

DMC and Mayo Clinic 2020 Investment Report to DEED



DMC

Destination Medical Center
Rochester, MN

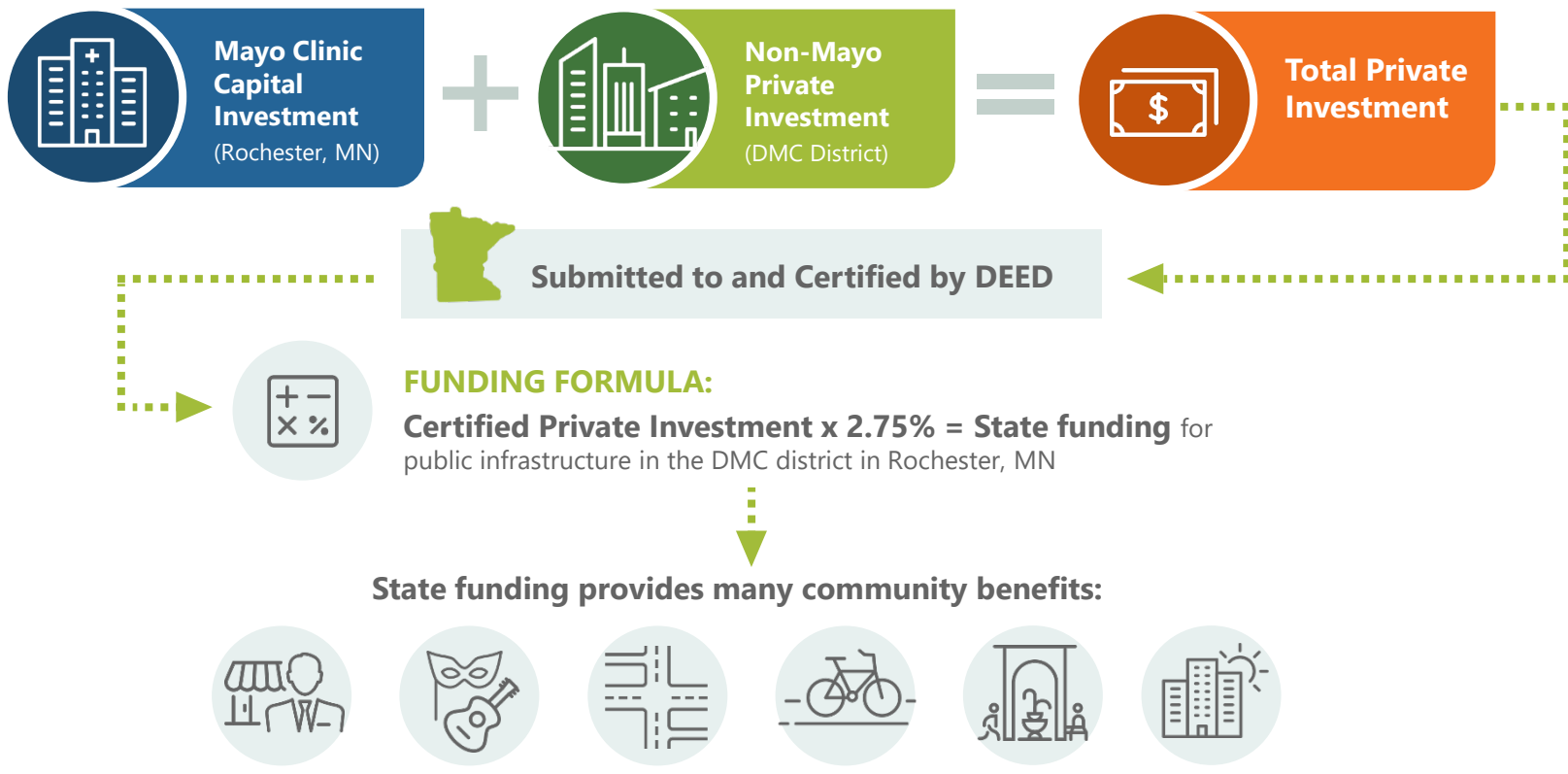


Background

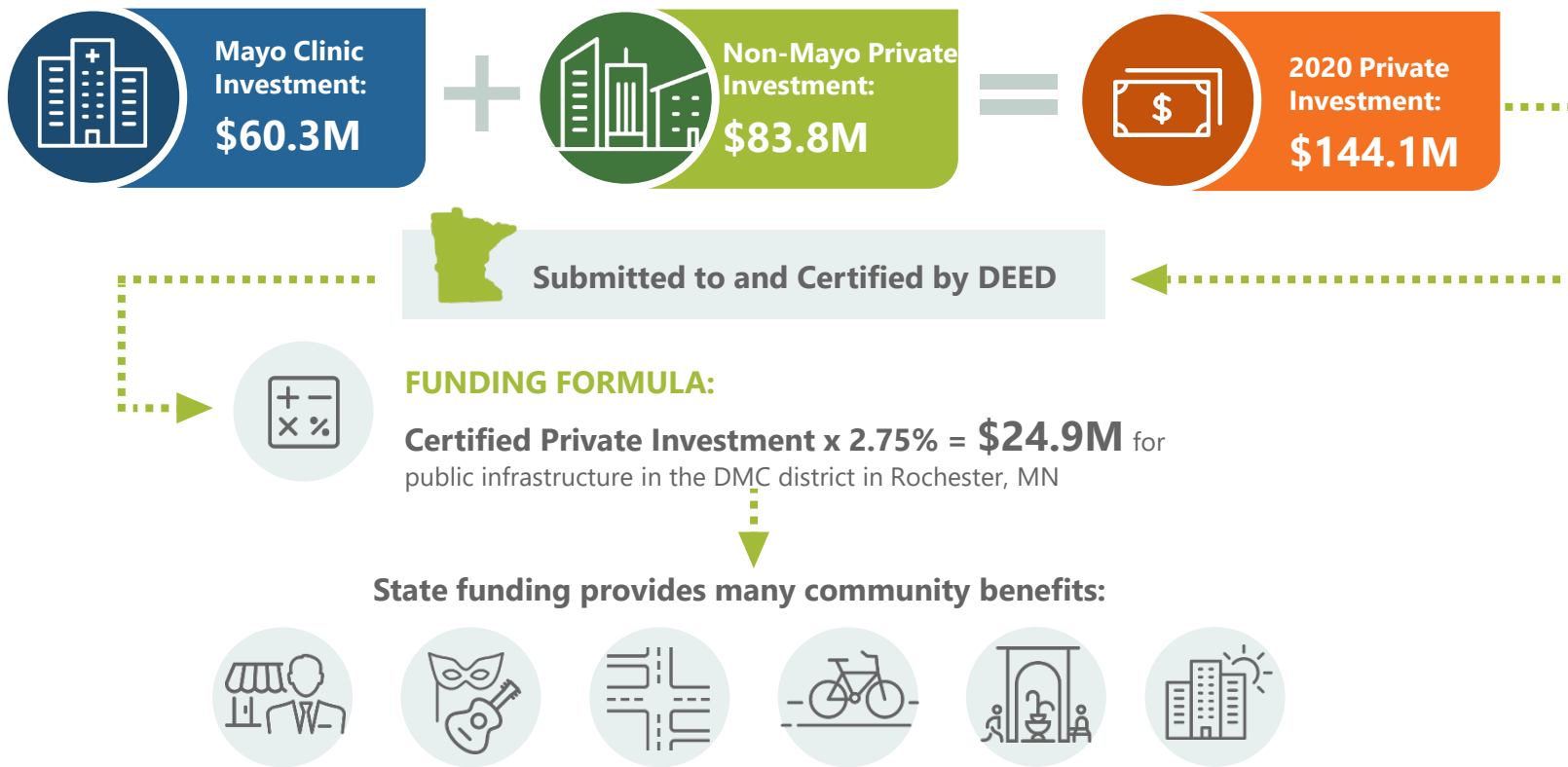
- By April 1 of each year, the DMC Corporation and Mayo Clinic are required to submit to the Minnesota Department of Employment and Economic Development (DEED) a report of all qualifying investments (construction costs) in the preceding year
- DEED Certifies the investments, which releases state aid
- State aid supports public infrastructure projects in the DMC District, enhancing the community experience



DMC ANNUAL STATE AID FORMULA



DMC ANNUAL STATE AID FORMULA



2020 Results: Mayo Clinic Investment



Major Project Highlights:

- Mayo Clinic Hospital, Saint Marys Campus modernization and growth
- Pedestrian subway re-fresh
- Tissue registry building expansion



2020 Results: Non-Mayo Private Investment

Crave Restaurant at Hotel Indigo

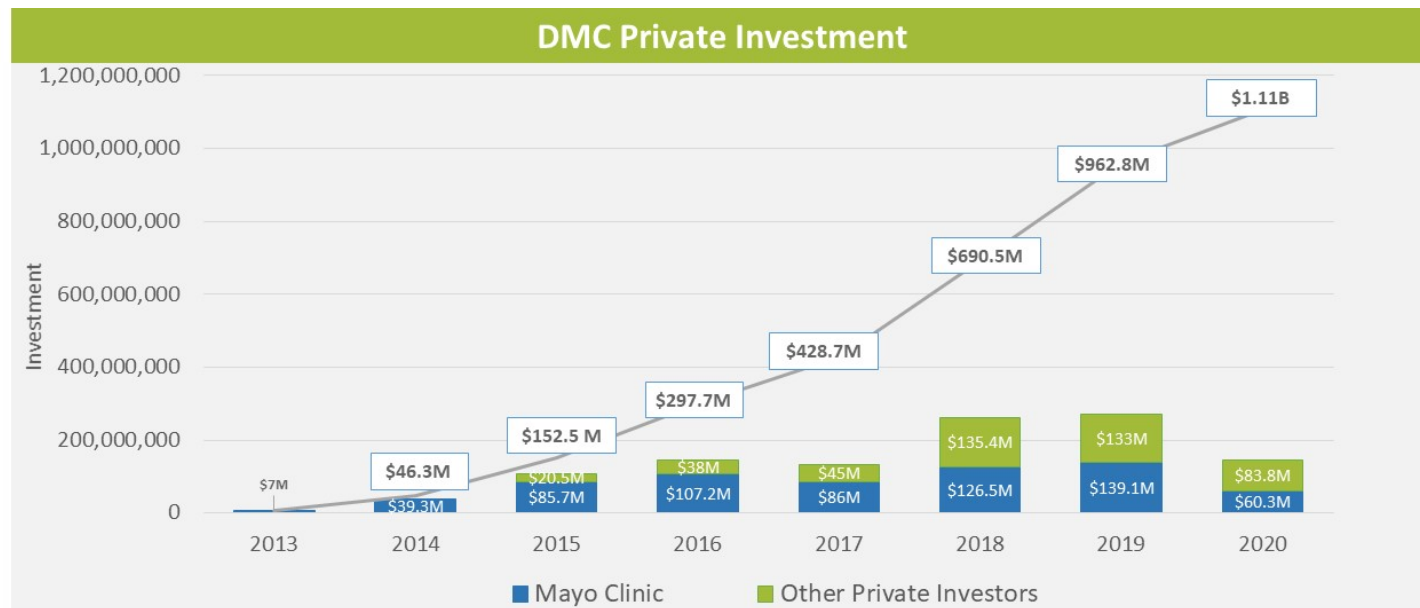


The Hue Apartments

Hyatt House



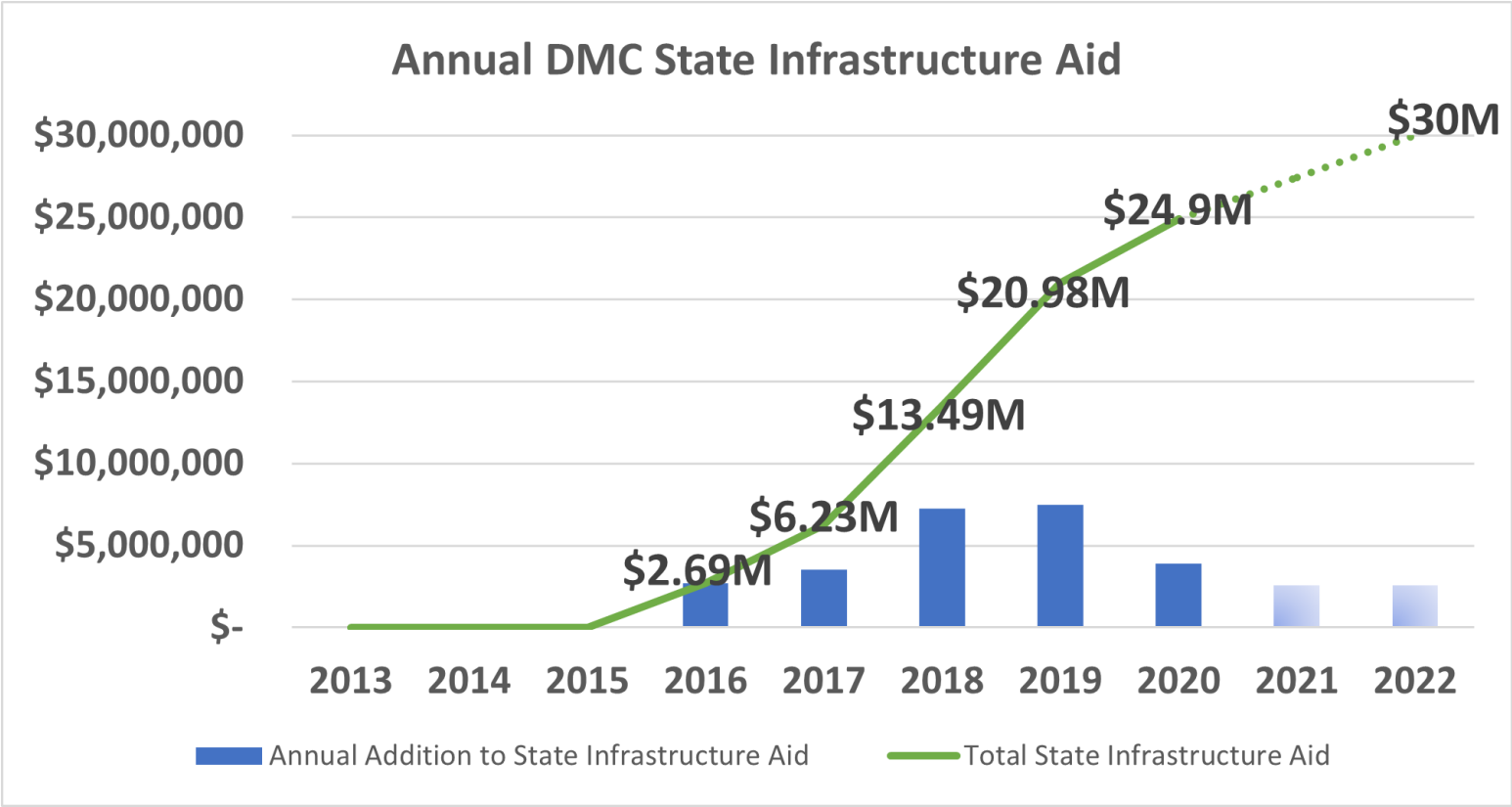
Cumulative Investment



	2013	2014	2015	2016	2017	2018	2019	2020
Mayo Clinic	\$7M	\$39.3M	\$85.7M	\$107.2M	\$86M	\$126.5M	\$139.1M	~\$60.3M
Other Investors	0	0	\$20.5M	\$38M	\$45M	\$135.4M	\$133M	~\$83.8M
Total	\$7M	\$39.3M	\$106.2M	\$145.2M	\$131M	\$262M	\$272.1M	~\$144.1M



Cumulative State Aid



Community Benefit

- New jobs and businesses
- Accessible public spaces
- Generational improvements to streets and sewers



Community Benefit

- Increased mobility options
- Greater arts and culture programming
- Downtown Vibrancy



2020 DEED Submissions Highlights

- Mayo Clinic Investment: ~\$60.3 Million
- Non-Mayo Clinic Private Investment: ~\$83.8 Million
- Total 2020 investment: ~\$144.1 Million



Bryk Apartments Project



**Why are
we here
today?**

Decision to support a DMC EDA
recommendation of providing
\$2.2M of DMC funding for the
Bryk Apartment Project



PROJECT SUMMARY

\$2.2 Million Request of DMC Support

To realize:

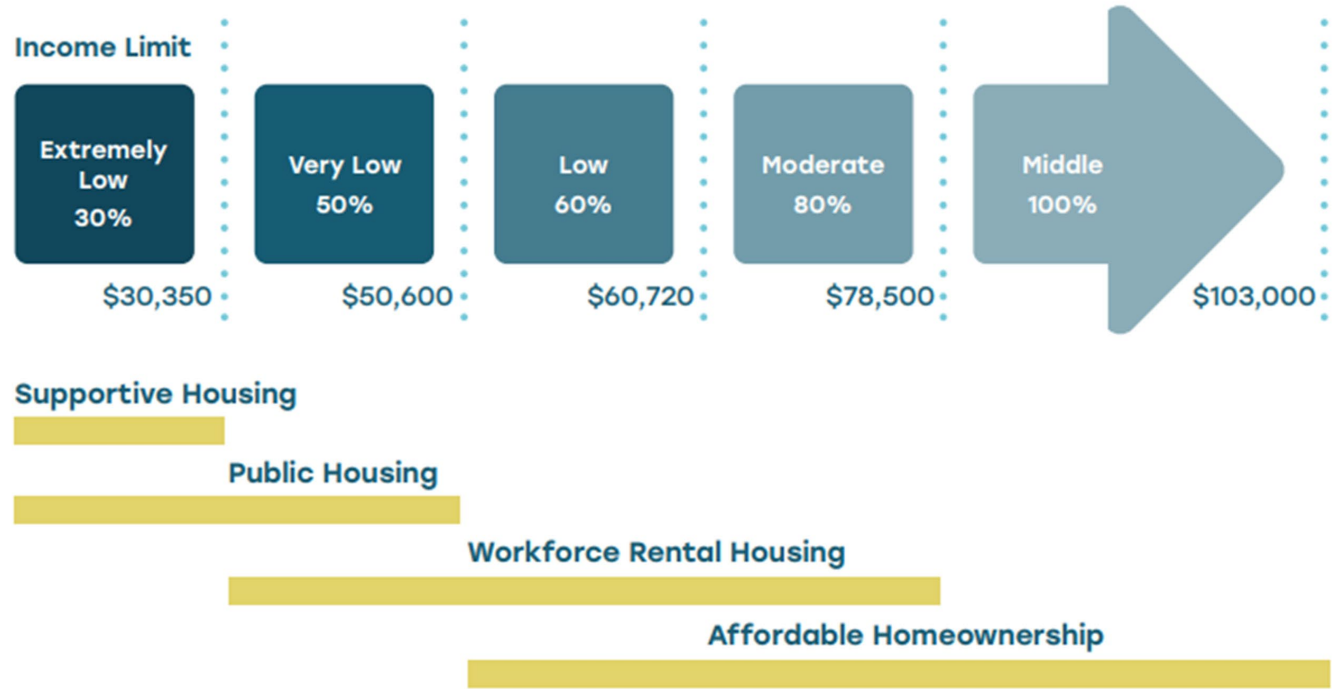
- 180 units of mixed income housing and commercial space
- Along a major transit corridor
- Within walking distance of:
 - Downtown retail
 - Major employment centers
 - Car-share service
 - City bus service
 - Community trail system



Affordable Housing Spectrum

Area Median Income:

‘The midpoint of a region’s income distribution – half of families in a region earn more than the median and half earn less than the median’ (metro council.org)



*Based on Area Median Income for a 4-person household in Rochester, MN HMFA (HUD Metropolitan Fair Market Rent/Income Limits Area)



Defining Housing

- Affordable housing:
 - Housing in which the resident is paying no more than 30 percent of gross income for housing costs, including utilities.
- Workforce housing: 50%+ AMI
 - Housing for households earning around the area median income. Housing may include property tax reduction incentives to encourage lower rents.
- Market Rate housing –
 - Serves 100% AMI and up – no rent restrictions, subsidies, or assistance used.

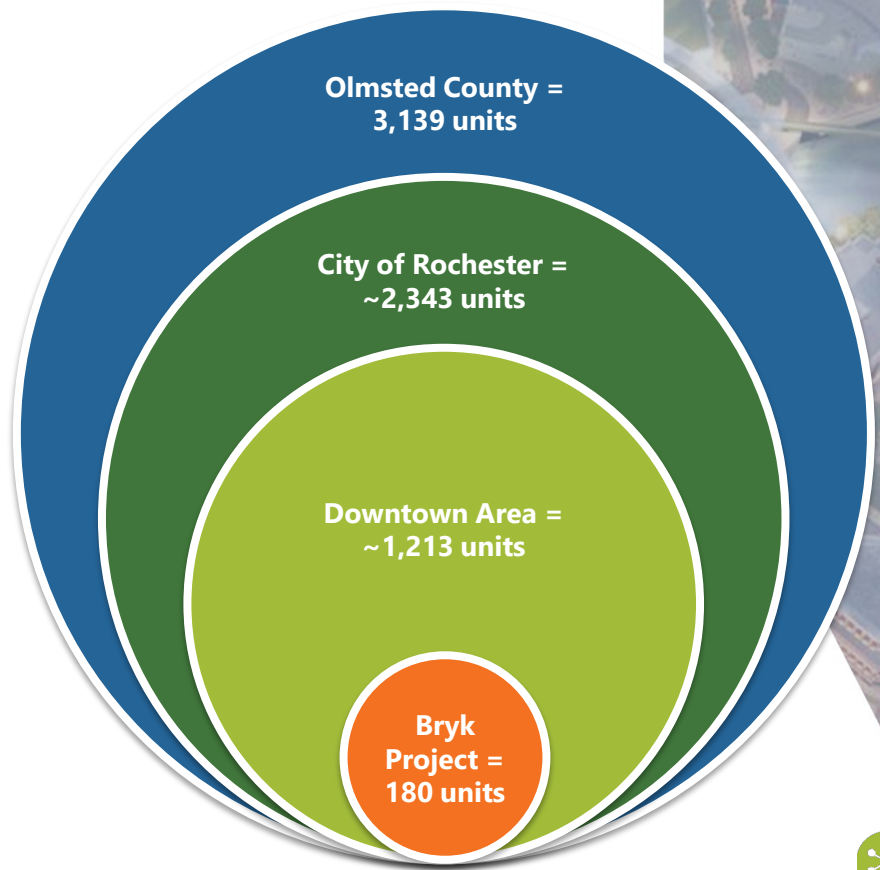


Maxfield Report Priorities

1. Create new homeownership opportunities
2. Increase homeownership for People of Color
3. Create housing for people at 50% AMI or less
4. Enhance housing options for seniors
5. Preserve our affordable housing stock



WHAT ARE OUR COMMUNITIES' AFFORDABLE AND SUBSIDIZED HOUSING NEEDS BY 2030?



