



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Tuesday, March 23, 2021
8:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Tuesday, March 23, 2021

8:30 A.M.

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as may be amended), the Destination Medical Center Corporation (DMCC) is a special meeting on Tuesday, March 23, 2021 at 8:30 A.M. by telephone or other electronic means, according to Minnesota Statutes, Section 13D.021. DMCC Chair Rybak has concluded that an in-person meeting and the regular meeting location for the DMCC are not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the Minnesota Department of Health and the CDC. The public may monitor the meeting by calling the phone number listed below (#2) or on-line through the link below (#3).

In addition, public comments may be offered by submitting written comments to info@dmc.mn, or by telephone or videoconference during the Public Comment item on the Agenda, as follows:

1. Sign up at least one hour before the meeting by sending your full name, telephone number and email address to info@dmc.mn.
2. To join the meeting by telephone, dial 1-888-788-0099; when prompted, enter meeting ID 897 1098 4398.
3. To join the meeting by videoconference, use the following link:
<https://us02web.zoom.us/j/89710984398>

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Wednesday, February 3, 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, Paul Williams, Jim Campbell, Commissioner Jim Bier, Pamela Wheelock, and Council President Brooke Carlson were present.
- III. Approval of Agenda. Commissioner Bier moved approval of the Agenda. Mayor Norton seconded.

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

Nays: None.

- IV. Approval of Minutes: November 19, 2020. Mr. Williams moved approval of the Minutes. Commissioner Bier seconded.

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

Nays: None.

- V. Public Comment. No public comments were offered.

- VI. Chair's Report. Chair Rybak noted that this is Patrick Seeb's first meeting as Executive Director of the DMC Economic Development Agency (EDA); that the Board will consider approval of the annual report to the legislature, discuss the transit experience, and that the Board members may participate this afternoon in a public work session with the Rochester City Council, Olmsted County Board of Commissioners and EDA board of directors.

- VII. Consent Agenda

A. DMCC Budget: Year-to-Date Update

Ms. Wheelock moved approval of the Consent Agenda. Commissioner Bier seconded.

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

Nays: None.

- VIII. Annual Report to the Legislature

Resolution A: Approving February 15 Report to the Legislature

Council President Carlson noted an amendment by the City Council, stating that the Council discussed the description of the Chateau Theatre as a “completed project” and amended the description to note that the completed investments provide time to determine the long-term use of the theatre.

Ms. Wheelock moved to approve Resolution A, as amended by the City Council. Mayor Norton seconded.

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

Nays: None.

- IX. DMC Metrics. Kevin Bright, EDA Energy and Sustainability Director, and Jorrie Johnson, City of Rochester DMC Project Manager, provided an update on DMC’s targeted workforce and business goals. Mr. Bright noted that the DMC targeted business and workforce utilization plan is one element of a broader approach to equitable economic development. Ms. Johnson reported on the business and workforce utilization goals adopted by the City of Rochester, noting that many of the goals have been exceeded since the goals were revised in mid-2020. Ms. Johnson also described efforts to build local targeted business and workforce capacity through workshops, industry partnerships, and planning, including with the Rochester NAACP branch.

X. Project Updates

- A. Heart of the City. Jamie Rothe, EDA Experience and Engagement Director, provided the Heart of the City update, including a construction and “Business Forward” construction mitigation strategy update and the planning for an “inaugural year” program.
- B. Discovery Square. Chris Schad, EDA Business Development Director, reported on economic development and placemaking activities in the Discovery Square subdistrict.

Mr. Schad and Josh Johnson, City of Rochester DMC Project Manager, also provided an update on Discovery Walk. Mr. Schad stated that Discovery Walk was designed with input from community co-designers (representatives from some of Rochester’s minority communities), and includes art from local artists. Construction documents are seventy-five percent complete, and efforts to resolve issues related to underground utilities, operations and maintenance, and “Business Forward” construction mitigation strategies continue. Mr. Johnsen narrated a video walk-through of Discovery Walk.

Mr. Schad outlined several items for Board discussion, including the base project budget, the potential deferment of public space construction on the 300 block of Discovery Walk, and other project considerations. The 300 block public space includes a portion of the private, Mayo-Clinic-owned property adjacent to the public right-of-way, and Mayo Clinic has proposed deferring the public space improvements on the block until it redevelops the adjacent private property. The base project budget approved in 2019 totaled \$16.8 million but did not include a contingency budget. Since 2019, project cost estimates have increased by \$440,000. Additionally, community input has resulted in some proposed refinements to the project, including the addition of weather structures, a sidewalk snowmelt system, and extending the project to Soldier’s Field.

Mayor Norton asked that, for future projects, community input be solicited and adjacent property owners be consulted prior to the drafting of construction documents. Ms. Wheelock stated that DMC ought to ensure that the owners of properties abutting DMC

projects are fully informed and consulted through the design and development process; she requested that all future projects include a contingency budget, as well as an explanation of how the contingency budget was determined and the approval process for the use of contingency funds; and she expressed support for deferring the 300 block public space construction until it can coincide with Mayo Clinic's private development.

Mr. Williams noted the project cost, including the snow-melt system and other optional features, amounts to approximately \$23 million, or about four percent of DMC's total resources. He also noted that the financial resources for the additional investments could be put toward other uses, like affordable housing. Chair Rybak requested that Mayo Clinic provide an update at the next regular DMCC meeting regarding its development plans and timing for the 300 block.

Ms. Wheelock asked how the Board would receive a proposal to amend the scope of the project. Mr. Seeb noted that any amendment to the scope would be proposed following consultation with the EDA board, as well as City staff and elected leaders. Chair Rybak affirmed the EDA's advisory role to the DMCC but stressed the importance of the public DMCC board playing the leading role in DMC public investment decision-making.

Ms. Wheelock noted that snowmelt systems are often appropriate in high-traffic outdoor areas, but posed several questions that should be addressed, including how the development of a pedestrian subway or skyway in the Discovery Square sub-district might impact street-level pedestrian traffic during winter months; what the drivers of foot traffic through this corridor will be; and how the project capital budget and operations and maintenance costs will be impacted by these options. Council President Carlson noted that adding the snowmelt system to the DMC capital project budget alleviates the need for the City of Rochester to fund ongoing labor and equipment costs to maintain accessible public space following a snowfall. Ms. Wheelock also asked staff to identify existing snowmelt systems in the downtown area, where else are they planned, and whether the Discovery Walk project establishes a new, different standard for sidewalk construction going forward.

Chair Rybak requested that staff prepare a "winter strategy" recommendation that reflects how people are likely to use the public space during the winter, which climate-control amenities are necessary given that likely use, and how any future pedestrian subway or skyway development may impact such a strategy.

- C. Transportation Experience. Catherine Malmberg Dannenbring, EDA Interim Director of Economic Development and Placemaking and Mona Elabaddy, SRF Consulting Transit Planning and Design lead, presented the transportation experience update. Silvia Bujak-Oliver, community co-designer and Executive Director of 125Live, Rochester's community senior center, joined the presentation.

Ms. Elabaddy described how the co-design process input was incorporated into the rapid transit project, and noted that vehicle platforms could feature many amenities, including weather protection, increased lighting for safety, and seating. Mayor Norton asked that the illustration of the transit circulator, which currently show three lanes of traffic, be altered to show the two vehicle lanes that currently exist on S. Second Street. Ms. Malmberg described the transit-oriented economic development opportunities expected to develop along the rapid transit corridor and at the transit village locations. Board members emphasized the development opportunity at the west transit village, which is expected to include housing and other amenities.

D. Other Private Projects

1. Bryk Apartments. Mr. Seeb described the proposed 180-unit mixed-income affordable housing development. The project would be located on the northwest corner of Broadway Ave. and Civic Center Drive, along a dedicated transit corridor in the DMC district. The DMCC will consider a special meeting if the EDA and City staff advance a DMC funding recommendation.

XI. EDA Update

- A. Marketing Update. Bill Von Bank, EDA Marketing and Communications Director, provided a marketing update, noting the recent launch of DMC's "Urban Evolution" podcast, the national reach of DMC's 2020 marketing campaign, and DMC's 2021 target audiences of life science audiences, entrepreneurs, and retail, dining and entertainment businesses. Chair Rybak requested that the DMC marketing team consider how Rochester can be positioned as a "gateway" to other regional amenities.

XII. Meeting Schedule

- A. Next Executive Committee Meeting: March 25, 2021 at 9:30 A.M.
- B. Next Regular Meeting: May 20, 2021 at 9:30 A.M.

XIII. Adjournment. Mr. Campbell moved to adjourn. Commissioner Bier seconded.

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

Nays: None.

DESTINATION MEDICAL CENTER

APRIL 1 REPORT TO DEED

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MEMO**TO:** Destination Medical Center Corporation**FROM:** Destination Medical Center Economic Development Agency**RE:** 2020 DMC PRIVATE INVESTMENT

By April 1 of each year, the DMC Corporation and Mayo Clinic must report DMC private investment to the State of Minnesota's Department of Employment and Economic Development (DEED). DEED uses this information to affirm the success of the DMC initiative and determine the required amount of annual State DMC funding. This productive reporting relationship is one aspect of the unique DMC economic development model. The formal report follows this summary memo.

New private investment in 2020, comprised of investment by Mayo Clinic and other private investors totals \$144.1 million:

- a. Mayo Clinic private investment: \$60.3 million
- b. Non-Mayo-Clinic private investment: \$83.8 million

Even amidst the global COVID-19 pandemic, 2020 private investment demonstrates the positive market response generated by DMC's economic development, marketing and business development, workforce and entrepreneurship, community engagement, experience, sustainability, and transportation strategies. These investments build upon DMC's successful first five years, which saw more than \$962 million in DMC private investment and the creation of an estimated 7,700 new jobs.

Perhaps as importantly, though, is the fact that 2020 DMC investments, by the public and private sectors, supported well-paying jobs in the construction and building trades, generated tax revenue, and positioned the DMC initiative as a key element of economic recovery, resiliency, and growth.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. ____-2021

Authorizing and Approving the April 1, 2021 Report to DEED Pursuant to Statute

BACKGROUND RECITALS

A. Minnesota Statutes, Section 469.47, provides that by April 1 of each year, the medical business entity (Mayo Clinic) must certify to the Commissioner of the Department of Employment and Economic Development (“DEED”) the amount of expenditures made by Mayo Clinic in the preceding year. For expenditures made by an individual or entity other than Mayo Clinic, the Destination Medical Center Corporation (“DMCC”) must compile the information on the expenditures and may certify the amount to DEED. The certification to DEED must be in the form prescribed by DEED and include any documentation and supporting information regarding the expenditures that DEED requires (the “April 1, 2021 Report”). By August 1 of each year, DEED must determine the amount of expenditures for the previous year.

B. Staff from the City of Rochester and the Destination Medical Center Economic Development Agency have prepared the draft report due on April 1, 2021, and attached hereto as Exhibit A.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the Chair or Treasurer of the DMCC is authorized to execute and submit the April 1, 2021 Report to the Minnesota Department of Employment and Economic Development as required by Minnesota Statutes, Section 469.47, in form similar to the form attached hereto as Exhibit A, as may be modified through further discussions with Mayo Clinic or the City of Rochester, and authorizes the Chair or Treasurer to make such other modifications, and to take such other actions as are necessary and appropriate to effectuate the timely submission of the report to DEED.

EXHIBIT A

EXHIBIT A

Certification of Expenditure Destination Medical Center

For Calendar Year 2020

Due to Commissioner of Employment and Economic Development (DEED) by April 1, 2021

The Medical Business Entity and the Destination Medical Center Corporation (DMCC) Board of Directors (assisted by the City of Rochester) hereby submit to the Department of Employment and Economic Development (DEED) the following report for expenditures that relate to the Destination Medical Center (DMC) Development for the calendar year 2020, and the certifications required to support the documentation under the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

Expenditures Reported this Year

Total Expenditures Reported This Year by Medical Business Entity¹

\$60,341,258.46¹

Total Expenditures Reported This Year for other Private Entities^{1,2}

\$83,760,222.85²

TOTAL Expenditures This Year

\$144,101,481.31³

All Expenditures claimed since June 30, 2013

Previous Years Expenditures (cumulative)

\$962,794,654.81⁴

TOTAL Expenditures This Year³ (from Box 3)

\$144,101,481.31⁵

All Claimed Expenditures as of 12/31/20 (Box 4 plus Box 5)

\$1,106,896,136.12⁶

Qualified Expenditures claimed in 2020 (Box 6 minus \$200,000,000)

\$906,896,136.12⁷

State Aid Qualified for This Year (local government match also required)

General State Infrastructure Aid Qualified for (Box 7 multiplied by .0275)

\$24,939,643.74⁸

State Transit Aid Qualified for (Box 7 multiplied by .0075 and then multiplied by .6)

\$4,081,032.61⁹

By providing my signature below, I am hereby certifying that, to the best of my knowledge, the information stated herein is accurate, true, and complies with the provisions of Minnesota Statutes Section 467.47 and the approved methodology as outlined in the City of Rochester Commissioner of Employment and Economic Development State Infrastructure Aid Agreement.

For Expenditures By the Medical Business Entity:

Mayo Clinic Chief Financial Officer

Date

For all other Expenditures:

Destination Medical Center Corporation

Date

¹Expenditures need to be after June 30, 2013

²Other Private Entities' certification of expenses may be certified retroactively in 2014 after the Destination Medical Center District and Development Plan are adopted.

³This figure is based solely upon project building permit costs. Minn. Stat. § 469.47, subd 1(d) permits additional expenditures, and discussion is underway as to how to document such additional expenditures, which may result in adjustments.

