



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Tuesday, November 12, 2019

9:30 A.M.

Mayo Civic Center
Rochester, Minnesota

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Tuesday, November 12, 2019
9:30 A.M.

AGENDA

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)

SPECIAL BOARD MEETING

Friday, October 18, 2019
2:00 P.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 2:00 p.m. at Mayo Civic Center, Suite 101, located at 30 Civic Center Drive, Rochester, MN 55904
- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Michael Dougherty, Paul Williams, Jim Campbell, Commissioner Jim Bier and Council Member Nick Campion were present.

Because the Board convened at a special meeting, Chair Rybak, Mr. Dougherty, Mr. Campbell and Mr. Williams participated by interactive television.
- III. Approval of Agenda. Mr. Dougherty moved approval of the Agenda. Commissioner Bier seconded.

Ayes (7), Nays (0). Motion approved.
- IV. Approval of Minutes: May 23, 2019. Mr. Campbell moved approval of the Minutes. Council Member Campion seconded.

Ayes (7), Nays (0). Motion approved.
- V. Public Comment Period. Mayor Norton invited members of the public to speak.

Julie Tackett spoke on housing affordability, transportation, and historic preservation.

Scott Spaeth suggested elevated rail in individual cars, on demand, as a transit circulator mode.
- VI. Chair's Report. General Counsel Lamb described the recent amendment to the open meeting law with respect to the use of interactive television. Chair Rybak noted that the urgent scheduling of the special meeting necessitated the use of interactive television.
- VII. Consent Agenda.
 - A. DMCC Insurance; League of Minnesota Cities Insurance Trust (LMCIT) Waiver; Motion: Elect Not to Waive Statutory Tort Limits
 - B. 2020 Regular Meeting Schedule:
Resolution A: Approving the 2020 Regular Meeting Schedule
 - C. DMCC Form 990; Minnesota Annual Charitable Organization Report:
Resolution B: Approving the 2019 State of Minnesota Charitable Organization Report and 2018 Form 990

General Counsel Lamb stated that Resolution B includes an incorrect date and suggested a corrective friendly amendment. Chair Rybak moved approval of the Consent Agenda, including the Motion, Resolution A, and the amended Resolution B. Council Member Campion seconded.

Ayes (7), Nays (0). Motion approved.

VIII. Transportation: Downtown Circulator. Chair Rybak gave an overview of the discussion.

Patrick Seeb, EDA Director of Economic Development and Placemaking; Steve Rymer, City Administrator, presented the staff recommendation. Mr. Seeb briefly summarized previous planning efforts. He stated that the recommended route includes Second Street SW and Broadway Avenue South, and noted that many unresolved issues will be addressed during the completion of the U.S. Federal Transportation Administration (FTA) "Small Starts" grant program evaluation. The grant application is due by September 4, 2020.

Mayor Norton asked how staff intend to proceed if the continued evaluation of the transit circulator reveals concerns with, or better alternatives to, the recommended route and mode. Mr. Seeb and Mr. Rymer reported that staff will continue to provide updates to and solicit input from the DMCC Board and Rochester City Council. Council Member Campion thanked staff for providing a realistic and actionable recommendation intended to address acute traffic issues.

Mr. Dougherty moved approval of Resolution C. Council Member Campion seconded.

Mayor Norton expressed interest in establishing conceptual development plans for the transit villages prior to advancing circulator development, and emphasized the importance of community engagement as transportation improvements are made.

Commissioner Bier reported on recent discussions at the Olmsted County Committee of the Whole meeting. He said the County Board has an informal preference to develop the former Seneca Foods site as the southeast terminus. Mr. Seeb described the three conceptual renderings for the southeast transit village, all of which Commissioner Bier described as viable. Commissioner Bier expressed a desire to keep all transit circulator terminus options open and stated that Olmsted County expects the transit villages to include housing and other amenities.

Chair Rybak suggested an amendment stating that Resolution C does not preclude consideration of the Seneca Foods site as a potential transit circulator terminus. Commissioner Bier moved approval of the amendment. Council Member Campion seconded.

Ayes (7), Nays (0). Amendment approved.

Chair Rybak stressed that promptly advancing the evaluation and development of the transit circulator is necessary to avoid potential traffic and development concerns. Chair Rybak also suggested that the experience and speed (generated using dedicated right-of-way) expected of the transit circulator can be achieved by the recommended route and mode. Chair Rybak suggested that the recommended route and mode will achieve the same transportation goals as other, more costly options while also reserving DMC capital resources to improve user experience. Chair Rybak complimented Olmsted County for

its intention to support development of the southeast transit village, including affordable housing and other potential uses.

Mayor Norton agreed with Commissioner Bier's stated intention to include housing and other development in the transit villages but noted that there is no formal commitment from any party to do so. Mayor Norton also suggested that the sale or lease of the transit village sites at market rate could limit the opportunity to incorporate affordable housing into the development. Mayor Norton expressed her concern that the public transit circulator will primarily serve Mayo Clinic employees while shifting the responsibility of providing that service to the public.

Mr. Williams cited examples of the successful integration of rapid transit lanes in transportation networks and emphasized the potential catalytic economic development effects that the establishment of dedicated rapid transit lanes may have. Mr. Williams also suggested that any DMC financial support provided as a part of the development of the transit villages could be contingent upon the development of affordable housing. Chair Rybak noted that the proposed transit villages are currently outside of the DMC Development District and that the Board would need to discuss amending the district boundary in order to allow for the use of DMC financial resources.

Council Member Campion proposed amending Resolution C to affirm the DMCC Board's intent to support the development of affordable housing at the transit village sites. The friendly amendment was accepted by Mr. Dougherty, the author of the motion to approve Resolution C.

General Counsel Lamb suggested an additional friendly amendment to strike the reference to the Rochester-Olmsted Council of Governments from Resolution C. Mr. Dougherty accepted the friendly amendment.

Council Member Campion requested that staff accelerate transit circulator branding.

Resolution C: Approving Downtown Circulator Locally Preferred Alternative

Chair Rybak called for the vote on Resolution C as amended.

Ayes (6), Nays (1). Motion approved.

IX. 2020 DMCC Funding Request

Resolution D: Approving the 2020 DMCC Funding Request and Authorizing Transmittal

Commissioner Bier moved approval of the resolution. Council Member Campion seconded.

Ayes (7), Nays (0). Motion approved.

- X. EDA: Updates. Lisa Clarke, EDA Executive Director, provided brief DMC updates, including development of the Heart of the City business support strategy, the presentation of Heart of the City art and artists, and the upcoming opening of the first Chateau Theatre exhibit. Ms. Clarke also described Discovery Square business retention and engagement strategies. Additional updates will be provided at the November 12, 2019 meeting.

XI. DMCC 2019 Budget: Year-to-Date Update. Commissioner Bier reported that the DMCC is within budget for the year.

XII. Meeting Schedule:

A. Next Regular Meeting: November 12, 2019 at 9:30 A.M.

XIII. Adjournment. Council Member Campion moved adjournment of the meeting. Mr. Williams seconded.

Ayes (7), Nays (0). Motion Approved.

Targeted Business, Workforce Participation and Prevailing Wage Strategic Update



To: DMC Corporation Board
From: DMC EDA Staff
Date: November 6, 2019

Update:

Below are the results of the DMC project's targeted business (women and minority-owned business enterprises (WMBE)) and workforce participation goals from 11 projects spanning from April 2017 through August 2019.

Regarding targeted business goals, the City of Rochester has a goal of 4% participation. Through August 2019, targeted businesses have a 6.5% participation rate on construction, and a 5.2% participation on professional services and construction administration. Both of these participation rates exceed the goal.

Regarding workforce participation, the City of Rochester set a 6% goal for the participation of women and a 4% goal for the participation of minorities. Through August 2019, women have 3.9% of the total hours on construction projects and minorities have 12.7% of total hours on construction projects. The participation rate for women is not quite meeting the 6% goal, while the participation of minorities is exceeding the 4% target.

On the professional services and construction administration side regarding workforce participation, women have a 32.8% participation rate and minorities have a 6.5% participation rate. Both rates exceed the City's workforce participation goals.

