

An aerial photograph of the Rochester, Minnesota skyline, showing various buildings, a river, and a bridge. The image is partially obscured by a white diagonal shape that serves as a background for the text.

DMC Corporation Board of Directors Meeting

THURSDAY, NOVEMBER 4, 2021

**MAYO CIVIC CENTER
ROCHESTER, MN**



Discovery Square



DMC

Destination Medical Center
Rochester, MN

Economic Development in Discovery Square

- One Discovery Square
 - 100% leased, final tenants starting to move in, more activity in building as students and businesses come back.
- Two Discovery Square
 - Core and shell done by year end.
 - Proposals out for space on every floor
- Other Activities
 - Mayo Clinic Kellen building under construction.
 - Mayo Clinic 1,200 stall parking ramp under construction.



Discovery Walk Update

- City Council approved bids for base project and snowmelt system
- Community structures being re-bid
- Construction begins early 2022



The Cafe – 300 Block

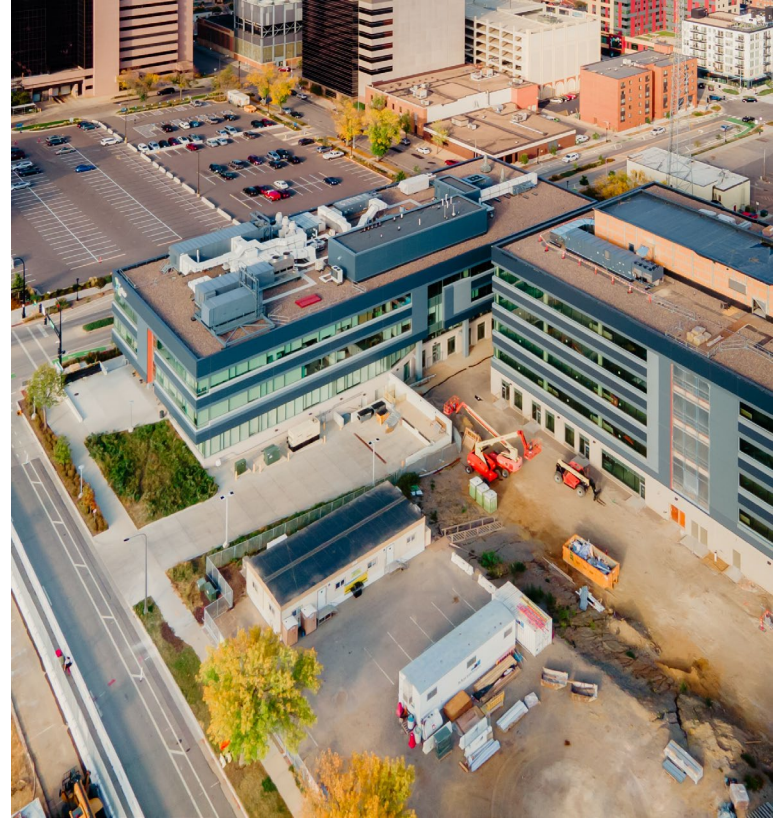


The Outside Office – 400 Block



Looking Forward

- Business development strategy refresh
- Discovery Walk Construction
- Mortenson Phase 3 project