Building Permits within the DMC Boundary

(Does not include Mayo Projects)

Completed Projects	
Year	
2016	\$ 32,000.00
2018	\$ 8,540,000.00
2019	\$ 11,172,232.00
2020	\$ 1,618,471.00
TOTAL	\$ 21,362,703.00

2018/2019/2020 Destination Medical Center - Partially Completed Projects Tracking

			2018	2019	2020
Project	Address	Total Building Permit Value	Partial Completed Work Claimed	Completed Work Claimed	Completed Work Claimed
Berkman (Alatus)	217 & 301 14th Ave SW	\$ 93,315,800.00	\$ 25,936,546.00	\$ 59,063,337.00	\$ 8,315,917.00
		\$ 93,315,800.00	\$ 25,936,546.00	\$ 59,063,337.00	\$ 8,315,917.00

2019/2020 Destination Medical Center - Partially Completed Projects Tracking

			2019	2020	2021
Project	Address	Total Building Permit Value	Partial Completed Work Claimed	Completed Work Claimed	Completed Work Claimed
Hyatt House	315 1st Ave. NW	\$ 32,253,475.00	\$ 6,940,448.00	\$ 24,151,076.04	
Eleven02	101 11th Ave. SW	\$ 29,690,975.00	\$ 4,159,810.90	\$ 24,377,346.96	
		\$ 61,944,450.00	\$ 11,100,258.90	\$ 48,528,423.00	

2020 Destination Medical Center - Partially Completed Projects Tracking

			2020	2021
Project	Address	Total Building Permit Value To Date	Partial Completed Work Claimed	Completed Work Claimed
Two Discovery Square	415 2Ave SW	\$ 9,700,000.00	\$ 5,553,179.85	

TOTAL \$ 83,760,222.85

Sub Type Level	Category Level	Permit Number	Permit Issue Date	Parcel Number	Address Info	Permit Valuation	Work Description	Owner	Permit Status	Date Finaled
Commercial Bldg	Alteration	R16-0162CB	5/12/2016	014315	4 SW 3 ST, ROCHESTER, MN 55902	\$32,000	Reroof south 1,720 sq ft section with adhered EPDM (Grand Rounds Restaurant)	INDIGO FUSION HOLDINGS LLC 720 NORTHERN HILLS DR NE ROCHESTER, MN 55906	Finaled	5/22/2020
Sign	Business	R18-0093S	9/25/2018	083045	10 E CENTER ST, ROCHESTER, MN 55904	\$40,000	Wall signs "Hilton" for downtown location	Titan Development/Brian Moser 30 3 ST SE STE 600 ROCHESTER, MN 55904	Finaled	2/19/2020
Commercial Bldg	Alteration	R18-0451CB	5/7/2019	081707	20 SW 2 AVE, ROCHESTER, MN 55902	\$8,500,000	Renovation and reduction of existing hotel rooms. (Kahler Grand Hotel)	Christopher Ness 20 2 AVE SW ROCHESTER, MN 55902	C of C Issued	12/15/2020
Commercial Bldg	Alteration	R19-0070CB	4/2/2019	083045	10 E CENTER ST 220, ROCHESTER, MN 55904	\$92,750	Tenant improvements to include completion of mechanical and electrical and finishes. (J. Powers Office Space)	Powqers Ventures 2112 2nd St SW Suite 100 Rochester, Mn 55902	CO Issued	2/19/2020
Commercial Bldg	Alteration	R19-0184CB	7/10/2019	025241	415 S BROADWAY AVE, ROCHESTER, MN 55904	\$310,000	Fit-up for RPS classroom in south half of building. North half will be whitebox for future tenant. (Incubator Classroom)	Traci Downs 14 4th St SW Suite 202 Rochester, MN 55902	CO Issued	3/23/2020
Commercial Bldg	Alteration	R19-0230CB	10/29/2019	083795	202 SW 4 ST 250, ROCHESTER, MN 55902	\$1,109,744	New tenant improvement will occupy space on the second level, office space. (Discovery Square Building)	Silver Lake Investors 700 Meadow Lane North Minneapolis, MN 55422	CO Issued	7/21/2020
Commercial Bldg	Phased Partial Permit	R19-0290CB	11/8/2019	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$350,000	Structural package for operable exterior wall and roof for new restaurant in building. (Hotel Indigo)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	Finaled	9/2/2020
Commercial Bldg	Alteration	R19-0403CB	11/20/2019	073709	1211 SW 2 ST, ROCHESTER, MN 55902	\$100,000	Demo 85 tub/surrounds, replace vanities. Demo 3 ADA tubs in units 140, 413 & 405. (Aspen Suites)	Regency Hotel Management Company 1211 2nd St SW Rochester, MN 55902	C of C Issued	3/27/2020
Commercial Bldg	Alteration	R19-0326CB	12/11/2019	080524	220 S BROADWAY AVE, ROCHESTER, MN 55904	\$2,250,000	Core and shell for Crave restaurant. Refer to R19-0290 for Structural. (Hotel Indigo - Crave Restaurant)	Jim Toninato 5713 Grand Ave Suite B Duluth, MN 55807	C of C Issued	9/3/2020
Multi-Family Bldg	Phased Partial Permit	R19-0053MFB	8/5/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$340,000	Earth retention for 50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416	Finaled	11/16/2020
Multi-Family Bldg	Phased Partial Permit	R19-0017MFB	8/21/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$660,000	Footing/foundation for a 50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	988 Rochester, LLC - Clark Gassen 1907 Wayzata Blvd Suite 180 Wayzata, MN 55391	Finaled	11/16/2020
Multi-Family Bldg	New	R19-0048MFB	9/16/2019	017784	324 SW 1 AVE, ROCHESTER, MN 55902	\$5,675,738	50 unit multifamily with retail on the 1st floor. (The 324 Apartments)	Marc Bassara 3033 Excelsion Boulevard Suite 10 Minneapolis, MN 55416	CO Issued	11/16/2020
Multi-Family Bldg	Alteration	R19-0092MFB	11/8/2019	083687	511 SW 3 AVE, ROCHESTER, MN 55902	\$250,000	Fit out of shell space for common area and community room for the residents. (Residence at Discovery Square)	Vance Vinar 3686 CHAPPUIS TRAIL FARIBAULT, MN 55021	CO Issued	4/14/2020
Multi-Family Bldg	Alteration	R19-0104MFB	11/8/2019	NOPN99	728 SW 1 AVE, ROCHESTER, MN 55902	\$34,000	Replacement of existing gypsum ceiling, batt insulation and rigid foam on the underside of a parking garage. (Point of View Condo Association)	POV Condo Association 728 1st Ave SW Rochester, MN 55902	C of C Issued	2/18/2020
Commercial Bldg	Alteration	R20-0057CB	04/01/20	11555	1215 2 ST SW, ROCHESTER, MN 55902	\$26,000	Contractor to remove and replace equipment, antennas and coax. (Roc Fiksdal Motel)	Verizon Wireless	Finaled	4/28/2020
Commercial Bldg	Alteration	R20-0159CB	07/08/20	82430	206 BROADWAY AVE S, ROCHESTER, MN 55904	\$262,128	Interior fit-up of fourth floor for office and training. (MN Public Defenders Office)	Cornerstone Management	C of C Issued	10/5/2020
Multi-Family Bldg	Alteration	R20-0022MFB	06/17/20	18102	211 2 ST NW 2003, ROCHESTER, MN 55901	\$80,000	Combining apartment 2003 and 2004 into one apartment. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finaled	10/29/2020
Multi-Family Bldg	Alteration	R20-0016MFB	05/22/20	18102	211 2 ST NW 417, ROCHESTER, MN 55901	\$130,000	Remodel of suite 417. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finaled	11/18/2020
Multi-Family Bldg	Alteration	R20-0001MFB	01/28/20	18102	211 2 ST NW 804, ROCHESTER, MN 55901	\$70,000	Combining apartment 804 and 805 into one apartment. (Charter House)	CHARTERHOUSE INC - Deborah Kenitz	Finaled	9/23/2020
Commercial Bldg	Alteration	R20-0017CB	05/28/20	82434	211 BROADWAY AVE S, ROCHESTER, MN 55904	\$89,000	Remodel of existing office space into two apartments condos. (211 S. Broadway)	NINE UNLIMITED LLC	C of O Issued	9/25/2020
Commercial Bldg	Addition	R20-0185CB	08/11/20	81808	214 BROADWAY AVE N, ROCHESTER, MN 55906	\$10,000	Adding to the existing deck. (Hollandberry Pannekoeken Restaurant)	Tasos Psomas	Finaled	9/14/2020
Multi-Family Bldg	Alteration	R20-0028MFB	07/07/20	17870	224 1 AVE SW, ROCHESTER, MN 55902	\$134,536	Remove and replace existing blasted EPDM roof. (Residences of Old City Hall)	Multiple Financial Services	Finaled	8/13/2020
Commercial Bldg	Alteration	R20-0124CB	06/12/20	17784	324 1 AVE SW, ROCHESTER, MN 55902	\$755,000	MinnWest Bank new branch office tenant fit out at the 324 Apartment Building. (MinnWest)	Minnwest Bank	C of O Issued	10/2/2020
Commercial Bldg	New	R20-0157CB	06/17/20	70415	400 5 AVE SW, ROCHESTER, MN 55902	\$22,107	Replace existing retaining wall with new modular retaining wall. (Christ United Methodist Church)	CHRIST UNITED METHODIST C	Finaled	7/2/2020
Commercial Bldg	Alteration	R20-0141CB	05/27/20	77284	705 2 ST SW, ROCHESTER, MN 55902	\$39,700	Re-roof of existing building. Tear off and re-roof asphaltic shingles. (Gift of Life Transplant House)	Gift of Life Transplant House	Finaled	6/22/2020
Commercial Bldg	Phased Partial Permit	R20-0243CB	11/04/20	83796	415 2 AVE SW, ROCHESTER, MN 55902	\$7,500,000	Footing, foundations and underground utilities. (Two Discovery Square)	Rochester 2 Associates LLC	Issued	11/4/2020
Commercial Bldg	Phased Partial Permit	R20-0281CB	12/18/20	83796	415 2 AVE SW, ROCHESTER, MN 55902	\$2,200,000	Structural steel. (Two Discovery Square)	Rochester 2 Associates LLC	Issued	12/18/2020

Partial Completed Projects

TOTAL

\$31,062,703
\$21,362,703



200 First Street SW
Rochester, Minnesota 55905
507-284-2511

March 23, 2021

Steve Grove
Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite E-200
Saint Paul, MN, 55101-1351

Dear Commissioner Grove:

Attached with this letter is Mayo Clinic's certification of qualified expenditures of the medical business entity for the Destination Medical Center (DMC) initiative from January 1, 2020, to December 31, 2020. The amount of qualified investment is approximately \$60.3 million. Major projects included the continued modernization of Mayo Clinic Hospital, Saint Marys Campus; many improvements to Mayo Clinic's downtown Rochester, Minnesota, campus; and investment in DMC's Discovery Square life science sub-district.

As in prior years, Mayo Clinic is taking a conservative approach when counting DMC-eligible capital expenditures, and we remain committed to achieving the long-term DMC development and investment goals. Overall, we spent more than \$300 million on capital projects and equipment in Rochester in 2020. In addition to our commitment to DMC, these investments included improving our medical tissues archive and purchasing world-class medical equipment. In total, we will invest more than \$1 billion in Rochester facilities and equipment between now and 2024. Through 2020, our DMC investment totals more than \$650 million.

While impacted by the economic effects of the COVID-19 pandemic, we were able to resume our investment in major capital projects in late 2020 and added more than one thousand jobs to our Minnesota workforce over the course of a challenging year. We accomplished this while also contributing to the worldwide efforts to end the COVID-19 pandemic. I am incredibly grateful to our dedicated and hard-working staff – in Minnesota and across the globe – who have continued to provide world-class patient care, medical education and research during this unprecedented time. As Minnesota's largest employer and largest-ever economic development initiative, Mayo Clinic and DMC will continue to play important roles in supporting the economic resiliency and recovery of our state.

We remain committed to collaborating with the state of Minnesota, city of Rochester, Olmsted County and other stakeholders to strengthen our economy and affirm Minnesota's position as the world's premier destination medical center.

Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff Bolton".

Jeff Bolton
Chief Administrative Officer
Mayo Clinic

cc: Kevin McKinnon, Deputy Commissioner Economic Development,
Minnesota Department of Employment and Economic Development

DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. __-2021****Approving the Bryk on Broadway Apartments Project,
Contingent Upon Evidence of Financing and Certain Conditions****BACKGROUND RECITALS**

A. Under Minnesota Statutes, Section 469.41 Subdivision 13, a project must be approved by the Destination Medical Center Corporation (“DMCC”) before it is proposed to the City of Rochester (the “City”). The DMCC must review the proposed project for consistency with the Development Plan, adopted by the DMCC on April 23, 2015, as amended (the “Development Plan”).

B. The Development Plan established certain goals and objectives of economic development, which include creating approximately 35,000 – 45,000 new jobs, attracting new business and expanding existing business, as well as implementing strategies to attract, retain, and foster the development of a highly skilled workforce. The Development Plan also directed a comprehensive strategy to address all facets of building and sustaining the development district boundaries as adopted in the Development Plan (the “Development District”).

C. The Development Plan also pursued a housing mix that includes affordable and workforce units, as well as market-rate housing. The Five-Year Update to the Development Plan, adopted by the DMCC on November 19, 2020 in Resolution No. 109-2020, further emphasized the need for housing, particularly with a range of income accessibility, workforce housing, and housing near public transit. The DMCC has determined that workforce housing within the Development District forms a necessary component of workforce development to support the overall economic development goals and strategies.

D. By correspondence to the DMCC dated March 12, 2021, and attached hereto as Exhibit A, the City has requested approval of the Bryk on Broadway Apartments Project (the “Proposed Project”) as a public infrastructure project. The City plans expenditures and financing of up to \$2,237,354 in funding from tax increment financing bonds, without seeking credit to the City’s \$128,000,000 local contribution. In addition, the City requests approval of up to \$2,200,000 in funding through general state infrastructure aid under Minnesota Statutes, Section 469.47, subdivision 3.

E. The Proposed Project advances a range of housing choices affordable to persons and families who comprise the Development District’s workforce -- with 30% of units at 50% of Adjusted Median Income (AMI), 10% of the units at 60% AMI , and 60% of the units at 80% AMI – supporting the expansion of new jobs and economic development goals of the Development Plan. In addition, the Proposed Project is designed to integrate high-density housing into the public transit planning within the Development District, as well as achieve sustainability goals.

F. Pursuant to Minnesota Statutes, Section 469.45, subdivision 4, the City may elect to establish one or more redevelopment tax increment financing districts within the Development District to fund public infrastructure projects.

G. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, facade construction and restoration, wayfinding and signage, and other components of community infrastructure; . . .