Other items of note:

1. DMC projects include a prevailing wage requirement. To date, the average base hourly rate for construction work on projects is \$39.11 plus fringe benefits.
2. 54% of wages paid to date which totals \$13,268,719 have been paid to workers regionally in zip codes starting with 559XX.

Background:

In the DMC statute, there are several requirements for projects receiving public dollars.

1. Projects must use American-made steel
2. Projects must pay a prevailing wage for construction workers as determined by the state of Minnesota
3. The City of Rochester set targeted business, workforce participation and preference for the selection of small business and veteran owned business enterprises. The goals are outlined below:
 - a. Targeted Business: 4% participation based on the total value of the construction project for women owned business and minority owned business. These goals are for design and construction administration services as well as construction.

- b. Workforce Participation: 4% participation for minorities and 6% participation for women. These goals are for professional services and construction administration services as well as construction.

Next Steps:

To further increase participation rates of targeted businesses and workforce on DMC projects, four priorities have been identified that are outlined below.

1. Build capacity of Targeted Businesses located in Southeastern Minnesota
 - Assess gaps with existing subcontractors to determine market opportunity.
 - Recruit women and minorities from workforce to start their own companies.
 - Host workshops to educate entrepreneurs, provide consulting services for WMBVE certification process and assist with bid process to win contracts on DMC projects.
2. Evaluate the City of Rochester DMC Construction Workforce Participation to align with Minnesota Department of Human Rights goals for Southeast Minnesota.
3. Promote trades careers to under-employed, women, minorities and youth:
 - Present at Workforce Development, Inc. construction trades training program.
 - Participate in National Association of Women in Construction (NAWIC).
 - Engage with ethnic communities and leaders.
 - Support construction career fairs.
 - Create a more welcoming work environment to retain women and minorities in construction.
4. Learn best practices for recruiting and training workforce

Heart of the City—Peace Plaza + Chateau

To: DMCC Board of Directors
From: DMC EDA Staff
Date: November 6, 2019



Update & Next Steps

Peace Plaza

- a) 2020 Capital Improvement Plan
Approval of 2020 CIP by DMC EDA, City Council, and DMCC will support construction implementation in 2020-2021.
 - Approval of 2020 CIP: October 18, 2019
 - Completion of “Business Forward” construction documents: November 2019
 - Project bidding: November – December 2019
 - Project construction: 2020-2021
 - Business support strategies in place and operational

- b) Business Forward Construction Phasing and Engagement Strategy

Heart of the City public realm improvements will have long-term economic benefits. In the near-term, these projects will likely impact accessibility to adjacent businesses.

DMC EDA is leading the development of a “Business Forward” construction approach, designed to minimize negative impact on nearby businesses through improved construction communications, scheduling, and pace.

This plan is being developed in collaboration with Heart of the City businesses and community partners.

Chateau Theatre

- Exhibits Development Group (EDG) was selected to be the operator of Chateau Theatre
- MAGICAL HISTORY TOUR | A BEATLES MEMORABILIA EXHIBITION will be the first exhibit at the Chateau and is anticipated to be open late fall
- Capital improvements are in progress (enhanced lighting, etc.)
- EDG has started their outreach strategy in Rochester and are working with a variety of stakeholders in the community.

Background

Public Realm

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

In order to capitalize on the opportunity created by the private redevelopment of the Wells Fargo building, DMCC authorized and the City approved the use of CIP funds to advance the detailed design for First Ave. and the east end of Peace Plaza in March 2019. During the Schematic Design Reconciliation phase of Heart of the City Phase 1 Coen + Partners, DMC EDA, and City of Rochester have made great progress in establishing design direction for First Ave., Theatre Square, the Wells Fargo building, and artist integration into the project. DMC EDA and the City of Rochester were authorized to execute a contract with Coen + Partners to proceed with design development documents. Design development documents were approved in May/June 2019 by DMC EDA, DMCC and the Rochester City Council.

Chateau Theatre

2015

1. DMCC approved acquisition of Chateau Theatre as “public infrastructure project”
2. Rochester City Council authorized purchase of Chateau Theatre
3. Mayor Ardele Brede formed Chateau Theatre Reuse Task Force

2016

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

2017

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

- Preliminary CIP authorization
- 4. Discussion at DMCC meetings:
 - Would like to see an alternative to the overall plan currently on the table
 - Specifically, less capital intensive and alternative management/programming model

2018

1. In March 2018, DMCC authorized use of CIP funds for design costs and capital improvements to Chateau Theatre to a) secure and protect the building; b) bring it up to code so that it can be used for "assembly" purposes; and c) design eventual integration with Peace Plaza and Wells Fargo building.
2. City of Rochester retained Miller Dunwiddie to develop construction and bid documents.
3. The three construction bids that were received exceeded the estimated amount. City staff recommended the denial of the bids and an alternative approach to rebid. On August 20, 2018 City Council voted to reject the bids.
4. A second construction bid process is underway- the roofing portion of the project and the interior work was kept in one bid package. Request for proposals ends October 31, 2018 and will be reviewed by City Council for a decision on November 5, 2018.

2019

1. Construction demolition (second story/escalator removal) along with other interior work has begun. Roofing has also begun.
2. Proposals regarding programming and operations for the venue received
3. City Council selected EDG (a St. Paul-based, woman-owned cultural organization specializing in venue programming and cultural, entertainment, and educational exhibits) for interim (3-5 year) management

Discovery Square

To: DMCC Board of Directors
From: DMC EDA
Date: November 6, 2019



Background

The DMC Discovery Square (DS) sub-district is a live-work-play environment positioned immediately south of the Heart of the City sub-district. This update focuses on each of these three elements.

Living in Discovery Square

- Recent activity:
 - The Residence Discovery Square opens soon with residential and retail space.
 - The Maven has occupied residential units and includes residential and retail space.
- Next steps
 - Assist with creating market awareness of residential and retail opportunities for all Discovery Square properties as appropriate.

Playing in Discovery Square

- Recent activity:
 - Prototyping activities took place prior to the DMC Annual Meeting on Sept 19th. Community input was collected during the prototyping activities and a briefing document summarizing the survey results followed this memo.
- Next steps
 - Launch Design Development in 2020, aiming for 2021 construction.

Working in Discovery Square

- Recent activity:
 - Supporting and developing various talent and entrepreneurship programming
 - Hosting several Design Thinking Workshops on regional university campuses this fall as part of the run-up to for the Assistive Tech Challenge 2.0 to be held in 2020. Feedback from participants (the workshops have secured 120+ registrants) has been overwhelmingly positive.
 - New businesses announced for placement in the sub-district:
 - § RION – Mayo Clinic startup, in One Discovery Square (announced)
 - § BioSig – Partner to Mayo Clinic, in Conley-Maass-Downs building (announced)
- Next steps
 - Launch planning for 2019 AT Challenge 2.0 with regional strategic collaborators.
 - Develop new Discovery Square business community integration programming.
 - Develop a plan for bridge space into which businesses can move between the openings of One Discovery Square and Discovery Square Two.
 - Consider low cost space for startup companies; the 2020 DMC EDA operating budget includes space funding

Goals of the Sept 19th 2019 Discovery Walk Prototyping

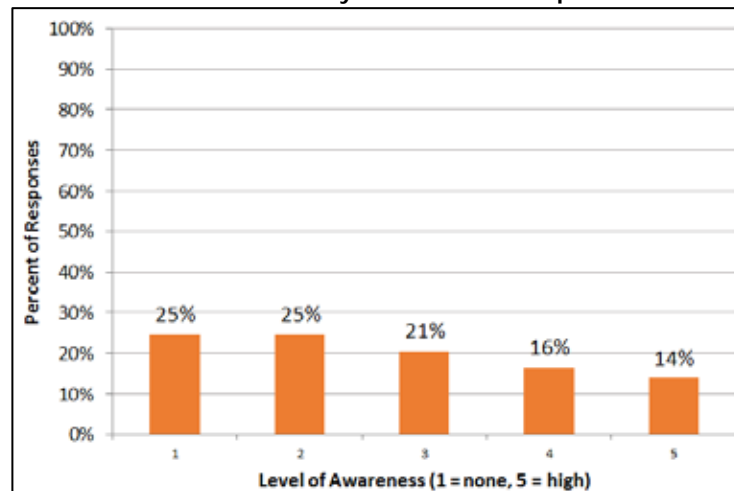
1. **Create awareness** of Discovery Walk in the general community and specific constituencies.
2. **Test space elements** by engaging the public in developing and/or evaluating various concepts.
3. **Generate community support** for continuing the development of Discovery Walk.
4. **Utilize feedback** to refine prototypes used in testing in 2020.