Bryk Project Location

Bryk Site

Civic Center Dr

Broadway Ave



PROJECT DETAILS

- Mixed-use apartment building
- 180 workforce housing apartments with a mixed AMI ranging at 50%, 60% and 80% rental levels
- Commercial Space: 7,260 SF

Bryk Apartments	Unit Counts
50% AMI Unit Count	54
60% AMI Unit Count	18
80% AMI Unit Count	108
TOTAL	180



PROJECT DETAILS

- Project Investment = \$39.3M
- Construction Jobs = 206 positions
- Permanent Jobs = 26 positions
- Eligible Public Infrastructure = \$10.9M
 - Site remediation
 - Utilities
 - Façade improvements
 - Corridor landscaping and outdoor amenities
 - Intermodal infrastructure



Community Benefits

- Mixed Income Workforce Housing
- Neighborhood Stabilization and Revitalization
- Designed to meet Sustainability Performance Goals
- Targeted Business Requirements
- Transit Corridor Density
- Walkability to downtown and employment



AFFORDABLE LIVING – Rochester, MN

To enhance the quality of life of Rochester residents.



Lower
rent/mortgage
costs



Lower
transportation
costs



Lower utility
costs



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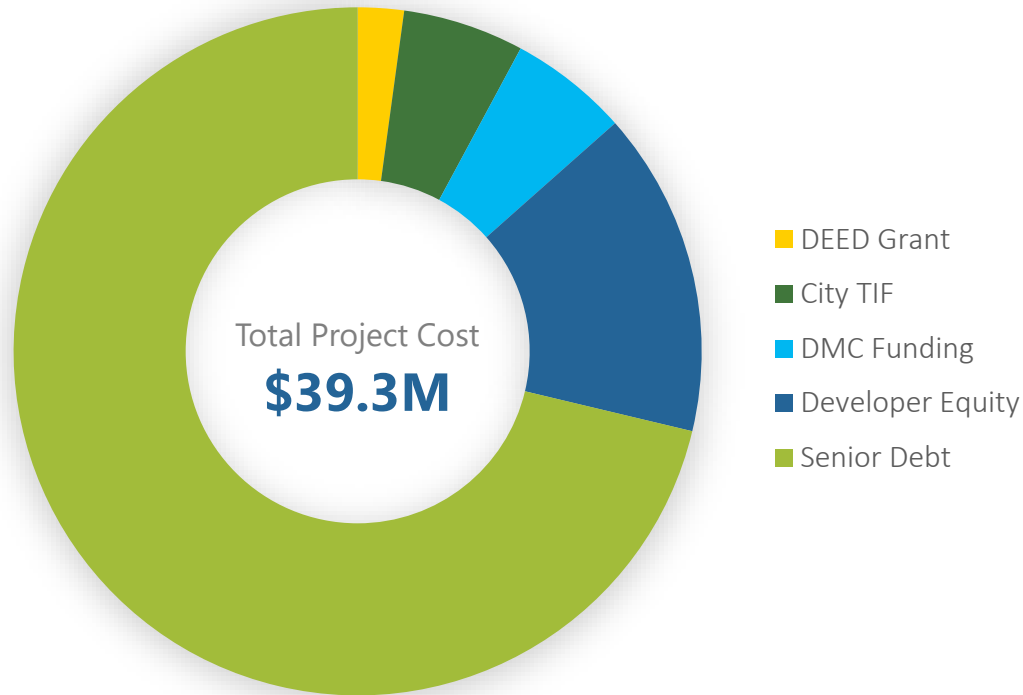
Project Analysis

DMC Staff Review:

- Confirmation of **key project assumptions**:
 - Construction costs
 - Lease up rate
 - Return expectations
 - Rental rate gap analysis
 - Eligible public infrastructure components
- TOD zoning and DMC District Design Guidelines
- Sustainability: Energy, Mobility, Materials
- DMC EDA Review



PROJECT FUNDING SOURCES



FUNDING REQUEST

DMC EDA

Recommendation:

- \$2.2M in General State Infrastructure Aid

Phase 2: 2020-2025

DMCC anticipates
~\$200M of public
infrastructure
support

Phase 2: Private Development

DMCC anticipates
\$25M-\$45M of
private
development
support

2021 Capital Plan

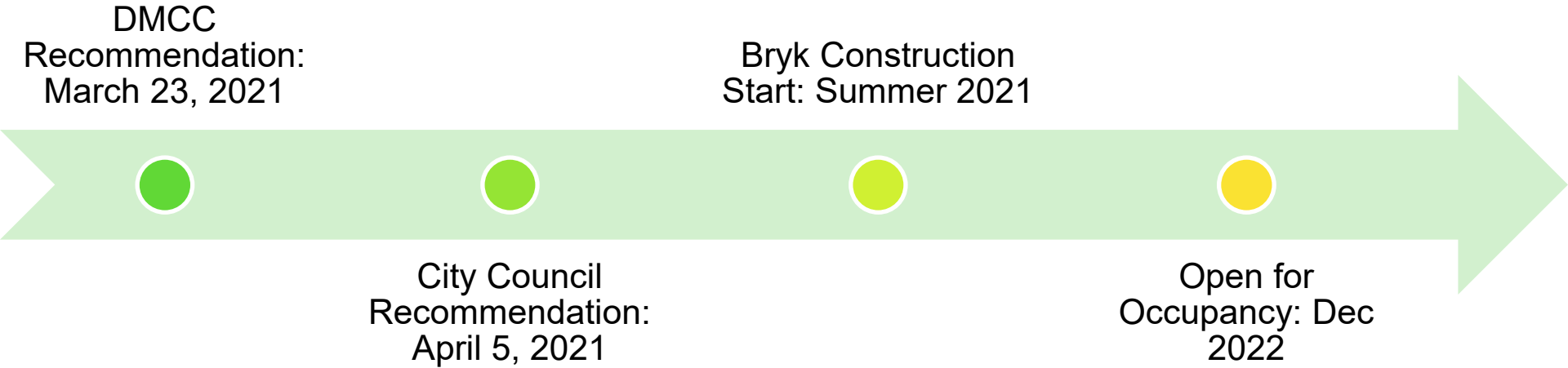
DMCC approved
\$7M of private
development
support

March 2021

Bryk Project
Recommendation:
\$2.2M



Timeline



Questions? Thank you!



Discovery Walk



DMC

Destination Medical Center
Rochester, MN

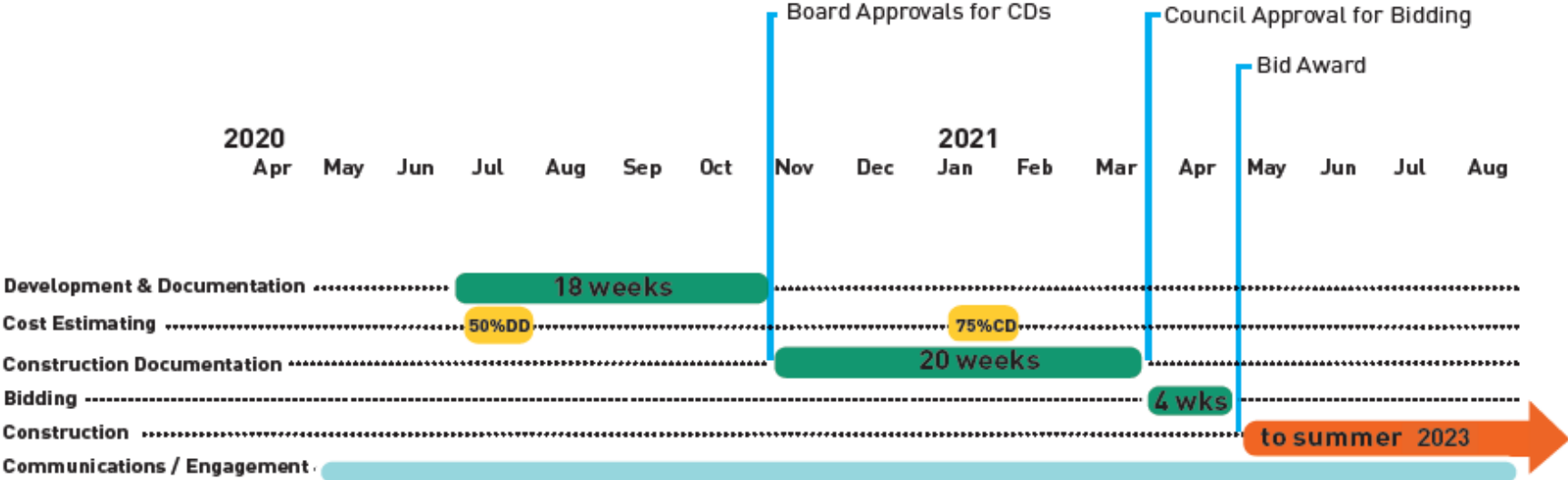
Request of the DMCC Board

- Authorize Discovery Walk construction bid documents to include add-alternatives.
- Direct DMC EDA and City staff to present findings and recommendation at next regular meeting.

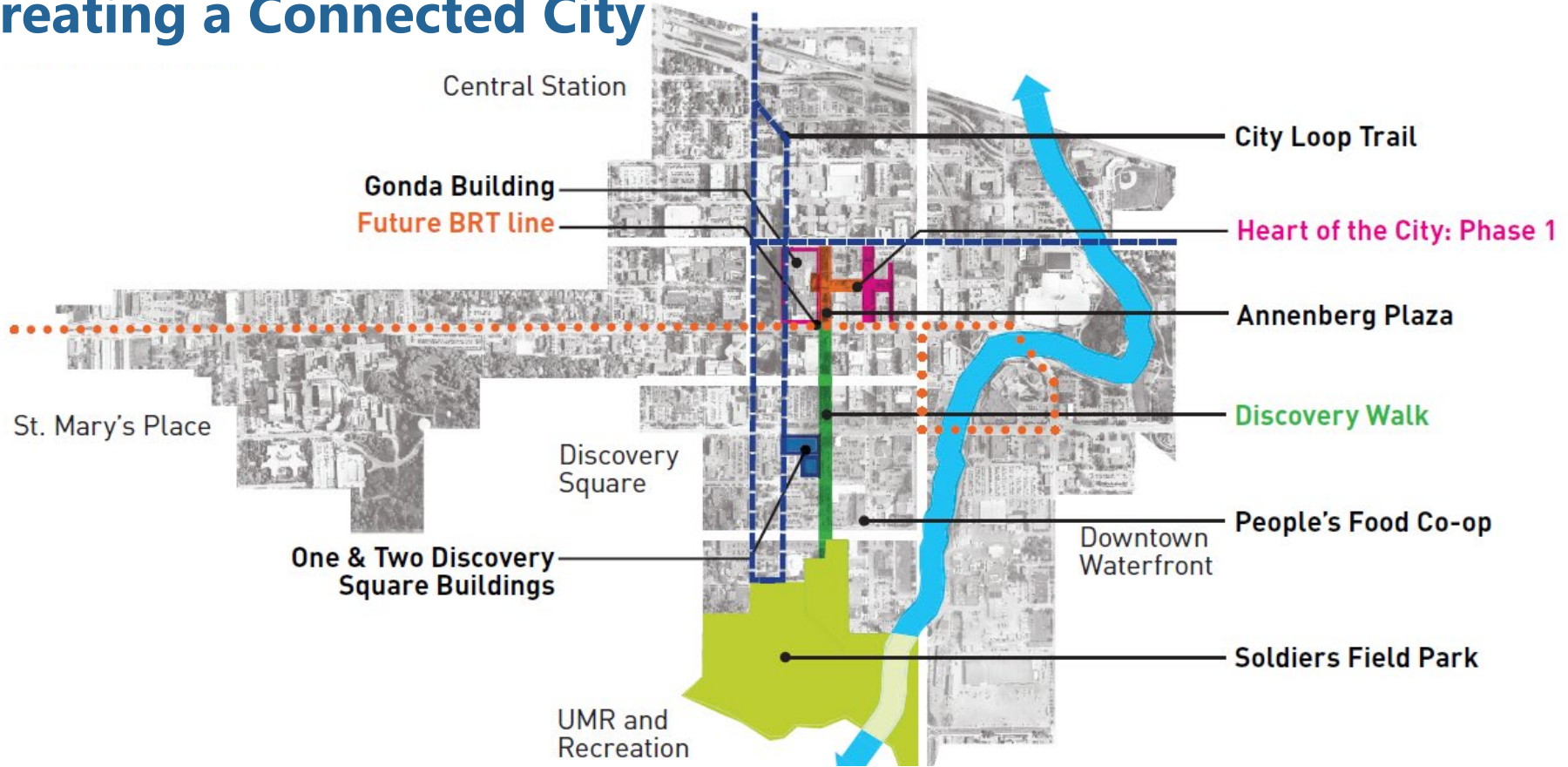


Approvals and Process

- 2015 - DMC Development Plan adopted
- 2017 - Approval for Discovery Walk Schematic Design Phase
- 2018 - Discovery Walk Schematic Design Phase approved
- 2019 - Approval for Discovery Walk to progress to Design Development - Bidding phases
- 2020 - Design Development began

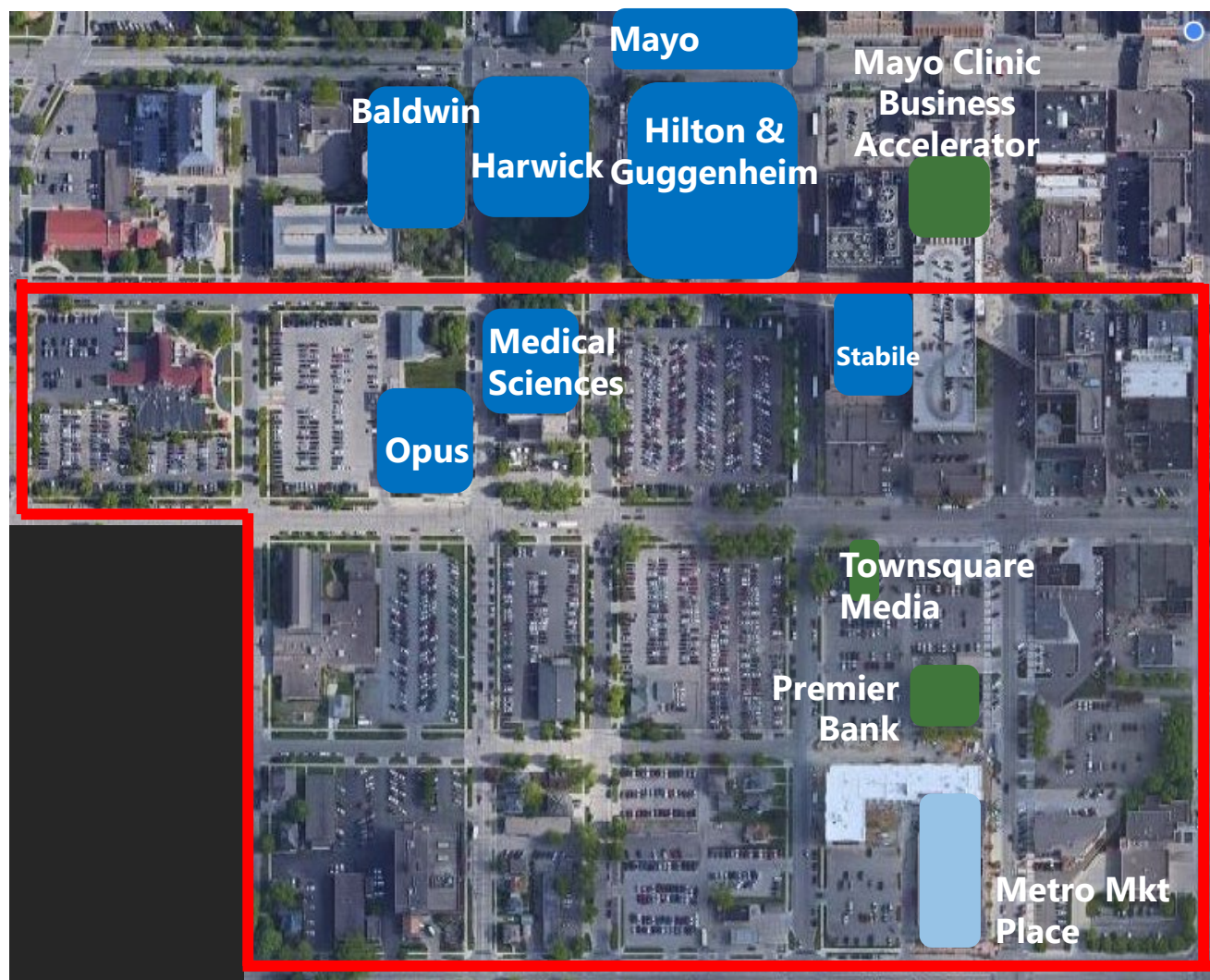


Creating a Connected City



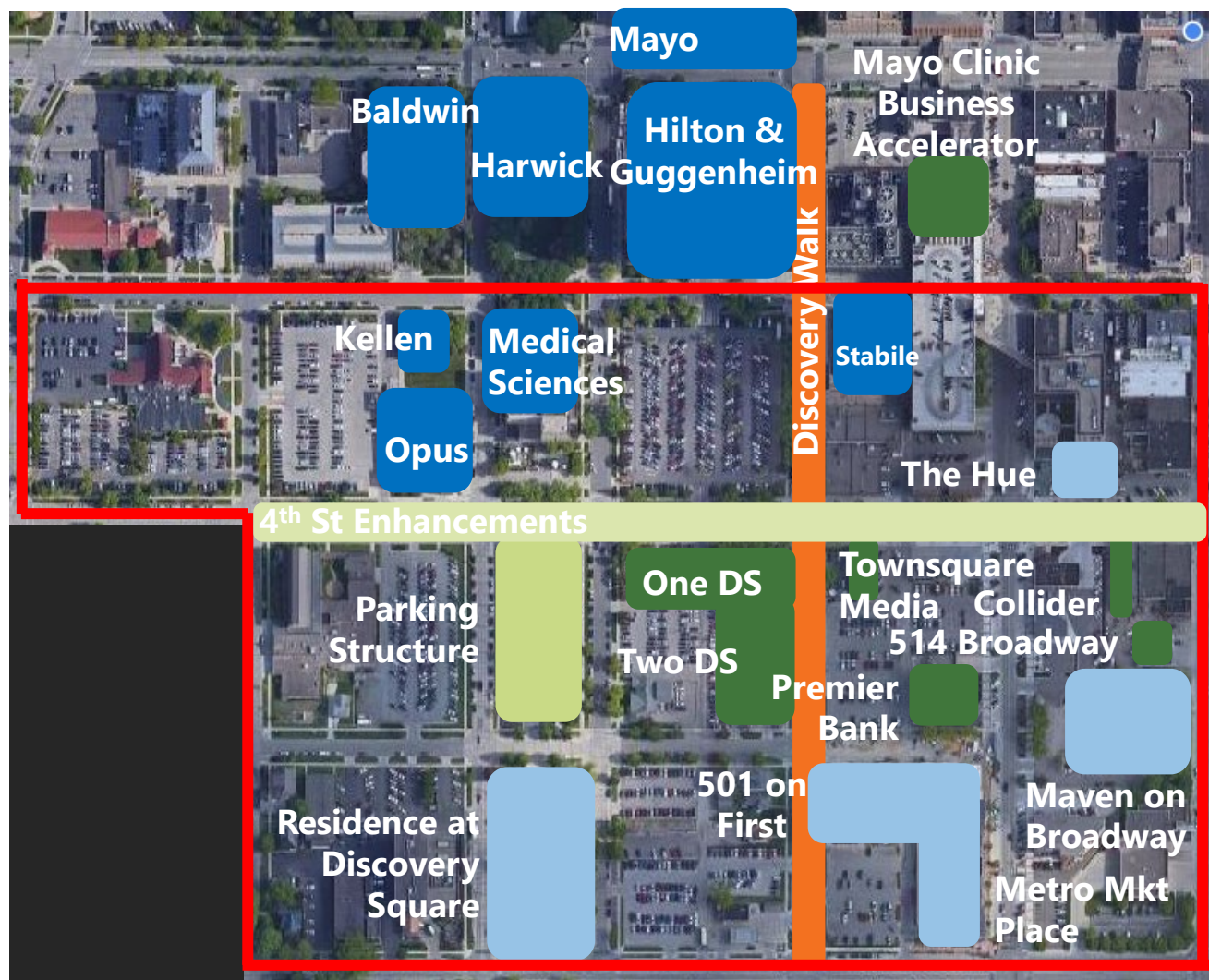


The Discovery Square Canvas in 2015...





The Discovery Square Canvas in 2022



A Transformative Experience, Block by Block

500 Block
The Village



400 Block
The Office



300 Block
The Café



Investing in the User Experience

EXISTING

SEATING: 65 LF

LANDSCAPING: 7,000 SF

PUBLIC SPACE: 2,000 SF

TREES: 39

WEATHER SHELTER AREAS: 0 SF

PROPOSED

SEATING: 1,000+ LF

LANDSCAPING: 28,000 SF

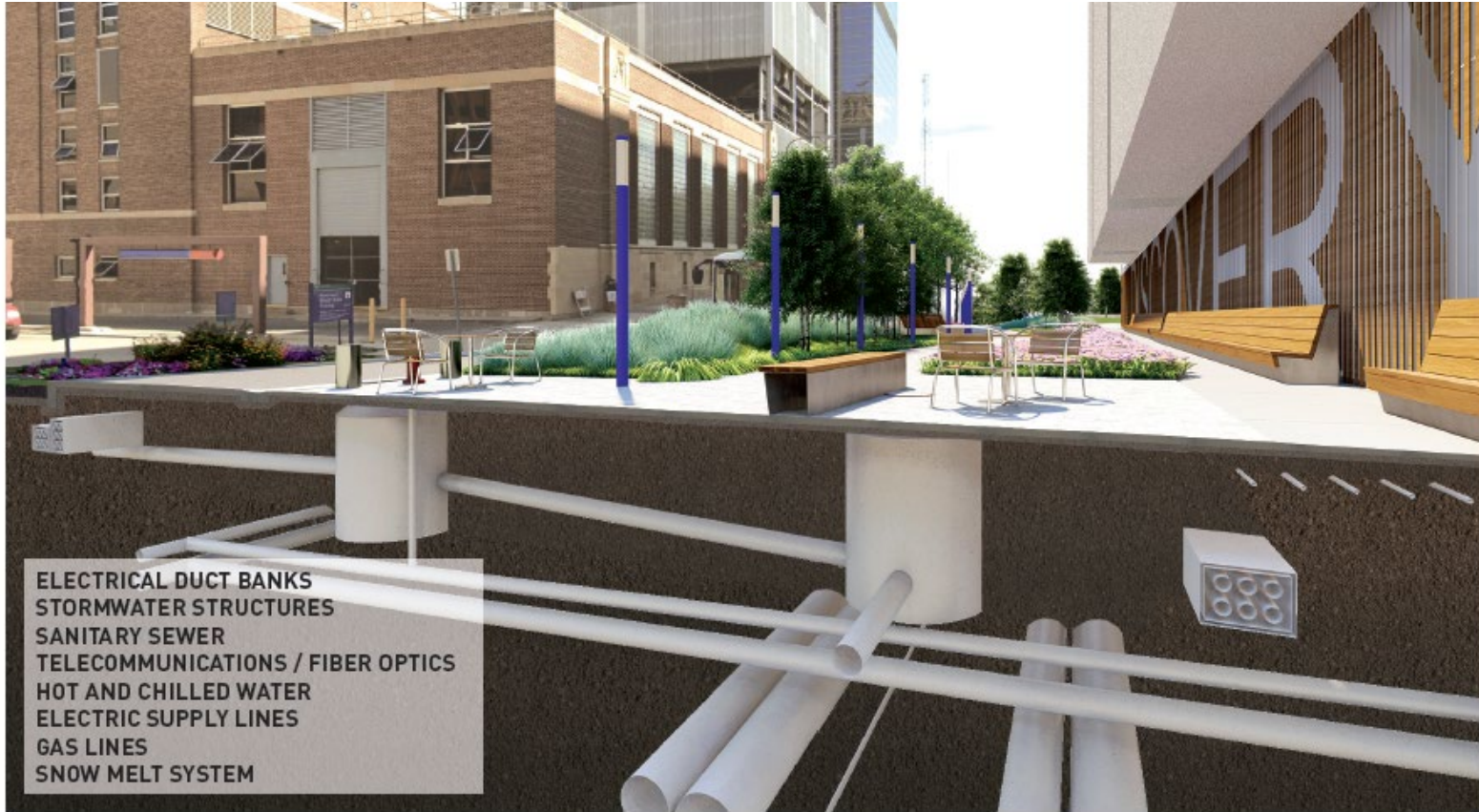
PUBLIC SPACE: 30,000 SF

TREES: 300+

WEATHER SHELTER: 2,800 SF



Investing in Underground Services



Investing in Community

Community Artists



Zoe Cinel



Sophia Chai



Ayub HajiOmar

- Ensure accessible and welcoming spaces
- Create unique experiences
- Create a sense of cultural belonging
- Create places that encourage health
- Represent diverse communities
- Develop ideas for inclusive design
- Develop ideas for inclusive programming

Community Co-Designers



Wafa Elkhailifa



Krista Jacobson



Laurie Kumferman



Chao Mwatela



Lap Nguyen



Jenny Rho



Jeremy Westrum



Optional Additions

Community Shelters: \$2.171M



"We know the benefits of social connection on physical and emotional well-being. As social gatherings have changed during the pandemic having flexible outdoor gathering spaces have become even more important and valued."

Jenny, community co-designer

Snowmelt: \$1.09M



"Being in a wheelchair is a daily struggle. Snowmelt sidewalks would be of great benefit to not only myself but to others who use mobility aids."

Krista, community co-designer



Optional Additions



Soldiers Field Extension:

- Not part of the original scope of the project.
- Emerged as a new opportunity through community input.
- To be included in Soldiers Field Master Planning



Request of the DMCC Board

- Authorize Discovery Walk construction bid documents to include add-alternatives.
- Direct DMC EDA and City staff to present findings and recommendation at next regular meeting.





Downtown Waterfront Southeast Small Area Plan

DMCC

March 23, 2021



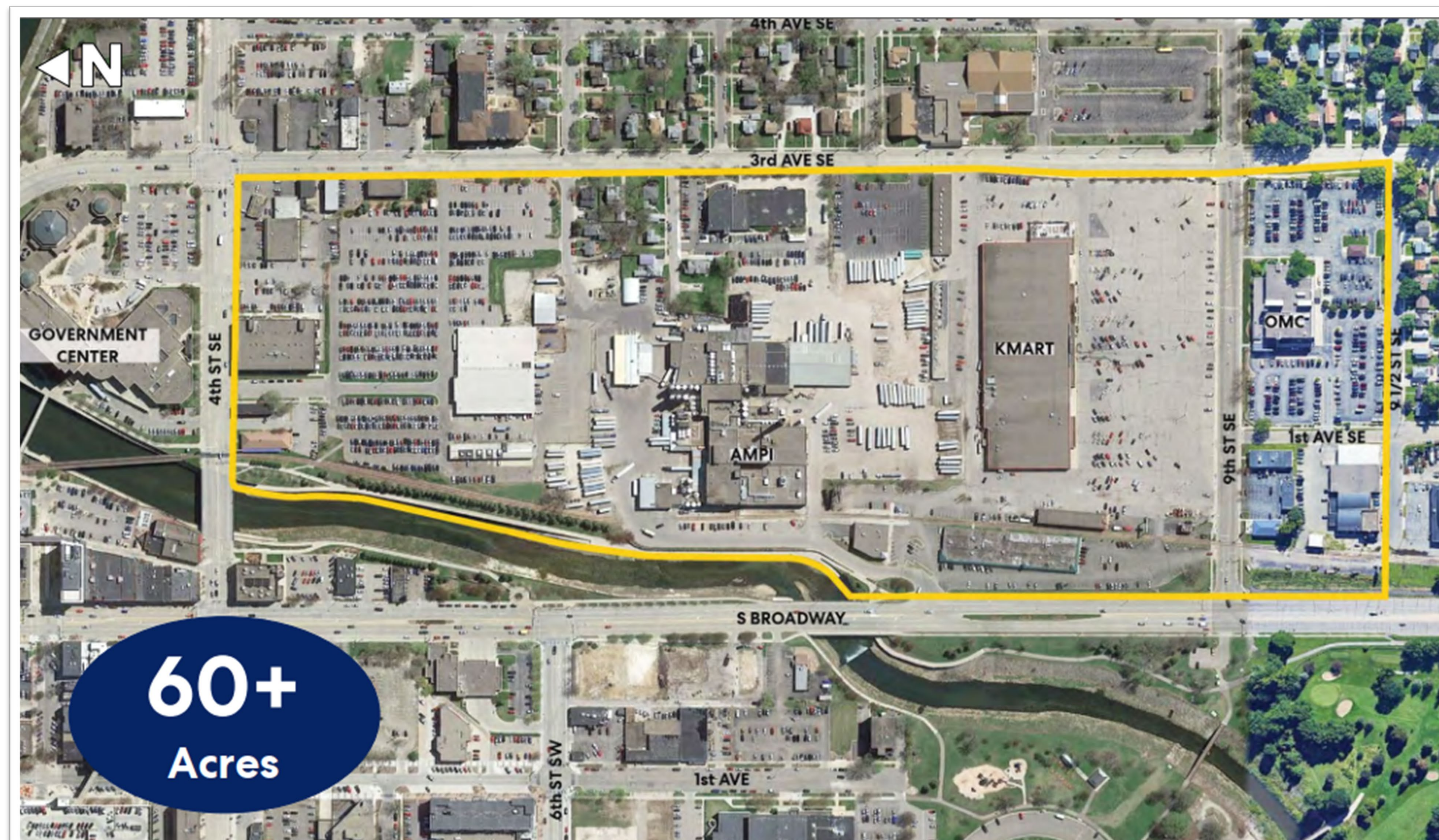
Perkins&Will



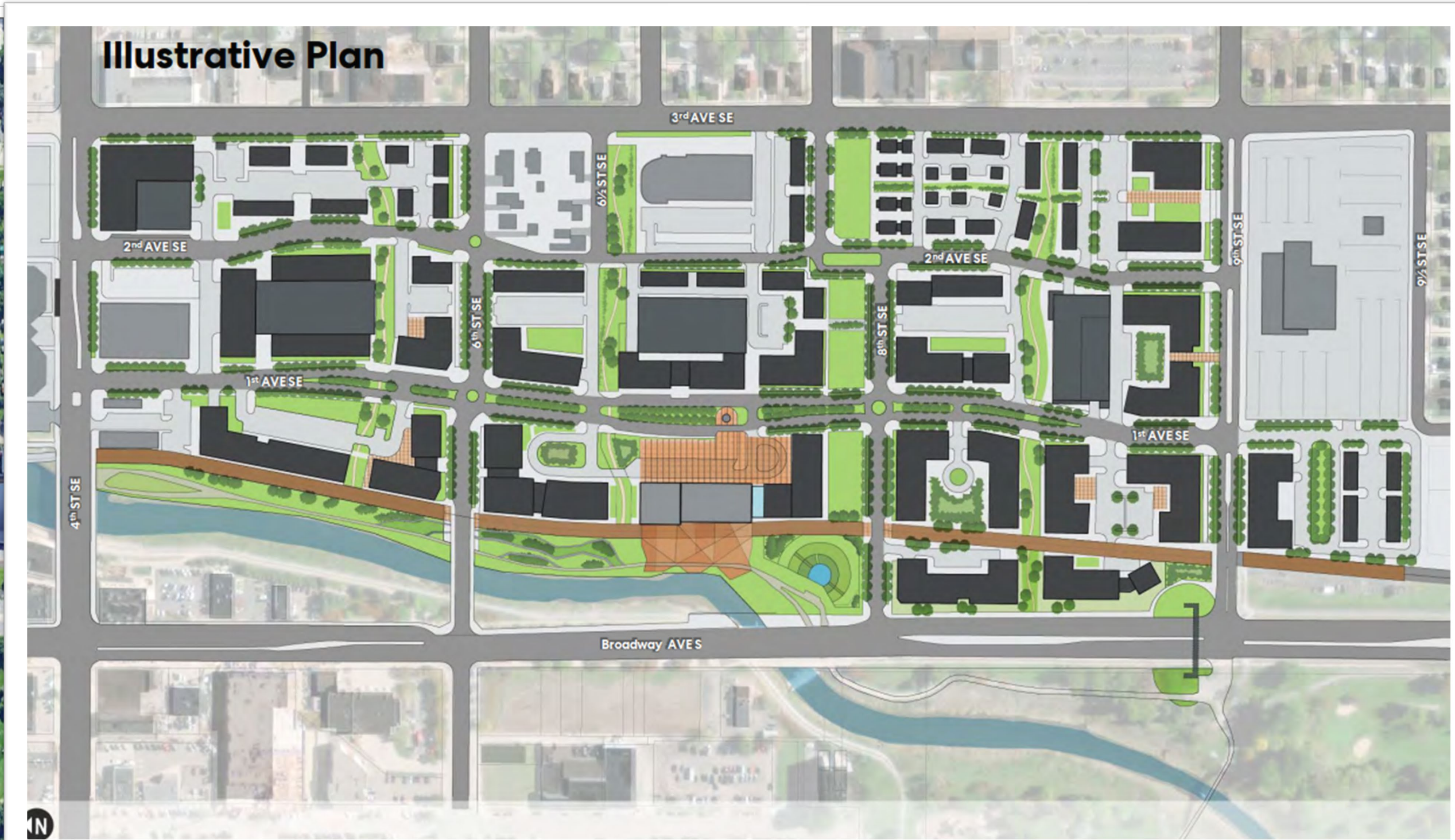
Today's Ask

2 SLIDE

- Provide feedback on the work done to date
- Introduce possible infrastructure required for the project



Today

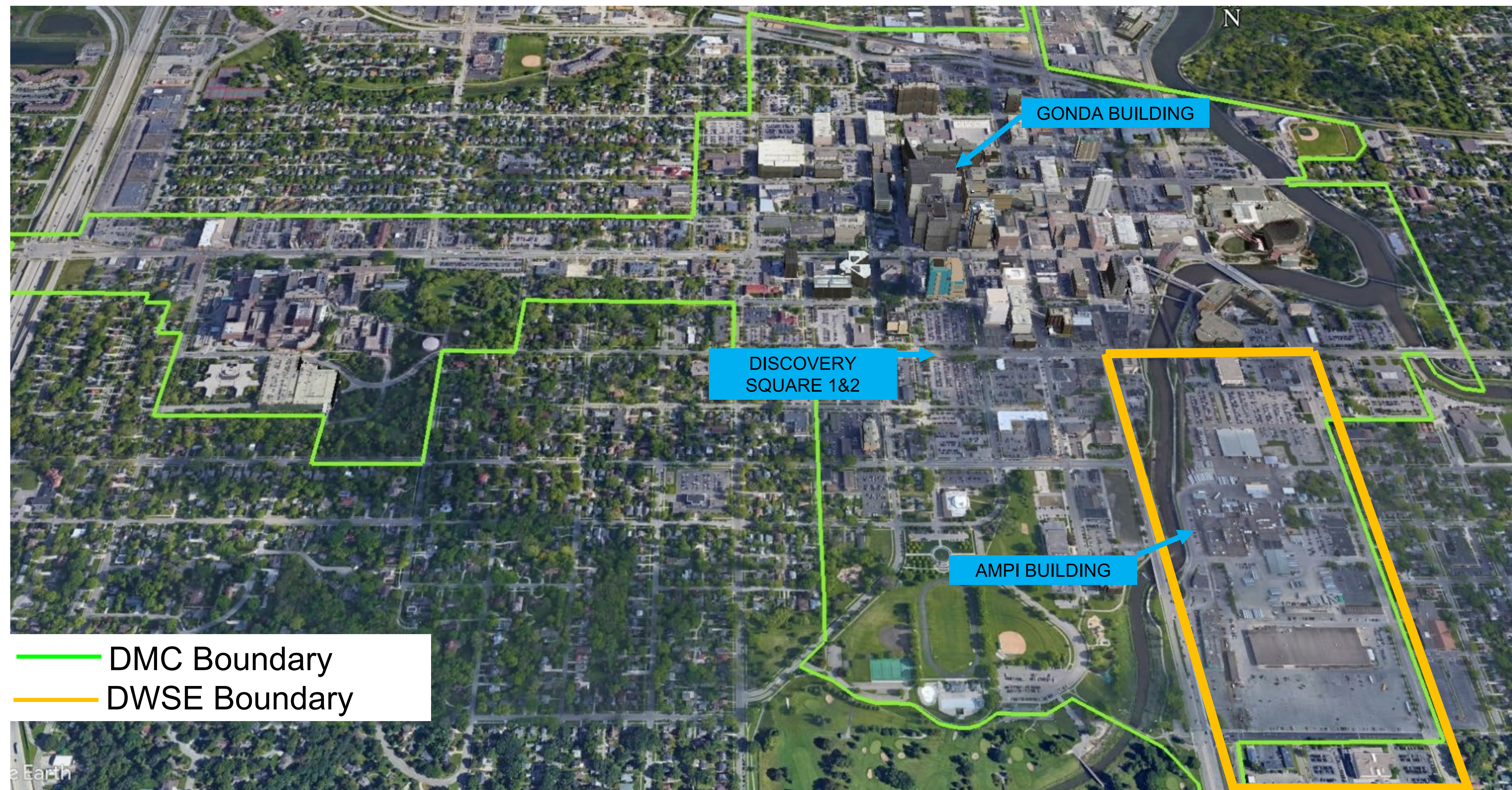


Future Concept



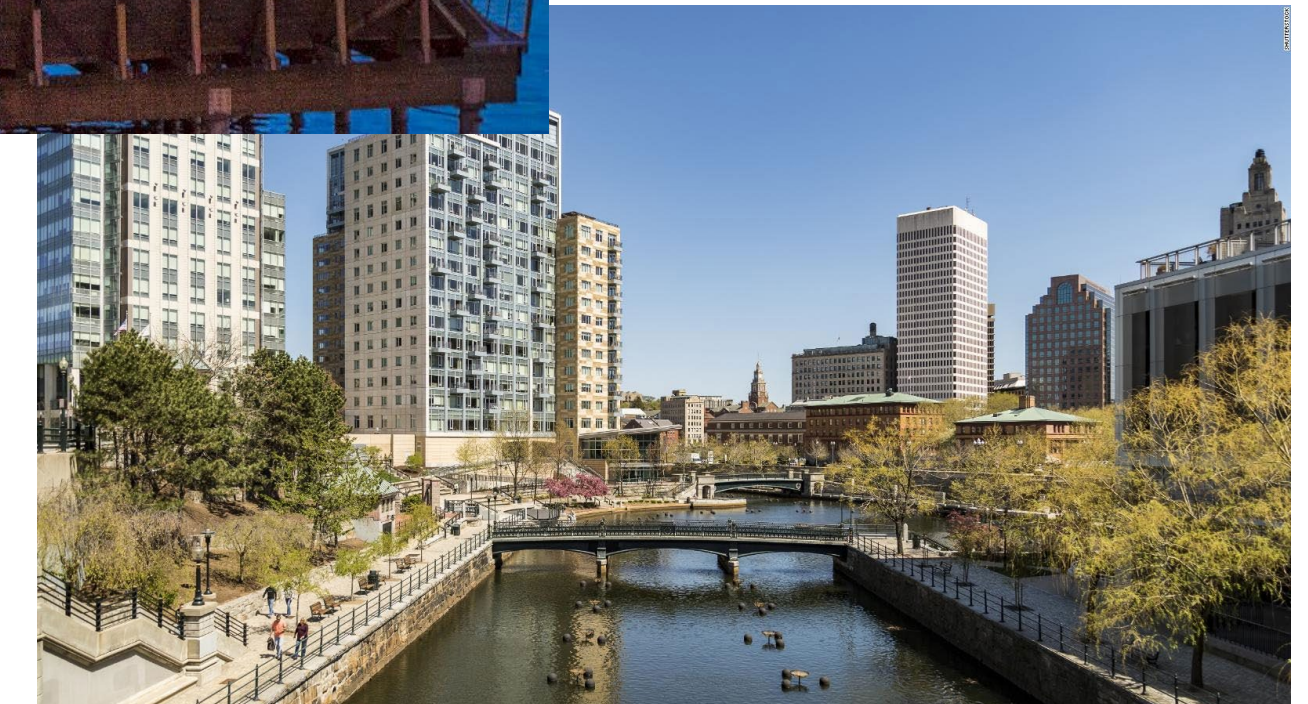
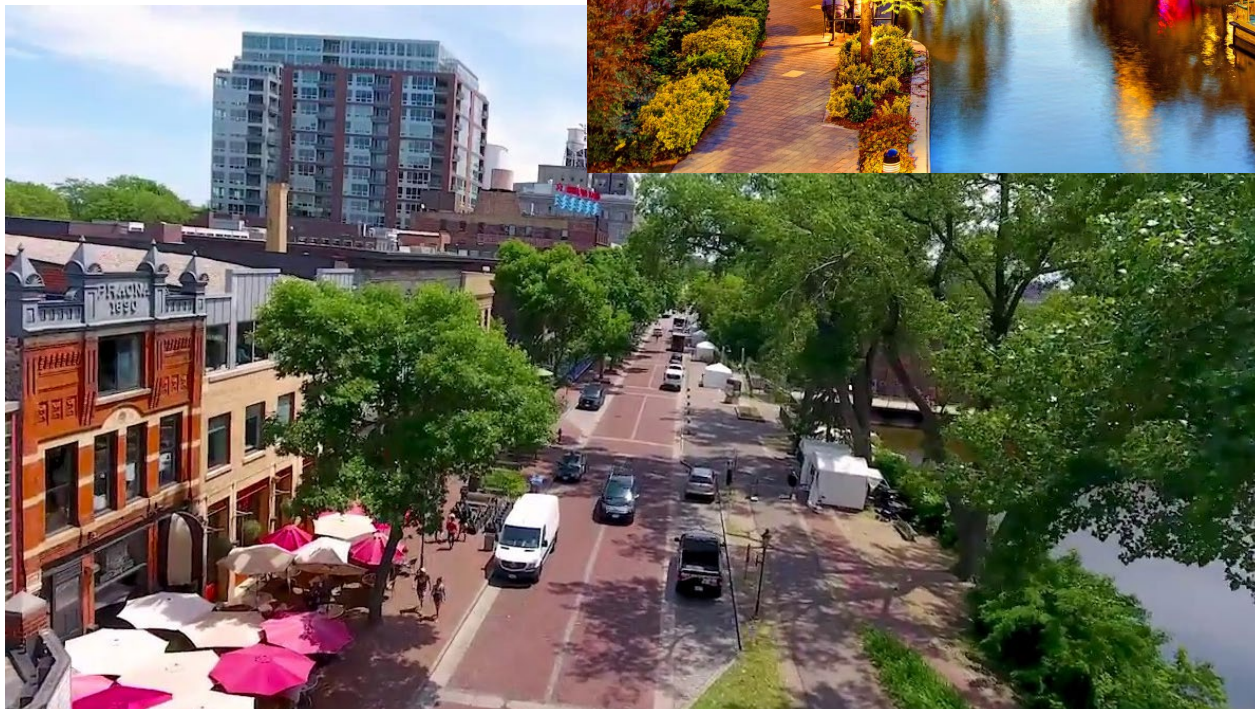
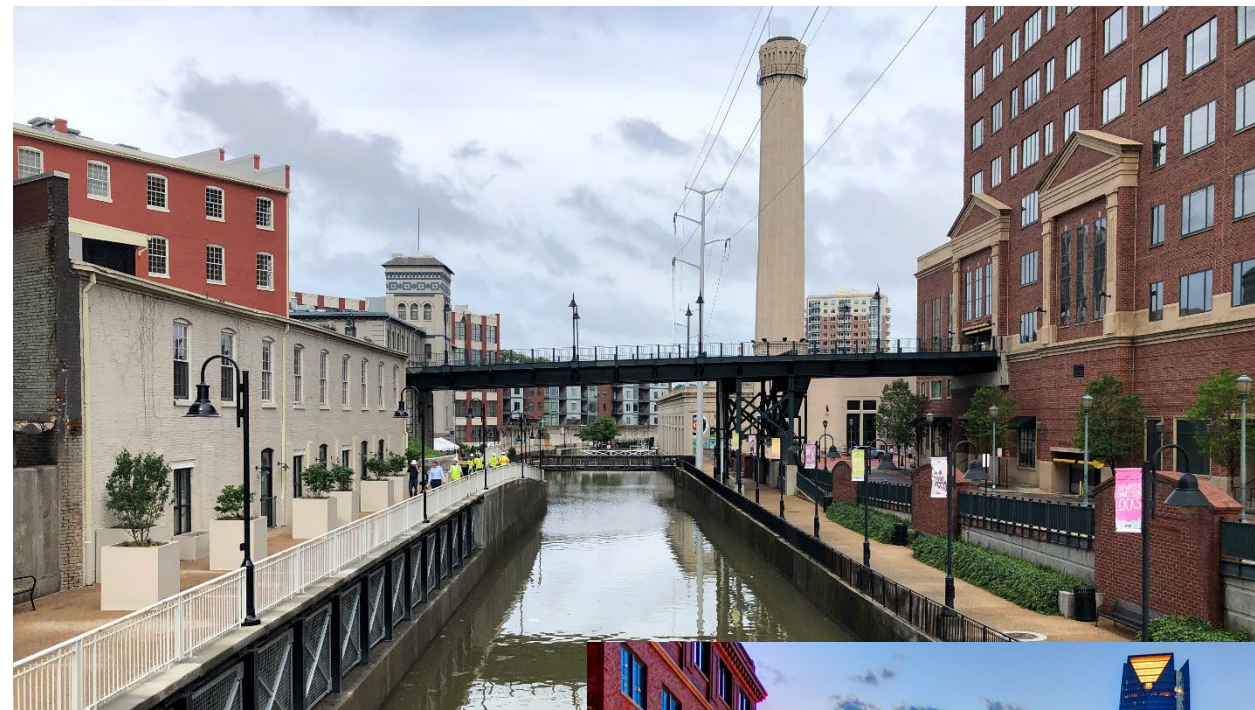
Location

3 SLIDE



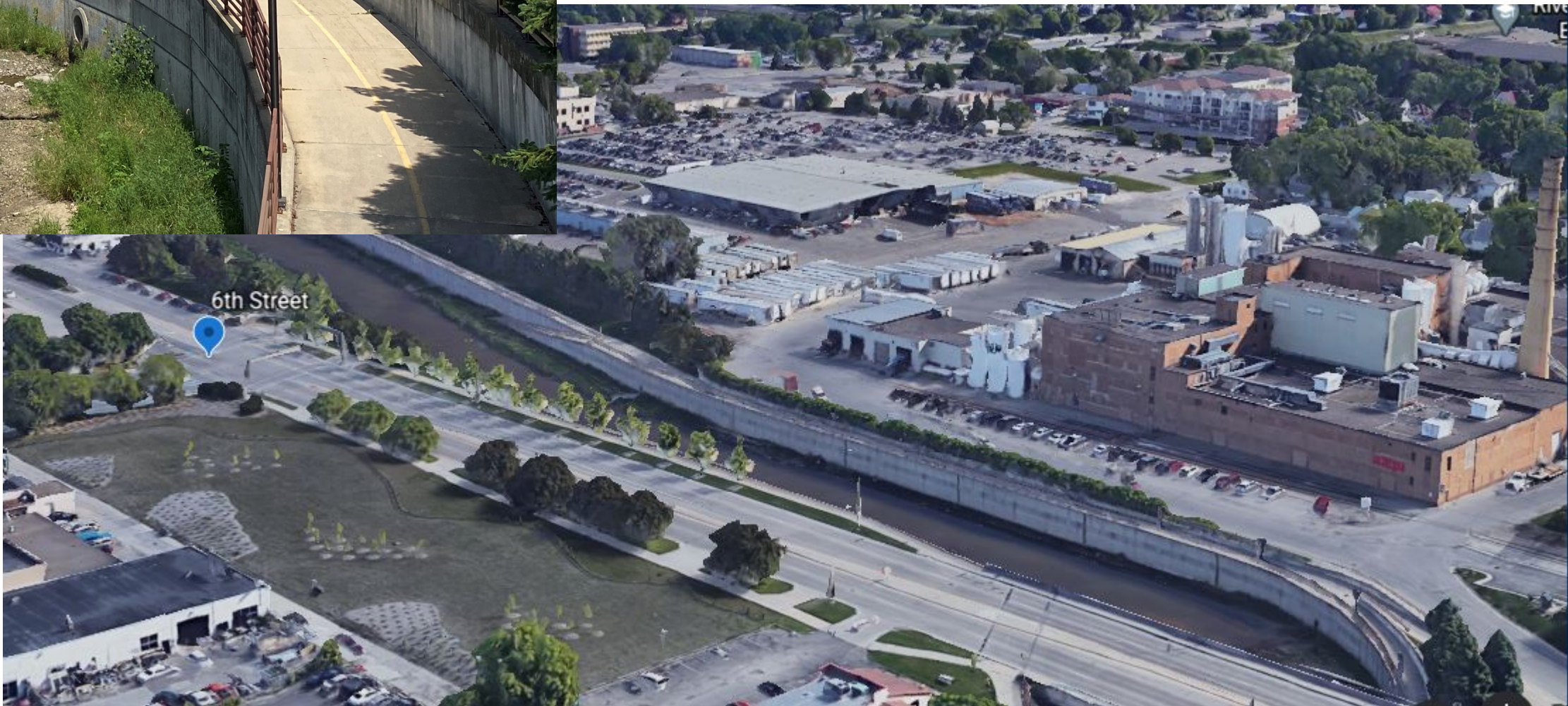


Vision: Mixed use historic warehouse district that embraces economic, social, and environmental health in an urban environment that includes thriving local businesses, a variety of housing options, riverfront activation and inviting public spaces.



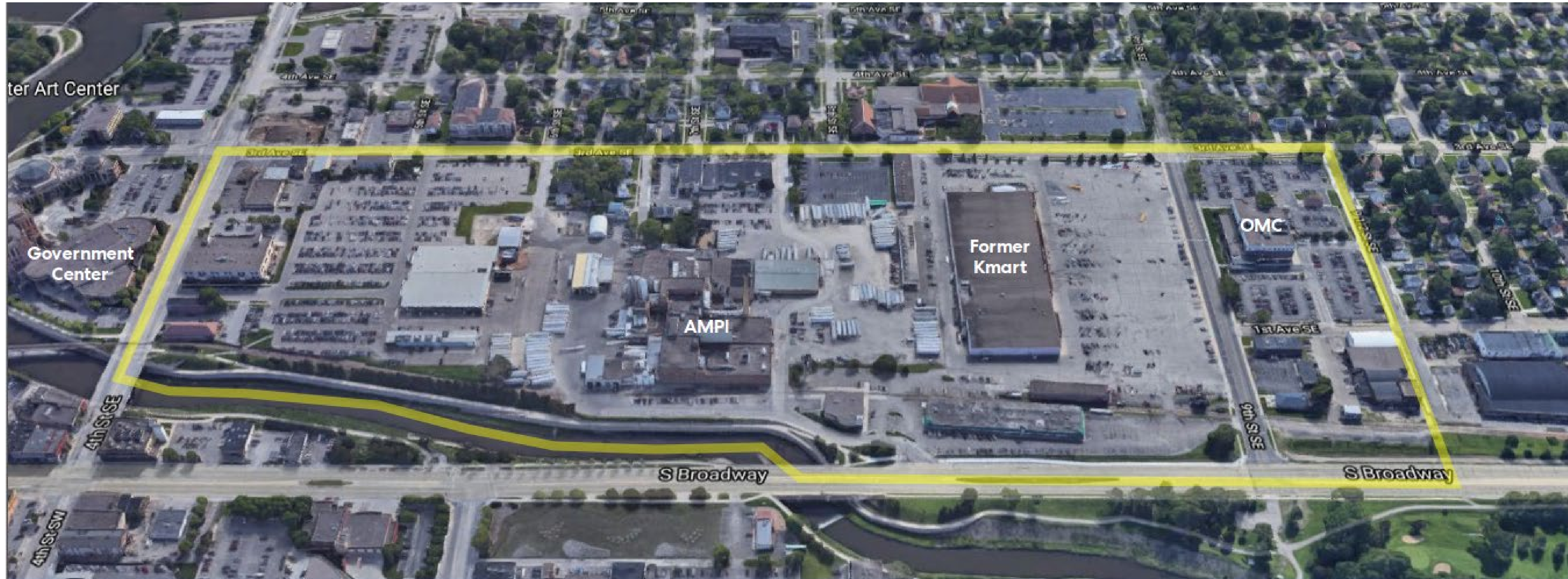


Existing Site



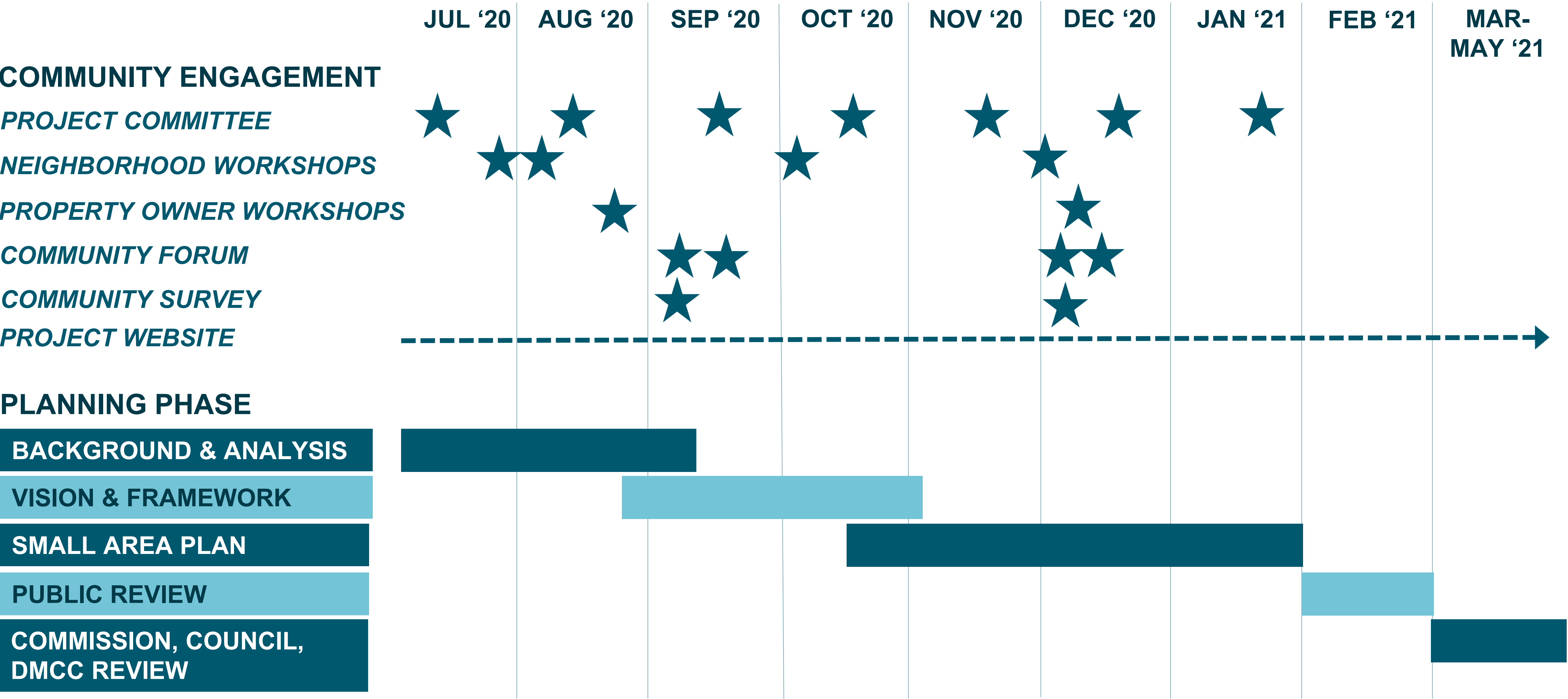


Why a Small Area Plan?



- Identified as a revitalization area in the Comp Plan
- Highly strategic location
- Coordinate with transit planning
- Major properties are being bought and sold
- Retail is changing
- Healthcare is changing

PROJECT SCHEDULE





Guiding principles/design goals:

- ✓ Increase connectivity to neighborhoods, downtown, and nearby amenities. Emphasize pedestrian scale and function of ROWs and buildings
- ✓ Increase green space & reduce impervious surfaces
- ✓ Ensure space for neighborhood retail/services, and allow for a mixture of uses that support vibrancy
- ✓ Guide denser development toward downtown; less dense development toward existing neighborhoods
- ✓ If possible, re-use existing structures to catalyze development and/or maintain affordability
- ✓ Promote innovative stormwater treatment while Leveraging the Zumbro River as a regional and local destination



Quantifying the Vision

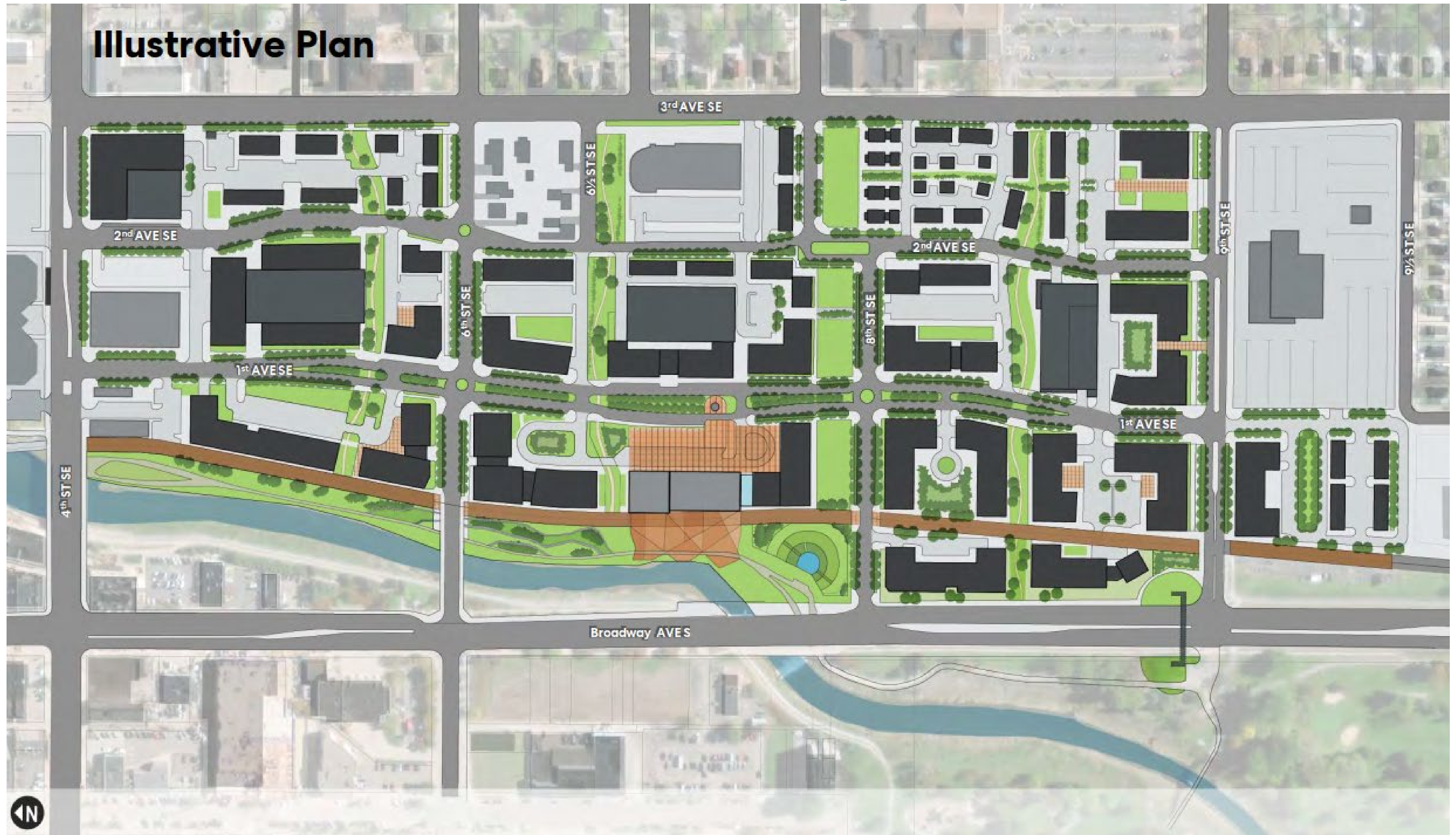
9 SLIDE

PROJECT AREA ATTRIBUTE	CURRENT CONDITION	FUTURE PROJECTION (Full Build Out)
Property Use	Primarily vacant industrial/commercial	Mixed-use neighborhood, commercial, and residential
Housing Units	~20 units	1,500 (750 Affordable) units
Hotel/Lodging	0 Rooms	140 Rooms
Retail/Office space	~90K SF	210k-265k SF
PRL Estimated Building Value*	~\$31 mil (~\$500k/acre)	~\$260 mil (~\$4.4 mil/acre)
Developable Blocks	~3 acres	38.4 acres
ROW	3.4 acres	12.9 acres
Green Corridors	0 acres	2.0 acres
Promenade	0 acres	1.8 acres
Other Public Realm	<1 acre	4.4 acres
Impervious Surface	~95%	~85%
Trees	<100	600+



Future Concept

10 SLIDE





Next Steps

Plan approval process

- 3/24- *add Planning and Zoning Commission recap*
- 4/19- Rochester City Council public hearing
- 5/20- DMCC review

Project next steps

- Formation of development organization/partnership/body to keep the process moving forward
- Define the best tool to adopt the primary features and principles of the Small Area Plan
- Develop 6th street bridge concepts
- Identify funding for 6th street bridge





Downtown Waterfront Southeast Small Area Plan
DMCC

March 23, 2021



Perkins&Will

Downtown District Energy Update



**Why are
we here
today?**

Understand actions to date,
next steps



DMCC Board Sustainability Actions

2015: DMC
Development
Plan:
Sustainability
Goals Adoption

2016: District
Energy System
Strategy
Resolution Passed

2020: Approval
of \$2M for DES
design and
construction

2015:
Sustainable
Energy Options
Report
Accepted

2019: Energy
Integration
Committee
Energy Plan
Approval



PROJECT BACKGROUND

1. Four city buildings are heated (and cooled) by a steam line connected to the Olmsted County Waste to Energy Facility (OWEF)
2. Steam line has reached the end of its useful life and costs (\$30M) to replace in kind, more (~\$45M) to convert to hot water/chilled water system
3. City of Rochester, DMC EDA, and Olmsted County collaborated on a district energy evaluation to meet our collective missions



CURRENT FINDINGS

1. County steam line will be decommissioned in 2023
2. Olmsted County elected to pursue independent solution
3. RPU Board supported approach to construct, operate and maintain the DES pending Rochester City Council direction
4. RPU created a DES business plan
5. March 2021: City Council Study Session on building heating and cooling options



DISTRICT ENERGY: ECONOMIC AND ENVIRONMENTAL BENEFITS

Development Footprint:

1. Current City Building SF (Green) = ~710,000 SF
2. Potential Additional Bldg SF (Blue) = ~2,260,000 SF

Environmental Benefit:

1. Avoid ~7,400 MTCDE each year
2. ~1,600 passenger vehicles removed from the road

Economic Benefits:

1. Utility rates drop as more buildings connect
2. Reduced developer first costs



NEXT STEPS

1. City of Rochester discussing an extension of steam line service with Olmsted County
2. Analysis continuing to refine DES opportunity, business plan and possible building connections
3. April 19th Rochester City Council Meeting: Update on DES Direction
4. May 20th DMCC Meeting: DES Project Funding discussion



Questions? Thank you!





RESPONDING TO THE COVID-19 PANDEMIC



Community Collaboration

DMC joined a coalition of organizations to develop a coordinated response to the COVID-19 pandemic.



Partners Include: City of Rochester, Olmsted County, Mayo Clinic, Rochester Area Chamber of Commerce, RAEDI, Rochester Downtown Alliance, Experience Rochester, Diversity Council and DMC



Support Categories:

- Direct Financial Aid
- Programmatic Initiatives
- Education, Training and Promotion



Direct Financial Aid

- Emergency Loan Program: \$250K
- City of Rochester CARES Funding: \$1.4 million*
- Olmsted County CARES Funding: \$4.5 million
- Keep it Local Grants: \$325K (*\$253K through City's CARES Funding)
- Downtown Small Business Relief Fund: \$1 million



Programmatic Initiatives

- Liquor License Deferral
- Property Tax Payment Deferral
- Outdoor Patio Grants and Infrastructure Support
- Free Downtown Parking
- Curbside Pickup Locations



Education, Training and Promotion

- Rochester Ready Safety Pledge
- Rochester Chamber "Path Forward" Webinar Series
- DMC "Road to Recovery" Webinar Series
- RDA Downtown Dialogues
- DMC Business Pivot Series
- Experience Rochester "Heart of Hospitality" Video Series
- Mask Distribution
- DMC Urban Evolution Podcast

WELCOME

We have taken the safety pledge.
We are Rochester Ready Safe.

**ROCHESTER
READY.com**
Responding to today. Prepared for tomorrow.



Impacts

- Hundreds of businesses and non-profits supported
- City sales tax collections in 2020 saw only a minor dip (-3.6%)*
- Rochester is currently #1 in hotel occupancy in Minnesota
- 38.6% vaccination rate in Olmsted County (people with at least one vaccine dose)
- Continued growth with construction projects and new downtown dining options

*preliminary figures



Next Steps

- Rochester Reopens
- Lessons Learned