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district

(8) prepare land for private development

H. The site of the Proposed Project is located in the Development District and in the Central Station subdistrict described in the Development Plan.

I. On April 27, 2017, the DMCC approved Resolution No. 51-2017, which requires additional review of projects upon material deviation from the approvals granted, to ensure that “as-built” projects are consistent with approvals that have been granted.

J. The City and the Destination Medical Center Economic Development Agency (the “EDA”) have examined the Proposed Project applying the evaluation factors contained in the Development Plan, and now recommend the Proposed Project for approval. Copies of those reports are available and on file with the City and the EDA.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors, that the DMCC finds that the Proposed Project is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which provides for: installing or constructing elements of public infrastructure required to

support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, streetscape improvements, drainage systems, sewer and water systems, landscaping, facade construction, and other components of community infrastructure; acquiring or constructing other facilities to encourage intermodal transportation and public transit; making related site improvements, excavation, and earth retention; and remediating land and prepare the property for private development; and that the DMCC approves the Proposed Project as consistent with the Development Plan.

BE IT FURTHER RESOLVED, that the DMCC approves the Proposed Project for the purposes of Minnesota Statutes, Section 469.47, subdivision 3, of up to \$2,200,000 in funding through general state infrastructure aid, upon final approval by the City, to reimburse eligible public infrastructure expenses.

BE IT FURTHER RESOLVED, that the DMCC approves the Proposed Project for the purposes of Minnesota Statutes, Section 469.47, subdivision 4, and supports the City's expenditures of up to \$2,237,354 in tax increment financing identified in the Proposed Project, upon final approval by the City.

BE IT FURTHER RESOLVED, that the approvals contained herein are expressly contingent upon: 1) an agreement by the parties to the development assistance agreement as to both tax increment funding and general state infrastructure aid that secures public funds and enforces the income-affordability criteria for a period of at least thirty years, requiring repayment for breach or default; and 2) evidence of financing satisfactory to the Board, such evidence to be presented within 90 days concurrent with the 90 day period set forth in the City's approved development assistance agreement.

BE IT FURTHER RESOLVED, that DMCC Resolution No. 51-2017 is incorporated fully herein by reference.

BE IT FURTHER RESOLVED, that City and EDA staff are requested to provide updates with respect to financing, schedule, and other elements of the Proposed Project.

BE IT FURTHER RESOLVED, that the Chair or the Treasurer of the DMCC is authorized to take such actions as are necessary and appropriate to effectuate the findings and approvals of this Resolution.

EXHIBIT A

EXHIBIT A

To: DMCC Board of Directors

Cc: Kathleen Lamb, Kathleen Brennan, Patrick Seeb, Kevin Bright, Catherine Malmberg, Alison Zelms, Aaron Parrish, Brent Svenby, Josh Johnsen

From: Terry Spaeth

Date: March 16, 2021

Subject: DMCC Board approval for the Bryk project

The City of Rochester provides the following information relating to the Bryk Project for your consideration at your March 23, 2021 meeting.

1. DMCC Board action requested. Grant approval of the prepared resolution to approve the Bryk Project (herein after “Project”) as a DMC Public Infrastructure Project that is consistent with the DMC Development Plan. The approval as a DMC public infrastructure project by the DMCC Board is required before the City Council can act to approve it as a DMC Public Infrastructure Project. Such approval would need to be made contingent upon the City of Rochester’s subsequent approval of the Project as a DMC Public Infrastructure Project and of the Development Assistance Agreement (DAA) for the Project.
2. Current project status/schedule. The City of Rochester has land use, planning and zoning authority for all projects in the City including within the DMC Development Plan Area. In addition the City has the authority to provide financial assistance, if needed, to assist in the development of projects through Tax Increment Financing (TIF) including the authority to establish TIF districts within the DMC Development Plan area.
 - a. Land Use and Zoning Status. The City’s Community Development Team has been working with the Bryk Team regarding the Site Development Plan approval process and requirements. The Site Development Plan application will be submitted on March 25, 2021 for approval by the Community Development Team.
 - b. Establishment of Tax Increment Financing (TIF) District and Development Assistance Agreement (DAA) and Approval as a Public Infrastructure Project as identified in the DMC Framework Plan. The land use approvals would allow the Project to proceed to construction by the developer and are independent of any financial assistance considerations or approval as a DMC Public Infrastructure Project. However, the Developer has indicated the Project would not be able to proceed to construction and be financially feasible without or “but for” some financial

assistance from the City or the DMCC. The developer has provided detailed financial information to document the need for \$4,437,354 in assistance to close the financial “gap” for this Project. Of that amount, \$2.2 Million in DMC funding will be provided to the project and \$2,237,354 in PAYGO TIF assistance will be provided. A public hearing on the establishment of a Tax Increment Financing District is being scheduled for April 5, 2021.

- c. The City EDA will consider this as a component of the Development Assistance Agreement (DAA) at a future meeting. It should be noted that the City team has been working closely with the DMC EDA team in the review of all aspects of this Project including the proposed amount of financial assistance that is recommended for the Project. The DMC EDA will be providing their comments on the Project separately and independently from the City team. The DMC EDA and City teams are in agreement regarding the recommended amount of assistance and the developer has indicated that they can proceed with the Project with the recommended level of assistance. Approval by the DMCC Board of the Bryk Project as a DMC Public Infrastructure Project will also mean that DMC provisions relating to prevailing wage rates, WMBE, and American-made steel will also apply for the construction of the Project.

The City’s review of the financial information provided by the developer which showed a financing gap, was based on our experience in reviewing other TIF projects over the years and a financial analysis of the submitted developer information by Baker Tilly, the City’s financial consultant, which performs such reviews for many communities. The TIF assistance is estimated to equate to approximately 95% of the available annual tax increments for 11 years.

3. Private Financial Investment Impact Information.

The request for public funding, as a proposed Public Infrastructure Project, is what requires DMCC approval before the presentation to the City Council.

a. Bryk Project Capital Project Investment.

- (1) General State Infrastructure Aid (GSIA). The project developers have submitted information that shows that the overall project cost is estimated at \$39,482,751. That investment is multiplied by 2.75% to determine the amount of General State Infrastructure Aid (GSIA) annual payments, which equates to an estimated \$1,085,776.
- (2) State Transit Aid (STA). That same \$39.5 Million investment amount is multiplied by 0.75% to determine the State Transit Aid (STA) annual payment amount, which is estimated at \$296,121 per year, payable annually over several years. An estimated 40% of the annual STA amount would be from the required local match provided by Olmsted County.

4. Summary of the Proposed Project.

- a. The project is a mixed use redevelopment project consisting of an approximately 6-story, 180-unit workforce residential apartment building to be known as “Bryk on Broadway

Apartments,” with approximately 100 underground parking stalls and 40 street level parking stalls, an exercise facility, board room, indoor and outdoor community spaces, and approximately 7,000 square feet of commercial/retail space to be located on N Broadway Avenue between 5th Street NW and Civic Center Drive NW in the City. The project provides for rental housing that meets identified needs indicated in the recently updated Maxfield Housing Study.

- 30% of the units (54 units) will be affordable at 50% area median income and rents
- 10% of the units (18 units) will be affordable at 60% area median income and rents
- 60% of the units (108 units) will be affordable at 80% area median income and rents.

5. How does the proposed Project address the DMC Development Plan goals and objectives?

- a. The Project is within the DMC Central Station subdistrict and the proposed development will provide opportunities for persons to reside in close proximity to downtown employers and is located along the North Broadway primary transit corridor, so provide excellent pedestrian and transit opportunities.
- b. The Project will provide a capital investment of nearly \$40 million within the DMC Development Plan area and will increase tax base by over \$284K annually, based upon existing tax rates.
- c. The Project develops an underutilized property in a manner that is consistent with the Rochester Downtown Master Plan and the City’s Comprehensive Plan.
- d. The project incorporates various sustainability elements, which is consistent with the DMC vision.
- e. The project construction will include wage rates, WMBE and American made steel provisions.

MEMORANDUM

To: Chair R.T. Rybak and the Destination Medical Center Corporation Board of Directors

From: Jeffrey Bolton, President of the Board of Directors
Patrick Seeb, Executive Director
Destination Medical Center Economic Development Agency

Date: March 17, 2021

Re: Bryk Apartments Development Project Recommendation

The Destination Medical Center Economic Development Agency (DMC EDA) board of directors acted unanimously in recommending the proposed Bryk Apartments development project to the Destination Medical Center Corporation (DMCC) as a Public Infrastructure Project, consistent with the Destination Medical Center (DMC) Development Plan and Statute.

The DMC EDA board directors and staff thoroughly reviewed the development proposal and submits the enclosed report of our findings. The report details the project scope and amenities, as well as the extraordinary benefits that will be realized by developing the project, including:

- Mixed-use, mixed-income apartment building
 - 180 workforce housing apartments
 - Approximately 7,000 sf of commercial space
 - Construction begins summer 2021, concludes by fall 2022
- The project will provide housing units at varying rent levels
 - 2019 Rochester Area Median Income (AMI) was \$73,106
 - Typically, affordable housing cost is considered to be 30% of gross income
 - 54 units (30% of total) @ 50% AMI
 - 18 units (10% of total) @ 60% AMI
 - 108 units (60% of total) @ 80% AMI
- The project aligns with the following DMC and City priorities:
 - Workforce housing project within the City TOD and DMC districts
 - Revitalizes vacant site
 - Promotes neighborhood revitalization in coordination with N. Broadway reconstruction
 - Increases the tax base

- Commercial space uses could address food insecurity or childcare needs, with portions of space intentionally held at below market rates
- Project is designed to meet DMC design guidelines and sustainability requirements

In addition to the conditions applied to Public Infrastructure Projects by DMCC Resolution No. 51-2017, the DMC EDA recommends that the developer be required to submit evidence of qualified DMC expenditure in a manner that is satisfactory to DMC EDA and City staff.

If approved, this project will be subject to the DMC women- and minority-owned business engagement targets and American-made steel and prevailing wage requirements.

The developer has provided detailed financial information documenting the need for assistance to close the financial “gap” for this project and indicated the project will not be able to proceed to construction and be financially feasible but for some financial assistance. The DMC EDA board and staff, as well as City of Rochester staff, thoroughly evaluated the provided financial information and determined that up to \$2.2 million in DMC support is necessary in order to address the documented need for assistance.

The DMC EDA board of directors recommends that the DMCC designate the proposed development as a Public Infrastructure Project and provide approximately \$2.2 million in DMC General State Infrastructure Aid. A resolution to this effect has been prepared by staff and is included in the March 23, 2021 DMC Corp. board meeting materials for your consideration.

City Administration concurs with this recommendation and will recommend to the City Council that the City approve this DMC investment and provide an additional \$2.2 million, for a total of more than \$4.4 million in public support, to ensure the development of this project, new jobs, additional tax revenue and additional community and social benefits.

Thank you for considering this recommendation.

Respectfully,



Jeffrey Bolton
President of the Board of Directors



Patrick Seeb
Executive Director

Bryk Apartments Development Evaluation Report March 1, 2021

EXECUTIVE SUMMARY / RECOMMENDATION

STATEMENT OF RECOMMENDATION:

Based on information provided by Dirk Erickson (the “Applicant”), Bryk on Broadway (the “Proposed Project”) aligns with the Destination Medical Center (“DMC”) vision and is consistent with the DMC goals, objectives, and values. Development of affordable housing units is among the highest priorities for the DMCC Board of Directors.

The following report evaluates the Proposed Project on all criteria as required by the Development Plan. Based on these criteria, the Destination Medical Center Economic Development Agency (“DMC EDA”) would categorize the Proposed Project as a high priority DMC project that has immense potential to help realize the vision, goals and objectives of the DMC initiative.

DMC EDA recommends DMC support for the project in the amount of \$2.2 million, using the DMC general state aid infrastructure dollars provided by the State of Minnesota.

We further recommend an on-going financial audit to ensure the project built is consistent with the project proposed and approved and to confirm the costs of the relevant public infrastructure components of the project. It is understood that the applicant will provide all requested documentation to facilitate this audit and work in good faith with representatives of the DMCC and DMC EDA, or their consultants, in this process.

STATEMENT OF ELIGIBILITY:

Based upon information provided by the Applicant the Proposed Project meets the definition of “public infrastructure project” under the DMC Act, is consistent with the DMC Development Plan, and falls within the DMC Development District boundaries (Central Station).

PROJECT SUMMARY:

Bryk on Broadway Apartments will consist of 180 workforce residential apartments and approximately 7,260 sq ft of commercial/retail space. A mixed income approach has been accessed and the following housing units will be provided: 50% AMI- 54 units; 60% AMI- 18 units; at or below 80% AMI - 108 units. Amenities within the proposed project include: exercise facility; board room; community space; rooftop community space; library and flexible work from home space and an exterior green space with community interaction. The proposed project is to be 1 floor below grade, 6 floors above grade and 143 parking stalls are included in the project for commercial and occupant use. The Bryk on Broadway site is in the northern section of the DMC Development District and along a zoned TOD Corridor.

RELEVANT PROJECT HIGHLIGHTS:

The following list outlines relevant project highlights for consideration:

- **General Project Information**
 - Located in Central Station DMC Subdistrict
 - Workforce Housing with a mixed income approach
 - 7,260 rentable square feet
 - Activates the ground floor with collaborative space and a rentable space
- **Job Creation**
 - Approximately 26 long-term jobs
 - Approximately 206 construction jobs
- **Energy & Sustainability**
 - Project projected to meet Sustainable Building 2030 targets and have an energy use intensity of 24-25 kBtu/SF
 - Project will pursue and complete certification of Green Communities
 - Project will meet waste diversion, water reduction targets, electric vehicle readiness, bike facilities, among other sustainability approaches
 - Project committed to sharing utility data and participate in Rochester's Energy Benchmarking Program for a period of 3 years
- **Financial Details**
 - Total project cost: \$39.5 million
 - Tax capacity will increase between \$200,000 - \$300,000 per year
 - Financial gap identified by the developer is \$8.2 Million

EVALUATION REPORT

SECTION 1.0 PROJECT OVERVIEW

Bryk on Broadway Apartments will consist of 180 workforce residential apartments and approximately 7,000-8,000 sq ft of commercial/retail space. A mixed income approach has been accessed and the following housing units will be provided: 50% AMI- 54 units; 60% AMI- 18 units; at or below 80%- 108 units. Amenities within the proposed project include: exercise facility; board room; community space; rooftop community space; library and flexible work from home space and an exterior green space with community interaction. The proposed project is to be 1 floor below grade, 6 floors above grade and 143 parking stalls will accompany the project for commercial and occupant use. The Bryk on Broadway site is in the northern section of the DMC Development District and along a zoned TOD Corridor.