Success Metrics

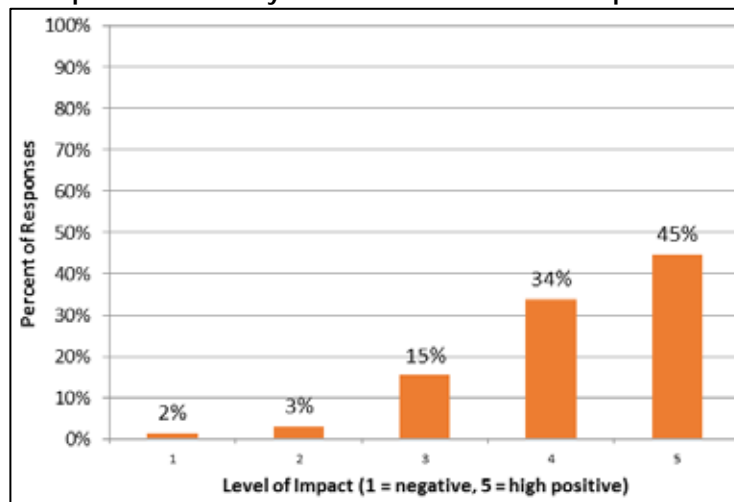
1. Number of concepts and organizations collaborating with DMC to develop concepts/events for this project.
 - a. Twenty-two collaborators/partners
 - b. Ten different elements were exhibited
2. Survey feedback from collaborators.
 - a. Outcome – TBD
3. Outside (non-DMC) resources raised (cash and in-kind) to execute on these projects.
 - a. Estimated ~\$8,000 value of in-kind contributions to the Discovery Walk prototyping
4. Media visibility, as measured by number of articles, number of publications writing articles, etc.
 - a. At least 6 online news articles with Discovery Walk details, reaching a combined total of more than 884,000
 - b. Mentioned at least 22 times on local news broadcasts, reaching a combined total of more than 131,000
5. Survey feedback from community members who engage in the prototypes.
 - a. 197 survey responses
 - b. 44% of survey respondents neither live nor work in downtown Rochester.
 - c. 50% respondents had little or no prior awareness about Discovery Walk
 - d. 94% of survey respondents indicated Discovery Walk would positively impact on the downtown Rochester experience
6. Street and sidewalk usage measurements taken before, during and after Sept 19th.
 - a. "Before" measurements not done. Pedestrian and vehicular counts being considered, as well as some environmental studies (noise and air quality measurements)



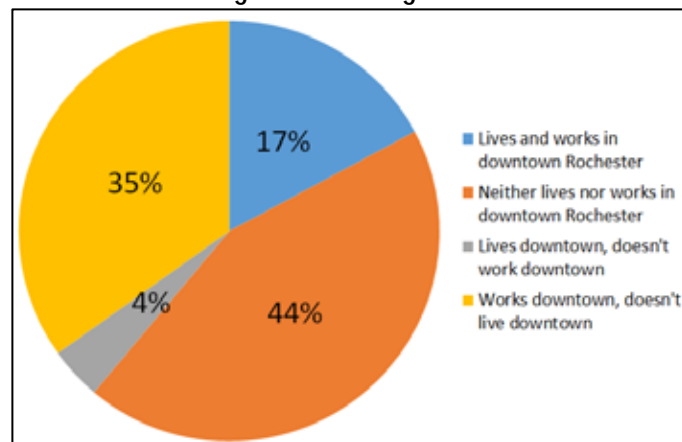
Awareness of Discovery Walk Prior to Sept 19 event



Impact of Discovery Walk on the Downtown Experience



Working and/or Living Downtown



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Transportation



To: DMCC Board of Directors
From: DMC EDA Staff
Date: November 6, 2019

Update & Next Steps:

Transit Circulator and Villages

The DMC Corp. board and Rochester City Council approved the Locally Preferred Alternative (LPA) for the transit circulator. This includes a route, connecting a future transit village at Cascade Lake to a future transit village at Olmsted County-owned property on U.S. Highway 14 via Second Street SW and South Broadway, and mode, consisting of high amenity rapid transit (electric bus vehicles).

Staff will now begin the engineering and environmental analyses and formalize agreements with property owners with the intent to submit a Federal Transit Administration grant application by September 4, 2020.

In addition to the proposed mobility hubs DMC EDA and the City of Rochester have been identifying additional sites for park and ride concepts. Options will be presented at upcoming DMC meetings.

Background:

Overview

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

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

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

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

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

Integrated Transit Studies

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

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

The ITS Final Report provides:

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

In June and July, 2018, DMCC and City Council, respectively, accepted the ITS Final Report as a framework for the development & implementation of the DMC Development Plan transportation vision. In accepting the ITS Final Report the DMCC and City Council supported the conclusions and recommendations of the study, subject to following points of clarification:

1. Mobility Hub A & B locations.
2. BRT circulator route.
3. ITS Final Report phasing.
4. Right-of-way impacts on private property.
5. Alternative uses of general purpose vehicle travel lanes.
6. Parking space replacement.

Mobility Hubs

To begin work to clarify and finalize Mobility Hub A & B Locations, five criteria were shared with the DMCC Board at the November 13th, 2018 Board Meeting. The five criteria are the following:

1. Accessibility (Ability to get to and from the site)
2. Route efficiency (Speed / ridership, etc)
3. Economic Development Opportunity (within the site, and along the route)
4. Site Acquisition (Costs, timing, etc.)
5. Relationship to existing amenities

Mobility hubs locations have been identified:

West mobility hub: Mayo Clinic-owned property on Second Street SW at Cascade Lake

East mobility hub: Olmsted County-owned property at Seneca Foods/Graham Park

MOU's between the City and Mayo Clinic and the City and Olmsted County have been developed, setting parameters and expectations for development of the mobility hubs.

Parking and Transportation Management Authority (TMA)

In February 2019, Parking Ramp 6, the newly developed downtown ramp behind the Hilton, opened.

In April 2019, the Arrive Rochester Transit Management Association (TMA) ran a campaign focused on encouraging people to carpool and recruit new members. Usership almost doubled over the course of the campaign. In May 2019, a biking-focused campaign was held.

DMC EDA and the City are beginning to discuss the long-term Arrive Rochester organization plan. Currently, the DMC and City are contracting with UrbanTrans to provide TMA services. Arrive Rochester campaigns promoting a variety of mobility types are planned throughout the rest of 2019.

As a test of micro-mobility options, the City of Rochester contracted with Lime to bring electric scooters into the city. This was launched on August 1, 2019 and will remain in effect until November 1, 2019.

City Loop

Bids for expected 2019 City Loop projects came in 64% over budget. City and DMC EDA staff are reviewing options.

Street Typology

A grand opening event for the Fourth Street SW reconstruction projects was held on August 29, 2019 showcasing the new landscaping, protected bike lanes, and other final finishes.

The final portion of the Second Street SW reconstruction (11th-16th Ave.) is being designed, with construction slated for 2021-22. The design concepts will be tested during a demonstration project in the summer of 2020.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2019

Amending Prior Approval of Downtown Circulator Locally Preferred Alternative and Revising Project Development Funding for the Entry Letter into the Federal Transit Administration's Small Starts Program

BACKGROUND RECITALS

A. On October 18, 2019, the Destination Medical Center Corporation ("DMCC") considered the route alignment and mode for the downtown transit circulator (the "Downtown Circulator") and adopted a locally preferred alternative ("Locally Preferred Alternative") for route and alignment (2nd Street and Broadway) and mode (bus rapid transit, or "BRT"), subject to approval by the City of Rochester (the "City") (Resolution No. 87-2019). The City subsequently approved the Locally Preferred Alternative on October 21, 2019. The DMCC also adopted a joint staff recommendation from the City and the Destination Medical Center Economic Development Agency ("EDA"), and approved \$3.872 million from the 2020 Capital Improvement Plan for the further design, engineering, environmental studies, additional analysis and application to the Federal Transit Administration Small Starts Program (the "FTA Small Starts Program") for funding of the Downtown Circulator. The DMCC further acknowledged that the Five Year Capital Improvement Plan contained \$7.59 million for furthering the project in 2021.

