



DMC  
Destination  
Medical Center

# DMCC Board Meeting September 26, 2019

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# Metrics Review – Tax Revenue

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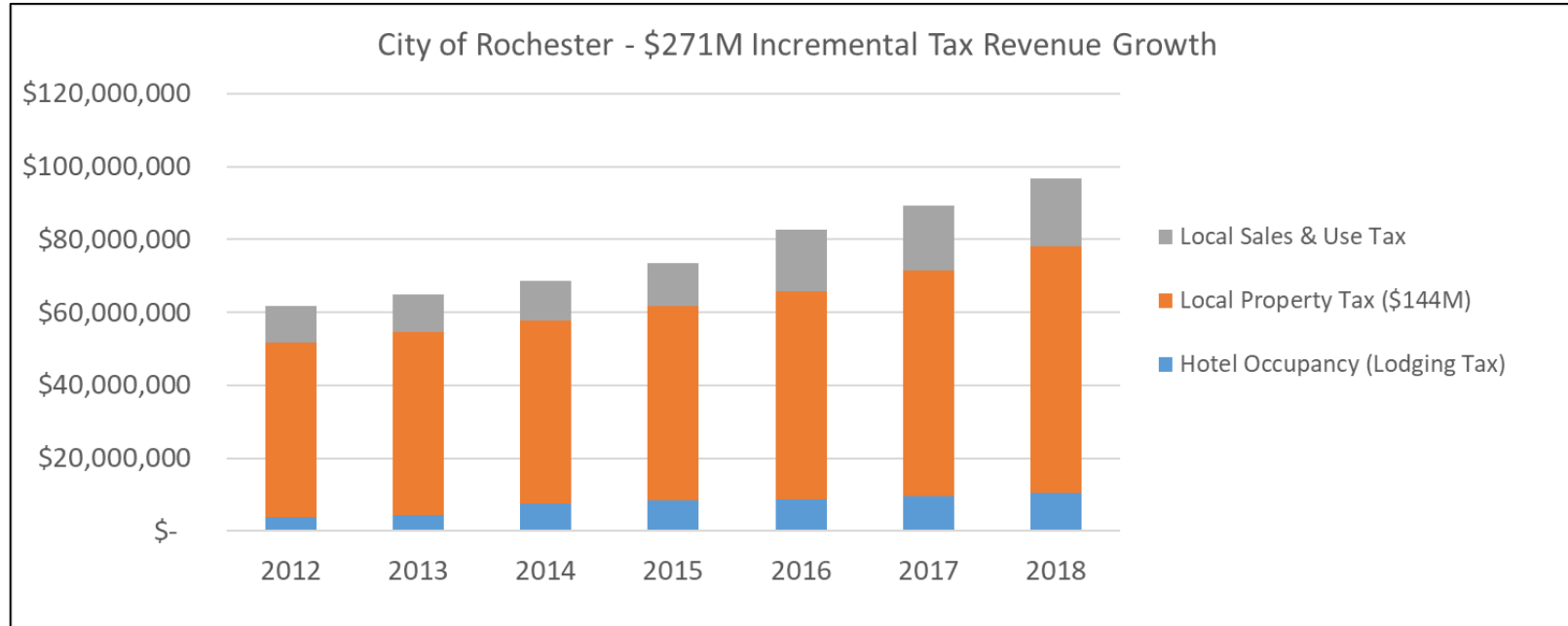
# DMC Goals and Tracking

- Goal 1: Create a comprehensive strategic plan
- Goal 2: Leverage the public investment of \$585 million
- Goal 3: Create approximately 30,000 new jobs
- Goal 4: Generate approximately \$7.5-8.0 billion in new net tax revenue
- Goal 5: Achieve the highest quality patient, companion, visitor, employee and resident experience





## Goal 4: Tax Revenue Growth: City of Rochester



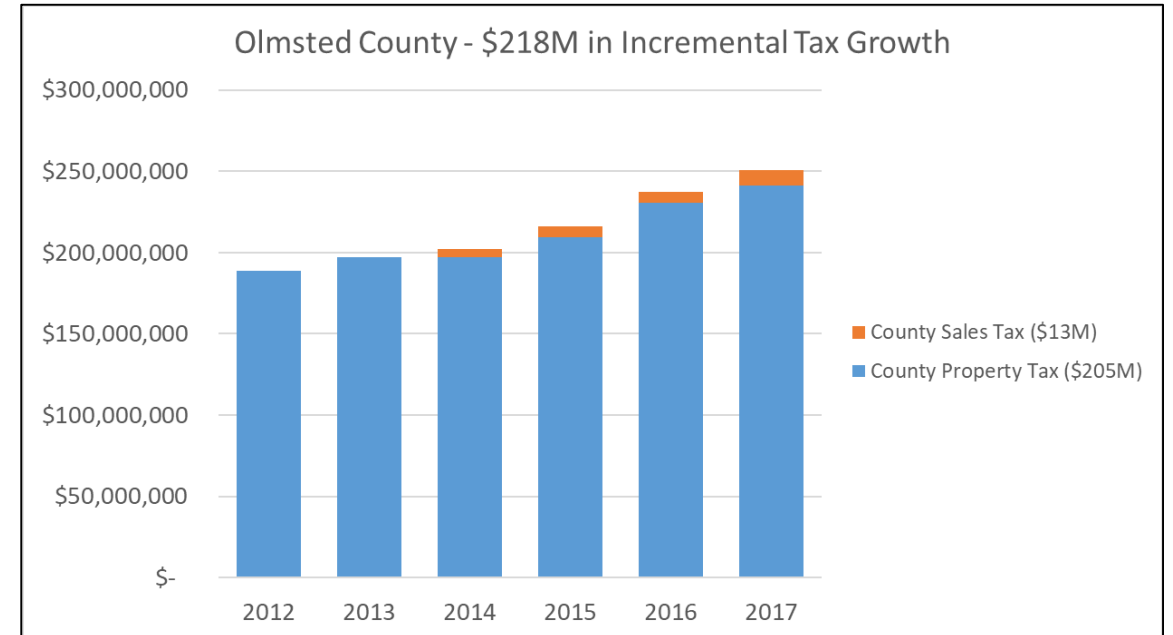
- Compared to 2012, the three tax streams above contributed \$35M more to the City of Rochester (goal is \$271M)
  - Lodging tax – 44% growth
  - Sales and Use Tax – 72% Growth (includes DMC 0.25% tax in 2016)
  - Property tax – 23% growth





## Goal 4: Tax Revenue Growth: Olmsted County

- Compared to 2012, the two County tax streams contributed \$56M more to Olmsted County (goal is \$218M)
  - Property Tax – 22% growth
  - Sales Tax – 100% Growth (established in 2014)

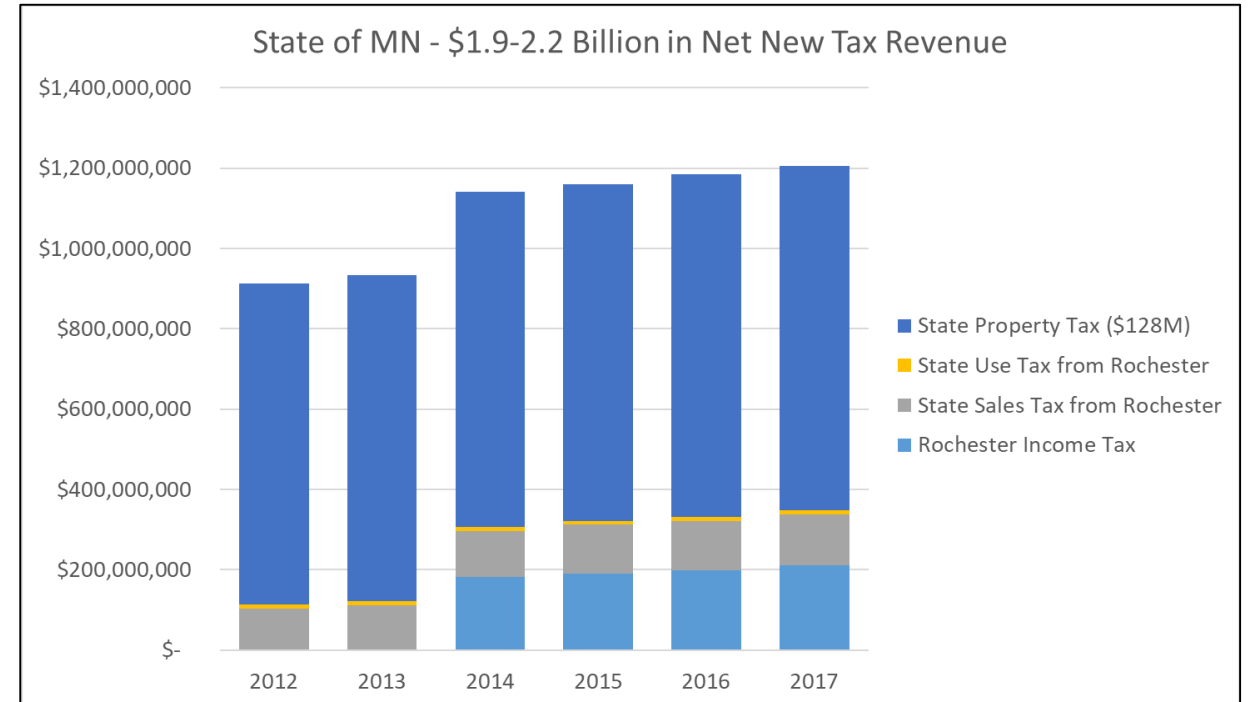






## Goal 4: Tax Revenue Growth: State of MN

- Compared to 2014, tax streams in 2017 contributed \$111M more to the State of MN (goal is \$1.9-2.2B)
  - State Property Tax – 7% growth
  - State Use Tax – 6% growth
  - State Sales Tax – 9% growth
  - Rochester Income Tax – 14% growth







# Key Questions

- City of Rochester and Olmsted County:
  1. What is the impact of new development on property taxes?
  2. Is there a better indicator (like estimated market value) to use for development activity beyond property tax data as these are largely tied to the city's tax levy?
  3. How can a concise story be told about the impact of development with or without the use of TIF?
- State of Minnesota:
  1. What is the impact of corporate income taxes?
  2. Is the DMC project on track to meet its \$7.5-8 billion tax revenue goal?
  3. What other impacts of the project are not considered in the current analysis?





# Next Steps

1. Confirm data and assumptions
2. Address outlined questions
3. Schedule
  - November 12, 2019: Progress Update
  - February 6, 2020: Final Report



# Destination Medical Center Corporation

September 26, 2019

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities



# IRS Form 990

- Financial information reconciles to DMCC's audited financial statements
- Part III (page 2) – statement of DMCC's organizational purpose
- Part VI (page 6) – governance
- Part VII (page 7) – board members



# IRS Form 990

- Schedule B (page 22) – contributors
- Schedule R (page 31) – related organizations
- No unrelated business income for 2018
- Filing deadline is November 15, 2019





# Charitable Organization Annual Report

- Filed with Minnesota Attorney General's Office Charities Division
- No changes in tax-exempt status (page 1)
- No changes in organizational purpose or programs (page 1)
- No changes in ability to solicit contributions (page 2)
- No compensation paid in excess of \$100,000 (page 2)
- Filing deadline November 15, 2019





# Minnesota Non-profit Corporation Annual Registration

- Filed online with Minnesota Secretary of State
- In good standing through December 31, 2018
- Annual renewal to be filed (online) for 2019





# Thank you for allowing us to serve you!

## Contact Information:

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**507-280-2314**

[katherine.lutzke@claconnect.com](mailto:katherine.lutzke@claconnect.com)





# Downtown Circulator Locally Preferred Alternative

**Destination Medical Center  
Corporation Board of Directors Meeting  
September 26, 2019**



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# Downtown Circulator Locally Preferred Alternative

## DMC Development Plan & City Comprehensive Plan



### DEVELOPMENT PLAN - VOL. I

DESTINATION MEDICAL CENTER  
ROCHESTER, MINNESOTA

VOLUME I - EXECUTIVE SUMMARY AND PHASE I STRATEGIES  
APRIL 23, 2015



City of Rochester, Minnesota

April 2018



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# Downtown Circulator Locally Preferred Alternative

## Integrated Transit Studies



Transit Circulation Study



Street Use and Operations Study



Parking and TDM Study



City Loop Study

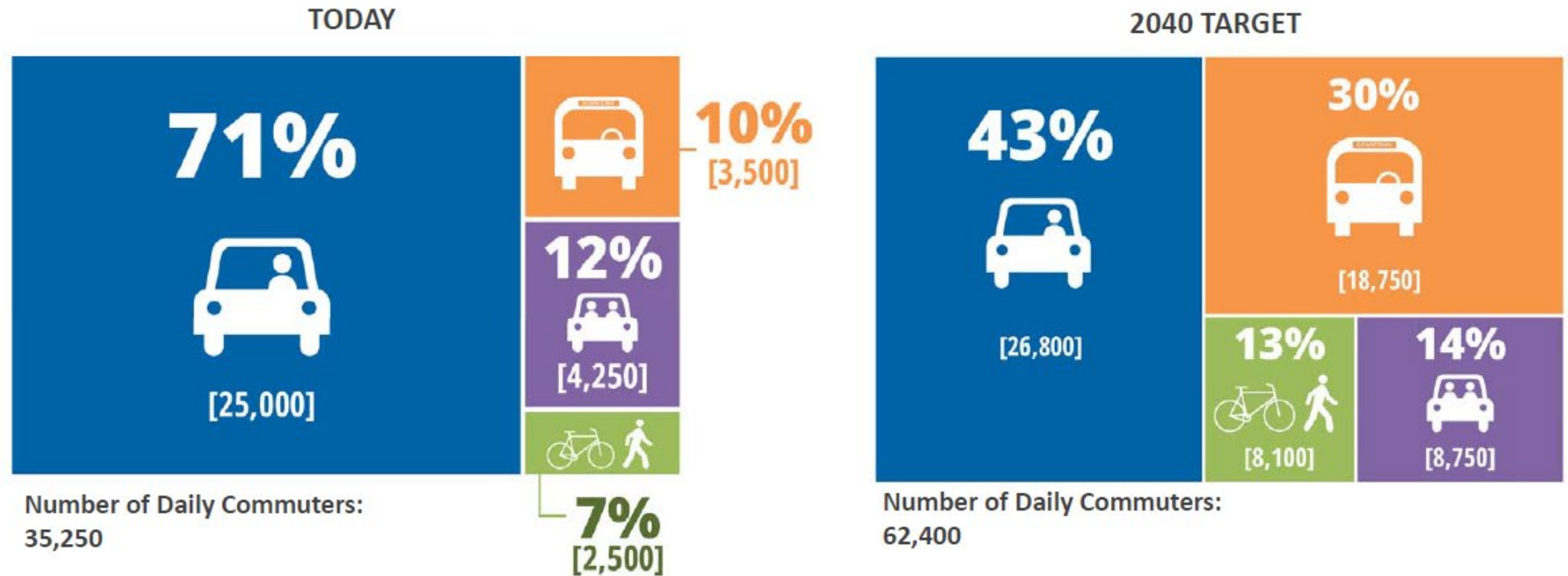


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# Downtown Circulator Locally Preferred Alternative

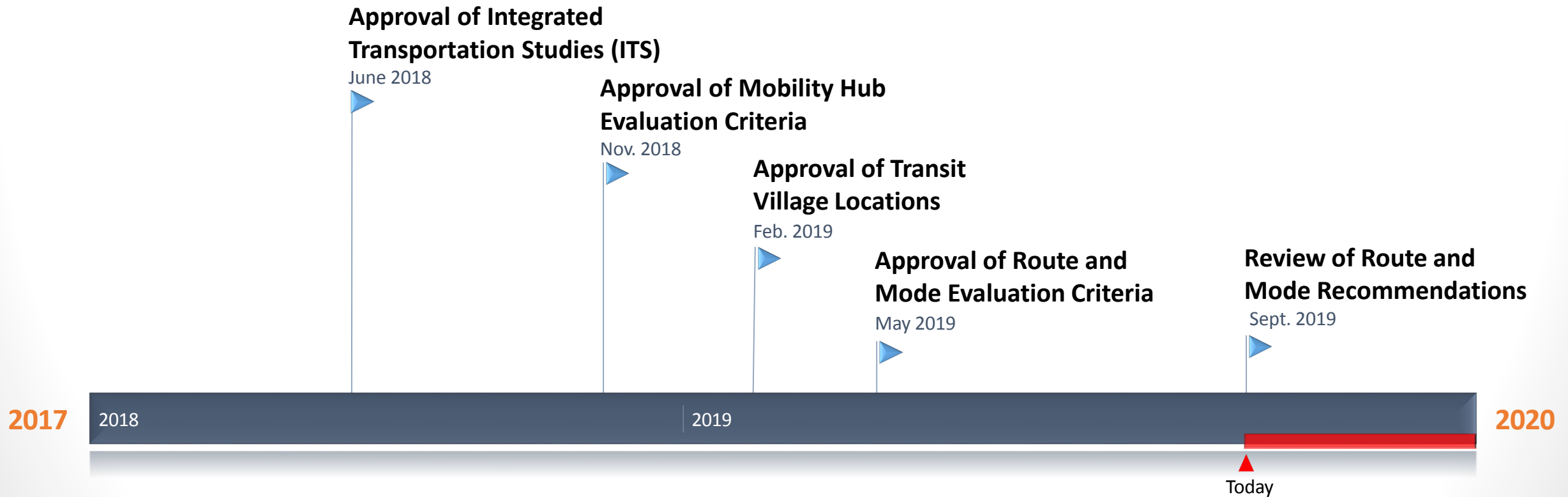
## Mode Shift – Reducing Single Occupancy Vehicles





# Downtown Circulator Locally Preferred Alternative

## Circulator Project Timeline To Date





# Downtown Circulator Locally Preferred Alternative

- Today's Purpose
  - Review and act on staff recommendation for Transit Circulator

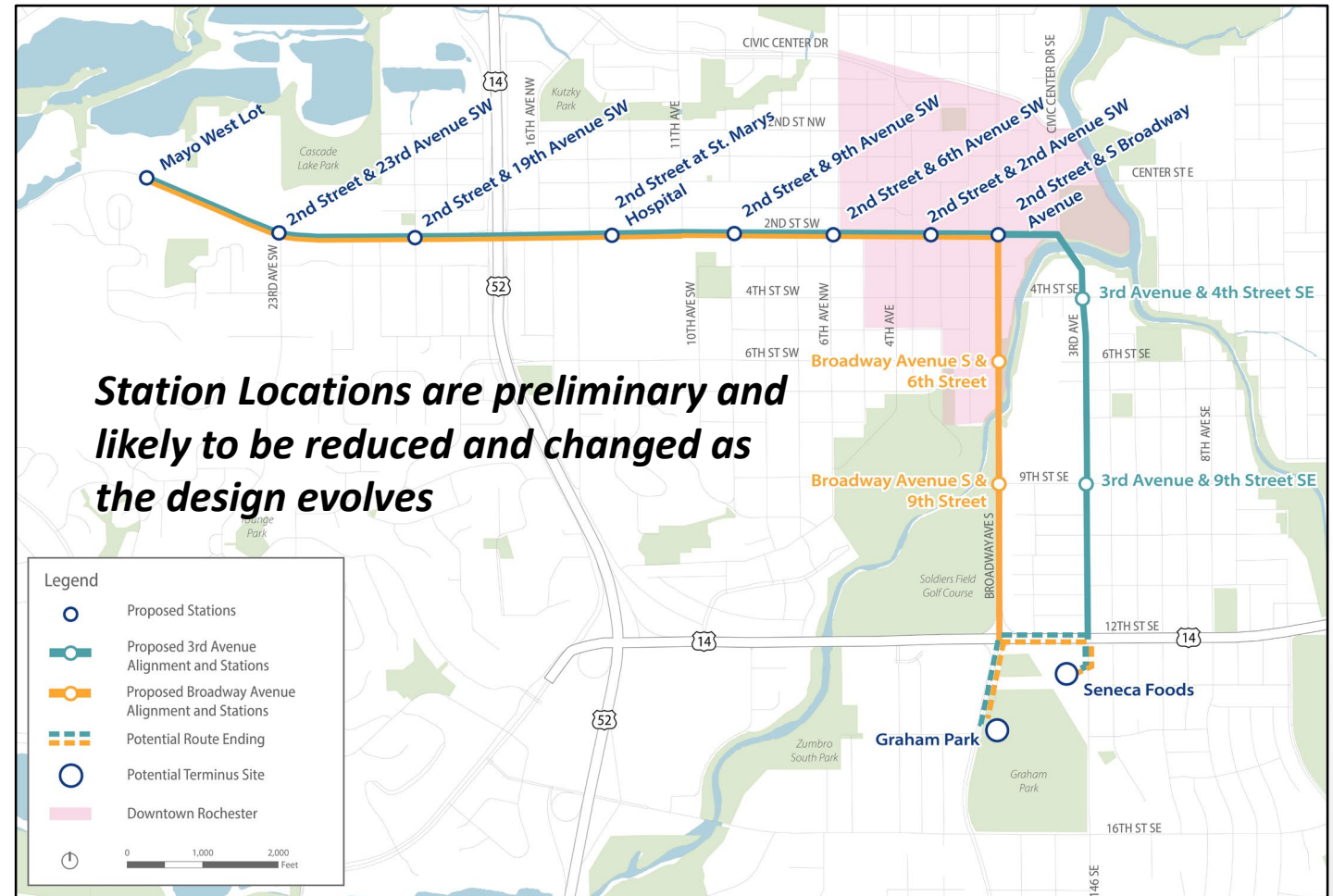




# Downtown Circulator Locally Preferred Alternative

## Alternatives

- **Alternative 1**
  - RT on 2nd Street and 3rd Avenue
- **Alternative 2**
  - RT on 2nd Street and Broadway
- **Alternative 3**
  - Streetcar on 2nd Street and 3rd Avenue
- **Alternative 4**
  - Streetcar on 2nd Street and Broadway





# Downtown Circulator Locally Preferred Alternative

## Modes Under Consideration

Rapid Transit (RT)



Modern Streetcar



Visualization of Circulator in Rochester- 2nd St and 6th Ave





# Downtown Circulator Locally Preferred Alternative

## 2019 Public Engagement

- Thursdays Downtown
- Presentations and discussions with community organizations
- Survey
- DMC Lobby Talks





# Downtown Circulator Locally Preferred Alternative

## Evaluation Criteria

- **Ridership**

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

- **Costs**

- Capital
- O+M
- Cost per rider

- **Economic Development**

- Available land
- TOD
- Land use plans
- Existing pop. and employment
- Future pop. and employment

- **Environmental Impact**

- Historic/cultural resources
- Park, Right-of-way impacts
- Pedestrian/bicycle network





# Downtown Circulator Locally Preferred Alternative

## Route Analysis: Transit Line Route Selection

### Two assessed routes:

- Broadway Avenue
- Third Avenue SE

### Similarities:

- Bicycle connectivity
- Route development costs
- Ability to create a healthy and active community
- Jobs within ½ mile radius
- Low impact to park land





# Downtown Circulator Locally Preferred Alternative

## Route Analysis

### Broadway Ave.

Opportunity	Challenge
Access to Soldiers Field, future UMR campus, and Discovery Square	Less desirable access for neighborhoods adjacent to Third Avenue
Primary transit corridor with TOD zoning	Vehicle impacts associated constructing a designated transit lane.
Greater consistency with land use plans (City comp. plan, DMC plan, others)	Disconnection of some parcels due to railroad & river.

### Third Ave. SE

Opportunity	Challenge
Better Access to Government Center, City Hall, Library and Civic Center	Current zoning not as conducive to TOD as Broadway Ave.
Access to neighborhoods adjacent to Third Avenue	Not consistent with current land use plans
	Neighborhood impact of construction and future redevelopment





# Downtown Circulator Locally Preferred Alternative

## Transit Line Mode Selection

### Two assessed modes:

- Modern Streetcar (Streetcar)
- Bus Rapid Transit (Rapid Transit)

### Similarities:

- Low impact to park land
- Operations
  - Travel time
  - Station wait times
  - Fixed routes
  - Dedicated lanes of travel
- Economic Development



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# Downtown Circulator Locally Preferred Alternative

## Transit Line Mode Selection

Rapid Transit Compared to Streetcar		
Evaluation Criteria	Rapid Transit	Streetcar
Capital cost	X	
Weather Disruptions		X
Mode Appeal		X
Land Impact	X	
Visual Impact	X	
Noise & Vibration	X	
Implementation Schedule	X	





# Downtown Circulator Locally Preferred Alternative

## Staff Recommendation

- Bus Rapid Transit (Rapid Transit)
- Broadway Avenue





# Downtown Circulator Locally Preferred Alternative

## Staff Recommendation

### User Experience Similar

- Level Boarding
- Quick Loading and Unloading; and
- Station Based Fare Payment

### Future Flexibility

- Future Adaptation
- Response to Route Disruptions

### Feasibility

- Cost
- Competitive FTA Application

### Integration with Previous Plans

- Consistent with 2024 Comprehensive Plan
- TOD Zoning

### Economic Development & Neighborhood Impact

- UMR/REC Zone
- Discovery Square
- Minimizes Neighborhood Disruptions





# Downtown Circulator Locally Preferred Alternative

## Rapid Transit Features

### Dedicated Lanes



Runningway improvements can vary. Ideally, runningways would be exclusive to only transit vehicles; however, in more constrained areas, vehicles operate in mixed traffic with minor spot improvements.

### Off-Board Fare Collection



Off-board fare payment speeds boarding and increases convenience. Fare enforcement enhances accountability.

### Identity / Branding



Off-board fare payment speeds boarding and increases convenience. Police enforcement enhances security.





# Downtown Circulator Locally Preferred Alternative

## Rapid Transit Features

### Unified Station Design



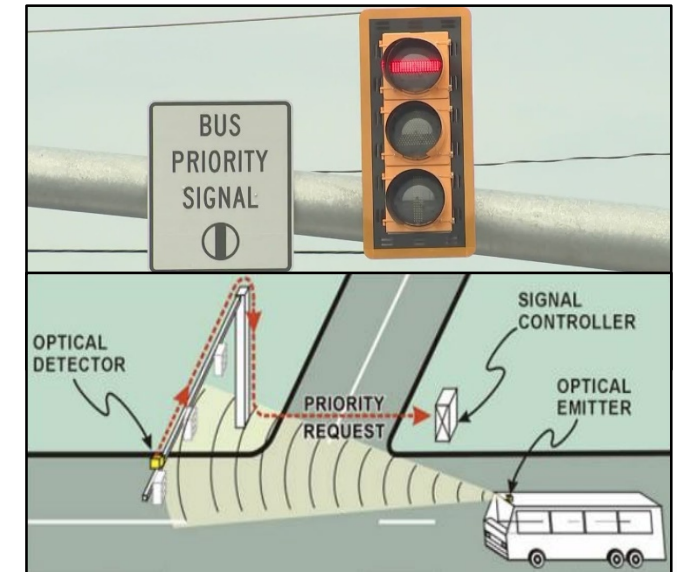
Stops are upgraded to premium stations with enhanced amenities and information kiosks.

### Specialized Electric Vehicle Design



Electric Vehicles have a unique look that is distinct from regular local and express services. Vehicles have multiple doors.

### Signal Priority



Signal priority allows vehicles additional green time to minimize delay and increase speed.





# Downtown Circulator Locally Preferred Alternative

## Rapid Transit Features

### Station Size & Amenities



Stations and boarding platforms are sized to projected passenger demand and available space. Amenities will include:

- Level Boarding,
- Transit Information,
- Snow Melt Systems, and
- Radiant Heating.

### Service Plans / Frequency



#### Rapid Transit

Every 10 Minutes



#### Local Service

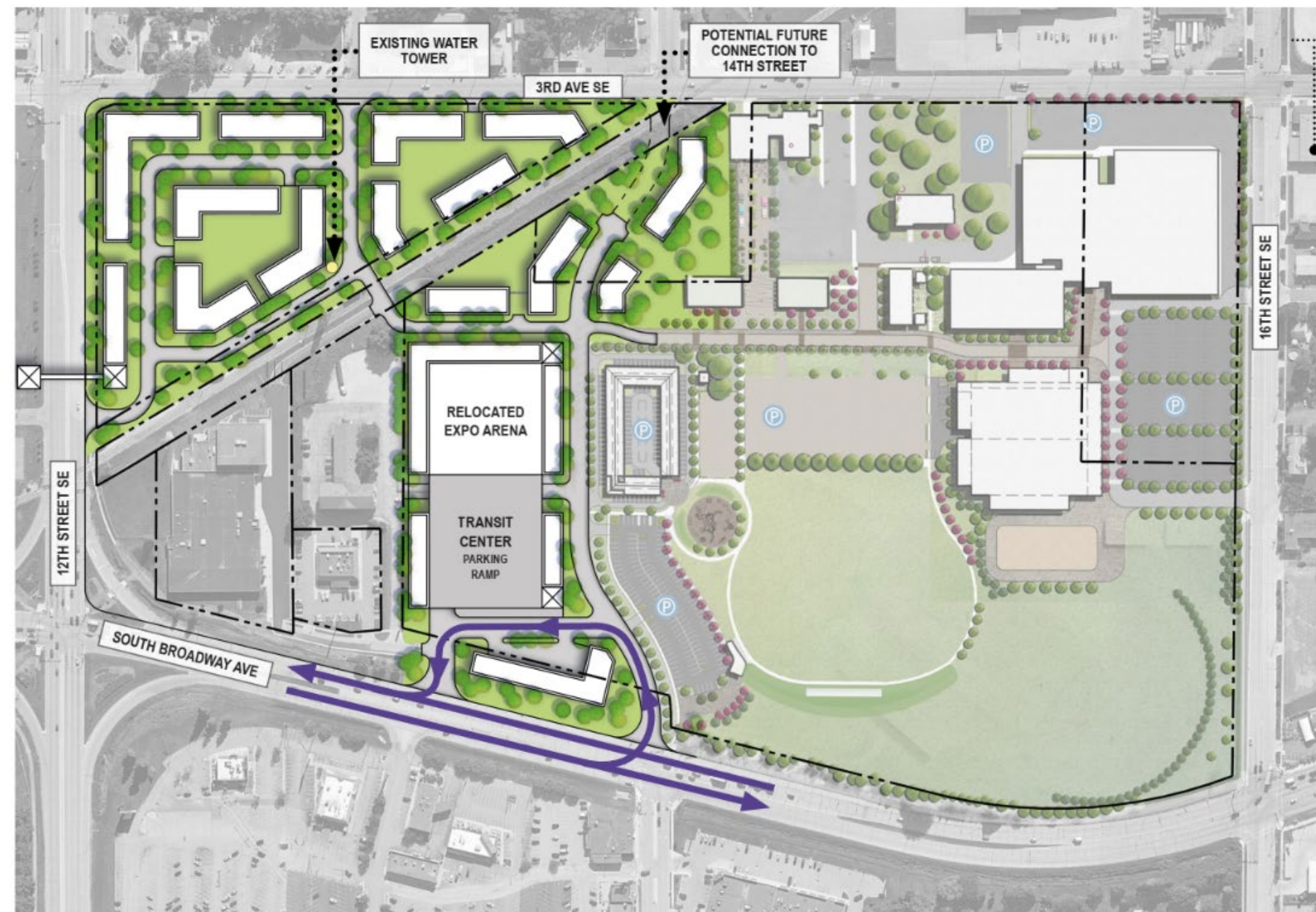
Every 30-60 Minutes

Limited stop service plans respond to corridor demand. Vehicles would run every 10 minutes or better, 7 days a week.





# East Transit Village Concept



**EAST TRANSIT VILLAGE**  
BROADWAY AVENUE STATION

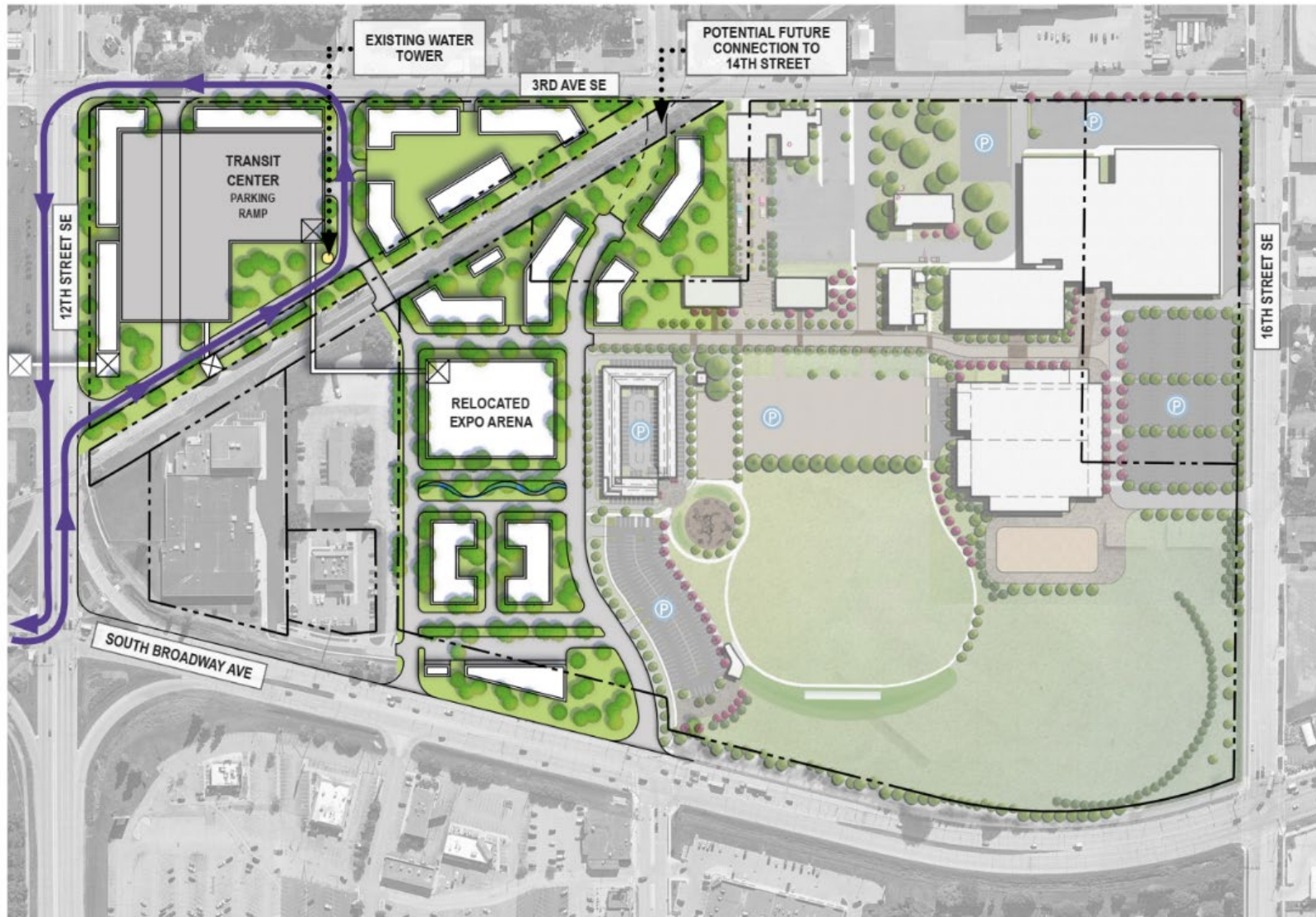
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# East Transit Village Concept



**EAST TRANSIT VILLAGE**

3RD AVENUE STATION HYBRID

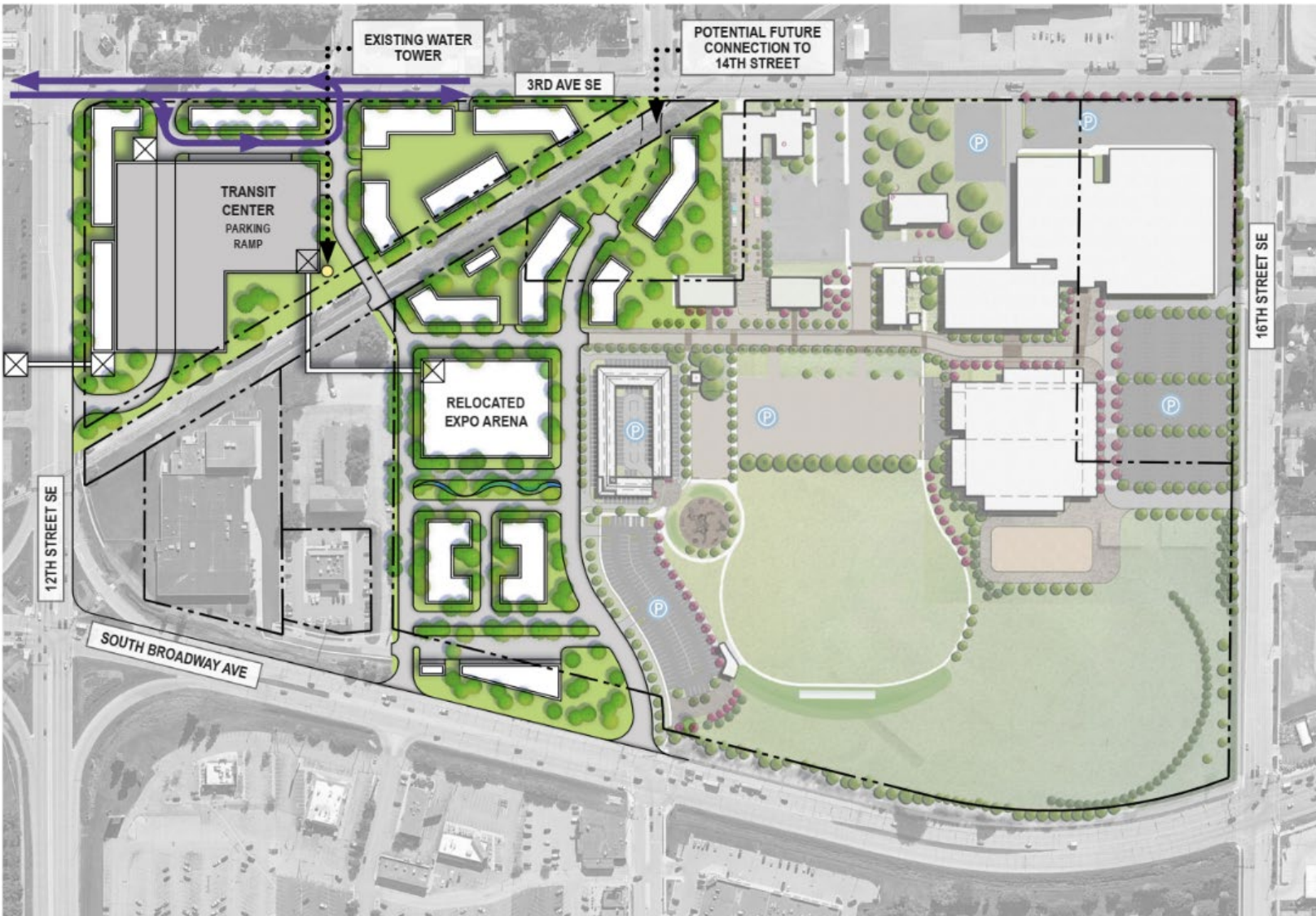
09.23.2019



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# East Village Transit Concept



**EAST TRANSIT VILLAGE**

3RD AVENUE STATION

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# Downtown Circulator Locally Preferred Alternative

## 2019 Locally Preferred Alternative (LPA) & Entry Letter Schedule

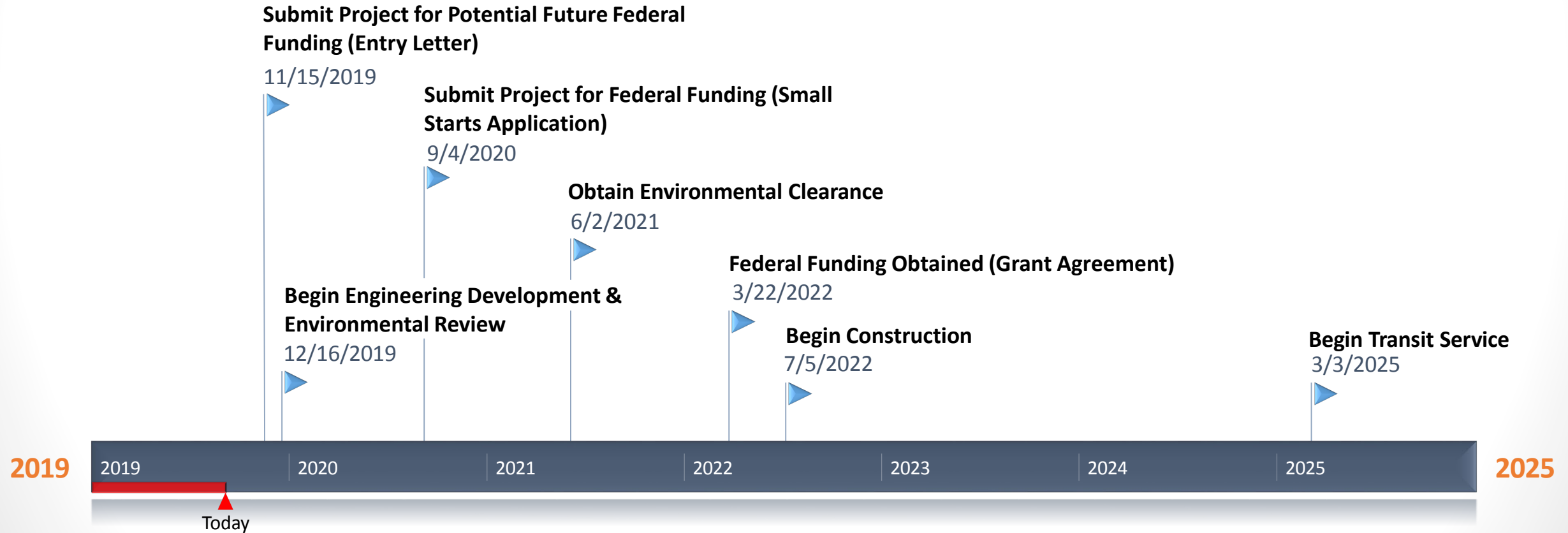
- September 23
  - City Council Study Session - COMPLETE
    - LPA Review
- September 26
  - DMC Corporation Board Meeting
    - LPA Approval
- October 1
  - Olmsted County Committee of the Whole
- October 7
  - City Council Meeting
    - LPA Approval
    - Project Development Financial Commitment
- Post October 15<sup>th</sup>
  - Submit Entry Letter
    - LPA
    - PD Financial Commitment
  - Submit Class of Action for the Environmental Review
- December 2019
  - Procure Engineering Team for Project Development
- October 2019 - October 2020
  - TOD Planning Grant: Station Area Planning





# Downtown Circulator Locally Preferred Alternative

## Circulator Project Timeline







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# 2020 DMC Corporation Funding Request

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# Funding Request Components

- Capital Improvement Program
- DMC EDA + City Staff Workplan and Budget
- DMCC Operating Budget
- Working Capital Loan





# Funding Request Framework

## **Capital Projects:**

- Pursue projects consistent with DMC Development Plan and current priorities
- Finish projects already approved and underway
- Use “pay-as-you-go” public finance model as a primary financing tool, but consider bonding or lending when appropriate
- Focus on time-sensitive, shovel-ready projects
- Be responsive to community priorities and market demand
- Leverage other sources of funding
- Achieve balance between public realm, public infrastructure, and transportation
- Consider medium- and long-term capital and infrastructure needs prior to committing resources





# Funding Request Framework

## **Programs & Operations:**

- Fulfill responsibilities assigned to DMC EDA by Minnesota Statutes 469.40-469.47
- Successfully implement DMC Development Plan
- Advance approved strategic priorities
- Achieve Outcomes in annual work plan
- Incorporate complementary planning and implementation activities assigned to the City of Rochester DMC Project Management Team





# Process

- June/July: DMC EDA + City Staff
- August: Board Volunteer Advice
- September: Board Consideration
- October: Rochester City Council Approval

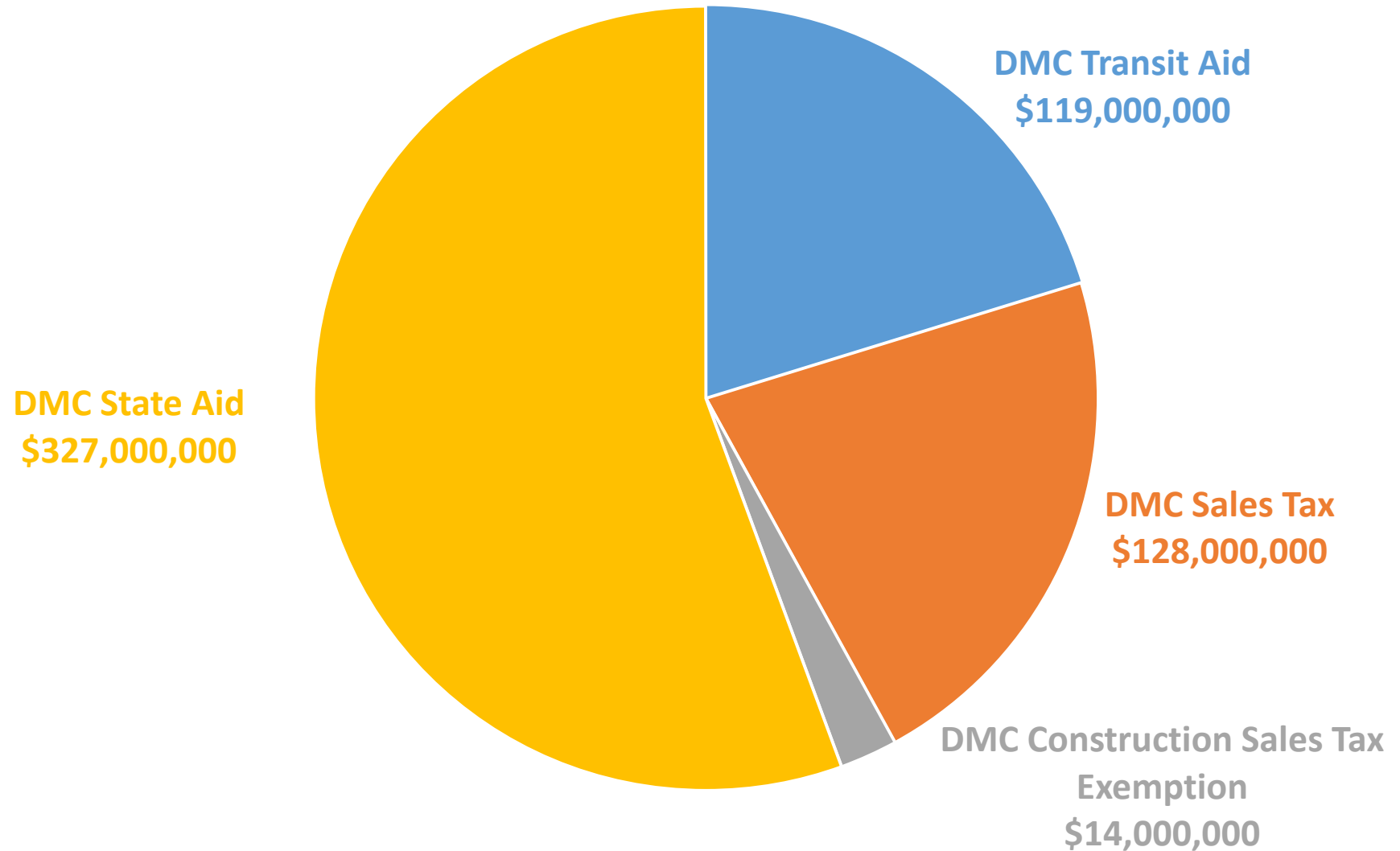




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# 2020 Capital Plan

DMC Funding Sources (\$585 Million)



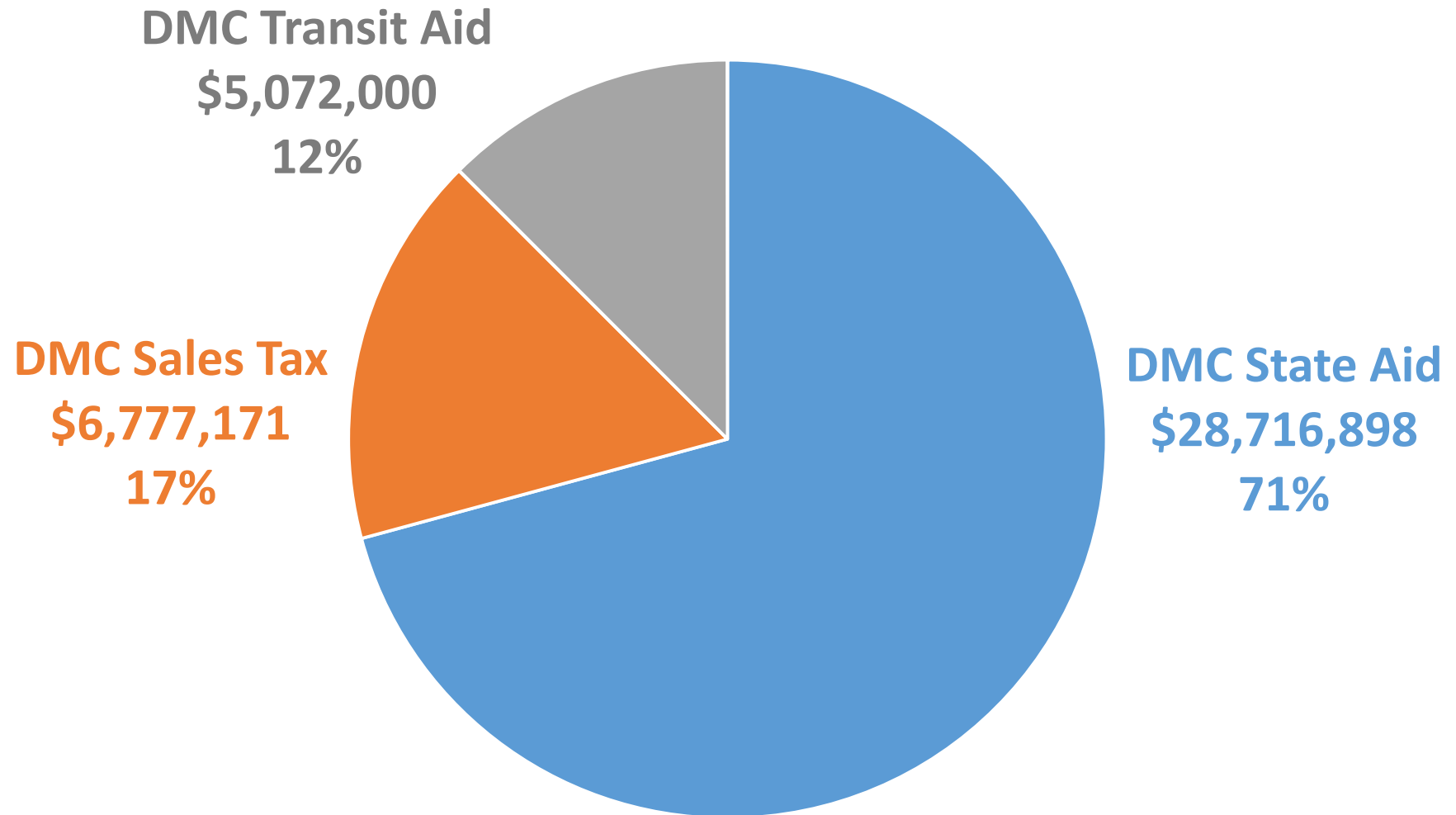




# Destination Medical Center 2020 Capital Plan

\$40,556,069

## DMC FUNDING SOURCES





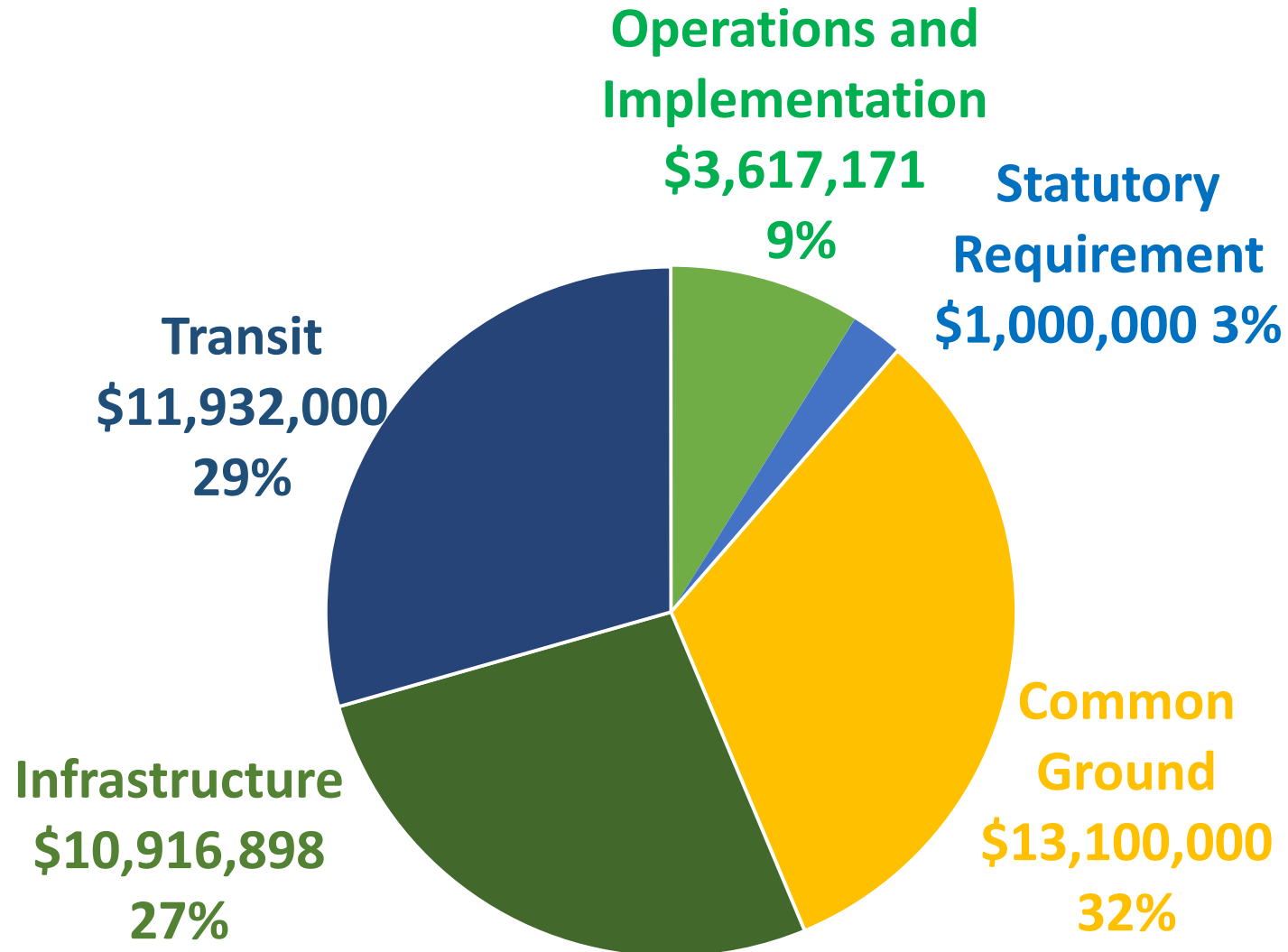


Destination Medical Center

# 2020 Capital Plan

\$40,556,069

## DMC FUNDING USES







# 2020 Streets and Sewers

## \$10,916,898

### Highlights

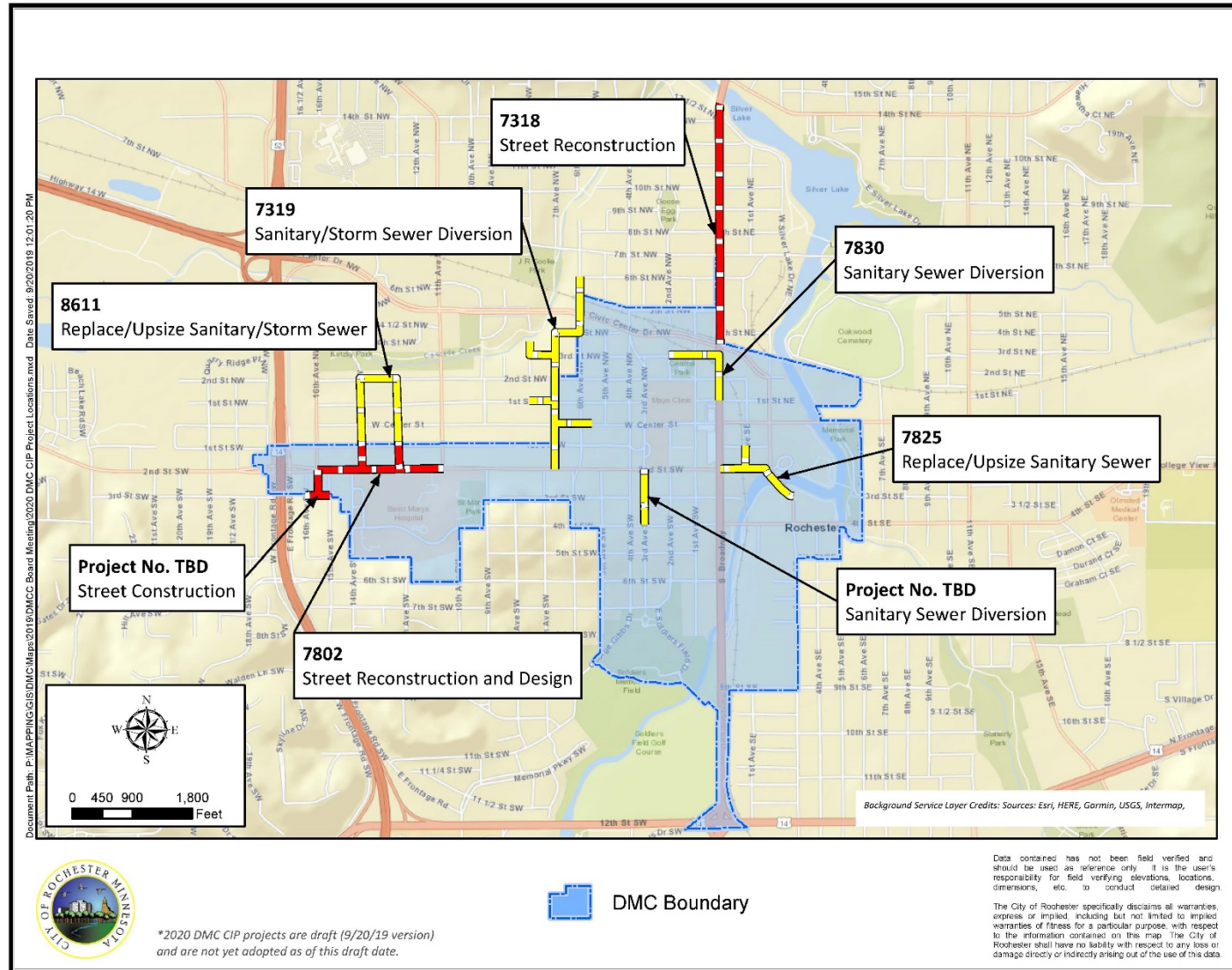
- Sewers  
**\$6,536,898**
- Streets  
**\$4,000,000**
- Circulator  
Prototyping  
**\$250,000**







# 2020 Capital Improvements







# 2020 Common Ground

## \$13,100,000

### Highlights

- Heart of the City  
**\$9,000,000**
- Discovery Walk  
**\$2,800,000**
- Chateau Theatre  
Improvements  
**\$100,000**







# 2020 Transit \$11,932,000

## Highlights

- Arrive Rochester TMA  
**\$260,000**
- Circulator route  
development  
**\$3,872,000**
- Transit Villages  
**\$5,000,000**







# 2020 Statutory Requirements

- DMC Development Plan Update  
**\$1,000,000**





# 2020 DMC EDA Operating Budget

- Request to DMCC:  
**\$2,570,146**  
(YOY decrease: \$1,259, or approximately 0.5%)
- Mayo Clinic Support:  
**\$1,313,742**  
(YOY increase: \$38,338, or approximately 3%)
- McKnight Foundation Energy and Sustainability Program Support:  
**\$92,5000**
- 2020 City of Rochester DMC Project Management team:  
**\$660,525**



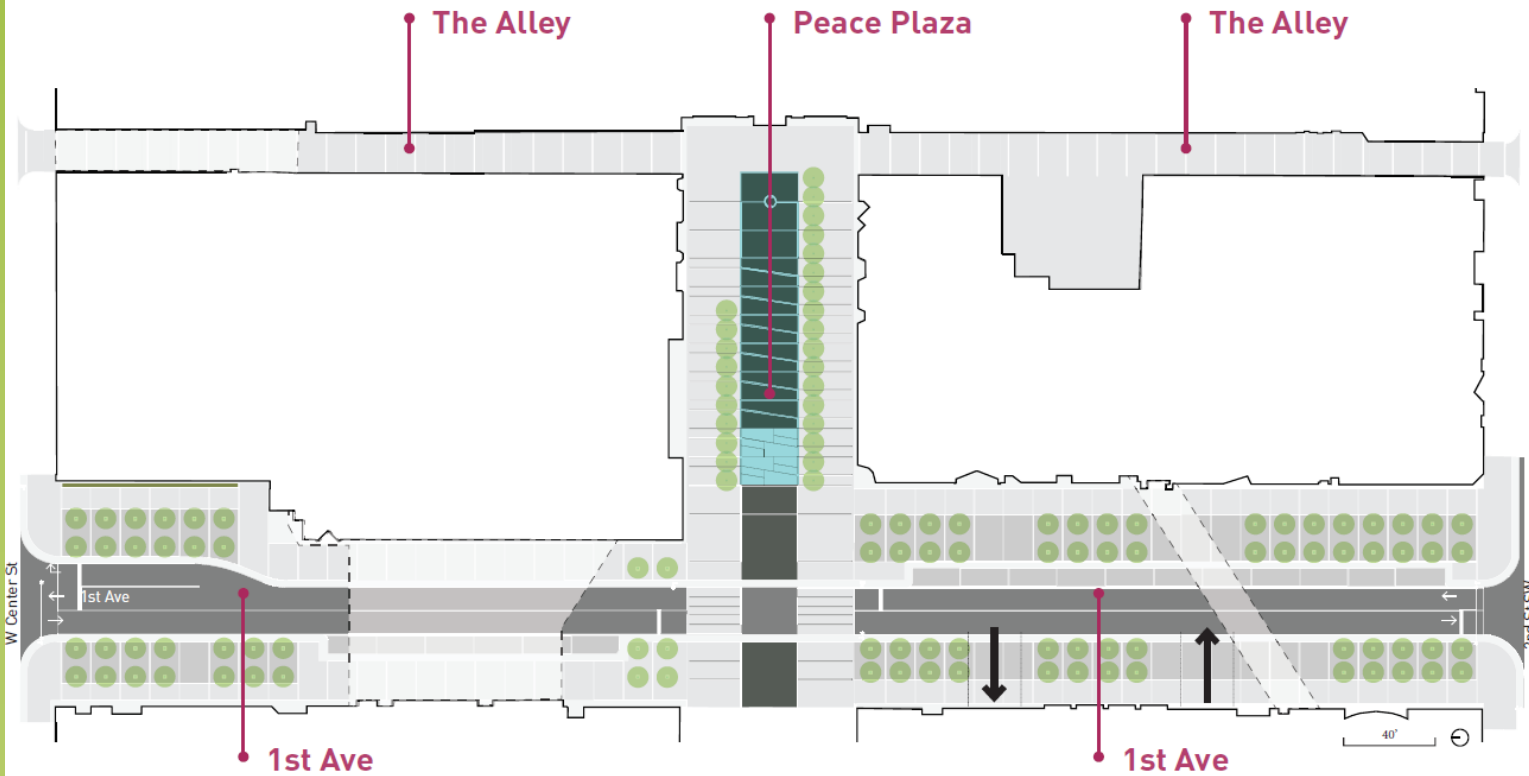


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# Heart of the City

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## Next Steps

- Approval of 2020 CIP to support construction implementation in 2020-2021.
- Completion of “Business First” construction documents- November 1, 2019
- Project bidding- November – December 2019
- Project construction 2020-2021
- Business support strategies in place and operational





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# Chateau Theatre

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## Progress and Next Steps

- Exhibits Design Group (EDG) was selected by the Rochester City Council.
- THE MAGICAL HISTORY TOUR | A BEATLES MEMORABILIA EXHIBITION will be the first exhibit- 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.





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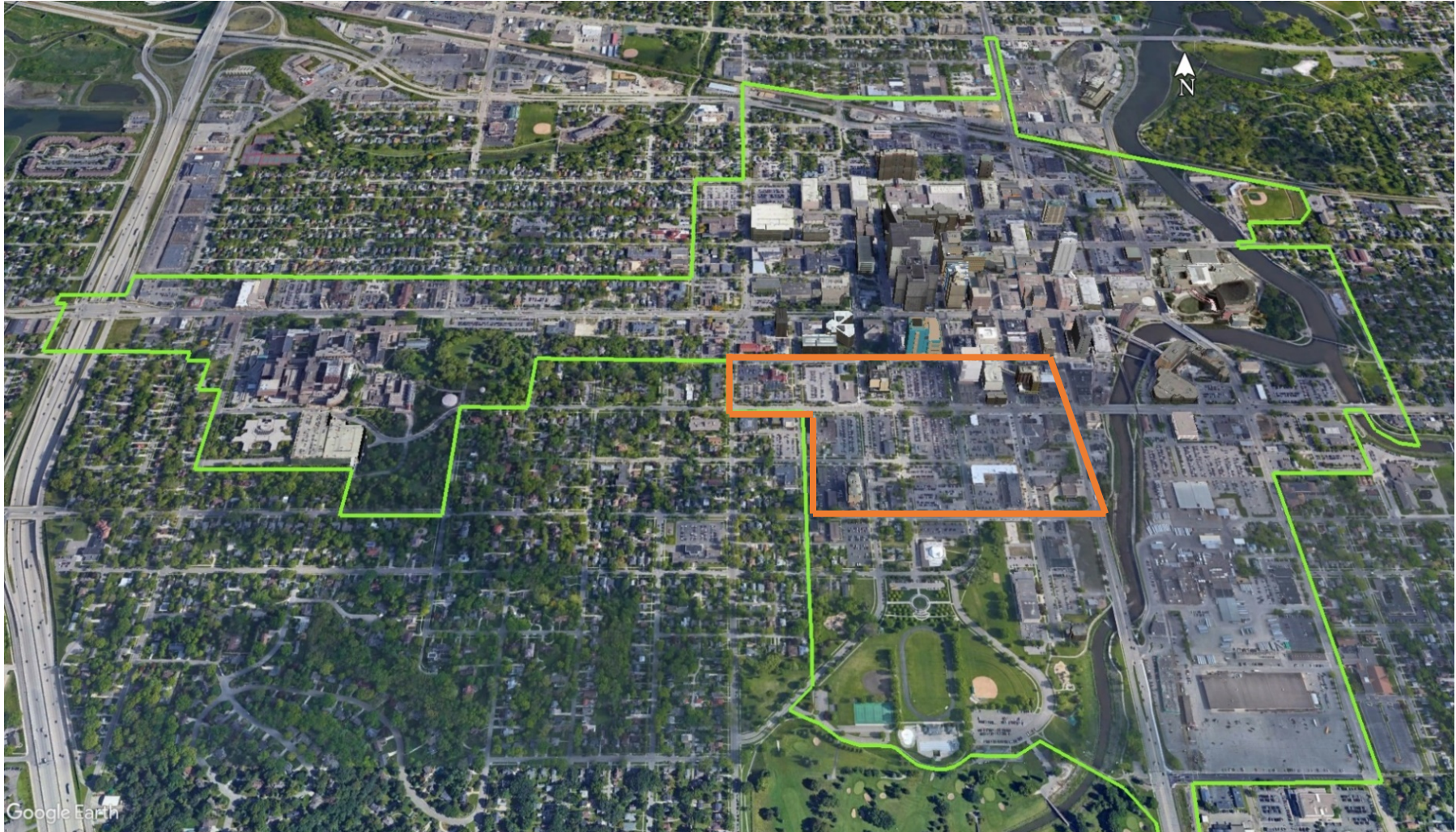
**Discovery Square**

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# Live-Work-Play







# Living in Discovery Square

## Recent activity

- The Residence at Discovery Square comes online later this year – residential and retail.
- The Maven on Broadway has occupied residential units even as construction is completed – residential and retail.
- 324 Apartments construction started

## Next steps

- Assist with creating market awareness of residential and retail opportunities for all Discovery Square properties.







# Playing in Discovery Square

## Recent activity

- Discovery Walk Stakeholder group is convening regularly, providing the DMC team with valuable insight and support.
- Prototyping activities took place on Sept 19<sup>th</sup>, survey feedback being analyzed.

## Next steps

- Launch design development work in 2020, aiming for 2021 construction.







# Working in Discovery Square

## Recent activity

- Entrepreneurial programming with various groups.
- Design Thinking Workshops at regional universities.
- Tenant recruitment for Discovery Square.

## Next steps

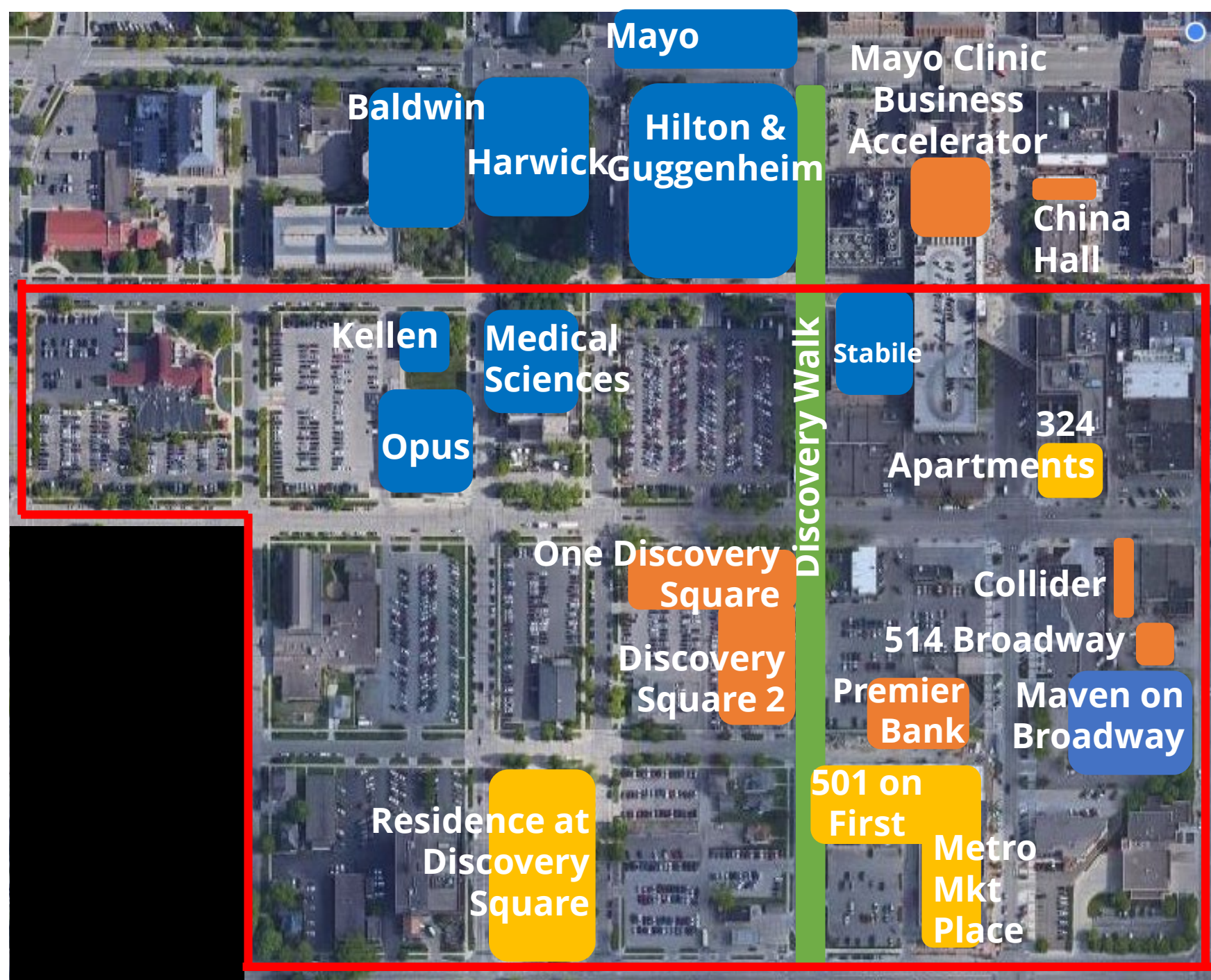
- Launch Assistive Tech Challenge 2.0 planning.
- Programming to integrate new Discovery Square businesses into the community.
- Bridge space plan to hold us until new space available.
- Consider how to develop low cost space for startup companies.





# The Discovery Square Canvas in 2015...

...and room to grow







# Discovery Square 2

A Healthcare Innovation Campus



# One Discovery Square - Update



What's Here Is  
**What's Next.**





- » Unique relationship opportunities with Mayo Clinic
- » Culture of Collaboration
- » Fostering an ecosystem to advance innovation for patient care
- » Iconic Architecture/Design and Amenity Spaces



***Epic***



**WuXiDiagnostics**

**MOTION MEDICAL**



  
**UNIVERSITY OF MINNESOTA  
ROCHESTER**



# Discovery Square 2 - Overview



- » **GSF: 123,654 / RSF: 117,236**
- » **5 stories**
- » **Construction Period: 18 months**
- » **Total Investment \$45,000,000**

What's Here Is  
**What's Next.**





# Discovery Square 2 – Unique Features



Discovery Square 2



- » Iconic architecture
- » Additional investment in the infrastructure
- » The Link
- » Large indoor/outdoor amenity spaces
- » Wired Score
- » Infrastructure to accommodate wet lab

What's Here Is  
**What's Next.**





What's Here Is  
**What's Next<sup>2</sup>**







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# Affordable Housing

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# Affordable Housing 2019 DMC EDA Workplan Objectives

## Objective A: Strategy Development

1. Current progress and needs
2. Identify high-potential parcels in the DMC District
3. Confirm opportunities available to DMC
4. Leverage community partners
5. Continue to engage in community activities related to a workforce housing strategy
6. Develop and share goals for DMC District units of affordable and senior housing

## Objective B: Project Development

1. Attract/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 activity with other priorities and plans
4. Identify and leverage public and private partners





# 2019 DMC EDA Workplan: Progress to Date

## 1. Strategy Development

- Maxfield Study Update – late 2019
- Parcel Analysis – completed
- Housing Coalition participation ongoing

## 2. Project Development

- Met with five entities interested in developing affordable housing since early 2019
- Real Estate Summit – Affordable Housing component
- Parking Ramp 6 – Commonbond developer selection
- Transit-Oriented Development Study – includes affordable housing strategy







# Commonbond Housing Concept

- Key Project Information:
  - Non-profit affordable housing developer that couples services with development
  - High-rise construction
  - Number of units and rents:
    - 127 units – 13 studio, 76 one bedroom, 38 two bedroom
    - Rents between 30%-80% AMI.
      - Studio rent range - \$492-\$1,314 /mo
  - Income averaging approach used for first time in Rochester
  - Anticipated Completion Schedule: Early 2023







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# DMC Development Plan

## Five Year Update

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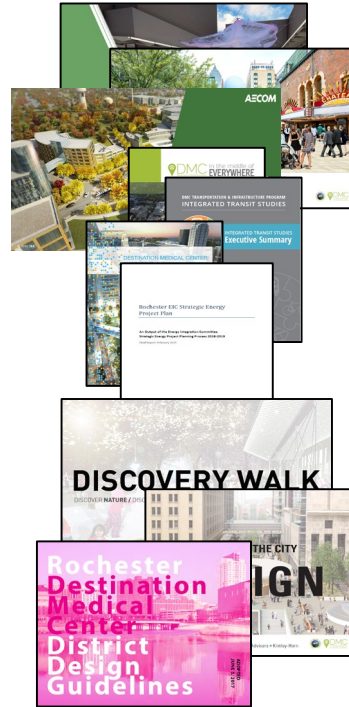
# Background

- The DMC Act requires that the DMC Development Plan be updated at least every five years
- The DMC Corp. board approved the current DMC Development in 2015
- Since 2015, significant additional planning and programing has been completed that complements the current DMC Development Plan
- The DMC Development Plan will be updated in 2020





# DMC Development Update



2020  
DMC  
DEVELOPMENT  
PLAN





# Proposed Framework for DMC Development Update

- Build consensus around goals and guiding principles
- Refresh out-of-date sections of current plan
- Incorporate recently completed plans
- Address contemporary community priorities, including affordable housing and workforce development





# 2019 Progress & Next Steps

- **Progress:**

- July-August: Review of planning documents
- July: Group interviews with economic development stakeholders
- July-September: Staff refinement of proposed framework and table of contents

- **Next Steps:**

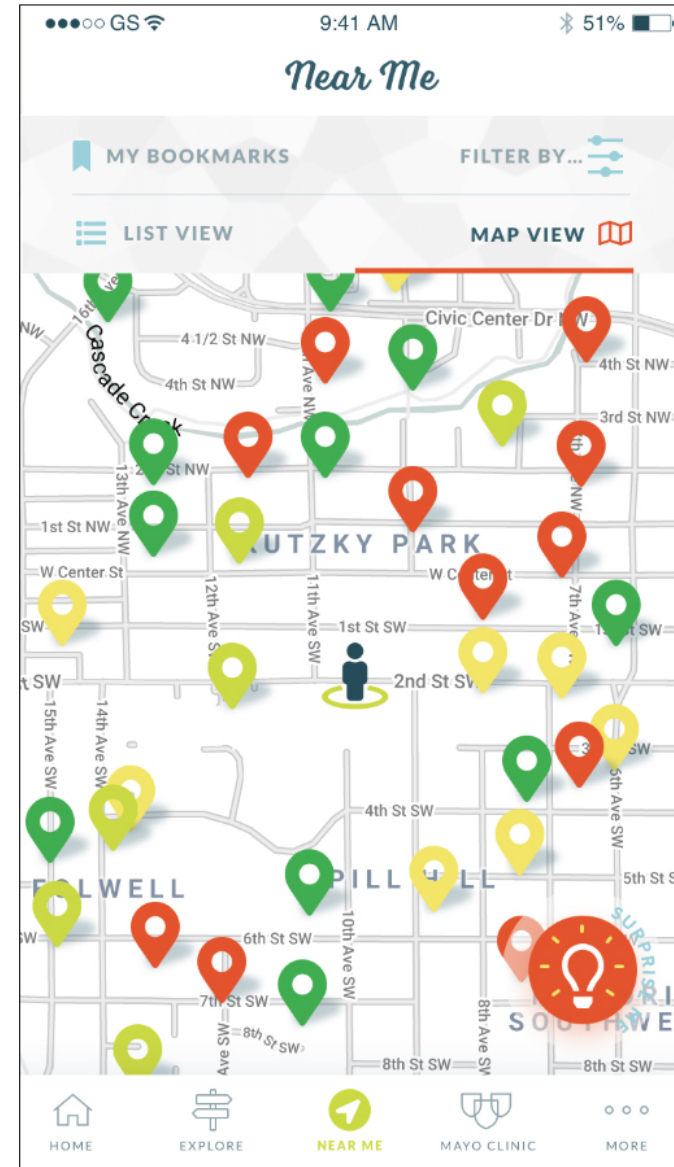
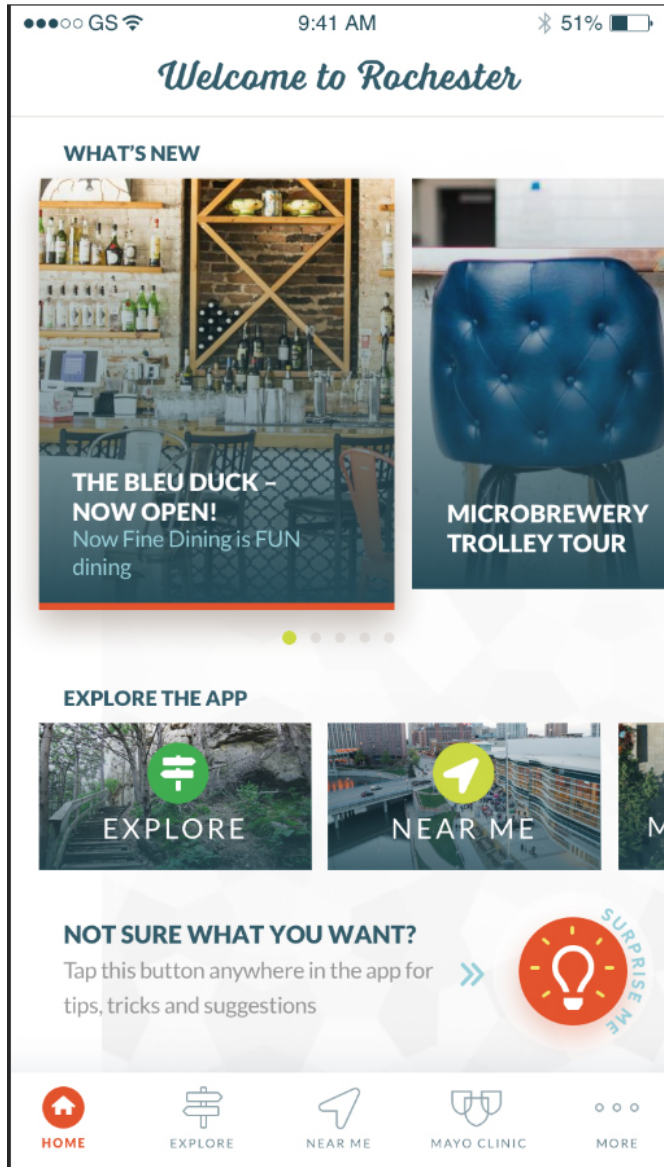
- September: Board reviews and discusses proposed plan update framework
- October: Staff refines scope and budget
- November: Board reviews and discusses proposed update scope and budget



# Mobile App Update

- DMC Goal #5: Ideal community member, patient and visitor experience
  - Why a mobile app?
  - Started with a review of gaps in experience, best practices, unique needs of Rochester community
- Mayo Clinic + Destination Medical Center + Experience Rochester
  - Unique one-of-a-kind partnership
  - Used data, research and discovery to develop an innovative mobile app that can best serve our community members, patients & visitors.









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# DMCC Board Meeting September 26, 2019

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