SECTION 2.0 MINIMUM ELIGIBILITY REQUIREMENTS OF DMC ACT

Check the following that apply to the Project:

- ☒ ☒ "Public Infrastructure Project"
- ☒ ☒ General Infrastructure Project or
- ☒ ☒ Within DMC Development District Boundaries

For a project to be eligible for DMC Funding, the project must be (1) a “public infrastructure project” and (2) within the DMC Development District Boundaries.

Per Minnesota Statutes, Section 469.40, Subdivision 11, a “Public Infrastructure Project” is described as a project financed in part or in whole with public money to support Mayo Clinic’s development plans, as identified in the DMCC Development Plan, the Proposed Project would qualify as a “Public Infrastructure Project” as required by the DMC Act.

The Applicant provided a detailed list of eligible infrastructure related improvements including:

Site preparation and remediation, utility connections, streetscape improvements (sidewalk, landscaping and public elements), vacation and utility relocations, parking infrastructure, site clean-up, DMC goal of energy efficiency, and community accessible amenity spaces. The total cost for these improvements is in excess of the total amount requested public assistance.

The Proposed Project is within the DMC Development District Boundaries.

SECTION 3.0 EVALUATION CRITERIA

The DMC EDA's recommendation for the project outlined herein was formed in consideration of the following criteria:

- 3.1 DMC Vision, Goals and Objectives / Development Plan Strategies
- 3.2 Consistency with Development Plan and Other Planning Documents
- 3.3 Financial Viability
- 3.4 Consistency with Adopted Strategies, Phasing and Capital Improvement Planning
- 3.5 Targeted Business Enterprise Strategies
- 3.6 Compliance with Economic-Fiscal Goals and Objectives
- 3.7 Other Project Policy Considerations

SECTION 3.1 DMC VISION, GOALS AND OBJECTIVES / DEVELOPMENT PLAN STRATEGIES

Does the project include a plan for achieving the DMC vision, goals and objectives and is it critical to driving the strategies included in the Development Plan?

Is the project consistent with the stated DMC Goals & Objectives and specifically contributing to job creation?

- ***Does the project meet one or more of the goals and objectives established for the Development Plan?***

The Proposed Project is a mixed income affordable housing project located in a DMC sub-district and within the City of Rochester transit-oriented development zoning district. North Broadway is a future transit corridor within the City. Workforce housing is needed to support the employment growth from the DMC project. The project provides housing near downtown retail and services, transit access, while offering units at a variety of income levels.

Is the project consistent with the DMC Vision?

- ***Is the project part of a bold and aspirational concept for the future?***

The Proposed Project is consistent with the DMC vision of creating a place to Live, Work, Play and Thrive. Based on an economic analysis of housing needs for Rochester, the City needs over 1,100 units of housing for individuals earning between 50-80% AMI by 2040. The 180 units incorporated in this project will help build toward meeting this demand.

- ***Does the project fit with the principles of the vision?***

With Mayo Clinic at its heart, the Destination Medical Center (DMC) initiative will be the catalyst to position Rochester, MN as the world's premier destination center for health and wellness; attracting people, investment and jobs to America's City for Health and supporting the economic growth of Minnesota and its biosciences sector." We believe the proposed project aligns with this core principle as it will provide a key piece of infrastructure for jobs; an affordable place to live.

- ***Does the project provide a framework for growth in this sub-district?***

While the vision for the Central Station sub-district has changed because of the ongoing Integrated Transit Study Planning, residential units are a key part of the DMC Development plan. Further, constructing units along a transit corridor, provides an opportunity for residents to live in Rochester without purchasing a vehicle. This development revitalizes an empty parcel along two major roadways in downtown: Civic Center Drive and North Broadway.

Does the project build infrastructure to support growth and drive investment?

- ***Would the investment occur without the public infrastructure to be funded?***

The Applicant states they would not be able develop this project while meeting market rate of returns without public assistance. Based on our own independent analysis, we concur. As stated above, the mixed income approach of this project helps provide affordable units for workers in the downtown and community.

- ***Is the proposed public infrastructure solely for the benefit of the project or does it also support the broader vision of the DMC District?***

As identified in the Infrastructure Master Plan, there are six (6) key areas of infrastructure requirements: (1) public utilities, (2) bridges, subways and skyways, (3) shared parking, (4) parcel development, (5) civic uses, cultural uses and public amenities, and (6) technology improvement. The Proposed Project includes elements encouraging pedestrian engagement, alternative modes of transportation, promotes sustainable building practice, is an infill project, and dramatically increases the tax base.

- ***Will the public funding accelerate private investment in the Development District or applicable sub district?***

The Proposed Project contribute 180 units of housing ranging between 50-80% AMI units. Based on an economic study completed for the Rapid Transit Circulator, there is a need for 630 units in this income range by 2040 in the downtown. This project helps the downtown meet ~30% of this target. The Project is meant to act as the catalyst for future development and job growth within the district. The mixed income approach for this project is one of the first in this community, if not the first, and ideally this approach is mimicked by other entities to best serve the rental needs of the Rochester community.

Does the project provide a catalyst for/or anchor for an approved strategy?

- ***Can the project reasonably be expected to catalyze or anchor development in one of the six sub districts?***

The Proposed Project will be the catalyst for the Central Station subdistrict and provide a key piece of housing infrastructure. Its location is an anchor for the subdistrict and will generate momentum for other developments – residential and otherwise.

- ***Can the project reasonably be expected to catalyze necessary transportation/transit strategies?***

The Proposed Project will encourage the use of alternate means of transportation with the availability of bike storage and electric vehicle chargers. Moreover, the project is located along N Broadway, an identified transit corridor in the City's 2040 Comprehensive Plan. Between the facility amenities that foster alternative transportation possibilities and its adjacency to a transit corridor will provide a range of options for the residents to move throughout the district and City.

SECTION 3.2 CONSISTENCY WITH DEVELOPMENT PLAN, OTHER PLANNING DOCUMENTS

Does the project include a plan for achieving consistency with the Development Plan (and any updates thereto) and o t h e r relevant planning documents?

Is the project consistent with the DMC Planning Documents?

- ***Is the project consistent with the current DMC Master Plan, Transportation Master Plan, and/or Infrastructure Master Plan?***

The Proposed Project fits well with the vision and principles of the DMC Master Plan. It's also consistent with the transportation and infrastructure master plans.

- ***Is the project consistent and/or supportive of the Finance Plan, Business Development Plan and other Implementation strategies of the DMC?***

Yes, a key strategy of these plans is to develop places for workers to live that are affordable. This project expands on this possibility by providing units at a range of income levels. Further, its energy efficiency approach will minimize the utility costs for the building occupants.

Is the project consistent with the City/County Planning Documents?

- ***Is the project consistent with the RDMP Plan or City Comprehensive Plan?***

Yes, the proposed project is consistent with the RDMP Plan as a block suitable for redevelopment in the hopes of achieving higher density in the transit-oriented development zoning district, and repurposing blighted downtown lots.

- ***If a Transit/Transportation project, is the project consistent with the ROCOG long-range Transportation Plan?***

The ROCOG model was utilized for DMC to determine the effects of development and transportation system changes. One main area of the model considers the trips generated by land uses and activities. The Proposed Project will have limited impact on the current traffic flow, in addition the project is designed to incorporate various options for alternate transportation to reduce the single-vehicle traffic flow in the Development District.

The Proposed parking structure, bike parking facilities, location along two major roadways, and the retail and service options within walking distance help reinforce and carry the vision of the DMC Integrated Transit Studies.

Does the project support sustainability principles as a core objective in the development and operations of the project?

As part of the project's Application for Funding, relative to Sustainable Elements, our team acknowledges and is working towards the (9) listed goals of the DMC Plan below, including a whole-building energy performance evaluation process.

- The Bryk on Broadway project incorporates the Destination Medical Center Design Guidelines and Destination Medical Center Development Plan.
- The SB2030 EUI target for the building, calculated based on the schematic design, is 23 KBtu/sq.ft.-yr. The combination of PTHP's, ERV's, Occupancy Sensors, high performance glass, and CO/NO2 detectors, and photovoltaic panels will achieve an EUI of 24 KBtu/sq.ft.-yr, again, based on the schematic design energy model. Generating domestic hot water with a hybrid natural gas/heat pump/storage system would decrease the building's EUI by 1.5 KBtu/sq.ft.-yr. Costs and impacts of this hybrid system are being studied. Another design element that is being studied is the Level 1 parking area. The energy model currently has this area as open air. Enclosing this parking area is also being studied, to determine both the cost impact as well as the energy impact.
- The General Contractor is developing a Construction Waste Plan and they will be using Veit as the waste removal contractor. Veit will sort every dumpster from the site and provide a monthly report on all items recycled. The waste management pathway identified is Option 1a, which is a waste plan that diverts 75% of the construction waste from the landfill. This project should be able to pick up

additional Green Communities points by recycling all cardboard, metal, and wood. At the end of the project, it will be possible to calculate total construction waste sent to the incinerator. Based on those calculations, this project may pick up an additional 2 to 3 points.

- The percent of water reduction is still being calculated. The intent is to use low flow WaterSense fixtures. Meeting the requirement of a 20% reduction seems likely based on the project's current approach.
- The percent irrigation reduction is still being calculated. Given the building footprint, the amount of outdoor irrigated area is limited. The irrigation system will be efficient, incorporating WaterSense labeled weather-based irrigation controllers.
- The site for this project was selected based on its proximity to downtown, within walking distance to services and community resources. This site is also on a bus route in addition to being adjacent to the City's network of dedicated bike lanes. The covered parking area of this building will provide the infrastructure for a select number of future EV charging stations as well as house tenant bike storage.
- Green Communities has been selected as the third-party green building rating system. After multiple rounds of design and analysis, and according to our standard level of design, construction, and operation, this project is well above the minimum level of compliance. A snapshot of where we are in our design relative to the Green Communities checklist is included as part of Exhibit K.
- Ownership has agreed to participate in the City of Rochester's Voluntary Energy Benchmarking Program.
- Ownership is also interested in pursuing all utility incentive programs through RPU and MERC.

SECTION 3.3

FINANCIAL VIABILITY *[Form may vary based on size/scope of project]*

Does the project include a plan that is financially viable?

- ☒ Project Summary (e.g. concepts, detailed program, project team, etc.)
- ☒ Total Project Budget
- ☒ Sources of funding, demonstrating a verifiable gap that justifies DMC Funding
- ☒ Project Operating Pro Forma including an overview of any operations and maintenance funding that may be required
- ☒ A Project Plan and/or Market Study supporting the demand/need for the project
- ☒ Demonstration of financial capacity to support the project

Is the project supported by current market conditions and comprehensive feasibility studies?

Yes. The applicant has shared its data with the DMC EDA staff.

Does the project leverage additional private funds, maximizing the use of DMC Funds?

Yes, the proposed project leverages private funds. Of the total project cost, approximately 68% is lending and 15% developer equity.

Is the preliminary project finance plan comprehensive and viable based upon Project Team and financial capacity?

Yes. The financial plan presented is comprehensive and viable but only with the proposed public assistance of \$4.4 million.

Is the project inclusive of an Operation and Maintenance pro forma?

Yes. The project proforma accounts for estimates of operating costs and maintenance expenses.

Is there a verifiable gap for funding based upon a reasonable return on private investment?

Yes. The DMC EDA staff have reviewed current market data related to lease rates, occupancy, and expected market rates of return for projects of this nature there is a financial gap. One key driver of the gap is that this development will limit rents to 50, 60 and 80% AMI levels rather than maximizing potential rents to the top of the market.

Is the proposed operating structure sustainable?

Yes, we believe the operating structure is sustainable.

Does the Project impose any financial obligations on the DMC or City for ongoing operational or maintenance support?

No. The City and DMC would have no on-going responsibilities for operational or maintenance support.

Has the project applicant agreed to execute the DMC Development Agreement?

If awarded TIF and DMC funding the applicant has stated that they will agree to execute the DMC Development Agreement consistent with all expectations of the City and DMC.

SECTION 3.4 CONSISTENCY WITH ADOPTED STRATEGIES, PHASING, AND CAPITAL IMPROVEMENT PLANNING

Is the project consistent with adopted strategies and/or one or more projects for the current implementation phase of the DMC initiative?

Is the project part of an approved strategy and current focus? Is the project outlined as an approved strategy for the project within the Development Plan?

The proposed project is consistent with the DMC priority surrounding transit-oriented housing development to support housing at a variety of price points.

Is the project recommended as a focus for the particular phase of the project in the Development Plan?

The Proposed Project aligns with the needs Olmsted County has identified for various tiers of affordability for housing and is located within the DMC District.

Is the project consistent with the DMC CIP?

- **If public, is the project specifically listed in the DMC---CIP? Or is the project necessary to facilitate a DMC related strategy?**

NA

- **If private, is the project otherwise compatible with the planned public improvements in the DMC---CIP?**

Yes

SECTION 3.5 TARGETED BUSINESS ENTERPRISE STRATEGIES *[Form may vary based on size/scope of project]*

Does the project include a plan for achieving Local Business, S/M/WBE Project Requirements and other project requirements, as applicable?

Has the applicant agreed to execute the DMC Development Agreement? (The terms of which are provided in form to all applicants)?

Yes, the Applicant has agreed to execute the DMC Development Agreement, understanding DMC goals for targeted business, and S/M/WBE requirements.

SECTION 3.6 COMPLIANCE WITH ECONOMIC-FISCAL GOALS AND OBJECTIVES

Does the project include a plan to comply with or support the economic-fiscal goals and objectives of the DMC initiative?

Does the project generate substantial economic-fiscal gain based upon job projections?

Yes. The project is anticipated to provide 206 temporary construction jobs and 26 new permanent jobs.

