



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, November 19, 2020
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, November 19, 2020

9:30 A.M.

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as may be amended), the Destination Medical Center Corporation (DMCC) is holding its regularly scheduled November 19, 2020 9:30 AM meeting by telephone or other electronic means, according to Minnesota Statutes, Section 13D.021. DMCC Chair Rybak has concluded that an in-person meeting and the regular meeting location for the DMCC is not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the Minnesota Department of Health and the CDC. The public may monitor the meeting by calling the phone number listed below (#2) or on-line through the link below (#3).

In addition, to participate in the public hearing by telephone or videoconference:

1. Sign up at least one hour before the meeting by sending your full name, phone number, and email address to info@dmc.mn.
2. To join the meeting by telephone, dial 1-888-788-0099; when prompted, enter meeting ID 840 9968 1097.
3. To join the meeting by videoconference, use the following link:
<https://us02web.zoom.us/j/84099681097>

AGENDA

PAGE

I.	Call to Order	
II.	Roll Call	
III.	Approval of Agenda	1
IV.	Approval of Minutes: August 27, 2020	3
V.	Chair's Report	
VI.	Consent Agenda	
A.	Professional Auditing Services	
	<u>Resolution A</u> : Approving the Appointment of CliftonLarsonAllen LLP, Subject to Successful Negotiation and Execution of Agreement	7
B.	DMCC Budget: Year to Date Update	8
C.	<u>Resolution B</u> : Commending Randy Staver	11

D.	<u>Resolution C</u> : Commending Steve Rymer	12
E.	<u>Resolution D</u> : Commending Lisa Clarke	13
VII.	Public Hearing	
A.	Development Plan: Five-Year Update	15
B.	<u>Resolution E</u> : Adopting the 2020 Five-Year Update to the Development Plan	17
VIII.	Project Updates (City of Rochester, EDA)	
A.	Heart of the City	73
B.	Discovery Square	77
C.	Discovery Walk	
	<u>Resolution F</u> : Approving Design Development for the Discovery Walk Project and Authorizing Next Phase of the Work	79
D.	Transportation	81
E.	Other Private Projects	
	1. Bryk Apartments	83
IX.	Mayo Clinic Update (Presenter: Jeff Bolton, Mayo Clinic)	
X.	EDA Update	
A.	Waterfront Small Area Plan	85
B.	COVID-19 Organizational Response	87
C.	DMC Annual Meeting: December 3, 2020	
XI.	Meeting Schedule	
A.	Next Regular Meeting: February 3, 2021 at 9:30 A.M.	
XII.	Adjournment	

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, August 27, 2020
9:30 A.M.

MINUTES

- I. Call to Order. Chair R.T. Rybak called the meeting to order at 9:30 a.m.
- II. Roll Call. Chair R.T. Rybak, Mayor Kim Norton, Paul Williams, Jim Campbell, Commissioner Jim Bier, Pamela Wheelock, Michael Dougherty, and Council President Randy Staver were present.
- III. Approval of Agenda. Mayor Norton moved approval of the Agenda. Mr. Dougherty seconded.

Ayes: Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Secretary Williams.

Nays: None.
- IV. Approval of Minutes: May 28, 2020. Mr. Williams moved approval of the Minutes. Mayor Norton seconded.

Ayes: Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Secretary Williams.

Nays: None.
- V. Chair's Report. Chair Rybak summarized the agenda, and gave an overview of the meeting.
- VI. Consent Agenda.
 - A. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver: Motion: Elect not to waive statutory tort limits
 - B. 2021 Regular Meeting Schedule

Resolution A: Approving the 2021 Regular Meeting Schedule
 - C. DMCC 2020 Budget: Year to Date UpdateMr. Dougherty moved approval of the Consent Agenda. Mr. Williams seconded.

Ayes: Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.
- VII. Public Hearing.
 - A. Proposed Modification of the Development District Regarding the West Transit Corridor
 - B. Resolution B: Approval of the Proposed Modification of the Development District Regarding the West Transit Corridor

Lisa Clark, EDA Executive Director, described the proposed modification of the DMC development district. Chair Rybak opened the public hearing. No public comments were received prior to or offered during the hearing. Chair Rybak closed the public hearing. Ms. Wheelock moved approval of Resolution B. Mr. Williams seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

VIII. DMCC Form 990; Minnesota Annual Charitable Organization Report.

Resolution C: Approving the 2020 State of Minnesota Charitable Organization Report and 2019 Form 990

The DMCC's independent auditor, Craig Popenhagen of CliftonLarsonAllen, presented the DMCC's 2019 IRS Form 990 and Minnesota State Charitable Organization Report. Mr. Popenhagen reported that there are no changes to the DMCC's tax-exempt status, purpose, programs, or ability to solicit donations. Commissioner Bier moved approval of Resolution C. Council President Staver seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

IX. Development Plan: Five-Year Update.

Resolution D: Authorizing Submission of a Modification to the Development Plan to the City of Rochester (Five-Year Update)

Ms. Clarke introduced the five-year update to the DMC Development Plan and invited Patrick Seeb, EDA Economic Development and Placemaking Director, and plan update project manager Catherine Malmberg to join her in providing the update.

Mr. Seeb reported on 2015-2019 progress against DMC's twenty-year goals, and the sources and uses of DMC funding between 2015-2019. Mayor Norton asked if the investments in "planning and implementation" included marketing and other business development and recruitment activities. Mr. Seeb replied that it did; Mayor Norton replied that it would be helpful for these activities to be presented in their own category. Mayor Norton also asked that EDA and City staff continue to collaborate to determine the best measures of tax growth. Chair Rybak suggested that it would be helpful to understand how much of the City's tax base is generated by properties within the DMC development district. Mr. Campbell stated that the City's early investment in DMC is beginning to demonstrate results, particularly in the form of increasing annual commitments of State DMC aid.

Mr. Seeb presented the portion of the update dedicated to 2020-2024, noting that economic advisory firm HR&A Advisors has been retained to assist in the COVID-19 economic impact analysis. Mr. Seeb next described the DMC funding that is likely be available from 2020-2024, which may total \$200 million. A policy framework reflecting Board and City Council priorities would help staff recommend investments. If the Resolution is approved by the Board, the draft plan update will be presented for consideration by the Rochester City Council before returning to the DMCC for final approval. Mr. Campbell requested that Mayo Clinic present an update to the DMCC soon.

Ms. Wheelock moved approval of Resolution D. Commissioner Bier seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

X. 2021 DMCC Funding Request.

- A. Capital Improvement Plan
- B. 2021 EDA & City Staff Workplan and Budget
- C. 2021 DMCC Budget
- D. Working Capital Loan

Resolution E: Approving the 2021 DMCC Funding Request and Authorizing Transmittal

Chair Rybak described the components of the DMCC Funding Request and thanked Council President Staver, Mr. Campbell, and Commissioner Bier for advising staff throughout the funding request development process.

Mr. Seeb outlined the DMC Capital Improvement Program (CIP) principles and the major projects financed by the \$37.5 million 2021 DMC CIP public space, transit, and infrastructure improvements. Aaron Parrish, City Deputy Administrator, highlighted select DMC CIP projects, including a bridge at Sixth Street S.E. and continued investment in a riverfront strategy.

Council President Staver also described the sidewalk improvement project funded in the DMC CIP and suggested that the DMCC should allocate future funding to continued sidewalk improvements. Ms. Wheelock stated that the Board should better understand the respective funding and maintenance responsibilities of the DMCC and local units of government. Mayor Norton noted that the City Council believes this project is important and expects it will be financed with DMC funds. Chair Rybak asked how the City would have addressed sidewalk improvements without DMC; Council President Staver noted that the City has directed funding to DMC priorities that otherwise would have been used for sidewalk improvements. Mr. Staver remarked that property tax assessments would be a traditional source of project financing, but that current economic conditions make such assessments impractical. Chair Rybak noted that DMC funding effectively reduced the tax burden on affected small businesses, and Ms. Wheelock suggested that the Board approve the DMC CIP but be cautious in order to ensure that the Board is not setting precedent in offsetting assessments, since public infrastructure liabilities are great.

Ms. Clarke described the EDA operating budget and work plan. In 2021, Mayo Clinic will sustain its current level of EDA funding, and the EDA recommends that its funding from the DMCC be reduced by fifteen percent.

Mr. Parrish outlined the proposed budget for the City of Rochester DMC project management team. Ms. Lamb described the proposed DMCC operating budget, which includes a decrease in the legal services budget and budget increases for auditing services and Board meeting room rentals. Ms. Lamb also describe the DMCC and EDA working capital loans.

Mr. Campbell moved approval of Resolution E. Commissioner Bier seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

XI. Project Updates (City of Rochester, EDA).

A. Transportation.

Resolution F: Approving the Downtown Rapid Transit Small Starts Funding Application

Mr. Seeb reported that the Board is being asked to approve the application for federal grant funding of the first phase of the DMC transit circulator, which was approved by the City Council prior to this meeting. The DMC CIP includes funding for the grant's required local match. Mr. Parrish outlined the project timeline and next steps. Commissioner Bier noted that Olmsted County leaders continue to meet with the City and EDA to advance discussions of the anticipated southeast transit village.

Commissioner Bier moved approval of Resolution F. Council President Staver seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

- B. Heart of the City. Ms. Clarke reported that Heart of the City construction is ahead of schedule, in part due to the Board's direction to accelerate projects during this economic downturn. Mr. Seeb noted that the DMC development plan envisioned a street-level connection between Mayo Clinic's Gonda Building and the Mayo Civic Center; EDA and City staff are in early discussions with property owners.

- C. Discovery Square. Ms. Clarke stated that Discovery Square 2 will break ground in 2020 and that Discovery Walk funding was included in the 2021 DMC CIP. One Discovery Square is significantly leased and discussions are underway with potential Discovery Square 2 tenants.

- XII. EDA Update. Ms. Clarke described the EDA's ongoing strategies to mitigate the negative economic impacts of COVID-19, including grants, business communications, webinars, business consultations, and participating in the Rochester Ready initiative. Commissioner Bier and Council President Staver described the County's and City's respective uses of federal CARES Act funding and COVID-19 response efforts.

XIII. Meeting Schedule.

- A. Next Regular Meeting: November 19, 2020 at 9:30 A.M.

- XIV. Adjournment. Commissioner Bier moved to adjourn the meeting. Council President Staver seconded.

Ayes: Commissioner Bier, Mr. Campbell, Mr. Dougherty, Mayor Norton, Council President Staver, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

Approving the Appointment of CliftonLarsonAllen LLP, Subject to Successful Negotiation and Execution of Agreement

BACKGROUND RECITALS

1. The Destination Medical Center Corporation (“DMCC”) and Destination Medical Center Economic Development Agency (“EDA”) desire to seek professional auditing services for a three year engagement, covering the audit years of 2020, 2021, and 2022.

2. A Request for Proposals was issued on September 23, 2020, was posted on the websites of the DMCC, EDA, and the City of Rochester (the “City”) and was mailed to interested parties. The due date for responses was October 14, 2020.

3. Proposals were received and reviewed from the following firms:

CliftonLarsonAllen LLP

Baker Tilly US, LLP

4. An evaluation group, comprised of representatives of the DMCC, EDA, and City, met to review the proposals and unanimously recommended for approval the firm of CliftonLarsonAllen LLP, subject to successful negotiation and completion of an agreement.

5. The EDA concurred with the recommendation of CliftonLarsonAllen LLP at its meeting of November 5, 2020.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it approves the selection of CliftonLarsonAllen LLP, for a three-year engagement, subject to successful negotiation and execution of an agreement.

BE IT FURTHER RESOLVED that the Chair or Treasurer of the DMCC is authorized to negotiate and execute an agreement and engagement letter according to the terms of the RFP and the response to the RFP received from CliftonLarsonAllen LLP.

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: November 10, 2020

RE: October 2020 DMCC Budget Summary



The attached unaudited financial summary of activity through October of 2020 reflects total year-to-date DMCC operating expenditures of \$1,798,218 of the \$2.873 million approved 2020 budget. The remaining amount unspent represents 37% of the total budget with only 16.7% of the year remaining. There is an additional payment request about to be submitted by the DMC EDA for October activity. Those costs will be paid by DMCC in November.

The second page of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. Approximately \$13.3 million has been spent on these projects through October of this year. Total life-to-date expenditures on these projects is just over \$53.2 million.

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

Destination Medical Center Corporation

Financial Budget Summary

October 2020 (unaudited)

	2020 Approved Approved Budget	Curent Month October 2020	October 2020 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	41,000	25	8,373	32,627	80%
Professional Services	225,500	20,878	114,808	110,692	49%
Insurance and Bonds	20,000	16,033	26,907	(6,907)	-35%
Contributions (Keep It Local Grants - Pandemic Response)		-	51,078	-	
Subtotal DMCC	286,500	36,936	201,165	136,413	48%
Third Party Costs - DMC EDA **					
Payroll, Staff, Administration & Benefits-EDA	965,481	55,326	571,749	393,732	41%
Operating Expenses	69,695	6,204	120,080	(50,385)	-72%
Operational Costs - Contracted		3,479	21,932	(21,932)	#DIV/0!
Economic Development Outreach & Support	807,200	33,670	361,685	445,515	55%
Professional Services	677,770	21,753	521,607	156,163	23%
Miscellaneous Expenses	50,000	-	-	50,000	100%
Subtotal EDA	2,570,146	120,432	1,597,054	973,092	38%
Total DMCC 2020	2,856,646	157,368	1,798,218	1,058,428	37%
2019 Budget Carryover - Encumbered Funds for EDA Contracts	16,800	-	-	16,800	100%
Totals for 2020 Including Encumbrance	2,873,446	157,368	1,798,218	1,075,228	37%
NOTE: As of the date of this report (11/9/2020) payment request was about to be submitted by the DMC EDA for October activity.			DMCC Working Capital Note	1,000	
			EDA Working Capital Note	75,000	

DMCC Projects - Managed by the City of Rochester

As of 10/30/2020

Project	YTD Expenditures	Project Budget	Life To Date Expenditures
8611C- - Sn/S12AvSW/NW<2StSW>2StNW	55,996	2,850,000	579,017
8612C- - WZmbrRvrSn/SRIflin<CookPk>CCDr		950,000	46,592
8613C- - ChateauTheatrePre-OccupancyM&O	65,084	4,826,802	436,439
8614C- - DMCTransit&InfratrctrPrgmMgmt	9,872	3,260,524	1,826,262
8617C- - Broadway @ Center Parking Ramp		10,500,000	10,500,000
8618C- - SharedParkngStudy&PrgmDevlpmnt	35,298	2,061,854	1,874,219
8620C- - City Loop Plan		1,209,938	968,732
8621C- - Transit Circulator Study		2,241,532	1,780,877
8623C- - DMCC Street Use Study		3,117,708	2,885,882
8624C- - ChateauTheatreBldgImprov/Purch	167,556		8,404,650
8625C- - Heart of the City	7,142,523	11,648,940	9,477,284
8626C- - Sn/SUsize1Av&3AvSE<4StS>1StN	2,812,082	8,500,000	8,344,382
8326 C - Reconst4thStSW<1stAve>6thAveSW			2,250,000
8628C- - Downtown Circulator Project	229		269,941
8632C- - Downtown Changes COVID-19	41,537		41,537
8702C- - RPTSolarPwrdbusFleetGrntApp			51,333
8703C- - FTA TOD Pilot PrgmGrntApplctn			26,058
8704C- - FTA Low-NoEmissions PrgGrntApl			1,140
8705C- - TransitCrcltr-FTAGrntBus&Facit			19,258
8706C- - DMCTransitCirculatorTODPlnStdy	672,041		829,414
8707C- - Rapid Transit Projects	936,231		936,231
8708C- - Transit Villages 1&2	29,321		29,321
8709C- - Arrive Rochester Implementatn	17,200		17,200
8804C- - TH 52 LID Bld GrantApplication			22,145
8901C- - TH 14/52 InterchangeBldGrntApp			36,331
8902C- - FestivalAreaStdy&ConceptDesign			84,133
8903C- - DedctdBikeLns-3rd/4thAve&CtrSt	1,167,550		1,400,497
8904C- - Discovery Walk	105,700		105,700
Grand Total	13,258,222	51,167,298	53,244,576

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

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

**Commending Randy Staver and Expressing Gratitude for His Service
to the Destination Medical Center Corporation**

BACKGROUND RECITALS

WHEREAS, in March, 2020, Randy Staver began his service on the Destination Medical Center Corporation Board of Directors (the “Board”); and

WHEREAS, Mr. Staver has been actively engaged in the establishment of Destination Medical Center as an active partner representing the City of Rochester (the “City”), first as Council member for the Fifth Ward, and since 2013 as President of the City Council; and

WHEREAS, Mr. Staver offered a unique perspective to the Board, by virtue of his tenure on the Rochester City Council, his background in information technology, media support services and management engineering, and his current and past memberships on multiple City boards and commissions, not to mention his participation in so many other civic, educational, cultural, and athletic organizations; and

WHEREAS, Mr. Staver’s focus and the strategic emphasis he offered in the critical areas of budget, City infrastructure, and governance was extremely helpful to the Board; and

WHEREAS, Mr. Staver has been instrumental in the deliberations and refinement of the Development Plan for the Destination Medical Center initiative and in framing the Board’s priorities in these areas: Discovery Square, Heart of the City, and transportation initiatives; and

WHEREAS, Mr. Staver’s commitment to the citizens of Rochester and the surrounding communities has been steadfast and well-reflected in his service on the Board, and his stewardship of the Board’s mission and purpose has been unwavering.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it commends Randy Staver for his service to the Board, to the community, and to the State of Minnesota.

BE IT FURTHER RESOLVED, that the Board expresses its gratitude to Mr. Staver for his devotion of time and energy to the Board, for his leadership in establishing priorities for the Board, for his engagement on issues and willingness to share expertise, and for his resolute determination to make Rochester, Minnesota, America’s City for Health.

DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ____-2020****Commending Steve Rymer and Expressing Gratitude for His Service
to the Destination Medical Center Corporation****BACKGROUND RECITALS**

WHEREAS, the Destination Medical Center Corporation (“DMCC”) was established by law in 2013 to exercise oversight, adopt plans and approve projects as part of an initiative by the State of Minnesota to make Mayo Clinic, and the City of Rochester, Minnesota (the “City”) a destination medical center (“Destination Medical Center”); and

WHEREAS, since its inception, the DMCC has worked closely with the City to accomplish the goals of the law; and

WHEREAS, in 2017, Steve Rymer was appointed by the City to serve as City Administrator; and

WHEREAS, one of Mr. Rymer’s many responsibilities has been focused on advancing the work of Destination Medical Center and the relationship of the City and the DMCC; and

WHEREAS, Mr. Rymer offered a unique perspective to the DMCC, by virtue of his background in public administration and local government for the cities of New Brighton, Minnesota and Morgan Hill, California; and

WHEREAS, Mr. Rymer’s focus and the strategic emphasis he offered in critical areas such as transit, infrastructure, housing, and City priorities was extremely helpful to the Destination Medical Center Corporation Board of Directors (the “Board”); and

WHEREAS, Mr. Rymer’s commitment to the citizens of Rochester has been steadfast and well-reflected in his service to the Board.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it commends Steve Rymer for his service to the Board, to the community and to the State of Minnesota.

BE IT FURTHER RESOLVED, that the Board expresses its gratitude to Mr. Rymer for his devotion of time and energy to the Board, for his leadership in establishing priorities for the Board, for his engagement on issues and willingness to share expertise, and for his resolute determination to make Rochester, Minnesota, America’s City for Health.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2020

**Commending Lisa Clarke and Expressing Gratitude for Her Service
to the Destination Medical Center Corporation**

BACKGROUND RECITALS

WHEREAS, in 2013, the Minnesota Legislature passed legislation establishing the destination medical center initiative (the “Destination Medical Center”) to foster development and investment in Rochester, Minnesota (the “City”), home to the Mayo Clinic; and

WHEREAS, on May 23, 2013, Governor Mark Dayton signed Chapter 143, 2013 Minnesota Laws into effect (the “Act”); and

WHEREAS, the Act established an ambitious public-private partnership, intended to create a comprehensive strategic plan that would, over the life of the initiative, stimulate over \$5 billion in private investment that would be supported by \$585 million in public funds, create 35,000-45,000 new jobs, generate \$7.5-\$8.5 billion in net new tax revenue, and achieve the highest quality patient visitor and resident experience; and

WHEREAS, beginning in 2010, well before the passage of the legislation, Lisa Clarke had been involved in all facets of the planning, research, and development of the proposal that would culminate in the passage of the Act in 2013; and

WHEREAS, the Act established the Destination Medical Center Economic Development Authority (the “EDA”) to assist in the implementation of the Destination Medical Center; and

WHEREAS, since the EDA’s inception in 2013, Ms. Clarke has served as the Executive Director; and

WHEREAS, Ms. Clarke brought a varied background and specific expertise to her work at the EDA, by virtue of her years in communication and community relations at Mayo Clinic, her professional involvement in numerous organizations, including the Rochester Chamber of Commerce, the Rochester Area Foundation, Collider Coworking, Rochester Arts and Cultural Trust, the Minnesota Women’s Economic Roundtable, Rochester Area Economic Development, Inc., and many more; and

WHEREAS, Ms. Clarke’s vision, determination, and energy, combined with her creativity and resourcefulness, contributed to the overwhelming achievements of the Destination Medical Center thus far and has positioned it for continued success; and

WHEREAS, Ms. Clarke is known as a tireless champion of the Destination Medical Center initiative, and her commitment to the citizens of Rochester and the surrounding

communities has been steadfast and well-reflected in her service to the Destination Medical Center Corporation (the “Board”).

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it commends Lisa Clarke for her service to the Board, to the community, and to the State of Minnesota.

BE IT FURTHER RESOLVED, that the Board expresses its gratitude to Ms. Clarke for her devotion of time and energy to the Board, for her leadership in establishing priorities for the Board, for her engagement on issues and willingness to share expertise, and for her resolute determination to make Rochester, Minnesota, America’s City for Health.

1304489-4.DOCX

Development Plan Five Year Update

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020



Request of the DMC Corporation board of directors:

Endorse the DMC Development plan update approved by the Rochester City Council and recommend by the DMC EDA Board of Directors.

Background:

The process to update the DMC Development Plan began in July 2019, with the following direction from DMCC board of directors:

- Don't reinvent the wheel
- Build off 2015 DMC Development plan and subsequent plans
- Synthesize current plans into digestible implementation schedule
- Reset expectations based on COVID-19 impact
- Establish a framework for future decisions

Catherine Malmberg, an affiliate member of the Minnesota Design Center, was retained to lead the update process under the direction of DMC EDA staff. Input was received from regional economic development and planning partners. In addition to the 2015 DMC Development Plan, all subsequent and related plans were reviewed, such as the Integrated Transportation Studies, Heart of the City design, Graham Park masterplan, DMC Design Guidelines, and City Comprehensive Plan.

Three firms were retained to assist with data collection and analysis:

- AECOM: measure progress against the targets established for Phase I
- Urban 3: analyze the tax capacity growth in the DMC during Phase I and illustrate the relative advantage of dense urban development on cost of government services
- HR&A: develop economic impact scenarios for Rochester due to COVID 19.

On August 27, 2020, the DMC Corp. board of directors submitted the DMC EDA-recommended plan update to the Rochester City Council, beginning a 60-day public comment period. During that period, DMC EDA staff coordinated several virtual community engagement events, reviewed the draft update with City and County staff, and continued adjusting our economic development forecasts in light of the COVID-19 pandemic with the assistance of professional economic advisory firms. These events have included several public webinars as well as discussions with the board of directors of Rochester Area Economic Development Inc (RAEDI), the Rochester Area Chamber of Commerce, and Experience Rochester (the City's convention and visitor's bureau). The engagement and additional insights provided during that 60-day review period has been highly valuable. DMC EDA staff refined the draft plan update to reflect this stakeholder input, the most substantive of which includes refinements to our 2020-2024 development projections given the development of pandemic-related economic recovery scenarios.

On October 19, 2020 the Rochester City Council approved the refined DMC plan update. Additionally, the City Council incorporated the COVID-19 impact analysis findings developed by DMC EDA and HR&A staff into the plan update. DMC EDA staff concur with this addition and recommend that the DMC EDA board of directors endorse the refined plan update and recommend that the DMC Corp. adopt the plan update as presented by the DMC EDA.

Approvals, milestones, and decision points:



DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __ - 2020

Adopting the 2020 Five-Year Update to the Development Plan (Modification Number 3 to the Development Plan)

BACKGROUND RECITALS

1. Pursuant to Minnesota Statutes Section 469.43, the Destination Medical Center Corporation (“DMCC”), working with the City of Rochester (the “City”) and the Destination Medical Center Economic Development Agency (the “EDA”), adopted a development plan on April 23, 2015, as amended (the “Development Plan”).

2. The statute requires that the DMCC update the Development Plan not less than every five years. A modification or update must be adopted by the DMCC upon notice and after the public hearing and findings required for the original adoption of the Development Plan, including approval by the City.

3. The EDA presented a draft of the proposed five year update to the Development Plan (the “Five-Year Update”) to the DMCC on August 27, 2020. By Resolution 102-2020, the DMCC submitted the proposed Five-Year Update, the third proposed modification to the Development Plan, to the City for action.

4. The City of Rochester Common Council held a meeting on October 19, 2020 to receive public input and to consider the Five-Year Update. The City Council amended and approved the Five-Year Update in a Resolution passed and adopted on October 19, 2020. A copy of the City Council Resolution is attached hereto as Exhibit A.

5. On September 16, 2020, the DMCC made copies of the Five-Year Update available to the public at the DMCC’s, City’s, and EDA’s offices during normal business hours, and on the DMCC’s and City’s websites. On November 3, 2020, the DMCC published notice of a public hearing scheduled for November 19, 2020 in the *Rochester Post-Bulletin*, the official newspaper of the City and subsequently posted the notice on the DMCC, City, and EDA websites. The DMCC received written comments through November 12, 2020.

6. With the benefit of months of review, multiple public meetings, written comments, public testimony, comments from City, and public officials, the DMCC makes the following findings of fact and resolution.

FINDINGS OF FACT

1. The Five-Year Update, in conjunction with the Development Plan, provides a framework for implementing the mission of the DMCC. The DMCC mission statement is as follows:

“With Mayo Clinic at its heart, the Destination Medical Center (DMC) initiative will be the catalyst to position Rochester, Minnesota as the world’s premier destination center for health and wellness; attracting people, investment, and jobs to America’s City for Health and supporting the economic growth of Minnesota and its biosciences sector.”

2. The Five-Year Update comports with the goals and objectives adopted by the DMCC, in Resolution 02- 2013, as detailed in Section 1.1.2 of the Development Plan.

3. The Five-Year Update, in conjunction with the Development Plan, provides an outline for the development of the City as a destination medical center, and the Five-Year Update is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives.

4. The proposed development affords maximum opportunity, consistent with the needs of the City, Olmsted County, and the State, for the development of the City by private enterprise as a destination medical center.

5. The proposed development conforms to the general plan for the development of the City and is consistent with the City Comprehensive Plan. For purposes of this Finding Five, “proposed development” means the conceptual general framework for development outlined in the Five-Year Update and approved by the City in its resolution adopted on October 19, 2020.

6. The Five-Year Update, in conjunction with the Development Plan, includes:

a. 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;

b. Estimates of short- and long-range fiscal and economic impacts;

c. 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;

d. Land use planning;

e. Transportation and transit planning;

f. Operational planning required to support the medical center development district; and

g. Ongoing market research plans.

7. In the Resolution passed and adopted on October 19, 2020, the City amended and approved the Five-Year Update to the Development Plan.

8. In a Resolution passed and adopted on November 5, 2020, the EDA Board of Directors endorsed the Five-Year Update to the Development Plan, as approved by the City, and recommended it to the DMCC for approval.

9. On November 19, 2020 at 9:30 a.m., the DMCC held a meeting and public hearing to receive public input and to consider the Five-Year Update. The DMCC published notice of the hearing at least ten days in advance in the *Rochester Post-Bulletin*. The DMCC also received written comments through November 12, 2020.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Destination Medical Center Corporation Board of Directors that the Five-Year Update, the third modification to the Development Plan, dated and revised as of November 19, 2020, attached as Exhibit B and on file with the DMCC is hereby adopted, in conjunction with the Development Plan, as a conceptual framework to guide implementation of the Destination Medical Center initiative under Minnesota Statutes, Sections 469.40 to 469.47 and the mission of the DMCC.

BE IT FURTHER RESOLVED that the DMCC Chair and Vice Chair are authorized to take such other actions as are necessary and appropriate to effectuate the adoption of the Five-Year Update to the Development Plan.

EXHIBIT A**RESOLUTION****Five-Year Update to the Destination Medical Center Development Plan.**

WHEREAS, on March 23, 2015, the Common Council of the City of Rochester adopted Resolution No. 133-15 approving the Destination Medical Center (DMC) Development Plan; and,

WHEREAS, Minnesota Statutes, section 469.43, subd. 4 requires that the Destination Medical Center Corporation (DMCC) update the Development Plan not less than every five years; and,

WHEREAS, on August 27, 2020, the DMCC formally submitted the Five-Year Update to the Development Plan (Forward: Creating Rochester's Tomorrow) to the City of Rochester for its review and action within 60 days; and,

WHEREAS, the DMC Economic Development Agency (EDA) has coordinated ongoing community engagement activities; received additional feedback and input from community members, City and County staff, stakeholders, and professional advisory firms; and corrected minor grammatical and editing errors found in the Five-Year Update to the Development Plan; and,

WHEREAS, the DMC EDA has advised the City that the most substantive of these additions include scenario-based forecasts of the economic impact of the global COVID-19 pandemic and updated built program projections for 2020-2024; and,

WHEREAS, the DMC EDA has incorporated these additions into the submission provided by the DMCC and recommends that the Common Council of the City of Rochester adopt this updated version; and,

WHEREAS, the City has reviewed the Five-Year Update to the Development Plan as updated by the DMC EDA;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Rochester that the City approves the Five-Year Update to the Development Plan, including the additions provided by the DMC EDA.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF
ROCHESTER, MINNESOTA, THIS 19th DAY OF October, 2020.

ATTEST:


CITY CLERK


PRESIDENT OF SAID COMMON COUNCIL

APPROVED THIS 21st DAY OF October, 2020.




MAYOR OF SAID CITY

FORWARD

CREATING ROCHESTER'S FUTURE



DMC
Destination
Medical Center
Rochester, MN

TABLE OF CONTENTS

- 3 Introductory Letter
- 4 Executive Summary

CONTEXT

- 8 What is DMC?
- 12 DMC Goals
- 14 Guiding Principles
- 16 Geo and Demographic context
- 18 Healthcare Context
- 20 DMC Area Sub-districts
- 22 COVID-19 Impact Analysis

PROGRESS

- 28 Goal 1: Strategic Plan
- 32 Goal 2: Investments
- 40 Goal 3: Jobs
- 46 Goal 4: Tax Revenue
- 52 Goal 5: Experience

LOOKING FORWARD

DMC Structure

- 59 Governance
- 60 Responsibilities
- 62 Policy Framework

Transformative Private Development

- 65 Context and Background
- 67 Phase 1 Progress (2015-2019)
- 68 Sustainability and Equity Considerations
- 70 Major projects for Phase 2
- 71 COVID-19 Consideration and Potential Impacts

Mobility

- 73 Context and Background
- 74 Phase 1 Progress (2015-2019)
- 78 Major Projects for Phase 2
- 79 Sustainability and Equity Considerations
- 79 COVID-19 Consideration and Potential Impacts

Public Realm

- 81 Context and Background
- 82 Phase 1 Progress (2015-2019)
- 83 Sustainability and Equity Considerations
- 84 Major Projects for Phase 2
- 85 COVID-19 Consideration and Potential Impacts

Streets and Sewers

- 87 Context and Background
- 88 Phase 1 Progress (2015-2019)
- 89 Sustainability and Equity Considerations
- 90 Major Projects for Phase 2
- 90 COVID-19 Consideration and Potential Impacts

APPENDIX

- 92 All referenced documents will be made available at DMC.mn

ACKNOWLEDGEMENTS

- 94 DMC 5 Year Report Acknowledgments

DEAR COLLEAGUES:

Over the past five years, DMC has been setting the table for Rochester's future through planning, investment and infrastructure. Moving into our sixth year, we continue to build toward the vision defined in our 2015 Development Plan – a guide for each phase of development across six integrated sub-districts. But as we begin the Development Plan's next five-year phase, we are reassessing and refining our plans to account for the new challenges posed by the COVID-19 pandemic.