B. Staff has learned that additional transit projects identified in the Five Year Capital Improvement Plan may be eligible for funding through the FTA Small Starts Program. By memorandum dated November 6, 2019 (attached, Exhibit A), City and EDA staff now recommend that three additional project features be added to the application for the FTA Small Starts Program: 2nd Street Reconstruction and Streetscape; Saint Marys Transit Center and Subway Connection; and the East Parking Ramp (the "Additional Proposed Project Features"). Staff also recommend that the Five Year Capital Improvement Plan be amended to increase the 2021 budget to reflect an additional \$2.343 million to proceed with the next stages of development and engineering arising from the Additional Proposed Project Features, in order to include them in the Entry Letter into the FTA Small Starts Program.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it approves the addition of the following three project features (2nd Street Reconstruction and Streetscape; Saint Marys Transit Center and Subway Connection; and the East Parking Ramp), previously identified in the Five Year Capital Improvement Plan, for inclusion in an entry letter along with the Downtown Circulator Locally Preferred Alternative, to the FTA Small Starts Program, subject to approval by the Rochester City Council.

BE IT FURTHER RESOLVED, that staff is directed to proceed with the engineering, project development and other studies necessary to prepare the submission of the Additional Proposed Project Features to the FTA Small Starts Program.

BE IT FURTHER RESOLVED, that the Five Year Capital Improvement Plan is amended to include the total 2020-2021 budget in the amount of \$13.805 million, for the further design, engineering, environmental studies, additional analysis and application to the FTA Small Starts Program, and is approved in the amount of \$3.872 million in the 2020 Capital Improvement Plan, and in the amount of \$9.933 million in the 2021 Capital Improvement Plan, subject to approval by the Rochester City Council.

BE IT FURTHER RESOLVED, that staff is directed to recommend a revised Five Year Capital Improvement Plan budget to reflect this amendment, encompassing the Downtown Circulator Locally Preferred Alternative and the Additional Proposed Project Features, and submit it to the DMCC at its next regular Board meeting, for its consideration and subsequent consideration by the Rochester City Council.

BE IT FURTHER RESOLVED, that upon receiving a request from the City to modify the Development District to incorporate the Downtown Circulator Locally Preferred Alternative or the Additional Proposed Project Features, as set forth above, the Executive Committee is authorized to commence the modification process under Minnesota Statutes Section 469.43, subdivisions 1 and 4, including submitting the proposed modification to the City, making it available to the public, and arranging a public hearing. Any proposed modification will be considered by the DMCC after City approval and after holding a public hearing.

BE IT FURTHER RESOLVED, that the further evaluation, analysis, planning and recommendations with respect to the Downtown Circulator Locally Preferred Alternative and the Additional Proposed Project Features, including preparation for and submission to the Federal Transit Administration, are deemed to be arising from and in furtherance of the Integrated Transit Studies, and the DMCC approves this work as a public infrastructure project within the meaning of Minnesota Statutes Section 469.40, subdivision 11, and consistent with the Development Plan.

BE IT FURTHER RESOLVED, that the Executive Committee is authorized to take such actions as are necessary and appropriate to effectuate the terms of this resolution and the timely progression of the approval process.



November 6, 2019

TO: Destination Medical Center Corporation Board of Directors
FROM: Patrick Seeb, DMC Director of Economic Development and Placemaking
Aaron Parrish, Deputy City Administrator
RE: Revised Entry Letter Resolution

The Destination Medical Center Corporation (October 18th, 2019) and Rochester City Council (October 21st) have adopted resolutions approving the locally preferred alternative for a high amenity Rapid Transit Line on Broadway and 2nd Street Southwest. In addition to the locally preferred alternative, funding was designated in the resolution to complete project development and the necessary environmental review in 2020.

Since those approvals were granted, staff determined that additional transit projects identified in the DMC Five Year Capital Improvement Plan (CIP) may be eligible for funding through the FTA Small Starts Program. We recommend that three additional project features be added to the entry letter for the FTA Small Starts Program: 2nd Street Reconstruction and Streetscape; Saint Marys Transit Center and Subway Connection; and the East Parking Ramp. Staff also recommend that the Five Year DMC CIP be amended to increase the 2021 budget to reflect an additional \$2.343 million to proceed with the next stages of development and engineering arising from the inclusion of these projects in order to have them reflected in the Entry Letter into the FTA Small Starts Program.

Below is a summary of the funding that was authorized and the requested revision:

Project Development Funds Authorized	2020	2021
Original Resolution	\$3,872,000	\$7,590,000
Requested Revision	\$3,872,000	\$9,933,000

Including these projects in the FTA entry letter does not obligate the DMC Corp. board to proceed with a specific project feature, but it does define the full scope that will be considered during the environmental review. Final DMCC-approved project features will need to be reflected in the Small Starts application to the FTA in September 2020.

Affordable Housing Update

To: DMCC Board of Directors
From: DMC EDA Staff
Date: November 4, 2019



Update:

At the October 18, 2019 DMC Corp. special meeting, the DMC Corp. board of directors formally approved its intention to incorporate affordable housing into the development of the transit villages.

DMC EDA staff have met with City of Rochester and Commonbond staff to provide advice and input regarding the proposed development of affordable housing atop Parking Ramp #6.

Community partners, including Olmsted County, the Coalition for Rochester Area Housing, DMC EDA, and the City of Rochester, are refining a community affordable housing strategy that should assist in determining appropriate and feasible roles and responsibilities for each partner in the development of affordable housing. Updates will be provided at future DMC Corp. board meetings.

Background:

In November 2018, the DMCC board of directors approved an affordable housing workplan:

Objective A: Strategy Development

1. Evaluate the current progress and needs for affordable housing in Rochester
2. Identify DMC District parcels that are promising for equitable development including the creation of a tool that maps amenities and transit stops to support housing
3. Confirm the statutory opportunities available to the DMC for affordable housing development
4. Identify and leverage community partner support in strategy development
Continue to engage in community groups and activities related to a workforce housing strategy
5. Develop and share goals for affordable and senior housing
6. Create an affordable housing and senior housing strategy for the DMC project

Objective B: Project Development

1. Attract and recruit affordable housing developers to DMC District and Rochester market
2. Partner with the City to evaluate opportunities for property within the DMC District
3. Coordinate with other priorities/plans including public realm and transportation planning
4. Identify and leverage public and private partner support in project execution

PROGRESS TO DATE:

1. Strategy Development

- a. Evaluating current needs: DMC EDA, Olmsted County, the City of Rochester and Rochester Area Foundation engaged in an effort to identify Rochester affordable housing progress and needs. Maxfield Research has been asked for a scope of work to update the findings from the 2014 Affordable Housing needs report. The requested scope includes a report on the impact of new affordable and workforce housing, the role of smaller housing options like triplexes and quadplexes, and a recommendation for a target number of affordable and workforce housing units across the City, including the DMC District.
- b. Parcel analysis: In early 2019, DMC EDA worked with Visible City to identify DMC District parcels that would provide for a successful affordable housing development. A “heat map” indicating the proximity of these parcels to community services, including schools, grocery stores, childcare facilities, transit stops, bikeways, trails, and parks, was shared at the May 2019 DMC EDA board meeting.
- c. Engage with and leverage community efforts: The DMC EDA continues to work with community groups, including the Rochester Housing Coalition and meetings with local faith communities interested in developing affordable housing, to develop DMC specific goals by the end of 2019.