Does the project maximize the opportunity for investment by attracting other private capital?

The project has approximately \$6 million dollars in committed private equity as part of the capital stack.

Is the project required (e.g. public works) to continue to seed investment in the DMC District?

The project will add to the overall eligible costs that are certified by DEED each year, increasing the amount of available public investment.

Does the project support the economic strategies of the project by providing civic/cultural uses and/or public amenities that support strategic growth in the DMC Development District and/or specific business development and economic development strategies that are adopted as part of the DMC Development Plan?

The project will add new, diverse income level housing, contribute to the sense of place along the North Broadway corridor and meet DMC design guidelines. It is designed to meet different income levels for jobs available within downtown Rochester.

SECTION 3.7 OTHER PROJECT POLICY CONSIDERATIONS

Is the project inside the DMC Development District?

Yes.

If the project is not inside the DMC Development District, are they asking for a boundary change?

N/A

Does the project include any distinctive social and/or community benefits that are not specifically required by the DMC Act?

Bryk Apartments is consistent with the DMC vision of a mixed use walkable and transit-oriented downtown, diversifying the housing options available within the district, densifying the downtown, and leveraging transportation assets. It is being delivered by a developer with strong ties to Rochester.

Discovery Square

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: March 17, 2021



Request of the DMC Corporation board of directors:

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.

Background:

- Discovery Walk
 - Project at 100% completion of Design Documentation for base plan and Add-alternatives of weather shelters (3) and snowmelt system.
 - The three artist projects are being developed and incorporated into the design.
 - Project timeline is taking shape. Anticipating an early June '21 groundbreaking, with work in the 2021 and 2022 construction seasons, potentially extending into the 2023 season.
 - Project team working on value engineering to otherwise align with original budget.
 - City staff developing Operations and Maintenance plan and budget.
 - Monthly stakeholder engagement continues with businesses and neighborhood associations.
 - The Discovery Walk Business Forward Strategy is under development with input from the Stakeholder group. First objective is a groundbreaking series of groundbreaking activities.
 - While there is strong support to eventually extend Discovery Walk to the south across 6th St SW into Soldiers Field Park, those discussions have been deferred to a potential future project.
- Economic Development Activities
 - Continue business development and recruitment activities to pitch Discovery Square as the best place in Minnesota for companies that want to grow.
- Two Discovery Square
 - Topping off ceremony held March 1st. Construction continues apace, no deviations from schedule have been reported.
 - Tenant recruitment plans and discussions continue with numerous potential tenants.
- One Discovery Square
 - Construction is underway for Exact Sciences on the 2nd floor.
 - Discussions are underway for the final unoccupied space on the first floor.
- Entrepreneurship activities
 - Discussions continue for the start-up initiative – Idea Studio.

- Other Discovery Square development, residential and retail activities
 - The Maven now leasing - residential and retail space.
 - The Residence Discovery Square now leasing - residential and retail space.
 - The Hue now leasing – residential and retail space.
 - Mayo Clinic developing plans for a 1,200 car parking structure on Block 6 immediately west of One Discovery Square, with approximately 30% for tenants of One Discovery Square and Two Discovery Square.

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.

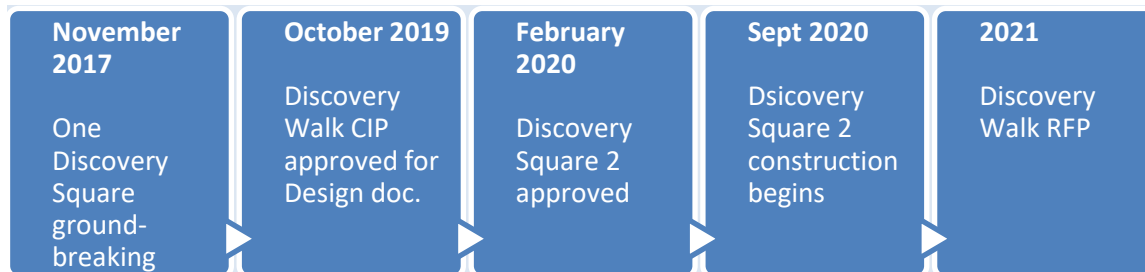
Technology and innovation are core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester.

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:



DESTINATION MEDICAL CENTER CORPORATION**RESOLUTION NO. ____-2021****Approving an Expanded Scope of Construction Bid Documents
for the Discovery Walk Project****BACKGROUND RECITALS**

A. Extensive planning and effort has been devoted to the a four-block linear parkway project along 2nd Avenue SW (“Discovery Walk”). This significant project, led by the staff of the City of Rochester (the “City”) and the Destination Medical Center Economic Development Agency (“EDA”) and their consultants, researched successful community health initiatives, and pursued schematic design, detailed design, and on-going community engagement.

B. The DMCC has made significant approvals for Discovery Walk. In the 2020 Five Year Capital Improvement Plan, (the “2020 CIP”) approved by the DMCC on September 26, 2019, the DMCC preliminarily approved the next steps of the design of Discovery Walk in the amount of \$2,800,000. In the 2021 Five Year Capital Improvement Plan, (the “2021 CIP”), approved by the DMCC on August 27, 2020, the DMCC preliminarily approved design and implementation of Discovery Walk in the amount of \$7,000,000. The total projected budget for Discovery Walk is estimated to be \$16,800,000. The 2020 CIP and the 2021 CIP declared Discovery Walk to be a public infrastructure project, consistent with the Development Plan adopted by the DMCC on April 23, 2015, as amended. The DMCC reserved final approval upon final determination of scope, costs, and availability of funds. By Resolution No. 110-2020, adopted on November 19, 2020, the DMCC approved the design development drawings for Discovery Walk and authorized proceeding with construction documents and bids.

C. Staff of the City and the EDA have continued to seek community input and to evaluate options for Discovery Walk.

D. On March 1, 2021, subject to DMCC approval, the City approved additional funds of \$1,977,745 for Discovery Walk to fund a project contingency according to the City’s contingency policy, and authorized including a snowmelt system and weather shelters as add-alternates within the construction bid documents, subject to final approval of the award of construction bids. The City staff report and request for City Council action is attached as Exhibit A. The EDA Board on March 12, 2021 approved the add-alternates within the construction bid documents, and requested review of the responses to the construction bids before considering the add-alternates or determining a contingency amount.

E. Staff now request that the DMCC approve an expanded scope of the construction bid documents for Discovery Walk to include add-alternates of a snowmelt system and weather shelters. The final project and award of any bid for construction will come back to the DMCC for approval. It is intended that staff will make a recommendation at the next DMCC meeting as to any amendment to the 2021 CIP due to a contingency, a snowmelt system, or weather shelters.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it approves an expanded scope of the construction bid documents for Discovery Walk to include as add-alternates a snowmelt system and weather shelters. The final project and award of any bid for construction for Discovery Walk remain subject to the approval of the DMCC.

BE IT FURTHER RESOLVED, that the Board requests that the City and EDA staff provide regular updates with respect to Discovery Walk.

BE IT FURTHER RESOLVED, that the Chair and Treasurer are hereby authorized and directed to transmit this Resolution to the City of Rochester and to take such actions as are necessary or convenient to effectuate this amendment to the 2021 CIP.

**REQUEST FOR COUNCIL ACTION****DISCOVERY WALK DESIGN APPROVAL AND BUDGET AMENDMENT****MEETING DATE:****March 1, 2021****ORIGINATING DEPT:****City Administration****AGENDA SECTION:****Reports and Recommendations****PREPARED BY:****Joshua Johnsen****COUNCIL ACTION REQUESTED:**

1. Approving the design for Discovery Walk and authorizing a budget amendment of \$1,977,745 to fund project contingency for a total project budget of \$18,777,745. (Budget reconciliation conditional on DMCC Board joint approval.)
2. Approving the addition of snowmelt as an add-alternate with a conditional budget amendment subject to bid results and DMCC Board approval of budget reconciliation of \$2,171,000. (Final approval of snowmelt to occur as part of the bid award.)
3. Approving the addition of weather shelters as an add-alternate with a conditional budget amendment subject to bid results and DMCC Board approval of budget reconciliation of \$1,089,936. (Final approval of the weather shelters to occur as part of the bid award.)
4. Approving continued engagement on the connection and improvements to Soldier's Field as part of ongoing master planning, the Council's strategic planning, and future DMC Capital Improvement Plan prioritization.

COUNCIL PRIORITIES:

Enhance quality of life
Manage growth and development
Balance public infrastructure

POLICY CONSIDERATIONS:

Does the Council want to move forward with the Discovery Walk project including a combination of add-alternate items, to proceed with the development of construction documents with a plan to go out for bidding April 2021?

REPORT NARRATIVE:

Discovery Walk is a four-block linear parkway along 2nd Avenue SW that will serve pedestrians as well as vehicular traffic. This multipurpose public space and streetscape is the first of its kind in Rochester. The vision for this project is to create a high amenity landscaped street that prioritizes pedestrian experience, while also replacing utility infrastructure to support future development. The project design maintains access for bikes and vehicular access, as well as provides flexibility for programming civic events. This linear public space is a key element of a larger downtown system of pedestrian connections and multi-modal transportation options. At the northern end of Discovery Walk is the proposed location for the new Rapid Transit Stations. The alignment of these projects will not only help support transit-oriented development along the Discovery Walk corridor, but also provide a one-of-a-kind experience for people entering our downtown. Another recent addition to our downtown transit

system is the recently constructed City Loop bike lane project that provides additional micro-mobility options along 3rd Avenue and intersects Discovery Walk using the reconstructed 4th Street bike improvements. Discovery Walk will be an experience that links Annenberg Plaza to north and Soldier's Field on the south and functions as an extension of Heart of the City public realm. In just a short 10-minute walk, you can go from an urban downtown experience to the natural amenities of Soldiers Field Park and recreational facilities - or vice versa.

Social Benefits:

Recent events have revealed the importance of flexible public spaces and integrating resilient design when reconstructing our public realm. The impacts of Covid-19 have demonstrated the need for rethinking the idea of private and public spaces to create outdoor retreats for all incomes and all housing types. Recently, team members from across departments and organization have come together to review and reconsider the areas primarily reserved for cars and reimagine them as places for all people to safely socialize, reconnect either individually or socially, in a place that feels welcoming. The principles identified by our community members incorporated into the design of Discovery Walk include:

1. Feel like a park
2. Be flexible for access and events
3. Promote health, wellness and innovation
4. Connect Soldiers Field to Heart of the City
5. Provide a unique program and experience
6. Be accessible, safe and inclusive to everyone
7. Support future development

Through engagement with local stakeholders and in partnership with the Community Co-designers and local artists, the design focus is for adaptive and responsive public space including amenities and experiences people are seeking. Project elements and key principles were co-developed with community members from diverse cultural, religious, mobility, mental health, and socio-economic backgrounds. Project themes and design considerations based on engagement feedback include the following:

1. **Welcoming:** public art, cultural representations
2. **Accessible:** going beyond ADA, consider transportation
3. **Safe:** lighting, programming, street safety
4. **Peaceful:** digital-free zones, water features
5. **Interactive and adaptable:** digital components
6. **Diverse:** variety of space types
7. **Cultural considerations:** prayer spaces
8. **Multi-generational:** infant considerations, cost-free activities
9. **Long-term vitality:** materials, flexibility, programming
10. **Climate considerations:** climate control/accommodating

These principles help produce a flexible and multi-functional space for events and coordinated community celebrations. Future discussions will include residents, the RDA and other community organizations to help develop activation strategies to create family focused events for everyone to enjoy. The space is also design to promote more passive programming such as food trucks, interactive art, and nearby food/retail, as well as places for individual reflection.

Economic Development Tool:

Beyond the positive social impacts listed above, there are also major economic benefits of well-designed public spaces. This corridor along 2nd Ave has tremendous economic development potential and we view Discovery Walk as lead investment to attract talent and significantly enhance our tax base. In 2018, the Olmsted County Assessor's office conducted an analysis of the underutilized land surrounding Discovery Walk and estimated that these blocks could support an anticipated \$299,926,900 in new assessed property value. As part of the Transit Oriented Development study, SB Friedman conducted a market study to identify key areas for growth. In that study, the consultants

identified the Discovery Square area as a critical component to the vitality and future success of the downtown growth strategy. Since preliminary design concepts, Discovery Walk has been used as a recruitment tool to attract new development to the Discovery Square sub-district. One Discovery Square and Two Discovery Square are great examples of developments that utilize Discovery Walk as marketing tool to attract tenants to Downtown Rochester.

Budget Amendment Request:

The original Discovery Walk project budget was based on preliminary design concepts created in 2018. At the time the initial budget was established, the City had not adopted the policy that all projects must include at least a 10% contingency on construction related items. The current cost estimates are based on 75% construction documents, so we are currently carrying a 12% contingency of \$1,977,745 to cover additional unknowns until we get to 100% CD's. As a result, we are asking City Council to provide conditional approval for a budget reconciliation of \$1,977,745. This amendment increases the total base budget to \$18,777,745. This recommendation will then go to the next DMCC Board special meeting on March 25 for authorization.

Snowmelt Add-Alt: Cost Estimated at \$2,171,000

Including snowmelt within the public right away offers several community and environmental benefits. However, there tradeoff to these benefits based on the significant upfront capital costs as well as considerable ongoing operating costs. In addition to the \$2.2 million installation cost, it will cost approximately \$87,500 for annual energy consumption (energy estimate is based on preliminary design details). City Council could support a conditional budget amendment to proceed with bidding and then make a final approval when staff brings it back for Bid Award. This allows a decision to be based on either favorable or unfavorable bid conditions.

A few examples of the benefits that snowmelt provides:

1. Accessibility and Safety - Sidewalks clear of snow and ice provide a more accessible passageway for people with mobility limitations and wheel assisted devices such as wheelchairs and strollers. This also makes our sidewalks safer by reducing the chance of ice buildup preventing slip and falls.
2. Environmental Benefits - The snowmelt system contemplated for Discovery Walk would utilize excess steam from the Franklin Heating station to heat the system. This would cut down on the use of salt in the winter reducing the amount of chloride runoff into our storm-water system and then into our rivers and streams.
3. Longevity - Snowmelt reduces the need for maintenance on the sidewalks for snow and ice removal. Less reliance on corrosive salts also reduces deterioration of the hardscape and increases the health of surrounding plants and trees.