As this report is finalized, the pandemic is still running its course. You will read a summary in this update of the research we commissioned to help us better understand the pandemic's implications and the considerations we are addressing to create safe connections between people and places. Our intent is to emerge as a city that is more resilient and better equipped for tomorrow, a city that as the premier global destination for health and wellness can safely and confidently attract people, investment and jobs.

Despite the pandemic's challenges, the DMC model is working. Today's progress is testimony to the power of collaboration. I want to acknowledge the guidance and contributions of many, including DMCC and DMC EDA board members, our partners at the City of Rochester, Olmsted County and the State of Minnesota, as well as our civic leaders and community partners, and of course, DMC EDA team members. We appreciate the many members of our community who have expressed interest and have taken part in our planning sessions, lending their voices to discussions regarding the creative use of community spaces and shaping our plans.

Our focus remains steadfast as we continue to realize our vision. The health and welfare of our community remains foremost. We want a Rochester that retains authenticity while offering extraordinary opportunities for residents and businesses



to thrive. We are dedicated to creating a welcoming city shared with patients and visitors, a city that works for all, and one we are exceedingly proud to call home.

As you read through the update, keep in mind that it provides a snapshot of today, divided over five Phase One project areas. Each area documents stages of development, project completion and economic impact to our city, county and state. It also addresses areas where our original plans have changed course.

Thank you to all whose encouragement,

questions and, yes, challenges have made and continue to make DMC better and stronger. Together we are moving forward to create Rochester's safe, vibrant and innovative tomorrow.

Sincerely,

Lisa Clarke
Executive Director
DMC EDA

Cover photo and several photos within this document provided by William Forsman Photography

EXECUTIVE SUMMARY

Why is there a 5-year update?

The DMC Development Plan was created as a 20-year vision and framework to guide the development of the heart of downtown Rochester. Over that time period it was anticipated that market conditions would change and evolve, as would the needs of the community and Rochester. Thus the strategy of an update every 5 years was also established as part of the DMC statute. This first update aims to capture:

- + What happened in the first 5 years of DMC?

- + What does DMC have planned for the next 5 years?
- + What additional considerations may impact the 2nd phase of DMC (2020-2024)?

What happened in the first 5 years of DMC?

New Jobs

Rochester added approximately 7,700 positions over the past five years, with growth concentrated in healthcare and additional jobs added in retail, hospitality, research and office segments. More than 80 percent of the new jobs

paid more than Rochester's Area Median Income of approximately \$75,000. More local women and minority owned businesses are needed to fulfill the DMC vision and the project is on track to meet its 2035 jobs goal.

New Investment

Private investment during Phase 1 exceeded goal and totaled \$963 million, which leveraged \$98 million of public investment, including TIF funds. In all sectors except hotels, actual buildouts exceeded planned square footage. Projections indicate strong Phase 2 public funding while the impact of COVID-19 will influence how private investment occurs in 2020-2024.

New Tax Revenue

Phase 1 programs and investments delivered a tax revenue impact equal to roughly 12 percent of the goal, ahead of projections. New job creation has been the main driver of increased tax revenue. The impact of the COVID-19 pandemic on future tax revenue projections is being analyzed. DMC is working with the city and other collaborators to update the relevant economic models and projections.

Plans and Prototypes

To create the DMC Development Plan, DMC EDA recruited a group of the nation's leading development and planning consultants to work in collaboration with the City of Rochester, Olmsted County, Mayo Clinic and community stakeholders. More detailed planning exercises with numerous organizations have also occurred, focused particularly on public realm planning, mobility options, housing needs and downtown energy district planning.

Transforming Experiences

The DMC team forged new partnerships with a range of community stakeholders to advance DMC's core goal of delivering the highest quality patient, visitor and community member experience now and in the future. The "When in Rochester" app and a new RDA Ambassadors program grew out of ongoing efforts to ease stress for visiting patients and their companions and improve their stay experience from arrival through shift from clinical care to free time and end-of-day activities.

What does DMC have planned for the next 5 years?

Mobility

Extensive planning and prototyping developed during Phase 1 will start becoming more visible in Phase 2. Major mobility initiatives include updated pedestrian and bike amenities, links to existing trails, a high-frequency electric bus rapid transit route and a pilot use of autonomous vehicle technology.

Public Realm

Some signature elements of the public realm vision for DMC will complete construction during Phase 2, including

Heart of the City and Discovery Walk. Planning for the Downtown Waterfront public realm space will begin with initial construction completed by the end of Phase 2. Design and construction of key other public realm components will be coordinated with complementary transit initiatives.

Streets and Sewers

A number of projects that moved through the design process in Phase 1 will proceed to construction in Phase 2. The priorities are infrastructure projects that encourage additional downtown development, including the replacement of surface parking lots with development that will increase downtown's vibrancy, support jobs, retail or housing and increase tax revenue. Water, sewer, and stormwater projects continue in varying stages of repair or replacement to support new development in the DMC District.

Transformative Private Development

Building on the success of One Discovery Square, a multi-tenant, life science and technology innovation building in the Discovery Square sub-district, a groundbreaking on a second building occurred in late 2020, with a targeted

opening in 2022. The Discovery Square sub-district is the economic engine for DMC. The bio-med-tech innovation fueled by Mayo Clinic's proximity drives entrepreneurial growth and remains a core focus for DMC. At the same time, more housing options and supporting vibrant local retail will also be a critical focus for DMC.

Community Experience

Collaborating to create a downtown experience that is welcoming and enticing to residents is a core goal of DMC. Sustainability and equity considerations are also central to the future investment strategies of the DMC. The initial targets for MWBE/DBE participation in construction have been raised and data-driven evaluation of projects and investments will guide decision making.

COVID-19 Impacts

This update is being issued in the midst of the COVID-19 global pandemic. DMC EDA worked with an economic advisory firm to analyze the potential economic impacts of this significant event. Further details of this analysis can be found on pp. 22-25 of this document.



Public Investment in the DMC District

	Phase 1 Actual 2015-2019	Phase 2 Proposed 2020-2024
Mobility	\$21.5M (22%)	\$60-75 million (30-37.5%)
Public Realm	\$9.8M (10%)	\$35-50 million (17.5-25%)
Streets / Sewers	\$17.3M (18%)	\$35-50 million (17.5-25%)
Private Development	\$28.9M (29%)	\$20-45 (10-22.5%)
Operations	\$20.7M (21%)	\$15-20 million (7.5-10%)
Total	\$98.5M	\$200 million +/-



Context

This first section gives an overview of the founding principles of DMC and an update on the current demographics of Rochester, including the outlook for the healthcare industry as of the end of 2019. The concluding pages of this section speak to the COVID-19 context.

DMC's Prototyping Festival in 2016 crowdsourced public realm planning ideas and concepts from the community.

WHAT IS DESTINATION MEDICAL CENTER?

Destination Medical Center (DMC) is a unique, public-private partnership and economic development initiative that began in 2013. The \$5.6 billion plan is the largest in Minnesota's history. The partnership combines Mayo Clinic private development with that of other developers and investors, in addition to public infrastructure investment from the city of Rochester, Olmsted County, and the State of Minnesota.

By leveraging these investments, DMC promotes Rochester, and more broadly, the County and State. An emphasis is placed on positioning Rochester as home to a world-renowned medical center that offers a premier health and wellness experience for patients and their caregivers, as well as for Rochester's residents, employees, and visitors.

Public infrastructure investments and private development, and Mayo Clinic's reputation for excellence are leveraged to create further economic opportunities for Rochester that are not directly tied to Mayo Clinic. In Phase 1, developers, corporations, small businesses, restaurant groups and hospitality partners contributed not only to Rochester's economic growth but also to that of the region and Minnesota.

The initial DMC Development Plan adopted in 2015 outlines a vision for DMC and provides a roadmap for implementation over the course of 20 years. The plan is divided into four five-year phases. Every five years, DMC is responsible for presenting a progress update. Updates are to include an evaluation of progress in addition to plan changes. Also included in the update are current market conditions and other factors to be considered as DMC moves into its next five-year phase.

Plan modifications are to be presented to the Destination Medical Center Corporation Board (DMCC) during the 20-year implementation period (2015-2035) for its review and vote. The plan is also reviewed and voted on by the Rochester City Council.





Crews work to replace and realign a sanitary sewer in the Heart of the City sub-district.

WHAT IS PUBLIC INFRASTRUCTURE?

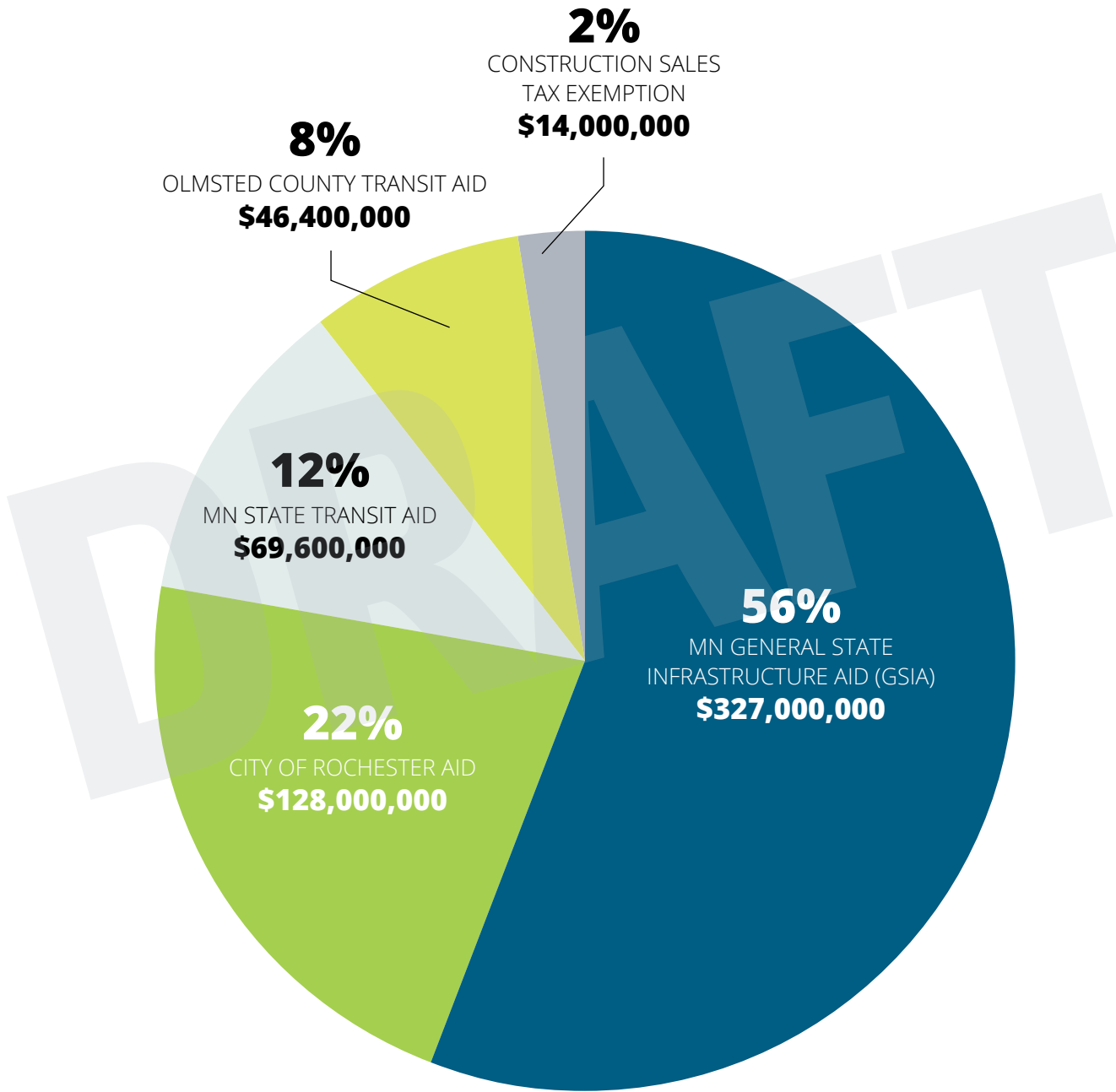
Pursuant to the DMC Act, DMC Funds may be used to support Public Infrastructure Projects to:

1. Acquire real property and other assets associated with the real property;
2. Demolish, repair, or rehabilitate buildings;
3. Remediate land and buildings as required to prepare the property for acquisition or development;
4. Install, construct, or reconstruct elements of public infrastructure required to support the overall development of the Development District including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, façade construction and restoration, way finding and signage, and other components of community infrastructure;
5. Acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;
6. Install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;
7. Make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the Development District;
8. Prepare land for private development and to sell or lease land;
9. Provide costs of relocation benefits to occupants of acquired properties; and
10. Construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development.

FIGURE 2.2: PUBLIC INFRASTRUCTURE PROJECTS

Figure from 2015 Development Plan Section 2.0 - DMC Capital Investment Plan (Phase 1), pg. 1

SOURCES OF DMC \$585M PUBLIC INVESTMENT



Values from 2015 Development Plan Section 2.0 - DMC Capital Investment Plan (Phase 1), pg. 1

DMC GOALS

1 Create Comprehensive Strategic Plan

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

2 Attract Private Investment

Leverage public investments to attract more than \$5 billion in private investments to Rochester.

3 Create Jobs

Create more than 30,000 new jobs, with workforce development strategies that support that growth.

4 Generate Additional Net Tax Revenue

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

5 Become the Destination for Health & Wellness

Achieve the highest quality patient, visitor, and community member experience, now and in the future.

Thursdays Downtown, a weekly summer festival organized by Rochester Downtown Alliance, offers arts, food, music, and a vendor market.





GUIDING PRINCIPLES

DMC's eight Guiding Principles were created after a series of initial discussions were held in 2015 with DMCC board members, community members, civic leaders and Destination Medical Center Economic Development Agency (DMC EDA) staff. Principles were reviewed as part of the five-year update process to ensure continued relevance.

1. Establish a bold and compelling vision for Rochester and the Destination Medical Center

The DMC Initiative plan mapped out a staged transformation of the epicenter of Rochester – its downtown core - from what was perceived to be largely a medical campus into that of a vibrant urban center that would become one of America's model cities.

The plan outlined a vision for an integrated downtown unified by six sub-districts that reflect Mayo Clinic's approach to patient care: integrative, collaborative and holistic. Each district is anchored by unique places designed to create experiences to attract and retain residents, visitors, employees and investors. The plan strives to balance not only public and private sector

development interests, but also considers the health and welfare of the community, region and the thousands of patients who visit Mayo Clinic annually. It was envisioned by Rochester citizens and reflects the principles, ideas, and culture unique to this community.

2. Sustain Rochester and Southeast Minnesota as a destination medical center and economic engine for the state

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

3. Implement a comprehensive strategy to drive economic development and investment

The 2015 Development Plan sets DMC's implementation framework and serves as a comprehensive planning document akin to a strategic business plan that addresses land use, transportation, infrastructure, finance, business development, marketing and operations strategies.

Included in the plan is a financial framework and rigorous application process.

Underwriting (evaluation) criteria are incorporated and require investors and developers not only to assess the costs to construct projects, but also to operate and maintain those projects over the long term.

The planning framework and implementation strategies encourage an active and on going public-private partnership between DMCC, City, DMC EDA, Mayo Clinic, developers and other stakeholders to fund and operate projects. As such, it relies on strengths and assets unique to Rochester while borrowing best practices from other cities.

Finally, the implementation plan establishes metrics to measure the

progress relative to DMC objectives over the twenty-year planning period.

4. Align development with market-driven framework and strategies

The Development Plan is based on market-driven strategies that set a strategic framework for implementation and are visionary and flexible in response to changing market conditions. The plan does not dictate specific projects or development/redevelopment parcels, as ultimately, private and public partners will determine the rate at which the vision is realized and investment occurs.

5. Create a dynamic and accessible urban core

The DMC vision promotes inclusivity in its openness and accessibility to residents, employees and visitors through key strategies that include:

- + Create an experience authentic to Rochester;
- + Develop a series of memorable urban experiences that appeal to all of Rochester's residents and visitors;
- + Establish iconic places and attractions where people want to be;
- + Provide programmatic offerings and venues that are unique to Rochester;

- + Establish a compact, walkable, series of streets and public spaces that are connected in the heart of downtown;
- + Embrace seasonality; and
- + Develop strategies that recognize the unique needs and demands of patients and their companions that drive visitation in the City.

6. Develop mobility and transit solutions to support growth

The DMC Transportation Implementation Plan was developed with a focus on mobility to reduce dependency on automobiles while creating connections to the surrounding area and region. The plan calls for convenient access to and around downtown by having more high-frequency transit, an enhanced network of bike trails, safe walkable streets, a downtown transit circulator, and high-frequency shuttles from remote parking.

7. Create a model for sustainability

Principles of sustainable planning and development are found throughout the Development Plan. The plan strives to implement sustainable urban design and building practices to improve

and enhance the environment and quality of life, including stormwater, and transportation/transit and parking systems.

It recognizes the interrelationship of uses and builds from these strategies to position Rochester and DMC as a leader in sustainable urban environments.

8. Deploy technology and innovation to promote a globally competitive destination

Technology and innovation are core to the DMC economic strategy. Therefore, the plan provides for the flexibility to adapt to increasing demands and emerging technologies over time. DMC investments foster the advancement and growth of Rochester's medical, research, innovation, education, entrepreneurial and general business environment. In addition to business strategies, ongoing planning and development efforts integrate technology strategies into land use, transportation and infrastructure plans to support a connected, collaborative community for businesses, residents and visitors.

GEOGRAPHIC AND DEMOGRAPHIC CONTEXT

As the third largest city in Minnesota and the Olmsted County seat, Rochester has a dynamic and growing economy. The county's estimated 2020 population (167,500) and employment (128,400) are projected to increase by approximately 36,000 people and 22,000 jobs over the next 20 years.¹ Much of this growth will be driven by Mayo Clinic. As a globally-renowned center for high-quality healthcare, pioneering research and medical education, Mayo Clinic is the engine of the local economy, as well as the largest private employer in Minnesota.

Mayo Clinic policy changes in 2013 enabled researchers and physicians to form their own start-up companies, a shift from its previous policy, which required clinicians to license medical inventions to existing companies.

This employee entrepreneurship program led to a boost in Mayo Clinic employee-founded start-up companies within DMC. Additionally, Mayo Clinic partnered with large technology and healthcare companies such as Google and Boston Scientific to further improve patient and clinician experiences through cutting-edge enhancements and innovations. These partnerships have resulted in a burgeoning entrepreneurial ecosystem, especially among new and

The county's estimated 2020 population (167,500) and employment (128,400) are projected to increase by approximately 36,000 people and 22,000 jobs over the next 20 years.

growing industries in the region, such as medical technology and biosciences. The emergence of these industries has begun to diversify the local economy, a critical step toward long-term economic success of the region.

The ability to attract and retain a highly qualified workforce is critical to the success of DMC.

Therefore, diversification of the local economy beyond healthcare is key. Also important are cultural and entertainment opportunities that enrich quality of life. The city and DMC are actively working to enhance the vibrancy of downtown Rochester with two of its cultural anchors: the historic and newly renovated Chateau Theatre and the expanded Mayo Civic Center. Infill mixed-use development is transforming underutilized land downtown, creating a denser core and live/work/play environment.

¹New Rapid Transit for a Growing, Equitable Rochester - Market analysis, August 2020



Colorful traffic barriers help downtown Rochester restaurants expand their outdoor dining area to serve more customers during the COVID-19 pandemic.

HEALTHCARE CONTEXT

The first of the required five-year updates to Rochester’s Destination Medical Center development plan coincides with a period of unprecedented turmoil in global health. The COVID-19 pandemic persists across the country at the time of this update. In a recent interview with Medical Alley, Gianrico Farrugia, M.D., Mayo Clinic’s president and CEO, characterized the pandemic as a “stress test for health care.”

Fortunately, Mayo Clinic was prepared financially, operationally and strategically to respond to the test. Thanks to a strong 2019 financial performance and generous benefactors, Mayo Clinic was able to tap into its reserves to address some of the pandemic’s initial financial impacts. In addition, significant cost reductions mitigated greater adverse financial consequences, which, so far, have proven less severe than initially projected. As the outpatient practice reopened, patient visits and procedural and surgical volumes have steadily risen and are on track to exceed revised 2020 targets.

Importantly, the COVID-19 pandemic has brought the importance of supporting health care to the forefront. It has identified where the health system soars and where it fails. During the pandemic, Mayo Clinic has demonstrated leadership

on a national level, heading up important efforts to improve and expand testing capabilities while conducting research for treatments and vaccines to stop the virus.

+ Research: At the onset of the pandemic, Mayo Clinic immediately formed a COVID-19 Research Task Force to coordinate Mayo Clinic COVID-19-related research activities, including cataloging all COVID-19 research; vetting, prioritizing and implementing clinical trials; and facilitating review and approvals to ensure efficient and smooth initiation of studies.

+ Expanded Access Program for Convalescent Plasma: Launched April 3, the Expanded Access Program for Convalescent Plasma is a federally-sponsored national study of the safety and potential effectiveness of this investigational therapy. At its inception, the study’s goal was to focus on safety and access for 5,000 patients hospitalized with COVID-19. Today, patient enrollment at uscovidplasma.org has topped 103,000 from 14,000 physicians at more than 2,700 acute care facilities in every state and

territory of the nation. Enrollment was discontinued on August 28, 2020 following the FDA’s announcement on Emergency Use Authorization.

+ Testing: Mayo Clinic has completed more than 1.27 million PCR molecular tests and 215,000 serology tests. Its goal is a 24-hour turnaround. Mayo Clinic Laboratories is part of a Minnesota testing collaboration that includes the Minnesota Department of Health, the University of Minnesota and other health systems.

+ In-person and Virtual Care: The pandemic provided opportunities to transform Mayo Clinic’s practice to quickly deliver in-person care safely as well as spur virtual visits to ensure continuity of patient care.

The pandemic has accelerated Mayo Clinic’s path toward a model of care that is more digital, consumer-friendly and responsive — elements set forth in its strategic plan to cure, connect and transform health care by the year 2030. The vision is bold and ambitious, building on Mayo Clinic’s ability to revolutionize medicine to meet the changing needs of patients.



2030 STRATEGIC PLAN

Mayo Clinic is pursuing three overarching strategies to leverage its existing strengths and build new capabilities. These strategies are summarized below:

CURE

Mayo Clinic will remain the global authority for patients seeking the best solutions for serious or complex health challenges. Mayo will differentiate itself through the discovery, delivery and diffusion of the next generation of diagnoses, treatments and cures. This includes new medical therapies, surgeries and procedures, delivered through physical, digital and virtual methods.

Identifying solutions and ultimately preventing disease will provide hope and healing to people. This means that Mayo will:

- + Invest in its core activities to focus on these challenges
- + Deliver care in unique ways
- + Focus on solutions

CONNECT

Mayo Clinic will leverage data and technology to advance medicine and better align a fragmented health care marketplace. This means that Mayo will:

- + Create digital care delivery capabilities with a human touch
- + Integrate its virtual and in-person care to create a system that is more accessible, scalable and sustainable while focusing on consumer needs
- + This capability will touch every aspect of the organization, transforming practice, research, education and administration through new digital connectivity, allowing Mayo Clinic to create and act upon powerful new insights.

TRANSFORM

Platform business models have transformed many industries. Platforms focused on health care offer the ability to scale knowledge, human and physical capacity and services in ways not currently possible to transform health

care:

- + Through platforms, leverage data and technology to redefine health care delivery and create a Mayo Clinic that brings together global providers, producers and consumers with the sole purpose of making health care better

The Mayo Clinic Platform will orchestrate knowledge and services, while generating revenue to sustain core capabilities and reinvest in its nonprofit mission.

Through the implementation of its 2030 Strategic Plan, Mayo Clinic will remain a global leader in a category of one, uniquely capable of curing serious or complex medical conditions through its innovative and personalized approaches to medicine and through its emerging platform.





Transit Village and Station Areas

As a result of the extensive mobility planning that occurred in Phase 1, the DMC district was modified to include a west transit village and the corridor along 2nd Street that connects to the Saint Marys sub-district. More details can be found in the appendix.

Saint Marys Place

Located along 2nd Street, Saint Marys Place establishes a civic square and monumental gateway at one of the primary entry points to Rochester. The mobility plan incorporates a circulator that connects Saint Marys campus to downtown. It also embraces its relationship to surrounding neighborhoods by creating a town square that connects Kutzky Park to Saint Marys Park and the historic Pill Hill neighborhood.

Heart of the City

At the heart of downtown is a sub-district that forms the true center of the city. It is where Mayo Clinic, commercial, hospitality, retail and residential meet. The Heart of the City is connected by a central public space, which extends and enhances Peace Plaza to create active experiences and engaging gateways to the other sub-districts.

Central Station

Central Station was initially envisioned as a cornerstone of the plan for future regional growth in Rochester with the creation of a new regional transit hub connecting Rochester with the surrounding region – including the Twin Cities. However, further refinement of the mobility program through the work of the Integrated Transit Studies (ITS, 2018) resulted in the concept of two mobility hubs located at the Northwest and Southeast edges of downtown, rather than a single centralized location.

Presently, the Central Station sub-district is witnessing considerable investment in housing, hotel, and entertainment. With this market-based transformation underway, revisioning of this sub-district is now a goal for Phase 2 (2020-2024) of the DMC plan.

Downtown Waterfront

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

Discovery Square

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

UMR and Recreation

This sub-district integrates an urban college campus and recreational uses into the district, thereby creating another catalyst for the growth of downtown retail, entertainment and residential space. It was anticipated that UMR would have its first building built in this area before the end of the first phase of the DMC implementation process. While UMR has expanded its presence in downtown Rochester, both through land acquisition and its leased space in One Discovery Square, its first newly constructed building is currently in pre-development.

2017 DMC Boundary Change

Addition to Saint Marys Place district

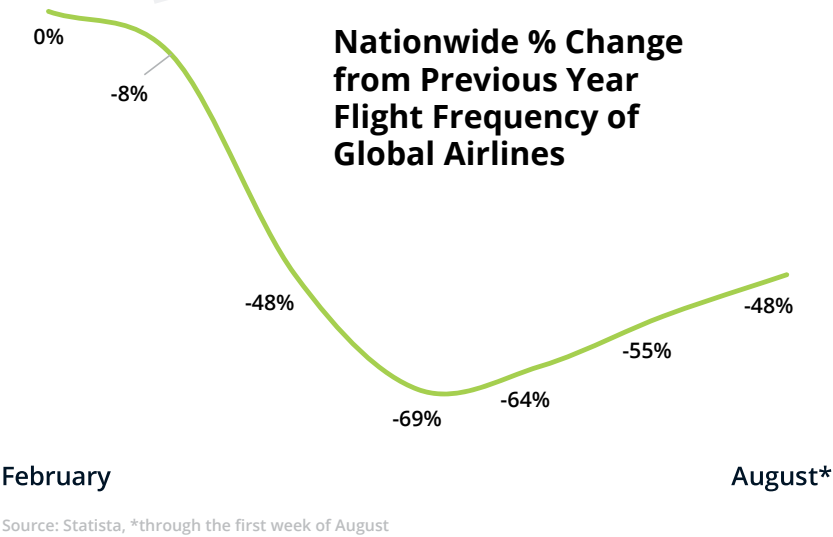
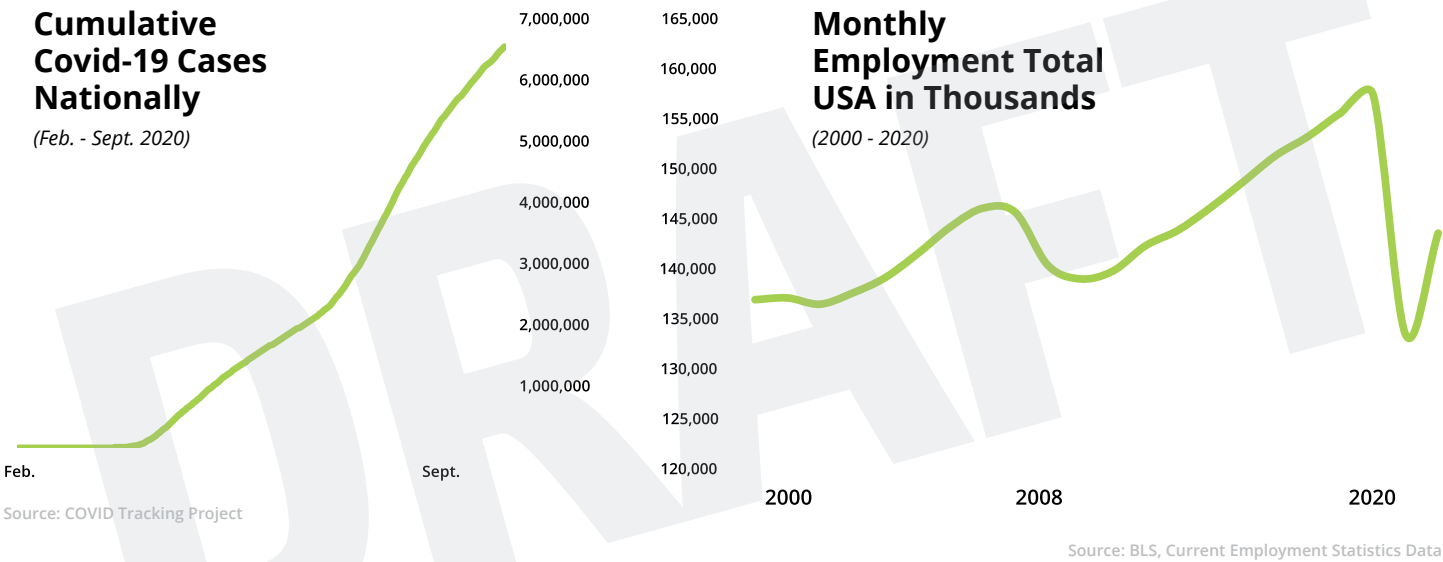
DMC AREA SUB-DISTRICTS

DMC is centered around six neighborhood sub-districts. Together, these sub-districts are activating downtown Rochester as a global medical destination. Each space is designed for innovation and collaboration.

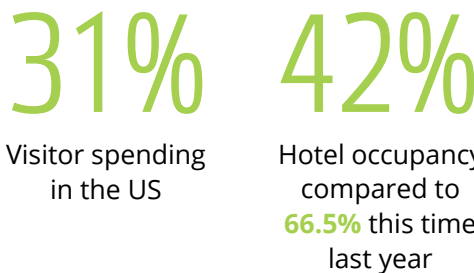


COVID-19 IMPACT ANALYSIS

THE U.S. IS FACING A DUAL CRISIS — AN
UNPRECEDENTED GLOBAL HEALTH EMERGENCY,
COUPLED WITH THE **STEEPEST JOB LOSS ON RECORD**.



