



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, November 4, 2021
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, November 4, 2021

9:30 A.M.

PLEASE NOTE: THE MAYO CIVIC CENTER REQUIRES FACE COVERINGS

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, September 30, 2021
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, Council President Brooke Carlson, Pamela Wheelock, Paul Williams, Jim Campbell and Commissioner Jim Bier were present. Mr. Campbell, Ms. Wheelock and Mr. Williams participated remotely due to scheduling conflicts, and Commissioner Bier participated remotely for medical reasons.
- III. Approval of Agenda. Mayor Norton moved approval of the Agenda. Council President Carlson seconded.

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

Nays: None.
- IV. Approval of Minutes: May 20, 2021. Mayor Norton moved approval of the Minutes. Council President Carlson seconded.

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

Nays: None.
- V. Public Comment. Kenneth Bush of the Minnesota Minority Trades Council described the difficulties he has experienced trying to secure contract bid awards as a minority business enterprise owner.
- VI. Chair's Report. Chair Rybak complimented the EDA for planning and hosting the 2021 DMC Annual Meeting.
- VII. Consent Agenda.
 - A. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver.

Motion: Elect not to waive statutory tort limits

B. 2022 Regular Meeting Schedule

Resolution A: Approving the 2022 Regular Meeting Schedule

- C. DMCC 2021 Budget: Year to Date Update. Ms. Wheelock thanked Dale Martinson, DMCC Assistant Treasurer, for the revisions made to the DMCC budget summary.

Ms. Wheelock moved approval of the three items on the Consent Agenda. Mayor Norton seconded.

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

Nays: None.

- VIII. DMCC Form 990; Minnesota Annual Charitable Organization Report. Craig Popenhagen, CliftonLarsonAllen, presented the Form 990 and Minnesota Charitable Organization Report.

Resolution B: Approving the 2021 State of Minnesota Charitable Organization Report and 2020 Form 990. Mayor Norton moved to approve Resolution B. Commissioner Bier seconded.

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

Nays: None.

- IX. Metrics. Patrick Seeb, EDA Executive Director, introduced Kevin Bright, EDA Energy and Sustainability Director, and Chao Mwatela, City of Rochester Diversity, Equity, and Inclusion Director. Mr. Bright and Ms. Mwatela presented an update on the City of Rochester's grant submission to Bloomberg Philanthropies, which seeks to secure funds to support black, indigenous, and people of color (BIPOC) women entering the construction trades. These efforts by the City of Rochester will advance DMC's Targeted Business and Workforce Participation Plan and complement several other DMC equitable economic development efforts.

Mayor Norton encouraged Board members to support the grant effort via social media, letters of support, and other channels. Mr. Williams recommended that DMC's private development partners be encouraged to support the grant request, as well.

- X. 2022 DMCC Funding Request.

- A. Capital Improvement Plan
- B. 2022 EDA and City Staff Workplan and Budget
- C. 2022 DMCC Budget
- D. Working Capital Loan

Dr. Clark Otley, President of the EDA Board of Directors, described the 2022 DMCC Funding Request and Project Discussion items. Dr. Otley noted that the Funding Request, which was created in collaborative effort between City and EDA staff, has been endorsed by the EDA board of directors and shared with several DMCC Board members. Dr. Otley next described the EDA's recommended course of action on Discovery Walk, mobility experience improvement strategies, and a proposal to expand access to DMC funding. Mr. Seeb was joined by Aaron Parrish, City of Rochester Deputy Administrator, and Catherine Malmberg, EDA Interim Director of Economic Development, in describing the components of the Funding Request.

Mr. Williams emphasized the need to allow for future housing investments, particularly at the West Transit Village. Mr. Campbell asked about investments in the proposed Sixth Street SE bridge; Mr. Seeb stated that initial planning funds have been approved by the DMCC Board. Mayor Norton and Council President Carlson noted that federal and state funds could be pursued to develop the bridge. Chair Rybak highlighted the need to identify a development partner for the West Transit Village.

Resolution C: Approving the 2022 DMCC Funding Request and Authorizing Transmittal.

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

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

Nays: None.

XI. Project Discussion.

A. Discovery Square

Dr. Chris Schad, EDA Director of Business Development, and Josh Johnsen, City of Rochester DMC Project Manager, provided the Discovery Square update. They were joined by two Discovery Walk community co-designers, Dr. Jennifer Rho and Krista Jacobson. Dr. Schad reported that the EDA recommends that the DMCC Board approve the base project and two add-alternatives included in the request for proposals, weather-protected community spaces and a snowmelt system. The project budget request totals \$18.52 million. Ms. Jacobson complimented the proposed snowmelt system, emphasizing its importance to mobility-limited Discovery Walk users. Dr. Rho described the community and mental health benefits of the proposed community spaces.

Mr. Campbell stated his desire to see the Discovery Square bio-med-tech campus connected to the pedestrian subway-skyway system, and Chair Rybak stressed that any future subway or skyway should be accessible from the street.

Resolution D: Providing Final Approval for the Expenditure of Funds from the 2021 and 2022 CIP Budget for the Discovery Walk Project

Council President Carlson moved approval of Resolution D. Ms. Wheelock seconded.

Ayes: Commissioner Bier, Ms. Campbell, Council President Carlson, Chair Rybak, Ms. Wheelock, Mr. Williams.

Nays: None.

B. Mobility. Ms. Malmberg and Jarrett Hubbard, City of Rochester DMC Project Manager, described key mobility decisions made to-date and presented Second Ave. S.W. and Saint Marys rapid transit station features. Chair Rybak requested that the staff discuss elevator and escalator transit station options at a future meeting. Mr. Campbell emphasized that transit stations, including the station near the City-County Government Center, should provide a user experience that is better than current transit systems and requested that staff provide an update at a future meeting.