2. Project Development

- a. Attract and Recruit Developers
 - i. February 2019: The City, County and DMC EDA hosted Commonbond to discuss current and future affordable housing opportunities.
 - ii. April 2019: DMC EDA and the Minnesota Real Estate Journal hosted a Rochester Real Estate Summit attended by nearly 300 developers, real estate businesses and other interested parties. In an effort to identify potential developers/partners, the agenda included an update on Rochester affordable housing needs.
- b. City Property Opportunities: The DMC EDA assisted the City in developing a request for proposals (RFP) for a development above Parking Ramp #6, a DMC supported project. In July 2019, the City, County, DMC EDA interviewed two potential developers who responded to the RFP. A recommendation was presented at the September 4, 2019 Rochester City Council meeting for Commonbond, a Twin Cities-based non-profit affordable housing development company, to develop the mixed income housing project above the parking garage. Commonbond’s approach to the project, which included a mixed income approach providing a range of rent opportunities beyond the 55-60% AMI target largely provided by other projects. The proposal also includes tenant support services.

Key Project Highlights:

- High-rise construction above Parking Ramp 6
 - 127 units total – 13 studio, 76 one-bedroom and 38 two-bedroom
 - Rents between 30% - 80% area median income (AMI)
 - Studio rent range: \$92 - \$1,314
 - Income averaging approach is first in Rochester
 - Anticipated completion: Early 2023
- c. Coordination with other planning and development: The DMC EDA and City are ensuring that affordable housing activities are coordinated ongoing public realm and transportation projects, including during the early evaluation of transit circulator route and transit village sites. Further,

the City of Rochester was awarded a grant to study Transit-Oriented Development (TOD) opportunities associated with the transit circulator. SOM has been selected to lead this effort. The TOD study will highlight Rochester market opportunities and recommend a development, public realm, and branding strategy along the circulator route and at station locations. Adjacent neighborhoods and other impacted populations will be engaged throughout this process.

DMC Development Plan Five-Year Update

To: DMCC Board of Directors

From: DMC EDA Staff

Date: November 6, 2019

Update and Next Steps

DMC EDA are recommending a proposed scope, budget and timeline to complete the update of the DMC development plan required by the State of Minnesota's DMC statute. A resolution and staff memo detailing the DMC EDA recommendation are included in the November 2019 DMCC board materials.

Background

In accordance with the DMC Act, the DMC EDA is planning to propose updates to the DMC Development Plan in 2020. These efforts will ensure that the plan:

- Meets the statutory requirements of the DMC Act
- Reflects the successful implementation of DMC to-date
- Provides the strategic framework necessary to achieve DMC mission and goals
- Incorporates and/or complements other planning documents and strategies which may impact DMC
- Addresses community priorities, including affordable housing and workforce development
- Creates opportunity to reaffirm primary mission, vision, and purpose of DMC initiative and tools

The DMC EDA has secured the assistance of the Minnesota Design Center to conduct a review of the DMC Development Plan and subsequent and complementary plans, interview key economic development stakeholders, and work with DMC EDA staff to develop a proposed scope, budget and timeline for the update.

- July-August 2019: Review of planning documents
- July 25-26 2019: Group interviews with economic development stakeholders (City, County, RAEDI, Mayo Clinic, Downtown Rochester, Rochester Area Builder, Rochester Area Chamber of Commerce)
- September 2019: 2020 CIP approval (includes funding for development plan update)
- October 2019: DMC Development Plan scope refinement

Additionally, DMC EDA staff are evaluating opportunities to create efficiencies in the update process by aligning ongoing planning efforts, including USDOT BUILD Grant TOD planning and regional affordable housing efforts.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2019

**Providing Final Approval for the Expenditure of Funds from the 2020 CIP
Budget for the Five Year Update to the Development Plan**

BACKGROUND RECITALS

A. Pursuant to Minnesota Statutes, Section 469.43, the Destination Medical Center Corporation (“DMCC”) was required to prepare and adopt a development plan (“Development Plan”) to guide the work of the DMCC for the development of the City of Rochester (the “City”) as a destination medical center. The Development Plan was adopted by the DMCC on April 23, 2015.

B. The statute provides that the DMCC may modify the Development Plan at any time, but must update the Development Plan not less than every five years. Any modification or update to the Development Plan must be adopted by the DMCC upon the notice and after the public hearing and findings required for the original adoption of the Development Plan, including approval by the City.

C. In the 2020 Five Year Capital Improvements Plan, (the “2020 CIP”) approved by the DMCC on October 18, 2019, the DMCC preliminarily approved the budget necessary to support the update to the Development Plan in the amount of \$1,000,000, and found that the update to the Development Plan and other projects itemized in the CIP were public infrastructure projects, consistent with the Development Plan. The DMCC reserved the right to grant final approval of funding of certain projects, including the update to the Development Plan, upon final determination of scope, costs and availability of funds.

D. Staff for the Destination Medical Center Economic Development Agency (“EDA”) now request that the DMCC give final approval of an amount not to exceed \$1,000,000 from the 2020 CIP budget to prepare the update to the Development Plan; such request as set forth in Exhibit A, attached.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the five year update to the Development Plan, as required by Minnesota Statutes, is a public infrastructure project and the budget for its preparation is hereby approved in an amount not to exceed \$1,000,000.

BE IT FURTHER RESOLVED, that the Board requests the City and EDA staff for regular updates with respect to this work.

EXHIBIT A

November 6, 2019

MEMO

TO: Board of Directors, Destination Medical Center Corporation

FROM: Lisa Clarke, Executive Director, DMC EDA
Patrick Seeb, Director of Economic Development and Placemaking, DMC EDA

RE: DMC Development Plan Five-Year Update

Introduction

The creation, adoption, and periodic update of the DMC development plan are requirements of the State of Minnesota's DMC statutes. Specifically, the statutes require that the plan be updated not less than every five years and that the private, not-for-profit DMC EDA be incorporated to "assist the corporation and city in implementing the goals, objectives, and strategies in the development plan including...drafting and implementing the development plan."

The DMC statutes also necessitate that the DMC development plan:

- Provide an outline for the development of the city as a destination medical center, and be sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives
- Afford maximum opportunity, consistent with the needs of the city, county, and state, for the development of the city by private enterprise as a destination medical center
- Conform to the general plan for the development of the city and is consistent with the city comprehensive plan
- Include strategic planning consistent with a destination medical center in the core areas of commercial research and technology, learning environment, hospitality and convention, sports and recreation, livable communities, including mixed-use urban development and neighborhood residential development, retail/dining/entertainment, and health and wellness
- Include estimates of short- and long-range fiscal and economic impacts
- Provide a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development, including the criteria and process for evaluating and underwriting development proposals
- Include information regarding:
 - Land use planning
 - Transportation and transit planning
 - Operational planning required to support the medical center development district
 - Ongoing market research plans

The current DMC development plan, adopted by the City of Rochester and DMC Corporation in 2015, has been formally modified once to incorporate the entirety of Alatus' Berkman Apartments development into the DMC development district.

Additionally, the DMC Corporation and City of Rochester have approved/endorsed other plans and policies that have substantially advanced or augmented the DMC development plan, including Rochester's "Planning 2 Succeed" city comprehensive plan, the DMC Integrated Transit Studies, the DMC district design guidelines, market demand research, energy and sustainability action plans, and several public space plans.

In order to fulfill the statutory requirements described above, the DMC EDA has engaged with our economic development partners, City of Rochester and Olmsted County professional staff, and other community members to determine the appropriate scope, budget, and timeline for preparing and recommending updates to the DMC development plan. These efforts have been aided by the University of Minnesota's Minnesota Design Center, whose staff have assisted in research; assessment of similar economic development initiatives; aggregation of DMC, City, County, regional, and partner planning and strategy documents; and more detailed efforts to inform DMC EDA's scope, budget, and timeline recommendation.

In October 2019, the DMC Corporation board of directors unanimously approved the 2020 DMC funding request, which included the DMC Development Plan update in the 2020 DMC EDA workplan and 2020 DMC capital plan. The Rochester City Council unanimously approved the 2020 DMC funding request in November 2019.

Scope, Budget, and Timeline Recommendation

The DMC EDA recommended scope, timeline, and budget is outlined below.

The DMC EDA recommends updating the DMC development plan so that it:

- Meets DMC statutory requirements
- Reflects the DMC's successful implementation to-date
- Provides the strategic framework and organizational model necessary to achieve DMC mission and goals
- Incorporates, references, and/or complements other planning documents and strategies which may impact DMC
- Addresses community priorities, including affordable housing and workforce development
- Creates opportunity to reaffirm DMC's primary mission, vision, and purpose

The DMC EDA recommends adopting an updated plan no later than the November 19, 2020 meeting of the DMC Corporation board of directors. In the meantime, the DMC EDA will provide regular updates to the DMC Corporation board and Rochester City Council and intends to present a recommended DMC development plan to the DMC Corp. board by summer 2020.

In order to meet this scope and timeline, the DMC EDA will utilize, and not exceed, the CIP funding approved for the plan update in the 2020 DMC funding request.

Destination Medical Center
Economic Development Agency
2019 Workplan

Status Updates: October 25, 2019

Executive Summary

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

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

Twenty year goals include:

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

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

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

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

DMC EDA Statutory Role and Responsibilities

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

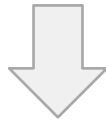
The DMC legislation identified several key responsibilities of the DMC EDA in addition to its role as an advisory agency to the DMCC and City. The 2019 DMC EDA work plan serves these responsibilities, which have been organized as follows: (A) development planning and promotion, (B) development services,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

- A. **Development Planning and Promotion**, including:
 - Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the DMCC and the City regarding those proposals
 - Seeking financial support for the DMCC, the City, and projects
 - Partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center
 - Supporting and administering the planning and development activities required to implement the development plan
- B. **Development Services**, including:
 - Developing and updating the criteria for evaluating and underwriting development proposals
 - Providing transactional services in connection with approved projects
 - Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property
 - Assisting the DMCC or City and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development
- C. **Marketing, Outreach, and Communications**, including:
 - Facilitating private investment through development of a comprehensive marketing program to global interests
 - Developing patient, visitor, and community outreach programs
 - Preparing and supporting the marketing and promotion of DMC
 - Preparing and implementing a program for community and public relations

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

DMC Mission

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



DMC Goals

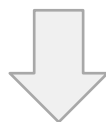
Create a comprehensive Strategic plan with a compelling vision that harnesses the energy and creativity of the entire community

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

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

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

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



DMC Priorities

Transportation

Heart of the City

Discovery Square

Economic Development

-Community Engagement

-Marketing & Communication

-Experience

-Energy & Sustainability

-Workforce Development

-Affordable Housing

Completed

On Track

Delayed

Postponed

DMC Priority: Heart of the City				
Objective A: Project Development- Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.				
	Outcome	Timeline	Status	Lead or Participate
1	Build a strong business relationship between the Wells Fargo project and public realm	Q1-Q4		Lead
2	New private development growth underway (execute development recruitment strategy using updated market research)	Q1-Q4		Lead
3	Building renovation complete for Chateau with operator identified	Q1-Q2		Participate
Objective B: Public Realm- Includes design, development and/or operational activities that result in active use of public spaces within the DMC District.				
	Outcome	Timeline	Status	Lead or Participate
1	Community embraced Heart of the City design (manage stakeholder group, manage design team, execute community engagement strategy)	Q1-Q4		Lead
Objective C: Experience/Programming- Includes design and operational activities that result in increased use of public amenities and private development opportunities.				
	Outcome	Timeline	Status	Lead or Participate
1	Community embraced Chateau Theatre vision (grand opening and activate the Chateau and Theatre Square)	Q1-Q4		Lead
2	Evaluate ideas and concepts that support HoC public space (2 prototypes to test and evaluate ideas)	Q1-Q4		Lead
3	New retail strategies tested (introduce pop up retail opportunities)	Q1-Q4		Lead

DMC Priority: Discovery Square				
Objective A: Project Development- Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.				
Outcome		Timeline	Status	Lead or Participate
1	One Discovery Square: plan developed to have market rate shared office space, maker space, wet lab space available plus below-market startup space available	Q1-Q3		Lead
2	Two Discovery Square: design completed and construction underway	Q1-Q4		Participate
Objective B: Public Realm- Includes design, development and/or operational activities that result in active use of public spaces within the DMC District.				
Outcome		Timeline	Status	Lead or Participate
1	Discovery Walk: interim prototyping deployed	Q1-Q4		Lead
Objective C: Business Development- Includes activities related to formation, recruitment, growth and/or retention of businesses and the ecosystem needed to support those businesses.				
Outcome		Timeline	Status	Lead or Participate
1	Community development: enable success of new businesses through intentional assimilation into the business and scientific community and introductions to key resources	Q1-Q4		Lead
2	Programming: implement social, scientific and business programming that ensures success in building community, encouraging startups, and equipping business leaders	Q1-Q4		Lead and Participate
3	Tenants: 1) One Discovery Square highly occupied; and 2) Business recruitment under way for all available spaces in the subdistrict.	Q1-Q4		Lead

DMC Priority: Transportation

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

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

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

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

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

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

DMC Priority: Economic Development			
Objective A: Project Development- Includes design, development and/or operational activities that result in new buildings or infrastructure within the DMC District.			
Outcome	Timeline	Status	Lead or Participate
1 Complete review of development projects as proposed	Q1-Q4		Lead
Objective B: Business Development- Includes activities related to formation, recruitment, growth and/or retention of businesses and the ecosystem needed to support those businesses.			
Outcome	Timeline	Status	Lead or Participate
1 Strong developer relationships built (support and attend: Rochester Real Estate Summit; ULI; ICLV; RECON; ICSC; APA; TIAACREF)	Q1-Q4		Lead
2 Opportunities identified to create new revenue streams for public infrastructure and operations	Q1-Q4		Lead
3 New retail strategy developed for DMC District	Q1-Q4		Lead
Objective C: Experience/Programming- Includes design and operational activities that result in increased use of public amenities and private development opportunities.			
Outcome	Timeline	Status	Lead or Participate
1 Educate stakeholders and gain advocacy support (best practice research and site visit re. Heart of the City and Discovery Walk design elements, transportation and retail)	Q1-Q4		Lead

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

DMC Priority: Economic Development: Experience

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

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

DMC Priority: Economic Development: Marketing & Communications

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

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

DMC Priority: Economic Development: Workforce Development

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

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

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

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

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

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

October 2019



**Rochester App Launch Event
October 7, 2019**

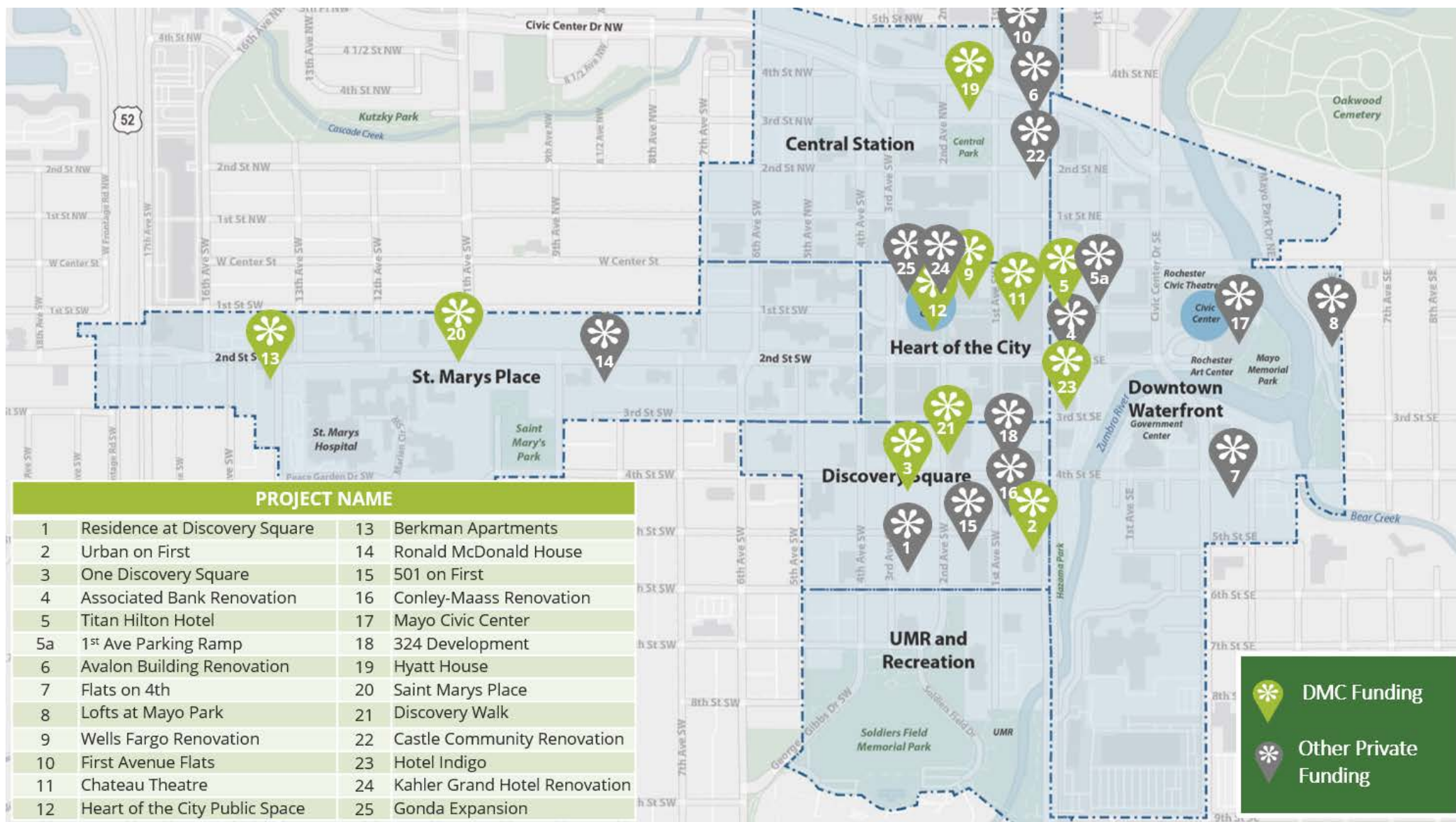
I am pleased to provide you with the Destination Medical Center Economic Development Agency October 2019 Monthly Report. This monthly report highlights projects and activities within the DMC District, economic development, finances, sustainability, experience, marketing & communications, and community engagement.

-Lisa Clarke, Executive Director

DMC Development Projects in the District

	Development Name	Developer	Purpose	Subdistrict	Project Address	Project Status	Anticipated Completion Date	Estimated Project Investment	DMC Funding	Joint Application Submittal Date
1	Residence at Discovery Square	Vance Sr. & Barbara Vinar	Residential	Discovery Square	Third Ave. SW and Sixth St. SW	Under Construction	Fall 2019	\$ 20,000,000.00	No	NA
2	The Maven on Broadway	Titan Investments and Opus Group	Residential/ Commercial	Discovery Square	Between 1 st Ave. SW and Broadway Ave. S	Completed	Fall 2019	\$ 38,000,000.00	\$ 3,800,000	Fall 2016
3	One Discovery Square	M.A. Mortenson and Mayo Clinic	Research & Innovation	Discovery Square	First Ave. SW	Completed	Completed	\$ 35,000,000.00	\$ 4,900,000	Spring 2017
4	Associated Bank	Bloom Properties	Commercial	Downtown Waterfront	206 Broadway Ave. S	Completed	Completed	\$ 7,000,000.00	No	NA
5	Titan Hilton Hotel	Titan Investments	Hotel/ Commercial	Downtown Waterfront	Broadway Ave. S and Center St. E	Completed	Completed	\$ 125,000,000.00	\$ 6,500,000	Spring 2015
5A	1st Ave Parking Ramp	City of Rochester	Parking Ramp	Downtown Waterfront	55 1st Street SE	Completed	Completed	\$ 25,000,000.00	Yes	NA
6	Avalon Building	ABM Ideations LLC	Commercial	Central Station	301 N Broadway	Completed	Completed		No	NA
7	Flats on 4th	Stencil Group	Residential, Affordable Housing	Downtown Waterfront	410 3rd Ave. SE	Completed	Completed	\$ 17,000,000.00	No	NA
8	Lofts at Mayo Park	Pougiales Trust Properties	Residential	Downtown Waterfront	123 Sixth Ave. SE	Completed	Completed	\$ 7,500,000.00	No	NA
9	Wells Fargo	Ryan Companies	Commercial	Heart of the City	21 1st Street SW	Under Construction	Fall 2019	\$ 26,600,000.00	\$ 2,400,000	Spring 2018
10	First Avenue Flats	Joseph Development	Residential, Affordable Housing	Central Station	400 1st Ave. NW	Completed	Completed	\$ 13,700,000.00	No	NA
11	Chateau Theatre	City of Rochester	TBD	Heart of the City	15 1st St. SW	Completed	Interim Construction Fall 2019	\$ 1,000,000.00	Yes \$ TBD	NA
12	Heart of the City Public Space	City of Rochester and RSP Architects	Public Space	Heart of the City	Heart of the City	Phase II / Predevelopment		\$ 46,800,000.00	Yes \$ TBD	NA
13	Berkman Apartments	Alatus, LLC	Residential/ Commercial	Saint Marys Place	Second St. SW and 14 th Ave. SW	Under Construction	Summer 2020	\$ 115,000,000.00	\$ 10,500,000	Fall 2016
14	Ronald McDonald House Rochester, MN	Ronald McDonald House Charities	Residential	Saint Marys Place	850 2nd St. SW	Completed	Completed	\$ 15,000,000.00	No	NA
15	501 on First	501 on First, LLC	Residential/ Commercial	Discovery Square	501 1st Ave. SW	Completed	Completed	\$ 16,000,000.00	No	NA
16	Conley-Maass Building	Hunter & Traci Downs	Commercial	Discovery Square	14 4th St. SW	Completed	Completed	\$ 2,200,000.00	No	NA
17	Mayo Civic Center Addition	Mayo Civic Center	Commercial	Downtown Waterfront	30 Civic Center Dr. SE	Completed	Completed	\$ 84,000,000.00	No	NA
18	324 Development	North Rock Real Estate	Residential/ Commercial	Discovery Square	4th St. SW and 1st Ave. SW	Under Construction	2020		No	NA
19	Hyatt House	EKN Development Group	Hotel	Central Station	315 1st Ave. NW	Under Construction	2020	\$ 44,200,000.00	\$ 3,900,000	Spring 2018
20	Saint Marys Place Public Space	City of Rochester and S.E.H Architects	Public Space	Saint Marys Place	Saint Marys Place	Phase I / Predevelopment			Yes \$ TBD	NA
21	Discovery Walk	City of Rochester and RSP Architects	Public Space	Discovery Square	Discovery Square	Phase I / Predevelopment			Yes \$ TBD	NA
22	Castle Community Rochester	Castle Community LLC	Commercial	Central Station	121 N Broadway Ave.	Completed	Completed	\$ 2,900,000.00	No	NA
23	Hotel Indigo	EKN Development Group	Hotel/ Commercial	Downtown Waterfront	220 S Broaddway	Under Construction	Fall 2019	\$ 41,600,000.00	\$ 2,980,000	Spring 2018
24	Kahler Grand Hotel	Kahler Management	Hotel	Heart of the City	20 2nd Ave. SW	Under Construction	2020	\$ 30,000,000.00	No	NA
25	Gonda Expansion	Pontiac Land Group	Hotel	Heart of the City	200 1st St. SW	Phase I / Predevelopment	2021		No	NA

DMC Development Project Map



October 2019 Updates

Economic Development

DMC funded project updates:

- Titan Hilton Hotel- Was completed spring 2019. Two restaurants and hotel opened in April 2019.
- Berkman Apartments- Anticipated completion early summer 2020.
- The Maven on Broadway - Completed summer 2019.
- One Discovery Square- Completed summer 2019.
- Wells Fargo Renovation- Construction is underway and work continues on public realm integrated with Heart of the City design.
- Hotel Indigo- Anticipated completion end of 2019.
- Hyatt House- Construction began April, 2019.

- **Chateau Theatre** construction is underway while engagement with Ryan Companies continues. City Council selected EDG to manage the building use for the next 3-5 years. Expected to open in Nov. 2019.
- The Locally Preferred Alternative (LPA) for the **Transportation** circulator was approved by the DMC Corp and City Council. This includes: Route, connecting a future transit village at Mayo Clinic-owned property near Cascade Lake to a future transit village at Olmsted County-owned property. Mode, consisting of high amenity rapid transit (electric bus vehicles). Staff will now begin the engineering and environmental analyses and formalize agreements with property owners with the intent to submit a Federal Transit Administration grant application by September 4, 2020.
- **Heart of the City** public realm approval of 2020 CIP by DMC EDA, City Council, and DMC Corp supports construction implementation in 2020-2021. Next steps include submitting for construction bids and completing a "Business Forward" strategy to help support businesses adjacent to the future construction.
- **Discovery Walk** public realm design will continue using the Heart of the City concepts south to Soldiers Field. The schematic design was completed and next steps include, which are apart of the 2020 CIP: integrating the project with design of 4th Street reconstruction; developing interim activation strategies to test design concepts; projecting catalytic impact on future development. Design elements were explored and public feedback was collected on September 19th at the Discovery Walk Experience.

Finance

- Continuing to explore opportunities for various tax credit programs for use in the DMC district.
- DMC EDA staff continue to work with the city regarding the opportunity zone tax credits. The DMC EDA and the city have met with investors who have created opportunity zone funds and are interested in learning more about the potential in the DMC District.

Sustainability

- Energy Integration Committee (EIC) –The EIC continues to work on the projects identified in the Strategic Project Plan including the Voluntary benchmarking program, an electric vehicle fleet analysis with partners, a large-scale solar installation and two district energy studies. The progress towards these efforts will be shared at a future board meeting.
- Voluntary Energy Benchmarking – The DMC and City of Rochester launched the Voluntary Energy Benchmarking Program in February 2019. There are currently 20 businesses signed up to participate and close to 100 buildings are in the program comprising over 17 million square feet of space in Rochester. The DMC and City are in the process of reviewing the data and will publish a report later this calendar year on the inaugural program.
- Sustainability Series – DMC continues its monthly Sustainability Series. In October, DMC hosted a presentation by the Preservation Alliance titled 'Why Old is Green' that discussed why the preservation of older structures and materials further enhances a City's and building's sustainability approach. Approximately 30 people attended the presentation in October.

October 2019 Updates

Marketing & Communications

Social Media:

- Social media growth continued in September with gains on Facebook (+43), Twitter (+15) and LinkedIn (+53).

Blog:

- Nine blogs were published in October.

Media News Stories:

- In October, 156 DMC-related stories were published in the media and 468 social media mentions.

Highlights:

One Discovery Square

Rochester council tackles circulator, hotel plans and new housing option

DMC holds luncheon to display downtown artists

UMR, YMCA seek partner to develop space

Traffic to DMC.MN:

- October traffic showed 10.1K visits and 16.3K pageviews.
- Home page, Discovery Square, Investors & Developers, maps and what is DMC? were the top pages visited.
- Top 5 states: Minnesota, Virginia, Illinois, District of Columbia, California.
- Top 5 cities outside of Rochester: Minneapolis, Chicago, Washington, Richmond, New York.

Newsletter:

- Two newsletters were delivered to 3,303 subscribers. The average open rate was 31.4% (industry average: 21.8%) and the average click rate was 6.25% (industry average: 2.2%).

DMC Marketing Campaign:

- October Paid Search (Google and Bing):
 - 30,499 impressions; 779 clicks and average click through rate of 2.55% (benchmark is 1.31%)
- Highest engaged regions: South Carolina, Ohio, Maryland, California, New York.
- Top lead generating regions: Greater New York City area, Greater Chicago area, Phoenix area, Greater Minneapolis – St. Paul area, San Francisco Bay area.

Community Engagement

- Attended the following events: Cradle2Career Fall Convening; 2019 Downtown Council Awards; Inter-cultural Cities Initiative; Minne-analytics Enterprise Event; InterCity Leadership Visit; MN Medical Association Manova Summit; Mayo Clinic Community Update and Luncheon; UMR State of the Campus Event; 2019 Nonprofit Mission Awards; International Downtown Alliance Conference; Urban Sustainability Directors Network (USDN) 2019 Annual Meeting in Detroit.
- Provided DMC updates to the following groups: Women's Economic Forum; Homestead of Rochester; Rotary Club; University Square Merchants; Hospitality 1st; MN Council of Nonprofits; Mayo Clinic.
- Hosted Community Heart of the City Art + Design in Public Space Series and a DMC Community Lobby Talks that focused on Heart of the City Art.
- Hosted Discovery Square Design Thinking Workshops at St. Kate's in Saint Paul, MN State University of Mankato and Luther College in Decorah.
- Attended a variety of Rochester Entrepreneur Week events and activities.

Experience

- The "When in Rochester MN" app went live in early October and was kicked off with a Launch Event hosted by Experience Rochester, DMC EDA and Mayo Clinic.
- Data is being collected about the new app and focus groups are planned for early November.

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: November 6, 2019

RE: October 2019 DMCC Budget Summary



The attached financial summary through October of 2019 reflects total year-to-date DMCC operating expenditures of \$1,903,982 of the approved 2019 budget plus carryover encumbrances totaling \$3,028,852. The remaining amount unspent represents 37% of the available budget.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. A total of \$5,637,223 has been spent on these projects so far in 2019. Total life-to-date expenditures on these projects is \$37.8 million.

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

Destination Medical Center Corporation
Financial Budget Summary
October 2019

	2019 Approved Approved Budget	Curent Month October 2019	October 2019 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,200	4,169	26,200	15,000	36%
Professional Services	265,000	25,400	105,169	159,831	60%
Insurance and Bonds	20,000	14,498	24,804	(4,804)	-24%
City Support Expenses		-	-	-	
Subtotal DMCC	326,200	44,067	156,173	170,027	52%
Third Party Costs - DMC EDA **					
Payroll, Staff, Administration & Benefits-EDA	902,613	80,648	697,284	205,329	23%
Operating Expenses	28,760	37,159	82,759	(53,999)	-188%
Operational Costs - Contracted	46,580	5,712	32,203	14,377	31%
Economic Development Outreach & Support	860,789	35,582	191,687	669,102	78%
Professional Services	680,164	204,772	572,385	107,779	16%
Miscellaneous Expenses	52,500	-	45,862	6,638	13%
Subtotal EDA	2,571,406	363,873	1,622,179	949,227	37%
Total DMCC 2018	2,897,606	407,940	1,778,352	1,119,254	39%
2018 Budget Carryover - Encumbered Funds for EDA Contracts	131,246	-	125,630	5,616	4%
Totals for 2019 Including Encumbrance	3,028,852	407,940	1,903,982	1,124,870	37%
		DMCC Working Capital Note		1,000	
		EDA Working Capital Note		50,000	

DMCC Projects
Managed by the City of Rochester
As of October 31, 2019

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	110,959	2,850,000	526,236
8612C- - WZmbrRvrSn/SRIfLin<CookPk>CCDr		950,000	46,592
8613C- - ChateauTheatrePre-OccupancyM&O	75,322	4,726,802	347,002
8614C- - DMCTransit&InfrastrctrPgrmMgmt	123,524	2,600,000	1,793,037
8617C- - Broadway @ Center Parking Ramp		10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmt	137,542	2,061,854	1,791,808
8620C- - City Loop Plan		1,209,938	968,732
8621C- - Transit Circulator Study	7,605	2,241,532	1,780,877
8623C- - DMCC Street Use Study		3,117,708	2,885,882
8624C- - ChateauTheatreBldgImprov/Purch	1,269,059		8,121,608
8625C- - Heart of the City	1,257,737	2,648,940	2,075,867
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	2,177,215	5,000,000	4,038,281
7326 C - Reconst4thStSW<1stAve>6thAveSW			2,250,000
8627C- - Property & ROW Acquisition	222,980		222,980
8702C- - RPTSolarPwrdbusFleetGrntApp			51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn			26,058
8704C- - FTA Low-NoEmissions PrgGrntApl			1,140
8705C- - TransitCrcldr-FTAGrntBus&Facit			19,258
8804C- - TH 52 LID Bld GrantApplication			22,145
8901C- - TH 14/52 InterchangeBldGrntApp			36,331
8902C- - FestivalAreaStdy&ConceptDesign	59,099		84,133
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	196,180		222,254
Grand Total	5,637,223	37,906,774	37,811,553

* Notes: Broadway @ Center Parking Ramp Maximum DMCC Local Share Credit = \$10,500,000
4th Street Reconstruction DMCC Support set at \$2,250,000