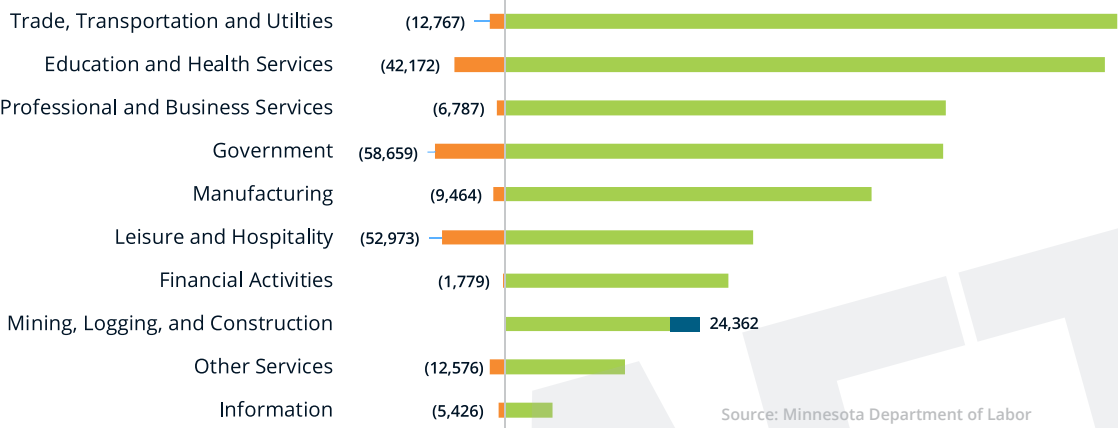
Travel bans have led to **dramatic decreases in air travel and international visitors to the U.S.**



MINNESOTA IMPACTS

As of July 2020, Minnesotans lost jobs in nearly every sector, bringing the statewide unemployment rate to 7.9% compared to 3.2% in 2019.

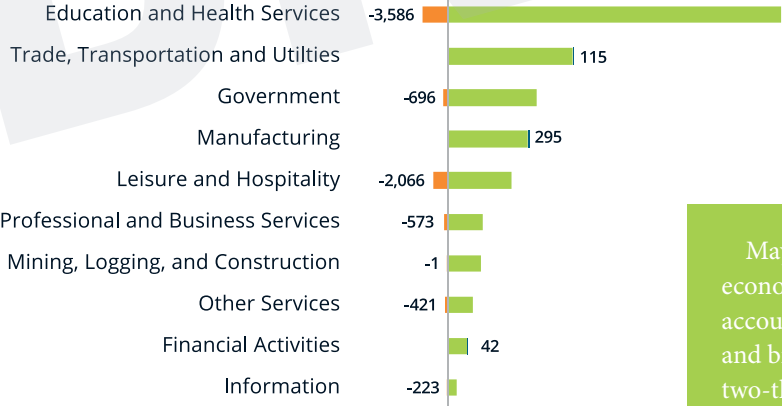
Change in Employment Jan. – July 2020



ROCHESTER IMPACTS

Health services — the leading employment sector — and hospitality have been hit the hardest in the Rochester MSA. The city's unemployment rate rose to 5.9% in July, up from 3% in 2019.

Rochester MSA Change in Employment Jan. – July, 2020

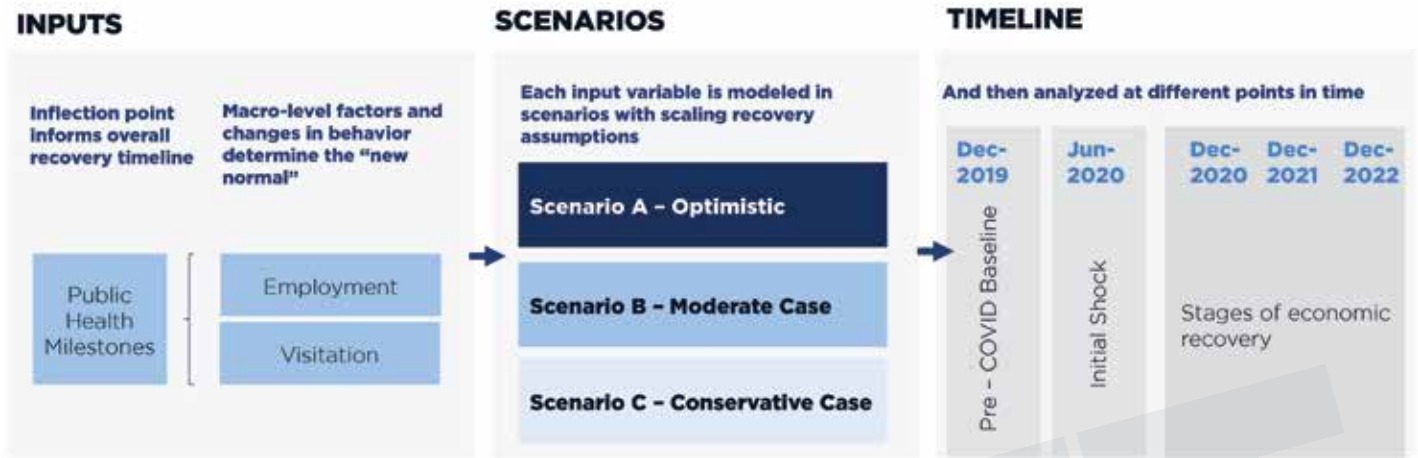


Mayo Clinic is central to Rochester's economy as a driver of downtown vitality, accounting for nearly 40 percent of jobs and bringing 2 million visitors annually, two-thirds of total Rochester visitation.



METHODOLOGY

The effect of changes in employment and economic activity were modeled across low, moderate, and severe impact scenarios



The primary drivers of Rochester’s economy are its employment and visitors, which are interrelated



Model outputs allow extrapolating the impacts of COVID-19 into findings contextualized for DMC.

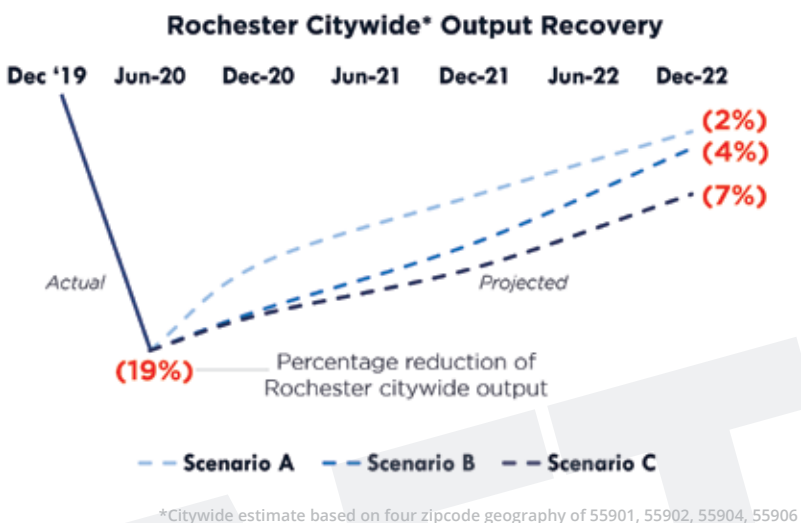


COVID-19 Impact Analysis and graphics provided by HR&A Advisors

PRELIMINARY FINDINGS

Following a significant drop in economic activity in June 2020, HR&A projects a gradual recovery in the Rochester economy over the next 2+ years.

- + Output reflects **annual production value** of Rochester industries, including sales and compensation.
- + Projections include:
 - **Direct** impacts: loss in visitor and employee spending
 - **Indirect** impacts: loss in business-to-business purchases
 - **Induced** impacts: loss in spending of labor income
- + Spending losses include Rochester residents who are **working from home** and **furloughs**. These individuals are still spending money, but this spending is significantly reduced.



COVID-19 will significantly diminish the near-term need for new retail, hotel, research, and office space in downtown, though residential development may be supported in the coming years.

- + The full impact of the COVID-19 global pandemic is not fully understood as case rates continue to rise nationally and vaccines/therapeutics are still in the experimental phase.
- + Pre-COVID-19, Rochester had a stable and growing economy. Development of various real estate asset classes was largely aligned with demand.
- + HR&A anticipates Rochester will have excess capacity in downtown commercial office space due to changes in employment and growth in remote work.
- + Downtown retail and restaurants, which are primarily dependent on employees and visitors, will be disproportionately affected when compared to counterparts with a broader customer base.
- + Hotels have experienced a precipitous drop in occupancy rates, though the

- rebound in Rochester appears to be better than the state and national markets. However, with Rochester’s hotel pipeline in 2020-2021, the market will likely continue to experience occupancy rates below historical averages.
- + Housing demand appears to be remaining relatively strong throughout the region, including in Rochester’s urban core. Growth in downtown residential will help to support the core’s retail businesses.

PATH FORWARD: NEED TO REMAIN NIMBLE

Unlike natural disasters, this pandemic hit every city in the country. However, not all are developing recovery strategies.

Despite significant losses, Rochester has fared better than other cities.

Rochester is starting its recovery from a place of strength.

Rochester had a robust and growing economy, the healthcare industry and Mayo Clinic provide stability during weak economies, and the city has the tools from the DMC to support growth.

Future economic development strategies should:

- Support existing local businesses
- Prioritize public infrastructure
- Reuse excess real estate capacity creatively
- Diversify the economy
- Support development proactively

COVID-19 Impact Analysis and graphics provided by HR&A Advisors



Construction of the Hyatt House, an extended stay hotel in DMC's Central Station sub-district.

Progress

This section of the 2020 update is framed around the five major goals established for the DMC Initiative. The outcomes from Phase 1 of the DMC Development Plan (2015-2019) are compared against the projections in the original plan.

GOAL 1:

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

What is the goal?

To achieve a shared vision and guide future investments and are stronger and more effective if they harness the energy and creativity of everyone whose lives are impacted by aspects of the plan. A comprehensive strategic development plan should include market research, master plans for land use, infrastructure, transportation, finance, marketing and communications, economic and fiscal impacts and implementation tools. Essentially, a strategy that addresses all facets of building and sustaining the destination.

Why does it matter?

To transform vision into real change requires extensive planning that is re-calibrated as required through the years. By harnessing the energy and creativity of the entire region, the plan maintains an essential connection to the very people who are going to be directly impacted, immersing them in the shared vision and inviting them to have a stake in shaping its evolution.

The DMC Initiative set forth a vision to transform the epicenter of Rochester from what was perceived to be largely a downtown medical campus, into a vibrant urban center and one of America's model cities.

Phase 1 results (2015 - 2019)

To create the 2015 DMC Development Plan (i.e. the comprehensive strategic plan for the 20-year DMC Initiative), the DMC EDA recruited a group of the nation's leading development and planning consultants to work in collaboration with the City of Rochester, Olmsted County, Rochester-Olmsted Council of Governments (ROCOG) and Mayo Clinic. They also engaged with community stakeholders.

The Plan laid out a strategic direction for an integrated downtown, unified by six sub-districts, each anchored by unique places designed to create equally unique experiences to attract and retain residents, visitors, employees and investors to the community.

Subsequent to the adoption of the DMC Development Plan in April 2015, and as a direct result of the DMC Plan's framework, numerous and more detailed planning exercises with numerous organizations have occurred. A summary of relationships between these planning initiatives is depicted in the diagram on the following page.

DMC GUIDING DOCUMENTS



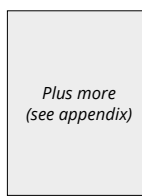
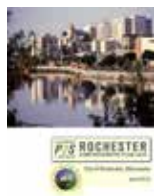
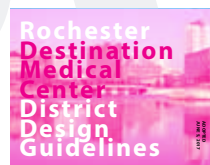
DMC Development Plan



2020 DMC Development Plan Update

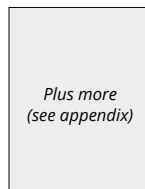


Regional + City Strategies



Plus more
(see appendix)

Area Plans



Plus more
(see appendix)

Updated Market Studies



What was learned?

- + Plans are iterative and evolving; they need to be flexible enough to move with the market.
- + Building relationships between various stakeholders is a key component in the development of strategic plans.
- + Pilots are a good tool to test new community collaboration models, particularly in the design of public spaces.

What's next?

In Phase 2 (2020-2024) several new planning initiatives will be underway that will impact the DMC Districts. DMC is working closely with the City of Rochester on several planning efforts that impact the downtown core. These plans are focused on public realm planning, mobility options, housing needs, and downtown district energy planning.

- **Downtown Waterfront Small Area Plan:** Planning efforts focus on designing public realm opportunities for the areas south of the downtown area, particularly along the riverfront. <https://downtownwaterfrontsmallareaplan.com/>
- **City Pedestrian and Bike Master Plan:** Aligning multiple bike and pedestrian plans and creating a single updated vision for pedestrian and bicycle infrastructure across the City.
- **Downtown District Energy Planning:** Assessing and determining how downtown government buildings as well as adjacent private buildings could be heated and cooled.
- **Soldier's Field Master Plan:** An update to the master plan that will connect Discovery Walk to the Zumbro River.

- **Central Station Sub-district Re-visioning:** Developing a concept for public realm in the Central Station sub-district. The Rapid Transit Project requires this sub-district be re-imagined as it will no longer serve as the transit hub for downtown.
- **UMR/Recreation Sub-district Re-visioning:** Developing a new vision for the UMR/Recreation sub-district while the Discovery Square sub-district continues to take shape.
- **Rapid Transit Corridor Planning:** Outlining the West Transit Village vision for development and transit services, public realm, operations, economic development opportunities, in addition to street design strategy for the downtown Rapid Transit project.

+ Olmsted County

- **Graham Park Master Planning Update:** Updating the County's current master plan for possible future transit opportunities.
- **Affordable Housing Study and Policy Development:** In progress

+ Mayo Clinic

- **Five-year Facility Plan:** Updating five-year plans focused on upgrading existing buildings and new construction projects. The plan outlines future Medical District Zone projects supportive of Mayo Clinic's downtown operations.

GOAL 2:

Leverage public investments of \$585 million to attract more than \$5 billion in private investments to Rochester.

What is the goal?

Leveraging public investment is a quantitative goal for delivering a “return on investment” for public spending authorized by the DMC Act. In exchange for \$585 million in public funds, the goal is to bring more than \$5 billion in private investments to Rochester in order to realize the DMC vision.

The DMC Plan established a viable economic development strategy (see Goal 1 and the DMC Development Plan) grounded by market research. It defined extraordinary costs and set priorities for public investment in order to meet DMC’s mission and goals.

Why does it matter?

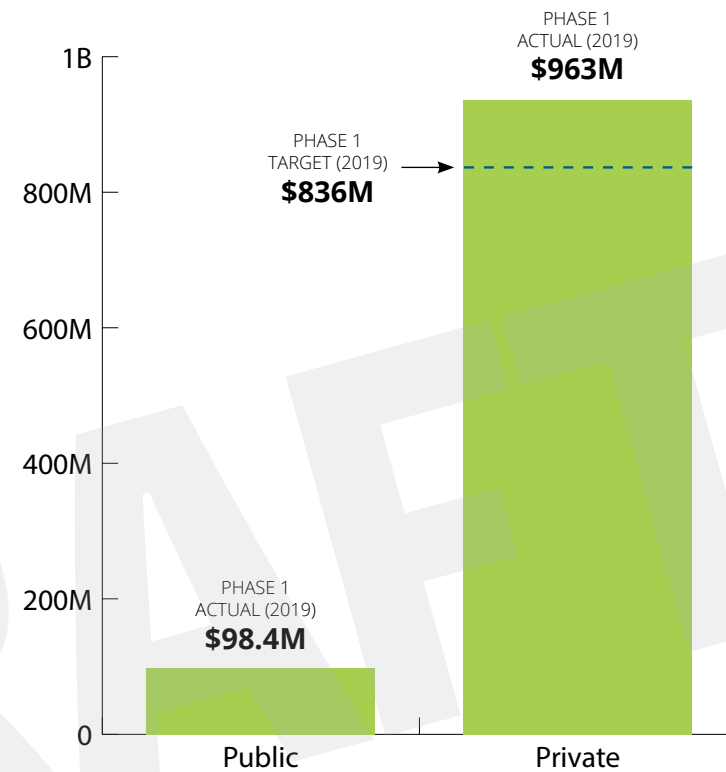
The Development Plan is based on market-driven strategies that set a strategic framework for the DMC Initiative. Public investment will catalyze further private investment. Over the 20-year timeframe of the DMC, the targeted ratio between private and public investment is roughly 10:1. This means that for every dollar of public money spent, nearly ten dollars of private investment should occur. This 10:1 ratio is derived from the goal itself where approximately \$585 million of public dollars are meant to realize \$5.6 billion of private investment. These combined investments will support a transformation of downtown into a vibrant, welcoming place by leveraging public funds to create the strongest civic return on investment.

The DMC Development Plan does not dictate specific projects or development/redevelopment parcels. Ultimately, private and public partners will determine the rate at which the vision is realized and investment occurs. The Development Plan strategy establishes a framework that is visionary, flexible and responsive to changing market conditions.

TOTAL INVESTMENT COMMITTED IN PHASE 1

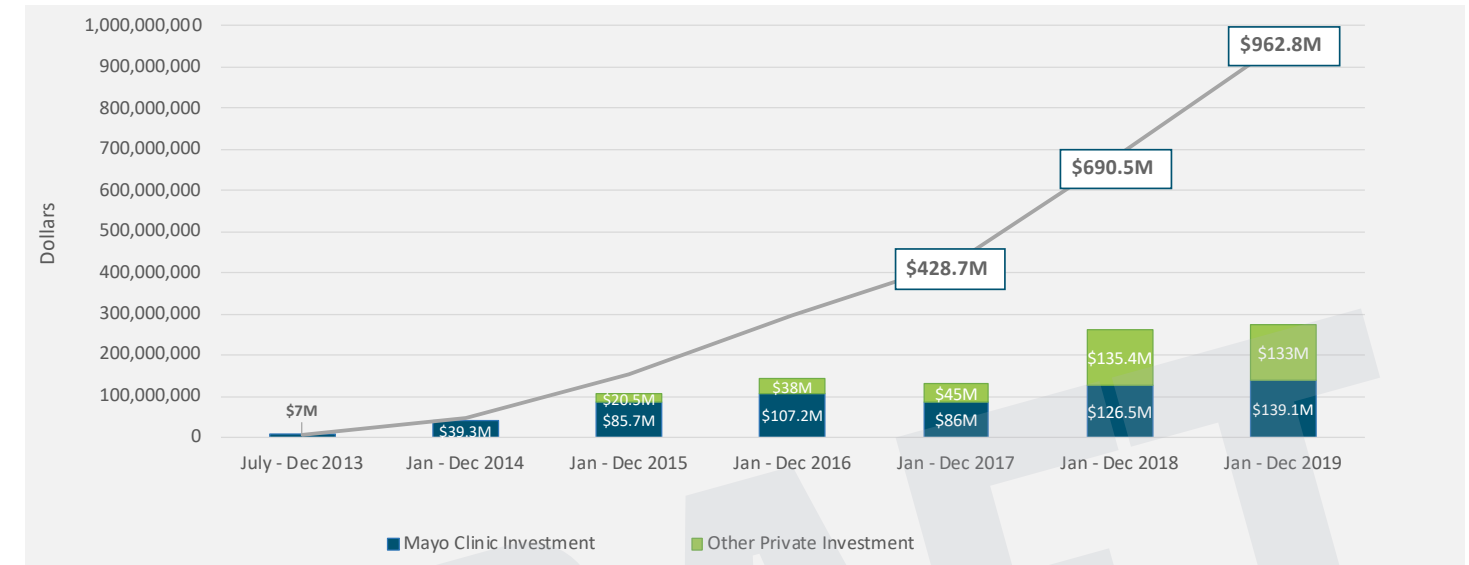
Phase 1 results (2015-2019)

The DMC Model is working as intended. The private investment during Phase 1 totaled roughly \$963M and public investment, including committed TIF funds, were approximately \$98M.



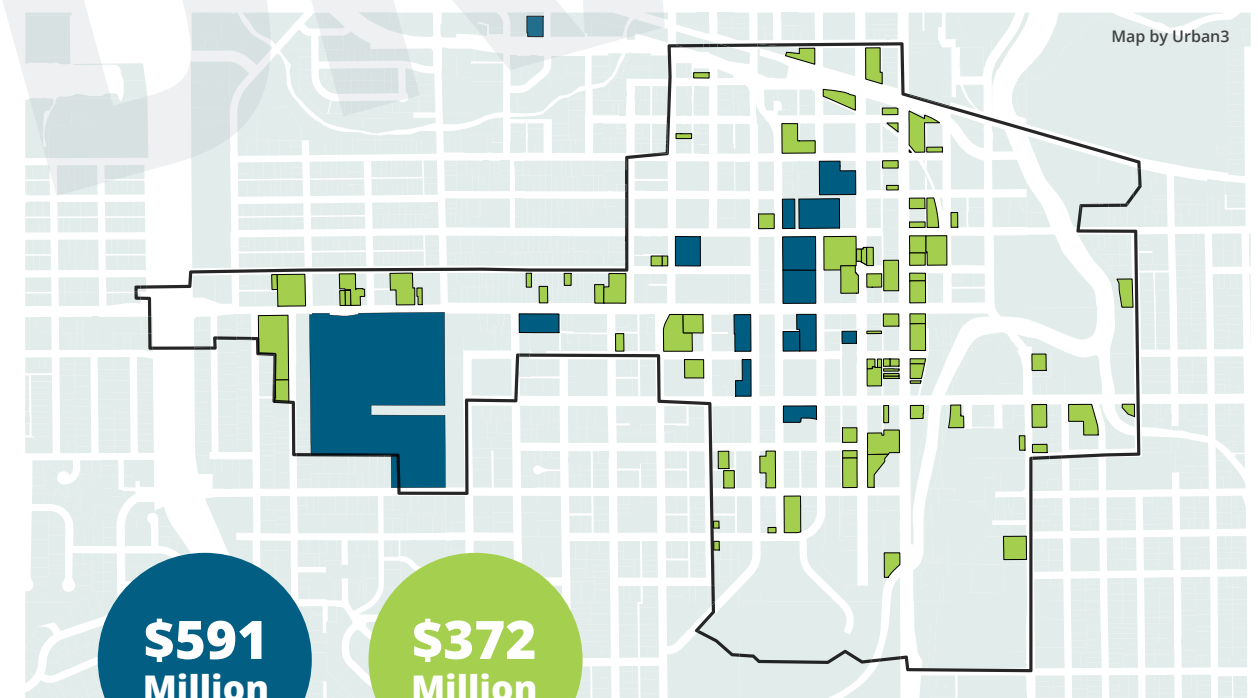
TOTAL PRIVATE INVESTMENT IN DMC: \$963M

DMC Private Investment (Construction Costs Spent To Date)



WHERE DID THE PRIVATE INVESTMENT HAPPEN?

DMC District in Downtown Rochester



\$591 Million

MAYO CLINIC INVESTMENTS

\$372 Million

NON-MAYO CLINIC PRIVATE INVESTMENTS

NOTE: Mayo Clinic investment total also includes Rochester investments outside of the DMC boundary per DMC Legislation.

The HUE, a residential and commercial building in the Discovery Square sub-district.

WHAT WAS BUILT?

In nearly all sectors, DMC exceeded planned square footage in Phase 1, with the exception of hotels. In 2020, 605 hotel rooms and 505 residential units are already completed or under construction.

What was learned?

- + Focused and targeted marketing is needed to build non-Mayo Clinic private investment interest in the DMC, especially in the early phases.
- + Phase 1 building is a mix of renovated space and new construction.
- + Phase 1 was biased toward catalytic private development.
- + A constrained definition of transit aid required unanticipated use of City sales tax dollars.

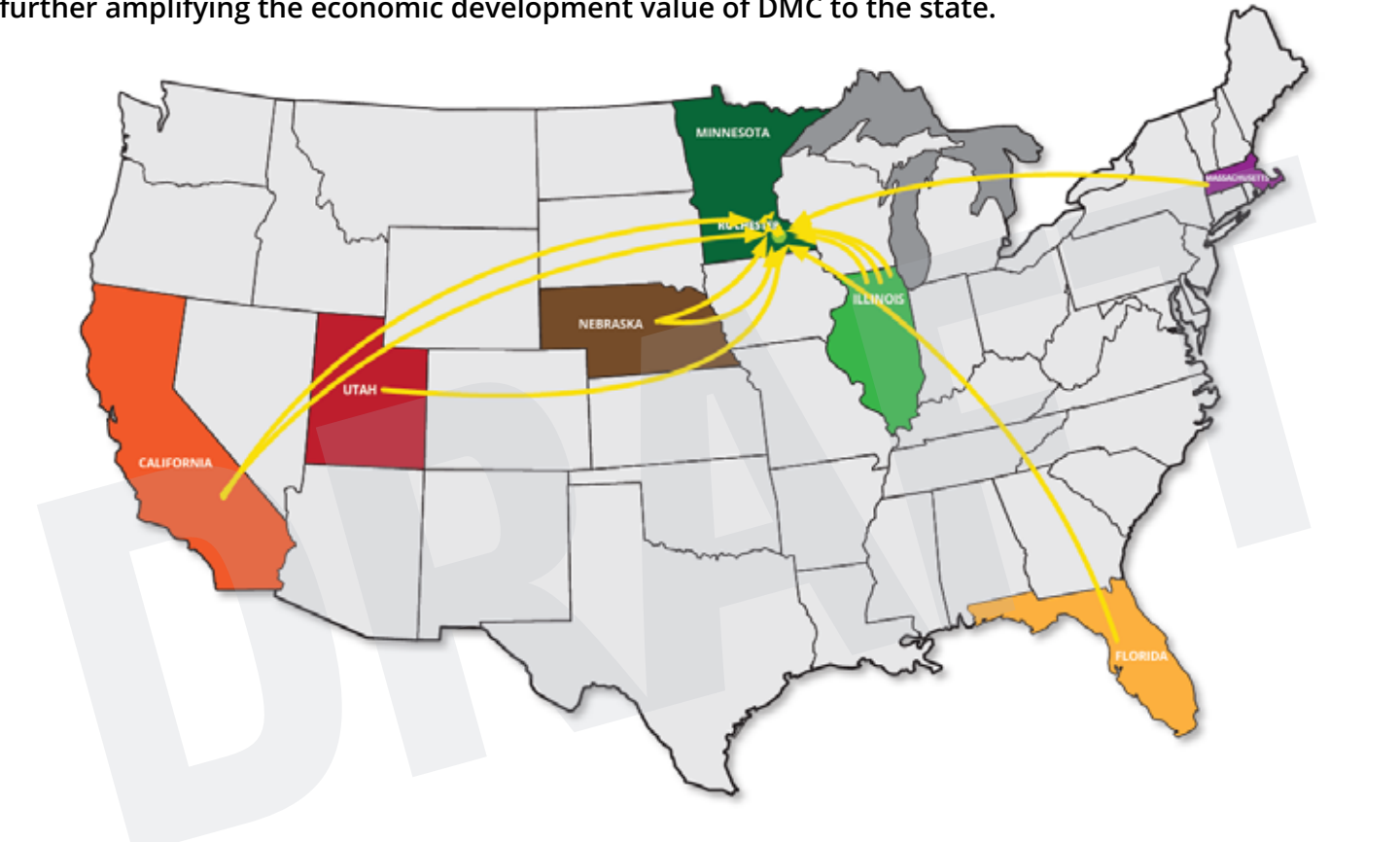
What's next?

- + Projections indicate strong Phase 2 public funding. The impact of COVID-19 and strategies for recovery will be a significant consideration for how private investment occurs in 2020-2024.
- + Details regarding public and private investments planned for Phase 2 in addition to potential COVID-19 related impacts are found later in this document.

Program Comparison Mayo Clinic Investments + DMC Major Projects		Phase 1 Original Plan	Phase 1 Actual	Phase 1 Difference	20-Year Plan Remaining	% of Total Plan Completed Phase 1
Property Type	Unit					
Practice (Mayo Clinic)	SF	1,200,000	2,381,000	+1,818,000	4,419,000	35%
Research (Mayo Clinic + Non-Mayo Clinic)	SF	180,000	497,000	+317,000	523,000	49%
Research (Mayo Clinic)	SF	-	417,000	-	-	-
Research (Non-Mayo Clinic)	SF	-	80,000	-	-	-
Education (Mayo + Non-Mayo)	SF	0	4,000	+4,000	350,000	1%
Hotel	Rooms	760	260	-500	1,120	19%
Office	SF	0	80,000	+80,000	230,000	26%
Retail	SF	50,000	82,000	+32,000	238,000	26%
Residential	Units	450	460	+10	2,390	16%

DMC IS ATTRACTING OUT OF STATE PRIVATE INVESTMENT

As an example, for just seven of the private developments built in the DMC in Phase 1 (2015-2019), the majority of private investment money came from outside Minnesota – further amplifying the economic development value of DMC to the state.



The Maven on Broadway is a six-story residential and commercial building in DMC's Discovery Square sub-district.



HOW WERE PUBLIC FUNDS INVESTED **IN PHASE 1?**

The 2015 DMC Development Plan provided a Capital Investment Plan (DMC-CIP) to be realized by four specific priorities guiding funding decisions.

Priority #1: Create a Catalyst

Identify and support the development of a concentrated and dynamic “city center” (Heart of the City) and other early phase Public Infrastructure Projects that can effect change; be a catalyst for development throughout the DMC Development District; and create reserves to provide the funding resources necessary to catalyze large-scale investments over time.

Phase 1 Results:

The downtown sub-district forms the true center of the city where at its crossroads, Mayo Clinic, commercial, hospitality, retail and residential meet. The Heart of the City is connected by a central public space, which extends and enhances Peace Plaza to create active experiences and engaging gateways to the other sub-districts.

Priority #2: Drive Investment in Biomedical Technology Sector

Identify projects and reserve funds to support the initiation of strategies to attract and retain biomedical technology investments, business, and educational partners to the DMC Development District.

Phase 1 Results:

Discovery Square: The Economic Engine: Discovery Square is the cornerstone of DMC’s economic development strategy in biomedical and technology sectors. The sub-district borrows from Mayo Clinic’s integrated care model, which is founded on the principles of translational medicine. Mayo Clinic, private partners, companies and institutions will be located along the district’s centralized green corridor, Discovery Walk.

Priority #3: Early Phase Improvements Supporting Strategic Growth and Enhanced Quality of Life

Engage the City, County, Rochester-Olmsted Council of Governments (ROCOG) and Mayo Clinic to identify projects that leverage DMC Funds as gap financing to support the extraordinary costs associated with creating a global destination medical center.

Phase 1 Results:

Approximately \$98 million of public funds were committed in Phase 1. The chart to the right shows the way in which the funds were spent.

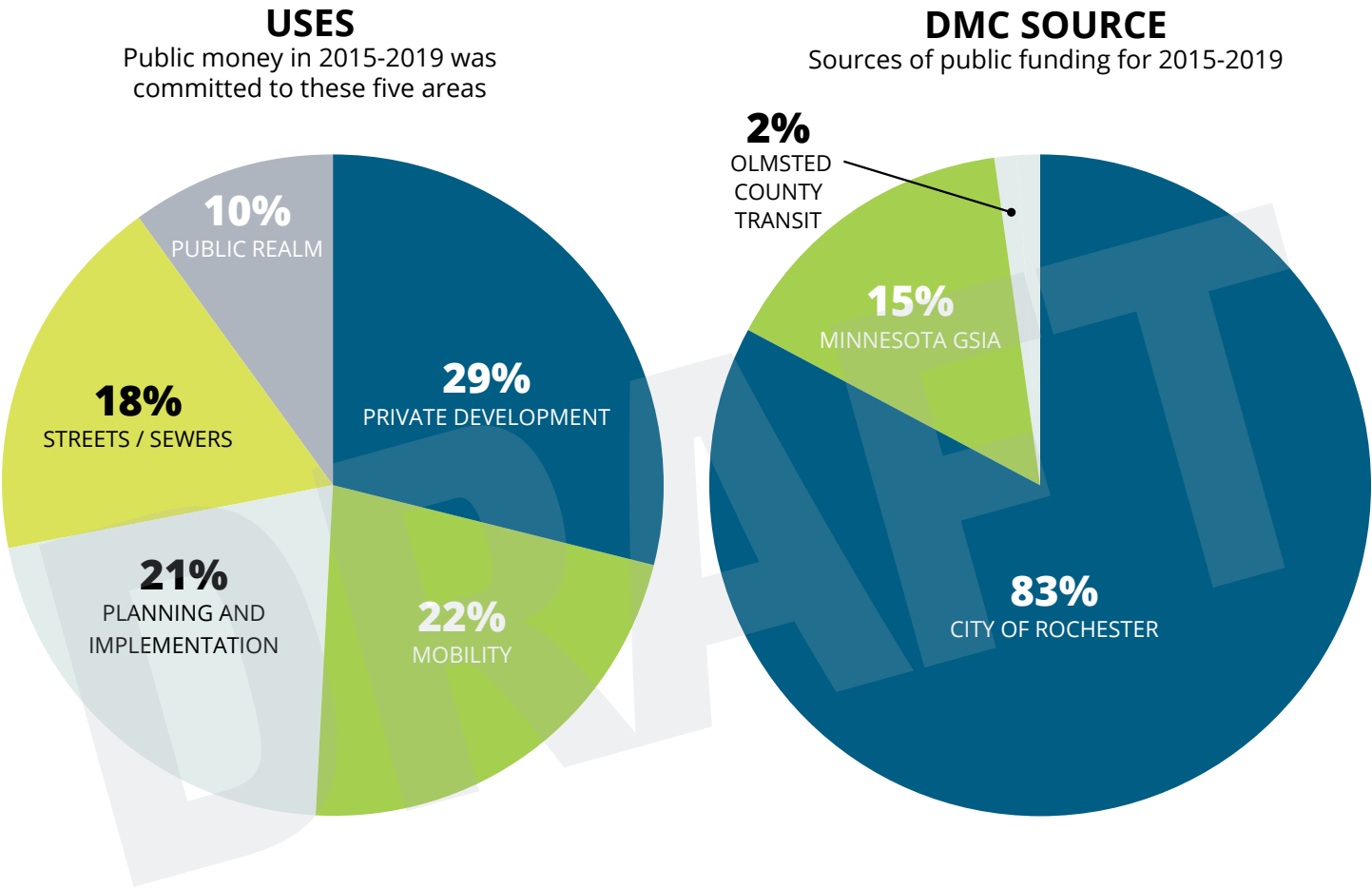
Priority #4: Initiate Detailed Planning, Strategic Investments for Long-Lead Phase 2 Strategies

The prime long-lead strategic planning needs are in the area of transportation planning.

Phase 1 Results:

The Integrated Transit Studies (ITS) were completed in 2018, followed by the City Loop plan and Transit Oriented Development Planning Study for the Circulator Route. The Rochester Rapid Transit project has been submitted for Federal Funding. These detailed mobility planning documents can be found in the appendices.

\$98M WAS COMMITTED TO DMC PROJECTS IN 2015-2019



GOAL 3:

Create more than 30,000 new jobs, with workforce development strategies that support growth.

What is the goal?

The goal is to create more than 30,000 new jobs with a strategic focus on attracting new businesses that will include small and minority business enterprise, and women-owned business participation. The goal focuses on the number of jobs, and seeks to foster and retain a highly-skilled workforce.

Why does it matter?

Without developing, retaining, and recruiting new workers, the economic development initiative and its associated goals are not possible. DMC economic benefits are largely driven by the workforce and their broad economic impact on the region. Specifically, the impact of new positions has direct local economic benefits as earned wages from new positions are spent on local goods and services. Additional local, regional, and statewide benefits from a tax growth perspective are also realized. The economic impact from job creation is explained under Goal 4, which highlights DMC project-related net tax revenue growth.

The DMC Development Plan required the City to establish a targeted business participation goal and workforce participation targets for women and minorities. Doing so ensures that the entire community, specifically persons of color and women, have an opportunity to participate in the design and construction processes associated with DMC development. Since 2015, there has been substantial growth in participation of targeted business and workforce participation. In 2020, new targets were approved to build momentum and realize further wide-scale change in Rochester.

Phase 1 results (2015-2019)

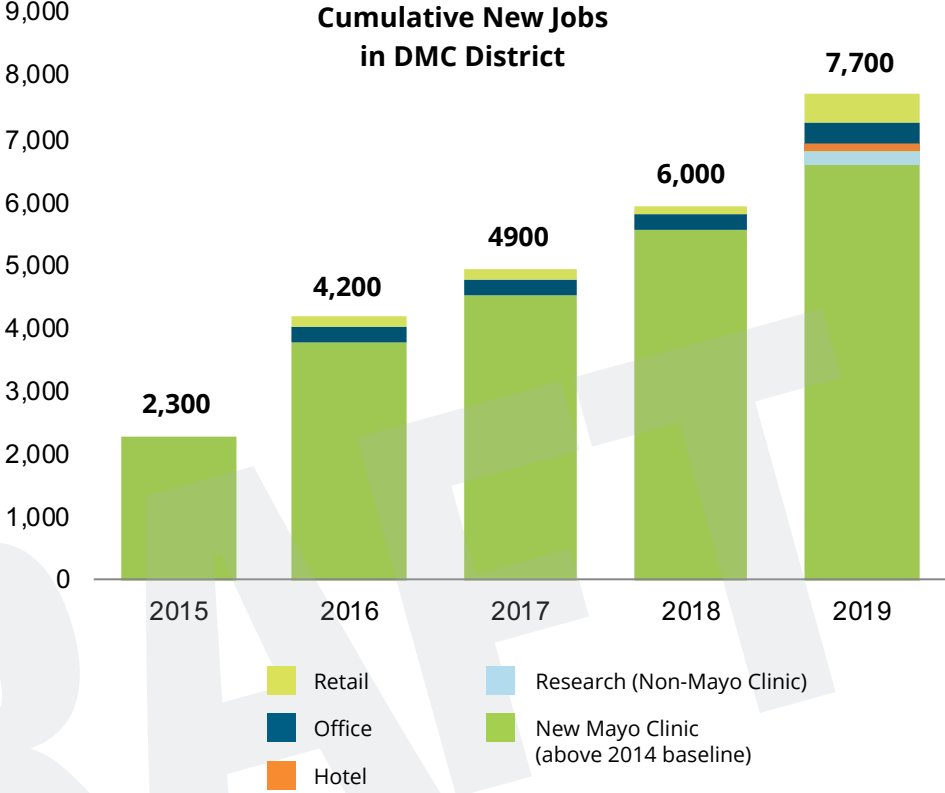
The City of Rochester added approximately 7,700 positions over the past five years, which represents 25 percent of the 30,000 goal. The table that follows shares new jobs, which are the result of Mayo Clinic’s and other major projects that are underway in the DMC District. It should be noted that Mayo Clinic reports its job figures annually. Non-Mayo Clinic employment figures have been estimated by using multipliers based on the amount of yearly renovated and new construction in the DMC District.

The greatest percentage of job growth occurred in the healthcare sector; additional jobs were added in retail, hospitality, research and office segments. The chart demonstrates cumulative job growth since 2015.

For comparison purposes, data was also collected from the Department of Employment and Economic Development (DEED) and its Quarterly Census of Employment and Wages (QCEW).

In the City of Rochester between 2015-2019:

- + A total of 5,803 net jobs were added, which accounted for positions lost in key industries during this period; and
- + 8,323 gross jobs were created, predominantly in the following sectors:



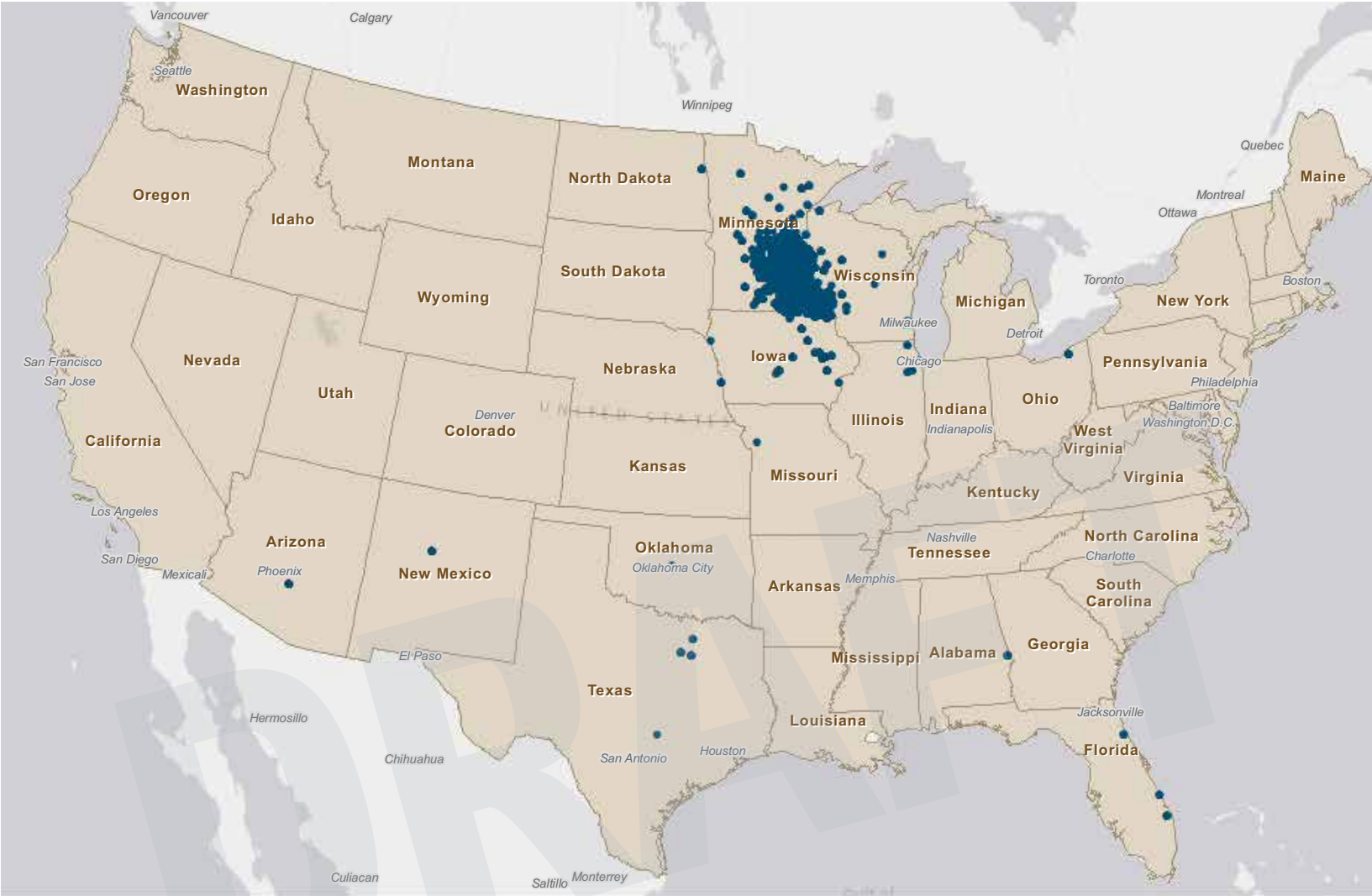
- Education and health services (5,432 jobs);
- Leisure and hospitality (1,333 jobs);
- Construction (861 jobs); and
- Nominal increases were realized in public administration and other services.

While the reported number of positions from development activity and QCEW differ, there was considerable job growth in key sectors, as the chart indicates.

In addition to the total number of jobs, wages paid were also an important consideration. Job sectors with the strongest growth are also included.

Job Sector	Total Jobs Added (2015-2019)	Avg Weekly Wage	Total Annual Wage (2019)	2018 Rochester Area Median Income (AMI)	Wage Comparison to AMI
Education and Health Services	5,432 (71%)	\$1,548	\$80,496	\$74,880	108%
Leisure and Hospitality	1,333 (18%)	\$423	\$21,996	\$74,880	29%
Construction	861 (11%)	\$1,241	\$64,532*	\$74,880	86%

*The average based hourly pay rate for construction workers on DMC construction projects was \$39.11/hour plus fringe benefits. This is an average annual salary of \$80,000 a year, plus benefits. (April 2017 - June 2019)



Construction workers residing in zip codes starting in 559 (around Rochester) earned \$13,268,719 (59%) of wages paid on DMC projects (April 2017 - June 2019). A majority of the remaining construction workers still reside in greater Minnesota.

The greatest percentage of added positions is found in education and health services sectors (71 percent). The average wage across 5,432 positions is \$80,496 a year, which is above Rochester’s 2018 area median income, an indication of quality jobs and income to entice families to the region.

While an increased number of positions were added at Mayo Clinic, the education sector also realized growth. The growing presence of higher-education institutions like Rochester Community and Technical College (RCTC), Winona State University, and University of Minnesota Rochester (UMR) are preparing workers for healthcare and construction jobs. Rochester Public Schools created INCubatoredu aimed at cultivating entrepreneurial interests and skills in high school students in preparation for job opportunities in the burgeoning local biomed tech sector.

Similar results were found in the construction industry. The construction sector realized 861 new positions (11 percent)

across the region, with an average annual wage of \$64,532. These wages are slightly below the area median income yet remain competitive.

DMC tracked wages paid by construction location. The map illustrates that 54 percent of construction wages totaling \$13.2 million have been paid within an approximate 50-mile radius of Rochester, and the large number of those wages outside the 50-mile radius were still within the state. As a Minnesota investment in Rochester, most of the construction jobs are going to workers from Minnesota.

The leisure and hospitality sector grew by 1,333 positions (18 percent). Of concern are average wages in this sector, which are well below the area median income (AMI), averaging 29 percent of AMI. If a service sector position is the primary source of household income, it will be cost-burdened due to rent levels and Rochester’s cost of living.



What was learned?

- + More local women and minority-owned businesses are needed to fulfill the DMC vision.
- + Current data indicate a shortage of women in construction.
- + Support of local educational programs is needed.
- + The need to address cost of living concerns, particularly the need for housing options in close proximity to transit routes, grocery and childcare are needed for those in service positions.
- + The need for continued planning in the areas of housing, transit and community services in order to improve outcomes for low-income populations as well as for all citizens in Rochester and the region.
- + Internships and partnerships for higher-education students are critical for future local job growth.
- + High-quality jobs offered by companies located in Discovery Square should continue in order to be a magnet for sought-after jobs.
- + DMC-related construction jobs are supporting – and will need to continue to support – a significant number of jobs relative to Rochester's size.

What's next?

Data indicate that the DMC initiative is on solid footing to meet its 2035 jobs goal. At present, the project has attained 25 percent of the goal. Moving forward, efforts will continue to be placed on job growth in key sectors, including healthcare, life sciences, med-tech, education, construction and hospitality.

To create a livable, affordable community, additional focus will need to be given to key infrastructure areas including workforce housing, reliable and high-amenity transit, and to additional grocery stores and childcare services.

Economic studies are currently underway to identify Phase 2 DMC District housing needs, and housing needed throughout the City and region. The data collected will also inform next steps for the Rapid Transit Project, in addition to economic development investment required to realize pressing downtown housing and retail needs.



GOAL 4:

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

What is the goal?

This goal is a product of the two previously listed goals. If DMC successfully leverages public investments to attract private investment and 30,000 new jobs are created within DMC, the result should be large increases in new net tax revenue to Rochester, Olmsted County and the State of Minnesota by 2050. These taxes result primarily from income taxes from new jobs created, and also include sales taxes, hotel taxes and property taxes.

Why does it matter?

The DMC Development Plan promotes strategies that are focused on a broad range of opportunities. It gives special consideration to strategies that support and leverage Mayo Clinic's growth to enhance and expand the economy of Rochester and Southeast Minnesota. These strategies will promote the growth of new businesses, investment, entrepreneurship, and targeted businesses locally and regionally. In turn, economic growth will provide more tax revenue. Of current benefit due to the downtown core's level of development, City services are already in place servicing the DMC district, thus affording cost-efficiencies.

Phase 1 results (2015-2019)

- +

Phase 1 outperformed projections (original plan's Phase 1 was estimated to be 5 percent of the total 20-year plan).
- +

Actual Phase 1 programs and investments resulted in realizing a fiscal impact that is roughly 12 percent of the DMC 20-year plan total.
- +

Performance in the areas of job creation and employment was attributed to increased net new Mayo Clinic employment and investments.

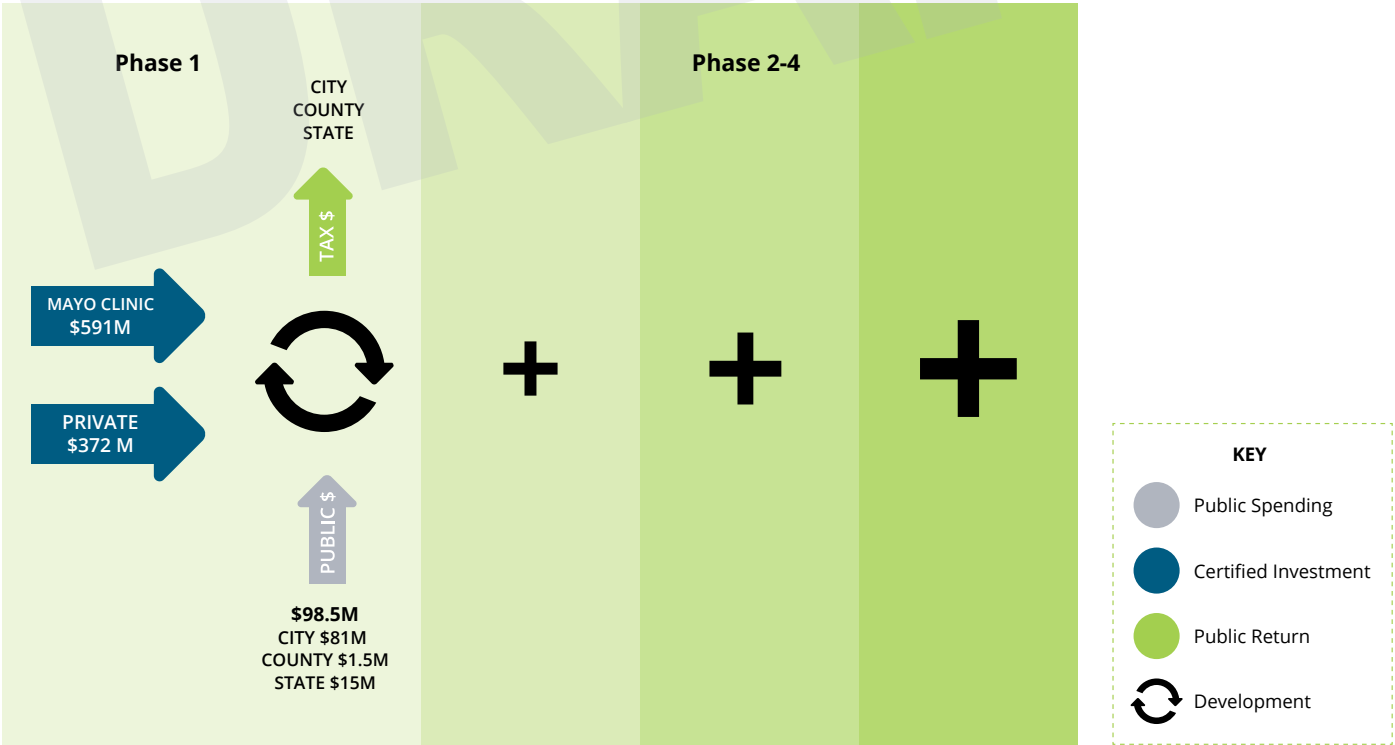
	Estimated Tax Revenues, Phase 1					TOTAL PHASE 1
	2015	2016	2017	2018	2019	
City						
Taxes from Construction	\$36,000	\$61,000	\$47,000	\$108,000	\$122,000	\$374,000
Taxes from Operations	\$150,000	\$317,000	\$380,000	\$461,000	\$1,684,000	\$2,992,000
Property Tax Capacity	in progress					
County						
Taxes from Construction	\$17,000	\$19,000	\$22,000	\$68,000	\$78,000	\$204,000
Taxes from Operations	\$47,000	\$98,000	\$176,000	\$284,000	\$458,000	\$1,063,000
Property Tax Capacity	in progress					
State						
Taxes from Construction	\$5,231,000	\$5,078,000	\$4,514,000	\$9,145,000	\$9,591,000	\$33,559,000
Taxes from Operations	\$10,785,000	\$20,153,000	\$24,233,000	\$29,638,000	\$39,210,000	\$124,019,000
Property Tax Capacity	in progress					

- Notes:
1.

Estimated taxes from Construction impacts are from DMC DEED-certified investment.
2.

Estimated taxes from Construction and Operations impacts include tax revenues from Corporate income, personal income, sales tax, hotel tax.
3.

Property tax capacity calculations are still underway due to a proposed change in methodology.



The chart above shows the relationship between public investment, private investment and resultant tax generation for the City of Rochester, Olmsted County and State of Minnesota.

What was learned?

Investment in downtown infrastructure fuels growth of the tax base and helps to fund needed repair as infrastructure ages while supporting Rochester’s less dense land uses.

Additionally:

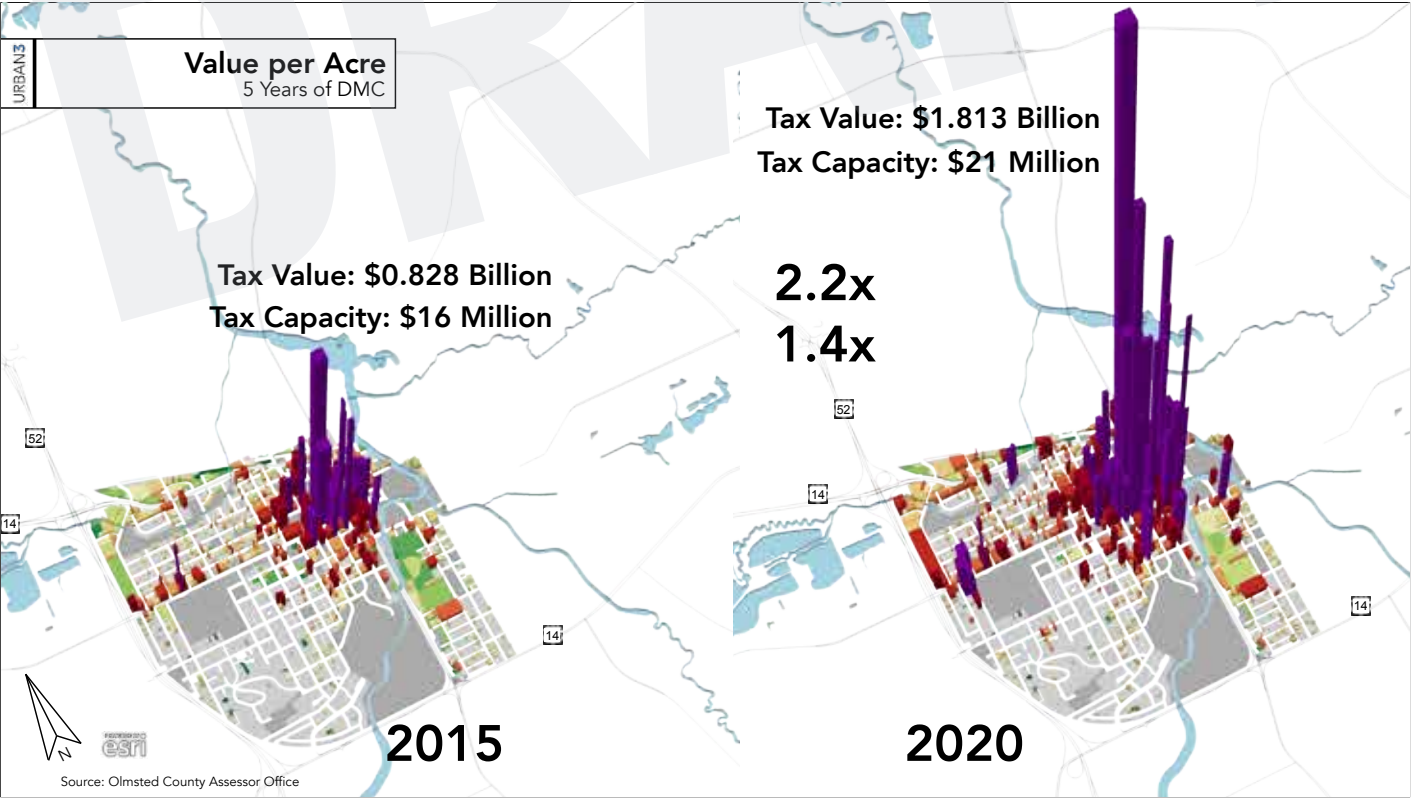
- + New job creation is the main driver of tax revenue to the State;
- + Newly developed surface parking lots leverage pre-existing community investment in street, sewer and utility infrastructure;
- + Downtown developments provide a higher share of taxes; and
- + The cost burden of downtown development doesn’t escalate as much as revenue.

The progress to date for this goal was developed and calculated based on the original methodology included in the DMC Development Plan, which was adopted in 2015. See the following section for details on how DMC EDA will revise this methodology as noted.

What’s next?

DMC entered 2020 in a strong position ahead of the tax projections included in the 2015 Development Plan. At this writing, the economic impact of the COVID-19 pandemic is yet to be fully understood, and DMC is in the midst of working through scenario planning and will have new projections to report related to how tax revenues will be impacted.

Based on the lived experience of the past 5 years, there are a few updates to the economic model that should be made to more accurately reflect performance against goals. At this time, the DMC EDA would like to recommend the use of tax capacity as a metric to quantify property value appreciation over time in the DMC District. Over 2020 and 2021, the DMC EDA team will work with City and other collaborators to recommend updates to additional economic model components: including job tracking methodology in a post-pandemic Rochester and appropriate methodology to distinguish between new construction and renovation to existing buildings.



Investment in the downtown DMC district has increased the tax capacity of downtown parcels during Phase 1 (2015-2019).

BEFORE + AFTER **TAX CAPACITY** **OF SAMPLE DMC PROJECTS**

BEFORE

AFTER

JOB
S ON
SITE: **0**



ANNUAL
PROPERTY
TAXES:
\$68,000

JOB
S ON
SITE: **325**



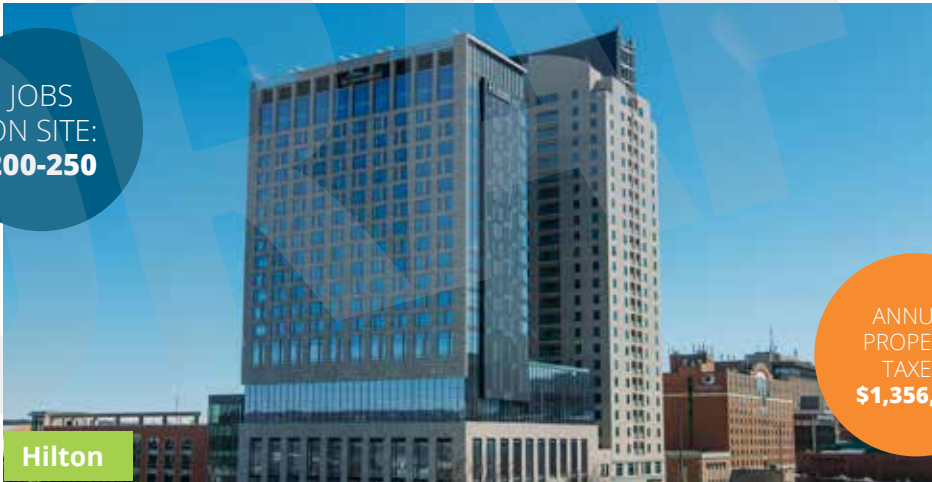
ANNUAL
PROPERTY
TAXES:
\$485,000

JOB
S ON
SITE: **<25**



ANNUAL
PROPERTY
TAXES:
\$17,000

JOB
S ON
SITE: **200-250**



ANNUAL
PROPERTY
TAXES:
\$1,356,000

RESIDENTIAL
UNITS : **<10**



ANNUAL
PROPERTY
TAXES:
\$135,000

RESIDENTIAL
UNITS: **277**



ANNUAL
PROPERTY
TAXES:
\$1,250,000

GOAL 5:

Achieve the highest quality patient, visitor, and community member experience, now and in the future.

What is the goal?

This goal is the most qualitative of the five goals established in the DMC Development Plan. It is at the heart of the entire DMC initiative as it pertains to how downtown Rochester will become a world-class destination that also remains true to its own community. This goal is closely tied to the previous four goals of sound planning that attracts investment, create jobs and generates tax revenue for the City, County and State and place the DMC project in good standing to create a destination experience. However, the goal's fulfillment will require development of future strategies and programs.

Why does it matter?

Initial research conducted before the DMC initiative launch revealed an opportunity gap that necessitated improving the quality of the downtown experience for visitors and community members. In 2011, DMC learned that community members were willing to venture downtown for activities and events, although, they viewed downtown primarily as a work and medical environment that shut down at night. Additionally, research revealed that community members were traveling just as often to the Twin Cities for activities and entertainment. It was apparent that visitors and community members were seeking greater energy, vibrancy and offerings in the downtown core.

Research also showed that patients spent approximately 30 percent of their time inside Mayo Clinic and 70 percent in the community during their visits. Patients did not differentiate time spent between clinic visits and their downtown experiences. Patients and their companions desired social interaction. Research also showed that patients wanted recommendations for where to eat or purchase necessities.

Additional key findings:

- + Only 42 percent of residents said Rochester is a fun place to live.
- + Only 36 percent said they had confidence finding something fun and entertaining downtown.
- + Overall, perceptions of Mayo Clinic and Rochester are positive; however, only 45 percent of patients, companions, and visitors said they were "very satisfied" with Rochester in terms of the variety of activities offered.
- + Roughly 54 percent of patients and companions and 45 percent of other visitors said they had confidence in finding something enjoyable to do downtown.

From an economic perspective, improving the diversity of retail and entertainment options, coupled with places to live downtown and a vibrant streetscape will pay dividends by capturing additional spending from visitors and community members. Both audience segments indicated a preference for spending more time downtown.

[Source: DMC Qualitative Research/Northwestern University - 5/2011 and Directions Research, Inc 2011]

Phase 1 results (2015-2019)

There were three key areas of focus for DMC EDA’s work around achieving the highest quality patient, visitor, and community member experience in Phase 1:

- 1. Experience framework;
- 2. Physical design of public spaces; and
- 3. Developing new tools in collaboration with other community partners.

Experience Framework:

A series of workshops hosted with community partners including the Rochester Downtown Alliance, Experience Rochester, Mayo Clinic Patient Experience, and the City of Rochester were conducted to develop the DMC Experience Framework.

The group created a new tool to map emotional targets with the aim of connecting to the hearts and minds of patients, visitors and community members either living, working or visiting downtown. The framework served as a tool for DMC and community stakeholders to use when anticipating and responding to experiential needs in the DMC District.

Additional work during Phase 1 also included development of a strategy to target patients and their companions. The research was conducted through a process methodology called Journey Mapping, which aimed to better understand the stresses that patients and companions experience while in Rochester for medical visits. Previous research (as mentioned above) showed that patients and their companions spend approximately 70 percent of their time in the community while visiting Mayo Clinic.

- Based on understanding the patient’s lived experience, three key areas of focus were prioritized:
- + Arrival to Rochester;
 - + The shift from clinical care to free time; and
 - + End of day decisions around evening activities.

Community partners working with DMC EDA are piloting experience strategies by first applying the Experience Framework across the three parts of visitor and companion journeys. The goal is to ease stress and improve the stay experience.

Physical Design

- + Heart of the City public realm
- + Bike lanes
- + Discovery Walk public realm
- + Mobility planning

Tools/Programs

When in Rochester App

The App was developed in collaboration with DMC EDA, Experience Rochester and Mayo Clinic in response to patient, visitor and community member research. Building self-confidence and easy to access digital tools were identified as priority needs. A calendar of activities, map function, access to Mayo Clinic, patient concierge and travel services, in addition to food, dining, and shopping are included.

RDA Ambassador Program

A team of ambassadors, each with their own focus on cleaning, safety and hospitality, is creating a downtown environment that is clean, safe and welcoming every day of the year.



What was learned?

- + Additional research contributes to a better understanding of community member experiences in the DMC District.
- + Research has been conducted by several partner agencies; research needs will be combined with partners to improve understanding of community experience.
- + A framework needs to be established for evaluating experience over the remaining 15 years of DMC Plan implementation.

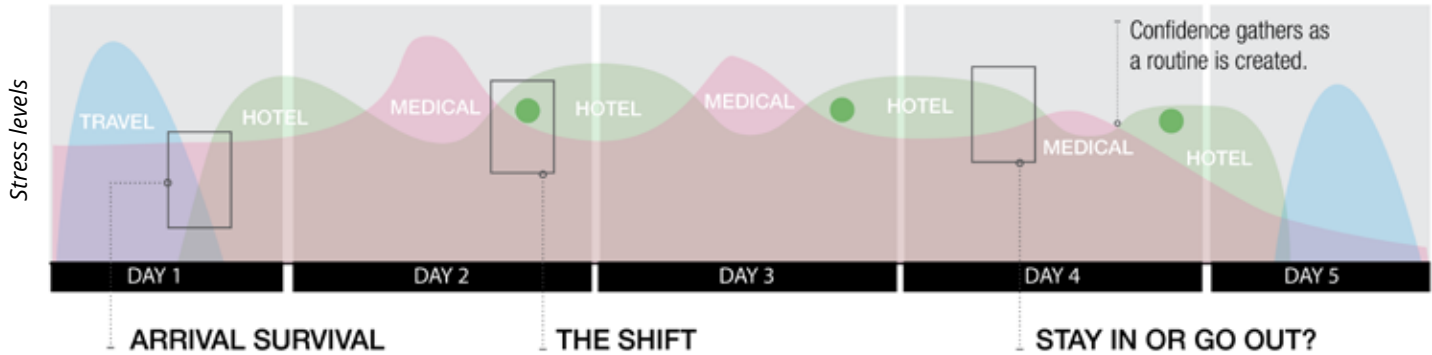
Another factor impacting the experience goal is that while there was impressive private development in Phase 1, there also was significant planning for new public realm areas and new mobility systems. Now in Phase 2, construction and implementation are well underway and of significant community benefit to the downtown experience. When completed, assessing both projects from the perspective of excitement and impact on the user experience will need to be conducted. Evaluating these projects to better understand and inform future project planning will be essential.

What’s next?

Research has been conducted by several partner agencies, primarily by the Rochester Downtown Alliance as part of the programming it offers throughout the year. DMC EDA will continue to collaborate to identify needs in public realm design and programming to improve resident and downtown workforce experiences. Looking ahead, the opportunity is to better understand key experience areas shared by visitors and residents. Identifying and building programming that addresses key needs will result in their satisfaction and DMC’s success.

To complete research and its application requires collaboration across public and private agencies. To date, strong partnerships have been developed among the City of Rochester, Mayo Clinic, the Rochester Downtown Alliance and Experience Rochester for the purpose of data sharing. During Phase 2, data will again inform and improve the downtown user experience. Partnerships will continue to be leveraged and enhanced with the addition of new members in order to realize the project’s ambitious goals.

Example of journey map for a patient visiting Mayo Clinic





The City of Rochester welcomed rentable, electric Lime scooters to the area in 2019, providing another transportation alternative for the community.

Looking Forward

DMC work is organized around four implementation areas: private development, mobility, public realm and streets and sewers. The following section is a roadmap to the many projects underway in each of these areas.



DMC Structure

The DMC Initiative is structured as a public-private partnership with balanced responsibilities and powers between the primary stakeholders. This is an overview of the roles and responsibilities of the various entities and discussion of the framework guiding DMC into Phase 2.

Destination Medical Center Corporation (DMCC)

- + **Governance and Finance:** A public non-profit corporation established to oversee the implementation of the DMC Initiative. Governed by an 8-person board, the DMCC includes representation from the State, Olmsted County, City of Rochester, and Mayo Clinic. The DMCC has review and approval authority over the DMC Development Plan, projects and funding requests within the DMC Development District.
- + **Implementation:** Project oversight for compliance with intent of the DMC Act and goals and objectives of the DMC Initiative. Implements, reviews and facilitates projects in accordance with the DMC Act. Establishes strategies and funding priorities. Approves annual operating budgets, capital improvements plans, project and funding requests. With the City, provides reporting to State agencies.

State of Minnesota

- + **Governance and Finance:** Provides funding to Public Infrastructure Projects (including General State Infrastructure Aid and State Transit Aid) in accordance with the terms and conditions of the DMC Act. The State also provides oversight to the DMC Initiative through reporting which is made to the Governor, State Legislature, Department of Employment and Economic Development (DEED) and other state agencies on an annual basis. The State

participates in decisions of the DMC through its representation on the DMCC Board (4 of 8 seats, appointed by the Governor following approval by the State Senate).

- + **Implementation:** Oversight through reporting and certification of private investments. Ongoing funding of Public Infrastructure Projects in accordance with the DMC Act.

Mayo Clinic

- + **Governance and Finance:** A primary driver of private investment, employment and visitation in the market. Mayo Clinic participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats). Mayo Clinic also appoints the Board of Directors of the Economic Development Agency.
- + **Implementation:** A primary driver of ongoing investment and growth.

City of Rochester

- + **Governance and Finance:** Provides local matching funds to Public Infrastructure Projects in accordance with the DMC Act and Project Agreements. The City acts as fiscal agent for the DMC Initiative. The City participates in decisions of the DMC through its representation on the DMCC Board (2 of 8 seats, one each appointed by the Mayor and City Council). The City Council also has separate approval rights over the DMC Development Plan, projects and funding requests.
- + **Implementation:** Identifies City public works projects in Development District for consideration/approval of the DMCC Board and City Council. With the DMC EDA, identifies/facilitates local tax increment financing and tax abatement requests by private developers for consideration/approval. Approves projects and funding requests. Oversees construction of City public

works projects. Ongoing operations and maintenance of City projects.

Olmsted County

- + **Governance and Finance:** Provides local matching funds to transit-related Public Infrastructure Projects in accordance with the DMC Act. The County participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats, appointed by County Board of Commissioners).
- + **Implementation:** Identifies County public works projects in Development District for consideration/approval of the DMCC Board and City Council. Oversees construction of County public works projects. Ongoing operations and maintenance of County projects.

DMC Economic Development Agency (DMC EDA)

- + **Governance and Finance:** A private non-profit economic development corporation, responsible for managing the Development Plan process and implementing the approved strategies over time. The EDA does not have approval rights over the Development Plan, projects or funding requests.
- + **Implementation:** Recommends strategic priorities and facilitates economic development projects in each phase. With the City administrative staff, identifies/facilitates local tax increment financing and tax abatement requests by private developers for consideration/approval. Facilitates the development, implementation and marketing of the DMC Initiative, all in accordance with the strategies incorporated in the approved Development Plan, the DMC Act, Project Agreements and the annual operating budget as approved by the DMCC Board and City.

KEY RESPONSIBILITIES OF THE DMC EDA

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:

+ 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

and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development

+ 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

DMC EDA OUTREACH 2019

PAID MEDIA

Over **35.7 million** impressions

120,900 DMC website visits

12,000+ Social media followers

More than **3,300** DMC Newsletter Subscribers

79 Blogs published

EARNED MEDIA

2,199 DMC related stories in the media

96 Speaking Engagements

60 Investor & Developer Meetings

56 Hosted community meetings & events

35 Targeted Meetings with Discovery Square Sub-district Tenants

+ 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



Team Adapt-a-Cart, winners of the open division of the inaugural DMC Assistive Tech Challenge.

CITY OF ROCHESTER AND DMC EDA COLLABORATION

In order to operationalize necessary collaboration among City of Rochester and DMC EDA teammates, the following collaboration teams were created. The structure of these teams and relationships are outlined in the graphic below. These teams focus on seven key priority areas of the DMC initiative including:



In cooperation with the City of Rochester, the positions outlined below were added in 2018 to specifically support the implementation and oversight of DMC projects period and are funded using DMC dollars that are credited toward the \$128 million that the City of Rochester will be contributing to the overall DMC initiative.

A Project Assistant role was created in addition to the following Project Manager positions:

- + Women and Minority-owned Business Program and Legislative Compliance Project Manager:** This position focuses on the targeted business and workforce participation goals of the DMC project and works to improve outcomes and build capacity in the City of Rochester.

+ Transportation, Infrastructure and Planning Project Managers (2): These two positions focus on the
- implementation of key objectives of the DMC project, for example public realm projects, key development opportunities and opportunities to build out the Rapid Transit system.

+ Special Initiatives Project Manager: This position focuses on the implementation, grant applications, and other priorities associated with the creation of a Rapid Transit system.

Looking Ahead

Public and private sector investment in the DMC District are transforming downtown Rochester. Private sector expansion anchored by growth at Mayo Clinic and changing roles for the City of Rochester (the City), Olmsted County, and the University of Minnesota are reshaping the marketplace and experience of downtown. The public and private partners of DMC are in a process of realizing this significant opportunity. As described, the needs of the DMC initiative change over time. DMC EDA and its partners require an operational model that can adapt to evolving goals in a nimble fashion. This is especially important as the work of the DMC EDA and the DMC Initiative evolves from a focus on planning in Phase 1 to implementation of public realm and mobility projects in Phase 2.

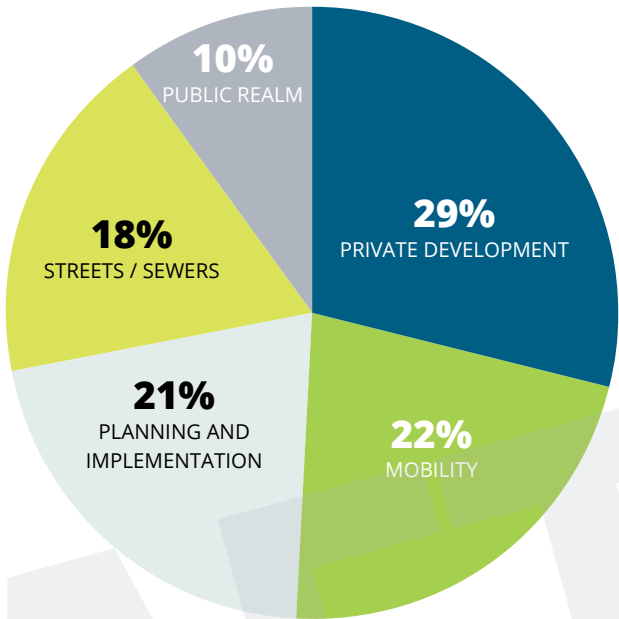
Policy Framework for Phase 2; Anticipated Use of DMC Funds

Destination Medical Center Corporation (DMCC) is responsible for directing the use of \$585 million in state, county, and city resources, in accordance with state law. As a steward of these funds, it is guided by goals reflected in the 2015 DMC Development Plan, evolving market conditions, and community values and priorities.

During the first phase, the DMCC authorized the use of \$98 million. A significant portion of those funds went toward supporting the public infrastructure associated with private development and the costs associated with creating the development plan itself.

Entering Phase 2, DMCC remains committed to stimulating continued private development, emphasizing investment that supports diversification of the economy. Additionally, during this phase, there will be an emphasis on executing on public infrastructure that was conceptualized and designed in Phase 1, specifically in the areas of Mobility and Public Realm.

ACTUAL USES 2015-2019
\$98M in public money was committed to these five areas



Flats on 4th, a residential and commercial building in the Downtown Waterfront sub-district.

PHASE 2 (2020-2024) PRIORITIES:

- + **Transformative Private Development:** Focus on developments that diversify or support diversification of economy (e.g., Discovery Square, Food Economy, Main Street Retail, Housing Affordability);
- + **Mobility Program:** Accelerate transportation program consistent with adopted Integrated Transit Studies;
- + **Public Realm:** Create extraordinary public space at the heart of every sub-district, that forms the connective tissue of people oriented, walkable, accessible green space.

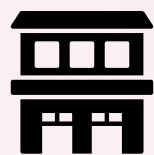
Based on the formula in state legislation, it is anticipated that \$200 million +/-, will be available in Phase 2. The table below sets out a framework for the use of DMC funds during Phase 2. When compared to Phase 1, significant increases in mobility and public realm expenses are offset by a reduction in program and operations. This framework will serve as a guide to assist in the annual CIP budgeting process and in decision-making surrounding private development proposals.



Illustration of Discovery Walk, a five-block, linear parkway extending from Heart of the City to Soldiers Field Park.

Public Investment in the DMC District

	Phase 1 Actual 2015-2019	Phase 2 Proposed 2020-2024
Mobility	\$21.5M (22%)	\$60-75 million (30-37.5%)
Public Realm	\$9.8M (10%)	\$35-50 million (17.5-25%)
Streets / Sewers	\$17.3M (18%)	\$35-50 million (17.5-25%)
Private Development	\$28.9M (29%)	\$20-45 (10-22.5%)
Operations	\$20.7M (21%)	\$15-20 million (7.5-10%)
Total	\$98.5M	\$200 million +/-



Transformative Private Development



The Berkman, a 13-story mixed-used development in the Saint Marys sub-district.

CONTEXT AND BACKGROUND

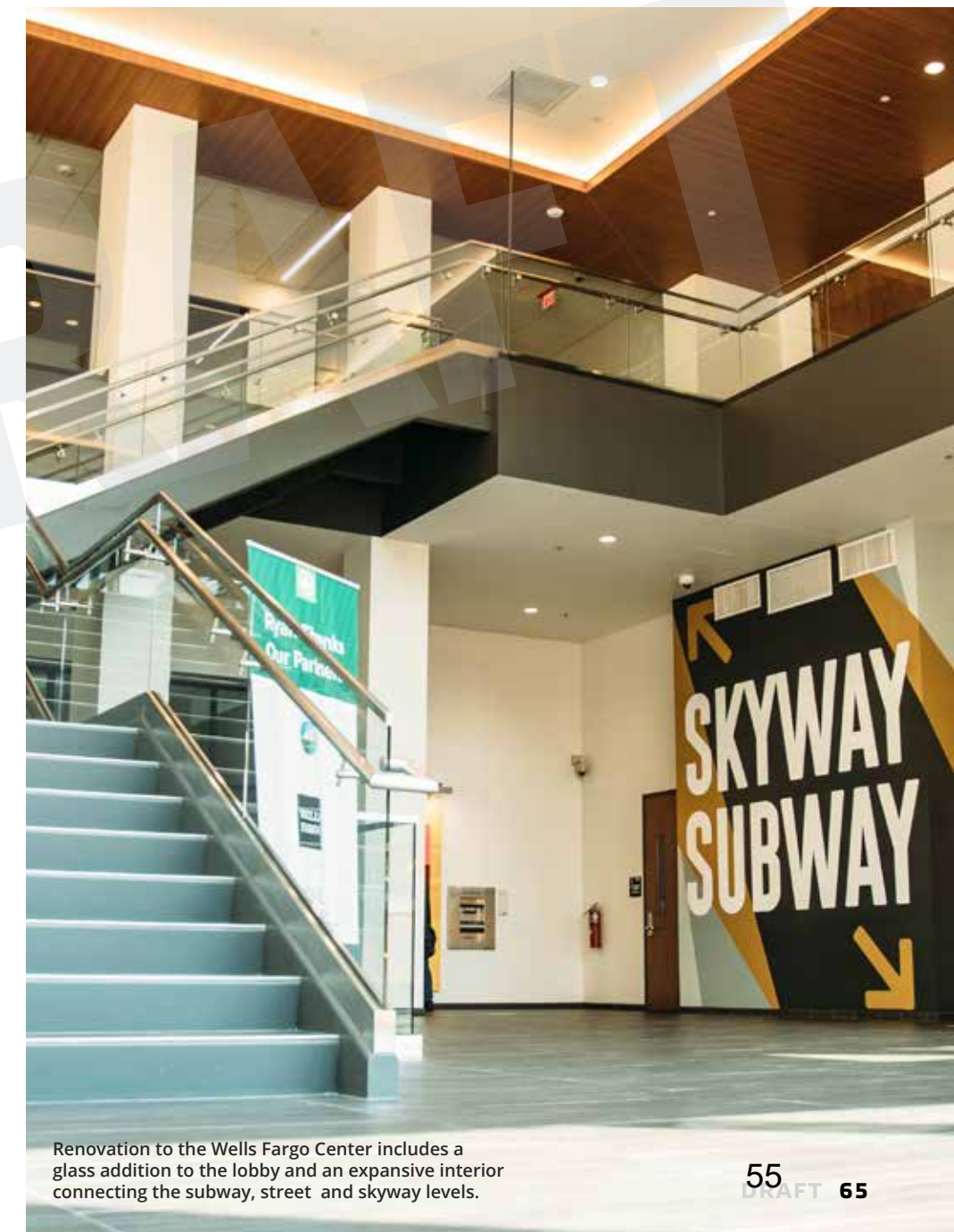
In the U.S., almost all homes, offices, hotels, restaurants, retail and entertainment venues are built by private developers. In the context of the DMC Development Plan, private development falls into two main categories:

1. **Investments by Mayo Clinic for renovating or building new facilities in Rochester; and**
2. **Investments by other private investors and developers to build apartments, offices, hotels and RD&E (Retail, Dining and Entertainment) places, often within a mixed-use project. This means a single building may contain two or more of the aforementioned uses — such as an apartment building with retail on the ground floor.**

The decision of what is allowed to be built in the DMC District is governed by Rochester's zoning code, which controls the land use map for the DMC District. The timing and amount of development that occurs is shaped by the infrastructural investments made by the State, County, City and DMC and is driven by market demand. Without demand from the market (i.e. people who want to live/work/learn/play/shop/invest in a given area), no private development occurs. Infrastructural investments like sewer capacity, bike lanes, roads, parks, etc. lay the groundwork for private investments to follow, as explained in the previous section. This relationship between infrastructural investments and private development is at the foundation of the DMC Act.

A best practices benchmark for public spending and private investment in a given area is approximately 10:1, which is captured in one of the goals of the DMC

project. For this goal, the \$585 million of public money is meant to attract approximately \$5.6 billion of private investment over 20 years. Mayo Clinic has committed \$3.5 billion of investment over 20 years, and DMC in collaboration with its partners is meant to attract \$2.1 billion in additional private investment.



Renovation to the Wells Fargo Center includes a glass addition to the lobby and an expansive interior connecting the subway, street and skyway levels.



DMC PLAN PRIVATE DEVELOPMENT PROJECTIONS

In the DMC Development Plan, space type and area projections are included that establish five-year milestones for the project. These targets were based on market demand studies conducted during development of the plan in 2013-15. Based on the studies for Phase 1 development, targets for healthcare practice, research, education, hotel rooms, retail, and residential units were created.

Market studies predicted significant activity in the development of additional healthcare space in the DMC District. This development is primarily focused on the renovation and construction of new space to support Mayo Clinic's practice and is captured in the Investment figures Mayo Clinic reports annually. Further, market studies forecasted the development of research space in the area of biomedical technology, which is embodied by the vision for Discovery Square, a sub-district for innovation of healthcare that diversifies Rochester's economy while building on the success of its biggest asset, Mayo Clinic.

Another primary need for a destination medical center is the development of additional hotel space. In the market demand studies, 760 hotel rooms were identified to be developed between 2015-2020. The original plan identified hotels as a key element of infrastructure needed for long-term success of the DMC District. Finally, the market studies identified demand opportunities for 450 units of residential and accompanying retail. The new park plans, transit system, trailways, redesigned streets, and new or renovated buildings with street level retail and entertainment options would improve the

downtown experience. This establishes a sought-after living experience, furthers the recruitment and retention of Mayo Clinic employees and supports nearby housing options for new employees in the burgeoning biomedical technology sector in Discovery Square.



PHASE 1 PROGRESS

(2015-2019)

The table demonstrates private development progress toward the market demand projections outlined in the previous section.

Program Comparison Mayo Clinic Investments + DMC Major Projects		Phase 1 Original Plan	Phase 1 Actual	Phase 1 Difference	20-Year Plan Remaining	% of Total Plan Completed Phase 1
Property Type	Unit					
Practice (Mayo Clinic)	SF	1,200,000	2,381,000	+1,818,000	4,419,000	35%
Research (Mayo Clinic + Non-Mayo Clinic)	SF	180,000	497,000	+317,000	523,000	49%
Research (Mayo Clinic)	SF	-	417,000	-	-	-
Research (Non-Mayo Clinic)	SF	-	80,000	-	-	-
Education (Mayo Clinic + Non-Mayo Clinic)	SF	0	4,000	+4,000	350,000	1%
Hotel	Rooms	760	260	-500	1,120	19%
Office	SF	0	80,000	+80,000	230,000	26%
Retail	SF	50,000	82,000	+32,000	238,000	26%
Residential	Units	450	460	+10	2,390	16%

As shown in the table, the DMC initiative outperformed its Phase 1, five-year projections in most categories. The Phase 1 category highlights the difference between the actual performance in the first five years to plan projections. Significant activity occurred in the areas of healthcare, research, office, retail and residential. DMC Development Plan market studies show that the first phase identified the opportunity to develop 760 hotel rooms; only 280 were completed during Phase 1. Additional hotel development (605 hotel

rooms) is currently under construction and slated to open in 2020 and 2021. In addition, another 505 residential units are currently under construction and so will be complete in 2022. **As outlined previously in this document, actual Phase 1 construction investments were nearly \$1 billion; \$127 million (15%) greater than plan for Phase 1, and 17% of the 20-year DMC Plan investment goals (\$5.6BN).**

Overall, based on the first five years of private development, the DMC District is well-positioned for the next five years. Mayo Clinic demonstrated its commitment, and DMC EDA and its partners were able to attract and secure private development to meet and surpass original project targets. It is anticipated that the COVID-19 pandemic will impact the private development market. These impacts are discussed later in this section.

SUSTAINABILITY AND EQUITY CONSIDERATIONS

Given the sustainability goals stated in the DMC Development Plan, many of which focus on reducing resource consumption across the district over the course of 20 years, it is critical to identify and implement strategies to reduce the impact of new development in the downtown core. To accomplish this, DMC created two strategies.

1. DMC District Design Guidelines document

This planning framework identified strategies for private development projects that would establish a coordinated and sustainable design approach for buildings, streetscape, neighborhood adjacencies, public realm concepts and other building design considerations.

These strategies were used throughout Phase 1 to evaluate private development project applications and to ensure that similar project approaches and standards applied to development projects across the District. This holistic guide set a baseline for sustainability concepts that aligned with the vision for the DMC Initiative.

▼ High-efficiency HVAC system in the Berkman in downtown Rochester, one of many sustainability features that earned the building Silver LEED certification from the U.S. Green Building Council.

2. DMC Sustainability Requirements

Projects receiving DMC infrastructure funding are required to incorporate key sustainability goals as follows:

- + Energy Use Index target from project's inception
 - Must be 20% below energy code
- + 75% diversion rate for construction waste
- + 35% water reduction from baseline
- + 50% irrigation reduction from baseline
- + Alternative Transportation elements like bike parking, EV readiness
- + Third-Party Certification
- + Energy Benchmarking after project completion

In order to achieve DMC's sustainability targets, the building

goals are focused on energy and water efficiency, waste minimization, sustainable transportation approaches, design certification and operational performance. Collectively, these goals ensure a holistic approach for sustainable design, construction and operation that ensure new development aligns with the 20-year environmental targets of the DMC project.

Another priority establishes equitable workforce outcomes for projects receiving DMC funds. To achieve this priority, the City of Rochester set targeted business goals and workforce participation goals for minorities and women. The targets established at the beginning of Phase 1, combined with current results, are included in the table to the right.

Workforce and Targeted Business Categories	2015 Goal	Performance (2017 - 2020)
Women Construction Participation	6%	3.6%
Women Professional Services Participation	6%	32.8%
Minority Construction Participation	4%	15.2%
Minority Professional Services Participation	4%	6.5%
Targeted Business: Construction	4%	7.2%
Targeted Business: Professional Services	4%	5.12%

Targeted business and workforce participation goals used either reported employee hours or contract amounts as measurement. The DMC initiative through its first phase outperformed most targets except for the participation of women construction workers on projects underway in 2015-2019. As a result of this performance, the City of Rochester and DMC EDA updated the minority and women enterprise and workforce

participation goals in 2020. One lesson learned during Phase 1 is the small amount of local Rochester firms that are women or minority-owned as an additional consideration in addition to contractors that employ people of color and women. Looking ahead, staff leading this effort will continue to focus on building capacity and workforce pipelines in Rochester to promote the use of local firms whenever possible.



A flexible pedestrian walkway accommodates foot traffic through the Heart of the City construction project.



MAJOR PROJECTS FOR PHASE 2

(2020-2024)

Major projects are in the pipeline for Phase 2 of the DMC Development Plan (2020-2024). As a result of the transit-oriented development work to advance the rapid transit circulator, significant market demand projection work was conducted to establish updated private development metrics for the remainder of the DMC initiative from 2020 – 2035.

Also, in 2018 and 2020 DMC EDA and City of Rochester commissioned market demand studies to inform and refine their approach to recruiting private development. Both analyses underscored the importance of doubling down on efforts in Discovery Square and the development of a biomedical technology sector.

In 2020-2024, work will continue to build a second privately-developed research facility in Discovery Square, building off the success of One Discovery Square, which opened in 2019. This

second facility is projected to be 120,000 square feet and will continue to recruit medical technology firms of varying sizes to work alongside Mayo Clinic researchers to develop the next century’s medical innovations.

A second opportunity for private development is workforce housing. Housing development in Phase 1 occurred in two primary rent ranges – market rate and units that are rented at 60% area median income (60% AMI). While the Rochester market created nearly one thousand affordable housing units in five years, the activity only served a portion of the community, leaving significant unmet gaps in other income ranges. Looking ahead to Phase 2, noteworthy opportunities include establishing residential units at varying income levels and bringing ownership opportunities to the downtown in the form of condominiums and townhomes.

A third opportunity for the private development in Phase 2 concerns the public realm and conceptual development planning for the Downtown Waterfront and Saint Marys public realm projects. This approach is aligned with the DMC vision of creating a signature public realm for each sub-district. Looking ahead, similar to the success realized in Heart of the City and Discovery Square, this conceptual public realm planning will help to establish a vision for these districts that private investment can rally around.

Finally, economic market demand projections were established in order to prepare an application for federal transit support of the rapid transit solution in downtown. As a result of this work, updated market demand projections for the next 15 years were established. These development targets are captured in the table.

Project Name	Completion Date	Total SF	Total Project Cost	Construction Type	Primary Use
Hotel Indigo (former Holiday Inn)	2020	86,000 (180 rooms)	\$10,500,000	Full building reno - retain use	Hotel
Urban on First (The Maven)	2020	239,000 (155 units)	\$30,810,000	New Construction	Residential
Berkman (Alatus)	2020	524,000 (350 units)	\$85,000,000	New Construction	Residential
Eleven02	2021	170,000 (250 rooms)	\$4,160,000	New Construction	Hotel
Hyatt House	2021	179,00 (175 rooms)	\$6,940,000	New Construction	Hotel

	Total DMC Planned (2015-2035)	Phase 1 Buildout 2015-2019 (Actual)	Phase 2 Under Construction	Phase 2 Additional Projected Real Estate Growth	Remaining Phases 2025-2035
Practice (Mayo Clinic)	6,800,000 SF	2,381,000 SF	TBD	TBD	4,419,000
Research (Mayo Clinic)	340,000 SF	417,000 SF	TBD	TBD	0
Research (Non-Mayo)	680,000 SF	82,000 SF	125,000 SF	0 SF	475,000 SF
Office	310,000 SF	80,000 SF	0 SF	0 SF	230,000 SF
Hotel	1,380 Rooms	260 Rooms	605 Rooms	0 Rooms	515 Rooms
Residential	2,850 Units	460 Units	505 Units	160-360 Units	1,625 Units
Retail-Dining-Entertainment	320,000 SF	82,000 SF	36,884 SF	0 SF	201,116 SF

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

There are several ways that the COVID-19 pandemic could impact private development activity within the DMC District over the next five years:

- + Willingness or ability of investors to advance projects in an uncertain economy;
- + The impact of the pandemic on specific sectors;
- + Societal inequities exposed or exacerbated by the pandemic; and
- + Construction worker safety.

Private Market

Thus far, private developer interest remains strong in Rochester. Current projects under construction are expected to be completed, and DMC EDA and City of Rochester are working through approvals for potential new projects for the district.

There are sectors of the Rochester community that include hotels, Mayo Civic Center and the Rochester International Airport that have been severely impacted by the pandemic and resultant travel restrictions. The long-term impact on the hotel sector remains to be seen and will likely be dictated by travel to Rochester and the ability to conduct conventions and sporting events. At the direction of the DMCC

board, DMC EDA commissioned an economic analysis scenario study to better understand the current and possible future impacts of the COVID-19 pandemic on Rochester’s economy.

Changing Cities

As a result of the stay-at-home order and social distancing requirements associated with limiting the transmission of COVID-19, work has shifted from the workplace to remote work where possible. This has changed the vibrancy of downtowns across the country, and Rochester is no different.

Looking ahead, private development targets may need to adapt to changes in the office market, where additional downtown space could become available in the existing building stock. Further, living preferences of community members and new community members could shift over the long-term as a result of the pandemic and its impact on civic life, community events, and availability of downtown retail and entertainment options.

Community Impact

COVID-19 stymied activity in the service industry, impacting its workers and its ties to affordable housing, reliable

transit and opportunity. The federal government responded with several directives including a temporary worker stipend and eviction moratorium. While these measures helped lessen the blow to vulnerable communities, these measures were initially set up to be temporary in nature. Communities continue to struggle with limited transit service; opportunities for other employment are scarce. Looking ahead, a focus on developing workforce housing and reliable transit service will serve the DMC initiative and City of Rochester well as solutions to build resiliency in the community and enhance its ability to weather significant shocks to its environment.

Construction Industry

Finally, as outlined in other sections, the pandemic could impact the availability of construction workers and project schedules. Moving forward, protocols established by contractors and the broader construction industry need to be followed in order to minimize the pandemic’s impact to construction worker health and continue progress on current and future development projects.

Refer to pages 22-25 for further discussion of COVID-19 economic impact.



Mobility

CONTEXT AND BACKGROUND

What do we mean when we say mobility? In the 2015 DMC Development Plan, nearly one-third of its content was devoted to transportation, demonstrating how critical this element is to the overall DMC initiative. This five-year update reflects on today's understanding of the plan's goals, which means a shift in language as we enter into Phase 2 to better align with the DMC Development Plan goals.

DMC's approach to transportation continues to evolve. Mobility encompasses the gamut of transportation options — increasingly including newer options like shared cars, bikes, scooters, and autonomous vehicles. But the larger objective is to guarantee that people can get to jobs, health appointments, parks or shopping whenever they want or need to go — and that they are not deterred by transportation reliability, affordability or safety concerns.

Mobility equates to access. Simply put, transportation is something we do; mobility is something we have.

Peer studies show that the catalyst for economic and community activity is found in quality urban streets that are walkable, connected, and served by high-quality transit. Downtown districts in cities rated as having a high quality of life have in common a high-quality downtown that functions as the city's cultural and economic heart.



Tom Roster

PHASE 1 PROGRESS

(2015-2019)

Transportation elements of the 2015 DMC Development Plan outline investment concepts to improve access to downtown Rochester and improve circulation within downtown for residents, workers, and visitors on transit, foot, and bicycle. These transportation principles were first identified in the Rochester Downtown Master Plan and reinforced by the DMC Development Plan, and serve to inform improvements to parking, transit, streets, active transportation, wayfinding, and regional commuter service. These principles were developed into detailed studies in the DMC Transportation & Infrastructure Program Integrated Transit Studies (ITS) prepared for DMCC and the City of Rochester and issued on June 20, 2018.

- The principles established to guide future DMC mobility actions and investment are:
- + Making it easy, affordable, and convenient for people to get to downtown Rochester, whether they are from Southeast Minnesota or journeying from across the globe;
 - + Bringing 30 percent of the workforce to downtown Rochester on transit by 2035;
 - + Creating a “park once” downtown environment connected by a frequent downtown circulator;
 - + Prioritizing and building shared parking for economic development;
 - + Creating world-class streets designed for people;
 - + Creating an exceptional place for healthy, human-powered transportation;
 - + Forming a downtown Rochester Access Authority;
 - + Investing in sustainable transportation

infrastructure and programs that reduce the city’s ecological footprint;

- + Deploying DMC funding to leverage public and private transportation infrastructure funding; and
- + Establishing and maintaining a transportation network that is accessible and inclusive to people of all ages, abilities, and states of wellness.

The DMC Development Plan projected that by 2040, downtown Rochester will grow with significant increases in the number of workers, visitors (including medical patients and convention/event traffic), and residents moving about the district. With this growth in activity will come significant growth in travel. If

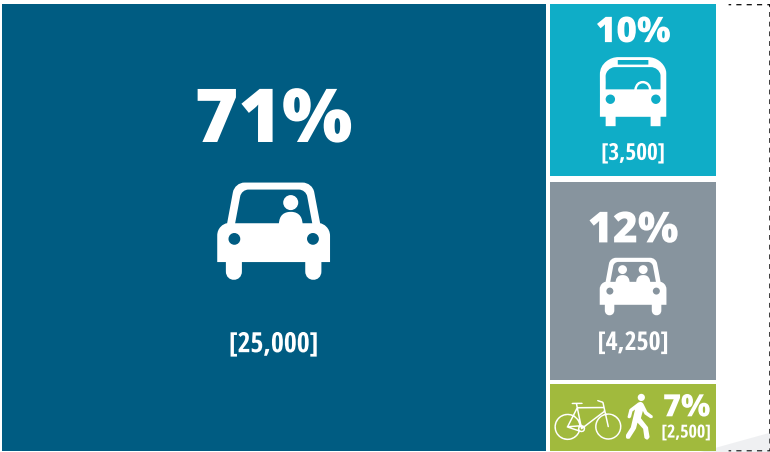
▼ Demonstration of the Easy Mile 12-passenger autonomous vehicle on Peace Plaza in downtown Rochester.



current travel choices remain unchanged, the level of downtown vehicle traffic is expected to grow by over 60 percent, resulting in significant peak period traffic congestion and demand for over 16,000 additional parking spaces, which is over 50 percent above current parking supply.

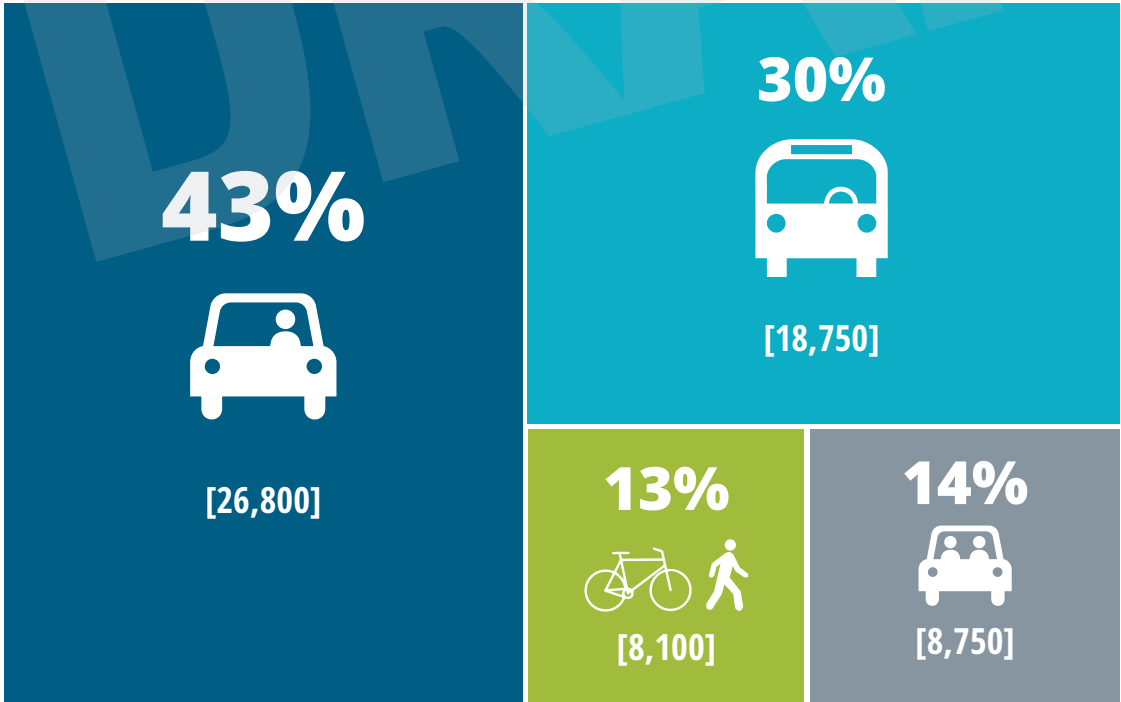
While the COVID-19 pandemic may impact projections, especially in terms of the number of workers that will come downtown, at this juncture too much remains uncertain to issue a re-calculation. The principles that shape our mobility strategy remain in place, as they established a flexible framework for implementation that can adapt to evolving conditions over time.

COMMUTER MODE OF TRAVEL TODAY



35,250
Current total number of employee commuters

COMMUTER MODE OF TRAVEL: 2035 TARGET



62,400
Total projected number of employee commuters

FROM VISION TO PROJECT IMPLEMENTATION

The purpose of each study was to refine work completed in the 2015 DMC Development Plan visioning process at a level of detail needed to generate public acceptance of proposed solutions and support of project funding. Each study examined the feasibility of proposed improvements in the context of limited right of way availability, cost-effectiveness of the proposed approach to delivering improvements, and the degree of public acceptance for improvements.

The studies were conducted in an integrated framework in order to assess how infrastructure improvements in each area

would contribute to an overarching cohesive transportation network. That network is planned with a variety of modes of travel – car, transit, bike and on foot – that would accomplish the goals identified in the DMC Development Plan.

Findings from the 2018 Integrated Transit Studies were jointly considered across four areas of focus:

- + Transit Circulator Study
- + Street Use and Operations Study
- + Parking and Travel Demand Management Study
- + City Loop Study



PREFERRED SOLUTIONS AND STRATEGIES

The ITS transportation investment framework reflects major changes transpiring in Rochester over the next 20 years, including:

- + Intense land use development in the downtown area, with concentrated employment growth particularly in districts influenced by the presence of Mayo Clinic;
- + Rise of downtown as a dense residential neighborhood;
- + Increased demand for downtown access; and
- + Changing travel behavior, consumption preferences, and essential living infrastructure.

The ITS transportation investment framework builds on and refines these key tenants of the DMC Development Plan:

- + A greater emphasis on land use patterns that encourage short trips;
- + An effort to make walking and bicycling safe, comfortable, and enjoyable;
- + The opportunity for street networks to be developed that effectively balance the use of modes to optimize movement of people over cars and facilitate movement of goods;
- + The expansion of transit systems that link people to jobs, provide high quality service throughout the day, and are accessible to users of all ages and abilities; and
- + Accommodation for all users, including those with mobility impairments, disabilities, and other special needs, and which enables residents and visitors to be active, recreate, and exercise outdoors while being part of a vibrant neighborhood.

MAJOR PROJECTS FROM PHASE 1 (2015-2019)

The ITS proceeds to outline preferred solutions and strategies in much greater detail and are included in the Appendix. Following is the summary table of other planning and implementation initiatives that occurred from 2015-2019 to advance DMC’s mobility goals:

Mobility Project	Type	Date Issued	Description	Link
DMC 2015 Plan	Vision and Framework	2015	High-level vision for transportation in the DMC District	dmc.mn/press-room/#devPlan
RPT Transit Development Plan	Master Plan	May 2015	Five-year planning document outlining services and routes	www.rochestermn.gov/departments/public-transportation/transit-planning/tdp-background
ITS	Framework for Implementation	2018	Integrated transit plan for downtown	www.rochestermn.gov/departments/public-works/dmc-related-transit-studies
Parking Ramp 6	Built Project	Completed in 2019	New parking ramp to accommodate downtown parking needs	www.rochestermn.gov/Home/Components/FacilityDirectory/FacilityDirectory/379/1540
4th Street Reconstruction	Street Improvement	Completed in 2019	Street reconfiguration to include protected bike lanes	www.rochestermn.gov/departments/public-works/construction-projects/4th-street-sw
TOD Zoning / R2x zoning	Zoning Policy Change	Completed in 2019	Allowing for denser development along transit corridors and adjacent neighborhoods	www.rochestermn.gov/departments/community-development/planning-zoning/transit-oriented-development-tod-and-infill-redevelopment-r2x
Micro-Mobility	Pilot Project	2016-Present	Bike share pilot program and electric scooter pilot program	https://www.rochestermn.gov/departments/community-development/sustainability/micro-mobility



A bicyclist rides on protected bike lanes that were added as part of the 4th Street Reconstruction project.

MAJOR PROJECTS FOR PHASE 2

(2020-2024)

From Concept to Implementation

During Phase 2 of the DMC Development Plan, several initiatives will move forward. Below is a snapshot of major mobility initiatives currently underway, in addition to the anticipated timeframe for their implementation.

Mobility Project	Type	Description	Link
Rapid Transit Circulator	Electric bus rapid transit route	4-mile route, high-frequency bus rapid transit amenity	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route
West Transit Village	Master Planning + Development	13-acre transit-oriented development	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route/rapid-transit
St. Marys Transit Center	Upgrade/reconstruction	As part of the Rapid Transit project, St. Marys transit infrastructure will be upgraded	-
North Broadway Construction	Street Reconstruction	Street project to update lanes, pedestrian and bike amenities	www.rochestermn.gov/home/showdocument?id=9317
City Loop	Protected bike lane network	Connected and protected bike lane network through downtown core. Link between existing trailways	www.rochestermn.gov/home/showdocument?id=27639
Arrive Rochester	Transportation Management Association	Program to develop and encourage alternative commuting habits	https://arrive.agilemile.com/
Unified Development Code	Building code update	Update to land use and development code that translates Comprehensive Plan (2018) to actionable approach	www.rochestermn.gov/departments/community-development/unified-development-code-project
City Pedestrian and Bike Master Plan	Master Planning Effort	Update and coordinate pedestrian and bike infrastructure across City (including downtown)	-
Micro-Mobility	Pilot Project	E-bike share program and Hour Car vehicle sharing program pilots planned	https://www.rochestermn.gov/departments/community-development/sustainability/micro-mobility
MNDOT CAV prototyping	Pilot Project	Year-round collaboration with the State of Minnesota to test autonomous vehicle technology	www.dot.state.mn.us/automated/docs/rochester-av-shuttle.pdf
Electric Vehicle Infrastructure	Vehicle charging Network	Planning document for visitor and resident vehicle charging	-

SUSTAINABILITY AND EQUITY CONSIDERATIONS

During the first five years of project planning, DMC and its collaborators made sustainability a priority. DMC took a triple bottom-line approach to sustainability planning in order to balance decision-making across three key areas: natural environment, financial returns, and social equity improvement.

The integrated transit planning approach highlights ways to create a resilient and equitable downtown by

encouraging a range of modes of travel. These choices help address the different needs of downtown workers, residents, and visitors, ensuring that with more options, the approach will be more adaptive. With seasonal weather changes, or as the traffic congestion accelerates throughout the day, the plan recognizes the importance of providing mobility options that accommodate user needs.

The range of options is important,

as are their prevalence, placement and cost. Going forward, sustainability and equity must continue to be part of the planning process in order to ensure the transportation planning and mobility options conserve natural resources and are equitably distributed.

Planning efforts will carefully consider how both Naturally Occurring Affordable Housing (NOAH) and new affordable housing will tie into mobility investments.

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

The COVID-19 pandemic has impacted mobility planning, approach and implementation considerations. Three current observations pertaining to potential long-term impacts for the health and well-being of commuters include:

1. Commuter Habits

In March 2020, many employees working in downtown Rochester transitioned from office-based to remote work (typically from home) in order to comply with social distancing guidelines. As a result, a portion of the existing downtown workforce no longer needed to rely on mobility options for work commutes.

As the pandemic continues, a significant percentage of the downtown workforce continues to work from home or to work with a staggered in-office schedule. Therefore, projections pertaining to commuters will need to be updated to reflect the changing paradigm of the modern workplace and the safety of its workforce.

2. Cleanliness of Mobility Options

The pandemic highlighted the necessity for cleanliness of transit and other mobility options. The public is keenly aware of the importance of clean surfaces and equipment. Ultimately, the success of shared mobility options will be predicated on the community’s trust that public transport options are safe.

Currently, technologies that include UV lights are being used in public transportation vehicles to kill germs and ensure the safety of riders. Practical approaches to ensure commuter safety and technological advancements will need to be routinely reviewed and employed for ongoing success.

3. Community Outdoor Infrastructure Use

As a result of the pandemic and social distancing protocols, more community members are home-based and have been exploring the outdoors to relax, exercise, or simply get some fresh air. Several months into the pandemic, use of Rochester's trailways has increased dramatically.

As cases of COVID-19 subside, the trend for outdoor activity, and specifically the usage of pedestrian and bike infrastructure in downtown and throughout the rest of the city will need monitoring to inform future planning efforts.



Public Realm

CONTEXT AND BACKGROUND

Public realm is our civic commons. Generally, it means outdoor space within cities and towns that is accessible to the general public – that includes sidewalks, streets, parks, plazas and other shared places. It is the connective tissue of a city. The DMC District public realm aims to be walkable, green, people-oriented and accessible.

Public space, public realm, and placemaking are interrelated; their development, use and ultimate success is largely tied to input from the community as it relates to design and program elements that invite activity and use.

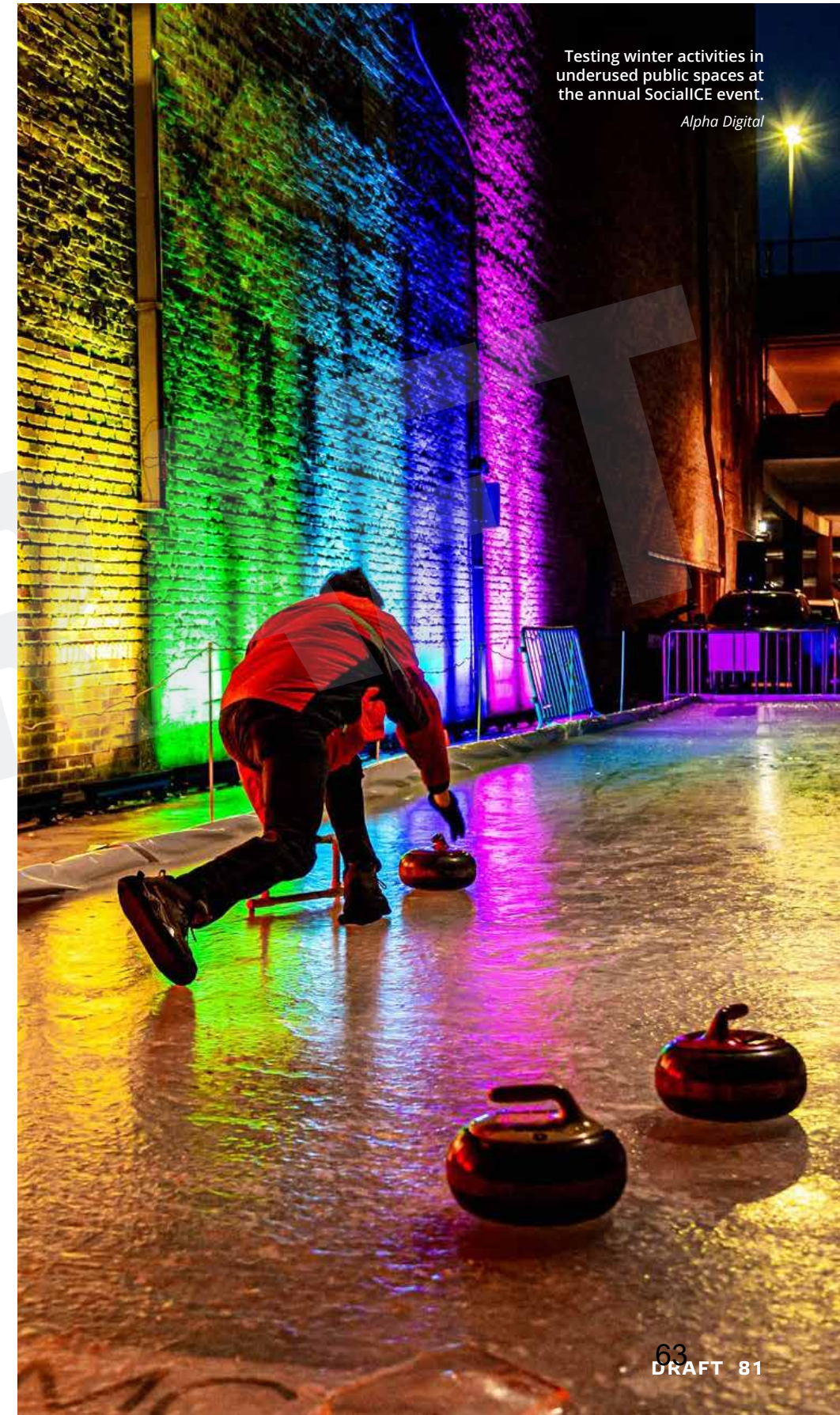
The first Guiding Principle of the 2015 DMC Development Plan emphasizes the central role that public realm plays in the vision for the DMC District (DMC Development Plan, Section 1, p 6):

“The DMC Initiative sets forth a plan to transform the epicenter of Rochester...into a vibrant urban center and one of America’s model cities. This is accomplished by creating a vision for an integrated downtown, unified by six sub-districts that are [each] anchored by unique places designed to create experiences to attract and retain residents, visitors, employees and investors to the community. This is a place for Rochester; it is envisioned by its citizens. It reflects the principles, ideas and culture unique to this community.”

To fulfill this direction, compelling visions for public space were developed. Further detail on their progress and next steps are outlined in the following sections.

Testing winter activities in underused public spaces at the annual SocialICE event.

Alpha Digital



PHASE 1 PROGRESS

(2015-2019)

Since adoption of the DMC Development Plan, the DMCC Board reinforced strategic priority areas to be developed by the Project. For Phase 1 of the project (2015-2019) the Heart of the City and Discovery Square sub-districts were among the first set of priority public realm projects, though progress has been made on additional projects as well.



HEART OF THE CITY

In the Heart of the City sub-district, public realm planning began early in Phase 1. To help inform early design concepts, DMC Economic Development Agency (EDA) partnered with several organizations to lead a Prototyping Festival (September 2016) that crowd-sourced public realm planning ideas and concepts from the community. Several of the concepts have been incorporated into the project's final design. Beyond the prototyping festival, City and DMC partners led community working groups to collaborate through conceptual and schematic design processes. In 2018 and 2019, design documents and construction documents were finalized with participation once again from the community and construction commenced early in Phase 2 (April 2020).



CHATEAU THEATRE

During this same period, and with the understanding that a robust arts presence in downtown will further enhance its vibrance, DMCC in partnership with the City and Mayo Clinic purchased, renovated and re-opened the historic Chateau Theatre that is located in the Heart of the City adjacent to the planned public realm project. The community has expressed considerable interest in the revitalization of this building to further leverage the public realm investment and as an opportunity to amplify programming offered by a range of organizations.



SAINT MARYS PLACE

In the Saint Marys sub-district, DMC EDA and City of Rochester, in concert with community partners, developed a schematic design for the area surrounding 2nd Street SW and Mayo Clinic Saint Marys Campus. This signature public space is meant to transform the West Second Street downtown experience from a work environment to one that also cultivates live and play opportunities for employees, visitors, and community residents. Community engagement was critically important during the development of this sub-district's conceptual plans.



DISCOVERY SQUARE

In the Discovery Square sub-district, DMC EDA, City of Rochester, and a range of community partners completed a schematic design for Discovery Walk, the signature public realm space for the sub-district.

Discovery Walk is a five-block linear parkway meant to connect the Heart of the City public realm space to another downtown park adjacent to the City's Soldiers Field Park, a multipurpose space that houses a veteran's memorial public golf course, playground, playing fields and community gathering space.

DMC EDA partnered with a range of stakeholders, including the City of Rochester, business community, non-profits, Mayo Clinic and a group of community co-designers (connectors to under-represented communities) to inform the conceptual approach for the park. The success of the community co-design process will continue to inform the project through completion of its design development. Additionally, regional artists will assist with art integration within Discovery Walk.

The DMCC Board approved the advancement of the Discovery Walk project into Design Development in the very beginning of Phase 2 (2020).



Public Realm Project	Description	Work done in Phase 1	Link
Heart of the City - Phase 1	Signature public space project located in the center of downtown. This project will be completed in two phases, with the first phase entering construction in 2020.	Design and financing	https://heartofthecity-dmc.com/hoc-phase-1/
Discovery Walk	Signature five-block linear park extending from Heart of the City to Soldiers Field Park. This project will enter construction in 2021.	Concept and schematic design	https://dmc.mn/discovery-walk-a-place-of-connection/
Saint Marys Public Realm	Schematic design concepts for signature public realm space in the Saint Marys sub-district.	Concept design	https://dmc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Chateau Theatre	Restoration of beloved community venue.	City, with support from DMC and Mayo Clinic, purchased, did interim renovation and activation	http://www.rochestermn.gov/departments/administration/chateau-theatre

SUSTAINABILITY AND EQUITY CONSIDERATIONS

In the development of conceptual plans for public realm projects, the design team comprised of members from DMC EDA and City of Rochester placed sustainability at the core of its planning. For each design, the team focused on opportunities to reduce consumption of resources, such as water and energy. Additionally, the team worked to reduce waste impacts, identify materials comprised of recycled or rapidly renewable materials that are produced locally, prioritize native fauna, and ensure that each project reflected the visions put forth by the community.

Regarding equity, DMC EDA and the City of Rochester have piloted several new ways to incorporate more equitable practices into the project development process.

In the Heart of the City Public Realm design development, DMC EDA commissioned a study to better understand its community engagement

approach through an equity lens, which identified several areas of opportunity for improvement. This study informs the team's future direction.

Building on the Heart of the City findings, an innovative new approach was taken during the concept design of Discovery Walk to ensure the project reflected the diversity of the community, inspired by first hearing from a range of voices. This approach is called a community co-design process. Community members from several historically under-represented communities in Rochester were hired to participate as members of the design team, and were compensated for their time and expertise, just as the architects, planners and other hired professionals are in the typical design process.

The outcome at the end of concept design was an explanation of the design elements, programmatic changes and policy considerations that the City, DMC

and others project partners will use to inform Discovery Walk's design going forward. The outcome of this process will be to produce public spaces that should better fulfill the DMC Development Plan's goal to create "a place for Rochester... envisioned by its citizens. It reflects the principles, ideas and culture unique to this community." Several of the community co-designers will continue to participate as part of the design team throughout the entire design and construction process in Phase 2.

The success of this initial approach to planning will be replicated for future projects and initiatives. Honoring and financially compensating community co-designers will continue to ensure initiatives reflect the community's vision for highlighting and celebrating its diversity while providing a pathway to breaking down systems of structural oppression and racial bias.

MAJOR PROJECTS FOR PHASE 2

(2020-2024)

From Concept to Implementation

Planning and construction initiatives in Phase 2 are underway that will be developed over the course of the next four years, from 2020 to 2024. The first phase of Heart of the City construction began in spring 2020 with completion expected in 2021 of the eastern portion of its public space. After renovation, the historic Chateau Theatre has already reopened as a multi-use venue.

Discovery Square plans are set to carry the schematic level of design of Discovery Walk through design development and construction start planned in 2021. Community residents from underserved and historically underrepresented communities will continue to be engaged on the design

of the public space; stipends to cover the cost of transportation and childcare will be provided.

Tentative plans are in place for Saint Marys sub-district toward the end of Phase 2 to carry the conceptual work through its later stages of design. This work will likely be completed in concert with the development of the Rapid Transit Project, which is outlined further in the Mobility section. Plans for this transportation corridor will include public realm space, thus ensuring that the connective tissue of the station areas located adjacent to neighborhoods will contribute to design and recognition as quality public realm.

Also in Phase 2, initial planning for the Downtown Waterfront sub-district public

realm space will commence. Conceptual plans will be developed to realize the vision for creating a signature public space that connects to other downtown public spaces. The possibility exists to connect development to historic 3rd Street, a popular destination for visitors and community residents, in addition to connecting to other large private property parcels within the sub-district along the Zumbro River.

Since a signature public realm component is called for within each of the sub-districts, a strategic plan and timeline for visioning the remaining two sub-districts (Central Station and UMR and Recreation Area) will also be developed in Phase 2.



Crews work on the renovation of Peace Plaza, part of the Heart of the City public realm project.

Public Realm Project	Description	Phase 2 Anticipated Work	Link
Heart of the City - Phase 1	Signature public space project located in the center of downtown completed in two phases, with the first phase entering construction in 2020.	Construction start April 2020; anticipated completion summer 2021	https://heartofthecity-dmc.com/hoc-phase-1/
Discovery Walk	Signature five-block linear park extending from Heart of the City to Soldiers Field Park. This project will enter construction in 2021.	Construction start in 2021	https://dmc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Saint Marys Public Realm	Schematic design concepts for signature public realm space in Saint Marys sub-district.	Design to be coordinated with Rapid Transit project	https://dmc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Waterfront Public Realm Planning	Signature public realm space within the Downtown Waterfront sub-district. Aims to increase activity around the river flowing through downtown.	Design and Phase 1 construction by 2024	https://downtownwaterfrontsmallareaplan.com
Central Station Public Realm	Initiate re-visioning for this sub-district and potential public realm concepts.	Kick off concept design	-
UMR / Recreation Public Realm	Update overall sub-district plan and potential public realm concepts.	Kick off concept design	-
Rapid Transit Public Realm	Rapid transit public realm planning to delineate station areas and transit route.	Station area design and construction start	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

The COVID-19 pandemic has impacted the role and elevated the importance of outdoor public space in urban environments. Historically, public realm spaces have offered inviting places for a range of community activities - a place of respite, a place to access nature while in an urban environment, or a place that welcomes community gathering and activity. Public spaces have been recognized for helping to address social isolation and mental health, even though people may not be interacting, seeing others contributes to stress reduction.

Places of respite and access to nature will grow in importance in a post-pandemic world. As discussed in the mobility section of this document, the Rochester community continues to assess the value and importance of trailways and natural spaces as essential and therapeutic. The design of Rochester's public spaces will need to adapt to changing circumstances in order to provide places with convenient access to nature or to safely congregate in large or small groups.

Considerations given for the use of

public space will largely be predicated on perceived safety. Outdoor spaces must address cleanliness. Additionally, the space must provide for safe distancing and the disinfection of surfaces in order to provide for and ensure community adoption and use. The Clean and Safe Program created by the Rochester Downtown Alliance is currently underway, carried out by full-time employees following safety protocols in cleaning high touch point spaces and places in downtown.

Streets & Sewers

CONTEXT AND BACKGROUND

Critical infrastructure investments like street improvements, stormwater, and sewer projects facilitate subsequent vertical building development. These public investments in infrastructure are generational investments, and in the case of the DMC they support denser downtown private development. This relationship between public investments that fuel greater private investment is at the core of the DMC Development Plan financial model.

Streets and sewers are two different project types that share a similar purpose: to improve access and use. Within the street typology section of the 2018 Integrated Transit Studies, there is an approach to designing downtown streets to better accommodate multiple mobility modes.

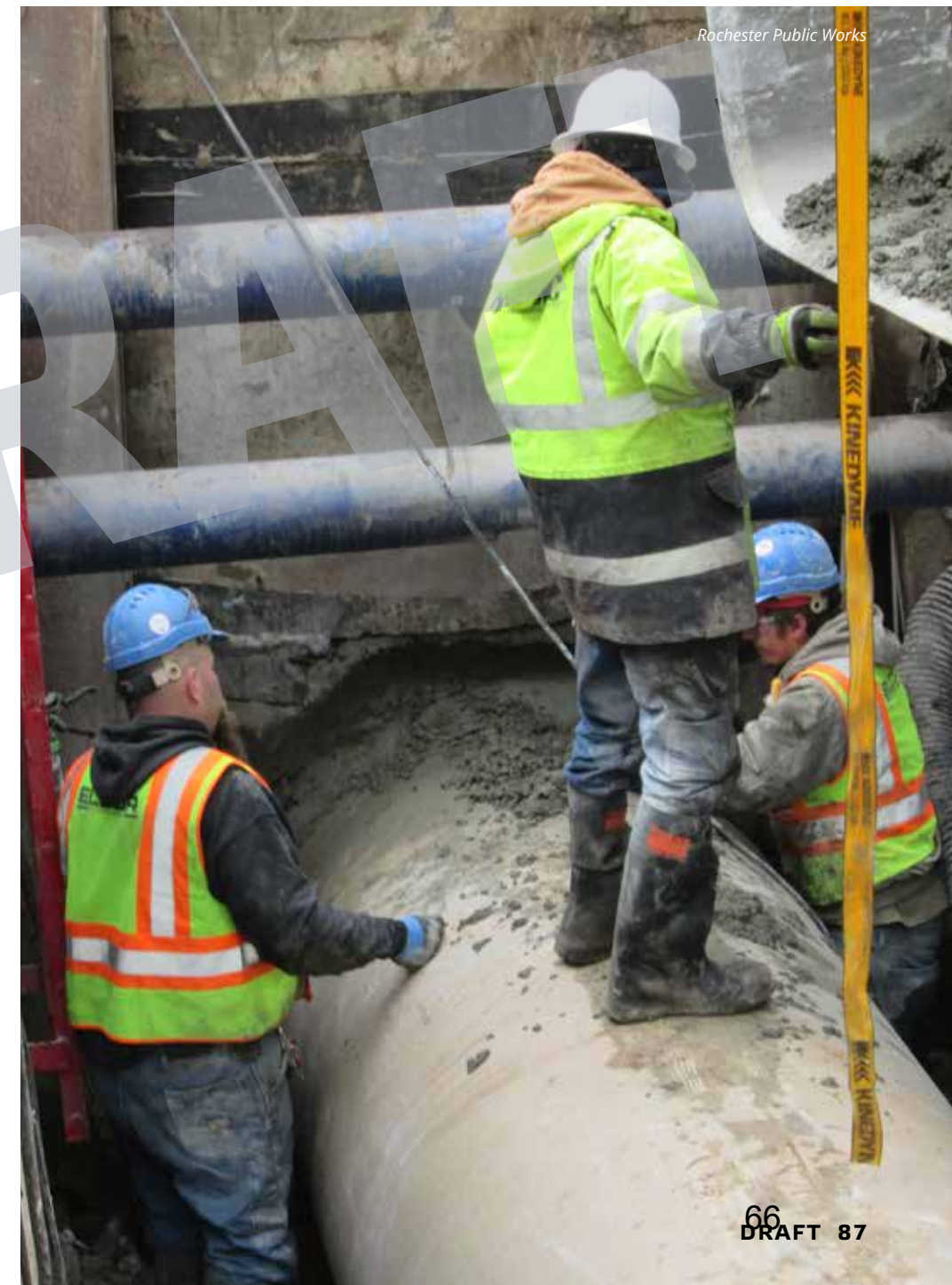
In 2021, the results of this plan will be integrated into a city-wide plan as the City updates its Bicycle and Pedestrian Master Plan. More details about street improvements can also be found in the documents referenced in the Mobility section.

Most of the street and sewer projects outlined in the 2015 DMC Development Plan are early phase improvement projects to support strategic growth and advance quality of life. Within the Development Plan, these projects fall into four primary areas:

1. Stormwater mitigation
2. Sewer infrastructure upgrades
3. Water main infrastructure projects
4. Downtown street and parking improvements

The water, sewer, and stormwater projects are a combination of repair or replacement of aging infrastructure (that would be needed even without the DMC Initiative) and expanding capacity to support new development in the DMC District. It is worth noting that the fiscal efficiency of infrastructure investments in

downtown development is much higher than lower density development patterns, and therefore downtown development helps support the variety of lower density neighborhood types that are found within Rochester. Further details on this can be found in Appendix.



PHASE 1 PROGRESS

(2015-2019)

In the first five years of the DMC initiative, considerable progress was made on several infrastructure projects to enable further downtown development. Projects that began planning and/or construction between 2015-2019, are listed below.

Storm and Sewer Projects	Description	Link
Sanitary Sewer Upgrade – 3rd Ave SE	Upgrade sanitary sewer capacity to meet future development needs. This project is nearing completion.	https://www.rochestermn.gov/home/showdocument?id=27635
Sanitary Sewer Bypass – 2nd St SE	Upgrade to sewer utility along 2nd Street SE. Project is currently under construction.	https://www.rochestermn.gov/home/showdocument?id=27635
Sanitary Sewer Upgrade – Cooke Park	Upgrade to sanitary sewer to meet future downtown development needs. This project is in design.	-
Street and Utility Upgrades – 4th St SW	Upgrade to storm and sewer utilities and street redesign, including bike lane. This project is complete.	https://www.rochestermn.gov/home/showdocument?id=27617
Sanitary, Sewer and Street Upgrade – 6th and 7th Ave	Upgrade to sanitary and sewer utilities and street redesign. This project is under construction.	https://www.rochestermn.gov/home/showdocument?id=27627

Collectively, these key infrastructure upgrades are focused in areas that are prime for redevelopment. Historically, these downtown areas hosted surface parking lots, which did not greatly impact the sewer or water main systems, but also did not generate much in tax revenue, or support jobs, retail or housing, critical to creating downtown vibrancy. As new building projects are brought forward, these upgrades are necessary to ensure the new building's water and sewer needs are met to make the development possible.

A map highlighting the areas of downtown that are currently under construction:
<https://rpu.maps.arcgis.com/apps/webappviewer/index.html?id=27e34d05eb514c9cac702b2b5c515613>

SUSTAINABILITY AND EQUITY CONSIDERATIONS

While the link between sustainability and equity to underground infrastructure projects is not explicitly made clear in the DMC Development Plan, in Phase 1 DMC has implemented methods to advance sustainability and equity initiatives through these projects as well.

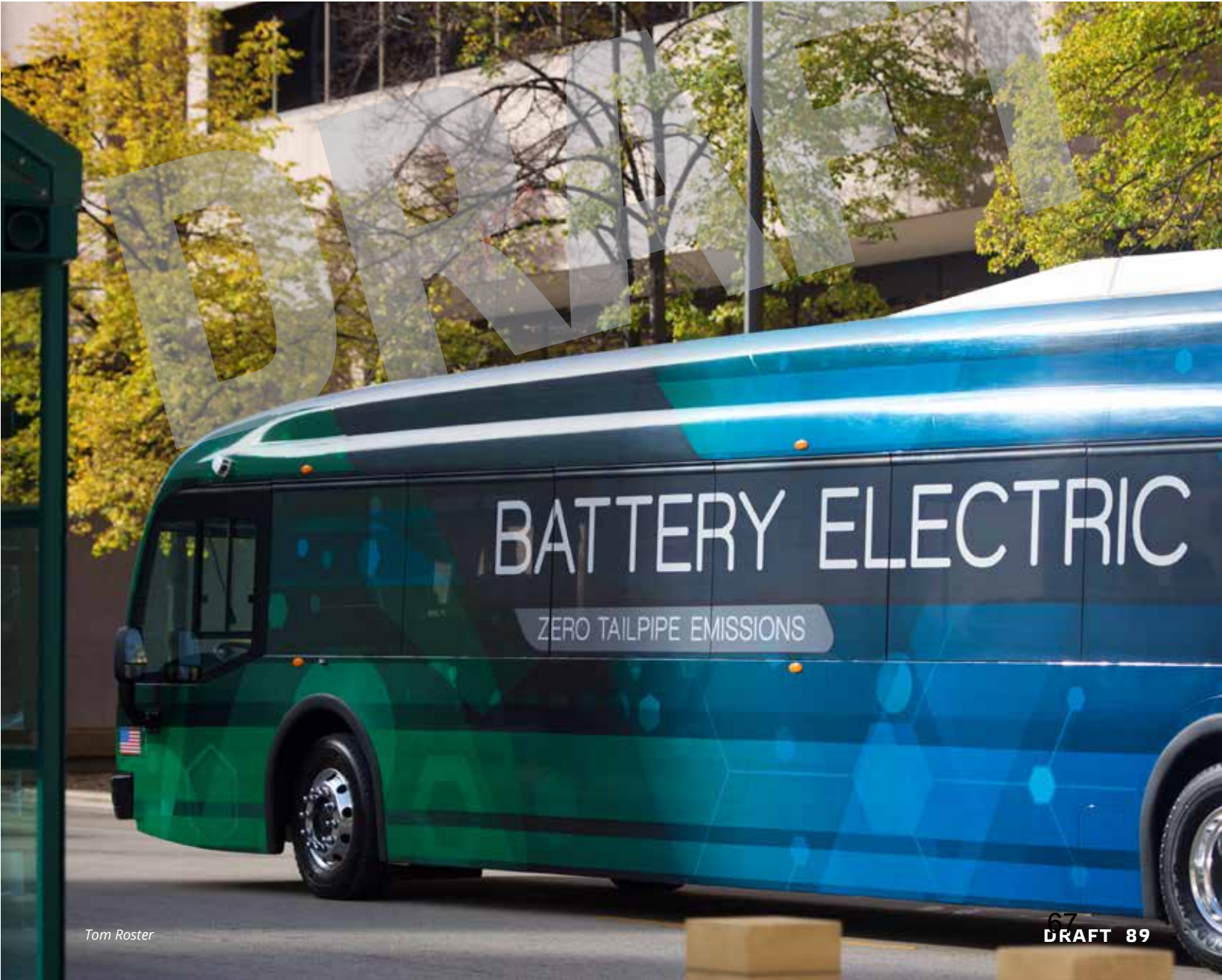
First and foremost, these infrastructure upgrades are tied to subsequent private development. In some cases, these private developments help advance goals tied to sustainability and equity because they offer workforce housing or reduced rent commercial office space that is affordable for start-ups. So, while not directly tied to

sustainability and equity initiatives, these infrastructure investments are a critical first step towards meeting these goals.

Considering the street improvement projects, the ties to sustainability and equity are clearer. The promotion of multiple mobility modes along downtown streets will provide a safe and connected means of travel for the community. For community residents who cannot afford a vehicle, or those who rely on public transit, these street upgrades dignify travel and ensure the safety of Rochester residents and downtown employees.

Further, these accommodations for

different mobility modes also help advance DMC's goals tied to greenhouse gas reduction. As more of the community elects alternative modes of travel, due to the street upgrades that make these personal choices possible, fewer will travel in their individual vehicles. As a result, fewer emissions will come from the travel sector. Secondly, as outlined in the mobility section, infrastructure upgrades that electrify the transportation sector will further facilitate this transition from fossil fuel-based travel to other options, both of which will help realize DMC's sustainability targets.



MAJOR PROJECTS FOR PHASE 2

(2020-2024)

Looking ahead, there are additional street and sewer projects planned. A portion of the projects that moved through the design process highlighted in the Phase 1 table will continue into construction. As indicated in the DMC Development Plan Priority 3, early infrastructure projects are needed to encourage downtown development activity. Thus, the number of new street and sewer projects may decrease in future years. Below are some additional projects that are currently finalizing design or are planned to begin construction in 2020 or later in Phase 2 (2020-2024).

Storm and Sewer Projects	Description	Link
North Broadway Construction	Street project to update car travel lanes, pedestrian and bike amenities	https://www.rochestermn.gov/home/showdocument?id=9317
Sanitary and Sewer Upgrade 12 and 13th Ave	Upgrade sanitary and sewer capacity along 12 and 13th Avenue to meet future development needs. This project is in design.	-
2nd to 4th St SW Utility Upgrades	Upgrade to underground utilities from 2nd Street to 4th Street SW. This work will be coordinated with the construction of Discovery Walk.	-
Rapid Transit Project	Referenced in the mobility section, this project will provide rapid transit lanes for electric buses. As part of this project, utilities and travel lanes will be upgraded along the Transit Corridor.	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route
South Broadway Upgrades	Planning for street project to update infrastructure.	-
City Loop	Street Improvements will be a component of the overall City Loop plan, as described in the mobility section.	https://www.rochestermn.gov/home/showdocument?id=27639

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

The streets and sewer projects are not immune to the impacts of the COVID-19 pandemic affecting their construction, community use and adoption, and community mobility choice. In terms of construction, the pandemic has changed construction methods to ensure worker safety and prevent project disruption. In some cases, the pandemic could impact construction workers, and if that were the case, construction progress would be halted, which would impact the project

schedule and perhaps the construction schedules of interrelated private development. During the pandemic, changes have occurred in community mobility choices. As a way to get outside of the house, community members have increasingly utilized the City’s trail systems and pedestrian pathways. The street upgrades in Phase 1 and Phase 2 will further facilitate choices for community members. Further, it appears that during

the pandemic, individual and small group travel choices are proving more comfortable for community members versus mass transit. The health of construction workers and community transit choices will be closely monitored to ensure that the DMC initiative can properly adapt to continually changing and evolving work and commuting landscapes.

An illustration of what a Rapid Transit station could look like.



APPENDIX

All referenced documents will be made available at DMC.mn

GUIDING DOCUMENTS

- DMC Development Plan
- DMC Development Resource Guide
- DMC Joint Application for Funding

REGIONAL + CITY STRATEGIES

- Planning 2 Succeed, the City of Rochester's Comprehensive Plan
- Rochester-Olmsted Council of Government's Long-Range Transportation Plan
- DMC District Design Guidelines
- DMC Integrated Transportation Studies

- CEE Strategic Energy Options Report
- Downtown Master Plan
- Mayo Clinic Five-Year Plan
- New Rapid Transit for a Growing, Equitable Rochester, Transit-Oriented Development Planning Study

AREA PLANS

- Saint Marys Place Public Space Schematic Design
- Heart of the City Public Realm Schematic Design
- Discovery Walk Public Space Design
- Discovery Square Plan
- The University of Minnesota Rochester's Campus Master Plan

MARKET STUDIES

- 2019 DMC Market Studies
- Olmsted County Housing Needs Assessment ("Maxfield Study")
- New Rapid Transit for a Growing, Equitable Rochester, Market Analysis
- HR&A COVID-19 Economic Impact Analysis



ACKNOWLEDGEMENTS

DMC Corporation Board of Directors

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Kim Norton, Board Vice-Chair, Mayor of Rochester

Paul Williams, Board Secretary, President and CEO, Project for Pride in Living

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Cody Pogalz, Administrative Coordinator

Scarlet Tippetts, Administrative Assistant

DRAFT



Heart of the City

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020

Request of the DMC Corporation board of directors:

- No Action Requested

Background:

2020 Peace Plaza Construction

Restoration of its public space, Peace Plaza and the adjacent street, has been in the planning stage for several years. It is a transformative common ground project that includes improved safety, accessibility, universal design elements, sustainability, integrated art, and improved infrastructure to enhance the overall user experience.

Work started on the Heart of the City Phase One Construction on April 6, 2020. Prior to construction beginning, a hyper-local focused strategy to reach potential local and regional sub-contractors was put into place. As a result of this initiative, 40% of the bid packages were awarded to Rochester-based businesses and a total of 92% were from Minnesota. Original bids, including construction procedures designed to minimize disruption to existing businesses, came in well in excess of the original project budget. Subsequently, bid documents were rewritten and the project rebid with certain components treated as optional additional alternates pending review of all bids. Both Rochester City Council and DMCC authorized the inclusion of the add-alternative for a snow melt system, requiring an additional \$1.6 million expenditure over original budget. Source of funds for \$1.6 million is the CIP.

Business Forward Construction

DMC EDA, City of Rochester, and other partners have been working with Heart of the City property owners, business operators, and community stakeholders to design a construction process intended to minimize negative impact on nearby businesses through improved construction communications, scheduling, and pace. As previously shared, there is a cost premium associated with implementing a “business forward” approach of approximately 8% of project costs. These additional expenses have been absorbed in the overall project costs listed above.

Business Forward is a construction strategy that focuses on encouraging pedestrian traffic and supporting the local businesses. It is a priority for the project team and extremely important for the vitality of Heart of the City during the disruption. While preparing for construction, the project team met with the businesses and landowners in the area to understand their needs during construction. The information gathered from many stakeholders, including the Rochester Downtown Alliance and Rochester Chamber of Commerce, informed the Business Forward Strategy. Business Forward principles include:

- Access, Safety and Smart Micro -Construction Phasing
- Communication
- Activation and Programming



These principles are being applied in ways that are mindful of the social-distancing and other safety precautions necessary to avoid COVID-19 transmission.

Since the start of the construction, the team has continually evaluated ways to accelerate the schedule and support the business forward mentality:

1. Temporary sidewalks have been maintained throughout the construction project to keep traffic flowing in all directions.
2. Enhanced way-finding has been implemented and updated throughout the project to help pedestrians navigate retail, dining and entertainment options.
3. Pedestrian bridges (see image below) are being used to keep business's doors open while construction crews are working in front of them
6. Micro-phasing to support the business forward initiative which has been accelerated to finish areas of the project this year that were originally planned to be completed next year.

These improvements, plus continual aggressive planning will have a dramatic impact on the final completion dates benefiting the local businesses and community. The team feels that the following dates are achievable with a favorable winter.

Project Component	Original Schedule	Est. New Schedule
• Second Street Completion	09/28/2020	08/25/2020 (COMPLETE)
• First Avenue South	07/28/2021	07/01/2021
• First Avenue North	08/20/2021	05/23/2021
• Peace Plaza	08/13/2021	07/15/2021

Art Update

Four significant art pieces will be installed that have mostly been incorporated into the infrastructure of the design of phase one. Most recently the Heart of the City team has been working closely with artist, Ann Hamilton, and her piece *Begin Again* to finalize the design. Ann's art installation is a collection of origination/creation stories from around the globe and has been incorporated into the design by raised lettering in the granite pavers in and around the scrim pool on the east side of Peace Plaza.

Since the artwork was received, the Heart of the City team has been working closely with Ann Hamilton and other stakeholders to review and identify new potential contributors to the art installation that are more diverse and culturally represent our community. This work will cause some re-work in the construction phasing and resource plans for Peace Plaza.

Chateau Theatre

The Chateau Theatre is under the management of a St. Paul-based company, EDG, which recently formed a new non-profit for programming services. Following the Governor's executive orders limiting the number of patrons in the building, EDG adjusted programming and operating hours. Recently it announced it will temporarily discontinue public access and programming with a goal of reopening in the Summer of 2021, in line with the completion of Peace Plaza. Scheduled reopening is dependent on public health milestones associated with COVID-19. During this downtime, EDG will work with the community to develop new programming initiatives, assess and recommend building modifications, and develop future marketing strategies.

Galleria/University Square

The 2015 DMC Development plan envisioned a connection between Mayo Civic Center (MCC) and Gonda, via 1st Street NE, Galleria, and Peace Plaza. Titan, City, and DMC have been working together to achieve this vision. A phased approach is emerging.

Fulfilling the DMC Vision, Mission, and/or Goals:

Heart of the City subdistrict is a long-standing priority for the DMC Corp. board. It is home to many hotels, restaurants, entertainment venues, and medical facilities, many of which have been undergoing reinvestment. Transformation of the public realm, Peace Plaza, will be an asset to the downtown core, improve the patient, visitor and resident experience, and help spur future investment.

Work plan or capital improvement budget implications:

This project is funded via state GSIA funds generated through the DMC initiative, approved by both DMCC and Rochester City Council.

Approvals, milestones, and decision points:



Discovery Square

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020



Request of the DMC Corporation board of directors:

Approve Discovery Walk design and authorize completion of construction documents and bidding.

Background:

- Economic Development Activities
 - Continue business development and recruitment activities to pitch Discovery Square as the best place in Minnesota for companies that want to grow.
- Discovery Walk
 - Project at 100% completion of Design Documentation for base plan and additional project features.
 - A call for Olmsted County artists was completed, with three artists being selected: Ayub HajiOmar, Sophia Chai, and Zoe Cinel.
 - Stakeholder engagement continues with businesses and neighborhood associations.
 - A Discovery Walk version of the Business Forward Strategy is under development. Like the Heart of the City Business Forward strategy, this version will include tactics intended to support existing businesses (business retention). It will also include tactics related to business recruitment and business launch.
 - Discussions underway with Mayo Clinic regarding project boundaries and easements on the 200, 300 and 400 blocks of 2nd Ave SW.
 - The Design Team now includes DMC, City of Rochester, Coen+Partners, Knutson Construction as owner's representative, EZ Fabricating, Latent Design, Kimley-Horn, White Space Design, community co-designers, and the artists.
- Discovery Square 2
 - Mortenson began construction in late September.
 - Tenant recruitment plans and discussions continue with potential tenants.
- One Discovery Square
 - 90% leased, some of the remaining space being fitted out as turn-key space.
- Mayo Clinic
 - Continues to expand in Discovery Square
- Entrepreneurship activities
 - Medical Alley has been working with DMC, Mayo Clinic, RAEDI, and Collider to develop a start-up initiative in Rochester. Goal is a soft-launch in 2021 in One Discovery Square.
 - DMC continues to participate in the SE MN E1 network, which is supported by DEED LaunchMN funding, delivering entrepreneurial programming to the region.

- Discovery Square residential and retail activities
 - The Maven now leasing - residential and retail space.
 - The Residence Discovery Square now leasing - residential and retail space.
 - The Hue now leasing – residential and retail space.

Fulfilling the DMC Mission, Vision, and/or Goals:

Discovery Square is a new address for the future of bio-medical, research and technology innovation and a keystone to the DMC economic development strategy. The sub-district borrows from Mayo Clinic’s integrated care model to create an integrated district founded in the principles of translational medicine.

Technology and innovation are core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester.

By attracting new businesses, supporting the launch and development of new startup businesses, and creating new public realm space, we aim to diversify the local economy, create jobs, generate new tax revenue, and create a place that fosters a vibrant community and attracts the workforce of the future.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by DMC 2020 operating and CIP funds, including the design documentation of Discovery Walk.

Approvals, milestones, and decision points:



DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ____-2020****Approving Design Development for the Discovery Walk Project and Authorizing Next Phase of the Work****BACKGROUND RECITALS**

A. A cornerstone of the Destination Medical Center Corporation's ("DMCC") mission statement seeks to "position Rochester, Minnesota as the world's premier destination center for health and wellness; attracting people, investment, and jobs to America's City for Health." The Development Plan adopted by the DMCC on April 23, 2015, as amended (the "Development Plan") also recognizes the importance of public space, green space, and fostering connections between residents, patients, visitors and business representatives as an opportunity to advance the Destination Medical Center initiative.

B. Since the Development Plan was approved, extensive planning and effort has been devoted to the five-block linear parkway located in the Discovery Square and UMR and Recreation Subdistricts ("Discovery Walk"). This significant project, led by the staff of the City of Rochester (the "City") and the Destination Medical Center Economic Development Agency ("EDA") and their consultants, researched successful community health initiatives, and pursued schematic design, detailed design, and on-going community engagement.

C. Discovery Walk featured a community-centered design approach. This approach fostered collaboration and engagement of historically underrepresented communities to review and contribute to the design of the public space, focusing on the most pressing community health issues as identified in the recent Olmsted County Health Needs Assessment.

D. The DMCC approved the 2017 EDA Work Plan, which included schematic design work for Discovery Walk. In the 2018 Five Year Capital Improvement Plan (the "2018 CIP"), the DMCC approved \$400,000 in detailed design work for Discovery Walk as a public infrastructure project.

E. In the 2020 Five Year Capital Improvement Plan, (the "2020 CIP") approved by the DMCC on September 26, 2019, the DMCC preliminarily approved the next steps of the design of Discovery Walk in the amount of \$2,800,000. In the 2021 Five Year Capital Improvement Plan, (the "2021 CIP"), approved by the DMCC on August 27, 2020, the DMCC preliminarily approved design and implementation of Discovery Walk in the amount of \$7,000,000. The 2020 CIP and the 2021 CIP declared Discovery Walk to be a public infrastructure project, consistent with the Development Plan. The DMCC reserved the right to grant final approval of funding of each of the capital projects, including Discovery Walk, upon final determination of scope, costs, and availability of funds.

F. Staff for the City and the EDA now request that the DMCC approve the design development drawings for Discovery Walk, on file with the EDA, and authorize the next phase of the work, including construction documents and bidding, provided that the final project and award of any bid for construction will come back to the DMCC for approval.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it approves the design development drawings for Discovery Walk as presented by the EDA and City, on file with the EDA as of the date hereof, and requests that the EDA and City continue the next phase of the work, including construction documents and bidding; provided that the final project and award of any bid for construction are subject to the approval of the DMCC.

BE IT FURTHER RESOLVED, that the Board requests that the City and EDA staff provide regular updates with respect to this next phase of work on Discovery Walk.

Transportation

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020



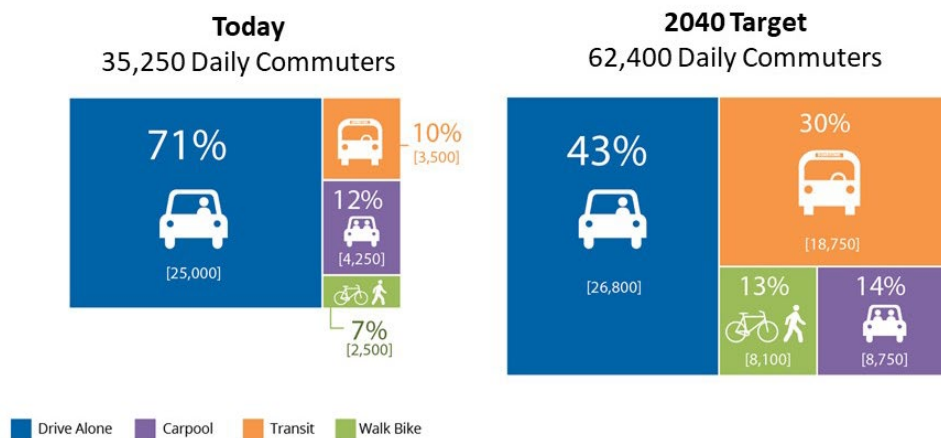
Request of the DMC Corporation board of directors:

- No Action required at this time.

Background:

TRANSPORTATION STRATEGY:

The Integrated Transportation Study (ITS), adopted by DMCC and Rochester City Council in 2018 recommended development of a robust multimodal transportation system. Based on market demand studies, forecasts for downtown growth, and an understanding of the city's street and infrastructure capacity, the following model was developed:



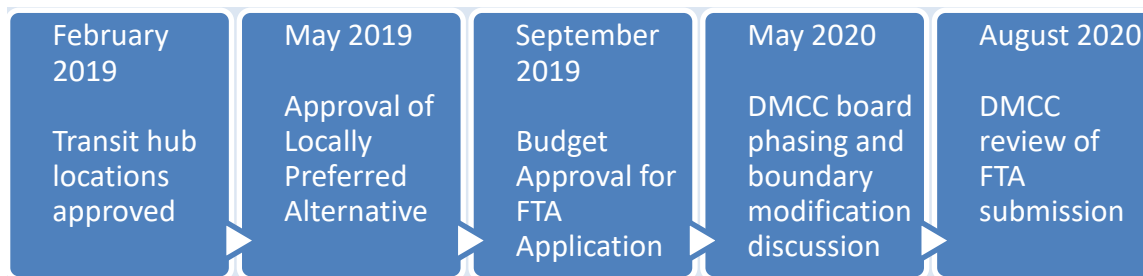
RAPID TRANSIT CIRCULATOR:

Following authorization by DMC EDA, Rochester City Council, and DMCC, the City formally submitted an application to the Federal Transit Administration requesting support for the first phase of the Rapid Transit program which consists of the Second Street corridor, connecting Cascade Lake to the Government Center.

Key Characteristics:

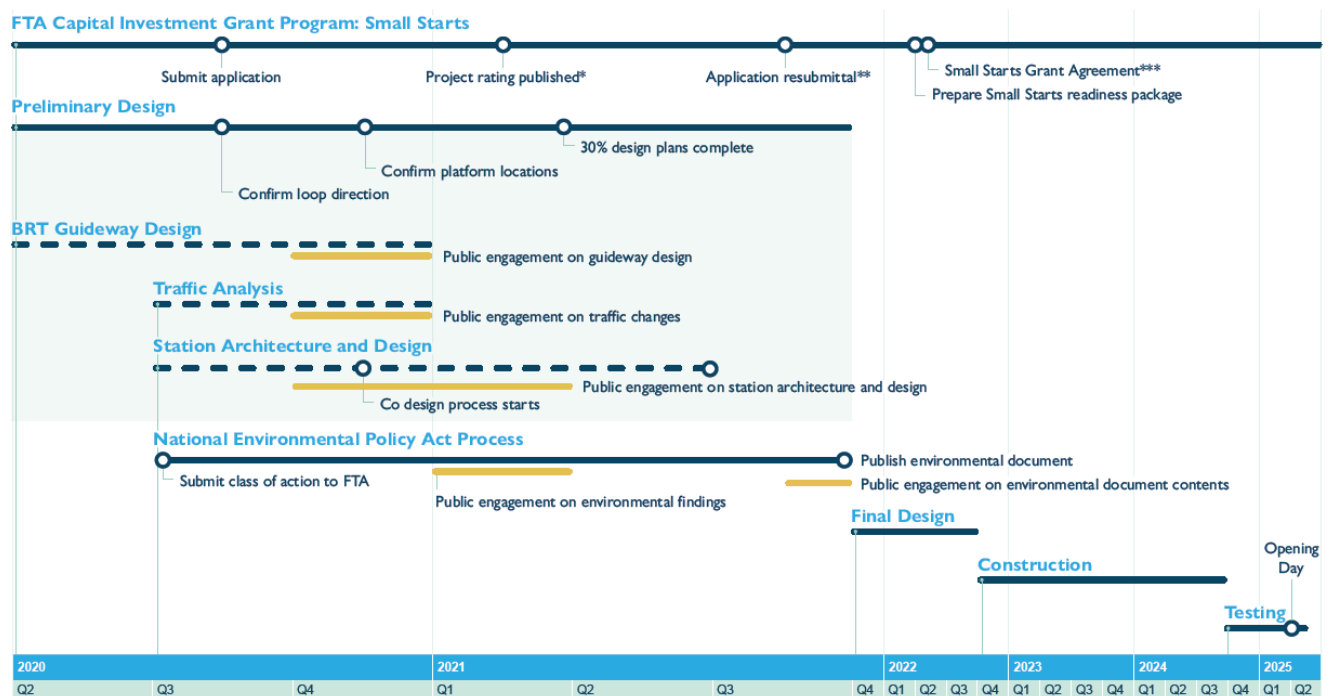
- Three-mile Bus Rapid Transit line with 8 stations
- Business access and transit (BAT) lanes.
- Saint Marys Transit Station and pedestrian access tunnel.
- Electric vehicles.
- Weekday schedule: 5am-11pm, service every 5 minutes from 6-9 am and 3-6 pm.
- Service every 10 minutes other times, including weekends.
- Weekend schedule 8 am – 11 pm.

Approvals, milestones, and decision points:



Rochester Rapid Transit Timeline and Milestones

July 2020



*If project receives a rating of medium or better it is eligible for a Small Starts grant. Timing of the Small Starts grant is at the discretion of the federal government.

**Only if project has changed substantially.

***Award of the Small Starts grant is at the discretion of the federal government. Date shown is an estimate.

Bryk Apartments

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020



Request of the DMC Corporation board of directors:

- No Action Requested

Background:

Site: Land is officially purchased and owned by Bryk Apartments Rochester LLC. The property is located on the NW corner parcel of the intersection between N Broadway and Civic Center Drive.

Team:

- Project Team: John and Marcia Bouquet & Dirk Erickson (Investors & Developers) Kristina Larson (Operations consultant) Ben Kall (Real Estate Consultant): 30 years of local multi-family experience
- Design: ISG Architects
- Construction: Kraus Anderson

Project Objectives:

The project team is currently planning a mixed-use, mixed-income apartment building consisting of approximately 165 to 180 workforce housing apartments and 5,000-15,000 sf of commercial space with construction to begin April 1, 2021 and be completed by August 2022. The project will provide units at varying rent levels as outlined below.

- ~20% @ 50% AMI
- ~20% @ 60% AMI
- ~60% @ prices held at or below 80% AMI

The overall unit count and affordability targets are subject to change but represent a commitment by the Project Team to provide affordable workforce housing opportunities in the downtown. The development team is interested in increasing the number of 50% and 60% AMI units beyond the targets above with the assistance of TIF and DMC funds. Further discussions have been scheduled with the Developer, City and DMC to explore this possibility.

DMC/City Priority Alignment:

The project aligns with the following DMC and City priorities as follows:

- Workforce housing project within the City, Transit-Oriented Development (TOD) and DMC zones.
- Revitalizes blighted site
- Provides a balanced and sustainable housing stock
- Promotes neighborhood stabilization and revitalization in coordination with the North Broadway reconstruction project.
- Increase to the city's tax base.
- Commercial space is considering a few possibilities to address food insecurity or childcare needs. Portions of space will be intentionally held at below market rates to promote local small business integration into the project.
- Sufficient parking will also be included for the commercial tenants.

- Project is being designed to meet City and DMC Sustainable Design Requirements

Financing:

Multiple Financial Institutions have been contacted and the project has been approved with a certain expectation of assistance required. The developer is waiting to make a final acceptance on a financial institution as they are determining various benefits of each offer (i.e.: PACE financing, terms, etc.). Project is also evaluating state grants to facilitate site clean-up.

Next Steps:

- DMC EDA staff and City of Rochester Staff will continue to work with the Developer
- The Developer will submit their DMC and City Joint application for consideration of DMC and City TIF funding opportunities
- DMC EDA staff and City of Rochester Staff will review the application and bring forward a recommendation to be reviewed and approved by the DMC EDA board, DMCC board and City Council likely in February 2021

Waterfront Small Area Plan

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020



Request of the DMC Corporation board of directors:

- No Action Requested

Background:

The Downtown Waterfront S.E. Small Area Plan (DWSE SAP) is a 60+ acre study area located southeast of the downtown core and has approximately 1,600 feet of Zumbro River frontage. The plan will include visionary concepts that are people centric and establish natural and cultural resources within the area. The DWSE SAP will guide transformation of the redevelopment area from its current state to a future mixed-use neighborhood that will have both its own character as well as authentically reflect the surrounding neighborhoods. Located in the southeast quadrant of Rochester, bound by 4th St SE to the north, S Broadway to the west, 9th St SE to the south, and 3rd Ave SE to the east, the DWSE SAP will guide the transformation of this redevelopment area. Throughout this process, the DWSE SAP will employ an inclusive community engagement effort.

Within Rochester's most recent comprehensive plan, which was adopted in 2018, the Project Area was identified as an area for revitalization due to its proximity to the downtown, frontage along the Zumbro River, and the presence of large tracts of underutilized property (i.e., vacant properties and/or parking lots). However, the comprehensive plan did not provide clear direction for what the area should become in the future. More recently, though, several large parcels within the Project Area have either been recently sold or are in the process of being sold. This is an indication that significant change may occur in the future.

Fulfilling the DMC Vision, Mission, and/or Goals:

The City of Rochester felt that it would be beneficial to work with stakeholders, including DMC EDA, to prepare a collaborative, community-driven plan that represents a shared vision for the future of the Project Area. DMC will collaborate with partners to determine how a former industrial site better connects the downtown to nearby neighborhoods while fulfilling the DMC vision.

Approvals, milestones, and decision points:

The timeline for creating the plan is 7-8 months. The City Council is anticipated to adopt the final plan sometime in early 2021. However, many of the recommendations that come out of the plan may take many years before they are realized. This is because most of the land in the project area is privately-owned and any change that occurs on such parcels will need to be initiated and funded by landowners.

Organizational Response to COVID-19

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: November 13, 2020

Overview:

Current environment and key assumptions

- Economic recovery will be measured in months and/or years
- The global pandemic has affirmed Rochester's and Mayo Clinic's position as the global center for health care and research
- Continued local, state, and federal stimulus programs could provide resources for jobs and public infrastructure investment
- DMC is an economic development initiative; our efforts should focus on economic recovery and resilience
- Proactive efforts by DMC complement community, regional, state and federal responses
- DMC should do what it can to blunt the harsh effects of this economic crisis and ensure that our economy is in the best possible position when it subsides

DMCC Executive Committee direction

- Accelerate job creation
- Keep our foot on the gas
- Support economic recovery and resilience

Development Plan Five Year Update

- Progress in Phase 1 (2015-2019)
- DMC Phase 1 Priorities: Heart of the City, Discovery Square, Transportation
- DMC Goals
- Possible COVID-19 impacts on update to plan

DMC EDA operations and work plan

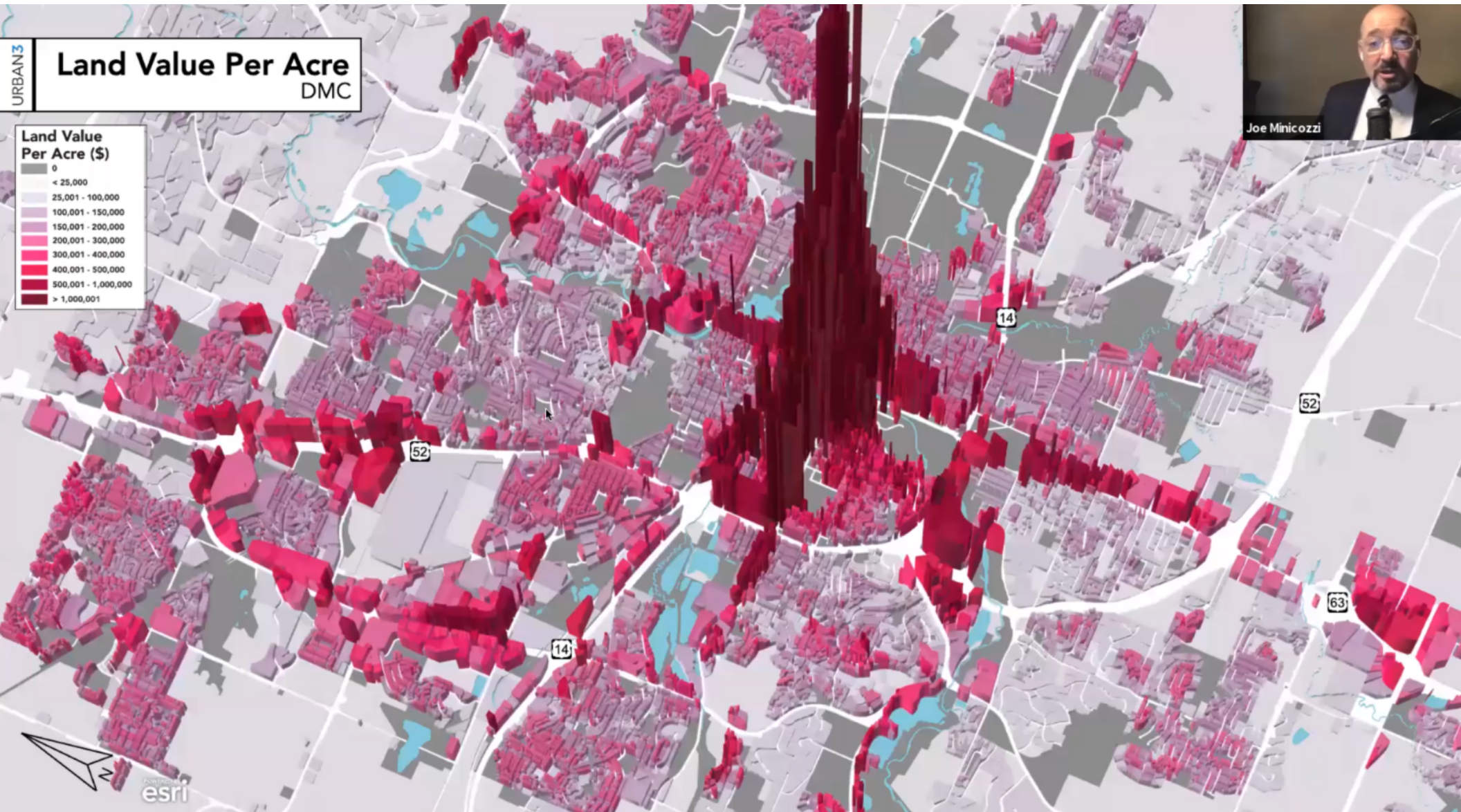
- Operations
 - Staff safety
 - Cost reductions and budget management
- Work Plan
 - Reprioritization based on key assumptions, direction from DMCC executive committee, and available staff and budget resources
 - Assessment and redeployment of DMC EDA budget resources
 - Development of new and innovative strategies and tactics to achieve work plan objectives and continue to establish DMC as a leader in economic recovery and resiliency

Recent Activities Include:

- Initial COVID funding has been provided to purchase (\$40K) Jersey barriers. Due to the regulations on decreased occupancy levels in restaurants and bars expanding outdoor dining has been a creative solution to serving more customers. The Jersey barriers were provided to several downtown restaurant and bars in order to provide an innovative solution for safe seating outdoors. In the future, the barriers can be repurposed in the same or similar settings in the DMC district.
- Project Bootstrap pilot program, which offers consulting to downtown businesses from a team of experts on marketing, visual merchandising, risk mitigation, technology, business development, user design and, where feasible, culinary strategies.
- New ideas continue to come forward, such as exploring winter season expansion by adding heating and outdoor tenting infrastructure. DMC is working with other organizations to help increase visitation downtown by adding programming, incentives and more.
- Rochester Ready is an initiative to ensure a safe and resilient recovery for Rochester, Minnesota. The launch program for Rochester Ready is a hospitality safety pledge for restaurants, retailers and lodging properties called "Rochester Ready Safe." Businesses that sign the pledge are committing to implementing a specific set of measures to provide a safe experience. The goal of this program is to instill confidence in residents, visitors and patients so they feel safe as they shop, dine, stay and play in Rochester.

Activity	Role	Status	Partners
Keep it Local Micro-grants of the City construction	Lead and Support	Completed	RDA, City, RAEDI Heart
Coordinated planning	Lead	Active	RAB, Chamber, more
Business Pivot storytelling	Support	Active	City, County, Chamber, RAEDI, RDA, more
Bike grant program	Lead	Active	
District Energy Planning	Lead	Active	City, Mayo Clinic
Business Forward, pivot	Lead	Active	City, RDA
Rochester Ready	Lead and Support	Active	County, City, Chamber, RDA, RAEDI & Mayo Clinic
Property Owner Discussions	Lead	Active	
Re-open design for restaurants	Support	Active	City, RDA, Chamber
Closed streets for restaurants	Support	Active	City, RDA, Chamber
Covid funding available, \$250K	Lead	Active	
Street barriers for restaurant	Lead	Complete	
SWAT Team Consults	Lead	Planning	Various business support services
Medical Alley Starts coalition	Lead	Planning	Mayo, Medical Alley, Collider, RAEDI
Boot Straps Program	Lead	Active	

October 2020

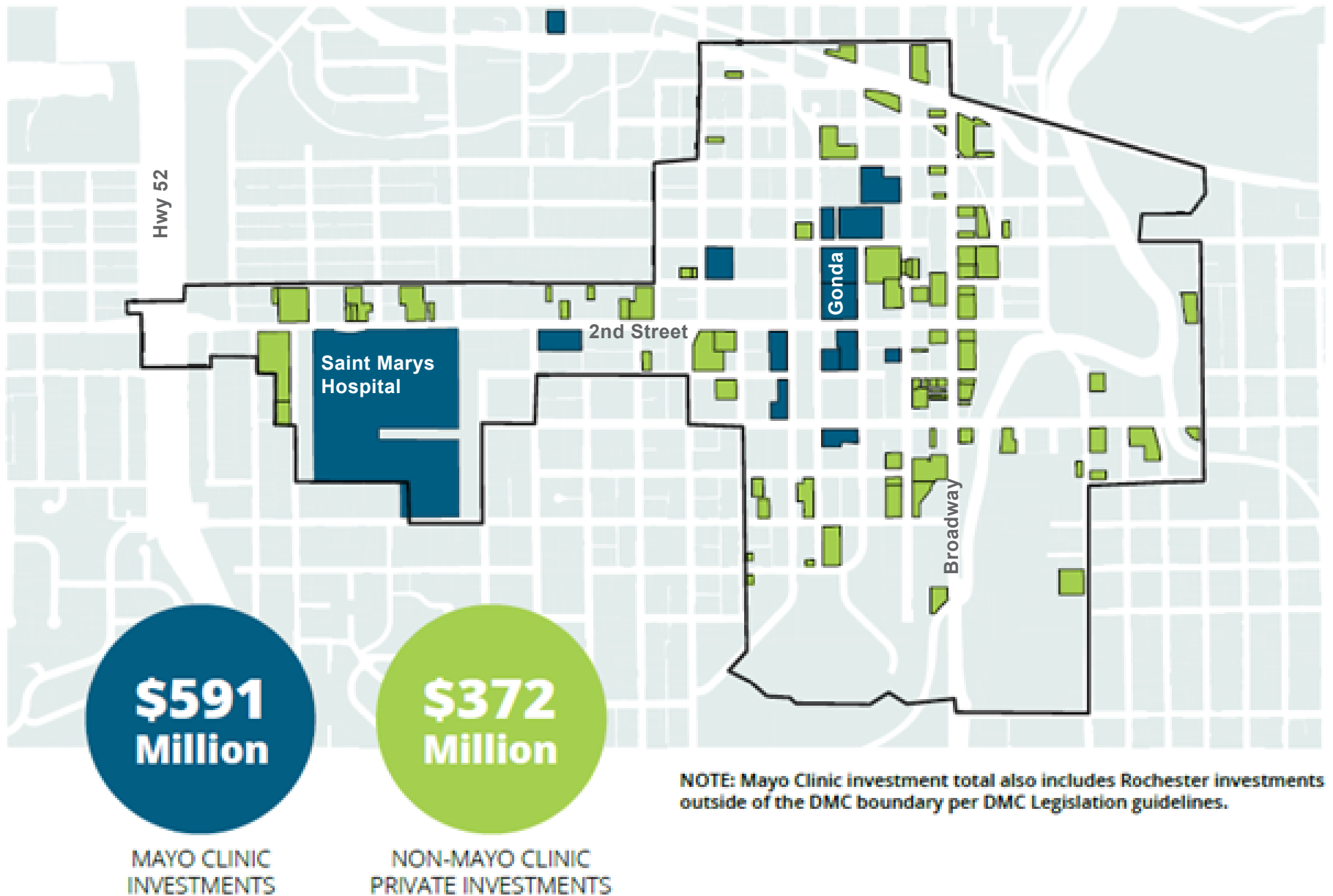


DMC Hosted Webinar with Urban3

I am pleased to provide you with the Destination Medical Center Economic Development Agency October 2020 Monthly Report. This monthly report highlights projects and activities within the DMC District, economic development, finances, sustainability, experience, marketing & communications, and community engagement.

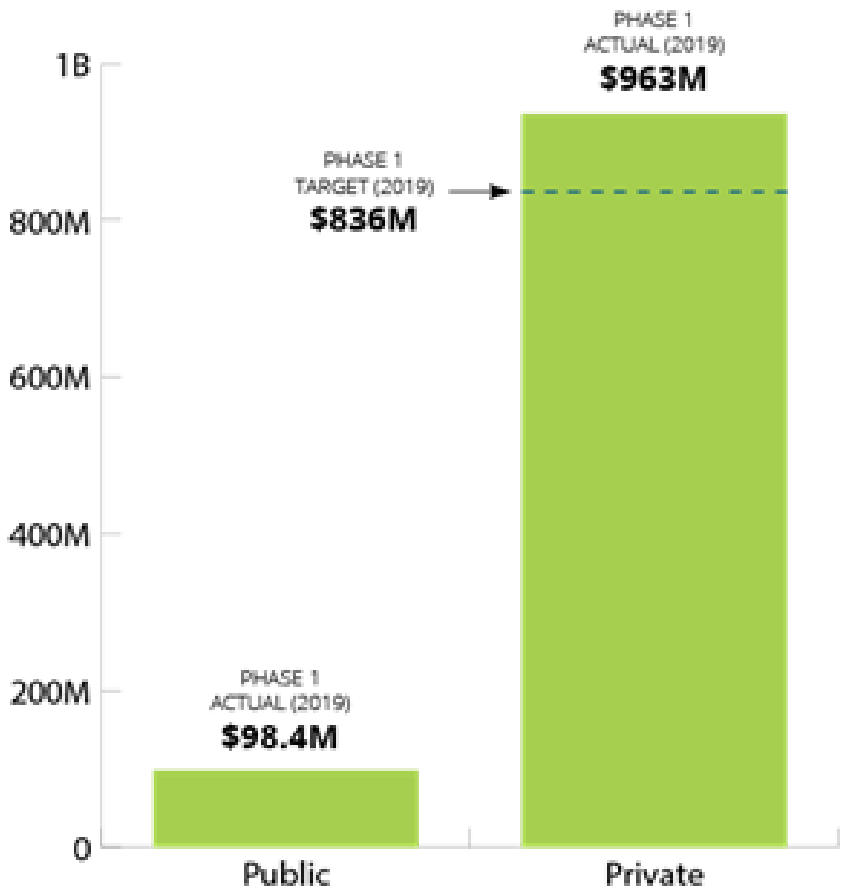
-Lisa Clarke, Executive Director

2015-2019 Private Investment in DMC District

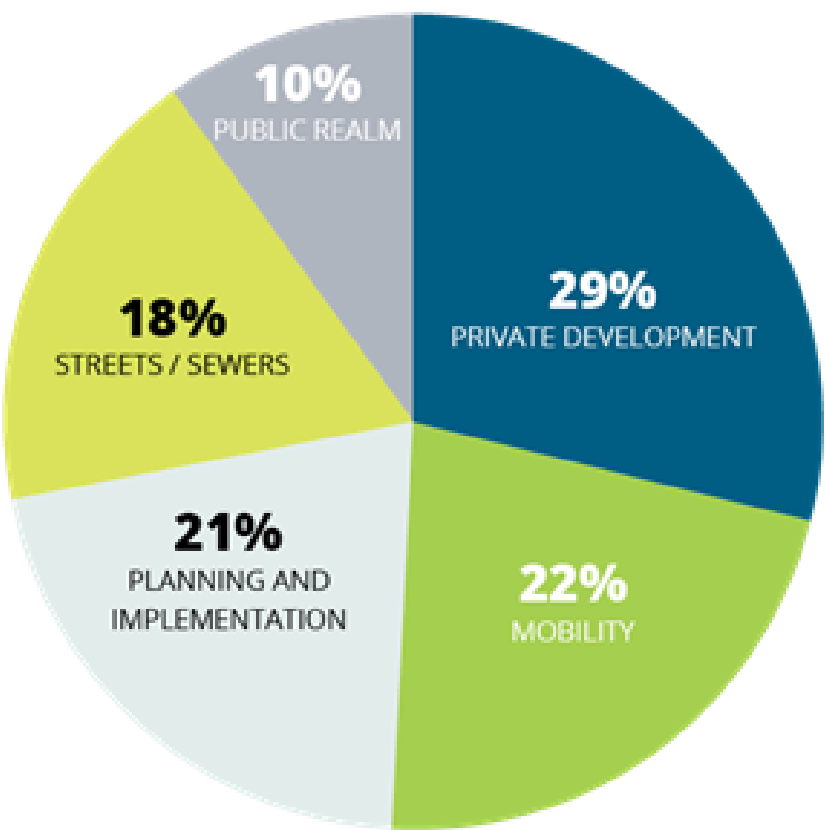


2015-2019 DMC Public and Private Investment

Total Investment



Public Investment



October 2020 Updates

Economic Development

DMC funded project updates:

- Berkman Apartments- Completed June 2020.
- Wells Fargo Renovation- Completed spring 2020.
- Hyatt House- Anticipated completion spring 2021.
- Discovery Square Two- Construction began Oct 2021
- Titan Hilton Hotel- Completed spring 2019.
- The Maven on Broadway - Completed summer 2019.
- One Discovery Square- Completed summer 2019.
- Hotel Indigo- Completed early 2020.



Heart of the City Public Space Progress

- **Transportation-** Circulator *Route*: connecting a, Phase I, transit village at Mayo Clinic-owned property near Cascade Lake to a, Phase II, transit village at Olmsted County-owned property. *Mode*: high amenity rapid transit (electric bus vehicles). DMCC and Rochester City Council directed staff, who have since then, advanced a grant application to the Federal Transit Administration in its 2020 application cycle, the deadline which was August 28, 2020.
- **Heart of the City** public realm phase one construction work started on April 6, 2020. DMC continues to lead a robust engagement strategy to minimize negative impact on nearby businesses. These improvements, plus continual aggressive planning will continue to have a dramatic impact on the final completion dates benefiting the local businesses and community. Titan, City, and DMC have been working together to achieve a connection between Mayo Civic Center (MCC) and Gonda, via 1st Street NE, Galleria, and Peace Plaza. A phase one approach is emerging that will be shared at the November 2020 DMCC Board Meeting.
- **Discovery Walk** design documentation for a base plan and add alts is 100% completed. Approval of the design development drawings for Discovery Walk and public realm development, will be requested at the November 2020 DMCC Board meeting, and that the DMC EDA and City continue the next phase of the work, including construction documents and bidding; provided that the final project and award of any bid for construction are subject to the approval of the DMCC. A Discovery Walk version of the Business Forward Strategy is under development. Like the Heart of the City Business Forward strategy, this version will include tactics intended to support existing businesses (business retention). It will also include tactics related to business recruitment and business launch.
- **Chateau Theatre** organizer, EDG, recently announced it will temporarily discontinue public access and programming with a goal of reopening in the Summer of 2021, in line with the completion of Peace Plaza. Scheduled reopening is dependent on public health milestones associated with COVID-19. During this downtime, EDG will work with the community to develop new programming initiatives, assess and recommend building modifications, and develop future marketing strategies.
- The **Downtown Waterfront SE Small Area Plan** (DWSE SAP) is a 60+ acre study area located southeast of the downtown core and has approximately 1,600 feet of Zumbro River frontage. The plan will include visionary concepts that are people centric and establish natural and cultural resources within the area. The DWSE SAP will guide transformation of the redevelopment area from its current state to a future mixed-use neighborhood that will have both its own character as well as authentically reflect the surrounding neighborhoods. DMC along with other partners has conducted community input sessions to inform and gather input.

October 2020 Updates

Marketing & Communications

Traffic to DMC.MN:

- October traffic showed 6,674K visits and 12,605K pageviews.
- Top pages: Home page, Discovery Square, Investors and Developers, Maps, Heart of the City
- Top 5 states: Minnesota, Washington, Colorado, Virginia, Illinois
- Top 5 cities outside of Rochester: Quincy, Denver, Chicago, Minneapolis, Crozet

Social Media:

- Social media channels that saw growth in October included Facebook (+8), Twitter (+2) LinkedIn (+21) and Instagram (+33)

Media News Stories:

- In October, 124 DMC-related stories were published in the media and 202 social media mentions.

Highlights:

- Bright named as 2020 LEED Fellow
- Rochester Rapid Transit project driving ahead, boosting local economy
- DMC webinar series explores community engagement
- Q & A: DMC leader: 'You can't do it without an amazing team'
- The future of the med city: city leaders discuss impact of pandemic on Rochester

Newsletter:

- One newsletter was delivered to 4,019 subscribers in October. The average open rate was 25.7% (industry average: 21.8%) and the average click rate was 3.2% (industry average: 2.2%).

DMC Marketing Campaign:

- **October Digital Display**
1,369,258 impressions; 915 clicks and average click rate of 0.07%
- **October Paid Search**
12,176 impressions; 546 clicks and average click rate of 4.48%.
- **Blog**
6 blogs were published in October

Community Engagement

- The DMC Team continues to meet with community members and groups on numerous topics. Most recently the DMC Team has started to focus on conversations with different community groups regarding the five year update to the 20 year plan. Three public presentation and a fourth is scheduled to help share information from the five year update with local, regional and state stakeholders. All three were well attended and had good participation. DMC and Rochester: Dollars and \$ense of Development Patterns, My Community: DMC at 5 Years, and Downtown Rochester COVID-19 Economic Analysis
- Engagement specific to the Heart of the City construction continues. Weekly Zoom stakeholder meetings are held to provide construction updates and identify opportunities for improvement when working with businesses in the impacted area. A weekly newsletter is also published with important construction and Business Forward updates, and links to community partner resources. DMC, City of Rochester, Rochester Downtown Alliance, Rochester Area Chamber of Commerce and Mayo Clinic are working together to respond to feedback quickly.

Experience

- DMC is working with the Mayo Clinic, Experience Rochester, Rochester Downtown Alliance, and the Rochester Area Chamber of Commerce to identify opportunities to enhance the experience downtown safely during the pandemic. These groups continue to work together to discovery and learn new ways to provide a safe experience in downtown Rochester.

October 2020 Updates

Finance

- 2021 DMC EDA workplan and budgets (Budgets – DMC EDA & City, DMCC and CIP) were approved at the DMCC Board meeting in August 2020.

Sustainability

- The Energy Integration Committee (EIC) continues to work on the projects identified in the strategic project plan including the 2nd partners, a large-scale solar installation led by RPU and establishing next steps on a downtown district energy system with the City
- Voluntary Energy Benchmarking - The DMC and City are finalizing an energy benchmarking report for 2019 building performance this fall to share with the DMCC Board and City Council.
- Sustainability Series in October, was hosted by Jess Roberts from the University of Minnesota Design Center to discuss the topic of Equitable Community Engagement: A Case Study for Discovery Walk. Over 40 attendees participated in this month's sustainability series. In November, we will host members of the Rochester Community Initiative, a student led non-profit in Rochester who focus their work on racial equity topics.

Organizational Response to COVID

Recent Activities Include:

- Initial COVID funding has been provided to purchase (\$40K) Jersey barriers. Due to the regulations on decreased occupancy levels in restaurants and bars expanding outdoor dining has been a creative solution to serving more customers. The Jersey barriers were provided to several downtown restaurant and bars in order to provide an innovative solution for safe seating outdoors. In the future, the barriers can be repurposed in the same or similar settings in the DMC district.
- Project Bootstrap pilot program, which offers consulting to downtown businesses from a team of experts on marketing, visual merchandising, risk mitigation, technology, business development, user design and, where feasible, culinary strategies.
- New ideas continue to come forward, such as exploring winter season expansion by adding heating and outdoor tenting infrastructure. DMC is working with other organizations to help increase visitation downtown by adding programming, incentives and more.
- Rochester Ready is an initiative to ensure a safe and resilient recovery for Rochester, Minnesota. Rochester Ready partners are the City of Rochester, Destination Medical Center Economic Development Agency, Experience Rochester, Mayo Clinic, Olmsted County and the Rochester Area Chamber of Commerce. The launch program for Rochester Ready is a hospitality safety pledge for restaurants, retailers and lodging properties called "Rochester Ready Safe." Businesses that sign the pledge are committing to implementing a specific set of measures to provide a safe experience. The goal of this program is to instill confidence in residents, visitors and patients so they feel safe as they shop, dine, stay and play in Rochester.



DMC

Destination Medical Center

**Destination Medical Center Economic Development Agency
&
City of Rochester DMC Project Management Team**

2020 Workplan

**Updated:
October 30, 2020**

Table of Contents

1. EXECUTIVE SUMMARY
2. CITY OF ROCHESTER DMC PROJECT MANAGEMENT RESPONSIBILITIES
3. DMC EDA STATUTORY ROLE AND RESPONSIBILITIES
4. WORKPLAN OUTCOMES TO ACHIEVE 2020 STRATEGIC PRIORITIES AND DMC GOALS

1. Executive Summary

In 2020, the Destination Medical Center (“DMC”) initiative will focus on pursuing the strategic priorities endorsed by the Destination Medical Center Corporation Board of Directors and the City of Rochester Common Council in order to achieve the goals of the DMC initiative.

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”) and City of Rochester DMC project management team will continue to pursue the goals of the DMC initiative.

DMC GOALS

- Create a comprehensive strategic plan
- Leverage the public investment to attract more than \$5 billion in private investment
- Create approximately 30,000 new jobs
- Generate up to \$8.0 billion in new net tax revenue over 35 years
- Achieve the highest quality patient, companion, visitor, employee, and resident experience

2020 STRATEGIC PRIORITIES

- Transportation
- Common Ground
- Housing
- Workforce
- Transformative Projects
- Sustainability

Additionally, the DMC EDA and City of Rochester DMC project management staff have incorporated significant business development, marketing, experience, and community engagement initiatives into the 2020 workplan in order to support these strategic priorities. The workplan outlines the objectives and defines the resources necessary to advance the 2020 DMC strategic priorities.

2. City of Rochester DMC Project Management Team Responsibilities

In January 2019, the Destination Medical Center Corporation approved a proposal to assign new and existing DMC-related project management responsibilities to DMC-dedicated City of Rochester staff. The City of Rochester DMC Project Management team supports the DMC initiative in these areas:

- WMBE and Targeted Business Outreach and Compliance
- Subdistrict development
- Transportation infrastructure and multi-modal transit
- Housing
- Experience
- Grant development

3. 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:

- 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
- 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
- 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

4. Workplan To Achieve 2020 Strategic Priorities and DMC Goals

Completed
On Track
Delayed
Postponed

STRATEGIC PRIORITY: TRANSPORTATION

Create the integrated transportation infrastructure necessary to provide access to and through downtown Rochester and encourage additional opportunity for development and investment.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	
Reduce drive-alone mode share to 50% or less	Reduce drive-alone mode share to 58%	Create Integrated Transit Studies implementation monitoring system	
		Identify five Transit-Oriented Development sites and partners	
		Evaluate suitability of autonomous vehicles as a transit option	
		Advance development of transit line	
		Complete City Loop implementation and location plan	
		Promote additional mobility modes, including last-mile & micro-mobility options	
		Establish long-term Arrive Rochester TMA governance strategy	
		Increase Arrive Rochester TMA business and individual participation	

STRATEGIC PRIORITY: COMMON GROUND

Design and develop public spaces and amenities to incentivize additional private investment, create unique experiences, and increase downtown density.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	
\$5.6 billion of private investment	\$1 billion+ of new private development underway	Facilitate/support Community and Education subdistrict development efforts	
		Advance Saint Marys Place transit corridor and pedestrian experience planning	
	Completion of Peace Plaza renovation	Renovation of first phase of Heart of the City's Peace Plaza significantly underway	
		Heart of the City property owners report minimal business disruption	
Achieve highest quality patient, visitor, resident experience	Discovery Walk construction completed, activities take place regularly, New development is being considered	Discovery Walk stakeholder group engaged and supportive of activities and outcomes	
		Discovery Walk design and construction documents completed, construction bids- postponed until early 2021	

STRATEGIC PRIORITY: HOUSING

Contribute to a robust mix of housing infrastructure in the DMC District that creates density, sustains additional commercial and entertainment activity, develops a greater sense of community, and provides for our growing workforce.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Show quantifiable improvements in the availability of housing in DMC District - inclusive of housing type and affordability.	Will identify metrics in 2019 housing study	Document progress towards identified housing goal from 2019 affordable housing study; include targets for affordable, senior and student housing	

STRATEGIC PRIORITY: WORKFORCE

Contribute to our innovative workforce by supporting projects and programs that recruit and retain bio-med-tech students, employees, employers, and entrepreneurs and encourages the sustainable growth of our regional construction and building trades economy.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Create 30,000 new jobs, including 3,230 in bio-med-tech	100 interns placed annually in bio-med- tech businesses, with 10% transitioning into employment in Rochester	Students placed in Discovery Square businesses	
Ensure compliance with specific requirements of the DMC Act	Attain state MBE/WBE targets for SE MN	Operationalize MBE/WBE program for all DMC projects	

STRATEGIC PRIORITY: TRANSFORMATIVE PROJECTS

Pursue high-impact, market-changing development opportunities that advance the DMC Goals and Mission and maximally leverage DMC resources.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Develop 1.02M SF new bio-med, health tech space	Develop 330,000 SF of Bio-Med-Tech space	Affordable Discovery Square startup and bridge space available	
		Discovery Square Two design complete and construction underway	
\$5.6 billion of private investment	\$1 billion+ of new private development underway	Advance Downtown Waterfront redevelopment planning	
	Five new private development projects underway	At least one new private development project underway	

STRATEGIC PRIORITY: AMERICA'S CITY FOR HEALTH

Ensure that public infrastructure investment supports a more healthy community, citizenry, and built and natural environments.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Show quantifiable improvements in community health measures	Apply health in design process to 5 infrastructure projects	Apply replicable health in design process to Discovery Walk	

STRATEGIC PRIORITY: EXPERIENCE AND COMMUNITY ENGAGEMENT

Achieve the highest quality patient, visitor, and community member experience both now and in the future.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Achieve highest quality patient, visitor, resident experience	Will identify metrics in proposed experience master plan	Sustain and grow community support for the DMC Development Plan	
		Create strategies, programs and services that support a world class destination and enhance the experience for patients, visitors and residents	

STRATEGIC PRIORITY: SUSTAINABILITY

Foster the culture, best practices, and development processes necessary to create a more healthy, sustainable community that elevates Rochester as a market for investment, development, and workforce recruitment and retention.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Reduce energy consumption by 25% below 2012 levels by 2030	Benchmarking program includes over 200 buildings. City Council is reviewing an energy disclosure policy.	Benchmarking program includes 120 buildings	
	Reduce DMC-wide emissions per SF by 22% below 2005 levels by 2025	Create key metrics collection schedule to monitor progress towards DMC's greenhouse gas, energy and sustainability goals	
		Provide 12 sustainability series in 2020 and lead in management of Earthfest celebration	
Reduce: <ul style="list-style-type: none"> • Energy consumption by 25% below 2012 levels by 2030 • Potable water consumption below 2012 levels by 2030 • Total waste generated by 30% below 2012 levels by 2030 • Drive alone mode share to 50% or less • DMC-wide emissions per SF by 80% below 2005 levels by 2050 	Progress toward DMC and Rochester GHG, energy and sustainability goals across sectors (commercial, industrial, residential)	Engage in up to 3 national conferences and 20 local and regional meetings to learn sustainability and energy use best practices	
Reduce district-wide energy consumption by 25% below 2010 levels by 2030	Reduce district-wide energy consumption by 20% below 2010 levels by 2025	Complete 9 projects identified in Phase 1 of Strategic Energy Project Plan and evaluate— and if applicable, advance— two district energy possibilities in DMC District	

STRATEGIC PRIORITY: BUSINESS DEVELOPMENT AND MARKETING

Execute business development and marketing activity to secure private investment, recruit and retain new businesses and entrepreneurs, develop our workforce, and achieve the goals of the DMC Development Plan.

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Achieve highest quality patient, visitor, resident experience	Discovery Square organizations and their staff are integrated into the Rochester community	Comprehensive communications plan is used to on-board and assimilate new Discovery Square-based businesses	
Create 30,000 new jobs, including 3,230 in bio-med-tech	Assistive Technology Challenge (ATC) enables formation of 10 new ATC-related businesses, creating 25 new jobs towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	ATC2.0 completed in spring; ATC3.0 initiated in fall	
	Programming supports the formation of 20 new startup companies and 100+ new jobs, towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	Partner with other organizations to support entrepreneurial programming	
	200+ new jobs created by recruiting 20 new bio-med-tech businesses into Discovery Square, towards the 5-year goal of creating 510 Mayo and non-Mayo new jobs in bio-med-tech	New businesses operate in Discovery Square	
\$5.6 billion of private investment	More than \$1 billion of new private development, consistent with development plan, underway	Drive qualified traffic to dmc.mn and generate qualified leads by executing an integrated marketing campaign to targeted regional, national and international audiences	
		Secure two national media placements and a minimum of one national speaking engagement and showcase the DMC model to a minimum of two regional audiences by executing a comprehensive communications plan	
		Five new development proposals introduced and approved	
Retail developments active across all DMC subdistricts	Retail strategy implemented throughout DMC district and downtown Rochester	Retail strategy completion and initial implementation	
Ensure compliance with specific requirements of the DMC Act		WMBE, Targeted Business Utilization, Prevailing Wage, American-made Steel	

LEGISLATIVE REQUIREMENTS

<u>2035 Goal</u>	<u>Phase 2 (2025) Goal</u>	<u>2020 Outcome</u>	<u>Status</u>
Ensure compliance with specific requirements of the DMC Act		Update Development Plan	