C. Accessing DMC Funding. Dr. Schad provided the presentation, noting that the EDA is requesting that the DMCC Board direct EDA staff to prepare a strategy that will allow small businesses owners and developers to request DMC capital. Council President Carlson requested that historic preservation be considered as a factor in DMC investment decisions. Ms. Wheelock stated that, pending an update from staff at the November 2021 DMCC Board meeting, she would support a Board resolution permitting the EDA to revise the DMC funding application as needed to achieve DMCC Board priorities and goals.

XII. Project Updates. Mr. Seeb reported that written project updates are included in the Board materials.

A. Heart of the City. Mr. Seeb noted that the City of Rochester has issued an RFP for Chateau Theatre operations and the DMCC CIP includes funding for Chateau Theatre maintenance.

XIII. Adjournment. Council President Carlson moved to adjourn the meeting. Mr. Campbell seconded.

Ayes: Commissioner Bier, Mr. Campbell, Council President Carlson, Chair Rybak, Secretary Wheelock, Mr. Williams.

Nays: None.

TO: Jim Bier, Treasurer
Kathleen Lamb, Attorney

FR: Dale Martinson, Assistant Treasurer

Date: October 27, 2021

RE: September 2021 DMCC Budget Summary



The attached budget summary of activity through September of 2021 reflects total year-to-date DMCC operating expenditures of \$1,345,360 of the \$2.5 million approved 2021 budget. The remaining amount unspent represents 45% of the total budget with three months, or 25% of the year remaining. An additional payment request totaling \$61,759.89 has been submitted by the DMC EDA in October, but not yet paid.

The second and third pages of this summary provides a listing of DMCC authorized projects managed by the City of Rochester. We have tried to categorize the project spend in accordance with program budgets, improve wording of project titles, and consolidate some of the small project spend. In this month we added a column of "Project Status" in an attempt to represent to the board just where we are at in the design/bid/acceptance/construction/complete phases of a project.

Approximately \$28.6 million has been spent on these projects through September of this year with the majority spent on Heart of the City construction and Discovery Walk and Rapid Transit design work. Total life-to-date expenditures on these projects is just over \$81.6 million.

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

Destination Medical Center Corporation
Financial Budget Summary
September 30, 2021

	2021 Approved Approved Budget	Current Month September 2021	September 2021 Year To Date	Amount Remaining	Percent Remaining
General Administrative Expenses	42,750	1	1,606	41,144	96%
Professional Services	206,000	13,196	96,489	109,511	53%
Insurance and Bonds	20,000	-	12,025	7,975	40%
	-	-	-	-	
Subtotal DMCC	268,750	13,196	110,119	158,631	59%
Third Party Costs - DMC EDA					
Payroll, Staff, Administration & Benefits-EDA	997,931	48,915	582,836	415,095	42%
Operating Expenses	77,884	7,921	20,723	57,161	73%
Operational Costs - Contracted		7,713	20,716	(20,716)	
Economic Development Outreach & Support	533,161	30,508	90,876	442,285	83%
Professional Services	567,800	105,064	470,404	97,396	17%
Miscellaneous Expenses	59,000	-	49,686	9,314	16%
Subtotal EDA	2,235,776	200,121	1,235,241	1,000,535	45%
Total DMCC 2021	2,504,526	213,317	1,345,360	1,159,166	46%
Note:					
Received an additional DMC EDA pay request for September 2021 activity of \$61,759.89 in October			DMCC Working Capital Note	1,000	
			EDA Working Capital Note	75,000	

**DMCC Projects by Category
Managed by City of Rochester
Through September 2021**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Administration					
C.8601 - City Project Administrative Costs-DMCC (Budget-Current Yr)	Annual Budget	292,416	696,215	1,748,990	
C.8606 - City Staff Costs-DMCC - (Budget-Current Yr)	Annual Budget	13,471	100,000	399,855	
C.8607 - County Staff Costs-DMCC	Complete			168,754	
C.8629 - Development Plan Update	Complete	6,145	750,000	154,960	
C.8632 - Downtown Changes COVID-19	Active		250,000	43,524	
C.8902 - FestivalAreaStdy&ConceptDesign	Complete			84,133	
Total Administration		312,032	1,546,215	2,472,560	
Econ Development/Public Realm					
C.8624 - ChateauTheatreBldgImprov/Purch	Nearly Complete	69,631	8,802,937	8,525,337	-
C.8625 - Heart of the City	Active Construction	4,457,300	17,648,940	18,616,149	2,380,784
C.8633 - Strategic Development	Ongoing	2,210,750	7,000,000	2,210,750	
C.8904 - Discovery Walk	Bid Acceptance	1,133,753	7,000,000	2,026,664	369,766
Total Econ Development/Public Realm		7,871,434	40,451,877	31,378,900	2,750,550
Infrastructure					
C.8611 - San. Sewer 12th Ave from 2nd St NW to 2nd St SW	Active Construction	1,800,643	2,850,000	3,236,316	4,258,744
C.8612 - West Zmbro San Sewer Lift Line from CookPk to Civic C Drive	Post Construction		50,000	46,592	
C.8626 - San. Sewer Upsize 1st Ave & 3rd Ave SE on 4th / Govt Cntr Siphon	Post Construction	14,099	8,500,000	8,633,020	
C.7326 - Reconst 4th St SW from 1st Ave to 6th Ave	Complete		2,205,789	2,205,789	
C.7319 - Reconst 7th Ave NW from 2nd St NwW to 4st NW	Complete		1,107,000	1,107,000	
C.7318 - Reconst North Broadway -	Active Construction	2,500,000	4,400,000	2,900,000	
C.7830 1st Street NW San Sewer Diversion from 1st Ave to Broadway	Post Construction	20,200	1,371,000	1,391,200	
Total Infrastructure		4,334,942	20,483,789	19,519,917	4,258,744