Mobility



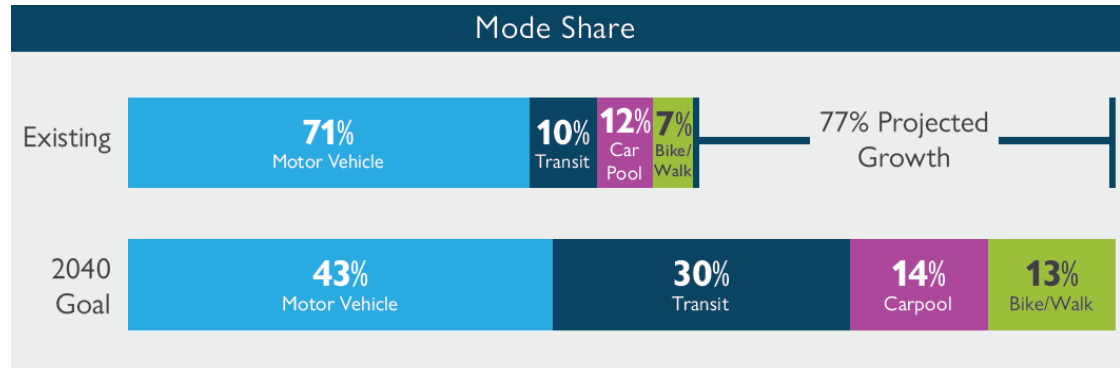
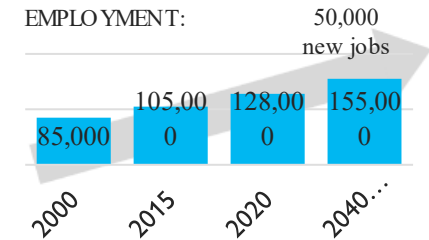
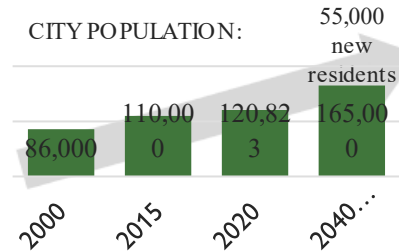
Today's Agenda

- Rapid Transit Update
- Upcoming milestones



Rochester Rapid Transit : Building for Growth

- Key element of achieving mode shift goals necessitated by expected growth.
- Mayo Clinic remains committed to development of rapid transit and future downtown employment growth.
- Updated DMC Development Plan reaffirms importance of reliable transit.



Rochester Rapid Transit and COVID-19

- “Mayo Clinic’s ongoing support for continued planning to secure federal funding for the proposed rapid transit line and accompanying transit village in Rochester.”
- “Strong collaboration between the city’s public and private stakeholders on key community issues will likely allow us to recover more quickly than some of our peers.”



200 First Street SW
Rochester, Minnesota 55905

February 8, 2021

Dear Mayor Norton, City Council President Carlson, and City Council members:

I'm writing to share Mayo Clinic's ongoing support for continued planning to secure federal funding for the proposed rapid transit line and accompanying transit village in Rochester. While the global COVID-19 pandemic has challenged our community along with many others, we're confident that Rochester will recover and maintain its position as a destination medical center for patients around the world. In fact, the strong collaboration between the city's public and private stakeholders on key community issues will likely allow us to recover more quickly than some of our peers.

Mayo Clinic is actively planning for a post-pandemic future that will bring new investments to Rochester, including the new Anna-Marie and Stephen Kellen Research building along with reactivation of more than 100 capital projects in Rochester worth more than \$230 million. We are also planning to welcome back many of our staff who have been working remotely as soon as it becomes safe to return to campus. We will help many of these staff members transition to a new hybrid work model that allows the flexibility to work from home while also offering shared spaces on campus for team meetings and ongoing collaboration. We continue to refine our planning for this new work environment, which will address how we reactivate vacated spaces. We anticipate that about 30,000 of our staff will continue to have a regular presence on our downtown and Saint Mary's campuses.

Just as we are planning for our future, we appreciate your continued work to plan for Rochester's future, including the important work around long-term transportation needs. We believe that improved transit will be a priority for the community, and continued planning will best position us to meet this future need. We also recognize that the evolving circumstances of the pandemic mean that the planning group's work should assess and reflect the changing environment, so that transit plans can be adjusted as needed. Working together, we will ultimately develop an approach that ensures a safe, effective and fiscally responsible transit plan to support Rochester's future.

Thank you for the work you do to serve our community.