Weather Structures Add-Alt: Cost Estimated at \$1,089,936

Due to the lack of subway and skyway connectivity in this area of downtown, there was considerable discussion on how we make this corridor comfortable and inviting during Minnesota's extreme seasons. The concept proposal is to construct freestanding weather structures that are open and inviting, but also provide shade and protection from the elements. Weather shelter features include additional comfort amenities such as built-in heating elements and misting components to provide a cooling effect. A recent comment provided at a stakeholder meeting was that the project area can feel quite open to the elements and the weather structures provide a desirable sense of human scale that make the spaces more inviting to come together or find solitude. City Council could support a conditional budget amendment to proceed with bidding and then make a final approval when we bring it back for Bid Award. This allows a decision to be based on either favorable or unfavorable bid conditions.

Soldier's Field Connection: Cost Estimated at \$4,040,310

A consistent theme expressed by the community during engagement was that Discovery Walk should not terminate at 6th Street, but extend into Soldier's Field to create a true connection. Based on that feedback, we included a design scope for northern Soldiers Field within the Discovery Walk project scope. At this time, we are recommending that we do not proceed with construction as part of the Discover Walk project. In the meantime, we will continue to advocate for the project and receive community feedback on the design. We will also continue to work with the DMCC Board and the Parks Board to find the right time to bring this project forward.

Operation and Maintenance:

An important consideration beyond the upfront capital improvement costs, are the ongoing operation and maintenance expenses (O&M). Based on early estimates, the O&M could cost around \$370,000 annually. This estimate includes a wide range of potential costs from administrative costs, capital replacements funds, planting replacements and maintenance, etc. Another consideration is the additional expenses related to energy costs associated with the snowmelt system and weather structures. Annual expense for electricity and energy for the snowmelt system and portions of the weather shelters are estimated at around \$123,000.

- A recommendation for Operation and Maintenance financing will be presented to the City Council in conjunction with the authorization to advertise for bids to receive Council approval.

COMMUNITY ENGAGEMENT:

- (2015) DMC Master Plan: Discovery Walk was identified as a crucial infrastructure and public realm project in the 2015 DMC Master Plan.
- (2017) Schematic Design Charrettes: Community participants met to inform the design and programing for initial schematic design.
- (2019 - Ongoing) Discovery Walk Stakeholder Meetings: Beginning in May 2019, the DW Project team has met with many of the area stakeholders to engage in project discussions. The project team currently facilitates monthly meetings with civic & business leaders & community members.
- (2019) Discovery Walk Experience: As part of the DMC annual meeting, Discovery Walk was prototyped with temporary art & activities. Volunteers also surveyed participants to receive feedback on elements that people would like to see integrated into the design.
- (2020 Ongoing) Community Co-Designer Initiative: Initially part of the America's City for Health Initiative, a group of community Co-Designers have been engaged in the project providing unique perspectives from their diverse backgrounds.
- (2020 - Ongoing) Local Community Artist Team: A selection process including 11 local artists took place to assemble a final team of three local artists to participate in the design of the project and put their unique touch on it.
- (2020) Discovery Walk - Walk: The Project Team led a walk with community members to experience Discovery Walk and discuss its potential.
- Links to Engagement Videos:
 - o <https://dmc.mn/destination-medical-center-creates-equitable-design-process-for-public-spaces/>
 - o <https://dmc.mn/envisioning-the-future-of-discovery-walk/>

ALTERNATIVE ACTION(S):

1. The Council could decide not to approve additional DMC funds for the project and direct staff to value manage the project within original project budget.
2. The Council could decide to proceed with a combination of base project and add-alternates by recommending additional allocation of DMC funding to be approved by the DMCC Board.
3. The council could decide not to move forward with Discovery Walk at this time.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

Past engagement and simultaneous decisions by DMCC Board and City Council include:

2015 - DMC Development Plan Adopted including initial vision for Discovery Walk

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

2020 - City Council Approval of Scope of Services

2020 - City Council Approval of Owner's Representative and Cost Estimating Services

2021 - DMCC Board Project Update and Design Approval

2021 -Presentation and feedback from Pedestrian and Bicycle Advisory Committee

2021 - Ongoing City Council and DMCC Board Feedback and Listening Sessions

FISCAL AND RESOURCE IMPACT:

Funding, of \$16,800,000 has been included in the DMC Capital Improvement Program for 2020-2023 (J#8904). Budget amendments for the base project and add-alt costs would require further allocated DMC funding. An identified potential funding source is the use of unallocated DMC Capital funding/General State Infrastructure Aid (GSIA). Any repurposing of DMC funds is contingent on DMCC Board approval.

- Base Project contingency and escalation: \$1,977,745
- Snow-melt system: \$2,171,000
- Weather structures: \$1,089,936
- Soldiers Field Connection: \$4,040,310

ATTACHMENTS:

2021-03-01-DiscoveryWalkPresentation(2)Reduced

DISCOVERY WALK

DISCOVER **NATURE** / DISCOVER **INNOVATION** / DISCOVER **COMMUNITY** / DISCOVER **PLAY**

COEN+PARTNERS

Knutson

Kimley-Horn

Latent Design

White Space

Community Co-Designers

Artist Team

EZ Fabricating



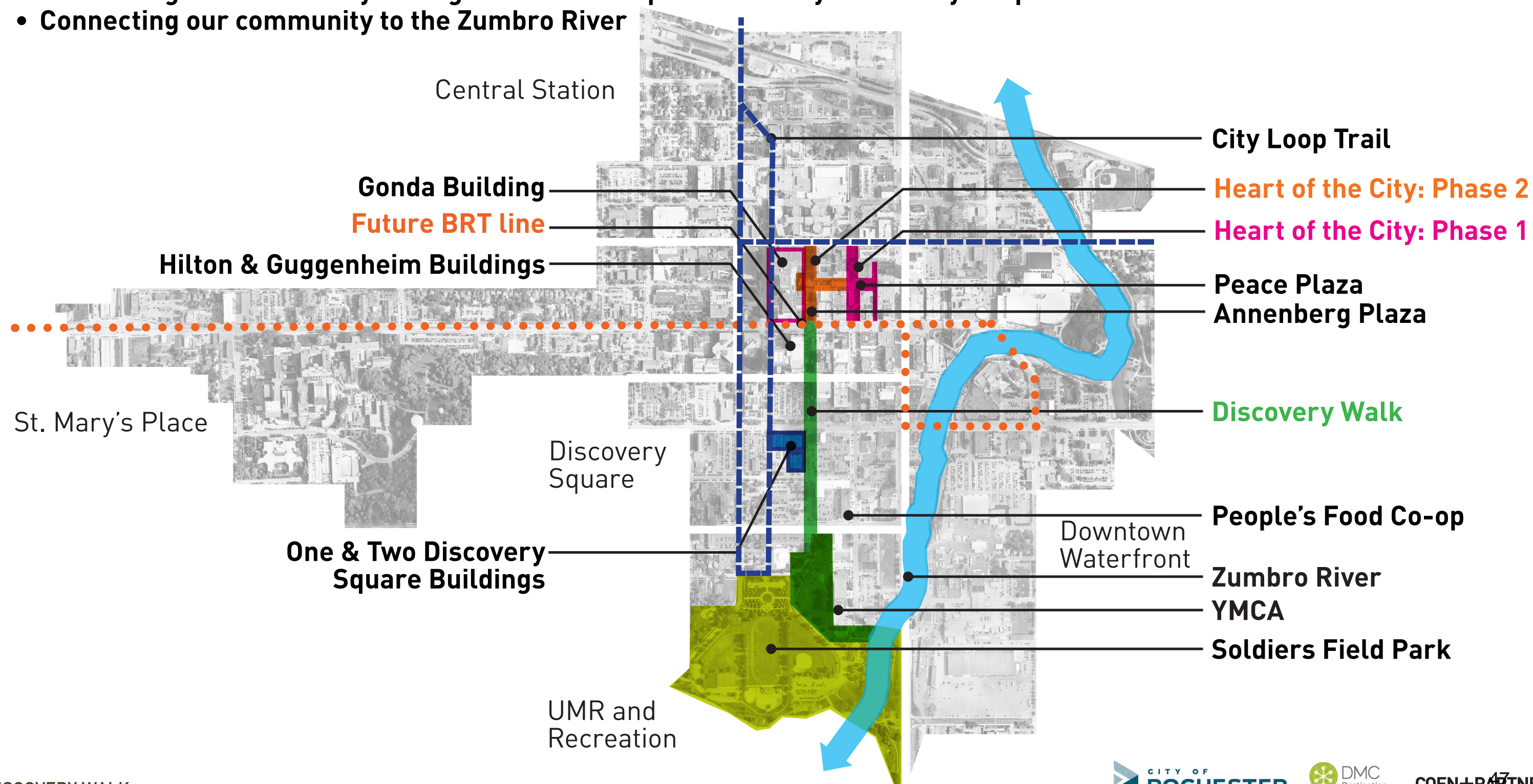
CITY OF
ROCHESTER
MINNESOTA



DMC
Destination
Medical Center
Rochester, MN

PLANNING FOR THE FUTURE BY CREATING A **CONNECTED CITY!**

- Connecting people to the outdoors
- Connecting Mayo and 2nd Street to Soldiers Field
- Connecting people through improved public transportation
- Connecting our community through new pedestrian friendly public spaces
- Connecting our community through a new and improved trail system - City Loop
- Connecting our community to the Zumbro River



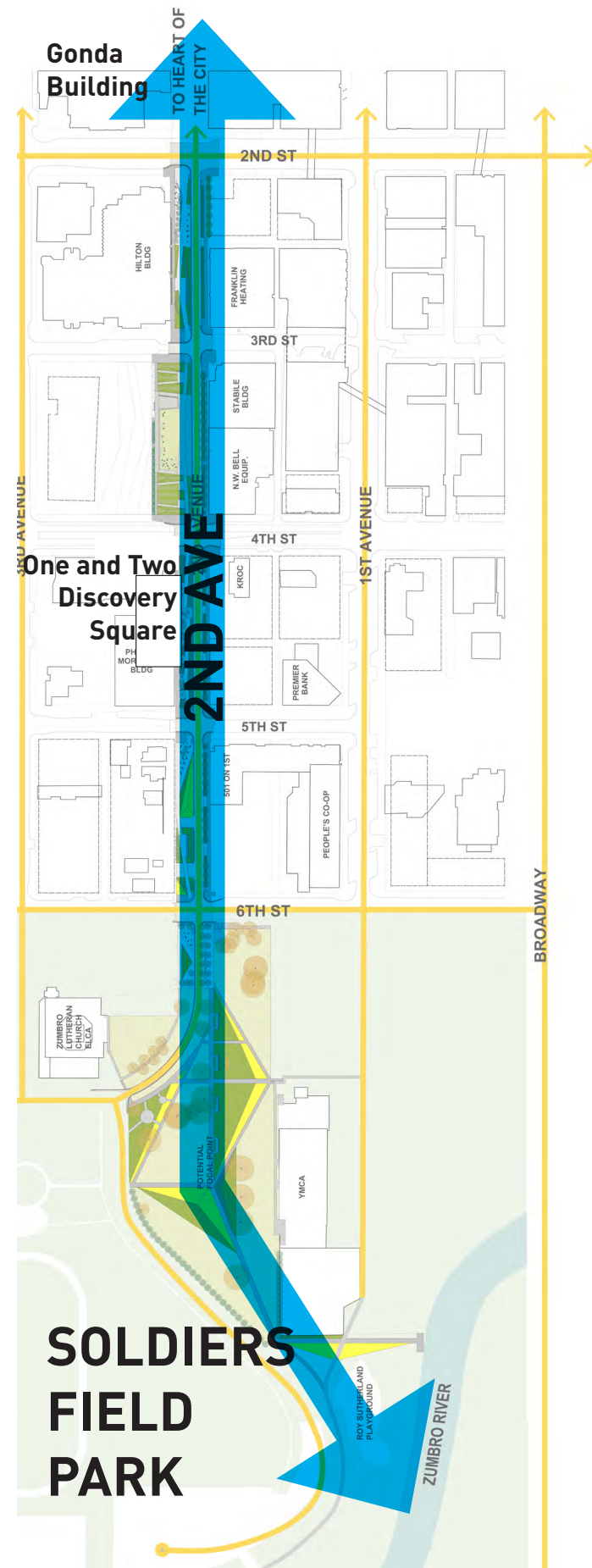
PROJECT GOALS

DISCOVERY WALK WILL...

1. Feel like a park
2. Be flexible for access + events
3. Promote health + wellness + innovation
4. Connect Soldiers Field, Heart of the City, Mayo Clinic, and 2nd Street
5. Provide a unique program + experience
6. Be accessible and inclusive to everyone
7. Support future development



CONNECTING IT ALL IN A 10 MINUTE WALK.



DISCOVERY WALK

EXISTING ASSETS



Mayo Clinic and Annenberg Plaza



One and Two Discovery Square



Soldiers Field Park

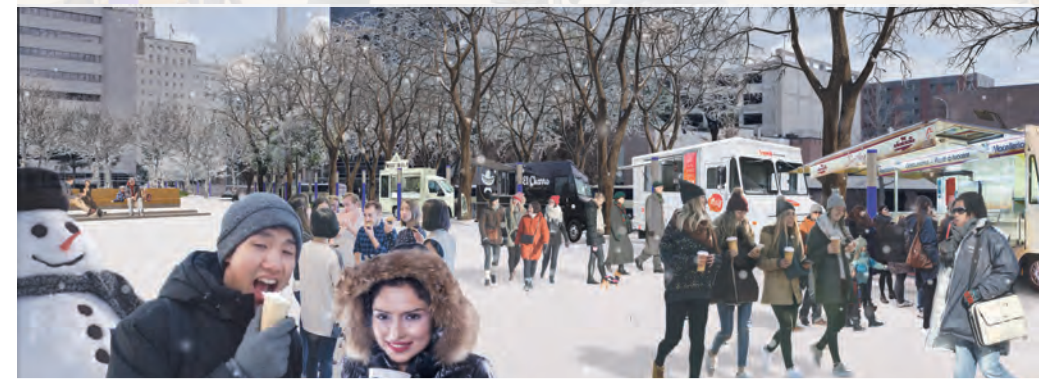


Zumbro River

PROPOSED ASSETS



A welcoming and accessible gateway



A new food truck plaza with outdoor dining



A pedestrian focused street for connecting



Soldiers Field new gardens and public art by local artists

DISCOVERY WALK HAS A LANDSCAPE THAT CELEBRATES THE LOCAL ECOLOGY WHILE PROVIDING PLACES TO **SIT, DINE, WALK, AND CONNECT WITH EACH OTHER.**



View of 2nd Ave looking south from 5th St

DISCOVERY WALK

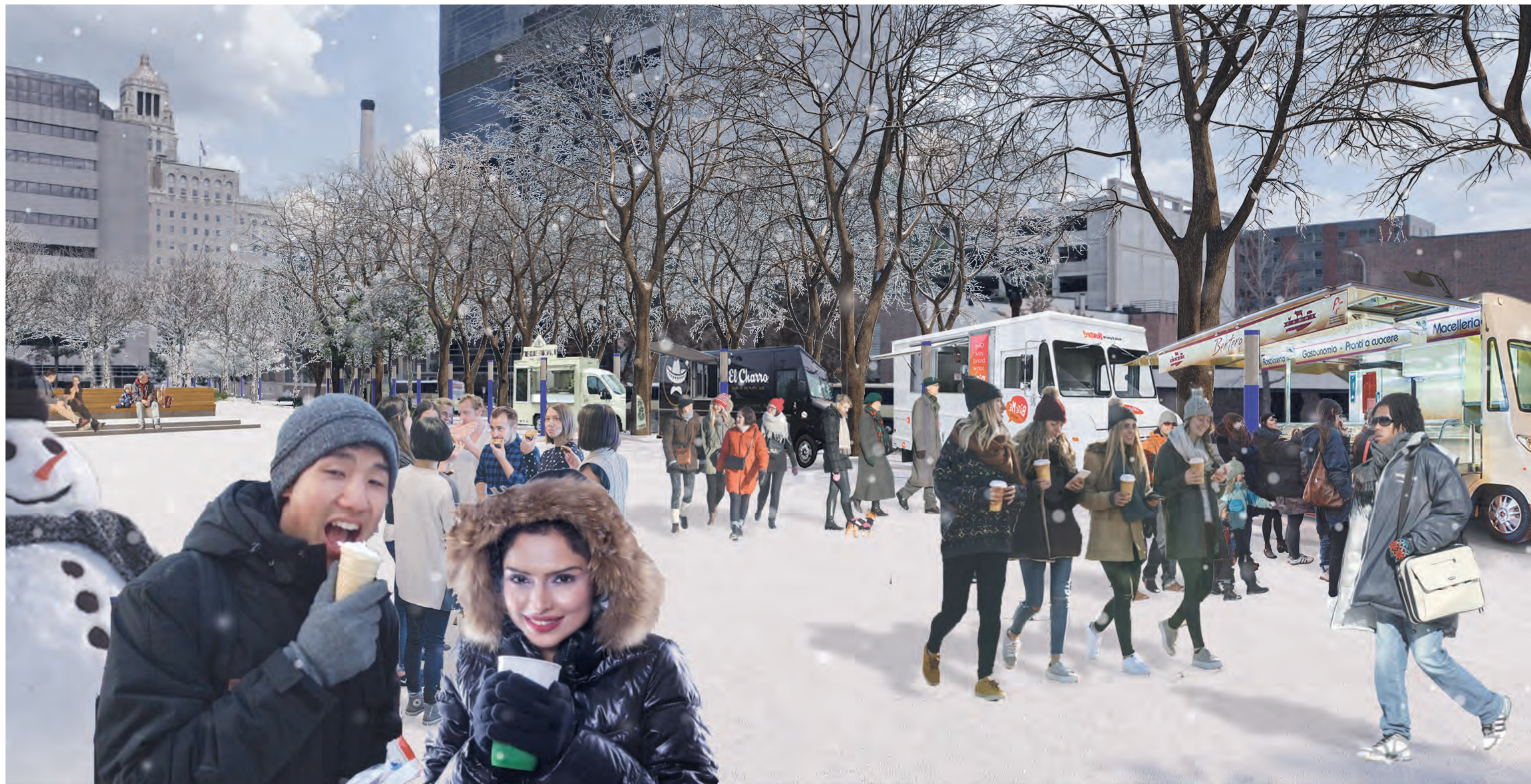
DISCOVERY WALK BUILDS UPON INVESTMENT IN A **NEW INNOVATION DISTRICT**, PROVIDING A NETWORK OF OUTDOOR WORK AND PLAY SPACES TO SUPPORT THOSE WHO WORK AND VISIT.



View of 2nd Ave looking north from 5th St

DISCOVERY WALK

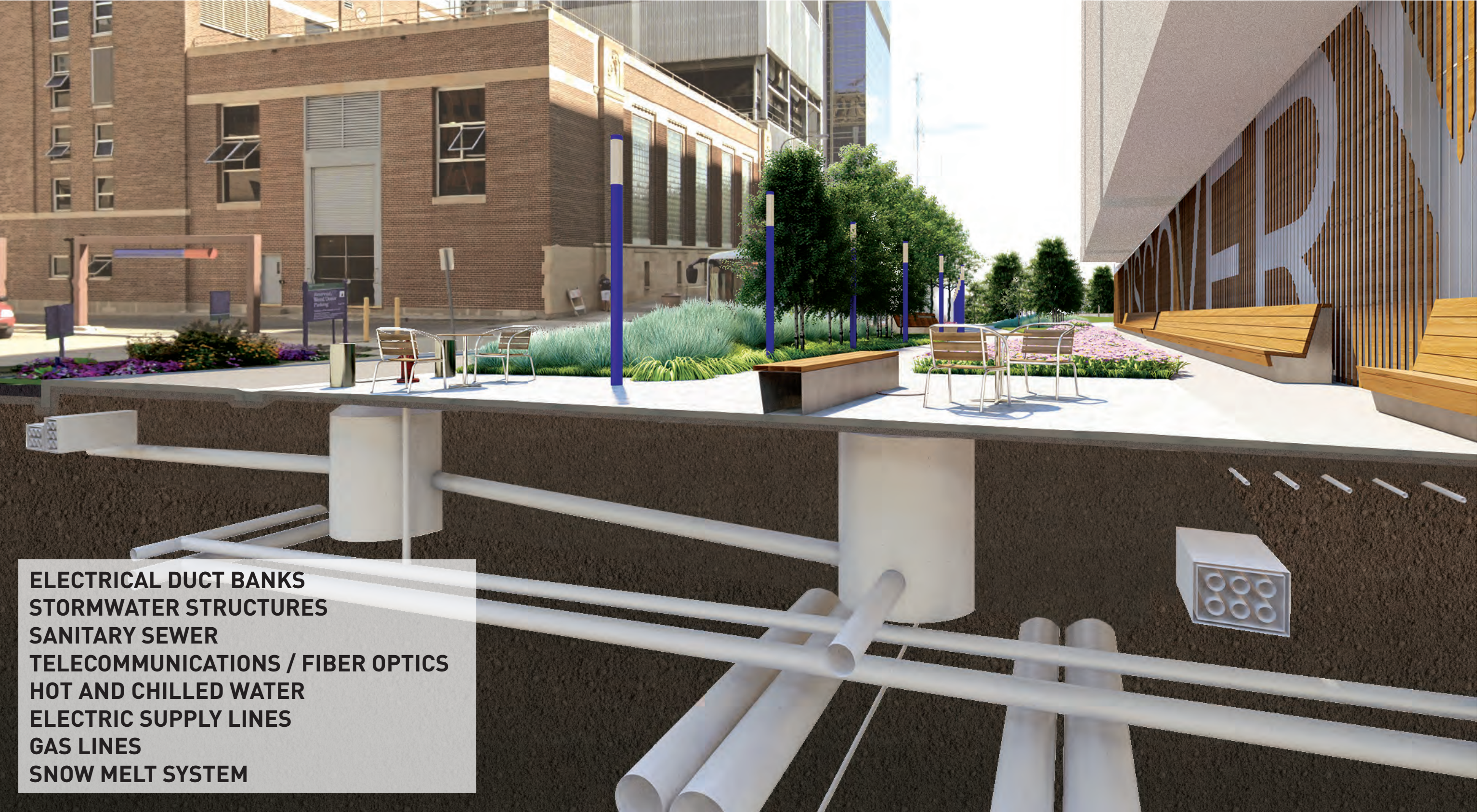
DISCOVERY WALK CREATES A NEW **CENTRAL FOOD TRUCK PLAZA** FEATURING LOCAL CUISINE AND UNIQUE OUTDOOR PUBLIC DINING SPACES SURROUNDED BY GARDENS.



View of 2nd Ave looking north from 4th St

DISCOVERY WALK

INVESTING IN A NEW **NETWORK OF UNDERGROUND SERVICES** TO MAKE THE CITY RUN.



**ELECTRICAL DUCT BANKS
STORMWATER STRUCTURES
SANITARY SEWER
TELECOMMUNICATIONS / FIBER OPTICS
HOT AND CHILLED WATER
ELECTRIC SUPPLY LINES
GAS LINES
SNOW MELT SYSTEM**

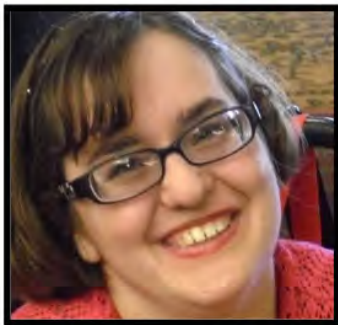
View of 2nd Ave looking south from 2nd St
DISCOVERY WALK

ROCHESTER IS MODELING A NEW AND INFORMED DESIGN PROCESS BY COLLABORATING WITH A TALENTED AND KNOWLEDGABLE TEAM OF **LOCAL CO-DESIGNERS.**

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



Wafa Elkhailifa



Krista Jacobson



Laurie Kumferman



Chao Mwatela



Lap Nguyen



Jenny Rho



Jeremy Westrum

Community engagements with the broader community and the stakeholder group have informed the project since it started in 2017.

LOCAL ARTISTS WITH GLOBAL PERSPECTIVES CREATE INTEGRATED PUBLIC ART.



Zoe Cinel

Originally from Italy, Zoe is an interdisciplinary artist and curator. Her interdisciplinary art practice is relational, participatory, and political and uses art to help people feel ownership of the public sphere, with the ultimate goal to connect them.



Sophia Chai

Shaped by her experience immigrating to the U.S. from South Korea as a teenager as well as years in New York, Sophia's work often explores these feelings of contradiction, confusion, and ambivalence as a metaphor for that unsettling experience.



Ayub HajiOmar

Ayub is a multicultural artist particularly influenced by his background and travels. As an artist, he tries to bridge the gap between the misunderstood and those who try to understand them.

Art: *PUNCTUATED ASYMPTOTE*, by Sophia Chai



inspiration photo
Bodies in Space by Asuka Goto

ARTIST STATEMENT:

Punctuated Asymptote is an installation of pedestrian lights in bright blue, spanning the entire length of Discovery Walk. All the lights have different lengths, yet reaching the same height from the sea level, bringing awareness to both social equity and acknowledging the undulating topography of the Driftless Landscape.

Art: *POEMS IN THE PARK*, by Ayub HajiOmar



ARTIST STATEMENT:

Using language and light, Poems in the Park is a collection of uplifting poems that creates a dialogue with those passing by.

Art: *PHOTOSYNTHESIS* by Zoe Cinel



ARTIST STATEMENT:

Powered by human interaction, Photosynthesis is a light installation on the 200 block of Discovery Walk. Inspired by the natural phenomenon of photosynthesis and by grounding practices of breathing, this artwork has the goal to welcome and attract visitors and the community to downtown Rochester and to connect people with themselves, with others and with the city.

THE DISCOVERY WALK TRANSFORMATION WILL **PROMOTE WELLNESS, THE LOCAL ENVIRONMENT, AND OUR UNIQUE COMMUNITY.**

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**



View of existing 2nd Ave looking north

DISCOVERY WALK



View of proposed 2nd Ave looking north

DISCOVERY WALK PROVIDES A SERIES OF **WEATHER SHELTERS** THAT EXTEND THE LENGTH OF TIME PEOPLE WILL WORK, DINE, AND PLAY OUTDOORS TOGETHER.



- Glass roof protects from rain and snow
- Wood screen to provide dappled shade
- Cooling system during the summer
- Heaters during the winter
- Integrated bench seating
- Swings (tethered) for fun!
- Integrated lighting
- Power outlets (work outside!)



CONNECTING **DISCOVERY WALK** TO **SOLDIERS FIELD** AND THE **ZUMBRO RIVER** THROUGH NEW GARDENS AND LOCAL ART INSTALLATIONS.