**DMCC Projects by Category
Managed by City of Rochester
Through September 2021**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Transit					
C.8614 - DMCTransit&InfrastrctrPgrmMgmt	Complete		3,956,739	1,826,262	
C.8617 - Broadway @ Center Parking Ramp	Complete		10,500,000	10,500,000	
C.8618 - SharedParkngStudy&PrgmDevlpmnt	Complete		2,061,854	1,874,219	
C.8620 - City Loop Plan	Complete		1,209,938	968,732	
C.8621 - Transit Circulator Study	Complete		2,241,532	1,780,877	
C.8623 - DMCC Street Use Study	Complete		3,117,708	2,885,882	
C.8628 - Downtown Circulator Project	Complete			269,941	
C.8706 - DMCTransitCirculatorTODPlnStdy	Complete			829,414	
C.8707 - Rapid Transit Projects	Design	3,327,144	5,452,000	5,478,263	49,750
C.8709 - Arrive Rochester Implementatn	Ongoing	41,460	60,000	64,399	
C.8903 - Dedicated Bike Lanes-3rd/4thAve&CtrSt	Post Construction	118,626		1,743,853	4,636
Total Transit		3,487,230	28,599,771	28,221,842	54,386
Grand Total		16,005,637	91,081,652	81,593,218	7,063,680

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2021

Commending James V. Bier and Expressing Gratitude for His Service to the Destination Medical Center Corporation

BACKGROUND RECITALS

WHEREAS, James V. Bier was appointed by the Olmsted County Board in 2013 to serve as one of the inaugural members on the newly established Destination Medical Center Corporation Board of Directors (the “Board”); and

WHEREAS, at the third meeting of the Board on November 8, 2013, Mr. Bier was elected to the office of Treasurer of the Board by unanimous vote, and has been re-elected Treasurer every year since then; and

WHEREAS, from the first meeting of the Board, Mr. Bier has been extremely engaged in the establishment of Board policies and procedures, the Articles of Incorporation and the Bylaws, with a particular focus on good governance and best practices for the Board; and

WHEREAS, by virtue of Mr. Bier’s rich background and experiences, including his service on the Olmsted County Board since 2002, and on many other boards and commissions, including the Association of Minnesota Counties Transportation Policy Committee, the Dodge-Fillmore-Olmsted Joint Powers Board and the Minnesota Transportation Alliance, just to name a few, and his participation in so many other civic and lifetime activities, Mr. Bier has offered to the Board a valuable perspective on leadership, public service and stewardship; and

WHEREAS, Mr. Bier 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, the Board has relied on Mr. Bier’s business acumen and policy expertise with respect to his service on the DMCC Executive Committee, and in its discussions and expectations with respect to transportation and housing; and

WHEREAS, Mr. Bier’s commitment to the citizens of Rochester and Olmsted County, and to the State of Minnesota has been steadfast and illuminated in his service to 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 James V. Bier 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. Bier for his devotion of time and energy to the formation of the Board, for his leadership in helping to establish 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. ____ -2021

**Commending Michael E. Dougherty and Expressing Gratitude
for His Service to the Destination Medical Center Corporation**

BACKGROUND RECITALS

WHEREAS, Michael E. Dougherty was appointed by Mayo Clinic in 2016 to serve as Mayo Clinic’s representative on the Destination Medical Center Corporation Board of Directors (the “Board”); and

WHEREAS, Mr. Dougherty has been extremely engaged in the establishment of Board policies and procedures, with a particular focus on financial governance and best practices for the Board; and

WHEREAS, by virtue of Mr. Dougherty’s rich background and experiences, including service as a member of the Mayo Clinic Board of Trustees from 2013 through 2017, and his subsequent role as Emeritus Trustee, his role as founder and Chair of the Board of Dougherty Financial Group, his service on the boards of the University of St. Thomas, Artis-Naples, Allina Health System, Kennedy Center Finance Committee, and his myriad other directorships and lifetime activities, Mr. Dougherty has offered to the Board a valuable perspective on leadership, stewardship, and civic and charitable work; and

WHEREAS, Mr. Dougherty 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, the Board has relied on Mr. Dougherty’s business and financial acumen and policy expertise with the respect to the formulation of budgets and in its discussion and expectations with respect to appropriate investments and measurement standards.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it commends Michael E. Dougherty 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. Dougherty for his devotion of time and energy to the formation of the Board, for his leadership in helping to establish priorities for the Board, for his engagement on issues and willingness to share expertise, and for his unwavering determination to make Rochester, Minnesota, America’s City for Health.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ___-2021

**Commending Jeffrey W. Bolton and Expressing Gratitude for His 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, the Act established the Destination Medical Center Economic Development Authority (the “EDA”) to assist in the implementation of the Destination Medical Center; and

WHEREAS, Jeffrey W. Bolton has served on the EDA Board since 2014, and as its President from January, 2015 through March, 2021; and

WHEREAS, Mr. Bolton brought a varied background and specific expertise to his work at the EDA, by virtue of his nineteen years of service to Mayo Clinic, including the positions of chief financial officer, chief administrative officer, and as a member of the Mayo Clinic Board of Trustees; and

WHEREAS, Mr. Bolton has been an extraordinary advocate of Destination Medical Center, supporting the work of the DMCC and of the EDA; and

WHEREAS, Mr. Bolton’s vision, determination, and leadership contributed to the overwhelming achievements of the Destination Medical Center thus far and has positioned it for continued success; and

WHEREAS, Mr. Bolton is known as a tireless champion of the Destination Medical Center initiative, and his commitment to the citizens of Rochester and the surrounding communities has been steadfast and well-reflected in his 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 Jeffrey W. Bolton 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. Bolton 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.

Discovery Square

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:

No action requested.

Discovery Square Updates:

- Discovery Walk approved by DMCC Board and by City Council to include snowmelt. Construction to begin early 2022.
- Two Discovery Square core and shell should be complete by year end.
- Tenant recruitment discussions going well, good prospects for organizations on all floors.
- Early discussions under way by Mortenson about a Phase 3 project.
- Mayo Clinic Kellen Building construction has begun.
- Mayo Clinic 1,200 stall parking structure construction has begun.

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 2021 operating and CIP funds, including the design documentation of Discovery Walk.

Approvals, milestones, and decision points:



Mobility

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:

No action requested.

Background:

A multi-modal mobility strategy for the DMC has been developed that includes the implementation of a Rapid Transit Circulator, which is the current focus of DMC's mobility infrastructure investments. Since the last Board meeting, the process of continuing to evaluate the user experience of each stop along the route has continued. The eastern terminus of the route has been identified as an opportunity to improve user experience as well as leverage better neighborhood connections to the route.

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

To address these shortcomings, DMC EDA Staff are working in collaboration with the City staff and the consultant team, SRF, to explore alternate solutions, with a goal of creating a world-class experience that centers equity of access and foregrounds BRT as a desirable consumer choice.

Current Status:

DMC EDA staff will continue to explore options to enhance user experience including possible skyway connections, to improve user experience at the Government Center stop.

Next Steps:

The City, DMC EDA and Mayo continue to work collaboratively to advance the design of the BRT route and continue following the timeline and process as outlined by the FTA.

Lead Generation and Site Selection America's City for Health

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021

Request of the DMC EDA board of directors:

No action requested.

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

Typical Sources of Site Selection Project Opportunities

- Company Direct (reactive): 40%-50%
 - The company making the investment is conducting their own analysis, they have not outsourced that responsibility to a Location Advisor. They contact us directly.
- Location Advisors: 25%-30%
 - Individuals that specialize in evaluating markets/sites for investment. LA's typically approach the process through the perspective of real estate, labor, costs, logistics, or government.
- In-market Connectors: 20%-30%
 - Referrals through affiliated organizations within a market. Typically include real estate brokers, contractors, major employers, industry associations, and partner economic development groups (state/regional/international).
- Proactive Lead Generation: 10-20%
 - Projects generated through a process of targeted outreach, typically to companies in specific industry niches, geographies, and stages of growth.
- Other: 5%-10%
 - Can include deals generated through specialized marketing events (trade shows, expos, conferences), digital platforms (web sites, direct email, etc), walk-ins, and others.

Typical Site Selection Project Process

Step 1: Pre-Project Awareness Building (Business Development & Marketing Program)

- Targeted relationship marketing to key audiences (Location Advisors, Corporate Real Estate Executives, In-market Partners)
- Participation in targeted industry events (trade shows, expos, technical conferences)
- Content creation and promotion (press releases, research publication, article placement, paid media)
- Proactive targeted company outreach (high growth, industry specific, market specific)

Step 2: Project Initiation and Management (Project Management & Research Program)

- *Project Intake:* key contacts, project parameters, decision drivers, metrics, activities
- *Request for Information:* sites, labor force characteristics, logistics, costs, taxes, incentives, education, etc

- *Research Exchange*: formal and informal, iterative, extensive
- *Site Visit*: in-market company visit, site review, partner introduction
- *Incentives*: state and local, workforce subsidy, tax relief, direct cash infusion

The project process can take 3 months, to 3 years. Often a recruitment project does not start and stop cleanly, but instead ramps up and down over a period of months, or years. Intense periods of activity, followed by months of silence, are common.

Step 3: Win, Loss, or Drop

- *Win*: the project selects the market for an investment (20%)
- *Loss*: the project selects a competing location for an investment (20%)
- *Drop*: the project does not move forward, and instead chooses to do nothing (60%)

Step 4: Press and Promotion

- Often the best source for our next project opportunity is discovered through the wide promotion of our last project win

Action Items

1) Build the business case – **IN PROGRESS**

- a) **What it is**: A detailed, documented understanding of the various workforce, cost, demographic, employer, infrastructure, logistic, education, and government factors that can affect an investment decision.
- b) **Why it is important**: Expanding and relocating companies need to be able to compare markets to determine which is the most optimal for a specific investment. Having the data they need readily available will enable DMC to add value throughout this process.

2) Create targeted sales collateral – **NOT STARTED**

- a) **What it is**: Marketing materials that translate the business case into a format to which the expanding or relocating company will respond.
- b) **Why it is important**: The DMC will deliver data and information directly when a company makes a formal request (RFP/RFI). We need to be able to deliver that same high-quality data to potential clients outside of a formal recruitment project to entice them to engage further.

3) Develop key client databases – **IN PROGRESS**

- a) **What it is**: Contact data, project activity, and marketing outreach for out-of-market Location Advisors, key company executives, local project referral sources, and any other individual that can be a source of project activity.
- b) **Why it is important**: Maintaining a record of communication, project activity, outreach, and results will allow us to document progress, improve the annual program of work, and measure impact.

4) Create a CRM to manage client and project data – **IN PROGRESS**

- a) **What it is**: A place to house data on key clients, projects, marketing, outreach and how these various parts of the overall program intersect.
- b) **Why it is important**: As the program scales, we will need to be able to systematically understand current and past clients, the effectiveness of various marketing and outreach programs, and the key parameters of our recruitment activity in order to continuously improve the effort.

5) **Build awareness and harvest leads – IN PROGRESS**

- a) **What it is:** Targeted outreach, relationship marketing, and general awareness building of the DMC mission and trade area.
- b) **Why it is important:** As potential clients and connectors become aware of the DMC mission they can bring investment opportunities.

6) **Manage corporate recruitment projects – NOT STARTED**

- a) **What it is:** The process of nurturing opportunities for investment from inquiry to announcement by leveraging data, relationships, and making the most compelling case possible for the DMC trade area.
- b) **Why it is important:** New jobs and investment are a key driver of expanded economic activity.

Retail Recruitment and Retention Strategy

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC Board of Directors:

No action requested.

The Objective

Develop and execute a strategy that supports a vibrant downtown retail experience for residents, visitors and downtown employees. This includes tactics that support the growth of existing retailers and supports the recruitment of new businesses.

Metrics

Specific metrics are to be determined, likely to include measurements related to new business openings, businesses retained, vacancies, and more.

Strategy Components

- 1) Downtown resident research - **COMPLETE**
 - a) What it is: Demographic research that articulates the story of “who lives downtown”.
 - b) Why it is important: Downtown Rochester is the fastest growing neighborhood in the city. This is a tool to be used by current and potential future retailers as they consider what products and services to offer, how to reach their target market, and how to position their store.
- 2) Retail marketing collateral – **COMPLETE**
 - a) What it is: Marketing materials that tell the story of “why Rochester” to businesses considering Rochester for a store, or existing business hoping to adjust/expand their merchandise mix.
 - b) Why it is important: These materials will be used by brokers, property owners, and whomever else is interested in attracting retailers, and is the foundation of future marketing campaigns.
- 3) Inventory of available space – **Complete** and ongoing
 - a) What it is: A listing of currently available retail space in the District, including contact information for owners/brokers.
 - b) Why it is important: Help us connect potential retailers with brokers for anyone getting inbound inquiries from site selectors or potential retailers.
- 4) Retail gap analysis - **COMPLETE** and ongoing
 - a) What it is: Expert analysis plus interviews of downtown visitors, residents identified unmet product and service needs.
 - b) Why it is important: We can use this information to target retail recruitment to those gaps, and/or current retailers can this information to fill the gaps.
- 5) Relationships with brokers, owners and existing retailers – **COMPLETE** and ongoing
 - a) What it is: A core DMC team builds trusted relationships with brokers, property owners, and existing retailers.
 - b) Why it is important: These relationships form the core of understanding what is happening, or will happen, or could happen, in the downtown retail market.
- 6) Access to capital for small projects – **IN PROGRESS**

- a) What it is: Capital can be made available for qualifying infrastructure improvements that rehabilitate and/or revitalize retail sites. Capital sources include DMC Small Project Capital project funds, and DEED Mainstreet Economic Revitalization program.
 - b) Why it is important: Small business owners often have difficulty getting access to low/no-cost capital for infrastructure improvements. This is especially true for new business owners and disadvantaged entrepreneurs.
- 7) Marketing and recruitment campaign – **NOT STARTED**
- a) What it is: A local, regional and national campaign to raise awareness among site selectors and retailers about the opportunity represented by the downtown retail market. It also includes specific targeted recruitment activities.
 - b) Why it is important: Retail is an important catalyst to future development. We cannot wait for business to come to us. We must be intentional about attracting retailers.
- 8) Interim use of available space - **NOT STARTED**
- a) What it is: Temporary (“popup”) uses of vacant stores and properties. This could be retailers operating in the space, or “dressing up” the window space with branding and visual merchandising for adjacent retailers, or it could be temporary utilization of pre-development sites.
 - b) Why it is important: Interim uses activates otherwise empty sites, creating a sense of vibrancy that otherwise is missing. It also presents an opportunity for aspiring entrepreneurs, especially those who historically have had limited access to resources.
- 9) Retail incubator – **NOT STARTED**
- a) What is it: Shared retail space for new business owners, with wraparound support services designed to help the owner/operators learn how to run a business.
 - b) Why it is important: Rochester’s competitive advantage is its brand as a City of Innovation. A retail incubator can help new businesses find their market, gain entry to good retail space, staff up their operations, and generally understand how to run a business, while adding vibrancy to the downtown retail market.

Approvals, milestones, and decision points:



Minnesota Main Street Economic Revitalization Program

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021

Request of the DMCC Board of Directors:

No action requested.

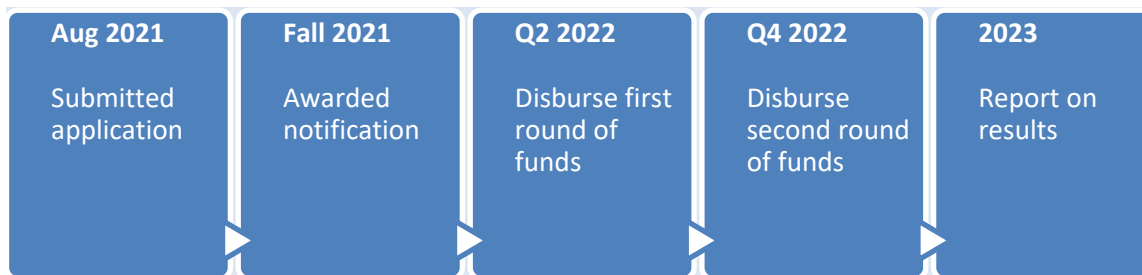
Context:

- **DMC applied for and was awarded \$3.12M funding**
- Minnesota DEED program is funding matching grants up to \$750,000 for eligible projects. Funding to be used for capital projects, not operating costs or working capital, requires a 2:1 match from public or private sources.
- Priority will go to BIPOC applicants and to properties that are vacant.
- Service Area for the program
 - East/West Boundary: 3rd Ave SE (east) and 3rd Ave SW (west)
 - North/South Boundary: 7th St SW (south) to Center St (north)
- Program components in the DMC application:
 - Full Scale Redevelopment, up to three projects
 - Re-Configuring Existing Space, up to 15 projects
 - Capital Support for Entrepreneurship Infrastructure, within the redevelopment and/or reconfiguration projects

Next Steps:

- Develop the processes for application, review and disbursement.

Approvals, milestones, and decision points:



DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2021

Commending the EDA on the Main Street Economic Revitalization Award and Authorizing the Use of Funds

BACKGROUND RECITALS

- A. The Destination Medical Center Corporation Economic Development Agency (the “EDA”), in cooperation with the City of Rochester (the “City”), applied for the Main Street Economic Revitalization Awards (the “Main Street Grant”) from the Minnesota Department of Employment and Economic Development (“DEED”) to further the Destination Medical Center initiative through the EDA’s work plan.
- B. DEED has awarded \$3,120,000 to the EDA, in collaboration with the City, Olmsted County (the “County”), and the DMCC, as a Main Street Grant. The EDA plans to provide grants to businesses in the Destination Medical Center District to support economic recovery from the impacts of the COVID-19 outbreak.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation, that the Board congratulates the EDA on the Main Street Grant and authorizes the use of funds in accordance with DEED requirements to advance the Destination Medical Center initiative, all in cooperation with the City and the County.

BE IT FURTHER RESOLVED, that the Board requests that the EDA staff provide regular updates on the Main Street Grant.

Heart of the City

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:
No Action Requested.

Background:

Heart of the City Phase 1

The first phase of Destination Medical Center’s Heart of the City public realm project is a renovation of the east side of Peace Plaza and surrounding areas. The new design will create active, engaging experiences for residents, visitors and patients in the heart of downtown Rochester.

Known as Heart of the City Phase 1 it is focused on the redevelopment of three areas in the heart of downtown Rochester: East side of Peace Plaza, 1st Ave. SW between 2nd Street SW and W. Center Street and the adjacent alleys. The updates will provide enhanced safety measures, including curbsless streets, and provide greater accessibility for people of all abilities. Movable seating options will allow for a variety of public programming. The addition of more trees as well as interactive art displays and water features will create a family-friendly space to gather in the downtown area.

The project broke ground in April 2020 and is expected to finish in Fall 2021.

Business Forward Strategy

The Heart of the City team continues to use the Business Forward Strategy as a guide while working with the downtown stakeholders to finish construction. Business Forward Strategy 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.

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 1conditions.

<u>Project Component</u>	<u>Original Schedule</u>	<u>New Schedule</u>
• Second Street Completion	09/28/2020	08/25/2020 (COMPLETE)
• First Avenue South	07/28/2021	07/15/2021(COMPLETE)
• First Avenue North	08/20/2021	07/15/2021 (COMPLETE)
• Peace Plaza	08/13/2021	LATE FALL

**Catenary lighting to be added after ground freeze.

Inaugural Year + Milestone Activation

The goal of the inaugural strategy is to create a welcoming new Peace Plaza environment now and, in the future, focusing on inviting community, downtown workforce, and visitors.

- Welcome Back Downtown, Opening of First Avenue South (July 8)
- Delivery and Installation of *A Not So Private Sky* (Aug 11)
- Paver signing event, throughout the summer 2021
- Roller Disco (October 9 + 10)
- Anticipated reinstallation of the *Peace Fountain* (November 2)
- Social Ice (Feb 11-13)
- Grand Re-Opening of Peace Plaza dedication event (Spring 2022)

Other programming will be added throughout the year.

Chateau Theatre

The City of Rochester issued an RFP for a new interim operator of the Chateau Theatre. Applications were due September 20, 2021. Three applications were reviewed by City Council on October 25, 2021. DMC EDA team members are participating in the review process.

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:



Downtown Waterfront

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:

No Action Requested.

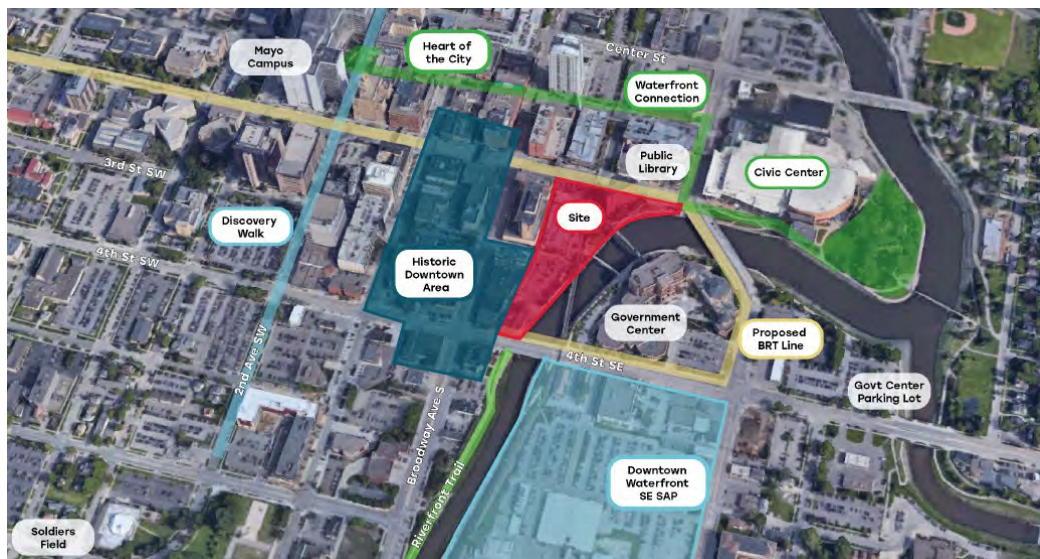
Background:

The City of Rochester solicited proposals from qualified and innovative teams to lead a community-driven process to develop a market-supported vision and small area plan for a central waterfront property that links together several civic, cultural and government assets to the heart of downtown Rochester and the Mayo Clinic. On September 20, 2021 City Council voted to accept a proposal from a team led by urban design firm Gamble Associates, along with collaborators SWA Group, NEOO Partners and Omloop.

The City-owned site has the potential to be both a “front door” that faces the river, as well as a gateway into downtown. Located at the intersection of the Rochester Arts and Culture District and the main street Mixed-Use District as outlined in the Downtown Master Plan, and in the Destination Medical Center (DMC) district.

The current use of the property is primarily public parking, consisting of a surface parking lot and a four-level parking ramp. On the south end of the site is a vacant building and October 18, 2021 the City Council voted to deny this property landmark status. This allows the small area planning to include options for adaptive reuse of this building without Landmark controls delineating what is or is not possible.

Work on the small area plan has begun by initiating the community engagement efforts to ensure the planning is rooted in the Rochester community vision.

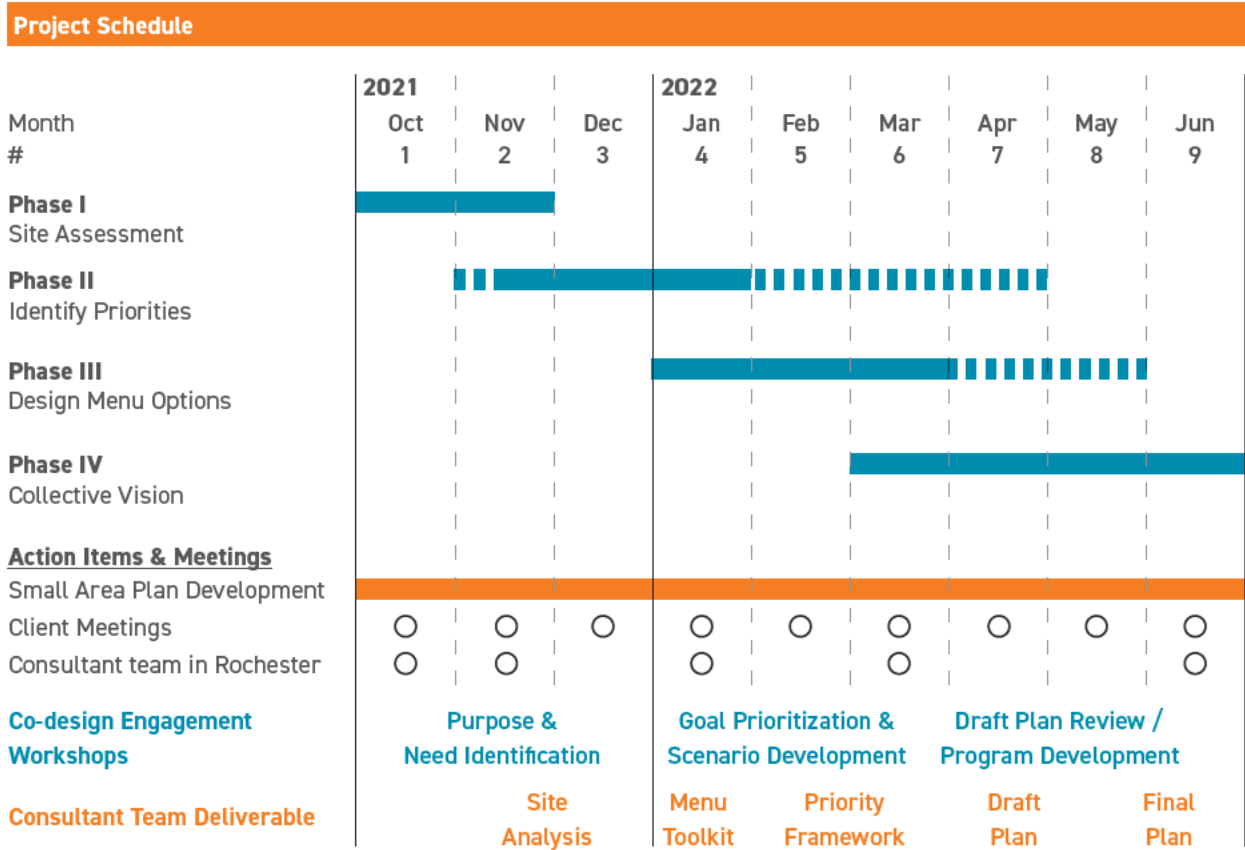


Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA staff worked in collaboration with City staff to select the consultant team, and DMC staff will continue to participate through the visioning and design process. DMC is particularly focused on the public realm experience and linkages between this site and the rest of the district.

In order to draw greater public and stakeholder awareness to the potential of this site, DMC elected to hold its annual fall meeting on the City-owned waterfront site on September 16, 2021.

Approvals, milestones, and decision points:



Rapid Transit Corridor Development: West Transit Village (WTV)

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:

No Action Requested.

Background:

The DMC 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.

To realize this ambitious vision, Mayo Clinic, City, DMC, and a private developer need to collaborate. The parties have agreed to a public-private partnership approach but are also mindful of the FTA transportation funding schedule for the transit elements of the site as well.

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

The DMC goal of mode shift for transportation requires a significant portion of commuting trips downtown to shift away from Single Occupant Vehicle (SOV) trips and towards other modes including Bus Rapid Transit. The West Transit Village is a key element of enabling the BRT to function well and provide an experience befitting the goal of DMC vision of a world class destination.

District Energy

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021

Request of the board of directors:

No Action Requested.

Background:

In 2015, DMCC adopted the DMC Development Plan, where the principles of sustainability planning are interwoven throughout, through an integrated mix of medium-to-high density uses, integrated live-work environments and green/park space features throughout the downtown. Subsequent action by the DMCC board further reinforces its commitment energy, environmental sustainability and the evaluation and strategic pursuit of district energy systems (DES):

- 2015: DMC Sustainability Goals Adoption within DMC Development Plan
- 2015: Sustainable Energy Options Report Accepted by DMCC
- 2016: District Energy System Resolution Passed by DMCC
- 2019: EIC Strategic Energy Project Plan Approval by DMCC

Recognizing the role that a downtown district energy system could have on realizing its energy consumption and carbon footprint reduction goals, DMCC authorized \$2 million in the 2021 and 2022 Capital Improvement Program, building off prior investment in preliminary engineering studies in 2019 and 2020.

Current Findings:

- Olmsted County's Waste to Energy Facility Steam Line will be decommissioned in October 2023
- Olmsted County decided to move forward with a building-based heating and cooling system and not participate in a district energy opportunity
- RPU has created a business plan for the DES including its anticipated operating costs and utility rates to customers
- RPU Board supported an approach to construct, operate and maintain a DES pending City Council direction
- Rochester City Council in March 2021 had a study session summarizing the work, progress, and next steps for the DES opportunity and asked that the City identify options to reduce the first cost and risk associated with identifying private developments to connect to the system

Next Steps:

- The Project Team identified a pathway to connect the City buildings and create the initial district energy plant within the Mayo Civic Center using additional space. City Staff will operate the system in its initial stages.
- DMC infrastructure funds are being used to upsize the system's piping connect 500,000 SF of future private developments around the government building sites. As more buildings are brought onto the system, a future DES plant can be placed behind the Civic Center.
- Additional planning will be conducted to connect the system to the South of Downtown Waterfront Site Development.
- City Staff brought forward a recommendation forward to City Council on May 3rd to move forward



with the design of the initial district energy infrastructure which was accepted.

- Design of the District Energy System has been underway since the spring and the City has been working to develop the financial approach and various opportunities for the project
- The City of Rochester and DMC EDA partnered on an economic analysis of the district energy system that will deliver three key findings:
 - Relevant to the City, the analysis will compare the economic and environmental benefits of two outcomes: the City pursuing a building-level solution or a district energy solution
 - Relevant to the DMC, the economic case to a private developer to connect including the utility and environmental costs, and opportunity costs of saving space within a development
 - Finally, the economic evaluation will also place monetary value to the environmental outcomes of the district energy system to account for its environmental benefits and externalities
 - The analysis will be completed in January 2022 and the results shared with the DMC EDA Board

Approvals, milestones, and decision points:



McKnight Foundation Grants

To: DMCC Board of Directors
From: DMC EDA
Date: October 29, 2021



Request of the DMCC board of directors:
No Action Requested.

Project Update:

- Since the last DMC EDA Board meeting, a job description for the Equitable Development Coordinator was created in collaboration with our project partners and has been posted on the DMC EDA website. Ten phone interviews have been completed and a candidate pool has been identified for first round interviews. The interviews will be conducted in collaboration with City of Rochester and Diversity Council staff.
- DMC EDA is collaborating with the key project partners City of Rochester and Diversity Council to create a governance approach across organizations and execute the work plan objectives for the Vibrant and Equitable Communities program. We are working to fill the Equitable Development Coordinator position to participate in the grant's governance and next steps.

Background:

- The McKnight Foundation has supported the DMC EDA's sustainability activities since 2017 in the sum of \$150,000 over two years.
- In 2019, the Foundation, increased their commitment to the EDA's sustainability programs by supporting its efforts for another two years, through 2021 in the sum of \$185,000 over two years.
- Toward the end of 2020 and early 2021, the City of Rochester and DMC EDA finalized another application for McKnight funding through their Climate & Energy Program, and through their Vibrant and Equitable Communities Program.
 - The Climate & Energy Program invited the DMC EDA to apply again for a \$185,000 grant over a two-year period. The DMC EDA prepared an application in collaboration with the City of Rochester. This funding will help support the following initiatives:
 - Electric Vehicle Infrastructure Community Plan
 - Active Commuter Resource Center: Community Co-Design
 - Sustainability and Resiliency Downtown Demonstration Development
 - Sustainability and Resiliency Action Plan Implementation
 - Staff Support
 - In collaboration with the City of Rochester, Diversity Council, the DMC EDA prepared an application for the Vibrant and Equitable Communities Program in the sum of \$154,000 over a 12-18 month period. This funding will help support the hire of an Equitable Development Coordinator within the DMC EDA to work on the following initiatives:
 - **Accelerate Economic Mobility:** Within this objective, the Coordinator will support local initiatives that foster economic equity and inclusion and advance ownership opportunities. This work is critically important to promote the myriad of projects and initiatives within the City, foster connections, and as possible develop strategies to form a coordinated approach and strategy to entrepreneurship.

- **Cultivate a Fair and Just Housing System:** Over the past year, an extensive housing analysis has shown there is a considerable need for affordable housing within the DMC District and throughout the region at varied rental and price points. The DMCC and the City of Rochester have identified affordable housing as a strategic objective. With the results of the recent market demand studies in hand, the Coordinator will research housing development models that foster ownership opportunities for BIPOC communities and identify partners to deliver on the vision.
- **Strengthen Democratic Participation:** Based on the success of piloted equitable community engagement approaches coined community co-design, the Coordinator will work to operationalize this process into DMC infrastructure projects in 2021 and beyond.

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

Energy and sustainability is a key piece of the DMC principles, development plan and goals for the project. The DMC EDA team is working to implement a range of projects, programs and initiatives to realize the ambitious goals included in the DMC Development Plan across a range of impacts including community health, workplace health, energy, greenhouse gases, water consumption, waste, and transportation.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by the McKnight Foundation, DMC 2021 operating and CIP funds. The McKnight funds would help to support the work plan objectives outlined above.

Approvals, milestones, and decision points:

