

DMC Corporation Board of Directors Meeting

September 30, 2021





Destination Medical Center Corporation

September 2021

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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

IRS Form 990

- Financial information reconciles to DMCC's audited financial statements
- Part III (page 3) – statement of DMCC's organizational purpose
- Part VI (page 7) – governance
- Part VII (page 8) – board members



IRS Form 990

- Schedule B (page 23) – contributors
- Schedule R (page 33) – related organizations
- No unrelated business income for 2020
- Filing deadline is November 15, 2021



MN Charitable Organization Annual Report

- Filed with Minnesota Attorney General's Office Charities Division
- No changes in tax-exempt status (page 1)
- No changes in organizational purpose or programs (page 1)
- No changes in ability to solicit contributions (page 2)
- No compensation paid in excess of \$100,000 (page 2)
- Filing deadline November 15, 2021



Minnesota Non-profit Corporation Annual Registration

- Filed online with Minnesota Secretary of State
- In good standing through December 31, 2021
- Annual renewal to be filed (online) for 2022



Thank you for engaging us to serve you!

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DMC Metrics: Targeted Business and Workforce Participation / Bloomberg Mayor's Challenge





WORKFORCE PARTICIPATION & TARGETED BUSINESSES



This chart shows historical performance and new goals beginning in 2021. New strategies and partnerships are being deployed to realize the outcomes.

TARGETED WORKFORCE & BUSINESS CATEGORIES	2015 GOAL	(2017-2020)* PERFORMANCE	2020 PERFORMANCE	2021 GOAL	2022 GOAL	2023 GOAL
WOMEN CONSTRUCTION PARTICIPATION	6%	3.5%	3.7%	7%	8%	9%
WOMEN PROFESSIONAL SERVICES PARTICIPATION	6%	34.8%	48.9%	7%	8%	9%
MINORITY CONSTRUCTION PARTICIPATION	4%	15.8%	16.7%	15%	15%	15%
MINORITY PROFESSIONAL SERVICES PARTICIPATION	4%	8.4%	13.5%	15%	15%	15%
TARGETED BUSINESS: CONSTRUCTION	4%	7.6%	6.8%	7%	7%	7%
TARGETED BUSINESS: PROFESSIONAL SERVICES	4%	5.2%	4.5%	7%	7%	7%
TARGETED BUSINESS: HEAVY CONSTRUCTION PROJECTS	4%	—	—	4%	4%	4%

*cumulative

Equitable Economic Development

- 1. Targeted Business and Workforce Participation: Goals and strategies to create construction-related economic opportunity in under-represented communities. City also creating targets.**
- 2. Community Co-Design: Pilot to Business Approach**
- 3. Community Partnerships: Broaden collaboration across public, private and non-profits on equity initiatives**
- 4. Housing: Realize downtown housing targets for affordability and ownership**
- 5. McKnight Vibrant and Equitable Communities Grant: Posted job description for Equitable Development Coordinator**





Equity in the Built Environment; Establishing Career Pathways for BIPOC Women

City of Rochester, MN

Mayor's Challenge Grant Proposal - 2021





In Rochester, Minn., 40 percent of Black residents live in poverty, and the level of unemployment among BIPOC (Black, Indigenous, and People of Color) women is far higher than among any other demographic group. The city proposes to engage BIPOC women, employers, and labor associations to design pathways for increased participation in Rochester's growing construction industry, by focusing on education, training, hiring, and work culture interventions. Rochester's idea is important because it focuses on the workforce development and inclusion of a highly underrepresented group. **Currently, less than 1% of jobs in the construction industry are filled by BIPOC women, although they make up 13% of the population.**



Project Timeline

March 2021 – Application submitted to Bloomberg Mayor’s Challenge

June 2021 – Rochester, MN named Top 50 City out of 630 applications

July to October 2021 – Co-Design and Prototyping

December 2021 – \$1 million award?

February 2022 – Full scale implementation

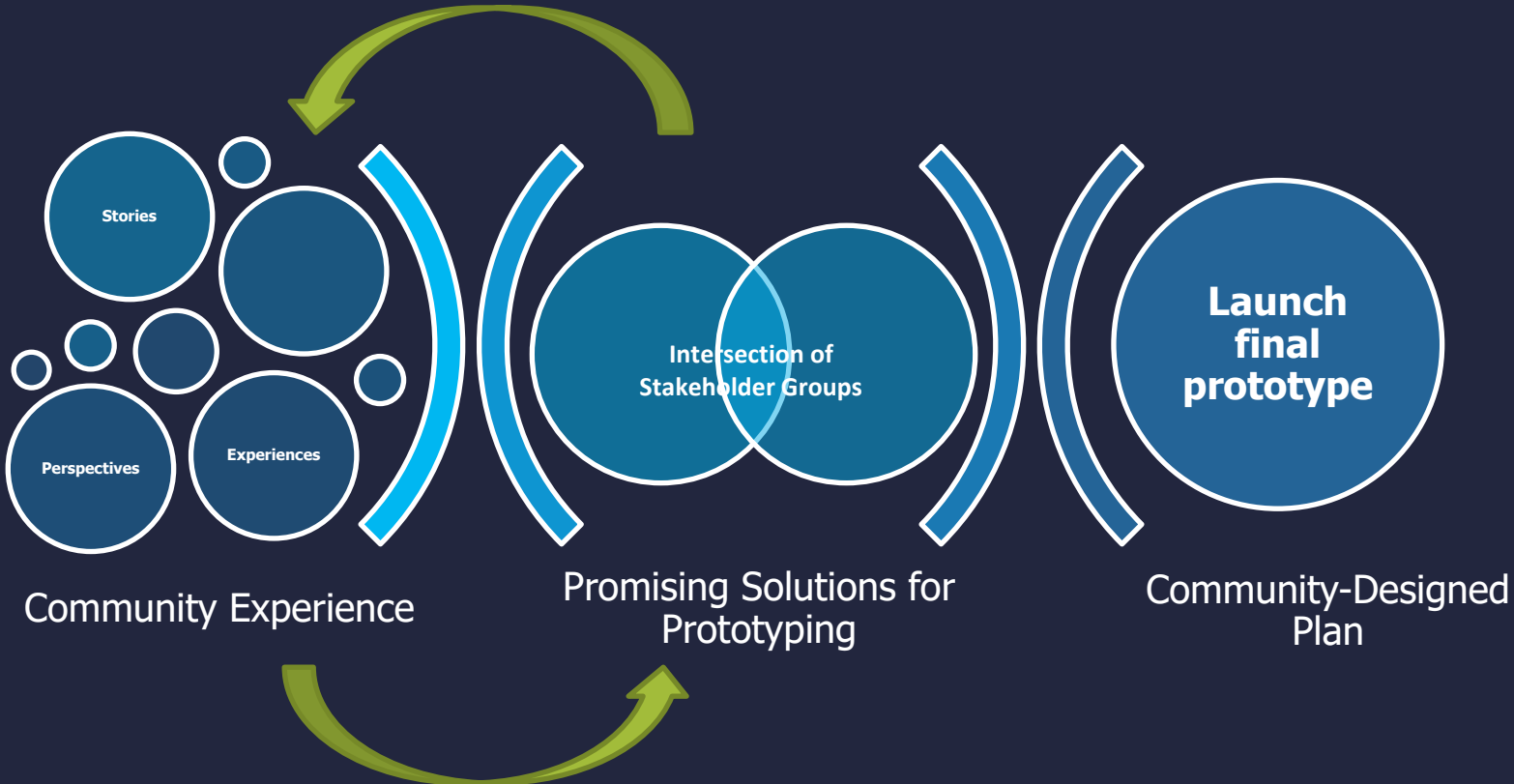


Co-Design as Prototype

- Centering community as experts with lived and learned experience
- Considering all stakeholders
 - BIPOC Women and their communities
 - 'Built Environment' employers
 - Educators (k-12, higher education, unions)



FOR EXAMPLE...





Bloomberg Mayor's Challenge Co-Designers



Violet
Magoma
Community
Organizer,
Construction
Trainee



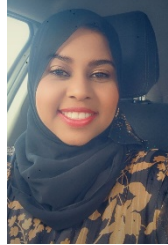
Lexi Tello
Med-City
Installation



Chad
Wandler
RCTC Instructor
– FAST Program



Wafa
ElKhalifa
Sudanese
Activist, K-12
Equity Specialist
(RPS)



Fatuma
Ahmed
Pamoja -
CoFounder



Nick Wille
Carpenters
Union



Karen
Martinez
Education
Minnesota



Aaron
Benike
Benike
Construction



Jose Rivas
CRW
Architecture
& Design Group



Project Outcomes

Themes (14)

- Industry Prototype
- Higher Education Prototype
- K-12 Co-Design Plan

Community Partnerships: DMC, Cradle 2 Career, Diversity Council, Med City Installation, Benike Construction, Workforce Development, 3M.

For more information;
<https://www.rochestermn.gov/government/departments/administration/2021-bloomberg-mayors-challenge>





Thank you!



2022 DMC FUNDING REQUEST

September 2021



DMC

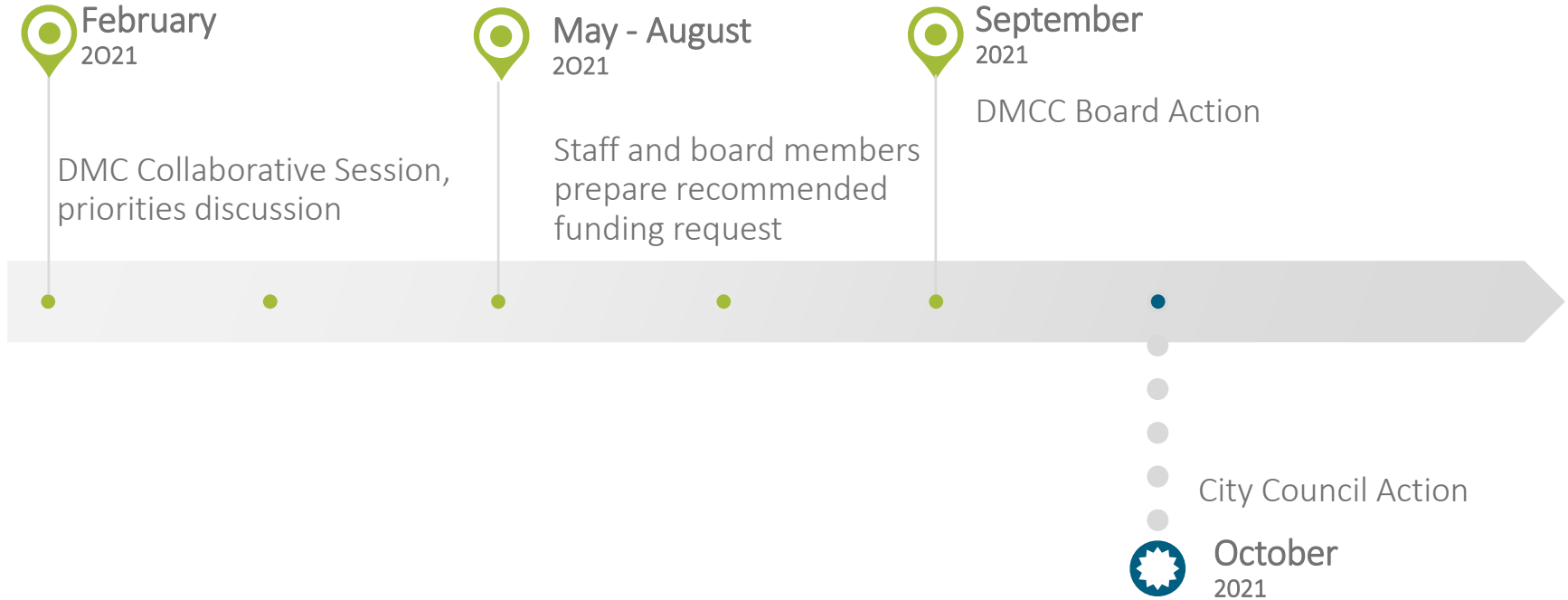
Destination Medical Center
Rochester, MN

Today's Discussion

- **Proposed 2022 DMC Capital Investments**
- **Proposed 2022 DMC Work Plan**
- **2022 DMC Working Capital Loan Extension**

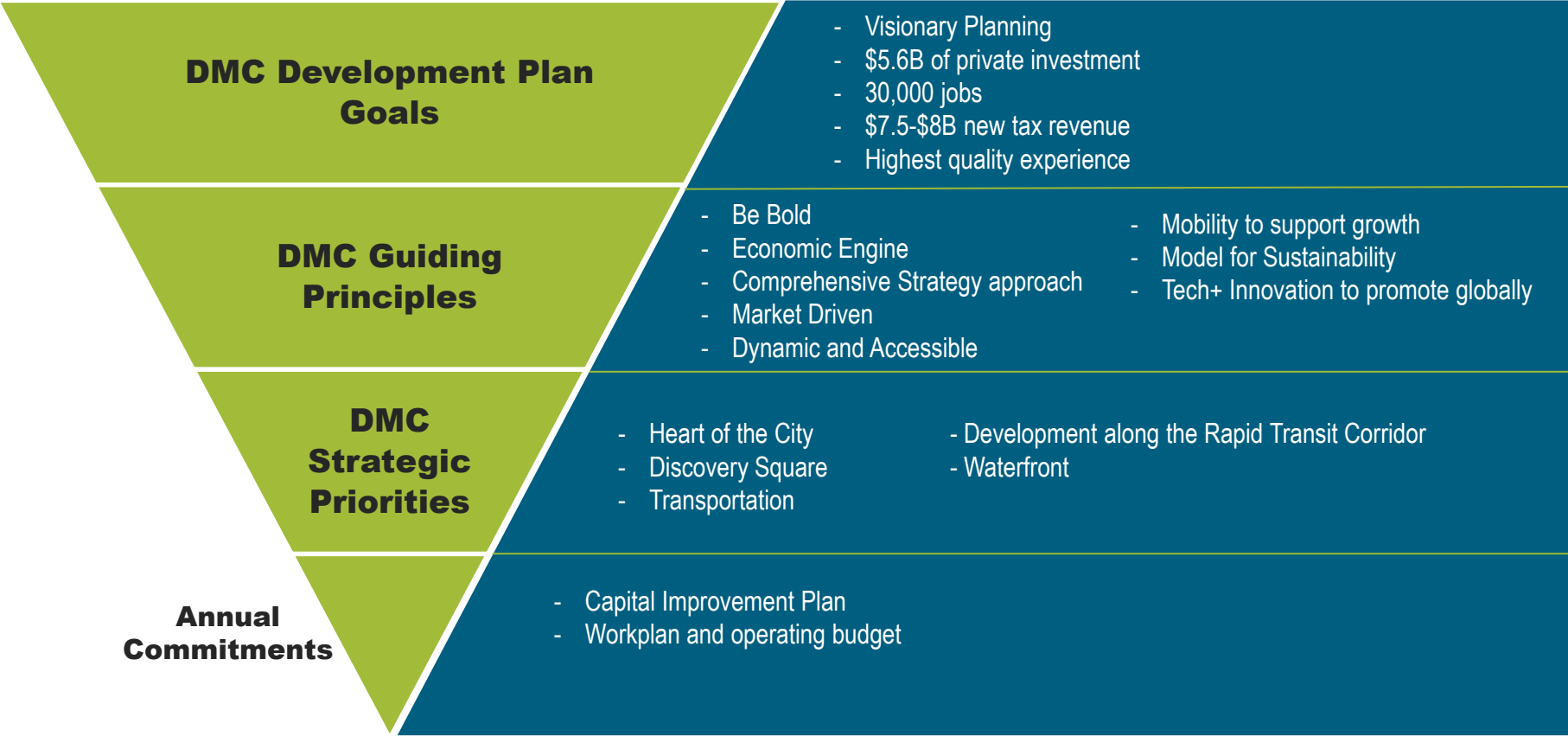


FUNDING REQUEST DEVELOPMENT PROCESS



EVALUATING DMC CAPITAL INVESTMENT OPPORTUNITIES

PROCESS FOR DEVELOPING CIP RECOMMENDATIONS TO DMCC



PROJECTED DMC FUNDING DISTRIBUTION 2020-2024

	Phase 2 (2020-2024) Target Ranges Adopted in 2020 DMC Plan Update
Public Realm	\$35-\$50M
Mobility	\$60-\$75M
Strategic Redevelopment	\$20-\$45M
Streets and Sewers	\$35-50M
Operations	\$15-\$20M
<u>TOTAL</u>	\$200M +/-



PROJECTED DMC FUNDING DISTRIBUTION 2020-2024

	Phase 2 (2020-2024) Target Ranges Adopted in 2020 DMC Plan Update	Phase 2 (2020-2024) Proposed
Public Realm	\$35-\$50M	\$51.3M
Mobility	\$60-\$75M	\$65.8M
Strategic Redevelopment	\$20-\$45M	\$23.3M
Streets and Sewers	\$35-50M	\$22.3M
Operations	\$15-\$20M	\$18M
<u>TOTAL</u>	\$200M +/-	\$180.7M



PUBLIC REALM

Outcome: Provide signature public spaces in each DMC sub-district

2022 Budget: \$8,450,000

Investments include:

- Chateau Theatre Preservation & Activation
- Discovery Walk
- Planning-design for Downtown Waterfront, Soldiers Field and Saint Marys



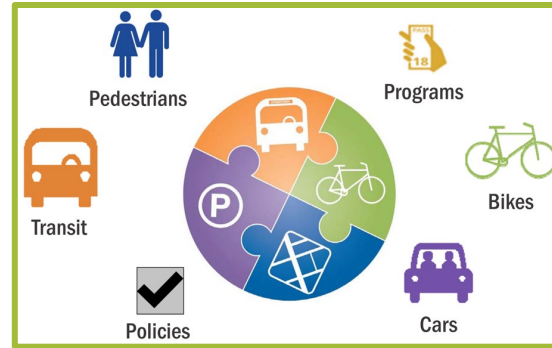
MOBILITY

Outcome: Achieve the mode-shift goals described in the DMC Integrated Transit Studies

2022 Budget: \$16,964,647

Investments include:

- Rapid Transit
- Alternative Commuting Program



STRATEGIC DEVELOPMENT

Outcome: Targeted public investments necessary to secure extraordinary private investment

2022 Budget: \$3,000,000

Possible investments:

- Bio-med-tech
- Small- and medium-scale redevelopment
- Predevelopment Activation
- Housing



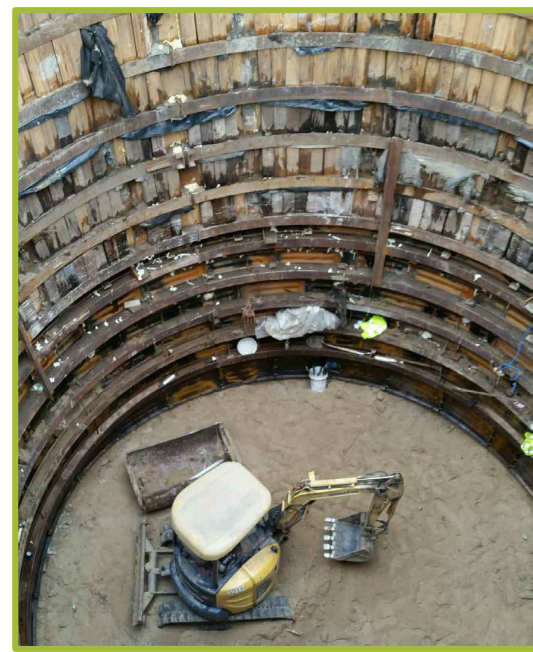
STREETS AND SEWERS

Outcome: Build the public infrastructure necessary to support and enable economic growth

2022 Budget: \$4,640,625

Investments include:

- District Energy
- Downtown sidewalk enhancement
- Discovery Square street infrastructure



FUTURE PLANNING AND DECISION POINTS

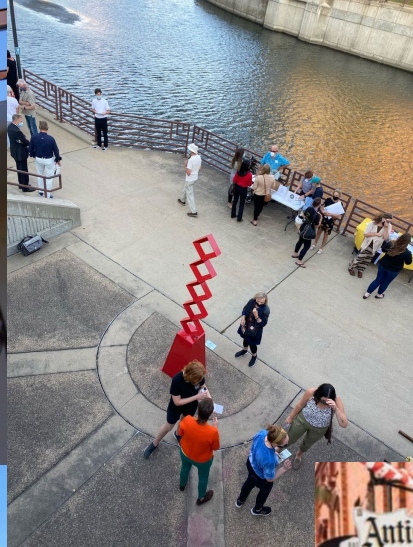
Phase 2 (through 2024):

- South-of-Downtown Waterfront
- Sixth Street Bridge
- Active Transportation Plan and Infrastructure
- Wayfinding
- Opportunities associated with Mayo Clinic 5 Year Capital Plan

Phases 3 & 4 (2025-2035):

- South Broadway Reconstruction
- Heart of the City east to Civic Center and west to Gonda Bldg.





OPERATIONS

Outcome: Support the organizational and programmatic activities necessary to implement the DMC development plan

2022 Budget: \$3,275,616

Includes:

- DMC Corp.
- City of Rochester Administrative Support to DMC Corp.
- DMC EDA
- DMC Project Management Services provided by City



DMC EDA RESPONSIBILITIES

DEFINED IN MN STATUTE

- A. **Development Planning and Promotion, including:**
 - Implementing the development plan, including soliciting development proposals for development...
 - Seeking financial support for the DMCC, the City, and projects
 - Partnering with others...in joint efforts to promote economic development
 - Administering the planning and development activities required to implement the development plan
- B. **Development Administration, including:**
 - Evaluating and underwriting development proposals
 - Providing transactional services in connection with approved projects
 - Facilitate the sale, lease, or other transactions involving land and real property
 - Assist in applications for federal grants, tax credits, and other sources of funding to aid development
- C. **Marketing, Outreach, and Communications, including:**
 - 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

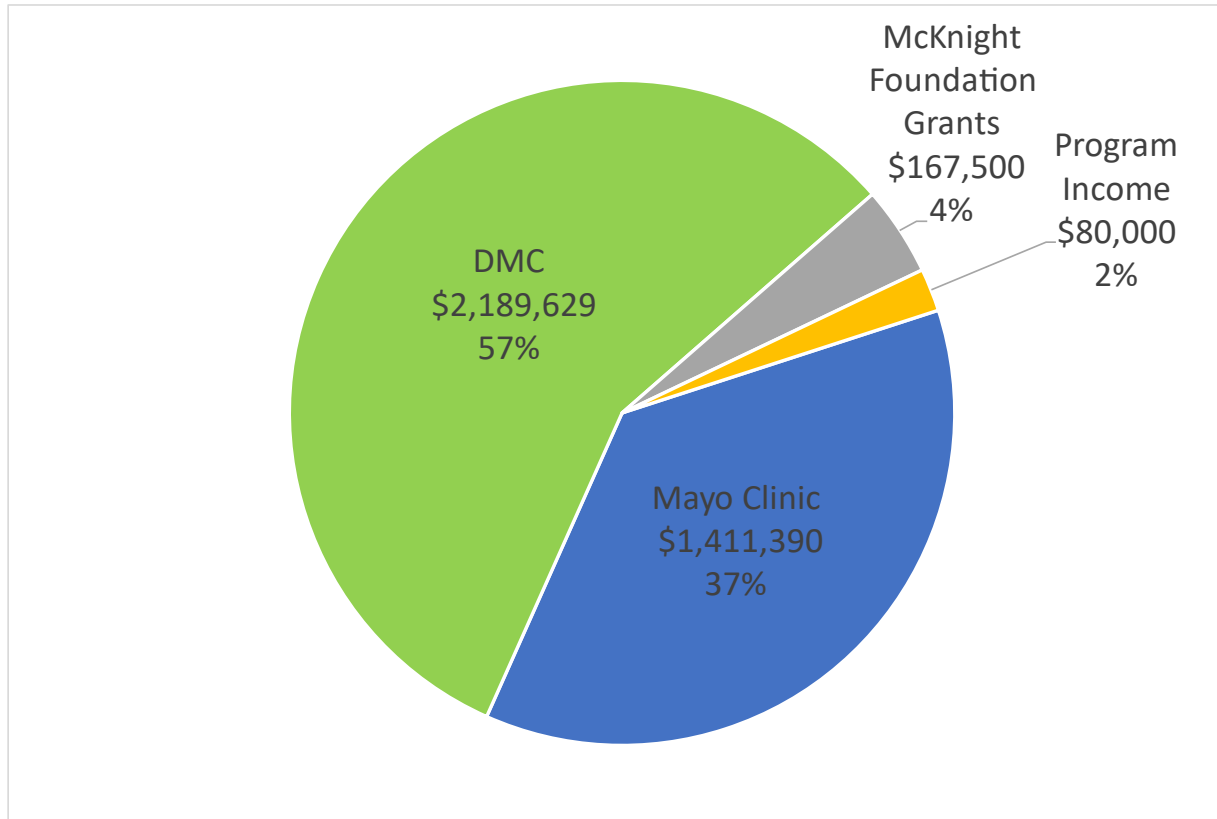


2022 WORK PLAN BUDGET USES

INCLUDES DMC EDA AND CITY PROJECT MANAGEMENT COSTS



2022 DMC EDA BUDGET SOURCES



2022 WORK PLAN HIGHLIGHTS



Mobility



Bio-med-tech



Pre-development Activation



Heart of the City Post-Occupancy Analysis



2022 WORK PLAN HIGHLIGHTS



Riverfront Development



Retail, Dining, Entertainment



Discovery Walk



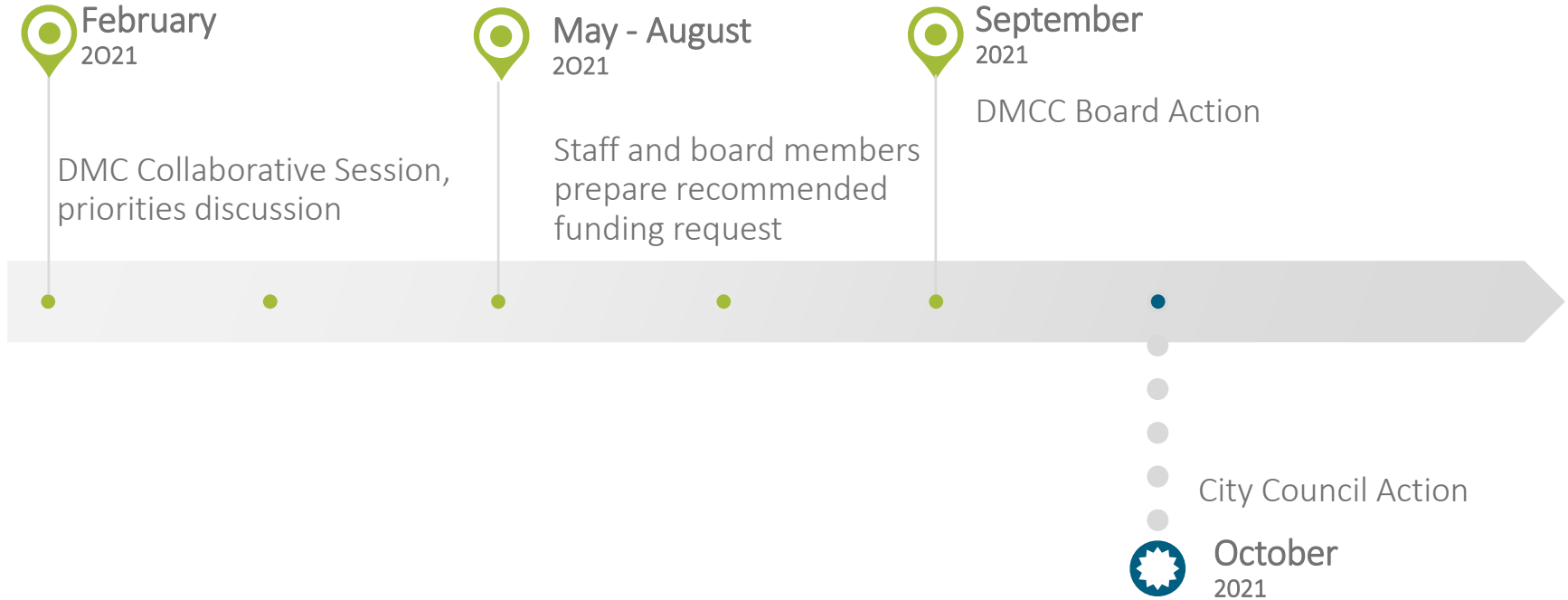
Pre-development Activation



Community Engagement



FUNDING REQUEST DEVELOPMENT PROCESS



Discovery Square



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Economic Development in Discovery Square

- One Discovery Square 100% leased.
- Two Discovery Square
 - Construction ahead of schedule, discussions underway with multiple partners on every floor.
- Phase 3 project being contemplated
- Mayo Clinic Kellen Building under construction
- 3rd Ave parking structure under construction
- Bids received on Discovery Walk



"You can feel the growth here."



Prior Direction from DMCC Board

- Base project approved with \$16.8M budget.
- Authorized bidding out Snowmelt and Community Spaces as potential additions to the project.
- Consider extension into Soldiers Field as a later project, in conjunction with SF Master Planning



Connecting Downtown and Neighborhoods



Discovery Walk – Before and After

EXISTING

SEATING: 65 LF
LANDSCAPING: 7,000 SF
PUBLIC SPACE: 2,000 SF
TREES: 39
COMMUNITY SPACES: 0

PROPOSED

SEATING: 600+ LF
LANDSCAPING: 26,000 SF
PUBLIC SPACE: 60,000 SF
TREES: 143
COMMUNITY SPACES: 3



View of existing 2nd Avenue looking North



View of proposed 2nd Avenue looking North



Discovery Walk - Investment in Experience

The Village – 500 Block



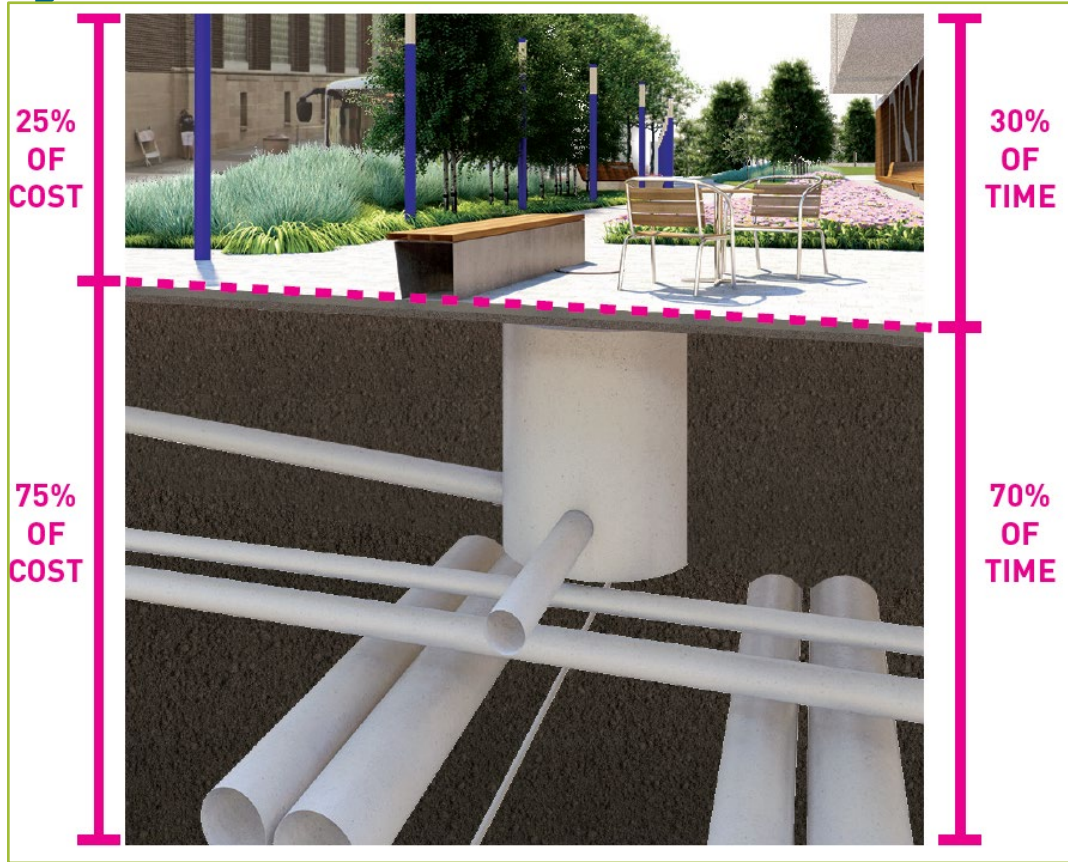
The Outside Office – 400 Block



The Cafe – 300 Block



Discovery Walk - Investment in Infrastructure



Response to Bids – Base Project and Additions

	Budget	Bid	Diff
Base Project	\$16.8M	\$15.6M	(\$1.2M)
Snowmelt		\$0.9M	\$0.9M
Community Spaces		\$2.1M	\$2.1M
Total	\$16.8M	\$18.6M	\$1.8M



Recommendation from EDA Board and Staff

Include the Snowmelt System and Community Spaces with the base project at an incremental cost of \$1.8M.



The Value of Snowmelt and Community Spaces

Community Co-Designers



Wafa Elkhalfifa



Krista Jacobson



Laurie Kumferman



Chao Mwatela



Lap Nguyen



Jenny Rho



Jeremy Westrum

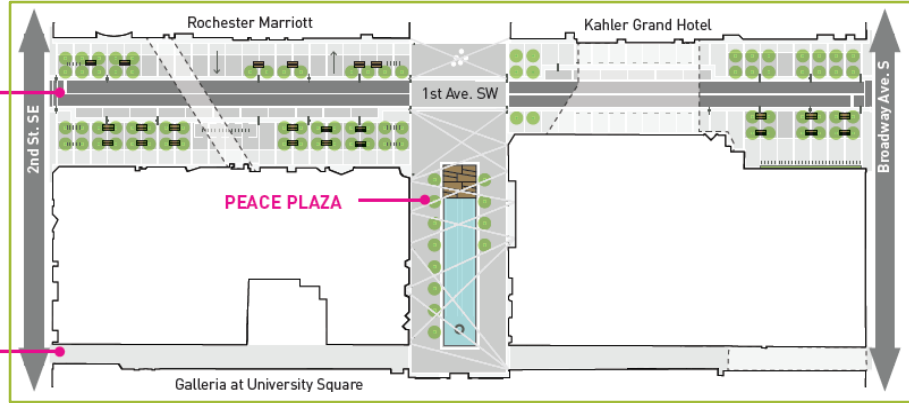


Comparing Heart of the City to Discovery Walk

HEART OF THE CITY

1ST AVENUE

THE ALLEY



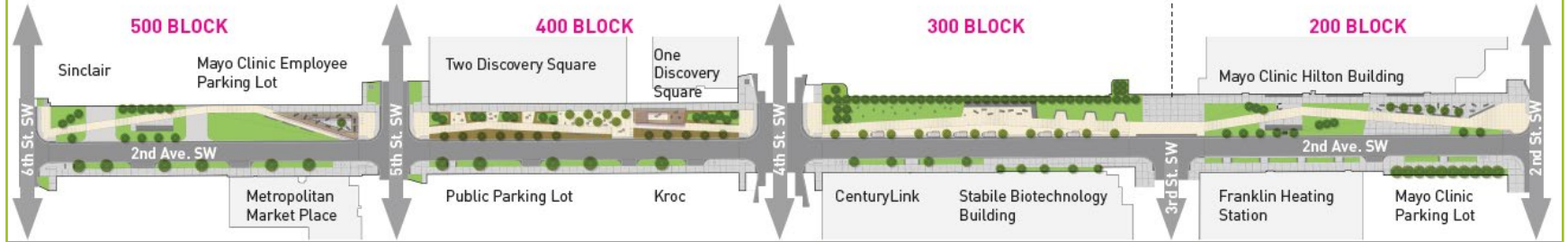
DISCOVERY WALK

500 BLOCK

400 BLOCK

300 BLOCK

200 BLOCK



Maintaining the Experience, Reducing the Cost

- Fewer pavers, esp no street pavers
- Emerging artists, fewer pieces
- More landscape area vs hardscape area
- Business Forward mitigation needs are lower
- No water feature
- Smaller snowmelt footprint



Recommendation from EDA Board and Staff

Include the Snowmelt System and Community Spaces with the base project at an incremental cost of \$1.8M.



Next Steps

- October: City Council consideration
- 2022: Construction begins
- 2022: Operations and Maintenance Plan confirmed
- 2023: Project Completion



Mobility Update



Today's Discussion

- Station Design and Proximity to Climate Control
- Principles of Vehicle Design



Key BRT Decisions Made to-date

- Received the anticipated **Medium-High rating** from FTA and was **included** in the annual Federal budget
- The **direct connection** between the stations and the climate-controlled areas has been improved, particularly with the addition of direct subway connections at St. Marys and 2nd Street / Hilton
- West Transit Village (WTV) development partner process has kicked off
- Brand Identity finalized
- Rapid Transit station **prototype open Sept. 13 - Oct. 8**

KEY CHARACTERISTICS OF ROCHESTER RAPID TRANSIT



Service early in the morning to late at night.



Service every 5 minutes during rush hours & 10 minutes other times.



Located within a half-mile of over 16,000 residents and 48,000 jobs.



Connect people to jobs, healthcare, education & recreation. Support economic development.

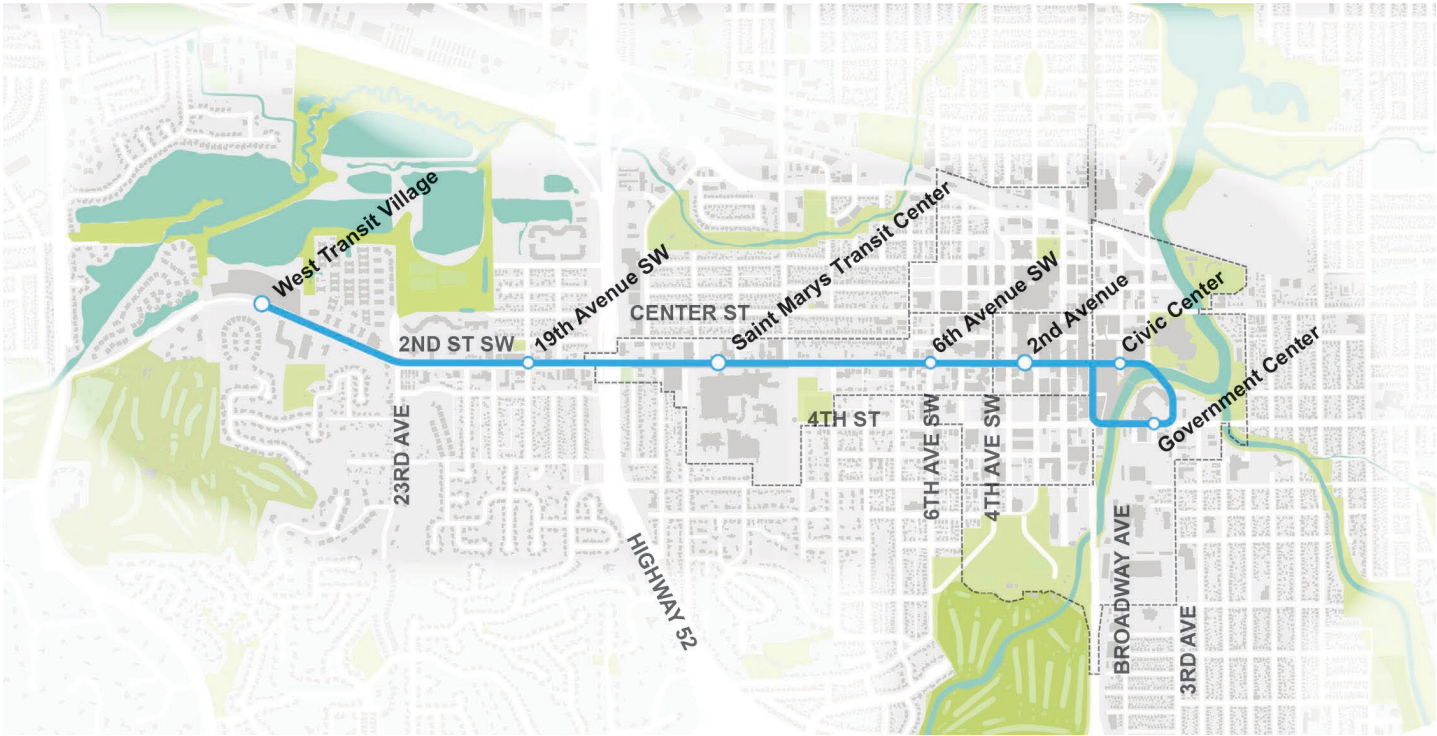


Stations with shelter, heating, light, fare payment machines, and real-time signage.





Rochester Rapid Transit Route



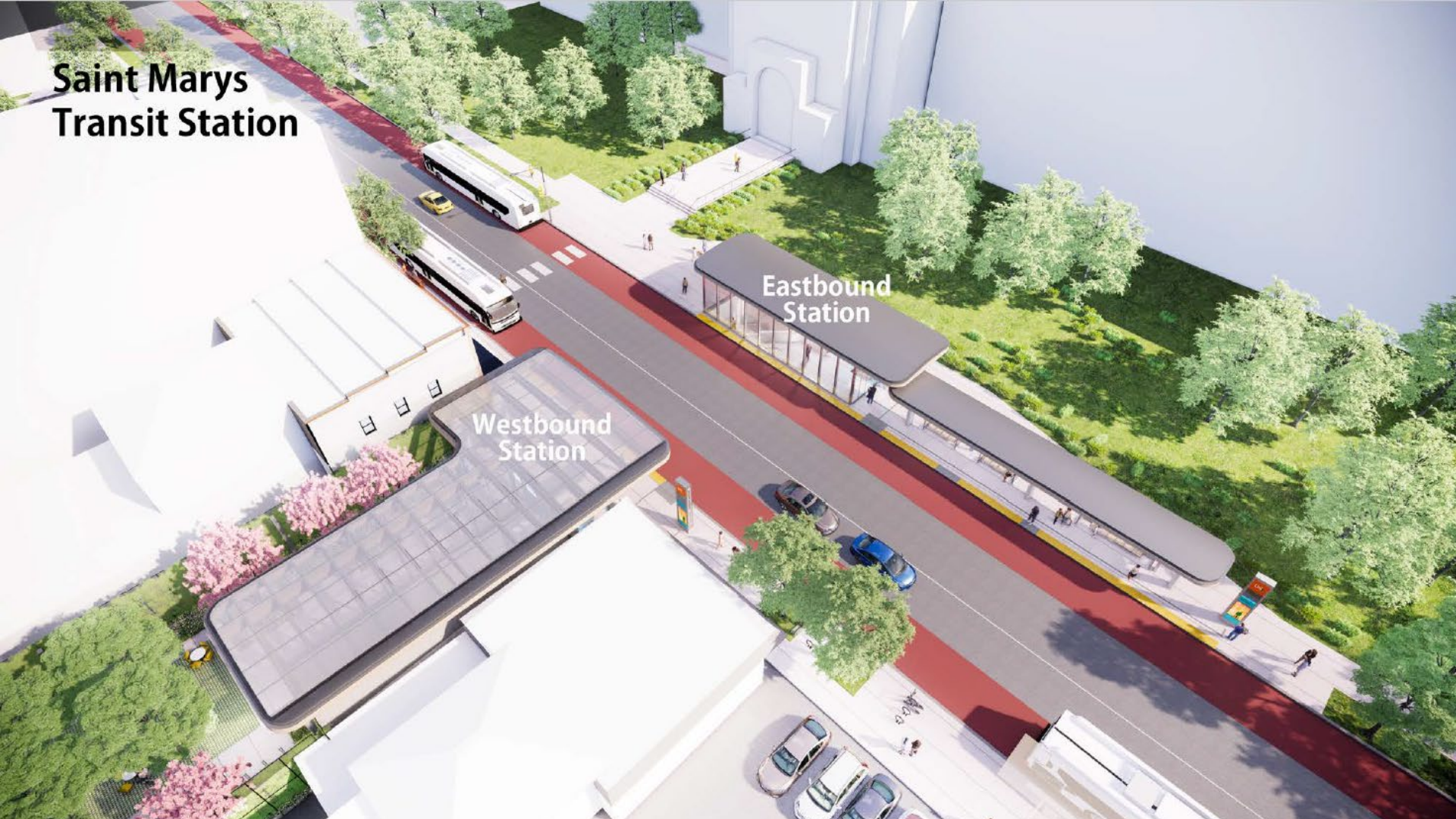
Direct Subway Connections: Update

Saint Marys Transit Center

Site Plan



Saint Marys Transit Station



Eastbound
Station

Westbound
Station

Eastbound

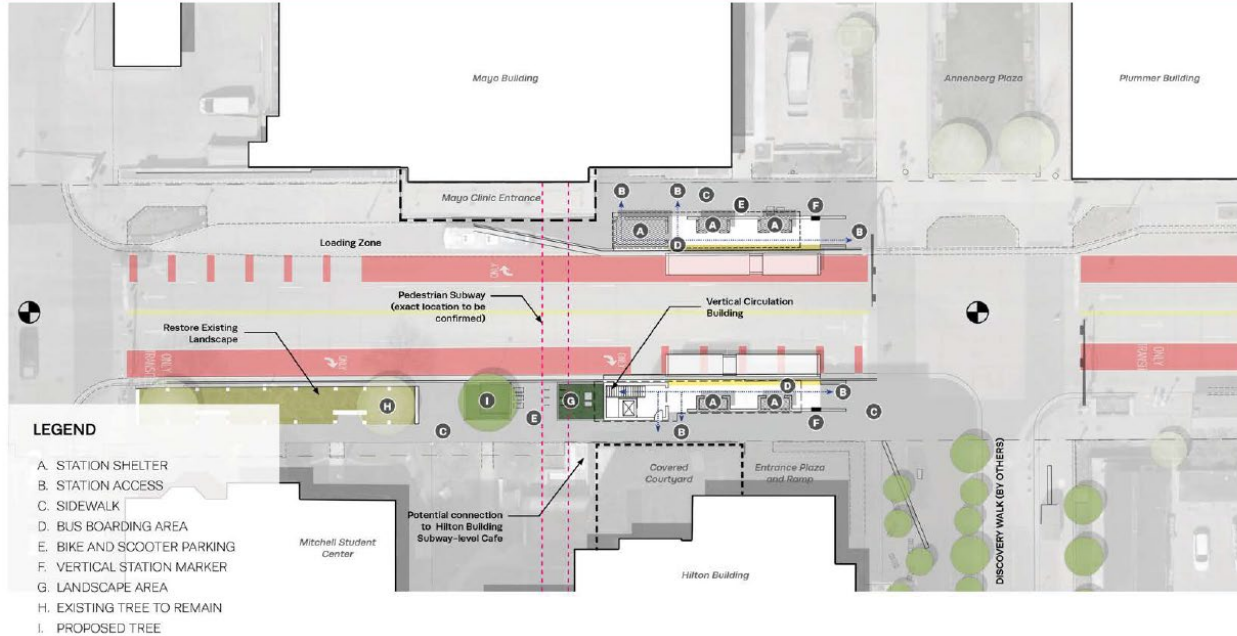
Building Entrance



Direct Subway Connections: Update

2nd Avenue Station

Site Plan





Eastbound Platform

View Looking Southeast

Vehicle Selection

Procurement timeline: Spring 2023 RFP for Fall 2023 purchase order

Current criteria guiding selection process:

- Experience-focused
- Equity lens
- Electric vehicles
- Different
- Reliable
- Ease
- Better than driving
- Follow Federal procurement requirements



Accessing DMC Funding



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Request of the DMCC Board

Direct staff to prepare a Small Project Capital Strategy for public-private investment and development.



Why A Small Project Capital Strategy?

- Strategic public-private investments in large projects advance DMC goals and accelerate economic development.
- Similar investments in small projects can also advance DMC goals, but in a more accessible and equitable way:
 - Provide resources to under-served communities, an unrealized source of innovation and investment.
 - Support small business owners and entrepreneurs to launch and grow businesses.
- Responding to community need



Background

- Since inception, DMC capital has been accessed by projects involving large scale developments and city infrastructure projects.
- Access to capital is a challenge for small business owners, especially BIPOC and/or new businesses.
- Additionally, COVID-19 has meant businesses and building operators need to utilize their space differently.



Prior Direction from DMCC Board

- From the 2020 Five-Year report, staff directed to focus on:
 - Supporting existing local businesses
 - Prioritizing public infrastructure
 - Reusing excess real estate capacity creatively
 - Diversifying the economy
 - Supporting development proactively
- In May 2021 DMCC directed staff to investigate how funding might be made available to small business owners to aid in economic recovery and downtown retail revitalization.



Allowable Uses of DMC Public Infrastructure Funds

- Acquire real property and other assets
- Demolish, repair, or rehabilitate buildings
- Remediate buildings
- Public infrastructure including streetscape improvements, landscaping, façade construction and restoration, wayfinding and signage, and other components of community infrastructure
- Parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, broadcast and related multimedia infrastructure;
- Site improvement
- Prepare land for private development and to sell or lease land
- Relocation benefits to occupants of acquired properties
- Construct and equip suitable structures on land owned by the city for sale or lease to private development



Request of the DMCC Board

Direct staff to prepare a Small Project Capital Strategy for public-private investment and development.



Potential Next Steps

- **October:** City Council consideration
- **November 4:** DMCC board update
- **2022:** Implementation



Project Updates



Heart of the City Update

- **Project is seeing continued progress towards completion:**
 - Installation of all trees and benches
 - Installation of *A Not So Private Sky*
 - Continued installation of ... Ann Hamilton, *Song for Water* with *De Wakpa Tanja Odowaŋ / Song for the Mississippi River* by Dr. Gwen Westerman
 - Continue installation of Eric Anderson, *Wakefield*
 - Opening of First Ave to vehicle traffic
- **More to come!**
 - Installation of Chuck E. Gagnon, *Peace Fountain*
 - Installation of catenary light system



Retail Recruitment and Retention

- **Priority 1:** Create marketing collateral material to showcase downtown Rochester
- **Priority 2:** Be opportunistic, connect retailers to brokers
- **Priority 3:** Interim uses for vacant properties
- **Future Considerations**
 - Marketing plan to recruit retailers
 - Explore retail incubator model



Riverfront Reimagined

- **August:** City of Rochester solicited proposals from qualified and innovative teams
- **Sept. 20, 2021:** City Council voted to accept a proposal from team led by urban design firm Gamble Associates, along with collaborators SWA Group, NEOO Partners and Omloop
- **Oct – June 2022:** community-driven process to develop a market-supported vision and small area plan for a central waterfront property



West Transit Village

- Vision for the West Transit Village is to provide an authentic place where people want to be and leverage the opportunity to make the BRT journey better than a trip in a private single occupant vehicle
- Mayo Clinic, City, DMC, and a to-be-determined private developer will need to collaborate
- Developer recruitment process underway



Sample illustrative image - Google



DEED Main Street Revitalization Program

- Supports grants up to \$750,000 for capital projects, require a 2:1 match
- DMC partnered with City on \$3M application
- Letters of support from thirteen stakeholders
- Award notification this fall
- If awarded, funds will be disbursed in 2022
- Priority to BIPOC applicants and vacant properties



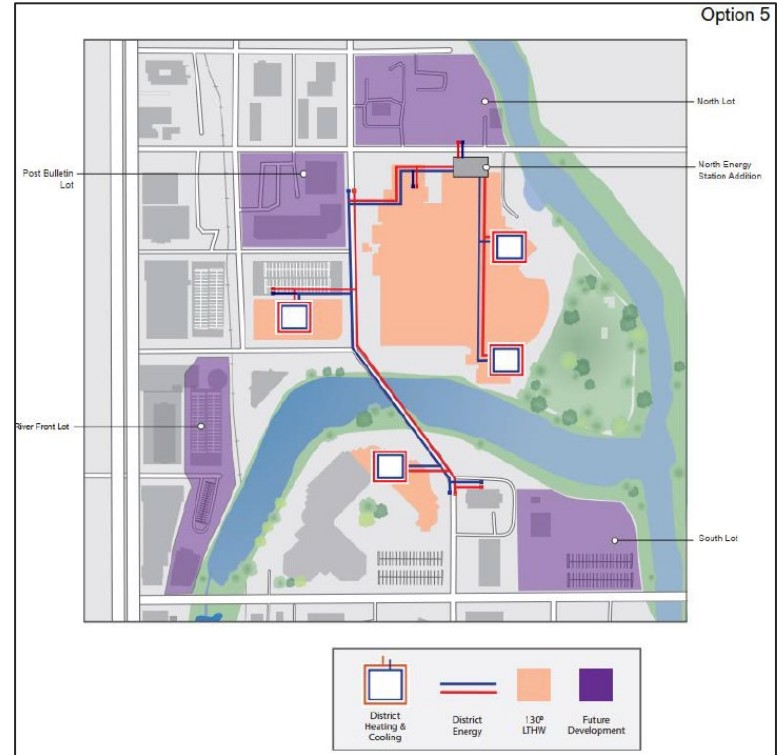
Bryk Project

- City Council approved the TIF and DMC funding support for the project in early April
- Project started construction in July 2021



District Energy

- DMC approved \$2M of support to upsize the DES to connect 500,000 SF of future private development
- Project will complete 50% design development drawings and budget for Council Q1 2022



McKnight Foundation Grants

- In March 2021, McKnight awarded the DMC EDA \$335,000 through its Climate and Energy and Vibrant and Equitable Communities (VEC) Grant programs
- DMC EDA is collaborating with the City of Rochester and Diversity Council to create a governance approach for both programs
- Equitable Development Coordinator position, a key element of the VEC grant, is posted



McKnight Foundation Grants

Climate and Energy Opportunity:

- Electric Vehicle Infrastructure Planning
- Sustainable Development Community Model
- Sustainability and Resiliency Task Force Implementation
- Staff Support

Vibrant and Equitable Communities Opportunity:

- Downtown Affordable Home Ownership
- Equitable Engagement Operationalization
- Work with entrepreneurship groups to develop further opportunities for disenfranchised

