareness of other State/local/federal funding programs
	Identify strategies to foster sustainability and growth of existing local businesses	On-Going	EDA	Conduct annual assessments and adjust strategies
	Promote awareness of the DMC Funding Program	On-Going	EDA	

FIGURE 11-12 - STRATEGIC ACTIONS



SECTION 12.0 MARKETING & COMMUNICATIONS IMPLEMENTATION PLAN

The DMC Initiative is designed to position Rochester as a global destination medical center of the future. This will require a comprehensive marketing and communications strategy to reposition the City as a leader in bio-med-tech innovation and health/wellness. The achievement of success stems from increasing awareness of the DMC initiative and the strategic and economic benefits of developing relationships with Mayo Clinic and other stakeholders.

Successful implementation of this strategy also supports the general economic development goals of the DMC Initiative and the Guiding Principles outlined in this report. This section expands upon this marketing and communications goal and outlines a comprehensive set of objectives and strategies (including a Phase I Implementation Plan) that can be executed by the stakeholders and other public and private partners to develop the DMC “brand,” increase awareness of the initiative and communicate the strategic and economic development benefits.

12.1 MARKETING & COMMUNICATIONS OVERVIEW & GOALS

Marketing and communications are important functions of the DMCC, especially in the first critical phase of the Project. The goal at the foundation of the marketing and communications strategy is to **increase awareness of the DMC initiative and the strategic and economic benefits of developing relationships with Mayo Clinic and with other stakeholders**, and more specifically to attract the talent needed to support the Mayo Clinic’s growth objectives, attract new private investment, and contribute to increased visitation in Rochester consistent with the strategic framework of the DMC. More specifically, this marketing and communications plan will help the stakeholders to:

- Identify **target markets** (specific business segments and investors) and **position strategies for growth** based upon knowledge of marketplace dynamics and identified opportunities for growth to drive the marketing, communications and public relations strategies
- Further **evolve the bio/med/tech brand** for DMC, which will inform decisions related to identifying target companies and investors and complement the business development strategies
- Identify and **build a network of national and international business segments and potential investors** to attract the broadest level of business investment opportunities in the City and diversity within the Development District

- Initially **develop marketing and communications materials** that consistently include clear key messages and standardized communication plans established for target audiences and stakeholders groups, and adjust materials based upon performance metrics
- Coordination and **collaboration with Mayo Clinic and all State / local partners**, public and private (including DMCC, EDA, City, County and State) to ensure unified and consistent messaging to establish a regional economy consistent with the business development strategies
- Develop a comprehensive list of **marketing and advertising opportunities** with detailed advertising campaign strategies focused on target market development and workforce development and emphasize entrepreneurship and innovation consistent with the business development strategies
- Develop both short- and long-term **sponsorship and promotional strategies** that will initially raise awareness of the DMC Initiative and promote successes of the business development strategy
- Develop comprehensive **communication and public relations strategies**, focusing on proven standards and tools, innovative social media components and relationship building

12.2 STRATEGIC IMPLEMENTATION WORK PLAN - PHASE I (5 YEARS)

The strategic Implementation Plan is comprised of key actions involved in planning and executing the marketing campaigns and communication strategies to achieve the DMC goals stated in Section 12.1 above. During the first year of the DMC implementation, the marketing and communications activities provided in the work plan shown in Figure 12-1 will play a key role in building national and global awareness of the DMC initiative, driving interests and ultimately attracting private investment. The EDA will manage the implementation of this strategic work plan through its in-house resources, as well as through assistance from consultants and other advisors as needed.

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5	
	TASK	EST. COMPLETION	PRIMARY RESPONSIBILITY	TASK	
General Markets & Positioning Strategy	Hire and retain permanent staff and advisors based on approved EDA budget	Q1	EDA	Implement staffing and advisors roles within approved budget	
	Identify criteria for selecting target audiences for marketing the DMC Initiative	Q1/Q2	EDA	Assess traction / level of interest from target audience in Year 1 and adjust market strategy as required	
	Conduct research and interviews with a diverse range of stakeholders (local, regional, national, and international) for input about the benefits of the DMC and its impact	Q2 / Q3	EDA	Continually build pipeline of potential investors & targeted businesses	
	Identify major audience segments for the marketing effort and the messages that will have the impact with each segment	Q2 / Q3	EDA		
Evolving the Brand	Develop brand story for the DMC – Rochester as a destination city	Q2	EDA	Assess effectiveness of brand strategy after Year 1; make adjustments as necessary	
	Test brand concepts, including one “global DMC” brand, with Rochester economic development organizations and target audiences	Q2 / Q3	EDA	On-going management of the brand to ensure effectiveness	
	Develop a logo concept and determine best branding option	Q3	EDA		
	Establish brand guidelines and protocols to protect the brand (e.g. copyright and brand stewardship)	Q3/Q4	EDA		
Marketing Materials	Design promotional materials including promotional, publicity, and other informational materials	Q3/Q4	EDA	Update / refresh annually DMC website and promotional features, DMC apps and other social media advancements	
	Develop permanent website/develop & implement social media strategies	Q3	EDA		
Network / Partnership Building	Identify a diverse range potential partners and supporters (national / global)	On-Going	EDA	On-going – continually expand diverse network of partnerships and alliances	
	Identify target industries (regional/national/global)	On-Going	EDA	Strengthen relationships with key decision makers in network	
	Begin to build relationships and solidify roles/responsibilities with partners	On-Going	EDA		
	Identify professional organizations, national and international governmental agencies to build relationships	On-Going	EDA		

FIGURE 12-1 - STRATEGIC ACTIONS

STRATEGIC ACTIONS	YEAR 1			YEARS 2-5
	TASK	EST. COMPLETION	PRIMARY COMPLETION	
Collaboration for a Regional Economy	Collaborate marketing strategies under the DMC brand with all State/local partners, public and private (including DMCC, EDA, City, County and State)	On-Going	EDA	On-going collaborations / coordinated marketing campaigns with Mayo and local business community on strategies, target companies and investors
	Create unified and consistent messaging and create and maintain awareness that the DMC is a global brand for the City and regional economy	On-Going	EDA	
Marketing and Advertising Opportunities	Develop Year 1 marketing and advertising campaign strategy for national and international launch	Q2/Q3	EDA	On-going – continually identify new marketing and advertising opportunities / adjust strategies to align with market conditions
	Identify publications, other media outlets, events, organizations to advertise DMC brand	Q3/Q4	EDA	
	Develop marketing and advertising materials for special events and sponsorship activities	Q3/Q4	EDA	
Sponsorship and Promotional Strategies	Identify corporate sponsors and donors for specific components or projects in the DMC Development Plan	On-Going	EDA	Promote / host annual events to attract business decision makers to Rochester
	Identify / secure national & international speaking opportunities	Q1	EDA	Sponsor milestone events / accomplishments (ground breakings, site tours, ribbon cuttings)
	Identify primary and secondary conferences and convention opportunities	Q1	EDA	
	Determine strategic events to sponsor (national & international) / host in Rochester	On-Going	EDA	
Communication / Public Relations Strategies	Establish communications and public relations strategy, including social media strategy	On-Going	EDA	Conduct annual assessments and adjust strategies
	Develop DMC communication standards and tools (news releases, publications, fact sheets)	On-Going	EDA	
	Develop national/global relationships with journalists, elected officials, industry thought leaders	On-Going	EDA	

FIGURE 12-1 - STRATEGIC ACTIONS

12.3 CHALLENGES, RISKS & CONSIDERATIONS

To be successful, the DMC initiative requires close and continuous collaboration among DMC stakeholders, which include DMCC, EDA, Mayo Clinic, City, County and State. There will be no better ambassadors for the marketing and communication of the “DMC story” than the Rochester business community and residents. Best practices from other cities that have achieved success in transformational downtown redevelopment credit success to strong leadership, close collaboration, and alignment of interests among local city officials, local economic development organizations, foundations, business community leaders, private developers and investors and anchor institutions. The key challenge for the DMC initiative is to achieve and maintain collaboration among the initiative’s stakeholders and interest groups throughout the execution of the Development Plan to maintain a consistent marketing and communications strategy.

The marketing and communications plan will also be challenged if the DMC Initiative is not able to catalyze transformational investments and strategic initiatives aligned with the key strategies of this Development Plan.

It is critical that the strategic actions be measured on a regular basis against established metrics to determine whether goals and objectives are being met. This will provide timely information to adjust marketing/communications/public relations strategies as needed.

It is also critical that the DMC marketing program is funded to support this broad initiative. Without adequate staff and resources to execute this strategy, it will be difficult to achieve the vision, goals and objectives of the DMC Initiative overall.



	2015 TOTAL PROPOSED	5-YEAR PROJECTED				
ORGANIZATIONAL EXPENSES		2015	2016	2017	2018	2019
Destination Medical Center Corporation (DMCC)						
General Administrative Expenses	\$217,203	\$217,203	\$224,077	\$228,359	\$232,724	\$237,173
Professional Services	\$780,600	\$780,600	\$796,212	\$812,136	\$828,379	\$844,947
Subtotal	\$997,803	\$997,803	\$1,020,289	\$1,040,495	\$1,061,103	\$1,082,120
City of Rochester	\$275,000	\$275,000	\$279,000	\$283,000	\$287,000	\$291,000
Economic Development Agency (EDA)						
Payroll, Staff and Administrative Benefits	\$1,285,000	\$1,285,000	\$1,376,000	\$1,396,000	\$1,644,000	\$1,669,000
General Administrative Expenses	\$222,000	\$222,000	\$227,000	\$231,000	\$237,000	\$242,000
Marketing Expenses	\$296,000	\$296,000	\$302,000	\$308,000	\$314,000	\$320,000
Meeting Expenses	\$12,000	\$12,000	\$12,200	\$12,500	\$12,700	\$13,000
Professional Services	\$805,000	\$805,000	\$655,000	\$668,000	\$682,000	\$695,000
Miscellaneous Costs	\$180,000	\$180,000	\$184,000	\$187,000	\$191,000	\$195,000
Subtotal	\$2,800,000	\$2,800,000	\$2,756,000	\$2,803,000	\$3,081,000	\$3,134,000
THIRD PARTY COSTS (RELATED TO DEVELOPMENT PLAN AND START UP)						
Development Plan and Start Up Costs	NA	NA	NA	NA	NA	NA
Total Expenses	\$4,072,803	\$4,072,803	\$4,055,289	\$4,126,495	\$4,429,103	\$4,507,120

FIGURE 13-1 - DMC BUDGET CONSOLIDATED - 2015 PROPOSED / 5 YEAR

SECTION 13.0 DMC OPERATIONS IMPLEMENTATION PLAN

This section provides an overview of anticipated operating structure, implementation plan and projected operating budgets (the “Operations Plan”) to implement the DMC initiative during Phase I of the Project (5 Years). The Operations Plan establishes a budgetary framework and estimates operating expenses for the DMCC, City of Rochester and EDA. These are the entities primarily responsible for development, management, oversight, reporting and implementation of the DMC Development Plan.

This Operations Plan is a framework only. In the 3rd quarter of each year, the DMCC, EDA and City will initiate a process to establish the Operations Plan for the coming year which shall be approved by both the DMCC and the City in accordance with the terms and conditions of the Project Agreements. This Operations Plan shall serve as the basis of that document. However, the specific elements of this Operating Plan, including the budgets, are subject to change as additional information becomes available in each annual cycle. The DMC Operations Plan follows.

13.1 DMC CONSOLIDATED OPERATING BUDGET 2015 PROPOSED / 5 YEAR PROJECTED

Figure 13-1 provides the DMC Consolidated Operating Budget as proposed for the 2015 calendar year and a projection of costs for the subsequent calendar years 2016 – 2019. The budget is comprised of the three parts:

DMCC OPERATIONS BUDGET

Includes the estimated expenses associated with the DMCC operations. The budget is comprised of expenses for the Board of Directors and 3rd party professional services related to legal, financial and similar activities the DMCC Board will undertake in its role to oversee the implementation of the DMC initiative.

CITY OF ROCHESTER OPERATIONS BUDGET

This includes the estimated operating expenses for the City of Rochester to administer and oversee certain aspects of the DMC Initiative, including the estimated expenses for the City to act in its role as fiscal agent on the project.

ECONOMIC DEVELOPMENT AGENCY (EDA) OPERATIONS BUDGET

This includes the estimated operating expenses for the EDA to provide services to develop and market the DMC Initiative in accordance with the DMC Act and Project Agreements.

A detailed explanation of the costs in each category is included in Sections 13.2 – 13.4 of this document.

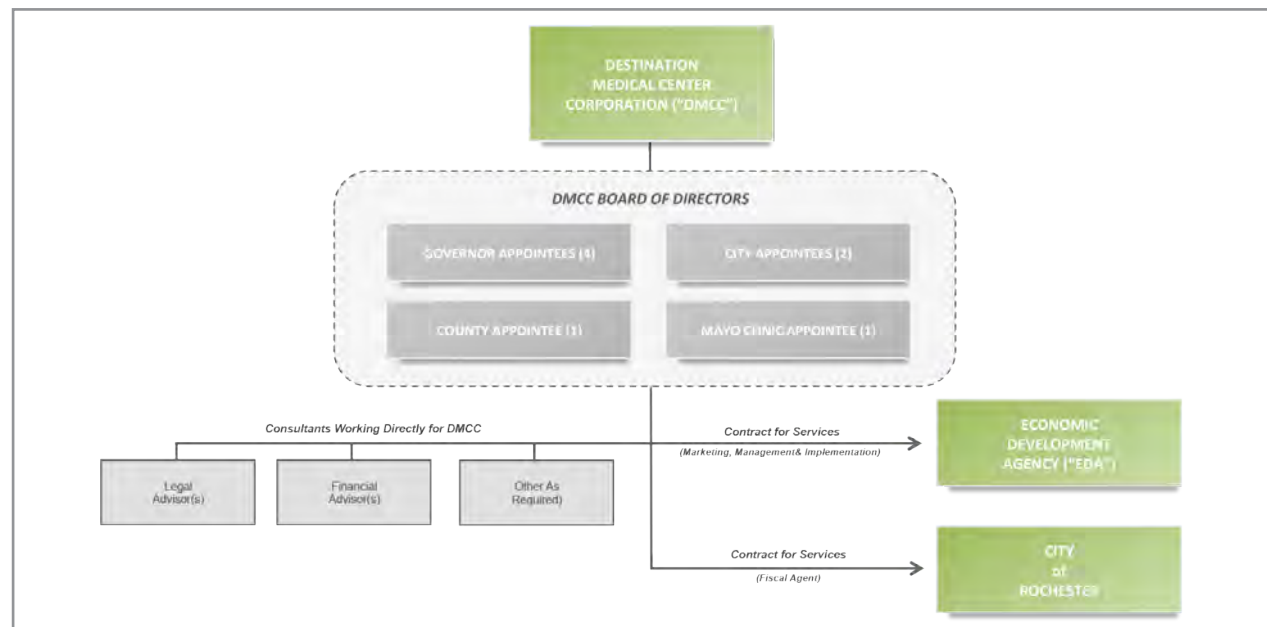


FIGURE 13-2 - DMCC ORGANIZATIONAL STRUCTURE

	2015 Total	2016	2017	2018	2019
Staff Expenses					
Meeting Expenses	\$26,730	\$27,131	\$27,538	\$27,951	\$28,370
Board Payments	\$2,673	\$5,426	\$5,507	\$5,590	\$5,674
Travel Expenses Allowance	\$7,200	\$7,308	\$7,418	\$7,529	\$7,642
Subtotal	\$36,603	\$39,865	\$40,463	\$41,070	\$41,686
General Administrative Expenses					
Insurance (Note 4)	\$150,000	\$153,000	\$156,060	\$159,181	\$162,365
Miscellaneous Expenses Reserve (note 5)	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122
Subtotal	\$180,600	\$184,212	\$187,896	\$191,654	\$195,487
Professional Services					
Legal Services	\$400,000	\$408,000	\$416,160	\$424,483	\$432,973
External Auditor	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122
Professional Services / Contingency (non-EDA provided)	\$300,000	\$306,000	\$312,120	\$318,362	\$324,730
Insurance/Risk Advisor	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122
Subtotal	\$780,600	\$796,212	\$812,136	\$828,379	\$844,947
Total Expenses	\$997,803	\$1,020,289	\$1,040,495	\$1,061,103	\$1,082,120

FIGURE 13-3 - DMCC OPERATIONS BUDGET 2015 - 5 YEAR PROJECTED

13.2 DMCC OPERATIONS SUMMARY

The DMCC is a public, non-profit corporation established to provide oversight to the DMC Initiative, including approval of the DMC Development Plan and specific project and funding requests.

13.2.1 DMCC ORGANIZATIONAL STRUCTURE

The DMCC is operated by an eight (8) person board of directors that are appointed by a process prescribed in the DMC Act. The DMCC contracts with the EDA to provide services to develop, market and implement the DMC Development Plan. The DMCC also contracts directly with legal, financial and other consultants and advisors to provide services to the DMCC on an as needed basis. In the future, the DMCC may retain its own staff to facilitate meetings and /or other work of the DMCC. Figure 13-2 illustrates the current organizational structure of the DMCC.

13.2.2 DMCC OPERATIONS BUDGET 2015B / 5-YEAR PROJECTED

Figure 13-3 provides a detailed breakdown of the DMCC Operating Budget. The expenses assumed to be attributable to the DMCC activities are as follows:

STAFF EXPENSES

Includes expenses associated with meetings of the DMCC Board of Directors. Specific assumptions include:

- **Meetings:** Assumed to occur one time per month.
- **Meeting Expenses:** Includes the cost of room rentals, audio visual equipment and similar expenses. The 2015 budget is based on an average costs for meetings in the 2014 calendar year.
- **Board Payments:** Include dollar per diem payments made to eligible members of the Board of Directors. In 2015, only 4 members are eligible. Eligibility in future years is unknown. Therefore, projected costs in future years are assumed to include all 8 members.
- **Travel Expenses Allowance:** Includes an estimate for the reimbursement of travel expenses of the Board of Directors. Travel expenses are estimated at \$75 per board member in 2015.
- **Staff Expenses:** Assumed to escalate at 1.5% per annum in future years.

GENERAL AND ADMINISTRATIVE EXPENSES

Includes general expenses associated with the operations of the DMCC. Specific assumptions include:

- **Insurance Expense.** Includes the estimated cost for the DMCC to carry insurance coverage based on EDA estimated costs in 2015.
- **Miscellaneous Expense Reserve.** Includes a budget allocation for miscellaneous expenses.
- **Expenses** are assumed to escalate at 2% per annum.

PROFESSIONAL SERVICES

Includes services for consultants, advisors and/or staff that may provide services to the DMCC. Specific assumptions include:

- **Legal Services.** The estimated expenses for an advisor(s) providing services to the DMCC.
- **External Auditor.** The estimated expenses for an advisor(s) providing services to the DMCC.
- **Insurance / Risk Advisor.** The estimated expenses for an advisor(s) providing services to the DMCC.

	2015 Total	2016	2017	2018	2019
City Expenses	\$275,000	\$279,125	\$283,312	\$287,562	\$291,875
Total Expenses	\$275,000	\$279,000	\$283,000	\$287,000	\$291,000

FIGURE 13-4 - CITY OF ROCHESTER BUDGET 2015 / 5-YEAR PROJECTED

- **Professional Services / Contingency.** Includes a budget allocation for professional services that may be required to execute and facilitate the work of the DMCC in future years. These services may be provided by consultants, advisors and/or staff in the future.
- **Expenses.** Are assumed to escalate at 2% per annum.

13.3 CITY OPERATIONS SUMMARY

The City of Rochester provides administrative services to the DMC Initiative, including acting as the fiscal agent for the project.

13.3.1 CITY OPERATIONS BUDGET 2015/ 5-YEAR PROJECTED

Figure 13-4 provides an estimate of the City Operations Budget for its work specific to the DMC Initiative. Specific expenses are described in Section 13.3.2.

13.3.2 CITY EXPENSES

It is assumed to include expenses for staff and general administrative expenses associated with the City’s role as fiscal agent and other expenses allowable under the DMC Act and/or agreements with the State of Minnesota’s Department of Employment and Economic Development (DEED). City staff expenses are assumed to escalate at 1.5% per annum.

13.4 EDA OPERATIONS SUMMARY

The EDA is a private, non-profit economic development corporation established under the DMC Act for the purpose of “providing experience and expertise to the DMCC for purposes of developing and marketing the destination medical center”. The EDA is statutorily and contractually required to provide certain services which are enumerated in the DMC Act and DMCC / EDA Agreement and include:

1. Facilitating private investment through development of a comprehensive marketing program to global interests;
2. Developing and updating the criteria for evaluating and underwriting development proposals;
3. Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the authority and the city regarding those proposals;
4. Providing transactional services in connection with approved projects;
5. Developing patient, visitor, and community outreach programs for a destination medical center development district;
6. Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property;
7. Seeking financial support for the corporation, the city, and a project;
8. Partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center;
9. Supporting and administering the planning and development activities required to implement the development plan;
10. Preparing and supporting the marketing and promotion of the medical center development district;
11. Preparing and implementing a program for community and public relations in support of the medical center development district;
12. Assisting the corporation or city and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development; and
13. Making other general advisory recommendations to the corporation and the city, as requested.

ADDITIONAL SERVICES (REQUIRED UNDER DMCC / EDA CONTRACT)

The DMCC / EDA Agreement provides for certain other services to be undertaken by the EDA, including:

1. Project Management
2. Information and Recommendations (Advisory and Oversight Services)
3. Project Budget Management
4. Accounting
5. Project Reporting

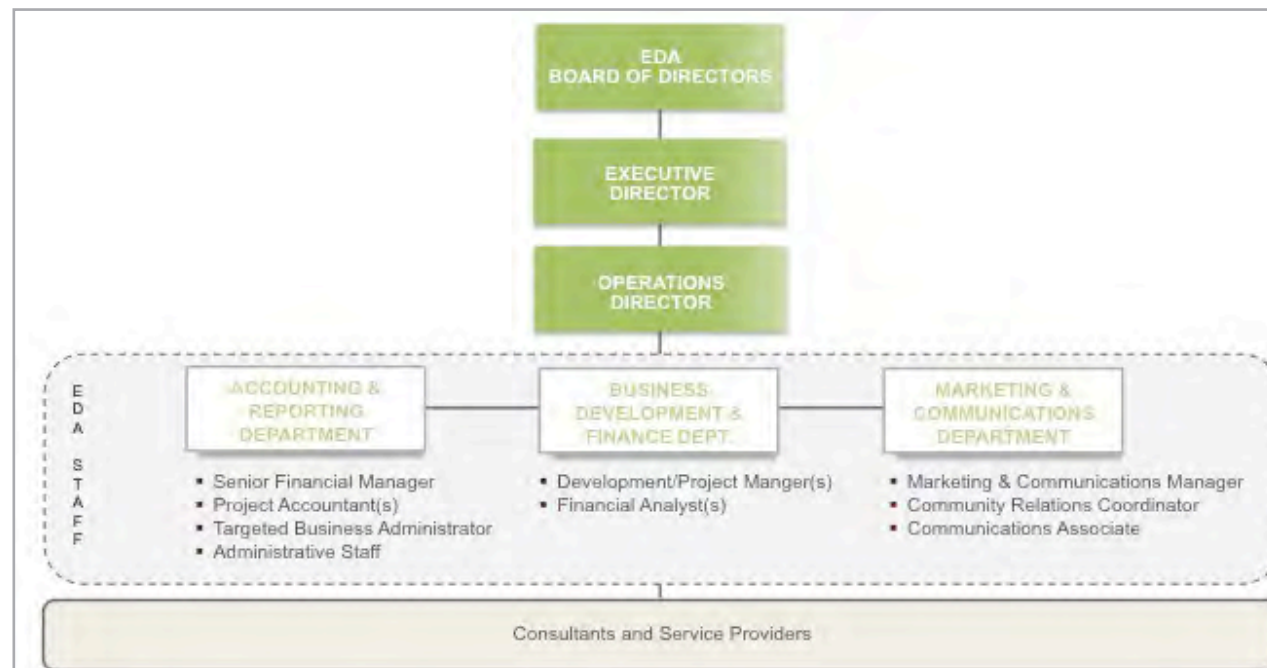


FIGURE 13-5 - EDA ORGANIZATIONAL STRUCTURE

**This organizational framework is provided to give context to the DMCC Board on the scope and scale of the organization that is required to manage this complex, \$5 billion initiative. The organizational structure and staff plan may evolve over time to respond to specific requirements and strategies of the project and/or the Development Plan. The EDA Executive Director, with approval from the EDA Board, will be responsible to determine the final staff and operating structure, provided such structure is consistent with the approved budget.*

13.4.1 EDA ORGANIZATIONAL STRUCTURE

The EDA is operated by a board of directors ("Board of Directors") that are appointed by a process prescribed in the DMC Act. The EDA will be managed by an Executive Director and senior staff with the expertise required to implement this complex, economic development initiative. The EDA leadership will be supported by staff, consultants and advisors on as needed basis to execute the plan. Figure 13-5 provides an outline of organizational structure of the EDA. Further detail related to the staffing plan follows.

13.4.2 EDA STAFFING PLAN

In 2015, the EDA will initiate operations as a full-service economic development agency charged with developing, marketing and implementing the DMC Development Plan. Initially, the EDA has assumed it will require eleven (11) staff members to support its activities. For budgetary purposes it is assumed that the level of activity on the DMC will increase over time and that three (3) additional persons will be required in the 2018/2019 calendar years for a total of 14 staff members. These persons will likely be added to support accounting, development and/or administrative activities of the EDA. Figures 13-6 and 13-7 provide an overview of the staff roles and responsibilities as they related to the EDA's statutory and contractual requirements.

Importantly, the EDA does not intend to bring permanent staff onto the project until 2015. It is anticipated the Executive Director will be the first hire of the organization. Once in place, the Executive Director will be given latitude, with the approval of the EDA Board of Directors, to adjust the staffing plan as needed to address current needs. Such adjustments shall be made within the limits of the DMCC and City approved budget.

STAFF	TYPE OF REQUIREMENT	REFERENCE TO REQUIREMENT	TYPE OF SERVICE
Executive Director	Project Oversight	All	• All Services and Work of Staff
	Statutory	#1	• Attracting and facilitating private investment through development of a comprehensive marketing program to global interests
	Statutory	#8	• Partnering with other development agencies and organizations, the City, and the County in joint efforts to promote economic development and establish a destination medical center
	Statutory	#9	• Supporting and administering the planning and development activities required to implement the Development Plan
	Contractual	Information & Recommendations	• Advise the EDA on all matters including, but not limited to, maintenance of the budget and master project schedule.
	Contractual	Information & Recommendations	• Oversee the work on the project and identify as early as possible any circumstances that might impact the master project schedule and/or budget
Operations Director	Statutory	#7	• Seeking financial support for the DMCC, the City and a project
	Statutory	#14	• Making other general advisory recommendations to the DMCC and the City, as requested
	Contractual	Project Management	• Manage EDA's Consultants and monitor their performance and progress
	Contractual	Project Management	• Coordinate and manage the DMC initiative focusing on the goals of maintain the approved budget and master project schedule
	Contractual	Information & Recommendations	• Provide recommendations to the DMCC on critical project decisions in writing with sufficient detail to enable the DMCC to make informed decisions
	Contractual	Informational & Recommendations	• Meet and provide progress reports and updates to the DMCC monthly and submit a monthly report.
	Contractual	Project Reporting	• Act as secretary to the DMCC and be responsible for: posting notices, agendas, meeting information and preparing meeting minutes.
	Contractual	Project Reporting	• Peer review of funding requests, project financing and construction progress and payment requests against industry standard norms and reporting to DMCC and City
Senior Financial Manager	Contractual	Project Management	• Hold and manage subconsultant contracts and monitor compliance with applicable law, approved budget, master project schedule, insurance requirements, and licensing requirements.
	Contractual	Project Budget Management	• Identify and present cost savings opportunities over the course of the project and confer the DMCC periodically to determine whether there are areas where costs can be reduced
	Contractual	Accounting	• Review, comment upon and otherwise assist the DMCC Treasurer, Assistant Treasure, State agencies and/or City in review of accounting records and/or audits\
	Contractual	Reporting	• Report project activities and track activities against adopted milestones and objectives
	Contractual	Reporting	• Auditing of DMC funding expenditures with reports to the DMCC and the City
	Contractual	Reporting	• Other Reports as Required

FIGURE 13-6 - STAFF ROLES AND RESPONSIBILITIES

STAFF	TYPE OF REQUIREMENT	REFERENCE TO REQUIREMENT	TYPE OF SERVICE
Project Accountants	Contractual	Project Budget Management	• Manage the budget for the project including monitoring and updating the budget monthly for the DMCC
	Contractual	Accounting	• Manage the accounting, processing of invoices, payments and reporting for all contracts executed for the DMC project including payments to the EDA and Subconsultants
	Contractual	Accounting	• Review Invoices, submit master payment application and disburse payments
	Contractual	Accounting	• Prepare monthly progress report
Targeted Business Administrator	General	Reporting	• Tracking and reporting on workforce development requirements established for the project
Development Associate/ Project Manager	Statutory	#12	• Assisting the DMCC or the City and others in applications for federal grants, tax credits and other sources of funding to aid both private and public development
	Contractual	Reporting	• Provide monthly reports and an annual report and/or update the DMCC and others as requested
	Contractual	Reporting	• Track and assist the City and Mayo on the annual certification of private investment within the DMC District
	Contractual	Reporting	• Track and report on project funding expenditures against the adopted Development Plan
	Contractual	Reporting	• Track and report on economic and fiscal impacts resulting in the DMC Development District
	Operational	General	• Assist Executive Director and Operations Director in the execution of DMC strategies, including the facilitation of transactions and projects
Financial Analyst(s)	General	Assistance with Financial Matters	• Assisting with running financial models, peer review of pro formats/financial matters, tracking of information, market analysis and other
	Contractual	Reporting	• Track and report on economic and fiscal impacts resulting in the DMC Development District
Marketing & Communications Manager	Statutory	#10	• Preparing and supporting the marketing and promotion of the medical center development district.
	Contractual	Project Management	• Coordinate with the City, the County, Mayo Clinic and the DMCC and other regional planning groups to facilitate planning the execution of the DMC Initiative
Community Relations Coordinator	Statutory	#11	• Preparing and implementing a program for community and public relations in support of the medical center development district
Communications Associate	General	Assistance with Marketing Matters	• Management of the Web Site, Social Media, Blog and other electronic strategies to facilitate DMC marketing
Administrative Staff	General	Administrative Assistance	• Managing the office/hr (one person) and supporting the staff of the EDA and assisting with the facilitation and posting of materials

FIGURE 13 - 7 - STAFF ROLES AND RESPONSIBILITIES

1. Facilitate and manage the final approval of the DMC Development Plan	Q1
2. Initiate plans to educate/inform stakeholders and the public on the final approved DMC Development Plan, and processes	Q1 (Start) / On-Going
3. Launch global market strategy to secure Rochester and Southeast Minnesota as a Destination Medical Community	Q1 (Start) / On-Going
4. Formalize partnership and joint marketing initiatives with Mayo Clinic for research/bio-science and health/wellness strategies	Q1 (Start) / On-Going
5. Establish coordination committee with key community partners (e.g. Mayo, Chamber, RAEDI, RDA and RCVB)	Q1
6. With approval of Development Plan, manage implementation of specific strategies / project goals	Q2 (Start) / On-Going
a. As appropriate, identify and assist in preparation of early DMC funding applications to prepare for initial approvals	Q1 (Start) / On-Going
7. Update, as necessary, the EDA Work Plan to reflect the specific strategies of the DMC Development Plan	Q2 (Start) / On-Going
8. With approval of Development Plan, assist with DMC funding applications / evaluate for DMCC Board and City (if requested)	Q2 (Start) / On-Going
9. With approval of Development Plan establish regional, national and global resource network to assist with information/data collection and marketing	Q2 (Start)/ On-Going
10. Based on approved Development Plan strategies, finalize relationship and partnerships with Mayo Clinic and community organizations to advance research/bio-science, wellness and tourism initiatives consistent with identified priorities	
a. Identify and pursue potential partnerships, tenants and/or investors in the market based on targeted growth sectors	Q2 (Start) / On-Going
b. Identify and work on strategies to mitigate potential funding gaps for venture capital	Q3 (Start) / On-Going
c. Initiate strategies to attract, grow and retain a top-tier workforce in market based on targeted growth sectors	Q3 (Start) / On-Going
d. Initiate strategies for targeted business and workforce initiatives	Q2 (Start) / On-Going
11. Prepare annual report for community	Q4

FIGURE 13-8 - EDA WORK PLAN

13.4.3 EDA WORK PLAN

The EDA will be primarily responsible to implement the strategies outlined in this Development Plan. On August 1st of each year, the EDA will submit a work plan to the DMCC outlining the primary tasks it will undertake in the coming year to achieve the goals outlined here. On or about February 10th of each year the EDA will provide a year-end report of activities and milestones for the preceding year.

In 2015, the EDA work plan is comprised primarily of activities to launch full scale operations and initiate the implementation of the DMC Development Plan. Figure 13-8 provides a list of these activities.

13.4.4 EDA OPERATIONS BUDGET 2015 / 5-YEAR PROJECTED

Figure 13-9 provides a detailed breakdown of the DMCC Operating Budget. The expenses assumed to be attributable to the DMCC activities are as follows:

STAFF COSTS

Includes expenses associated with the payroll and other benefits for the EDA staff. Specific assumptions include:

- EDA staff members in years 2015 – 2017 in the following positions:
 - Executive Director
 - Operations Director
 - Senior Financial Manager
 - Marketing & Communications Manager
 - Development Associate/Project Manager
 - Financial Analyst
 - Project Accountant
 - Community Relations Coordinator
 - Communications Associate
 - Administrative Assistant
 - Targeted Business Administrator
- Three additional staff increasing total staff to 14 staff members in years 2018-2019 to support accounting, development, and administrative activities.
- Other expenses, employee benefits, vacations and deductions estimated at 40% of monthly payroll.
- Payroll and related expenses are assumed to escalate at 1.5% per annum.

	2015 Total	2016	2017	2018	2019
Staff Expenses					
Payroll	\$918,000	\$982,520	\$997,258	\$1,174,297	\$1,191,911
Other Expenses, Benefits, Vacations, Deductions	\$367,200	\$393,008	\$398,903	\$469,719	\$476,765
Subtotal	\$1,285,000	\$1,376,000	\$1,396,000	\$1,644,000	\$1,669,000
Monthly Operatin Costs					
Rent, Utilities, Office & Equipment Expenses	\$149,000	\$151,980	\$155,020	\$158,120	\$161,282
Payroll Expenses	\$8,290	\$8,337	\$8,504	\$10,311	\$10,517
Website, Drafting and Graphics Support	\$45,000	\$45,900	\$46,818	\$47,754	\$48,709
Miscellaneous Costs	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
Subtotal	\$222,000	\$227,000	\$231,000	\$237,000	\$242,000
Marketing Costs					
Advertising, Marketing, Print & Collateral	\$185,000	\$188,700	\$192,474	\$196,323	\$200,250
Subcriptions/Professional Organization Memberships	\$6,000	\$6,120	\$6,242	\$6,367	\$6,495
Conferences, Meetings, Travel, Sponsorships & Programs	\$85,000	\$86,700	\$88,434	\$90,203	\$92,007
Miscellaneous Costs	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
Subtotal	\$296,000	\$302,000	\$308,000	\$314,000	\$320,000
EDA Board Meetings & Community Meetings					
Room Rentals (Board Meetings & Community Meetings)	\$9,000	\$9,180	\$9,364	\$9,551	\$9,742
Miscellaneous Costs	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
Subtotal	\$12,000	\$12,200	\$12,500	\$12,700	\$13,000
Service Providers					
Legal	\$325,000	\$165,750	\$169,065	\$172,446	\$175,895
Public Relations & Communications	\$180,000	\$183,600	\$187,272	\$191,017	\$194,838
Marketing & Advertising	\$75,000	\$76,500	\$78,030	\$79,591	\$81,182
Financial & Reporting Consultants (e.g. tax, audit, econ-fiscal, etc)	\$125,000	\$127,500	\$130,050	\$132,651	\$135,304
Other Contracted Services	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
Subtotal	\$805,000	\$655,000	\$668,000	\$682,000	\$695,000
Other Costs and Expenses					
Insurance & Taxes	\$150,000	\$153,000	\$156,060	\$159,181	\$162,365
Miscellaneous Costs / Contingency	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473
Subtotal	\$180,000	\$184,000	\$187,000	\$191,000	\$195,000
Total Expenses	\$2,800,000	\$2,756,000	\$2,803,000	\$3,081,000	\$3,134,000

FIGURE 13-9 - EDA OPERATIONS BUDGET 2015 / 5-YEAR PROJECTED

MONTHLY OPERATING COSTS

Includes general operating costs associated with the operations of the EDA. Specific assumptions include:

- Rent, utilities, office & equipment expenses.
- HR and Payroll services costs.
- Website, drafting and graphics support.
- Miscellaneous Expense Reserve. Includes a budget allocation for miscellaneous expenses.
- Expenses are assumed to escalate at 2% per annum.

MARKETING COSTS

Includes costs associated with marketing the DMC initiative regionally, nationally, and globally to attract private investment. Specific assumptions include:

- Advertising, marketing, print, and collateral.
- Subscriptions and professional organization memberships.
- Conferences, meetings, travel, sponsorships and programs.
- Miscellaneous Expense Reserve. Includes a budget allocation for miscellaneous expenses.
- External Auditor. The estimated expenses for an advisor(s) providing services to the DMCC.
- Insurance/Risk Advisor. The estimated expenses for an advisor(s) providing services to the DMCC.
- Expenses are assumed to escalate at 2% per annum.

SERVICE PROVIDERS

Includes services for consultants, advisors and/or staff that may provide services to the EDA. Specific assumptions include:

- Legal Services: The estimated expenses for an advisor(s) providing services to the EDA.
- Public Relations and Communications: The estimated expenses for an advisor(s) providing services to the EDA.
- Marketing and Advertising: The estimated expenses for an advisor(s) providing services to the EDA.
- Financial & Reporting Consultants (e.g. tax, audit, economic/fiscal, etc.). The estimated expense for advisors providing services to the EDA.
- Other Contracted Services: Includes a budget allocation for professional services that may be required to execute and facilitate the work of the EDA. These services may be provided by consultants, advisors and/or contracted staff.
- Expenses are assumed to escalate at 2% per annum.

OTHER COSTS AND EXPENSES

Specific assumptions include:

- Insurance and Taxes: The estimated expenses for insurance and taxes for the EDA.
- Miscellaneous Costs / Contingency: Includes a budget allocation for miscellaneous expenses and a contingency.



SECTION 14.0 ECONOMIC & FISCAL IMPACT REPORT

14.1 PROJECT OVERVIEW

The proposed Destination Medical Center (DMC) is, at its core, an economic development strategy. With the goal of securing Minnesota's status as a global medical destination now and into the future, the City of Rochester, Olmsted County, and the State of Minnesota are planning to make key investments to remain competitive through the DMC initiative. The combined public investment of \$585 million may be used to leverage private investment in Rochester to achieve these goals. This economic development opportunity has the potential to generate significant economic benefits and create employment and business opportunities throughout the region. In this section, AECOM Technical Services, Inc. (AECOM) quantifies the potential benefits in terms of economic and fiscal impacts. In addition, AECOM examines the potential net impact on the City of Rochester's General Fund over a 20 year time period. This analysis will help stakeholders and community leaders consider the benefits that may be realized if the DMC program is built in Rochester as a result of the public investment.

14.4 GENERAL LIMITING CONDITIONS

In the performance of its services on behalf of Destination Medical Center Economic Development Agency ("EDA") and Destination Medical Center Corporation ("DMCC", collectively with EDA, the "Client"), AECOM Technical Services, Inc., ("AECOM") (a) is not recommending any action be taken by EDA or DMCC; (b) is not acting as a municipal advisor to EDA or DMCC and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, to EDA or DMCC with respect to the information and material contained in this communication or any project deliverable; and (c) is acting in its own interests. EDA and DMCC should discuss any information and material contained in this communication and/or any project deliverable with EDA and DMCC's internal and/or external advisors and experts that it deems appropriate before acting on analyses and/or recommendations provided by AECOM in connection with the proposed assignment.

It is agreed by the Client that the report is not to be used in conjunction with any public or private offering of debt or equity securities without prior written consent. In the event AECOM provides written consent, Client shall ensure that it conspicuously notes on released offering of securities documents that AECOM shall not be deemed to be an "expert" within the meaning of Section 11 of the Securities Act of 1933, as amended ("Securities Act"), or within the category of persons whose consent is required by Section 7 of the Securities Act.

AECOM will devote effort consistent with (i) the level of diligence defined in Article 2.4 of this Consulting Services Agreement and (ii) the time and budget available for its work, to ensure that the data contained in this report is accurate as of the date of its preparation. The study will be based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the Client and the Client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agents and representatives, or any third-party data source used in preparing or presenting this study. AECOM

assumes no duty to update the information contained in the study unless it is separately retained to do so pursuant to a written agreement signed by AECOM and the Client.

It is understood by the Client that AECOM can make no guarantees concerning the recommendations which will result from the proposed assignment, since these recommendations must be based upon facts discovered by AECOM during the course of the study and those conditions existing as of the date of the report. To protect you and other Clients, and to ensure that the research results of AECOM's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to you.

AECOM's findings represent its professional judgment. Neither AECOM nor its parent corporation, nor their respective affiliates, makes any warranty, expressed or implied, with respect to any information or methods disclosed in this document.

AECOM has served solely in the capacity of consultant and has not rendered any expert opinions in connection with the subject matter hereof. Any changes made to the study, or any use of the study not specifically identified in the agreement between the Client and AECOM or otherwise expressly approved in writing by AECOM, shall be at the sole risk of the party making such changes or adopting such use.

It is further agreed by the Client that the report is not to be relied upon by third parties.

This document was prepared solely for the use by the Client. Any party who is entitled to rely on this document may do so only on the document in its entirety and not on any excerpt or summary. Entitlement to rely upon this document is conditioned upon the entitled party accepting full responsibility and not holding AECOM liable in any way for any impacts on the forecasts or the earnings from (Market and Economic and Fiscal Impacts Analysts on the Destination Medical Center Project) resulting from changes in "external" factors such as changes in government policy, the pricing of commodities and materials, price levels generally, competitive alternatives to the project, the behavior of consumers or competitors and changes in the owners' policies affecting the operation of their projects.

This document may include "forward-looking statements." These statements relate to AECOM's expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "will," "should," "seek," and similar expressions. The forward-looking statements reflect AECOM's views and assumptions with respect to future events as of the date of this study and are subject to future economic conditions, and other risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including, without limitation, those discussed in this study. These factors are beyond AECOM's ability to control or predict. Accordingly, AECOM makes no warranty or representation that any of the projected values or results contained in this study will actually be achieved.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

14.3 METHODOLOGY

Economic impacts can be described as the sum of economic activity within a defined geographic region resulting from an initial change in the economy. This initial change, also referred to as the direct impact, spurs a series of subsequent indirect and induced activities. Households, businesses, and governments are connected in a complex web of interdependent relationships based on producing, selling, purchasing, and taxing goods and services. An initial change in one of these creates ripple effects through the others. Therefore, the direct impact will create revenues at other firms and employment for local residents and associated income, as well as tax revenues to state and local governments referred to as fiscal impacts.

- **Direct Impact** results from an initial change in the economy such as construction costs, the operating revenues from a new business, or jobs created.
- **Indirect Impacts** result when the suppliers to the companies initiating the direct impacts purchase goods and services.
- **Induced Impacts** result from the employees purchasing goods and services for their households from the wages they earn.
- **Total Impact** is the sum of the direct, indirect, and induced impacts.

In the case of the DMC, two types of direct impacts are measured: the construction of the proposed program and the opening of new businesses including Mayo Clinic space, bio-med-tech space, general commercial office space, restaurants, hotels, and retailers. Therefore, when a customer goes to one of the new restaurants for dinner, this spending is the direct impact. When the restaurant owner buys the food, alcohol, linens, silverware, and other goods and services needed to run this business, a indirect impacts occur. Indirect impacts are further generated when these suppliers also buy goods and services for their businesses. The induced impact occurs when the workers at the restaurant and its suppliers spend their wages. As the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all economic sectors, generating taxes and creating jobs throughout a variety of industries.

The indirect and induced impacts are often referred to as the multiplier effect. The size of this depends on the region in which the impacts occur and the nature of the economy within the region. A large region with a closed economy, which means that most needs are being met by industries located within the region, would keep many of the sales, earnings, and jobs impacts within the region. In a region like this, the multiplier effects would be relatively large, with a large share of the effects captured within the region. In contrast, a smaller region with an open economy, which means an economy with a limited array of producers providing goods and services locally, may have to import more goods and services, and sometimes labor, into the region as inputs, leaking sales to other regions. Because many purchases would be made from industries outside the local economy, the multiplier impacts on the local economy would be smaller.

The inter-industry relationships and the multiplier effects in the regional economy are captured in an input-output (I-O) model. This model estimates how effects in one industry will impact other sectors. In addition, I-O models estimate the share of each industry's purchases that are supplied by firms within the economic region being analyzed. Based on this data, multipliers are calculated that measure the re-spending of dollars in an economy and are used to calculate indirect and induced impacts. Once the relationships between households, firms, and government in the economic region are determined, a change in the economy can be introduced in the model to estimate how the region will be affected based on those relationships.

There are several I-O models commonly used to estimate indirect and induced economic impacts. To calculate the economic impacts of the proposed DMC, AECOM used the I-O model developed by IMPLAN to trace how the initial investment circulates throughout the economy and which sectors are impacted directly and indirectly. For more than 35 years, IMPLAN has been widely used across the United States by government offices, non-profit agencies, industry associations, and private entities to prepare location-specific economic impact analyses. IMPLAN's database includes state, county, and zip code level data for 440 industrial sectors and the ways in which those sectors interact with each other, with households, and with government agencies. IMPLAN data files are compiled from a wide variety of sources including the U.S. Bureau of Economic Analysis, the U.S. Bureau of Labor, and the U.S. Census Bureau. Results from the analysis are presented for changes in output, employment, and wages in the region as a result of this shift in spending.

- **Output:** This is the total value of goods and services produced across all industry sectors and all stages of production in the study area.
- **Employment:** This represents the number of jobs needed to support the given economic activity across all sectors. It includes all wage and salary employees, part- and full-time, as well as self-employed, temporary, and seasonal jobs.
- **Wages:** The total payroll costs (including benefits) across all sectors supported by the initial investment. It includes the wages and salaries of workers who are paid by employers, as well as benefits such as health and life insurance, retirement payments, and non-cash compensation. It also includes proprietary income received by self-employed individuals.

Economic impact analysis models how dollars move throughout the economy to households, firms, and governments. State and local governments will also benefit from this development in the form of increased tax revenues. AECOM estimated the following fiscal revenue impacts:

- Minnesota – corporate income tax, personal income tax, property tax and sales and use tax
- Olmsted County – property tax and sales and use tax
- City of Rochester – hotel tax, property tax, and sales and use tax

These are not all the potential tax revenues and fees that could be generated as a result of the DMC initiative. For example, with increased development, more building permit fees and business licenses will

be issued in Rochester. At the state level, more cars will likely be registered and drivers licenses issued, for example. These and other similar revenue streams are difficult to capture and directly attribute to the DMC development and were therefore not included in this analysis.

Other benefits may accrue to Rochester and the surrounding region from the development of the DMC, such as building a stronger research and development cluster; expanding the economic base; enhancing the quality of life with more options for retail, dining, and entertainment; and helping residents, patients, and visitors live healthier lives. Because these benefits are more difficult to quantify at this planning stage without knowing what specific companies or businesses, other than the Mayo Clinic, will occupy the DMC, they are not included in this scope of analysis. However, these benefits are important to the future success of Rochester and the State of Minnesota.

Finally, it should be noted that each economic impact analysis is unique resulting from differences in the I-O model used, definition of the economic region, data sources, assumptions, time frame of the analysis, among other factors. Therefore, comparisons across studies, even of seemingly similar impacts, are very complicated and should be done with considerable caution.

Findings from AECOM's Market Research (see Section 5.0) inform this economic and fiscal impact analysis, particularly for those land use elements for which market analysis was conducted. In addition, AECOM participated in public information forums, group and individual stakeholder meetings, planning team discussions, meetings with staff and officials of the City of Rochester, Olmsted County, Rochester Area Economic Development (RAEDI), Mayo Clinic, realtors, property owners, developers, housing advocates, neighborhood representatives, business owners, and the Convention and Visitors Bureau (CVB). This information was supplemented with data gathered from secondary sources such as the U.S. Census, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Minnesota Department of Revenue, City of Rochester, DMCC EDA, Rochester CVB, among others.

Using the ranges of supportable square feet (sf) or units resulting from the market analysis, for hotels, residential, commercial office and retail, entertainment and dining space, AECOM consulted with the DMC planning team to prepare a program and phasing strategy. The development summary (Figure 10-1) represents a target within the supportable ranges identified in the market analysis. The phasing strategy distributes the market-supportable estimates as well as green space, transit space, health care space assumed developed by the Mayo Clinic, and allocations for programmed educational and entertainment arts or cultural uses. Those distributions occur across the DMC development timeline of 20 years, starting slowly at first as infrastructure improvements are put in place and employment centers with resulting employment and household growth develop and build momentum.

This data, in conjunction with data on square feet per employee, was used to estimate new employment in the DMC if the project were built as proposed. Additional data from IMPLAN allowed for estimates of

USE	PHASE 1	PHASE 2	PHASE 3	PHASE 4	TOTAL
Bio-Med-Tech Research (sf)	180,000	150,000	380,000	310,000	1,020,000
Education (sf)	0	210,000	97,000	47,000	354,000
Health (sf)	1,200,000	1,700,000	1,800,000	2,100,000	6,800,000
Hotel (rooms)	760	240	230	150	1,380
Office (sf)	0	50,000	110,000	150,000	310,000
Residential (units)	450	750	860	790	2,850
Retail, entertainment, dining (sf)	50,000	110,000	120,000	40,000	320,000

FIGURE 10-1 - DMC PROPOSED PHASING BY USE
(SOURCES: AECOM, PERKINS EASTMAN, HAMMES COMPANY, PKF CONSULTING)

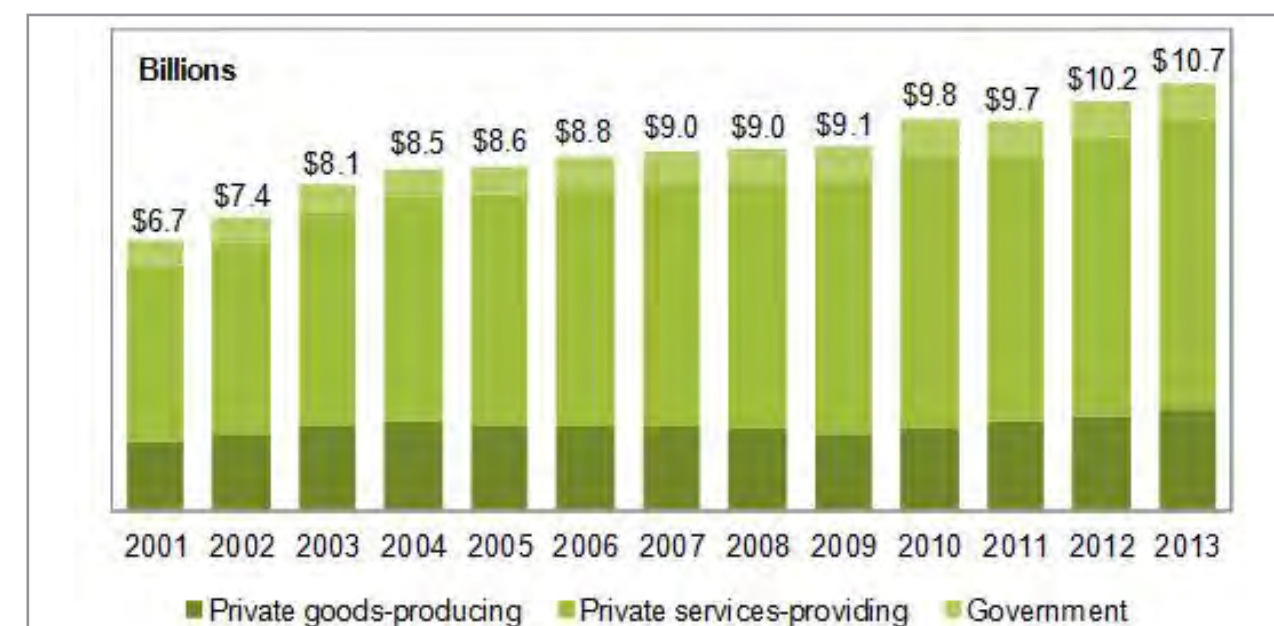


FIGURE 10-2 - GROSS DOMESTIC PRODUCT, ROCHESTER MSA (SOURCES: U.S. BEA)

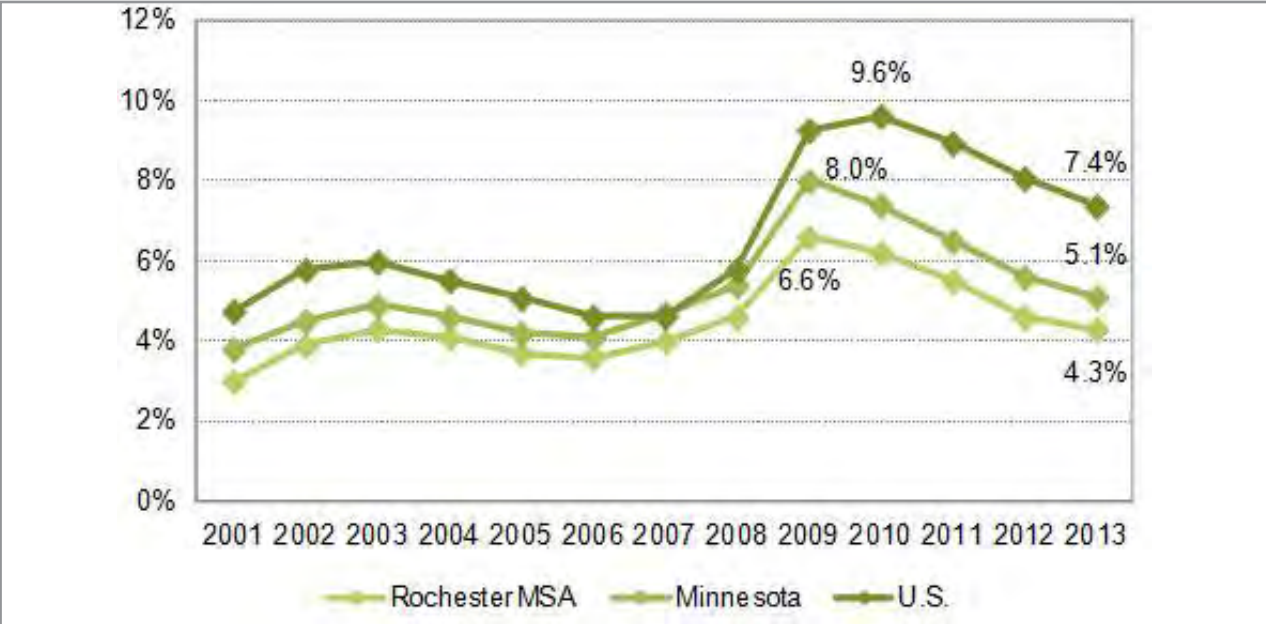


FIGURE 10-3 - AVERAGE ANNUAL UNEMPLOYMENT RATE, 2001-2013 (SOURCES: U.S. BLS)

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Est. Mayo Clinic Employees	33,060	33,060	33,060	33,060	33,060	33,060	33,060
Potential Operating Revenues	\$4,976	\$5,101	\$5,228	\$5,359	\$5,493	\$6,215	\$7,955
Total Economic Impacts of Baseline							
Output	\$7,326	\$7,509	\$7,697	\$7,889	\$8,086	\$9,149	\$11,711
Jobs	54,190	54,710	55,260	55,810	56,380	59,440	66,830
Net Economic Impacts of Baseline*							
Output	\$179	\$183	\$188	\$192	\$179	\$223	\$286
Jobs	520	530	540	550	570	640	820
* Difference from previous year. Note: All revenues in millions. All dollars in current, inflation adjusted values.							

FIGURE 10-4 - POTENTIAL IMPACTS OF BASELINE, 2015-2034 SELECT YEARS

revenues based on output per employee measures provided in the I-O model for each sector. This data formed the foundation of our economic and fiscal impact analysis.

14.4 BASELINE ANALYSIS

With the Mayo Clinic driving the regional economy, the region was not hit as hard during the recent national recession. The Rochester metropolitan statistical area’s (MSA) economy remained strong as measured by gross domestic product (GDP) below (Figure 10-2). In 2013, total GDP reached \$10.7 billion, up an average of 3.9% annually since 2001. Over this time period, only one year showed a slight decline, 2011. Services-providing sectors that are private, which include health care, make up nearly 70% of total region GDP.

Another measure of the economy’s strength is unemployment. Figure 10-3 shows unemployment rates for the Rochester MSA, Minnesota, and the U.S. since 2001. Throughout this timeframe, unemployment in the MSA has been consistently lower than the comparison regions. During the recession, the average annual unemployment rate peaked at 6.6% in the Rochester MSA, lower than Minnesota at 8% and the U.S. at 9.6%. In 2013, unemployment in the Rochester MSA averaged 4.3%, three points lower than the national average of 7.4%.

As discussed in Section 5, employment in the health and social services sector has almost doubled in size over the last 20 years with 40,400 jobs in 2010. According to Rochester-Olmsted Council of Governments (ROCOG), employment in Olmsted County is projected to increase by 53% from 2010 through 2040, adding more than 57,000 jobs. Jobs in the health and social services sector are predicted to make up an increasing share of employment. In 1990, health and social services made up 26% of employment in Olmsted County; by 2040, the sector is estimated to comprise 39% of employment reaching nearly 66,000 jobs.

The Mayo Clinic and the Mayo Health System together employ more than 38,000 people throughout Minnesota and generate more than \$9.6 billion in economic impact to the state. The majority of Mayo Clinic workers, an estimated 33,000, are employed in Rochester. This includes physicians, researchers, residents, fellow, students, patient caregivers, and support workers. The projected growth of the Mayo Clinic, absent of the DMC, from 2015 through 2034 is the baseline for this analysis. Employment was kept constant, but wages and total output were allowed to grow at inflationary rates as estimated by IMPLAN. The assumption is that, without the DMC, the Mayo Clinic would maintain current operational levels in Rochester.

In this analysis, the economic impacts were measured for the region rather than the state. Since the market area is smaller than the state, the share of dollars leaking out of the economy rather than circulating within it is higher, resulting in somewhat smaller impacts at the regional level than would be estimated at the state level. All projected revenues in the economic and fiscal impact analysis are presented in current, inflation adjusted dollars.

In 2015, the total potential economic impact on the regional economy as a result of the Mayo Clinic’s operations is estimated at \$7.3 billion (Figure 10-4). This in turn could support a total of 54,200 workers in the region, earning wages of nearly \$4 billion, an average of \$73,000 per worker. By 2034, the total potential

economic impact could reach \$11.7 billion, more than doubling the regional GDP of 2013. Supportable employment from this impact could reach 66,800 with an estimated \$6.6 billion in wages. The difference in impacts from year to year is the baseline, which will be subtracted from the potential impacts generated by the proposed DMC program.

The economic impact analysis conducted here is an estimated net new impact. Findings from AECOM's market research indicated what may be further absorbed in Rochester by type of land use over the 20 year timeframe. Therefore, net impact from the baseline, in this case the impacts of the Mayo Clinic's current operations projected forward, is subtracted from the impacts of the new development to result in net new impacts attributed to the proposed DMC development.

14.5 SOURCES OF POTENTIAL ECONOMIC AND FISCAL IMPACTS

If the proposed DMC program is built as outlined in Figure 10-1, two types of economic impacts will occur, those of construction and those of ongoing operations from the new businesses and institutions operating within the DMC. It needs to be noted that, if the underlying assumptions change regarding what is built or when, the economic impact estimates will need to be revised. Also, these are estimates of potential future activity, but the market and decisions by specific economic entities, such as the Mayo Clinic, the City, County, State, and private investors will determine the actual rate of growth. The estimates provided here are for planning purposes only.

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20	TOTAL 20 YEARS
Bio-Med-Tech Research	\$14	\$15	\$15	\$15	\$16	\$15	\$39	\$533
Education	\$0	\$0	\$0	\$0	\$0	\$19	\$6	\$167
Health	\$95	\$97	\$100	\$102	\$105	\$168	\$265	\$3,513
Hotel	\$21	\$38	\$66	\$29	\$0	\$0	\$0	\$308
Office	\$0	\$0	\$0	\$0	\$0	\$5	\$19	\$172
Residential	\$17	\$17	\$18	\$18	\$19	\$36	\$48	\$706
Retail/ Restaurant	\$4	\$4	\$4	\$4	\$4	\$10	\$5	\$150
Total construction costs	\$151	\$170	\$203	\$169	\$143	\$252	\$381	\$5,550

Note: All revenues in millions. All dollars in current, inflation adjusted values.

FIGURE 10-5 - POTENTIAL CONSTRUCTION COSTS OF DMC, 2015-2034 SELECT YEARS

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Bio-Med-Tech Research	110	230	340	460	510	1,050	3,230
Education	0	0	0	0	0	270	450
Health	670	1,330	2,000	2,670	3,330	8,060	18,890
Hotel	60	170	360	430	430	570	790
Office	0	0	0	0	0	190	1,180
Restaurant	10	30	40	50	60	210	430
Retail	50	90	140	180	220	670	1,180
Visitor Amenities	100	180	610	770	800	1,230	2,330
Total Direct Jobs	1,000	2,030	3,490	4,560	5,410	12,250	28,480

FIGURE 10-6 - POTENTIAL DIRECT JOBS FOR PROPOSED DMC DEVELOPMENT, 2015-2034 SELECT YEARS

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Bio-Med-Tech Research	\$16	\$34	\$51	\$70	\$90	\$184	\$715
Education	\$0	\$0	\$0	\$0	\$0	\$21	\$45
Health	\$100	\$206	\$316	\$432	\$554	\$1,514	\$4,545
Hotel	\$5	\$9	\$32	\$40	\$42	\$64	\$122
Office	\$0	\$0	\$0	\$0	\$0	\$39	\$297
Restaurant	\$1	\$2	\$2	\$3	\$4	\$15	\$39
Retail	\$3	\$6	\$9	\$12	\$16	\$56	\$144
Visitor Amenities	\$7	\$12	\$41	\$52	\$53	\$82	\$156
Total Revenues	\$132	\$268	\$452	\$610	\$758	\$1,977	\$6,063

FIGURE 10-7 - POTENTIAL OPERATING REVENUES FOR PROPOSED DMC DEVELOPMENT, 2015-2034 SELECT YEARS

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Direct Impacts							
Output	\$151	\$170	\$203	\$169	\$143	\$252	\$5,550
Jobs	920	1,040	1,240	1,030	870	1,530	*
Wages	\$56	\$65	\$80	\$67	\$58	\$113	\$2,620
Total Impacts							
Output	\$210	\$238	\$282	\$235	\$200	\$352	\$7,741
Jobs	1,450	1,640	1,950	1,620	1,380	2,420	*
Wages	\$78	\$90	\$109	\$93	\$80	\$156	\$3,614
* Due to the nature of employment, jobs will last multiple years over the course of a project. Therefore, a total for the 20 year period is not provided. Note: All revenues in millions. All dollars in current, inflation adjusted values.							
FIGURE 10-8 - POTENTIAL ECONOMIC IMPACTS OF CONSTRUCTION OF DMC, 2015-2034 SELECT YEARS							

14.5.1 ESTIMATED CONSTRUCTION COSTS TO BUILD THE PROPOSED DMC

In each five year phase, AECOM estimated the amount of space that could be absorbed in the DMC development district. However, economic and fiscal impacts are measured on an annual basis. Therefore, the proposed development for each type of use was spread evenly across the five year period. For example, the DMC development program assumes 50,000 square feet of retail, entertainment and dining space in Phase 1. This was spread evenly across the five years of the phase, averaging 10,000 square feet per year (buildings may be developed in larger units, but will take time to lease and absorb space to reach stabilized occupancy). The only exception to this methodology is for hotel development. Data from PKF Consulting USA indicated when new hotels could potentially be absorbed in the market by year rather than by phase.

The average cost of construction by use is based on data identified by the Hammes Company that includes the Mayo Clinic's historic costs for medical and bio-tech facilities, and research of the local market and comparable projects in the U.S. Construction costs were assumed to increase 2.5% annually over the 20 year period based on an historical analysis of the Engineering News Record (ENR) Building Cost Index and Construction Cost Index as well as the CPI-U for Minneapolis over 20 years.

Figure 10-5 shows estimated construction costs of the proposed DMC project. In Year 1, construction of 36,000 square feet of bio-med-tech office space could cost an estimated \$14 million. Total construction costs in Year 1 including all uses are estimated at \$151 million. Upon completion of the project construction, total costs are estimated at nearly \$5.6 billion. The largest share of this cost is attributed to construction of an additional 6.8 million square feet of space for the Mayo Clinic, estimated at approximately \$3.5 billion over the next 20 years.

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20	TOTAL 20 YEARS
Total Net Impact								
Bio-Med-Tech Research	\$22	\$45	\$69	\$95	\$121	\$249	\$965	\$7,665
Education	\$0	\$0	\$0	\$0	\$0	\$32	\$68	\$618
Health	\$148	\$303	\$466	\$636	\$815	\$2,229	\$6,691	\$55,134
Hotel	\$8	\$14	\$47	\$59	\$61	\$94	\$177	\$2,070
Office	\$0	\$0	\$0	\$0	\$0	\$54	\$418	\$2,460
Restaurant	\$1	\$2	\$3	\$5	\$6	\$21	\$55	\$509
Retail	\$3	\$7	\$10	\$14	\$18	\$64	\$164	\$1,522
Visitor	\$10	\$17	\$58	\$74	\$76	\$117	\$221	\$2,584
Net of Baseline	-\$179	-\$183	-\$188	-\$192	-\$197	-\$223	-\$286	-\$4,564
Total	\$13	\$205	\$466	\$690	\$900	\$2,637	\$8,474	\$67,997
Total Net Employment								
Bio-Med-Tech Research	170	340	510	680	860	1,640	5,520	*
Education	0	0	0	0	0	350	630	*
Health	1,090	2,210	3,340	4,500	5,680	14,480	38,180	*
Hotel	80	210	480	590	600	820	1,260	*
Office	0	0	0	0	0	320	2,190	*
Restaurant	10	30	50	60	80	260	560	*
Retail	50	100	150	190	240	730	1,340	*
Visitor	130	220	770	970	1,000	1,530	2,900	*
Net of Baseline	-520	-530	-540	-550	-570	-640	-820	*
Total	1,010	2,580	4,760	6,440	7,890	19,490	51,760	*
* Due to the nature of employment, and the cumulative impact methodology, jobs may last multiple years over the course of the DMC project. Therefore, a total for the 20 year period is not provided. Note: All revenues in millions. All dollars in current, inflation adjusted values.								
FIGURE 10-9 - POTENTIAL NET ECONOMIC IMPACTS OF DMC OPERATIONS, 2015-2034 SELECT YEARS								

14.5.2 ESTIMATED OPERATIONS AT PROPOSED DMC BUSINESSES AND ORGANIZATIONS

Once constructed, new businesses, activities, and operations will occupy the space generating revenues, supporting jobs, and paying taxes throughout the region. To estimate the direct impact of these new businesses, AECOM used several different methodologies. Using data from national standards, the Mayo Clinic, and comparable facilities, AECOM estimated employment based on potential occupied square footage of the various proposed uses and average space per employee. For workers in the health, bio-med-tech, education, and office space, AECOM estimated operating revenues using data from IMPLAN on average output per worker for the various sectors. For the other components of the proposed DMC project, hotel, restaurant and retail, and visitor industry businesses, we relied on potential sales data as estimated in Section 5, Market Research. Other than construction, no economic impacts are associated with the residential development as it is assumed the impacts of new residents would likely be captured as employees in the new businesses.

Note that the direct impacts presented below are cumulative impacts. For example, if a hotel opens in Year 1, it is assumed that the hotel will be open throughout the life of the project and will generate impacts for all 20 years. Therefore, as shown in Figure 10-6, the 60 jobs in new DMC hotels in Year 1 are assumed to exist throughout the 20 year span with additional properties opening in subsequent years and increasing the overall impact.

Following are projected operating revenues (i.e., direct impacts) for the proposed DMC development. In Year 1, if all the properties open as assumed, an estimated \$132 million in operating revenues would occur within the DMC. By Year 20, operating revenues are projected to reach \$6 billion (Figure 10-7).

14.6 POTENTIAL ECONOMIC IMPACTS OF DMC

Once the direct impacts were measured for construction and operations, IMPLAN data was used to determine the indirect and induced impacts for output, jobs, and wages. With nearly \$5.6 billion in construction costs estimated for the next 20 years, the potential economic impact in the region is significant. Over 20 years, the estimated total potential impact of construction of the DMC as proposed is \$7.7 billion (in future, inflated dollars). Annual impacts range from \$210 million in Year 1 to \$532 million in Year 20 (Figure 10-8). This is a factor of more space being built in Year 20 than Year 1 as well as escalated costs for construction. As shown in Figure 10-1, the largest amount of construction is the 6.8 million square feet of proposed space for the Mayo Clinic. Following that is the one million square feet of space in a proposed Bio-Med-Tech Research district in Discovery Square.

Typical to most large-scale construction projects, the early years of construction are slower, then the project picks up momentum and then slowly winds down. As a result fewer people are projected to be working on DMC projects after the initial start-up, with jobs and impacts potentially increasing as the initiative takes hold in Rochester. Due to the nature of employment, construction jobs will likely last over multiple years. Therefore, a total number of jobs over the 20 year span is not provided as the number may not actually reflect the number of people working on construction projects. However, on average, nearly

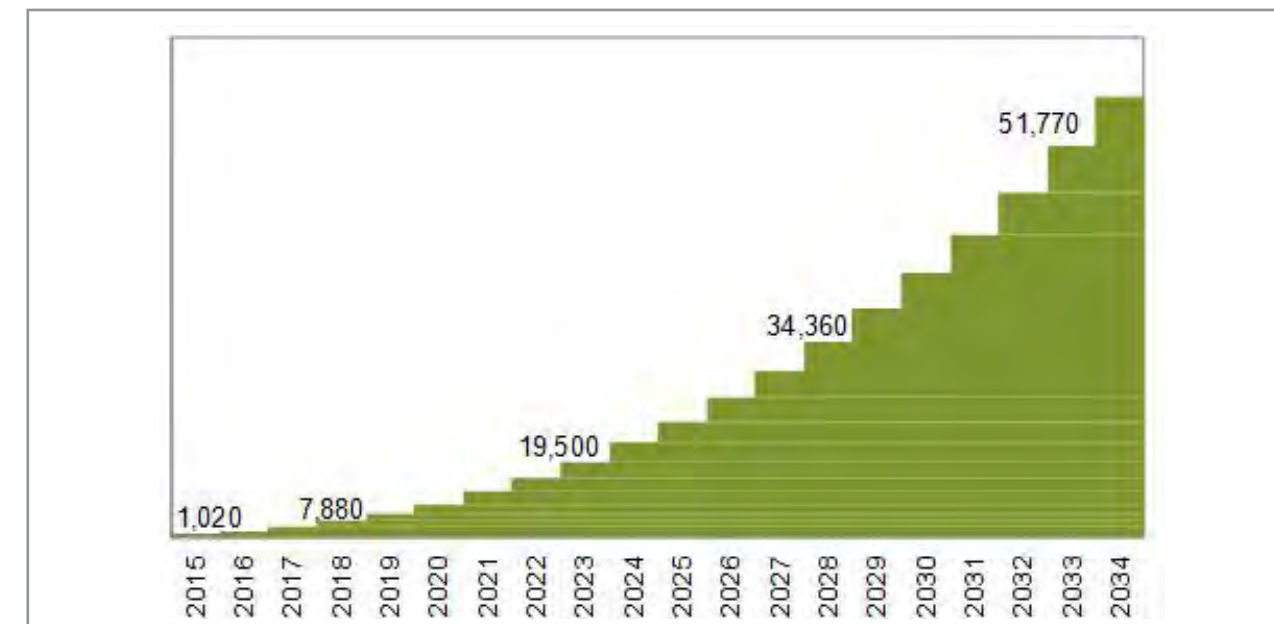


FIGURE 10-10 - POTENTIAL NET JOBS RESULTING FROM PROPOSED DMC OPERATIONS, 2015-2034

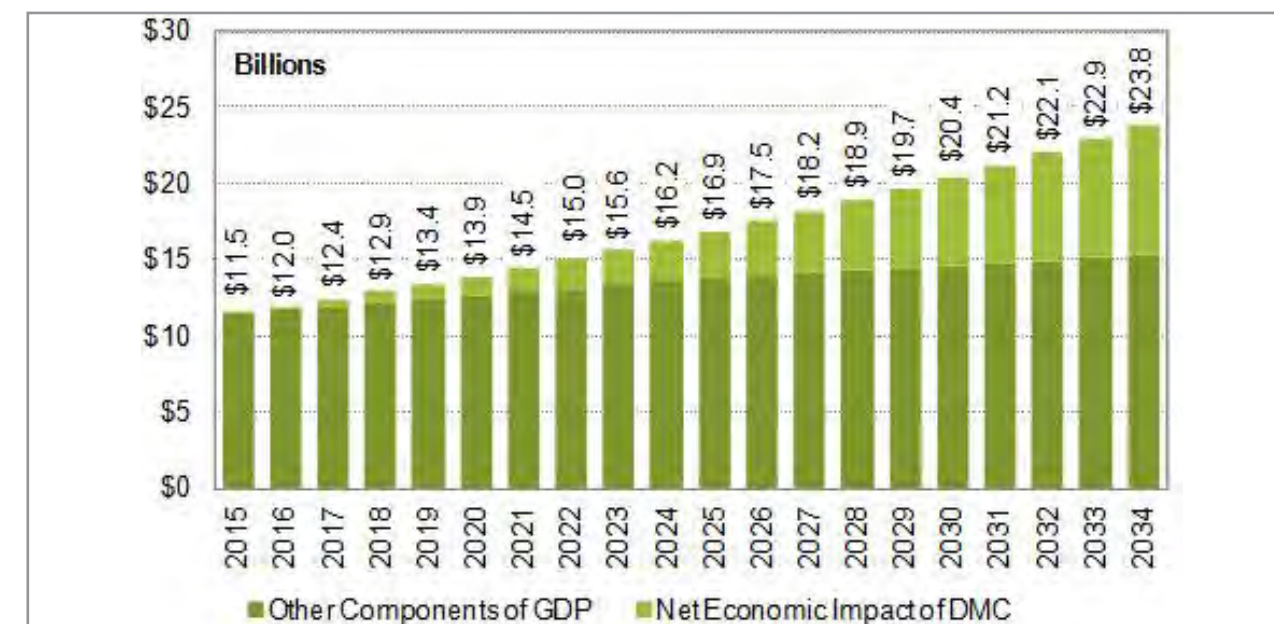


FIGURE 10-11 - ESTIMATED GDP AND POTENTIAL NET IMPACT OF DMC OPERATIONS, 2015-2034



FIGURE 10-12 - ESTIMATED FISCAL IMPACTS FOR ROCHESTER AS A RESULT OF PROPOSED DMC, 2015-2034

Note: All revenues in current, inflation adjusted dollars

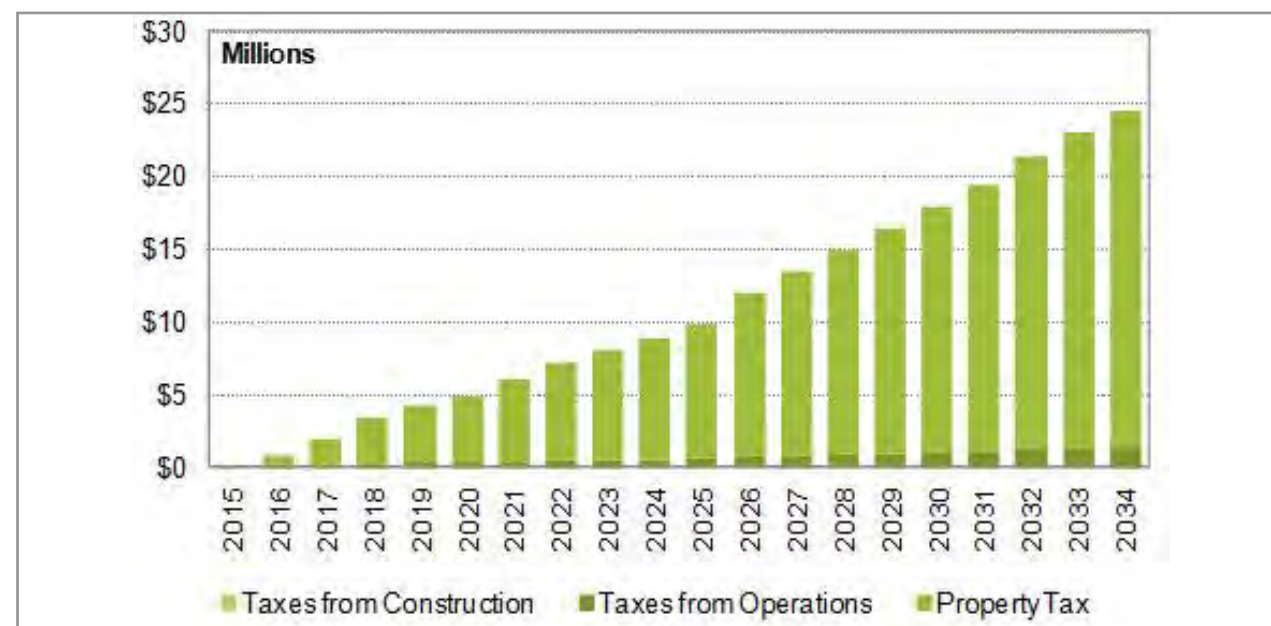


FIGURE 10-13 - ESTIMATED FISCAL IMPACTS FOR OLMSTED COUNTY AS A RESULT OF PROPOSED DMC, 2015-2034

1,700 direct jobs will be supported each year by construction of buildings proposed in the DMC initiative. After 20 years of construction, workers both directly employed in the construction services sector and the indirect and induced jobs resulting from this spending have the potential to earn a total of \$3.6 billion in wages. In 2015, wages for construction workers in the DMC could average \$61,400. Workers supported by indirect and induced spending could earn an average annual wage of \$40,200 in 2015.

Impacts attributed to operations of new businesses in the DMC were also estimated. As stated earlier, the following economic impacts of operations are cumulative. If a project opens in Year 1, it is assumed that it will remain open throughout the life of the project and will generate impacts for the subsequent 19 years. In addition, the impacts shown below reflect the net impacts from the baseline. By looking at the net impact, the potential impacts of the DMC are adjusted to account for what growth may have occurred without the DMC initiative. In this case, this includes only the estimated impacts associated with Mayo Clinic operations if the DMC were not to occur, as discussed in Section 10.4.

In Year 1, the potential exists for \$13 million in net economic impact to be generated in Rochester as a result of the proposed DMC initiative, the net of what may have occurred without the initiative, i.e., normal Mayo Clinic operations. This would support more than 1,000 jobs across all sectors in Rochester. As the project builds, the impacts could also grow reaching an estimated \$900 million in Year 5, \$2.6 billion in Year 10, and a net impact of approximately \$8.5 billion in Year 20 (all in current, inflation adjusted values). Combined, if built as assumed here, the DMC would have cumulatively generated a net total impact of \$68 billion over 20 years (Figure 10-9).

Since these are cumulative impacts, the jobs created from Year 1 remain throughout the project. Therefore, to avoid overestimating the employment impacts, a 20 year total was not measured. Figure 10-10 shows the jobs supported by the DMC as the project grows over time, reaching 51,770 jobs in the Rochester region by 2034. This includes the direct, indirect, and induced jobs supported by the associated operating revenues of the businesses created and the multiplier effect.

It is worth noting again that the economic impacts reported here represent one possible scenario of how the DMC program may be built. If there are changes in what is built, how much is built, or the timeframe of when a component is built and opened, the resulting economic impacts will differ from those estimated here.

To understand how the impact of the proposed DMC factors into the overall regional economy, we measured these impacts as a relative share of predicted GDP as shown below (Figure 10-11). Between 2001 and 2013, GDP in the Rochester MSA increased an average of 3.9% annually, reaching \$10.7 billion as shown in Figure 10-2. We used this growth rate to predict future GDP in the region through 2034. In Figure 10-11 below, in Year 1 of the DMC development, the associated impacts make up a relatively small share of regional GDP. As the project grows, so does its share of GDP, reaching one-third by the end of the 20 year span. We estimate that regional GDP, if growth is maintained at historical levels, could reach \$23.8

billion. Of that, the DMC economic impacts from operations are estimated at nearly \$8.5 billion, or 36% of projected GDP.

14.7 POTENTIAL FISCAL IMPACTS OF DMC

State and local governments also have the potential of benefiting from the proposed DMC development through taxes and fees. For purposes of this analysis, we projected the potential tax revenues for Minnesota, Olmsted County, and the City of Rochester generated from corporate income tax, hotel tax, personal income tax, property tax, and sales and use tax. The following assumptions have been used:

- Corporate income taxes were measured only for the private developments occurring within the DMC. This excludes Mayo Clinic operations as well as operations occurring in educational facilities. Note that some research institutes at Discovery Square may be organized as non-profit institutes, which could affect corporate income estimates. Corporate income tax was estimated on the indirect and induced impacts of all components.
- Sales tax was estimated on retail sales, hotel sales and sales at restaurants and bars. However, clothing is exempt from sales tax as is food typically sold at grocery stores. Prepared food is taxable.
- Property taxes were estimated separately for the Mayo Clinic, as a share of its property that is non-clinical is subject to property tax. AECOM assumed this share would remain constant going forward. Property taxes are levied at different rates for commercial and residential properties in Rochester and Olmsted County. At the state level, there is no property tax for residential properties. A one year lag is assumed between when a property is developed and when taxes are levied.

This analysis does not include other taxes or fees that may be collected as a result of employment and population growth in Rochester such as business permits, motor vehicle registrations, birth certificates, marriage licenses, for example. These revenue streams are important to local governments but are difficult to measure and attribute directly back to the DMC development; therefore, they were not considered in this analysis.

It should be noted that the tax rates were kept constant through the 20 year time frame. However, rates change over time, new taxes may be implemented during this time span or even eliminated. If such changes were to occur, the results presented here would also change.

14.7.1 CITY OF ROCHESTER

The potential tax revenues measured for the City of Rochester include a 7% hotel tax, a 0.5% sales tax, and property taxes. Note that this analysis does not include adjustments for potential properties that may be included in tax increment finance (TIF) districts within the DMC. Over 20 years of construction and operations, the City of Rochester may receive an estimated total of \$271 million in potential revenue from the three tax streams measured in this analysis (Figure 10-12). This includes a cumulative total of \$1.4 million in tax revenues resulting from construction related impacts, \$126 million from taxes generated

by the operations of DMC businesses and their regional suppliers and nearly \$144 million in property tax collected over 20 years, in current, inflation adjusted dollars

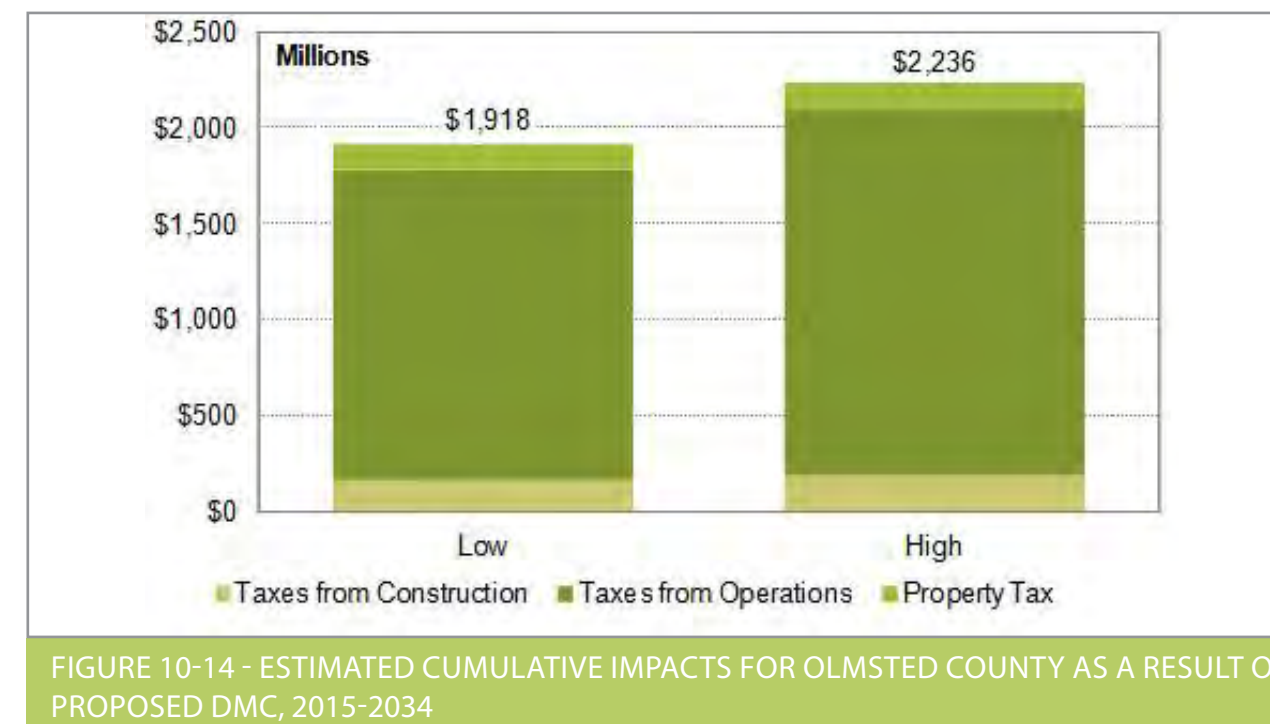
14.7.2 OLMSTED COUNTY

Potential taxes estimated for Olmsted County resulting from the DMC include a 0.25% sales tax and property tax. Over the 20 year time frame of the DMC program, Olmsted County may receive a total of \$218 million in taxes collected through the property and sales taxes resulting from the DMC development and associated impacts (Figure 10-13). The majority of the revenues come from the property tax collected over 20 years, an estimated \$205 million.

14.7.3 STATE OF MINNESOTA

State taxes resulting from the DMC development that were measured here include corporate income tax, personal income tax, sales tax, and property taxes. Since not all income is taxable, effective rates for corporate income and personal income tax were estimated using data over multiple years from the Minnesota Department of Revenue, the U.S. Census, and the U.S. Bureau of Economic Analysis. The effective rate for corporate income tax used in this analysis is 0.33%. For personal income tax, AECOM used a range of 3.28% to 4.10%. The state sales tax rate is currently 6.875%.

Note: All revenues in current, inflation adjusted dollars



	2013
Population	110,337
Average Household Size	2.42
Occupied Dwelling Units (DU)	44,314
Employees	104,600
Employee Resident Equivalent Rate	35%
Employee Resident Equivalents	36,610
Convert to DU using average household size	2.42
Employee Equivalent Dwelling Units	15,130
Equivalent Dwelling Units (EDU)	59,440
<i>Note: All revenues in current, inflation adjusted dollars</i>	

FIGURE 10-15 - CITY OF ROCHESTER EQUIVALENT DWELLING UNITS, 2013 (SOURCES: CITY OF ROCHESTER CAFR 2013, U.S. CENSUS BUREAU, MINNESOTA STATE DEMOGRAPHER)

	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Occupied residential units within DMC (95% occupancy)	90	170	260	340	430	1,140	2,710
Employees in DMC*	900	1,850	2,870	3,790	4,620	11,010	26,150
Employee Resident Equivalents (35%)	320	650	1,010	1,330	1,620	3,850	9,150
Employee Equivalent Dwelling Units (2.42 average household size)	130	270	420	550	570	1,590	3,780
New employees living in Rochester (53%)	470	970	1,510	1,990	2,430	5,780	13,730
New households attributed to DMC jobs**	360	750	1,160	1,530	1,870	4,450	10,560
Net of DMC residences	280	580	900	1,190	1,440	3,310	7,850
Equivalent Dwelling Units with DMC	500	1,010	1,580	2,080	2,540	6,040	14,340
<p>* Does not include jobs at other visitor amenities and attractions in Rochester such as car rental agencies since those jobs, while being supported by the DMC initiative, are not directly attributed to the DMC program.</p> <p>** U.S. Census data shows an average of 1.3 workers per household in Rochester.</p>							

FIGURE 10-16 - CITY OF ROCHESTER EQUIVALENT DWELLING UNITS, 2015 TO 2034, SELECT YEARS

As shown below, the total state tax revenues generated by the proposed DMC development and its associated impacts that were measured in this analysis could range between nearly \$1.9 billion and approximately \$2.2 billion over the course of 20 years (Figure 10-14). Twenty years of construction has the potential to generate between \$162 million and 192 million in state taxes. Cumulatively, businesses operating in the DMC and their regional suppliers over 20 years could generate between \$1.6 billion and \$1.9 billion in state taxes. Property tax collections could total \$128 million after 20 years, all in current, inflation adjusted values.

14.8 FISCAL ANALYSIS OF CITY OF ROCHESTER'S GENERAL FUND WITH PROPOSED DMC

AECOM evaluated the potential fiscal impact of the proposed DMC on the City of Rochester's General Fund. Both revenues and expenditures were evaluated and a net fiscal impact was estimated annually through 2034. In this analysis, the fiscal impact is defined as the net annual fiscal revenue or cost to the City of Rochester's General Fund due to the implementation of the DMC. In other words, the analysis quantifies the anticipated fiscal status of the City over a 20 year time frame beginning in 2015, taking into account the potential fiscal revenues less fiscal expenditures incurred due to the new development. The actual fiscal impact will vary, depending on the actual rate of growth and development, including the composition of development, over time. This analysis is for an assumed development and phasing scenario, which undoubtedly will differ as public and private investment decisions are made over time. Slower growth means fewer fiscal revenues, but also fewer fiscal costs. Conversely, faster growth increases demand for public services and costs, but also generates more revenues to help cover those costs.

14.8.1 METHODOLOGY

AECOM used the assumed phasing plan for DMC development shown in Figure 10-1 as the base of this analysis. In addition, AECOM utilized the City of Rochester's Comprehensive Annual Financial Reports (CAFR) as well as other budget documents to build the fiscal impact model and per unit factors. AECOM focused on the costs and revenues affecting the City's General Fund because it funds the general operations of the City, such as general government services, and public safety. In addition, the General Fund is typically the only source of unrestricted discretionary funding available to the City. Fiscal costs supported by user fees, as either a portion of a budget (such as Parks and Recreation), or as an enterprise fund to cover all of the costs of a service (such as utilities), were not analyzed since fees are set to cover costs, with no net fiscal impact. A number of important assumptions have been made in this analysis:

- The results present net fiscal impacts to the City's General Fund assuming full build-out of the DMC as proposed in Figure 10-1.
- The fiscal impact model is designed to reflect current budgetary circumstances and is based on the General Fund revenues and expenditures for the year ended December 31, 2013, inflated over time.
- Levels of service are assumed to remain constant throughout the time frame.

- The analysis, which models annual operating fiscal impacts, does not consider existing excess or deficient capacity that might exist for particular City services or the possibility that the DMC might fall below a City service threshold level, calling for major new capital construction to accommodate increased growth in Rochester.
- The fiscal projections contained in this analysis are based on assumptions modeling current economic and political conditions. As such, they are subject to change as conditions change.
- This analysis represents a single scenario of how the DMC may be developed. If the underlying assumptions change, the findings will also be different.
- All values are presented in current, inflation adjusted dollars.

AECOM uses a proportional approach to allocate General Fund expenses and revenues that are expected to increase proportionally with new development. Under this method, AECOM calculates the pro rata (per unit) factors under currently existing conditions. Pro rata factors are then applied to the incremental development of the proposed program. In this case, we have primarily used a pro rata factor called the equivalent dwelling unit, or EDU. One household equals one EDU. Employment is divided by the average household size of 2.42 to approximate an Equivalent Dwelling Unit. The City's General Fund budget is divided by total EDUs existing in the City today to develop factors per EDU for residential development and employment-related development. The City's estimated fiscal revenue and costs in the future are adjusted based on the estimated growth in EDUs attributable to the DMC. In a case by case basis, other pro rata factors were applied to various fiscal categories such as per resident, as in the case of pet licenses, and per job as in the case of business licenses.

Not all revenue or expenditure categories will increase proportionally with the DMC growth. Some overhead and fixed costs will not grow proportionately due to economies-of-scale. To estimate the fiscal impacts not accounted for using a pro rata approach, AECOM created special models. This was done for the property tax and the hotel/motel tax on the revenue side. In addition, special models were developed for the expenditures associated with the police and fire departments.

After discussions with the City's finance department, it was determined that several fiscal categories are not expected to be affected by the DMC, so no projections were calculated. Examples of these revenue streams include intergovernmental transfers such as local government aid from the State of Minnesota, appropriations from Olmsted County for police and fire services, and miscellaneous charges for things such as copies, reports, and the sale or rental of property, among others. Expenditure categories left unchanged include:

- Administrative fines
- Art Center/Civic Theater and Senior Citizen Center
- City hall maintenance
- Community reinvestment
- Contingency fund

- Dispatch
- Emergency management
- Flood control
- Hazmat
- Music
- Planning and zoning

The City provided detailed data on actual and forecast General Fund revenues and expenditures for 2011 through 2014. AECOM worked closely with City officials and their financial advisors to determine the appropriate methodology to use for each of the revenue and cost categories in the General Fund.

Figure 10-15 shows the equivalent dwelling units in Rochester during 2013, the baseline for the fiscal analysis. The City's population was 110,337 residents and 44,314 occupied dwelling units. The number of people employed in Rochester was nearly 105,000. The EDU calculation equates employment in Rochester to 35% of the services that a residential dwelling would use due to their limited time in the City compared to residents, and adjusts the figure to account for persons per dwelling unit. AECOM estimates 59,440 equivalent dwelling units in Rochester during 2013.

AECOM also estimated the equivalent dwelling units that may be created if the DMC initiative is implemented as assumed in Figure 10-1, using the same methodology of equating new employees to residential units by the share of services they require and then adjusting by persons per dwelling unit. Data from the U.S. Census Bureau's On the Map database shows that nearly 53% of the people working in Rochester live in Rochester. Therefore, the potential new jobs being added within the proposed DMC will also generate new residents within Rochester. The future EDU calculation takes this into consideration, assuming 1.3 workers per household. It should be noted that the results presented here are cumulative. If a business opens in Year 1, it is assumed that this business will be open throughout the 20 years analyzed. By Year 20, AECOM estimates the potential for the DMC to support 26,150 direct jobs. In Year 1, there may be an estimated 500 new EDUs in Rochester as a result of the proposed DMC development. By Year 20, there is potential to reach 14,340 new EDUs in Rochester. Assuming no other changes to EDUs in Rochester, this is an average annual growth rate of 1% from 2013 through 2034.

As mentioned previously, the 2013 revenues and expenditures were pro-rated based on appropriate measures of EDU, per resident or per job. The pro-rated budget factors were then applied, after adjusting for inflation, to the General Fund revenues and expenses that may be affected proportionally resulting from assumed DMC development over time. Revenues and expenses that were calculated separately are discussed in detail below. For reference, the 2013 CAFR is summarized in Figure 10-17.

	GENERAL FUND	CONSTRUCTION IMPROVEMENT	OTHER GOVERNMENTAL	TOTAL
Revenues				
General property taxes	\$33.8	\$3.2	\$12.8	\$49.8
Tax increments collection		\$2.0	\$1.0	\$3.0
Sales tax		\$10.4		\$10.4
Special assessments		\$3.4		\$3.4
Utility connection and availability		\$1.0		\$1.0
Nonproperty taxes	\$4.8		\$1.0	\$5.8
Licenses and permits	\$3.3			\$3.3
Fines and forfeits	\$0.5			\$0.5
Intergovernmental revenues	\$7.5	\$13.4	\$6.5	\$27.4
Charges for services	\$3.3	\$0.4	\$10.6	\$14.3
Interest earnings	\$0.2	\$1.4	\$0.1	\$1.6
Net decrease in the fair value of investments	-\$0.3	-\$0.7	-\$0.1	-\$1.0
Miscellaneous revenues	\$0.6	\$3.1	\$4.1	\$7.8
Total Revenues	\$53.7	\$37.6	\$36.0	\$127.2
Expenditures				
Current				
General government	\$8.2			\$8.2
Public safety	\$39.6		\$0.1	\$39.7
Public works	\$11.0			\$11.0
Airport operations			\$3.4	\$3.4
Transit			\$6.8	\$6.8
Culture	\$1.4		\$6.7	\$8.1
Park and recreation			\$13.1	\$13.1
Economic development/tourism	\$2.3		\$1.9	\$4.1
Community reinvestment and unallocated	\$0.5			\$0.5
Debt service			\$4.7	\$4.7
Capital outlay		\$38.5		\$38.5
Total Expenditures	\$63.1	\$38.5	\$36.6	\$138.2
Net Revenues from Expenditures	-\$9.4	-\$0.9	-\$0.6	-\$10.9
Other Financing Sources (Uses)				
Transfers in	\$11.8	\$14.7	\$2.0	\$28.5
Transfers out	-\$1.2	-\$16.8	-\$2.3	-\$20.3
Total Other Financing Sources	\$10.5	-\$2.1	-\$0.3	\$8.2
Net change in fund balances	\$1.1	-\$3.0	-\$0.9	-\$2.8
Fund balance beginning	\$27.6	\$94.0	\$9.9	\$131.5
Fund balance ending	\$28.7	\$91.0	\$9.0	\$128.7

Note: All dollars in millions. All dollars in current, inflation adjusted values.

FIGURE 10-17 - CITY OF ROCHESTER COMPREHENSIVE ANNUAL FINANCIAL REPORT, 2013

14.8.2 REVENUE PROJECTIONS

The City's General Fund in 2013 included nearly \$53.7 million in revenue, before adjusting for transfers in (Figure 10-17). Property taxes made up the majority of that revenue, \$33.8 million. Property taxes were also distributed to Construction Improvement and other governmental funds such as the library fund, municipal recreation system, and the transit fund. In total, property taxes collected in Rochester were \$49.8 million in 2013. The next largest share of revenues in the General Fund are intergovernmental revenues, \$7.5 million.

To estimate property taxes on commercial and residential properties within the proposed DMC, AECOM examined historical market value, tax capacity, and tax collections for commercial and residential properties. Tax capacity is the share of the property's market value that is taxed. In 2013, the total estimated market value of all properties in Rochester was nearly \$8 billion. Of that, 26% was commercial/industrial properties and 67% was residential. Apartments and other uses make up the remaining share. The share of total tax capacity has been proportionately higher for commercial/industrial properties than residential. This is not unusual as commercial properties are often taxed at slightly higher rates than residential properties.

For the commercial and residential properties proposed within the DMC, AECOM applied the appropriate average tax capacity. It was assumed that educational uses will be exempt. Property tax may also generated by people employed in the DMC who chose to live in Rochester, outside of the DMC. An estimated property tax per residential unit was applied to these residences after adjusting for lower median home values outside of the DMC. The Mayo Clinic, as a non-profit, is generally tax exempt, but it does pay property taxes on some of its non-clinical land holdings. Again, using historical data, AECOM was able to estimate what the Mayo Clinic may pay in property tax if an additional 6.8 million square feet of space were built in the DMC as proposed. This was determined by looking at historical payments and total square footage owned by Mayo Clinic resulting in an average property tax rate per square foot.

As noted earlier, not all of the property taxes collected in Rochester are dedicated to the General Fund. Some property taxes help fund the library, municipal recreation system and transit, among other departments. Since 2002, on average, 62.5% of property taxes collected went to the General Fund. In addition, there is a year lag in the fiscal model between construction and property tax collections.

The other revenue stream calculated separately was the hotel/motel tax. Beginning in January 2014, the rate increased to 7%, up from 4%. The additional revenue, 3%, is dedicated to the expansion of the Mayo Civic Center. Of the hotel/motel tax, 1% goes to the City's General Fund. Another 1% goes toward Mayo Civic Center operations and the remaining 2% funds the Rochester Convention and Visitors Bureau. AECOM estimated hotel/motel tax revenues on data found in Section 5, Market Research and findings from PKF Consulting LLC's analysis of the Rochester hotel market and potential absorption of new properties in the DMC.

As shown in Figure 10-18, these two revenue streams, in combination with the proportional methodology for other revenue streams assumed to be affected by the proposed DMC, could generate a potential \$200,000 in additional revenue to the General Fund in Year 1, potentially increasing to \$1 million in Year 2, largely as a result of property taxes being collected. By Year 10, additional revenue to the City's General Fund resulting from the development of the DMC is estimated at \$8.4 million. In addition to property taxes, this revenue includes fees, licenses and permits, charges for services, fines, and some intergovernmental revenues. As the DMC grows, more businesses are expected to open which would increase employment, associated residential growth and relevant revenues.

It should be noted that the analysis is cumulative. The majority of the estimated revenues are in the form of taxes which includes property taxes, the hotel/motel tax dedicated to the General Fund, and in lieu of tax revenues from utilities. There is a 0.50% sales tax in Rochester, but the revenue does not go into the General Fund. Instead, the revenue is dedicated towards \$158 million worth of City Council identified projects. As noted in the 2013 CAFR, this includes a new senior center/recreation center, a relocated fire station, infrastructure improvements to support development outlined in the Downtown Master Plan including improvements for the Destination Medical Center, higher education improvements, economic development incentive funding in Rochester, and \$5 million for economic development in surrounding communities. For comparison, 2013 actual revenues were included in Figure 10-18.

As discussed above, not every department in the General Fund generates revenue nor will every department be affected by the development of the DMC. Zero revenues are indicated with a dash (–) in Figure 10-18. For example, the Rochester Planning Department was merged with the Olmsted County Department of Development in 1975 to form the Rochester-Olmsted Planning Department. This combined department provides planning and related services for all cities and townships within the County and has minimal revenues and expenditures in the Rochester General Fund.

14.8.3 EXPENDITURE PROJECTIONS

In 2013, expenditures from the General Fund totaled \$63.1 million (Figure 10-17), not accounting for transfers out. The largest General Fund expenditure, \$39.6 million, went to public safety, which includes police, fire, building safety, flood control, hazmat, and other related services. Nearly \$8.2 million was spent on general government functions. In total, among General Fund departments, there were 485 full-time equivalent (FTE) employees during 2013. Of those, 165 were police and 104 worked in the fire department. For every 1,000 Rochester residents, there were 1.5 police FTEs and 1.0 fire FTE in 2013. To maintain current levels of service in Rochester with the proposed DMC, it is assumed that an increase in residents and workers in Rochester would require additional city workers, particularly public safety officers.

As with revenues, AECOM worked with the City to determine whether the proposed DMC would materially affect a General Fund expenditure category; and if so, what was the best method for estimating its growth. For many departments, a relationship between FTEs and EDUs was created to maintain current service levels. Partial FTEs were not included, only when a full FTE was reached was it included with inflation

	2013 ACTUAL	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Taxes	\$54.6	\$0.2	\$0.8	\$1.7	\$2.6	\$3.3	\$7.3	\$20.4
Mayor & City Council	-	-	-	-	-	-	-	-
City Administration	*	-	-	-	-	-	-	-
City Clerk	\$0.3	*	*	*	*	*	*	\$0.1
Elections	*	-	-	-	-	-	-	-
Administrative Fines	*	*	*	*	*	*	*	*
Finance	*	-	-	-	-	-	-	-
Legal	\$0.2	*	*	*	*	*	*	\$0.1
Human Resources	*	-	-	-	-	-	-	-
Planning & Zoning	-	-	-	-	-	-	-	-
Information Systems	*	-	-	-	-	-	-	-
Police	\$2.0	*	*	\$0.1	\$0.1	\$0.1	\$0.2	\$0.7
Animal Control	*	*	*	*	*	*	*	*
Police Reserve	-	-	-	-	-	-	-	-
Dispatch	\$0.8	-	-	-	-	-	-	-
Fire	\$1.9	*	*	*	*	\$0.1	\$0.2	\$0.5
Hazmat	\$0.1	-	-	-	-	-	-	-
Building Safety	\$3.4	*	\$0.1	\$0.1	\$0.1	\$0.2	\$0.4	\$1.4
Flood Control	\$0.5	-	-	-	-	-	-	-
Emergency Management	*	-	-	-	-	-	-	-
Engineering	*	*	*	*	*	*	*	*
Street & Alley	\$0.9	*	*	*	*	*	*	\$0.2
Traffic	\$0.1	*	*	*	*	*	*	*
City Lighting	*	-	-	-	-	-	-	-
Music	\$0.4	*	*	*	*	*	*	\$0.1
Art Ctr/Civic Theatre/Sr Citizen Center	-	-	-	-	-	-	-	-
Community Reinvestment	-	-	-	-	-	-	-	-
Economic Development	\$0.2	*	*	*	*	*	*	\$0.1
CBD Maintenance	*	*	*	*	*	*	*	*
Unallocated	-	-	-	-	-	-	-	-
Total General Fund Revenues	\$65.4	\$0.2	\$1.0	\$1.9	\$2.9	\$3.7	\$8.4	\$23.6

* Less than \$100,000 in revenue.

Note: All revenues in millions. All dollars in current, inflation adjusted values.

FIGURE 10-18 - ESTIMATED GENERAL FUND REVENUES RESULTING FROM PROPOSED DMC

	2013 ACTUAL	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Mayor & City Council	\$0.8	*	*	*	*	*	*	\$0.1
City Administration	\$0.6	-	-	-	-	-	-	*
City Clerk	\$0.4	*	*	*	*	*	*	\$0.1
Elections	\$0.2	*	*	*	*	*	*	\$0.1
Administrative Fines	*	-	-	-	-	-	-	-
Finance	\$1.3	*	*	*	*	*	\$0.1	\$0.3
Legal	\$1.4	*	*	*	*	*	\$0.1	\$0.4
Human Resources	\$1.3	*	*	*	*	*	*	\$0.4
Planning & Zoning	*	-	-	-	-	-	-	-
Information Systems	\$1.3	*	*	*	*	*	\$0.2	\$0.4
City Hall Maintenance	\$0.6	-	-	-	-	-	-	-
Police	\$20.6	\$0.2	\$0.4	\$0.6	\$0.8	\$1.0	\$2.7	\$8.2
Animal Control	\$0.3	*	*	*	*	*	*	\$0.1
Police Reserve	-	-	-	-	-	-	-	-
Dispatch	\$0.8	-	-	-	-	-	-	-
Fire	\$14.2	\$0.1	\$0.2	\$0.4	\$0.5	\$0.7	\$1.8	\$5.4
Hazmat	\$0.1	-	-	-	-	-	-	-
Building Safety	\$2.8	*	*	*	*	\$0.1	\$0.3	\$1.0
Flood Control	\$0.5	-	-	-	-	-	-	-
Emergency Management	\$0.3	-	-	-	-	-	-	-
Engineering	\$2.4	*	*	\$0.1	\$0.1	\$0.1	\$0.3	\$1.0
Street & Alley	\$6.2	\$0.1	\$0.1	\$0.2	\$0.2	\$0.3	\$0.8	\$2.5
Traffic	\$1.2	*	*	*	*	\$0.1	\$0.2	\$0.5
City Lighting	\$1.2	*	*	*	*	\$0.1	\$0.2	\$0.5
Music	\$0.9	-	-	-	-	-	-	-
Art Ctr/Civic Theatre/Sr Citizen Center	\$0.6	-	-	-	-	-	-	-
Community Reinvestment	\$0.3	-	-	-	-	-	-	-
Economic Development	\$2.5	*	\$0.1	\$0.2	\$0.3	\$0.3	\$0.4	\$0.8
CBD Maintenance	\$0.2	*	*	*	*	*	*	\$0.1
Unallocated	\$1.2	-	-	-	-	-	-	-
Contingency	\$0.1	-	-	-	-	-	-	-
Total General Fund Expenditures	\$64.3	\$0.4	\$0.9	\$1.6	\$2.1	\$2.7	\$7.2	\$21.9

* Less than \$100,000 in revenue.

Note: All revenues in millions. All dollars in current, inflation adjusted values.

FIGURE 10-19 - ESTIMATED GENERAL FUND EXPENDITURES RESULTING FROM PROPOSED DMC

adjusted pay and benefits. Other expenditure categories were adjusted based on EDU, per resident or per job factors, depending on which factor was most relevant. Similar to the revenues, certain departments were not expected to be affected materially by the DMC development, so no costs were estimated.

Expenditures associated with police and fire services were measured separately. Total police department expenditures were estimated on a per EDU formula similar to other General Fund expenditures. As EDUs are expected to increase, police department expenditures are expected to grow proportionately, increasing at the rate of inflation over the time period. For fire department expenditures, AECOM calculated the number of emergency responses per EDU in 2013 (0.15 per EDU). This ratio was applied going forward to estimate the potential additional emergency responses resulting from DMC's development. Total department expenditures were then averaged per incident and also applied forward, increasing by inflation over time. As the number of EDUs increases resulting from the DMC, the City's total cost of providing public safety services also is expected to increase.

Figure 10-19 summarizes the potential General Fund expenditures that may result from the proposed DMC development. For comparison, actual expenditures from 2013 are provided. As with the potential revenues, certain departments may not be affected by the DMC so no expenditures were estimated, as marked with a dash (–). In Year 1, if developed as proposed, expenditures in the General Fund are estimated to increase by \$400,000, increasing to \$900,000 in Year 2. By Year 20, AECOM estimates that General Fund expenditures may increase by \$21.9 million, in inflation adjusted dollars. The majority of these costs would be for additional police (\$8.2 million), and fire (\$5.4 million).

Cultural facilities are assumed to be part of the DMC program. However, the type of programming and size of the facility is still unknown. Therefore associated revenues and expenditures that would be included in the General Fund were not estimated in this analysis.

14.8.4 NET FISCAL IMPACT OF PROPOSED DMC ON CITY OF ROCHESTER'S GENERAL FUND

AECOM estimated the net fiscal impacts to the City of Rochester's General Fund if the DMC is developed as proposed. This analysis represents a single scenario of how the DMC may develop over time. The actual rate and composition of growth will undoubtedly vary. In addition, the fiscal model assumptions are based on current economic and political conditions. If the underlying assumptions of this analysis change, the results will also shift. As shown in Figure 10-20, AECOM estimates that the revenues generated by the proposed DMC could be slightly higher than the proposed expenditures beginning in Year 2, resulting in a modest, annual surplus to the City of Rochester's General Fund. In Year 20, the estimated surplus could reach \$1.7 million, approximately 1.5% of estimated General Fund expenditures in Year 20. Over 20 years, the cumulative net fiscal impact is estimated at \$23.4 million, in inflation adjusted dollars.

GENERAL FUND	2013 ACTUAL	2015 YEAR 1	2016 YEAR 2	2017 YEAR 3	2018 YEAR 4	2019 YEAR 5	2024 YEAR 10	2034 YEAR 20
Revenues	\$65.4	\$0.2	\$1.0	\$1.9	\$2.9	\$3.7	\$8.4	\$23.6
Expenditures	\$64.3	\$0.4	\$0.9	\$1.6	\$2.1	\$2.7	\$7.2	\$21.9
Net Fiscal Impact	\$1.1	-\$0.2	\$0.1	\$0.3	\$0.8	\$1.0	\$1.2	\$1.7
Note: All dollars in millions of current, inflation adjusted values.								
FIGURE 10-20 - ESTIMATED NET FISCAL IMPACT ON GENERAL FUND RESULTING FROM PROPOSED DMC								