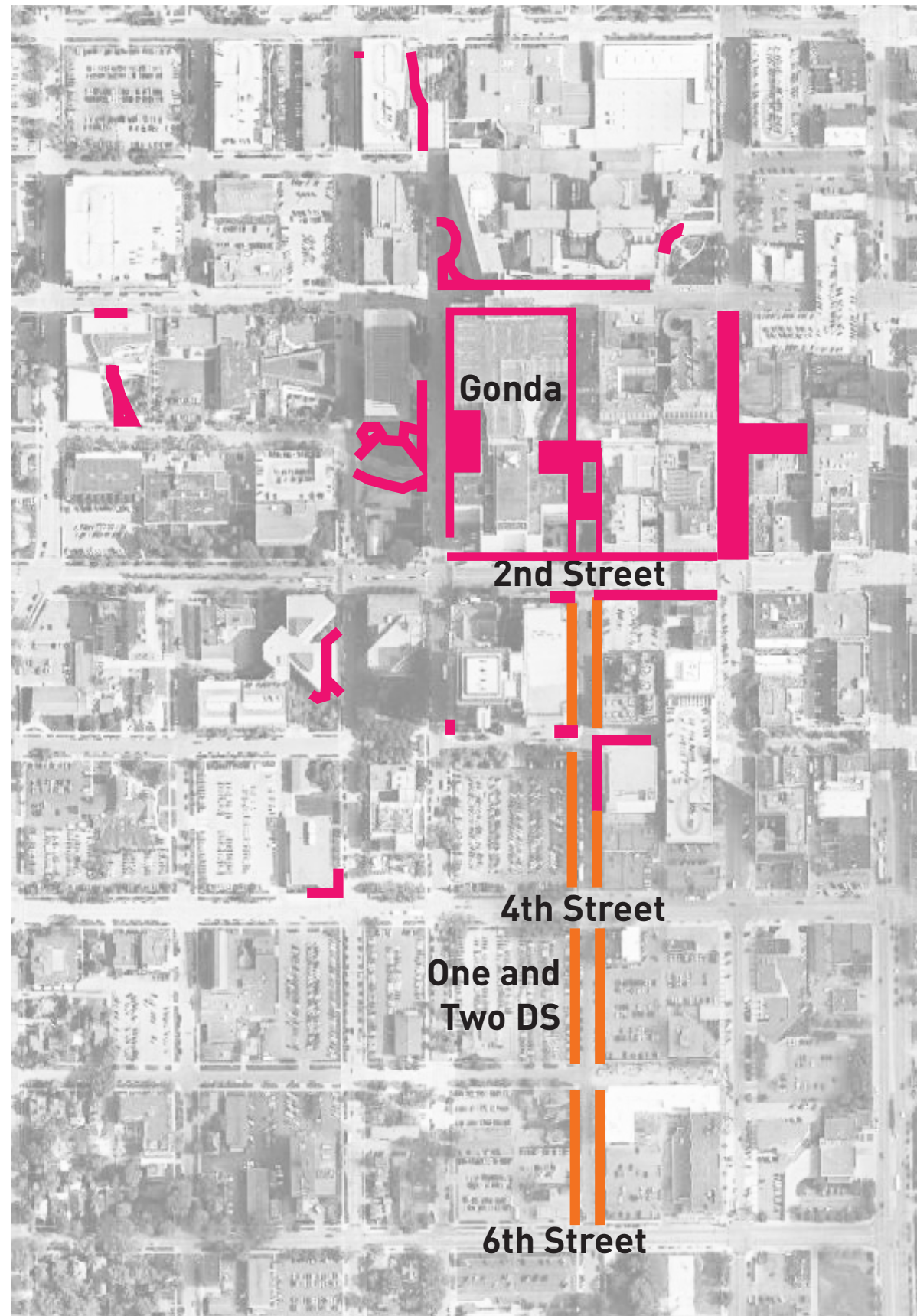
CONCEPTUAL DESIGN



View of Soldiers Field Park looking south from 6th St

DISCOVERY WALK

SNOW MELT SYSTEMS MAKE PUBLIC SPACES **SAFE** AND **SUSTAINABLE**



- Create safer sidewalk conditions for all & maintains ADA accessible routes
 - Reduces salt and chemical pollution from ending up in the Zumbro River
 - Sidewalks last longer
 - Healthier for plants in the streetscape
- Proposed snow melt in Discovery Walk
- Existing snow melt in Rochester

POSSIBLE PROJECT INCLUSIONS

Weather shelters for outdoor work and play through all seasons



Snow melt in sidewalks create a safer and environmentally friendly tomorrow



Soldiers Field North Connects Discovery Walk to the Zumbro River



SCHEDULE

Since 2015 the DMCC Board and City of Rochester have collaborated to create the vision and funding for Discovery Walk to become a reality.

APPROVALS & PROCESS

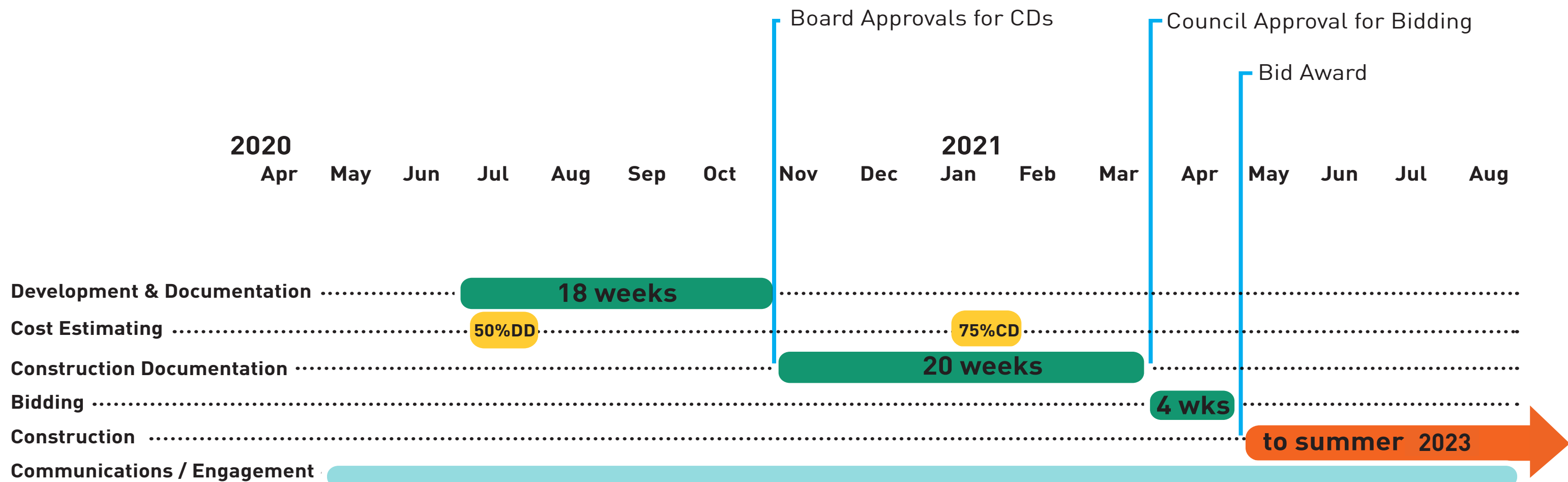
2015 - DMC Development Plan adopted

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



DISCOVERY WALK - INVESTING IN OUR FUTURE

Requested Council Actions

The request in front of council is to adopt and endorse project final design. Staff would like direction on the following motions:

- Motion #1:** Approve the Design for Discovery Walk and authorize a budget amendment of \$1,977,745 to fund project contingency for a total project budget of \$18,777,745. Budget reconciliation conditional on DMCC Board joint approval.
- Motion #2:** Approve motion to add snowmelt as an add-alternate with a conditional budget amendment subject to bid results and DMCC Board approval of budget reconciliation of \$2,171,000. Final approval of snowmelt to occur as part of the bid award.
- Motion #3:** Approve motion to add weather shelters as an add-alternate with a conditional budget amendment subject to bid results and DMCC Board approval of budget reconciliation of \$1,089,936. Final approval of the weather shelters to occur as part of the bid award.
- Motion #4:** Motion to support continued engagement on the connection and improvements to Soldier's Field as part of ongoing master planning, the Council's strategic planning, and future DMC Capital Improvement Plan prioritization.

Council endorsed budget adjustments are contingent on DMCC Board authorization at a March 25th Special Meeting.

South-of-Downtown Waterfront

To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: March 17, 2021



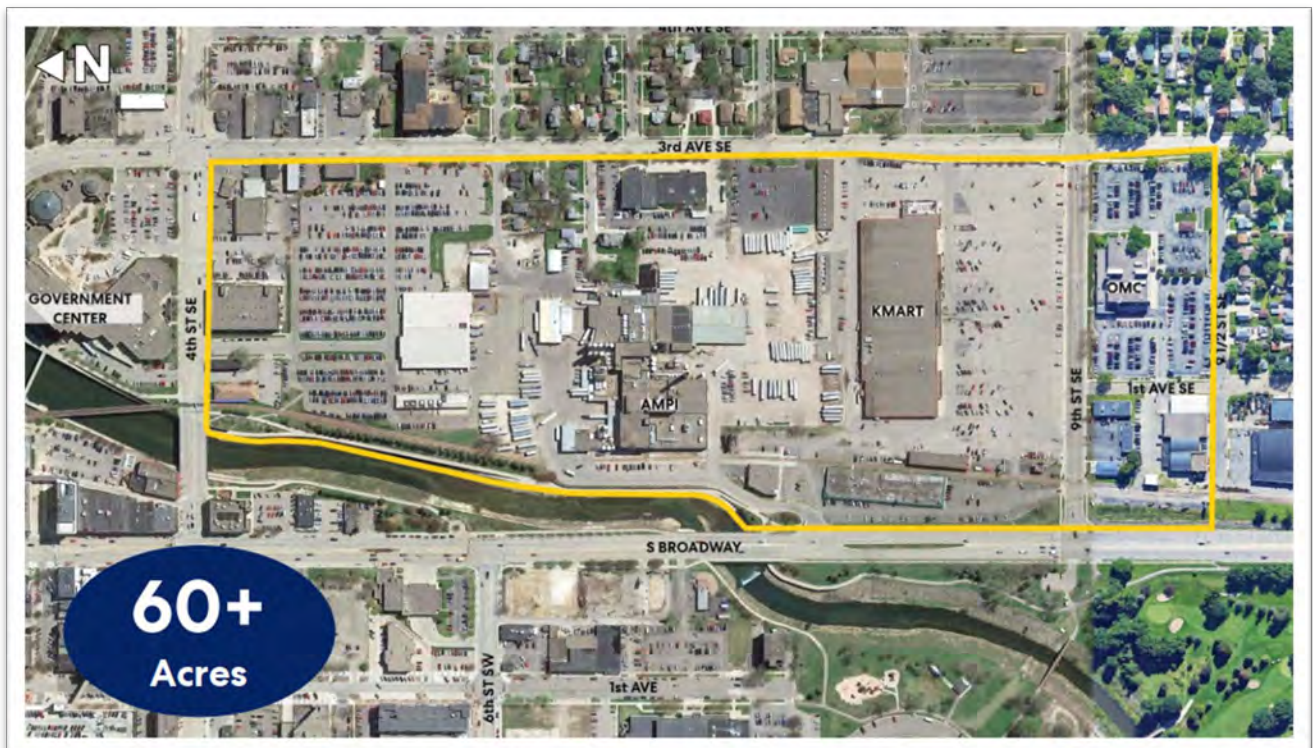
Request of the DMC Corporation board of directors:

No Action Requested

Background:

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

The City of Rochester felt that it would be beneficial to work with stakeholders, including DMC EDA, to prepare a collaborative, community-driven plan that represents a shared vision for the future of the Project Area. This plan is nearing completion and is called the Downtown Waterfront S.E. Small Area Plan (DWSE SAP).

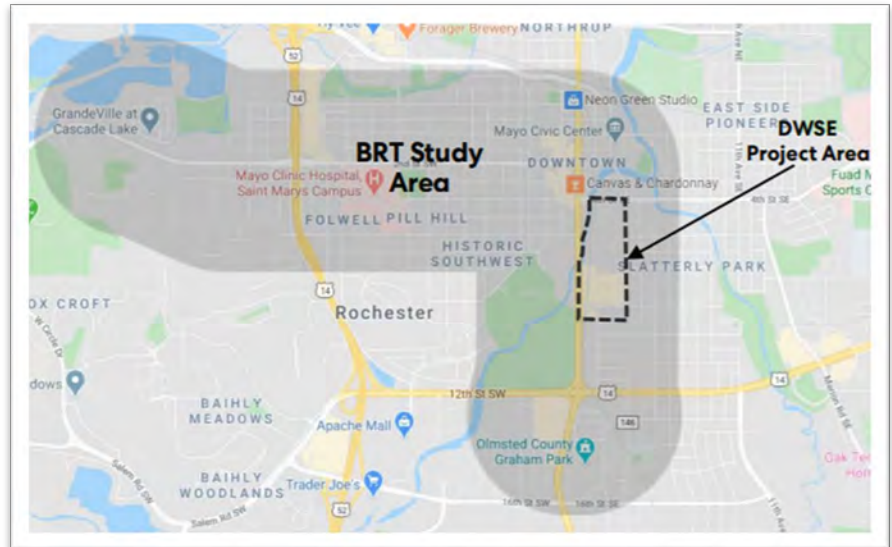


Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA staff have participated in the DWSE SAP process in collaboration with partners to determine how a former industrial site better connects the downtown to nearby neighborhoods while fulfilling the DMC vision. This area was also identified in the Urban3 tax capacity analysis completed as part of the DMC's 5-year update as "low hanging fruit" for thoughtful and targeted redevelopment, due to the central location and large areas of open surface parking. The site also represents an opportunity to connect the walkable street grid that exists in surrounding areas and increase green space and recreational path connections to better leverage the Zumbro River frontage as a community asset.

The Process

The City engaged Perkins & Will to help develop the DWSE SAP. This effort included monthly meetings with a core stakeholder group beginning in July of 2020 that included representation from property owners within the project site, the Sunnyside Neighborhood Association, the Slattery Park Neighborhood Association, City staff and DMC staff. There were also several community engagement opportunities, including three community forums, two property owner workshops, three neighborhood workshops, and one community poll.



Approvals, milestones, and decision points:

After the third and final community forum that occurred on Jan 27, 2021, the project team will begin the process of seeking public approval of the plan. It should be noted that many of the recommendations that come out of the plan may take many years before they are realized. This is because most of the land in the project area is privately-owned and any change that occurs on such parcels will need to be initiated and funded by landowners.

In order to achieve this vision and the economic potential associated with the plan, there will need to be considerable infrastructure investment. This includes roads, bridges, blue/green systems, etc. DMCC will likely be one of the sources of support.

District Energy Updates



To: DMC Corporation Board of Directors
From: DMC Economic Development Agency
Date: March 17, 2021

Request of the DMC Corporation Board of Directors:

- Understand action taken since 2020 on Downtown District Energy System
- Recognize the next steps for the Downtown District Energy System Project
- Provide guidance on next steps and consideration of additional financial support

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 it is 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

Next Steps:

- The City of Rochester is discussing an extension of the steam line decommission date with Olmsted County
- The Project Team is conducting further analysis of the DES' impact and opportunity for current and potential private development connections
- DMC EDA Staff plan to discuss the potential need to consider additional financial support of the DES project at the May 20th DMCC Board meeting

Approvals, milestones, and decision points:

