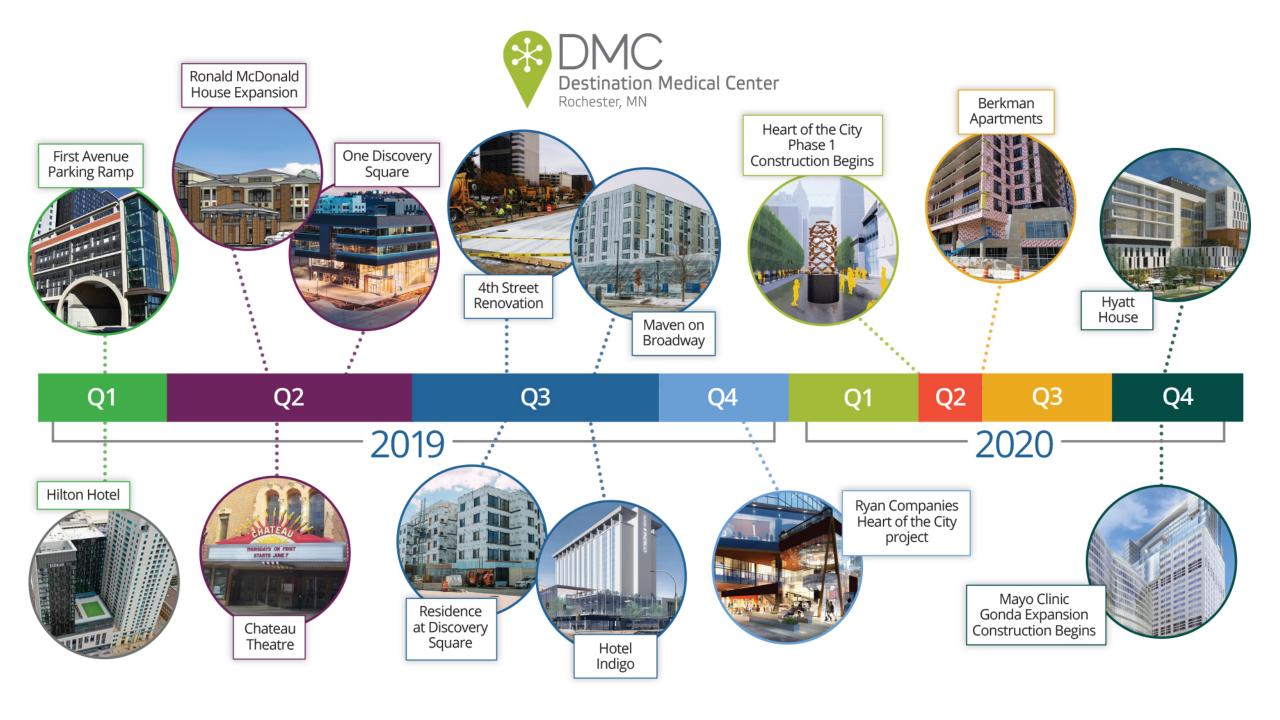


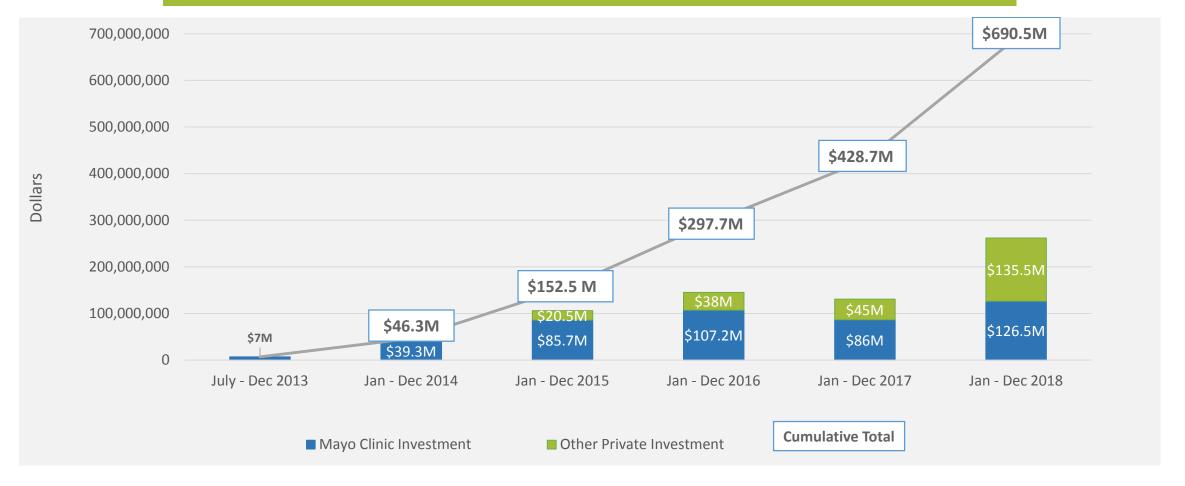
DMCC Board Meeting May 23, 2019





DMC Metrics

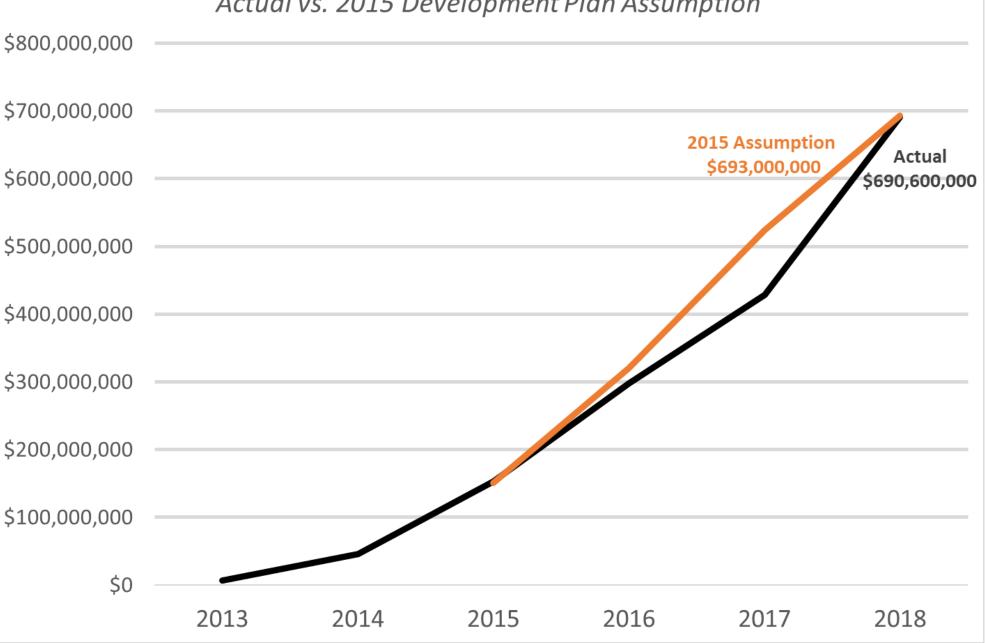
DMC Private Investment (Construction Costs Spent To Date)



| | July-Dec 2013 | Jan-Dec 2014 | Jan-Dec 2015 | Jan-Dec 2016 | Jan-Dec 2017 | Jan-Dec 2018 |
|-----------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Mayo Clinic Inv. | \$7M | \$39.3M | \$85.7M | \$107.2M | \$86M | \$126.5M |
| Non Mayo Private Inv. | 0 | 0 | \$20.5M | \$38M | \$45M | \$135.5M |
| Total Investment | \$7M | \$39.3M | \$106.2M | \$145.2M | \$131M | \$262M |

Cumulative DMC Private Investment

Actual vs. 2015 Development Plan Assumption







Create Opportunities

Agenda

Financial Statements

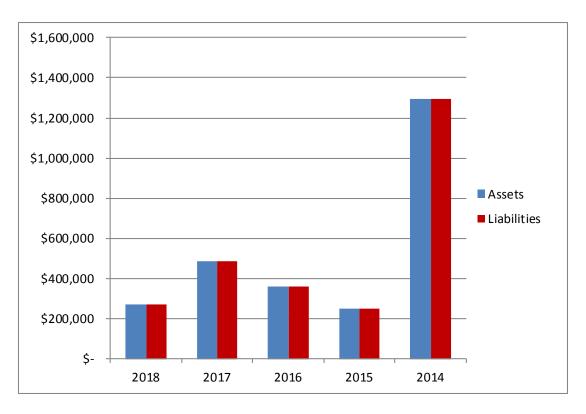
Audit Results

Required Communications

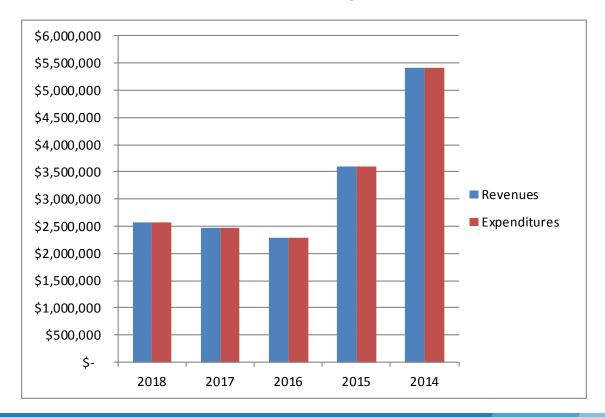
Financial Statements

- Prepared based on Governmental Accounting Standards Board pronouncements
- Single program entity—present expenditures by type (natural classification)
- Component unit
 - DMCC is a component unit of (included in) City of Rochester's financial statements
 - DMCEDA is not a component unit of DMCC
 - Will evaluate component unit reporting annually

Financial Statements: Assets & Liabilities



Financial Statements: Revenues & Expenditures



Audit Results

- Financial statements
- Internal controls no findings
- Minnesota legal compliance no findings

Required Communications

- Audit provides reasonable, but not absolute assurance
- Accounting policies described in Note 1 to the financial statements
- Audit adjustments none
- No disagreement or difficulties with management

Items to Complete

 Federal and state tax returns – due date extensions have been filed



Craig Popenhagen, CPA Principal

2689 Commerce Drive NW, Suite 201

Rochester, MN 55901

Direct (507) 280-2327

Craig.popenhagen@claconnect.com

Justin Fahse, CPA Manager

2689 Commerce Drive NW, Suite 201

Rochester, MN 55901

Direct (507) 280-2324

Justin.fahse@claconnect.com







2020 DMC Funding Request



DMC Funding Request Includes:

- 1. Capital Improvement Program (CIP)
- 2. DMCC Operating Budget
- 3. DMC EDA Workplan and Operating Budget
- 4. City of Rochester Staff Workplan and Operating Budget
- 5. Working Capital Loan



May: priorities affirmed, timeline established

June-July: City + DMC EDA staff draft preliminary request

August: DMCC board director input

September 5: DMC EDA board considers funding request

September 26: DMCC board considers funding request

October 7: City Council considers funding request



- 1. Heart of the City subdistrict
- 2. Discovery Square subdistrict
- 3. Transportation
- Strategic Infrastructure
 (public realm, streets and sewers, 5G, energy)
- 5. Transformative Private Investment (affordable housing, med-tech, new building technology

Note: Business Development and Statutory Activities

Housing Overview

DMC Board Presentation

May 23, 2019

DMCC Housing Discussion Outline

How can DMC support the Community Affordable Housing Strategy?

Financial Considerations

Technical Assistance

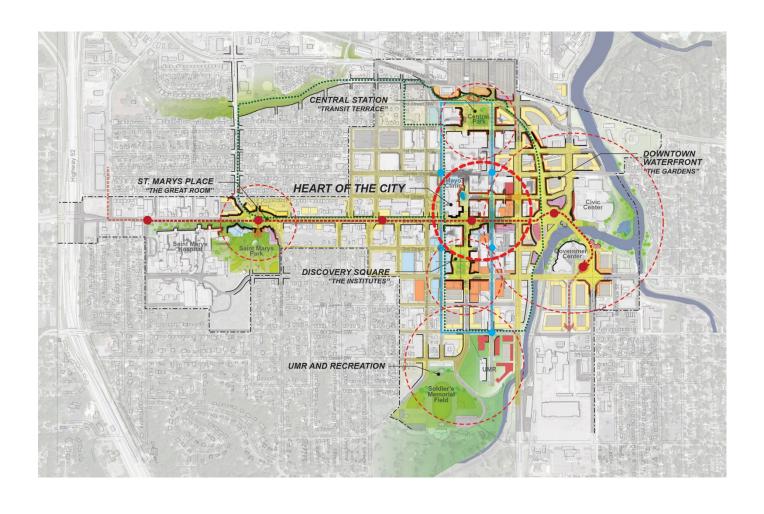
Improve housing market data

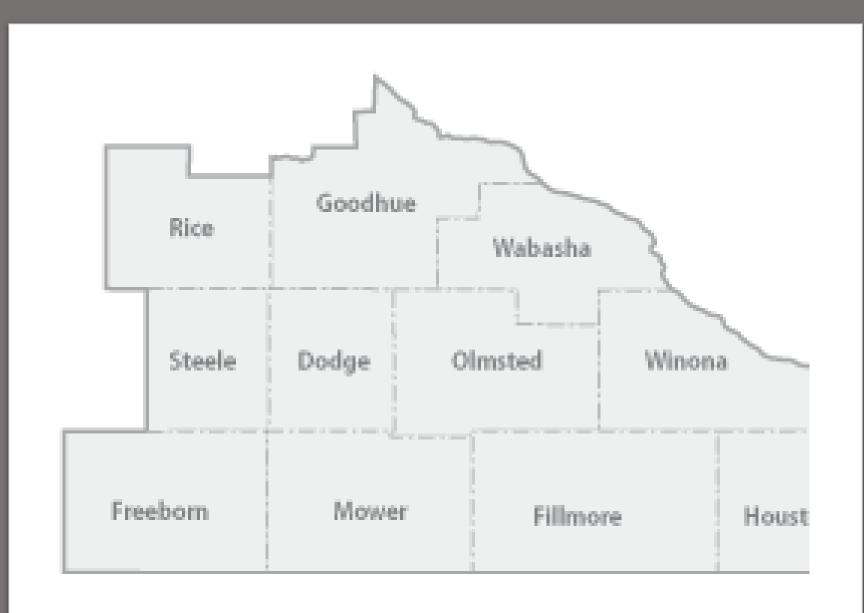
Enhance developer capacity



Framing the Issue

DMC growth here...





...requires housing here

Market Failure of Housing in our region

Few affordable homes for sale in Olmsted County

- 43 homes are for sale at less than \$250,000
- Approximately \$75,000 income needed to afford a \$250,000 mortgage

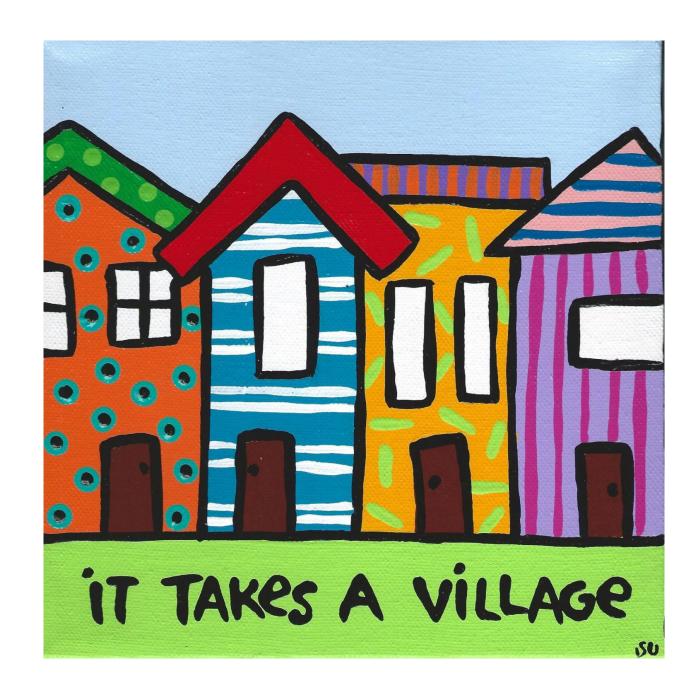
Home prices have risen dramatically since 2015

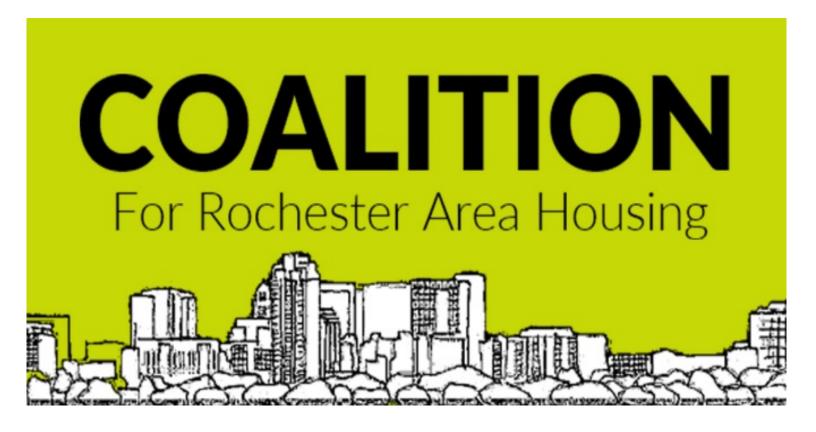
- Median Sale price 2015: \$189,000
- Median Sale price 2018: \$245,000
- Least expensive new home on market: \$319,300

Affordable Rental Properties Difficult to find

- Developers require higher break even rents (\$1,300+ for a 2 bedroom unit)
- New market rate 1 bedroom units are renting for \$1,200-\$1,600
- November 2018 study found only 9 of 1,771 Section 42 housing units were vacant in Rochester

Current Community Partnerships





Funding Priorities:

- 1. Housing inventory
- 2. Address gaps not met by local, state or federal housing programs
- 3. Seek risk-distribution, and equity-investment partnerships
- 4. Favor financing structures that return funds to the market quickly
- 5. Interest in proof of concept projects to achieve move market

Funding Collaboration ...makes projects better...

City, Mayo, Rochester Area Foundation and Olmsted County have created 1 unified application for project funding

Evaluating projects collectively

Ensuring community investments make the most significant impact

Leverage resources

Results to date

Invested over \$2.5 million in Olmsted County

• \$1.2 million to fund 3 housing programs for First Homes

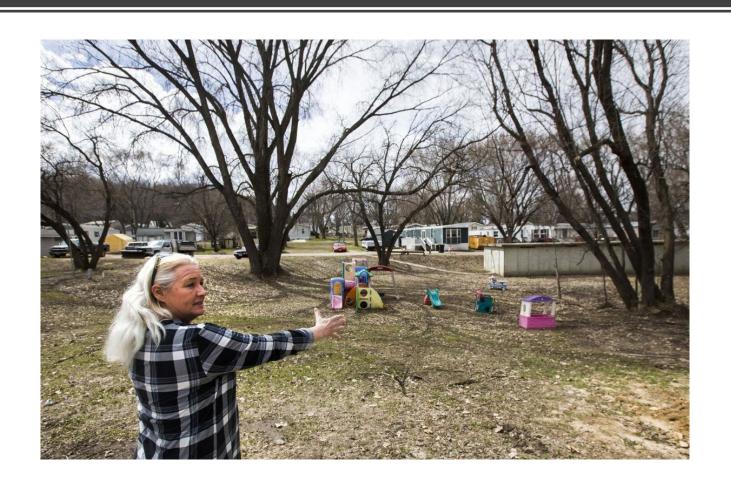
Preservation of 43 units

Creation of 75 units

Jeremiah Program



Zumbro Ridge Estates



Coalition for Rochester Area Housing Alliance

Collaborative group of over two dozen local organizations

Meeting monthly to discuss housing issues

- Identify collaborative opportunities
- Network
- Learn about housing issues across
 Minnesota

Enhancing the partnership with DMC



Financial Considerations

DMC Funding for affordable housing projects

Direct allocation of DMC funds

DMC Partner funding for housing projects

- City TIF Funding Policy for affordable housing
- Mayo donation to Rochester Area Foundation

Assist with access to equity

- Leverage partners to access lower cost capital for housing development
- Limit risk for developers

Evaluate Sustainable Financing Mechanisms and other Tools

- Explore use of a housing equity fund
- Tax Credit Programs NMTC, Historic Tax credits

Technical Assistance

Identify

Identify housing opportunities within the DMC District

Provide

Provide technical assistance to property owners thinking of developing housing (especially non-profit entities)

Assist

Assist with the acquisition/assembling of land for housing development

Improve Housing Market Data

Market data collection

- Limited information currently exists about our housing market
- What are the market impacts of the new multifamily building in Rochester?
- Trends in rents, vacancy, and home sales

Meeting the housing needs of current/future residents

- What types of housing does our changing population desire?
- How do we meet these changing needs?

Enhance Developer Capacity

Developer Recruitment

- Leverage DMC events to focus on affordable housing needs and opportunities
 - Real Estate Summit, Site Visit, Tours

Mitigate risk of new concepts

- Mitigate market risks by funding new concepts and ideas
 - Ownership opportunities, pocket neighborhoods

Thank You

Questions or Comments



Circulator

Today's Discussion



Criteria for circulator route and mode

Agreement framework on transit villages

FTA Small Starts



Timetable

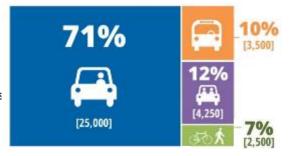
| | | Apr | May | Jun | Jul | Aug | Sep | Oct |
|-----------|--|-----|------|-----|-----|-----|------|-----|
| Task 1.1 | Concept plans | | | | | | | |
| Task 1.2 | Transit operations plans | | | | | | | |
| Task 1.3 | Compile transit route and usage inputs for ridership model | | | | | | | |
| Task 1.4 | Calibrate STOPS model | | | | | | | |
| Task 1.5 | Run STOPS model | | | | | | | |
| Task 1.6 | Captial cost estimates | | | | | | | |
| Task 1.7 | O&M cost estimates | | | | | | | |
| Task 1.8 | Evaluate BRT and streetcar concepts | | | | | | | |
| Task 1.9 | Visualizations | | | | | | | |
| Task 1.10 | Small Starts project development entry letter | | | | | | | |
| Task 1.11 | Environmental Class of Action memo | | | | | | | |
| | DMC board meetings | | 5/23 | | | | 9/26 | |
| | COW/Council meetings | | | | | 8/5 | | |

Mode Shift



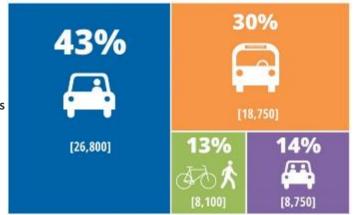
TODAY

35,250 Daily Commuters



2040 TARGET

62,400 Daily Commuters



MODE SHIFT STRATEGIES

43% Single Occupancy Vehicle

- Approx. 8,000 new parking spaces downtown
- Majority of new parking for residents & guests

30% Transit Ridership

- Park & Rides: 2,650 additional spaces
- Mobility Hubs: 6,000 new spaces in two areas
- Future BRT and transit enhancements

13% Active Transportation

- Increase downtown housing
- Improve bike & pedestrian facilities

14% Carpool/Vanpool

- New online ride matching tools
- Carpool-friendly parking policies



Best Solution is an Integrated Solution

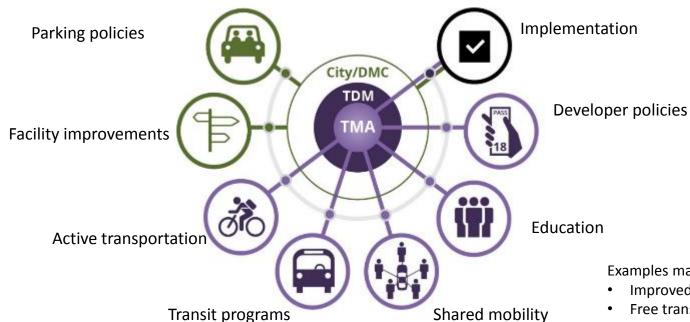






Arrive Rochester







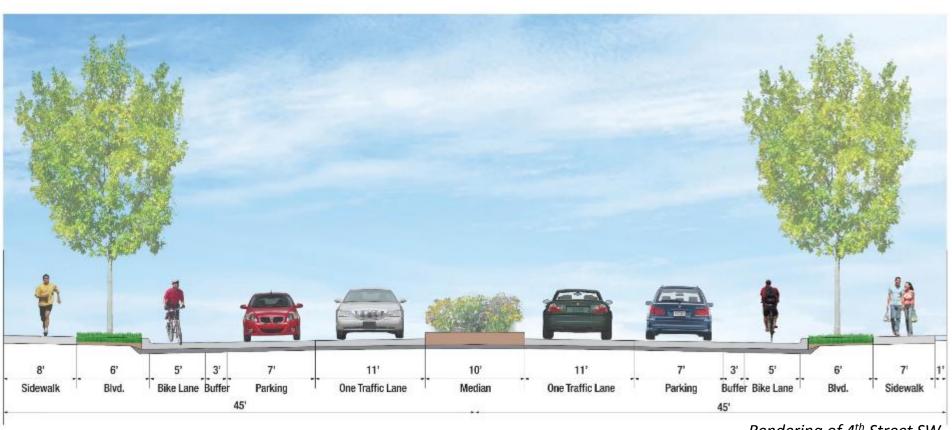
*A Transportation Management Association (TMA) is an organized body that facilitates and encourages alternate modes of transportation that are defined in a Transportation Demand Management (TDM) strategy.

Examples may include:

- Improved wayfinding
- Free transit passes
- Trip planning & ride matching
- On-site showers & bike parking
- Guaranteed ride home

Enhanced Roadways

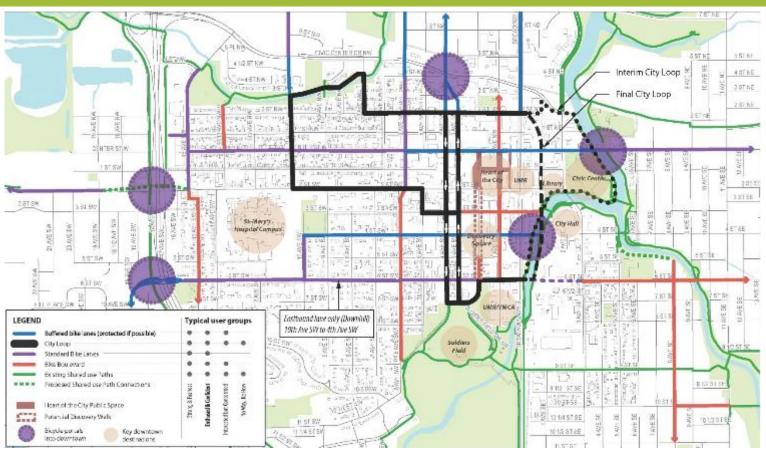




Rendering of 4th Street SW

Improved Bicycle Network





Mobility Hubs, Not Just Parking Ramps





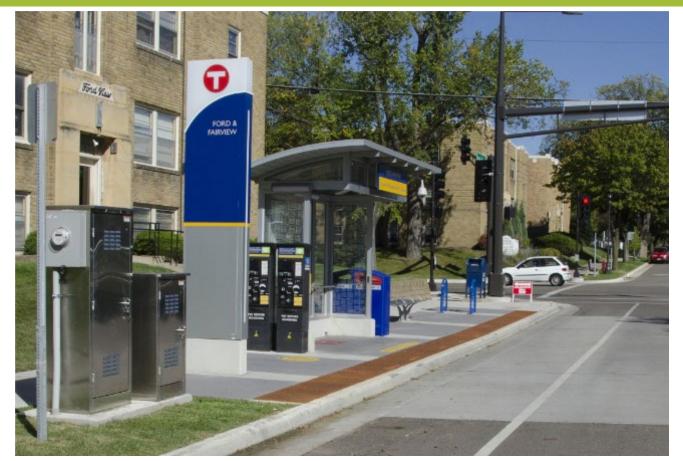
Enhanced Transit Services





Circulator







Recent Action



- Preferred mobility hub locations
 - -Mayo West Lot
 - -Graham Park

- General route alignment
 - -2nd Street
 - -Broadway or 3rd Avenue

Circulator: Current Activity



Create Development Concepts with Mayo and Olmsted County for Transit Village Development

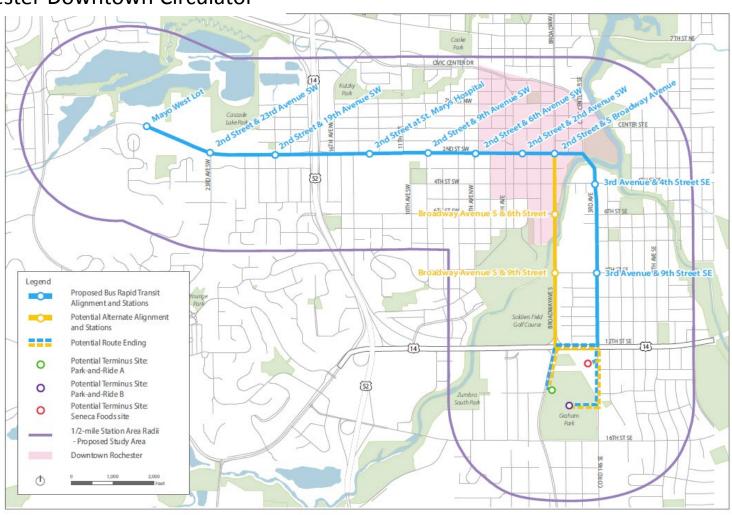


Agreement Framework



- Site masterplan
- Anticipated phasing
- Appraisal
- Project financing
- Ownership
- Due diligence

Rochester Downtown Circulator



Mode and Route Criteria



Ridership

- Daily ridership
- Zero-car households
- Bus network compatibility
- Connections to key destinations

2. Economic Development

- Available land
- Transit-oriented development
- Land use plans
- Existing pop. and employment
- Future pop. and employment

3. Costs

- Capital costs
- Operating and maintenance costs
- Cost per rider (cost-effectiveness)

4. Environmental Impact

- Historic and cultural resources
- Impacts to park land
- Right-of-way impacts
- Pedestrian and bicycle network

Circulator: Next Steps



- Determine Route and Mode
- FTA letter of intent, fall 2019
- Develop Memorandum of Understanding (MOU) with Mayo and Olmsted County
- Determine phasing plan

HEART OF THE CITY

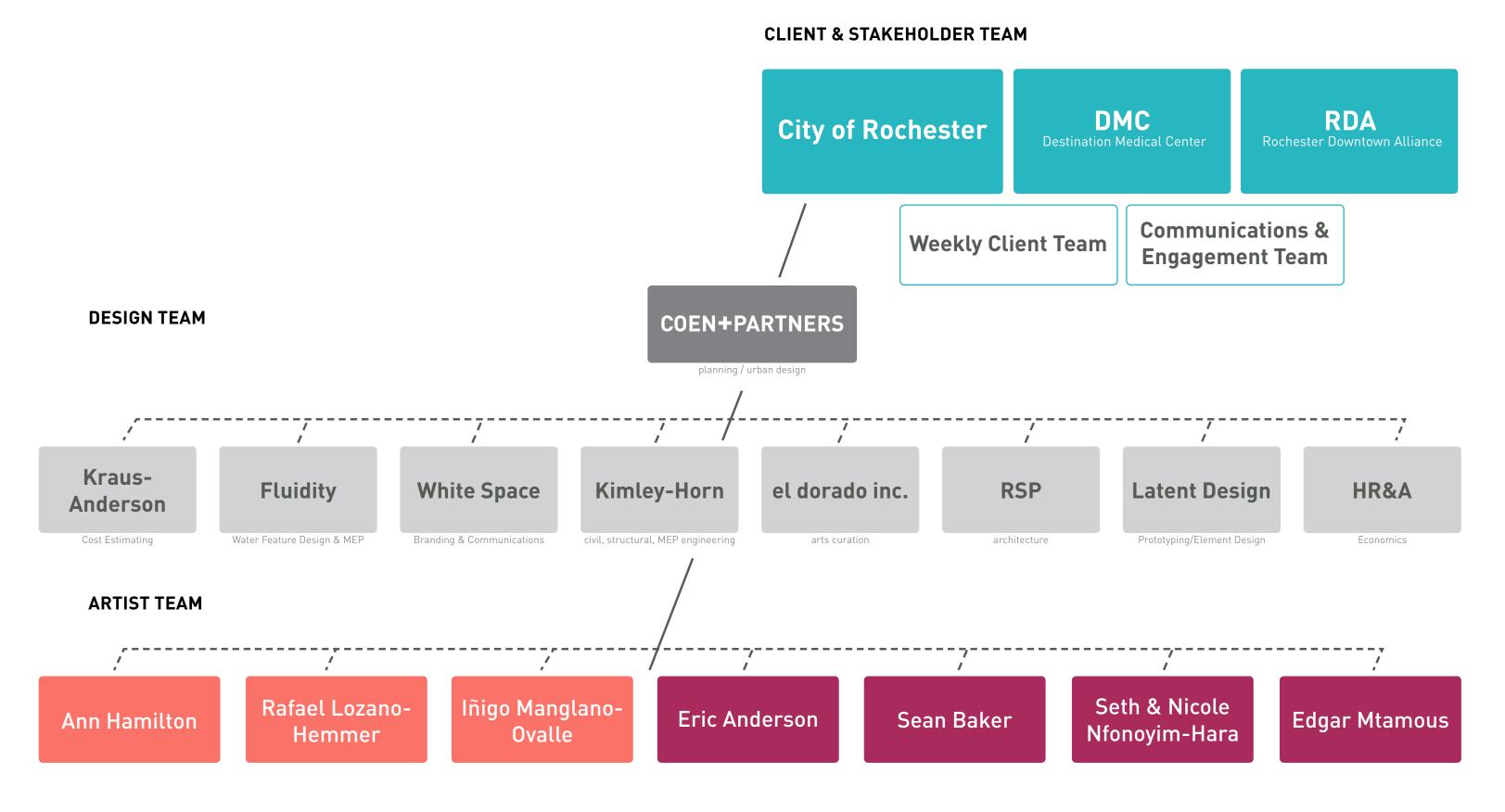
City Council Update, May 20, 2019

COEN+PARTNERS

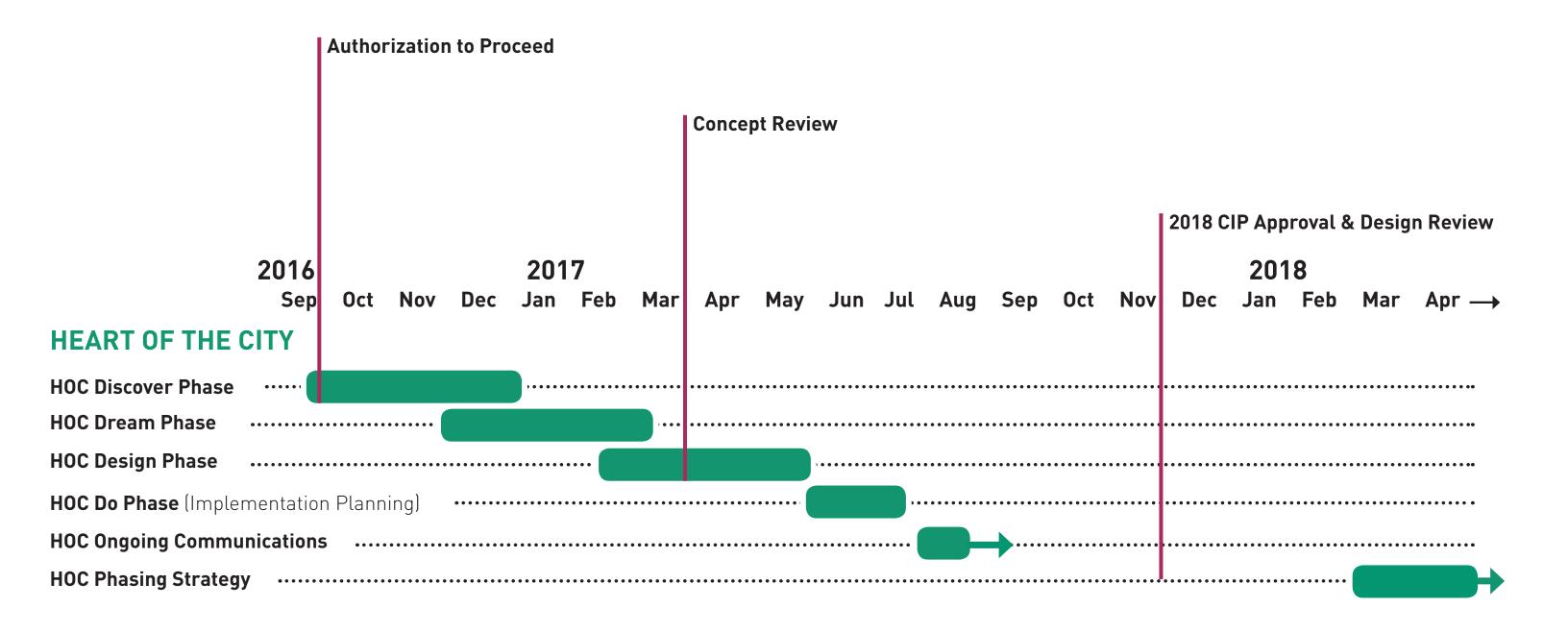
El Dorado | Fluidity | HR&A Advisors Kimley-Horn | Kraus-Anderson Latent Design | RSP | White Space



Heart of the City Project Team

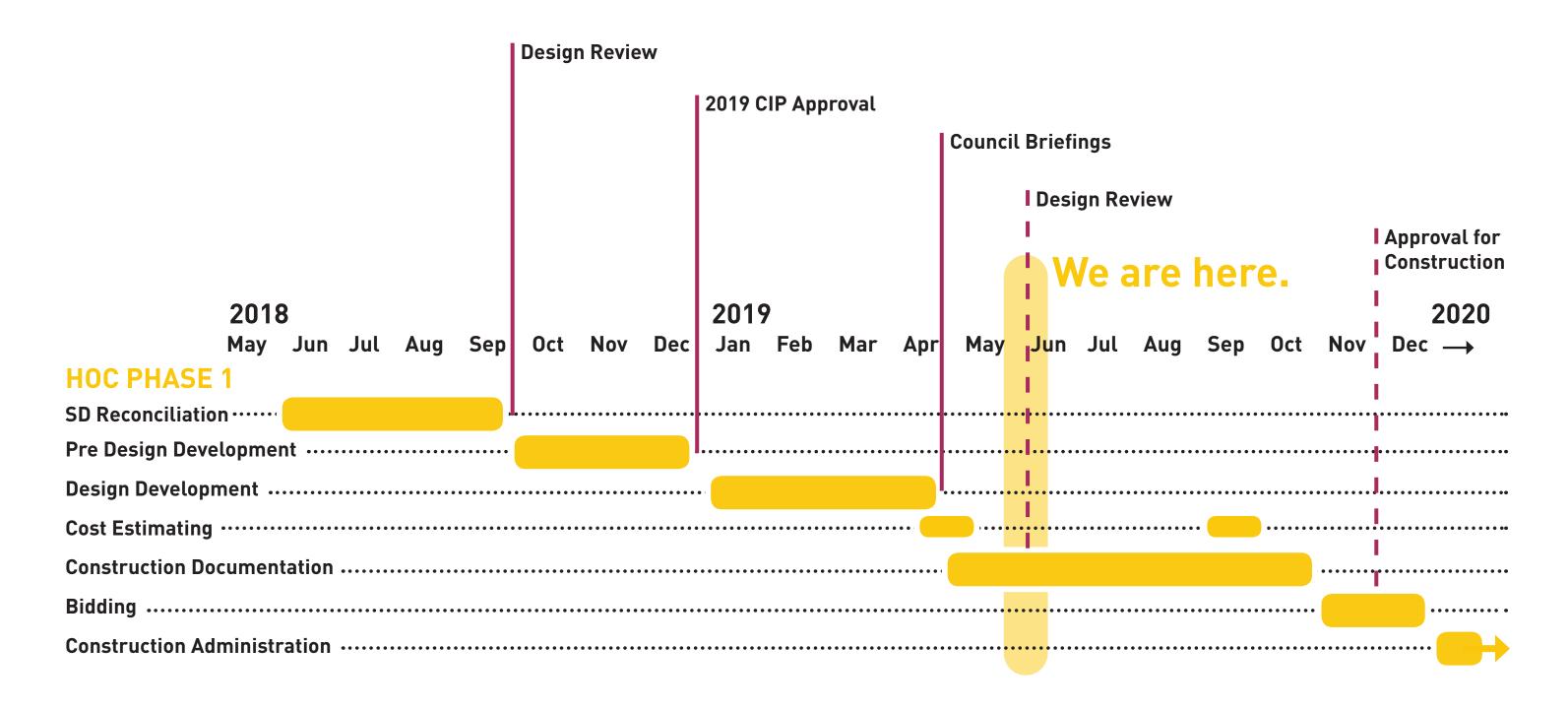


Progress Project Timeline



Progress Project Timeline

May 20 - Design Review to City Council May 23 - Design Review with DMCC June 3 - Design Approval by City Council June-Oct - Construction Documents Nov-Dec - Bidding **Spring 2020** - Construction start



Heart of the City Support and Catalyze Additional Development











7 Key Goals of the Heart of the City will increase...

SAFETY

Safety is addressed in design through thoughtful uses of lighting, paving textures and colors, and site lines.

ACCESSIBILITY & UNIVERSAL DESIGN

Accessibility & Universal Design is created through the use of a curbless street system, dynamic streetscape furnishings, and ample space for manuevering.

PUBLIC SPACES

An increase and improvement of (public spaces) streetscape, plaza space, and alley will welcome people to utilize the amenities and enjoy year-round.

FLEXIBILITY

The public spaces are designed to allow maximum flexibility for dayto-day, season-to-season, and year-round uses.

SUSTAINABILITY

Sustainability measures are taken by increasing trees quantities, integrated use of soil cells, and porous paving.

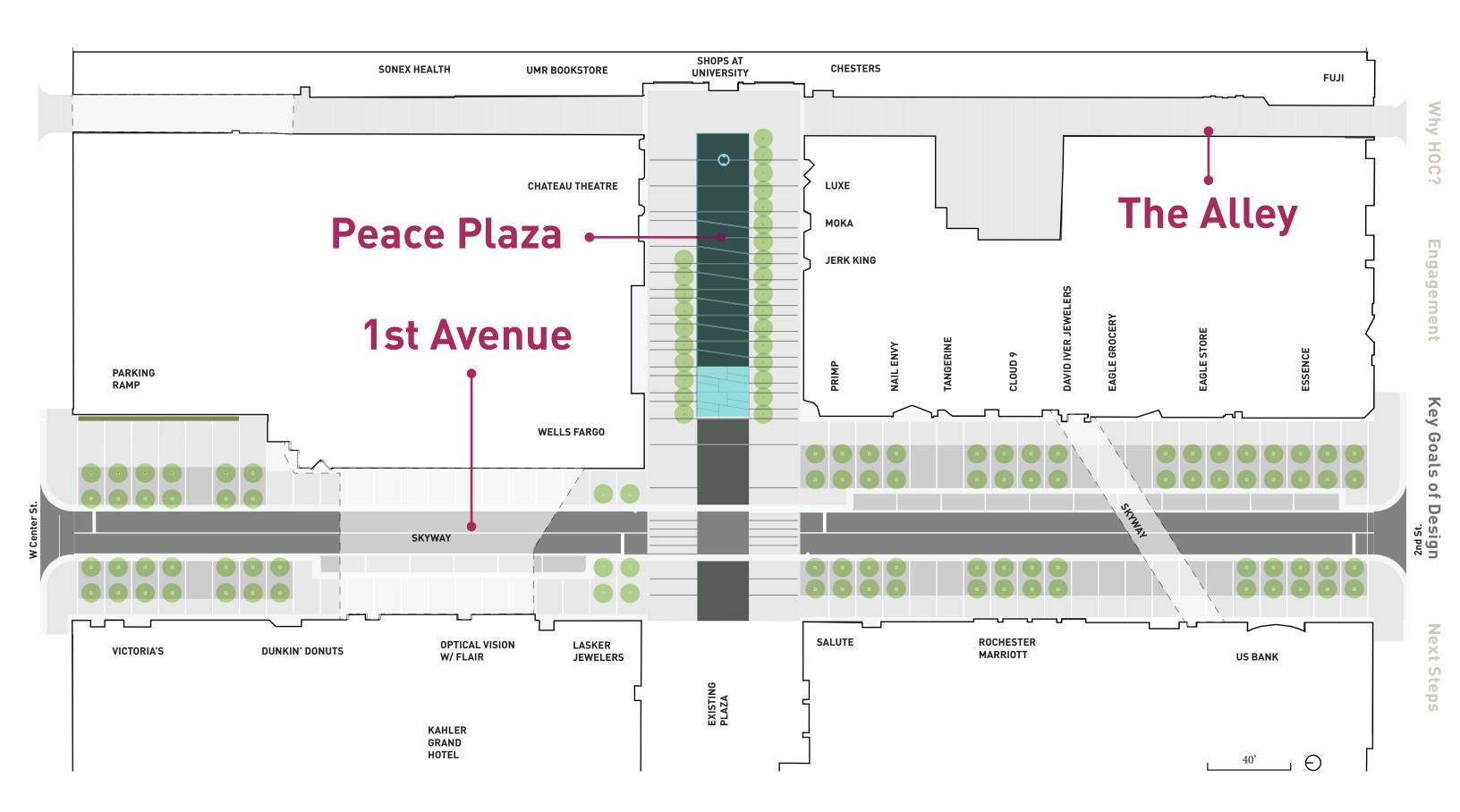
ART INTEGRATION

Art will be integrated into site elements of paving, lighting, water, and multi-media as interactive features that respond to site context, human biometrics, and medical successes.

INFRASTRUCTURE

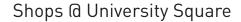
Infrastructure updates will improve stormwater management, add snowmelt to sidewalks, improve site security and lighting strategies.

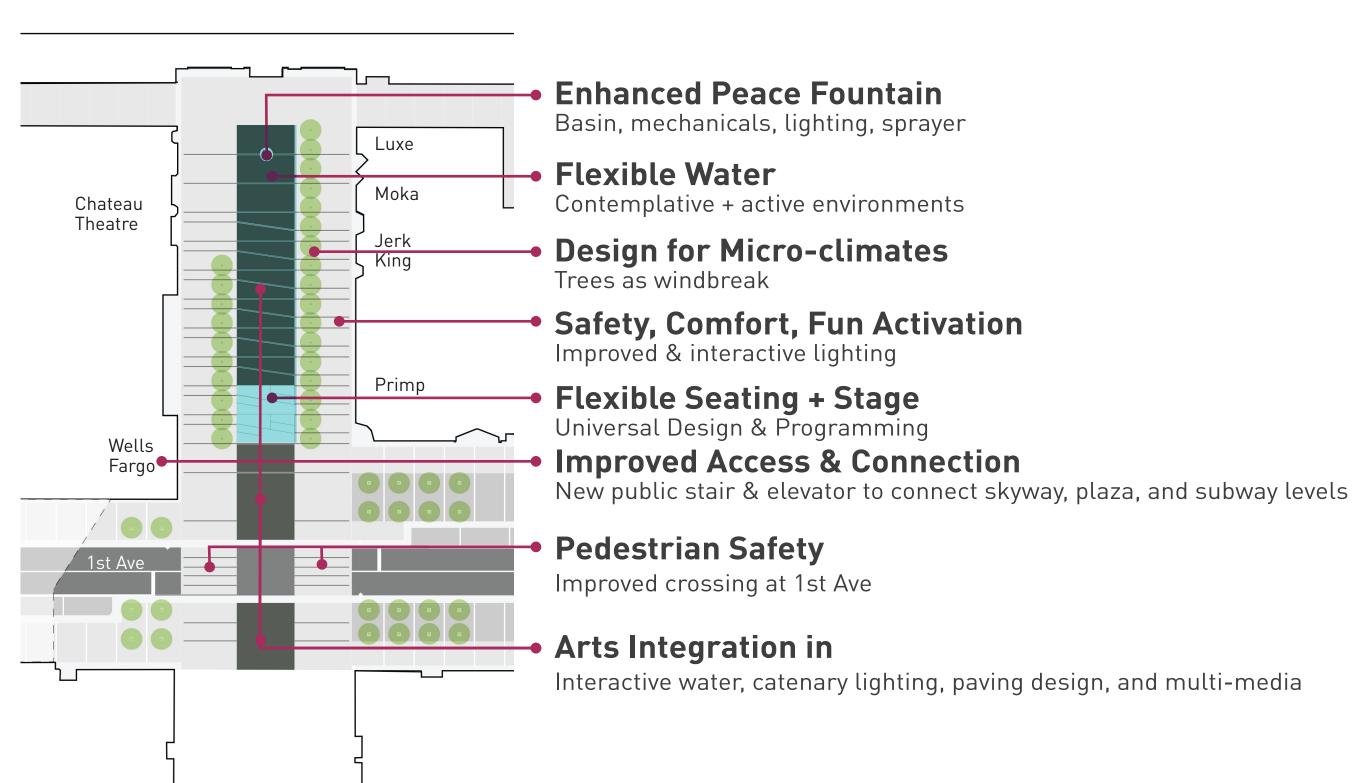
Site Plan



PEACE PLAZA

Peace Plaza Site Plan





Peace Plaza water feature precedents

Pedestals





Scrim Fountain





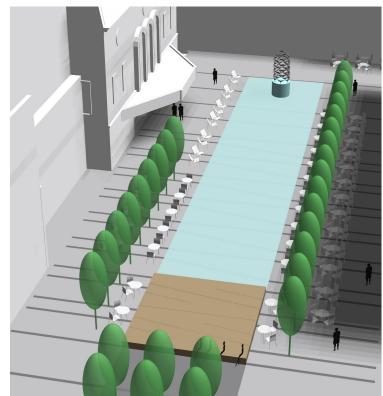
Peace Plaza as performance stage



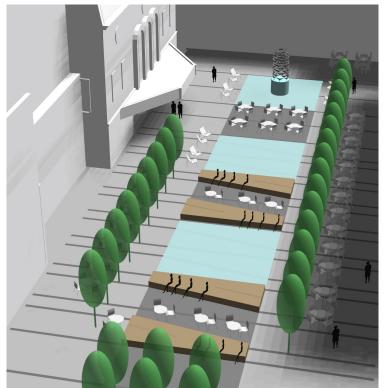
Peace Plaza with maximized seating



Peace Plaza flexible plaza



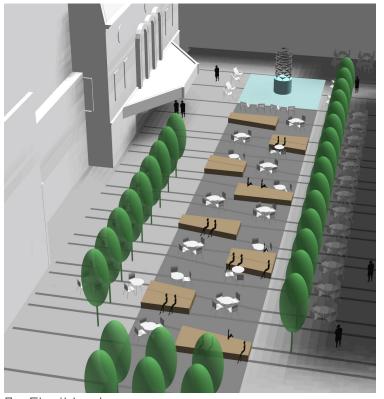




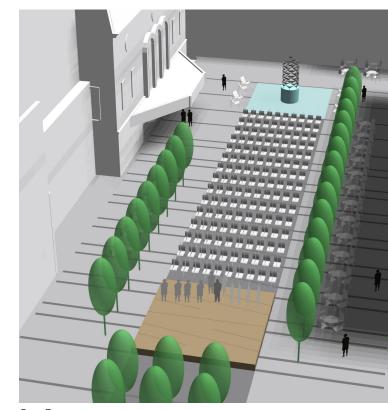
3 - Three fountains



5 - Bookend water feature with seating



7 - Flexible plaza



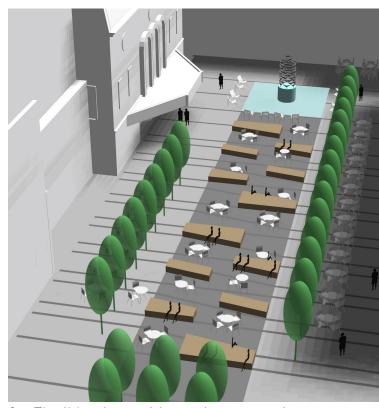
2 - Stage



4 - Dinner setting

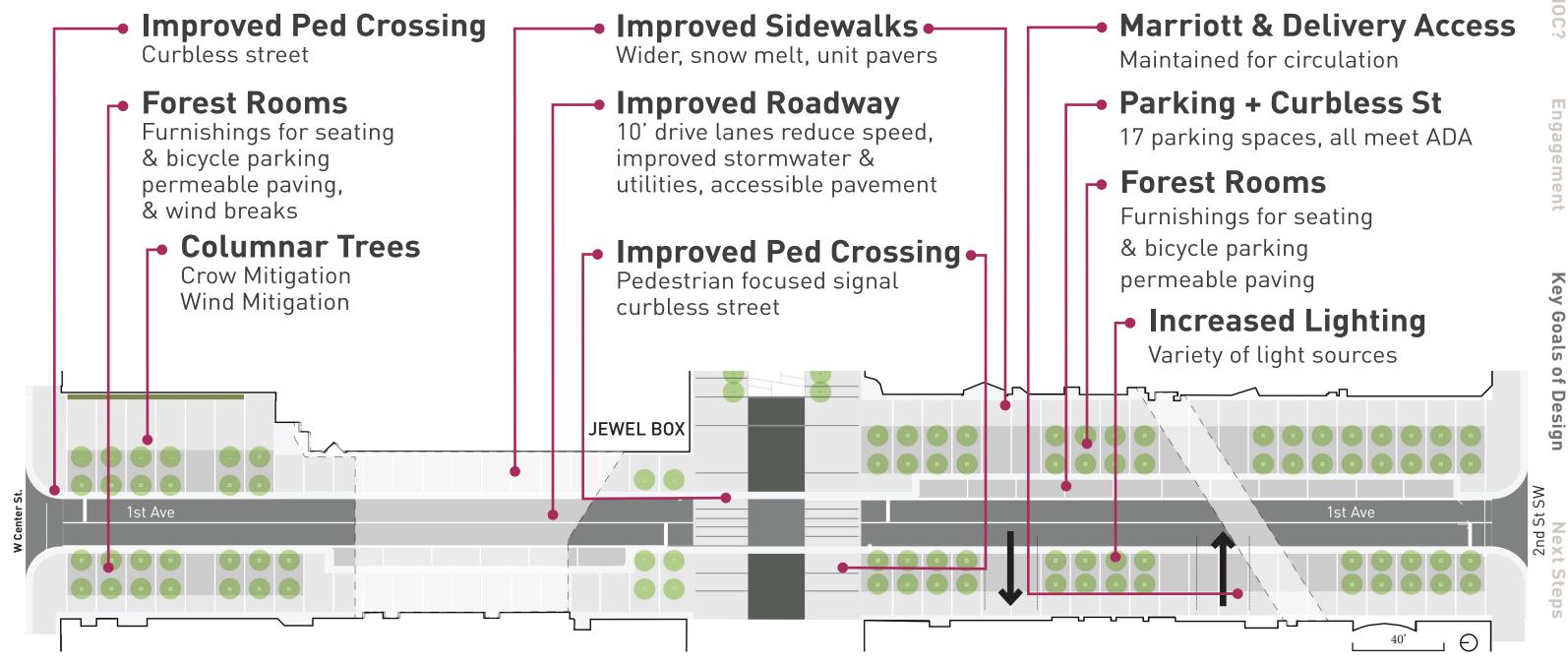


6 - Bookend water feature with seating

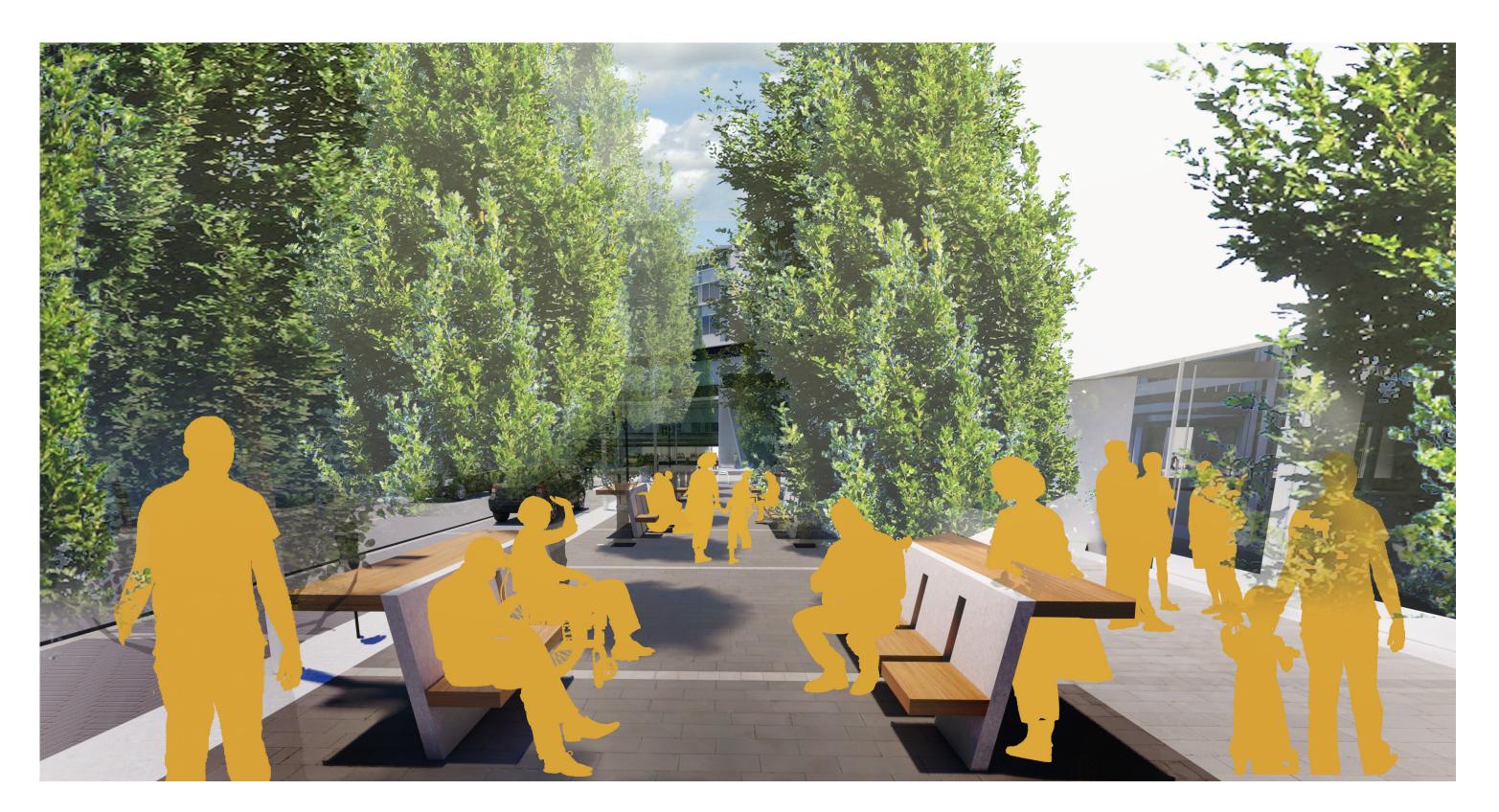


8 - Flexible plaza with maximum seating

1ST AVENUE



1st Avenue social space



1st Avenue curbless street precedents











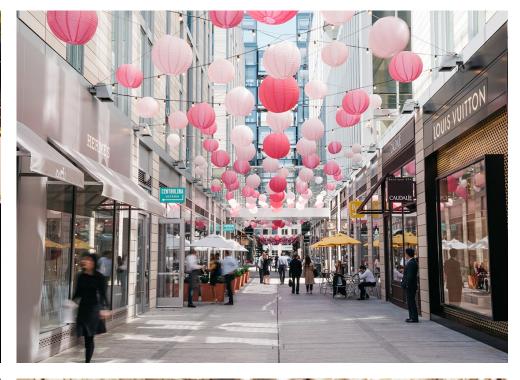


THEALLEY

The Alley alley precedents













7 Key Goals of Heart of the City will result in...

SAFETY

52,000sf of consistent pedestrian lighting 3 pedestrian focused traffic signals 10' wide drive lanes for traffic calming

ACCESS/UNIVERSAL DESIGN

17ADA compliant parking up from **0** 6'-12' wide clear walk zones 22+ universal design furnishings