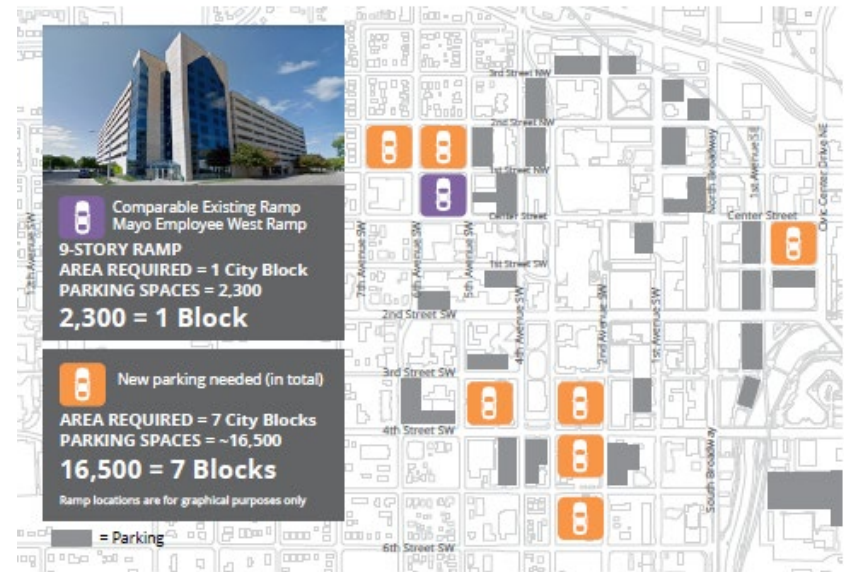
Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey W. Bolton".

Jeffrey W. Bolton
Chief Administrative Officer

If we invest in high quality mobility options...

- Quality of life will be improved for residents, employees, and visitors.
 - More pedestrian-friendly streets
 - More parking for patients and neighborhood residents
 - Better air quality
- Alleviate congestion
 - Without alternatives, nearly 40% more miles driven projected each day on existing road network
- Avoid expensive new parking construction
 - Estimated to cost nearly \$1 Billion

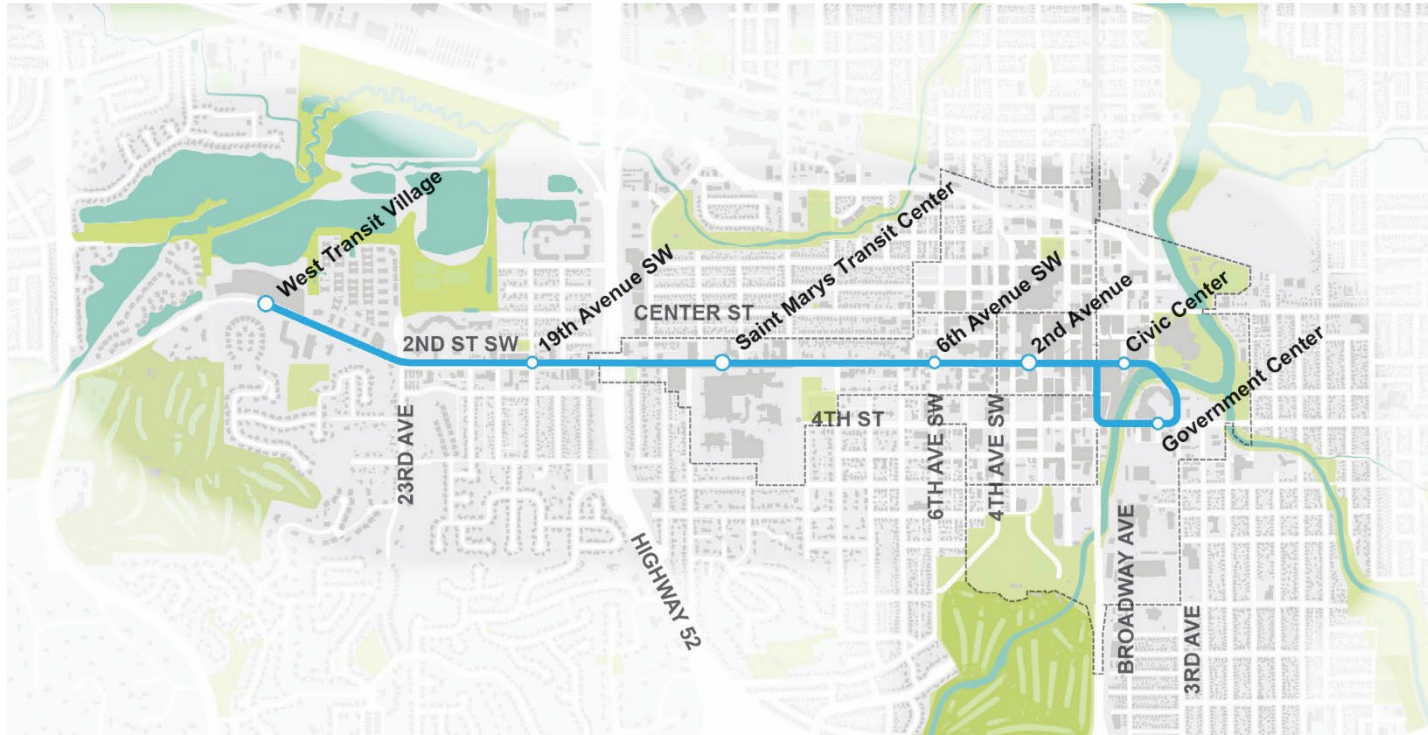


Rapid Transit Moves People More Efficiently



- Provides superior passenger experience.
- Improves capacity and frequency to meet future transit demand.
- Contributes to commuter mode shift goals.
- Rapid Transit one element of solution:
 - Parking Policies
 - Bike & Pedestrian safety improvements
 - Travel Demand Management
 - Land Use & Zoning
 - Micro-mobility

Rochester Rapid Transit Route



Overall Project Schedule



- Section 106 process and NEPA review.
- Advance engineering and station design.

Ongoing Tasks

- Section 106 process and NEPA review.
- Advance engineering and station design.

The timeline illustrates the key milestones for the Small Starts Grant process over a six-year period from 2020 to 2025. The process begins in late 2020 with the submission of the application. A project rating is published in early 2021. NEPA completion occurs in early 2022, followed by a Risk Workshop in mid-2022. The Small Starts Grant Agreement is finalized in early 2023. The timeline continues through 2024 and 2025, with quarterly markers for each year.

2020				2021				2022				2023				2024				2025			
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	

Key Milestones:

- Submit application:** Late 2020 (Q4)
- Project rating published:** Early 2021 (Q1)
- NEPA complete:** Early 2022 (Q1)
- Risk Workshop:** Mid-2022 (Q2)
- Small Starts Grant Agreement*:** Early 2023 (Q1)

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

Key milestones

Risk Review + Readiness

What needs to be ready for the FTA Risk Workshop and Readiness Review in 2022?

- Completed Section 106 and NEPA Review
- Third-party agreements
 - Mayo Clinic
 - MnDOT
 - Utilities
- Advanced design plans (60% level) and costs
- Contracts for additional design and technical work

West Transit Village

Transit:

- station platform
- streets
- parking (Mayo employees)
- parking (public)
- bus charging
- RPT facilities



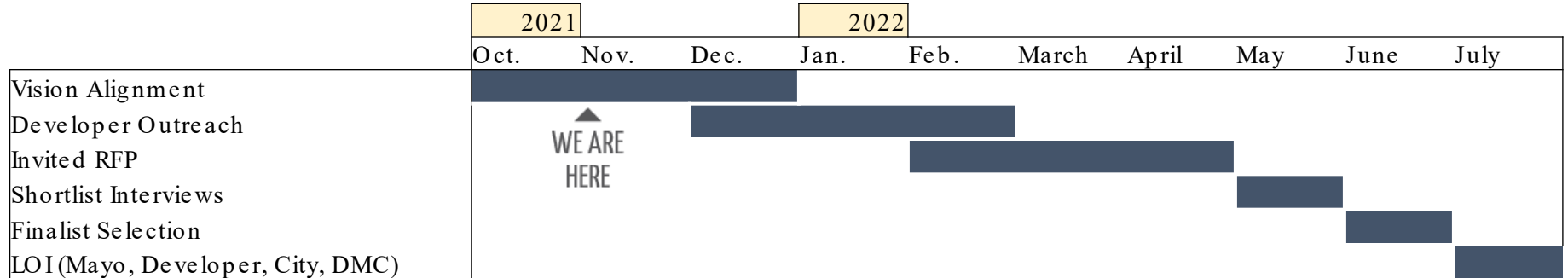
Village:

- housing
- retail + services
- open space
- bike & ped connections



West Transit Village

WTV developer Recruitment Process
draft schedule: 11/4/2021



Lead Generation and Site Selection Strategy in America's City for Health



Site Selection 101

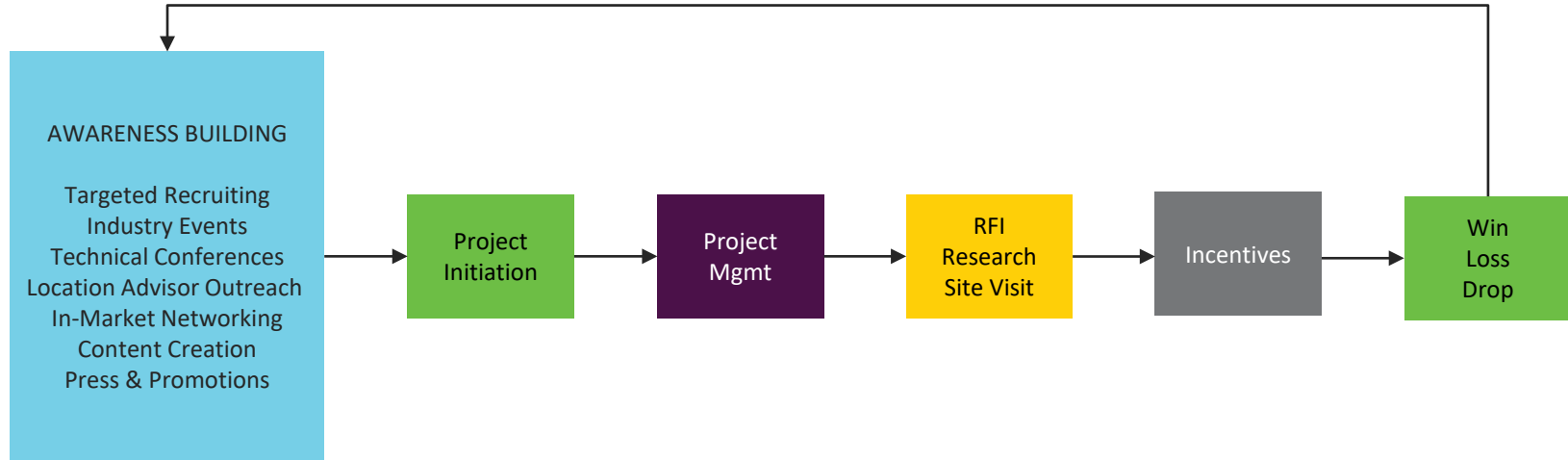
Site Selection: Multimarket evaluation of real estate, labor, infrastructure, costs, and government to determine the best possible location for an investment.



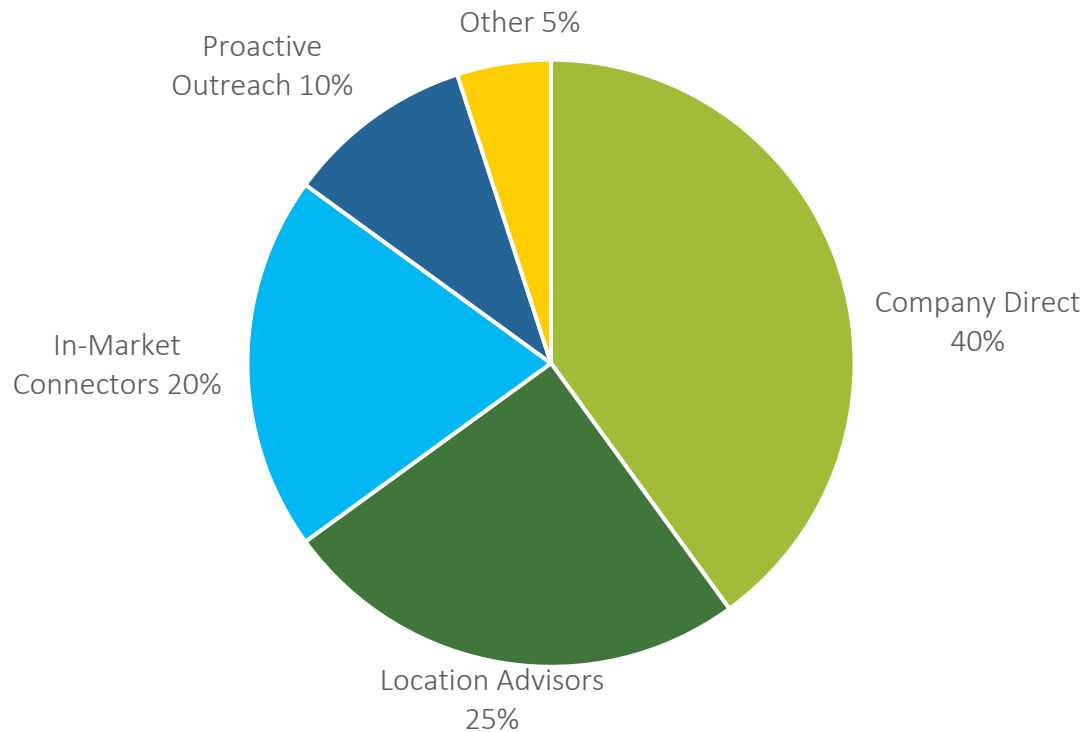
Why Now?

1. Infrastructure
2. Discovery Square
3. Additional opportunities
4. Post-Covid economy

Site Selection Project Process



Site Selection Project Sourcing



Industry Focus

- **Immediate**
 - Healthcare
 - Life Sciences
 - Med-Tech
- **Long-term**
 - Food & Beverage development
 - Outdoor Products design
 - Wearable Device

Site Selection Metrics

- **“Contacts”**
 - Companies, Consultants, Connectors
- **New Project Starts**
 - Lead Source, Decision Drivers, Pipeline
- **Activities**
 - RFI’s, Sites Submitted, Site Visits, Incentives
- **Announces**
 - Jobs, Investment, Real Estate, Revenue



Program Action Items

- **Business Case**
 - Workforce, cost, demographic, employer, infrastructure, logistic, education, and government factors
- **Sales Collateral**
 - Business case translated into marketing messages
- **Client Database**
 - Out-of-market Location Advisors, company executives, and in-market advocates
- **Customer Relationship Management (CRM) Infrastructure**
 - Key clients, projects, marketing activities, outreach
- **Awareness & Outreach**
 - Targeted outreach, relationship marketing, and general awareness building
- **Project Initiation**
 - Nurturing opportunities for investment from inquiry to announcement



Next 90 Days

1. **Define the Value Proposition:** Document the business case, begin collateral design
2. **Begin Outreach:** Start with Location Advisors, expand to Targeted Recruiting
3. **Inventory Product:** Develop an inventory of real estate across sizes and types
4. **Create a Program of Work:** Define a 2022 workplan and budget for each audience



Team Rochester



Retail Retention and Recruitment Strategy



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Destination Medical Center
Rochester, MN

Objective

Develop and execute a strategy that supports a vibrant downtown retail experience for residents, visitors and downtown employees.

Efforts intended to support growth of existing retailers and recruitment of new businesses.



Key Components We Can Directly Impact

Space



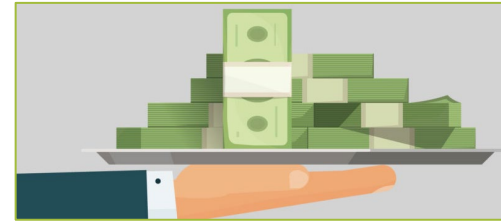
Customers



Entrepreneurs



Capital



The Strategy

Tactic	Type	Status
Downtown resident research	Data	Complete
Retail marketing collateral	Data	Complete
Inventory of available space	Data	Complete
Retail gap analysis	Data	Complete
Broker, owner and retailer relationships	Execution	Complete
Access to capital	Execution	In Progress
Marketing and recruitment	Execution	Not Started
Interim Use	Execution	Not Started
Retail Incubator	Execution	Not Started



Data: Retail Gap Analysis

Sector	Residents	Visitors	Biz Owners	Consultants
Essentials (incl Pharmacy)	X	X	X	X
Footwear	X	X	X	X
Tech & Service	X	X	X	X
Apparel - Family, Value, Luxury	X	X	X	X
F&B Quick Serve, Healthy and/or Comfort	X	X	X	X
Fitness	X	X	X	X
Entertainment (theater, etc.)	X	X	X	X
Bookstore		X	X	X
Cosmetics	X		X	X
Value Grocery	X	X	X	
Local - mementos, artisan, gallery	X	X	X	
Dept Store (e.g. Target)	X		X	X
Salon/Spa	X	X	X	
Office (drop-in workspace)		X	X	X
Athleisure, Sports, Outerwear	X			X
Professional apparel	X		X	
Home			X	X
Kid Friendly- clothing, games	X			X



Data: Marketing Collateral for Attracting Retailers

Material that tells the story of “why downtown Rochester” as a place to open a retail shop.

Available to brokers, property owners, city advocates, and more.

Available digitally for user-specific customization.



Next Steps

- Distribute marketing collateral.
- Develop marketing & recruitment campaign.
- Strategic use of Main Street capital funds.
- Convene brokers/owners working group.
- Explore interim use opportunities.
- Explore retail incubator feasibility.
- Develop success metrics.



DEED Main Street Grant Award



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Destination Medical Center
Rochester, MN

Background

- 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.
- DEED Main Street Economic Revitalization Program announced Aug 3rd, with Aug 31st application deadline.
- DMC and City of Rochester collaborated closely on application.



Why Seek the DEED Main Street Grant?

- Strategic investments with DMC infrastructure funds for *large* projects advance our goals and accelerate economic development.
- Similar investments in *smaller* projects can also achieve these goals:
 - Provide resources to under-served communities, an unrealized source of innovation and investment.
 - Support small business owners and entrepreneurs



Main Street Grant vs DMC Infrastructure Funds

	DEED Main Street	DMC Infrastructure
Amount	\$3M	Variable, project-specific
Terms	Disbursed by 12/31/2024 Project completion 12/31/2026	Variable, project-specific
Service Area	East/West: 3 rd Ave and 3 rd Ave North/South: Center St to 7 th St S	DMC District
Eligible uses	Multiple, specified by DEED	Multiple, specified by legislation
Prevailing wage	Yes	Yes
Max award	\$750K	Not applicable
Match Required	2:1	Not applicable
Targeted recipients	Multiple, specified by DEED	Not applicable





Destination Medical Center Development District
Main Street Economic Revitalization Program Zone



DEED Main Street - Eligible Uses

- Repair, or renovation of real property
- Building construction
- Demolition, site preparation, landscaping and street scaping
- Predesign and design
- Engineering
- Non-publicly owned infrastructure
- Related site amenities

Not the purchase of real estate, or business operations expenses, such as inventory, wages or working capital.



DEED Main Street - Target Population

All are eligible, priority given to diverse populations including racial and ethnic communities, including American Indians, LGBTQI communities, people with disabilities, veterans, low-income communities, and rural communities.



Community Engagement

- Co-Designers will help develop application process and be included in reviewing applications.
- Communications plan needed to create awareness.
- Anticipating technical support resources might also be necessary.



Community Partners



Current Status

- Core planning team convened to articulate objectives, guiding principles, definitions, and key performance indicators.
- Identify co-designers to incorporate into the team
- Application process, scoring criteria and monitoring processes are TBD.
- Community engagement specifics to be developed.
- Technical assistance program to be developed



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