PUBLIC SPACE

52,000sf of public space, up from 31,000sf

FLEXIBILITY

16,000sf of flexible programmable plaza Concepts- all day activities

SUSTAINABILITY

107 trees up from **11** 13,400sf of porous paving for stormwater management

ARTS INTEGRATION

4 local artists/creators/thinkers

3 international artist

+ collaboration with Arlyn Gagnon

INFRASTRUCTURE

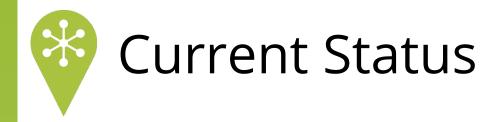
31,600sf of heated walkways sustainable stormwater system upgraded fountain systems

Next Steps

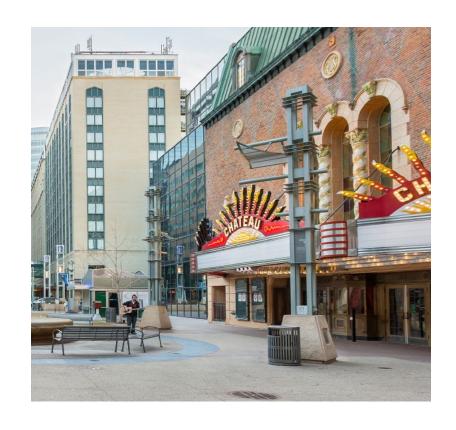
May 20 - Design Review to City Council May 23 - Design Review with DMCC June 3 - Design Approval by City Council June-Oct - Construction Documents Nov-Dec - Bidding We are here. **Spring 2020** - Construction start Design Review | Approval for Construction 2019 2020 2021 May Jun Jul **HOC PHASE 1 Design Development** Construction Documentation



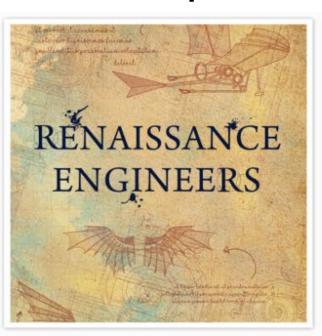
Chateau Theatre



- Interior renovations and roofing continue.
- City Council selected Exhibits
 Development Group (EDG) as building operator.
- Anticipated construction completion is June 15, 2019.

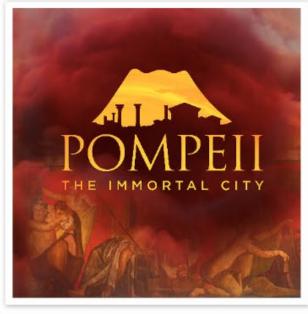


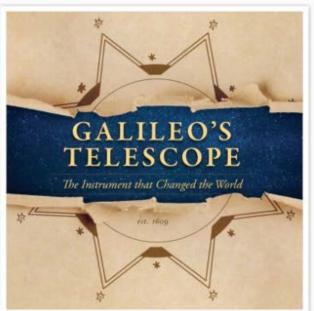
A Sample of EDG's Current Exhibitions





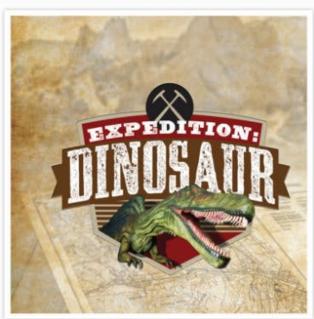














- Contract development for the selected operator, EDG
- Onboard EDG in the community
- Finalize capital improvement requirements
- Developing interim activation

City staff will be taking the lead; we will assist.



Discovery Square Subdistrict



- One Discovery Square shell and core construction plus leasing activities
- Residences at Discovery Square (residential and retail space)
- The Maven on Broadway (residential and retail space).
- Fourth Street reconstruction (transportation infrastructure)
- Discovery Walk (public realm)



Economic Development Activities

Continue to field and find tenant opportunities

Local, regional and state collaborations have been critical to success.

Business Activities- One Discovery Square

- Epic occupies as first tenant on June 3, others will move in or be announced by end of summer.
- Executed leases (54K sf), Signed Letters of Intent (18K), Lease in consideration (9K sf).
- Grand opening event scheduled for Sept 19.

Development Planning - Two Discovery Square

- Success in creating demand for One Discovery Square compels planning for new development.
- Mortenson market analysis underway is informing tenant recruitment strategies, space concepts and technology infrastructure requirements.

Other Considerations

- Accommodating new businesses between opening of One and Two Discovery Square.
- Supporting the unique needs of startup businesses.



Energy and Sustainability



Energy Integration Committee

Today:

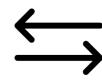
- 1. Approve the Collaboration Charter
- 2. Approve the Strategic Energy Project Plan



Energy and Sustainability Priorities

Priorities:

- 1. Benchmarking
- 2. Existing Buildings
- 3. New Construction
- 4. Transportation
 - 1. Public Transit
 - 2. Fleets
 - 3. Public Charging Infrastructure
- 5. Renewable Energy
- 6. District Energy DMC and elsewhere
- 7. Culture Building
- 8. Healthy Community



Stakeholder Groups:

- Energy Commission (led by City)
- 2. Energy Integration Committee (led by DMC)
- 3. America's City for Health Committee (led by DMC)

Other Collaborators:

- 1. USGBC MN
- 2. State-agencies: CERTS, GPI, MPCA
- 3. Local Agencies: Public Health
- 4. Coalition for Affordable Housing
- 5. Community members



Energy Integration Committee

Resolution #39-2016 (Spring 2016)

- 1. Establish an Energy Integration Committee of the following stakeholders:
 - Mayo Clinic
 - Rochester Public Utility
 - Minnesota Energy Resources
 - Olmsted County
 - City of Rochester
 - DMC EDA
- 2. Coordinate actions to realize climate and energy vision of DMC Development District and City of Rochester



Collaboration Charter and Strategic Energy Project Plan

Through four facilitated work sessions, the EIC generated two documents:

- 1. <u>Collaboration Charter</u> outlines commitment from participating organizations to:
 - 1. Collaborate on identified projects and
 - 2. Provide resources (time, dollars, expertise) to self-selected projects
- 2. <u>Strategic Energy Project Plan</u> includes 22 projects identified by the EIC to implement over the next six years. Covers topics including:
 - 1. Renewable energy,
 - 2. District energy,
 - 3. Efficient design and operations
 - 4. Innovation and electrification
 - 5. Organization and financial

| Project Type | Phase 1 Projects (2019- 2020) | Phase 2 Projects (2020 – 2023) | Phase 3 Projects (2023- 2025) |
|---------------------------------|---|---|---|
| Organization and Financial | EIC Charter ApprovalCapital Planning using LCCA | PACE PromotionAssess incentives and financing | - |
| Innovation and Electrification | RPU White Paper InputMobility Hub InputEV Fleet Study | EV Ordinance Real-time Utility Data and Rates pilot | - |
| Efficient Design and Operations | New Construction Incentive Program Benchmarking Launch | Ongoing Commissioning Vendor Education Centralize Operations | Energy Code Compliance Utility Energy Data Aggregation for Benchmarking Small and Medium Business One-Stop Conservation Program |
| District Energy | Discovery Walk DistrictDowntown City Buildings - OWEF | Study District EnergyExpand County District Energy | - |
| Renewable Energy | RPU Resource Planning Input Renewable Energy Planning | - | - |



Charter and Project Plan Approval

What does approval mean?

- Approve the Collaboration Charter means the DMCC understands the following:
 - Convene and participate in the EIC
 - Provide expert input
 - Share information and champion sustainability efforts of members
 - Provide financial support to participate in projects identified and approved by the EDA
- 2. Approval of the Strategic Energy Project Plan means the DMCC understands the following:
 - Scope, focus and direction of the EIC moving forward
 - Understanding that EDA will execute this workplan moving forward and will influence future sustainability workplans and budget



Charter and Project Plan Approval

What are next steps?

- 1. Periodically, provide updates on the progress of projects included in the Strategic Energy Project Plan
- 2. Projects identified in the Strategic Energy Project Plan will be used to inform future sustainability workplans and budget

Questions?



DMC Development Plan Update



DMC Development Plan Update

Purpose

- Meet requirements of the DMC Act
- Reaffirm primary mission, vision, and purpose of DMC initiative and tools
- Incorporate/complement other planning documents and strategies
- Reflect DMC's successful implementation
- Address community priorities
- Provide framework to achieve DMC mission and goals

May-August 2019:

"Audit" of plan to determine scope of update Sep.-Nov. 2019
Determine recourses
and processes

January-May 2020: Plan Update May 2020:
DMC EDA staff
present proposed updates
to board
Public comment
period opens

July 2020: Board adopts updated plan



DMCC Board Meeting May 23, 2019