



DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Thursday, November 10, 2022
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC)

BOARD MEETING

Thursday, November 10, 2022
9:30 A.M.

To View the Meeting Remotely: <https://us02web.zoom.us/j/86545331191>

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¹ For public comments, please indicate that you wish to speak either in-person at the meeting, through the chat feature on the web link, or by emailing info@dmc.mn by 9:00 AM on November 10. Written comments may also be submitted to info@dmc.mn.

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DESTINATION MEDICAL CENTER CORPORATION (DMCC)
BOARD MEETING

Thursday, September 22, 2022
9:30 A.M.

MINUTES

- I. Call to Order. Chair Pamela Wheelock called the meeting to order at 9:30 a.m.
- II. Roll Call. Jim Campbell, Council President Brooke Carlson, R.T. Rybak, Commissioner Mark Thein, Chair Pamela Wheelock, and Paul Williams were present. Mayor Kim Norton participated in a portion of the meeting via audio but was not part of a quorum for the meeting.
- III. Approval of Agenda. Mr. Williams moved approval of the agenda. Mr. Campbell seconded the motion.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.
- IV. Approval of Minutes: May 18, 2022. Council President Carlson moved approval of the minutes. Commissioner Thein seconded the motion.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.
- V. Public Comment. Dan Collison, Director of Business Development and Public Affairs – Midwest for Sherman Associates, introduced himself and noted a housing project proposed for downtown Rochester.

Sarah, a Rochester resident, noted the purchase of the downtown apartment building in which she resides by M.A. Mortenson Co. and advocated for the preservation of naturally-occurring affordable housing. Chair Wheelock and Mr. Rybak requested an update on this acquisition.
- VI. Chair's Report. Chair Wheelock described the meeting agenda items and noted DEED's certification of \$29.2 million in state aid for 2021, and Mayo Clinic's recognition as the number one hospital in the world for the seventh year.
- VII. Consent Agenda.
 - A. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver. Motion: Elect not to waive statutory tort limits
 - B. 2023 Regular Meeting Schedule.
Resolution A: Approving the 2023 Regular Meeting Schedule
 - C. DMCC 2022 Budget: Year to Date Update

Commissioner Thein moved to approve the consent agenda. Mr. Rybak seconded the motion.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.

VIII. DMCC Form 990; Minnesota Annual Charitable Organization Report

Resolution B: Approving the 2022 State of Minnesota Charitable Organization Report and 2021 Form 990

Craig Popenhagen, CliftonLarsonAllen, presented the Form 990 and Minnesota Charitable Organization Report.

Commissioner Thein moved to approve Resolution B. Council President Carlson seconded the motion.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.

IX. Metrics. Patrick Seeb, EDA Executive Director, and Catherine Malmberg, EDA Director of Public Infrastructure & Development Strategy, presented on the property tax capacity impacts of several developments in the DMC development district. Chair Wheelock requested tax information from 2015, or before the DMC Initiative. Mr. Williams requested information as to a “return on investment” for the projects approved by the DMCC and the City.

X. EDA Board President Comments. Clark Otley, M.D., EDA Board of Directors President, described the factors the EDA considers when making recommendations to the DMCC and Rochester City Council, including health, sustainability, affordability, community engagement and support, and equity.

XI. 2023 DMCC Funding Request.

- A. Capital Improvement Plan
- B. 2023 EDA & City Staff Workplan and Budget
- C. 2023 DMCC Budget
- D. Working Capital Loan

Mayor Norton expressed support for the 2023 DMCC Funding Request. Chair Wheelock recognized Soldiers Field as a critical community asset and noted that further community planning is required before final approval is appropriate in the Capital Improvement Plan.

Mr. Seeb and Ms. Malmberg were joined by Cindy Steinhauser, City of Rochester Deputy Administrator, to present the 2023 DMCC Funding Request. Mr. Seeb described the budget process and highlighted several key projects.

Ms. Malmberg and Ms. Steinhauser outlined the Riverfront Plan recently adopted by the City. Council President Carlson noted that the City Council reviewed a Master Plan for Soldiers Field at a Study Session and that the Park Board will review the plan. Mr. Campbell asked for more detailed plans concerning the Second Street restoration. Michael Flynn, EDA Senior Director of Economic Development, described the EDA's business recruitment and lead generation program, focusing on awareness-building and research in 2023. Chair Wheelock asked for regular updates on this process.

Resolution C: Approving the 2023 DMCC Funding Request and the Extension of Working Capital Loan and Authorizing Transmittal to the City

Mr. Campbell moved approval of Resolution C. Council President Carlson seconded the motion. Commissioner Thein moved to amend Resolution C to add to the first resolved statement that "for the Soldiers Field Memorial Park project, recognizing that community planning efforts are at a preliminary stage and will shape the project scope and funding needs, further detail and information as to public realm plans and proposed funding shall be presented to the DMCC for specific approval of the project plan and costs." Mr. Campbell and Council President Carlson accepted the change as a friendly amendment.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.

XII. Project Discussions (City of Rochester, EDA).

- A. Heart of the City. Jamie Rothe, EDA Director of Community Engagement and Experience, provided an update on the Heart of the City project, including public space activation efforts, post-occupancy evaluation, new business openings, and ongoing community feedback.
- B. Discovery Square. Mr. Flynn provided an update on Discovery Square, including a Two Discovery Square tenant announcement and Discovery Walk construction. Mr. Flynn noted growing market interest in laboratory infrastructure that could promote business growth and workforce recruitment.
- C. Mobility. Mr. Seeb highlighted the long-term bus rapid transit operating agreement between the City and Mayo Clinic. Ms. Malmberg noted other mobility-related activity, including a recent federal grant for the construction of a bridge over the Zumbro River at Sixth Street S.E., hiring an active transportation coordinator, and developing a City-wide active transportation plan. In addition, Mayo Clinic is working with NTH, Inc., a real estate and project management firm, to perform a developer selection process for the West Transit Village.

XIII. EDA Work Plan Implementation.

- A. Housing. Kevin Bright, EDA Director of Housing and Sustainability, and JoMarie Morris, Strategy and Operations Consultant for the Coalition for

Rochester Area Housing, provided an update on the local housing market. David Dunn, Executive Director of the Olmsted County Housing and Redevelopment Authority, and Taryn Edens, City of Rochester Housing and Neighborhood Services Manager, also participated. Ms. Morris outlined Coalition priorities and provided a progress update. Mr. Bright presented the EDA housing development strategy and described the forecasted demand for downtown housing.

- XIV. Adjournment. Mr. Williams moved to adjourn the meeting. Mr. Campbell seconded the motion.

Ayes: Mr. Campbell, Council President Carlson, Mr. Rybak, Commissioner Thein, Chair Wheelock, Mr. Williams. Nays: None.

To: Mark Thein, Treasurer
Kaela Brenan, Attorney



From: Dale Martinson, Assistant Treasurer

Date: November 3, 2022

RE: October 2022 DMCC Budget Summary

The attached budget summary through October of 2022 reflects DMCC operating expenditures totaling \$1,402,464 of the \$2.4 million approved 2022 budget. The remaining amount unspent represents 42% of the total budget with just 17% of the year remaining. An additional October DMC EDA payment application is expected yet this month.

The second and third pages of this summary provides a listing of DMCC authorized capital projects managed by the City of Rochester, and categorized by program budgets.

Approximately \$10.3 million has been spent on these projects through August of this year with the majority spent on Discovery Walk, the North 12th Avenue Sewer, North Broadway and Rapid Transit activity. Total life-to-date expenditures on these projects is approximately \$96.4 million.

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

Destination Medical Center Corporation
Financial Budget Summary
October 31, 2022

	2022 Approved Budget	Current Month October 2022	October 2022 Year To Date	Amount Remaining	Percent Remaining
Rents and Leases	38,588	4,078	18,196	20,392	53%
Professional Services	182,100	1,437	68,380	113,720	62%
Travel/Training	6,000		164	5,836	97%
Insurance and Bonds	20,000		21,779		
Interest / Other Administrative	312	3	48		
		-	-	-	
Subtotal DMCC	247,000	5,518	108,567	139,948	57%
Third Party Costs - DMC EDA					
Payroll, Staff, Administration & Benefits-EDA	1,262,205	85,308	857,815	404,390	32%
Operating Expenses	80,151	18,526	207,309	(127,158)	-159%
Operational Costs - Contracted			13,549	(13,549)	
Economic Development Outreach & Support	211,763	8,250	75,071	136,692	65%
Professional Services	583,510	10,282	140,153	443,357	76%
Miscellaneous Expenses	52,000	-		52,000	100%
Subtotal EDA	2,189,629	122,366	1,293,898	895,731	41%
Total DMCC 2022	2,436,629	127,884	1,402,464	1,034,165	42%
Plus: Encumbrance - Carry forward of 2021 Budget Amount	82,000	-	3,926	78,074	95%
Note: An additional payment request is expected in November for October DMC EDA activity.					
		DMCC	Working Capital Note	1,000	
		EDA	Working Capital Note	100,000	

DMCC Projects by Category
Managed by City of Rochester
Through October 2022

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Administration					
C.8601 - City Project Administrative Costs-DMCC (Budget-Current Yr)	Annual Budget	512,407	863,915	2,557,407	
C.8606 - City Staff Costs-DMCC - (Budget-Current Yr)	Annual Budget	24,592		429,864	
C.8607 - County Staff Costs-DMCC	Complete			168,754	
C.8629 - Development Plan Update	Complete		750,000	154,960	
C.8632 - Downtown Changes COVID-19	Complete		250,000	43,524	
C.8902 - FestivalAreaStdy&ConceptDesign	Complete			84,133	
Total Administration		536,999	1,613,915	3,310,985	
Econ Development/Public Realm					
C.8624 - ChateauTheatreBldgImprov/Purch	Nearly Complete	48,000	8,829,797	8,608,797	14,788
C.8625 - Heart of the City	Nearly Complete	668,943	18,248,940	21,015,715	277,727
C.8633 - Strategic Development	Ongoing		10,000,000	2,200,000	
C.8634 - Riverfront Reimagined	Study	124,791		179,547	
C.8904 - Discovery Walk	Active Construction	4,076,472	14,000,000	6,262,920	8,993,391
Total Econ Development/Public Realm		4,918,205	51,078,737	38,266,979	9,285,905
Infrastructure					
C.8611 - San. Sewer 12th Ave from 2nd St NW to 2nd St SW	Active Construction	1,965,395	6,260,294	5,988,554	533,870
C.8612 - West Zmbro San Sewer Lift Line from CookPk to Civic C Drive	Complete		950,000	46,592	Combined w/8611
C.8626 - San. Sewer Upsize 1st Ave & 3rd Ave SE on 4th / Govt Cntr Siphon	Complete		8,500,000	8,635,287	
C.7326 - Reconst 4th St SW from 1st Ave to 6th Ave	Complete		2,205,789	2,205,789	
C.7319 - Reconst 7th Ave NW from 2nd St NwW to 4st NW	Complete		1,107,000	1,107,000	
C.7318 - Reconst North Broadway -	Active Construction	982,642	4,400,000	4,400,000	Allocation Share
C.7830 1st Street NW San Sewer Diversion from 1st Ave to Broadway	Post Construction	-	1,371,000	1,391,200	Allocation Share
Total Infrastructure		2,948,037	24,794,083	23,774,422	533,870

**DMCC Projects by Category
Managed by City of Rochester
Through October 2022**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE
Transit					
C.8614 - DMCTransit&InfrastrctrPgmrMgmt	Complete		3,956,739	1,874,219	
C.8617 - Broadway @ Center Parking Ramp	Complete		10,500,000	10,500,000	
C.8618 - SharedParkngStudy&PrgmDevlpmnt	Complete		2,061,854	1,874,219	
C.8620 - City Loop Plan	Complete		1,209,938	968,732	
C.8621 - Transit Circulator Study	Complete		2,241,532	1,780,877	
C.8623 - DMCC Street Use Study	Complete		3,117,708	2,885,882	
C.8628 - Downtown Circulator Project	Complete			269,941	
C.8706 - DMCTransitCirculatorTODPlnStdy	Complete			829,414	
C.8707 - Rapid Transit Projects	Design	1,918,702	24,136,647	8,204,670	
C.8709 - Arrive Rochester Implementatn	Ongoing	32,946	90,000	108,055	
C.8903 - Dedicated Bike Lanes-3rd/4thAve&CtrSt	Near Complete	(12,068)	2,038,300	1,745,083	-
Total Transit		1,939,581	49,352,718	31,041,091	-
Grand Total		10,342,821	126,839,453	96,393,478	9,819,775

Soldiers Field

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022



Request of the board of directors:

Discuss Soldiers Memorial Field Park short-term master plan in anticipation of completed, acceptable design and/or bid document presentation in Q1 2023.

Background:

Soldiers Field Memorial Park is 150 acres in size with 4,000 feet of riverfront. It is currently comprised of memorials, active recreation space, an 18-hole golf course, aquatic amenities, and a track and field facility (with winter skating), tennis courts, baseball field, playgrounds, hockey rinks in winter and trails.

The updated Soldiers Memorial Field Park 2022 plan focuses the majority of the proposed improvements or additions in the northern portion of the park within the DMC district. This includes a focus on the aquatics offerings, pickleball courts, and enhancement to playground and shelters. The proposed master plan update includes both a short-term plan, which is focused on investments within the next three years, as well as a long-term plan, which is focused on the next 10+ years.

Project Update:

After extensive community engagement Rochester City Park Board acted on October 4, 2022:

- Adopted the Short-Term Soldiers Field Master Plan.
- Directed Parks Team to utilize the Long-Term Soldiers Field Master Plan to guide improvements that do not impact the 18 golf holes.
- Acknowledgement that the Soldiers Field Master Plan should be reviewed again in 2028 to affirm elements of the plan or provide opportunity to respond to community needs.

Immediate next steps include the convening of a community co-design group to help refine the aquatics footprint within the plan to determine impact to the golf course with the goal of limited impact in mind.

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

The northern portion of Soldiers Field Memorial Park is within the DMC district. Soldiers Field plays a critical role within downtown Rochester and the larger community. There are several key features within the 2022 Soldiers Field Master Plan that align with the DMC Development Plan.

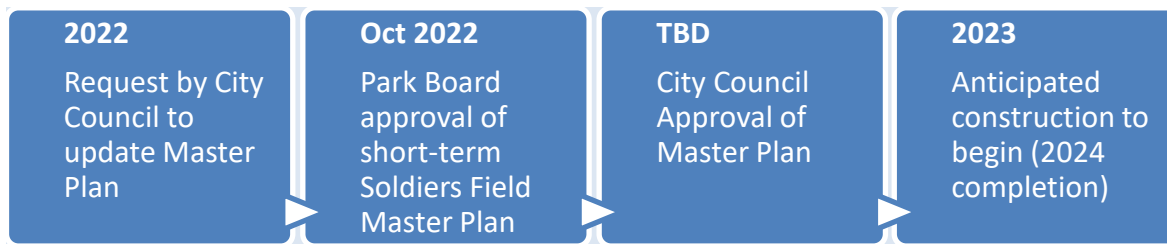
- Continues to define Soldiers Field Memorial Park as an anchor and signature public space of the Education and Recreation Sub-district.
- Equitability-designed spaces that are created with specific needs of users.
- Provides a welcoming and inclusive park for a growing and diverse community.
- Incorporating sustainable design practices.

Soldiers Field is also connected to other critical areas of the downtown. The development of Discovery Walk (Second Avenue between Second Street and Sixth Street) connects the Heart of the City directly to Soldiers Field. 6th Street Bridge reconstruction would link Soldiers Field to the Downtown Waterfront Southeast project (new commercial/mixed-use district).

Work plan or capital improvement budget implications:

Included in the 2023 Capital Improvement Budget: \$10 Million

Approvals, milestones, and decision points:



Discovery Square

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022



Request of the board of directors:
None at this time.

Discovery Square Updates:

- Strategy being developed for Life Science infrastructure that would be a key component of the Discovery Square value proposition.
 - Multiple site visits (in state, domestic and international)
 - Market demand study (in partnership with Mortenson)
- Tenant recruitment discussions in progress
- Broader economic development underway, see separate “Site Selection and Business Marketing – One Year Review” report.
- Three Discovery Square development discussions continue.
- Discovery Walk:
 - Phase 1 Discovery Walk construction (500 and 400 blocks) continues. Street and sidewalks will be completed and open by the end of this construction season.
 - Phase 1 landscaping will be done in Spring 2023, as will the start of Phase 2 work for 300 and 200 blocks.
 - Discovery Walk Business Forward activities – weekly touchpoints with some businesses, biweekly stakeholder meetings, regular window-washing for retail businesses, parking and wayfinding navigation as needed.
- Mayo Clinic Kellen Building construction continues, topping off ceremony occurred 10/17/22.
- Mayo Clinic 1,200 stall parking structure construction continues.

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.

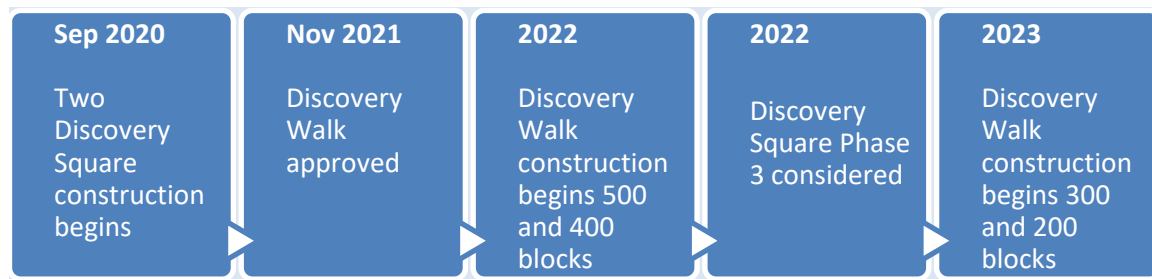
Technology and innovation are core to the DMC economic strategy. Our vision is to promote an economic development structure that fosters advancement and growth of the medical, research, innovation, education, entrepreneurial and general business environment in Rochester.

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 2022 operating and CIP funds.

Approvals, milestones, and decision points:



Site Selection and Business Marketing – One Year Review

To: DMCC Board of Directors

From: DMC EDA

Date: November 4, 2022

Request of the board of directors:

None at this time.

2022 Work Plan

- Heavy focus on process building and information gathering with an outlook to 2023.
- Tested different Lead Generation protocols and identified a successful model.
- Identified Awareness/Brand Building as the #1 priority in the short term.
- Began vetting opportunities for fit and return-on-investment.

Key Updates – 4Q2022

- Mayo Clinic *Investment in Healing Conference*
- Association of British Healthcare Industries visit to Two Discovery Square
- Meeting on the Mesa, AdvaMed, HLTH, Medica, Area Development road show
- Mayo Clinic Platform-focused Lead Generation campaign
- Awareness & Perception study in-process

2023 Work Plan

- Heavy focus on Awareness Building in key verticals (industry and site selection)
- Balanced Lead Generation program to build on Awareness Building activities
- Development of digital assets to push data and content
- Establish “Friends of Rochester/DMC” program in conjunction with Bio or Collision Canada (TBD)

Possible Future Metrics

- Outreach Events & DMC Branding Opportunities
- Business Visits to the DMC District
- Targeted Lead Generation Campaigns & Events
- Total Leads Tracked
- Partner Referrals

Heart of the City

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022

Request of the board of directors:
No Action Requested

Background:

Heart of the City Phase 1

The first phase of Destination Medical Center's Heart of the City public realm project is a renovation of the east side of Peace Plaza and surrounding areas. The new design will create active, engaging experiences for residents, visitors and patients in the heart of downtown Rochester. The project broke ground in April 2020.

Project Update

Items to be completed:

- Paver improvements, currently Fall 2022
- Catenary lighting system installed, Winter 2023

Post-occupancy Analysis

- Gehl, an urban design and research consultancy, led onsite post-occupancy analysis, September 2022
- Final report, anticipated November 2022

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

Heart of the City subdistrict is a long-standing priority for the DMC Corp. board. It is home to many hotels, restaurants, entertainment venues, and medical facilities, many of which have been undergoing reinvestment. Transformation of the public realm, Peace Plaza, will be an asset to the downtown core, improve the patient, visitor and resident experience, and help spur future investment.

Work plan or capital improvement budget implications:

This project is funded via state GSIA funds generated through the DMC initiative, approved by both DMCC and Rochester City Council.

Approvals, milestones, and decision points:



Mobility

To: DMCC Board of Directors
 From: DMC EDA
 Date: November 4, 2022



Request of the board of directors:

No action requested.

Background:

A multi-modal mobility strategy for the DMC has been developed that includes the implementation of a Rapid Transit Circulator, which is the current focus of DMC's mobility infrastructure investments.

Recent LINK BRT Milestones:

- Artist Community Engagement (October + November 2022)

Upcoming BRT Milestones:

- Complete key state and Federal environmental reviews and risk assessments (mid-2023)
- Bid process commences (4Q 2023)
- Finalize vehicle design and place order (4Q 2023)

Other Mobility Updates:

- Active Transportation Coordinator hired – starts end of November 2022

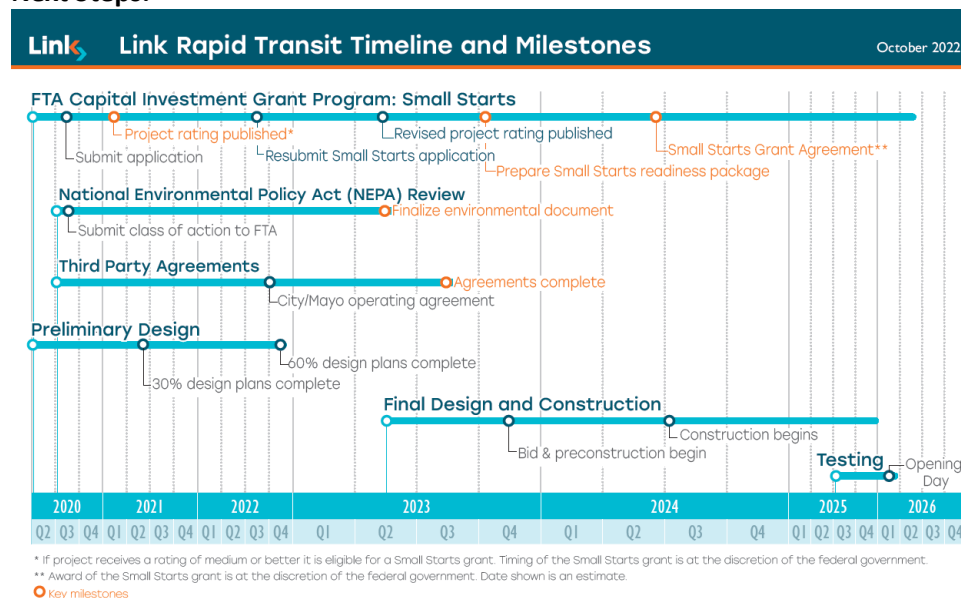
Fulfilling the DMC Vision, Mission, and/or Goals:

DMC EDA Staff are working in collaboration with the City staff and the consultant team, SRF, with a continued focus on the goal of creating a world-class experience that centers equity of access and foregrounds BRT as a desirable consumer choice.

Current Status:

Advancing BRT design to 60% complete and finalizing NEPA for Q2 2023 completion.

Next Steps:



Equitable Development

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022

Action for the board of directors:

No action at this time.

Workplan Update:

Based on the direction of the DMCC Board, the DMC EDA has endeavored to pursue DMC economic development goals in an equitable and inclusive manner. Below, the EDA has described recent efforts advance equitable economic development strategies.



1. Targeted Workforce:
 - Support construction career training curriculum through Workforce Development and others
 - Facilitate community workshops to learn from others about starting or growing a business
 - Continue to support the Bloomberg Philanthropies project to improve the participation of BIPOC women in the design and construction industry
 - Create simple paths for businesses to achieve targeted business certification
2. Equitable Housing:
 - Promote and realize mixed income development
 - Facilitate development and sites that connect to transit and trailways, are within walking distance of downtown and integrate sustainability improvements to create an affordable living place for community
 - Developer recruitment: We hosted 7 new developers to the Rochester market, with an emphasis on identifying developers of color.
 - Collaborate with public and private partners to realize the downtown and community-wide housing outcomes. Currently are engaged on co-design effort through Coalition of Rochester Area Housing on increasing Black, Indigenous, and/or People of Color (BIPOC) home ownership.
3. Equitable Transit
 - Fare-free bus rapid transit system
 - Completed the application and approval for four electric vehicle buses. This reduces the environmental impact of diesel bus service on communities living along or adjacent to major roadways or highways.
 - Bike-sharing and scooter sharing: Created a free bike-sharing program alongside the lime bike and scooter sharing program for broader community mobility
 - Active Transportation Coordinator: Starting in November, this employee will help commuters understand their choices and supplementing these choices with formal and informal support systems (bike buddy, walk buddy) and future infrastructure investments and linkages to further their impact.
4. Equitable Engagement
 - Community Co-design: Since Discovery Walk Co-design, the Rochester community has created 10 co-design projects. Co-design is a strategy to deepen the DMC's involvement with historically excluded populations within Rochester and ensure their input and collaboration on design, policy and program development. Below are a summary of the co-design projects completed within the Rochester area over the last two years.
 - Discovery Walk.
 - Channel One Food Bank.

- Bloomberg Philanthropies Mayor’s Challenge. BIPOC Women Participation in the Built Environment.
 - GRAUC (Greater Rochester Advocates for Universities & Colleges) Healthcare Simulation Center.
 - 6th Street Bridge and riverfront.
 - Riverfront Reimagined.
 - Bus Rapid Transit (BRT) Station Design.
 - Senior Housing Co-Design with Rochester Area Foundation.
 - BIPOC Home Ownership Co-Design with Rochester Area Foundation (RAF).
 - Rochester Public Schools (RPS) Students Belonging program.
- Capacity building: We completed our first community co-design leadership training where we trained leaders from City of Rochester, Olmsted County, RPS, Diversity Council, Winona State University, and University of Minnesota-Rochester to learn about the process and how to identify projects suitable for community co-design. We will offer a co-design facilitator training and two more cohorts for co-design leadership training in 2023.

5. Relationship-building

- Collaborated and connected with the following organizations on various projects and initiatives to build relationship with BIPOC and minority communities in Rochester. Improving our community’s connectedness would help DMC’s vision for creating America’s City for Health.
 - Muslim Coalition
 - Pamoja Women
 - RAF Diversity, Equity, and Inclusion (DEI) Professionals Network
 - Asian Communities & Ethiopian Community
 - National Association for the Advancement of Colored People (NAACP)
 - Diversity Council
 - Intercultural Mutual Assistance Association (IMAA)
 - United Way of Olmsted County
 - Mayo Clinic
 - RPS
 - Small Business Development Center (SBDC)
 - Elocina
 - Collider Foundation
 - Delalight Consulting
 - MN Urban Land Institute
 - Minnesota Department of Transportation (MNDOT)

Rapid Transit Corridor Development

To: DMCC Board of Directors
From: DMC EDA
Date: November 3, 2022



Request of the board of directors:

None at this time.

Background:

The DMC vision for the West Transit Village is to provide an authentic place where people want to be and leverage the opportunity to make the BRT journey better than a trip in a private single occupant vehicle.

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

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

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

Approvals, milestones, and decision points:

Since the last Board meeting, real estate advisory firm NTH distributed the RFQ to the development community and received responses and narrowed down the respondents to a short list to proceed to the next step.

Next steps:

1. Bring on a development partner prior to finalizing site details with the FTA. Projected schedule:
 - a. Mayo targeting selecting a preferred partner by year-end 2022
 - b. Winter 2023 – develop final development site plan and BRT infrastructure plan for the site, in conjunction with Mayo Clinic, DMC and the City of Rochester
 - c. Spring 2023 – preliminary plan ready for Risk Workshop with the FTA
2. Partnership should be based on:
 - a. Experience with complicated developments, including experience with TOD, multiple decision makers and the FTA
 - b. Commitment to Mayo Clinic, DMC and City of Rochester goals
 - c. Willingness to work quickly to shape the final site plan (see schedule above)
 - d. Approach to pricing site acquisition
 - e. Quality of proposed team (e.g., design partner)
 - f. Financial wherewithal to complete the project
 - g. Community engagement experience and success
 - h. History of developing for sale vs. maintaining ownership

Main Street Economic Revitalization Program Grant

To: DMCC Board of Directors

From: DMC EDA

Date: November 4, 2022

Request of the board of directors:

None at this time.

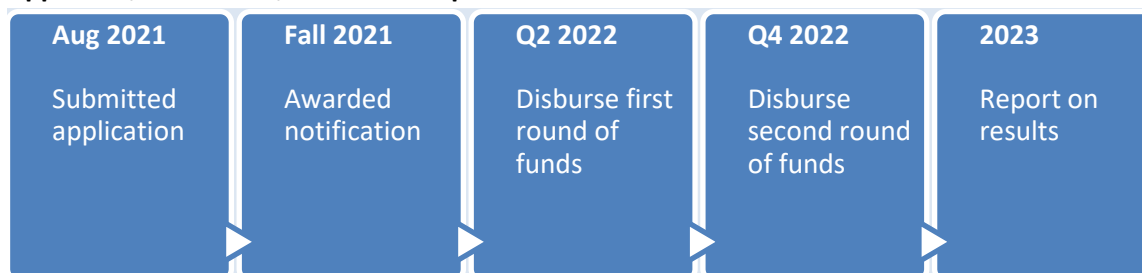
Context

- DMC EDA applied for and was awarded \$3.12M funding (\$3M for grant award for capital projects in the DMC district, \$120K for administrative costs) by MN DEED.
- Funds can support up to 30% of cost of new projects (not already completed or in-flight projects), remaining funds to come from other sources.
- Grant awards can range from a minimum of \$3K (meaning a \$10K project) and a maximum of \$750K (meaning a \$2.25M project).
- Target opportunities for businesses led or owned by BIPOC, women, and/or veteran community members.

Program Update – through Oct 2022:

- Awarded funding to 36 projects, total awards of \$2.01M
- Average award = \$56K
- Total Project Costs = \$49M (est)
- Uses:
 - Retail & restaurant: 19
 - Office/Mixed-use: 8
 - Non-profit: 5
 - Housing/lodging: 2
- 14 awardees (42%) are Black, Indigenous, and/or People of Color (BIPOC), woman-owned/led, and/or veteran-owned businesses

Approvals, milestones, and decision points:



District Energy

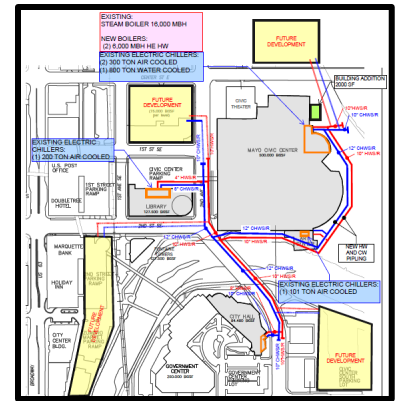
To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022

Request of the board of directors:

No action requested.

Project Updates:

1. In May 2022, the state legislature did not support a bonding bill this year, so some of the funding to support the full vision of the project did not materialize.
2. The City adjusted its scope and inherent budget to include a geothermal system that would heat and cool City Hall and can be expanded over time to connect to redevelopment sites either publicly or privately owned. The other City buildings will receive natural gas boilers to heat their facilities.
3. In August, the City also received notice of \$2M of federal funding to help support the installation of geothermal and other renewable energy sources tied to the district energy concept. The City, DMC EDA and design team are determining the best use of these funds to support the district energy concept, and likely establish a northern geothermal plant site that would serve Mayo Civic Center and the North Civic Center parking lot redevelopment site.
4. The City and DMC are partnering on a utility rate analysis and an analysis of organizational options for the City. This work is needed given the new scope of the project that includes the federal funds and possibility of use of remaining and some additional DMC funds if private development is served. Work is continuing with Sherman Associates on the North Civic Center lot to determine the costs and benefits to connect this development to the district energy system.



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

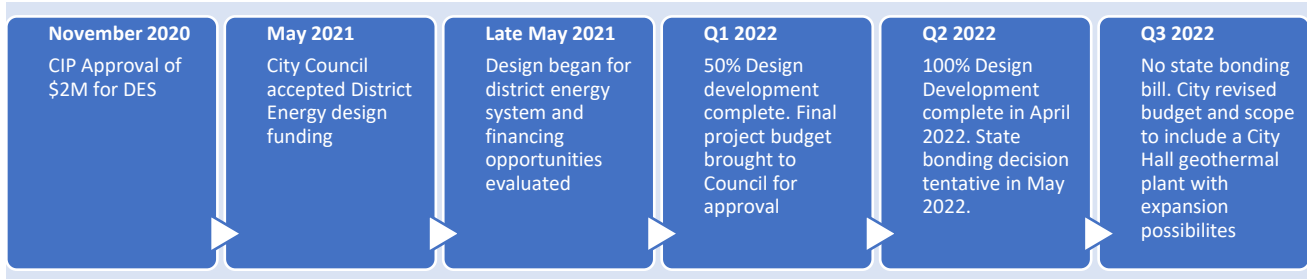
Recognizing the role that a downtown district energy system could have on realizing its energy consumption and carbon footprint reduction goals, DMCC authorized \$2 million in the 2021 and 2022 Capital Improvement Program, building off prior investment in preliminary engineering studies in 2019 and 2020.

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
- The Project Team identified a pathway to connect the City buildings and create the initial district energy plant within the Mayo Civic Center using additional space. City Staff will operate the system in its initial stages.
- DMC infrastructure funds are being used to upsize the system's piping connect 500,000 SF of future private developments around the government building sites. As more buildings are brought onto the system, additional plant locations can easily be integrated into the system.
- Additional planning will be conducted to connect the system to the South of Downtown Waterfront Site Development.
- The City of Rochester and DMC EDA partnered on an economic analysis of the district energy system that will deliver three key findings:
 - Relevant to the City, the analysis will compare the economic and environmental benefits of two outcomes:

- the City pursuing a building-level solution or a district energy solution
 - Relevant to the DMC, the economic case to a private developer to connect including the utility and environmental costs, and opportunity costs of saving space within a development
 - Finally, the economic evaluation will also place monetary value to the environmental outcomes of the district energy system to account for its environmental benefits and externalities
- Geothermal Feasibility Studies – In collaboration with the City of Rochester, Mayo Clinic, and Olmsted County, we are conducting two geothermal feasibility studies to understand the energy potential of the aquifer below Rochester. Two different technologies are being vetted for their suitability to the district energy system design. The test bores showed the aquifers have favorable underground conditions to support their use for aquifer-based heat pump development.

Approvals, milestones, and decision points:



McKnight Grant Update

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022



Request of the board of directors:

No action requested.

Project Update:

- Since the last DMC EDA Board meeting, the workplan associated with the McKnight Foundation Equitable and Vibrant Communities grant has begun in three primary areas: housing, community co-design and the development of an equity-focused best practice sharing group. Progress against the housing and co-design efforts are captured in separate updates.
- Since January, the DMC EDA, Diversity Council and City of Rochester have met over four occasions to develop the beginnings of an Equity Alliance collaboration agreement, purpose, and aspiration statements, and identify shared projects to advance collectively. The purpose of this group is to share equity best practices and resources and advance collaborative initiatives to accelerate the adoption of equitable best practices in our community.
- DMC EDA and City staff are working to meet with the McKnight Climate and Communities groups to discuss our progress and next steps for possible future collaborations.

Background:

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

initiatives within the City, foster connections, and as possible develop strategies to form a coordinated approach and strategy to entrepreneurship.

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

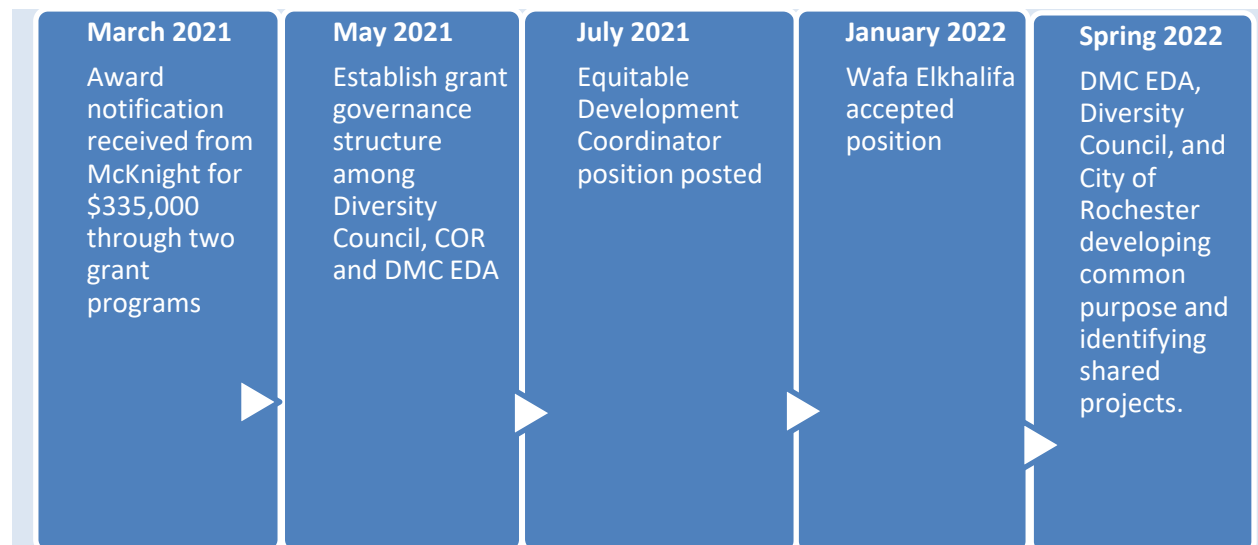
Fulfilling the DMC Mission, Vision, and/or Goals:

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

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by the McKnight Foundation, DMC 2022 operating and CIP funds. The McKnight funds would help to support the work plan objectives outlined above.

Approvals, milestones, and decision points:



Housing

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022

Action for the board of directors:

No Action Requested



Workplan Update:

To meet the downtown housing demands outlined in the background section of this update, the DMC EDA has developed a housing strategy within the 2022 workplan. Below is a summary of the strategies and progress on them since the last update.

1. Share market needs and recruit developers to deliver the various housing products needed within the downtown
 - Real Estate Summit Focused on Housing –
 - Update: The summit occurred on May 12, 2022 and welcomed over 150 participants. A summary of the event and its outcomes was shared with the board and community groups.
 - Prioritized recruitment and developer host visits –
 - Update: Visits have been scheduled as part of the Housing Summit and following. Since January, the Team has met with seven new housing developers to learn about the Rochester housing market and economic development.
 - Establish a nation-wide housing developer analysis to broaden interest in the Rochester housing market
 - Update: Work is continuing to develop local, regional and national housing relationships to share about the Rochester market opportunity.
2. Collaborate with public and private partners to realize the downtown and community-wide outcomes
 - Rochester Housing Coalition Leadership Council Member
 - Update: Complete. Further, the DMC EDA, County and City housing leaders have set up regular meetings to move our collective housing initiatives forward coming from the Housing Coalition Leadership meetings.
 - Understand past housing development progress in the downtown and its relationship to the projected market needs
 - Update: In progress, though nearly complete
3. Establish a policy and financial framework to realize the downtown housing market demand leveraging existing and new tools, and novel approaches
 - Update: The DMC EDA shared this proposed scope of work with the Housing Leadership Collaborative and is refining its approach and purpose to incorporate the perspective of this group and create a city-wide analysis. The collaborative group has selected a consultant and the analysis has started.
4. Learn best practices from across the US and determine applicability to downtown Rochester
 - Urban Land Institute Housing Conference in March 2022
 - Update: Complete
 - Greenbuild Conference scheduled for Fall 2022
 - Update: Complete
 - Analyze promising housing approaches:
 - Cooperative Housing
 - Rent to Ownership Models
 - Accessory Dwelling Units
 - Prefabricated construction methods
 - Update: As it relates to the four housing approaches above and others, the Team has been discussing these approaches with new developers to Rochester, identifying and working to speak with developers with this expertise in other markets, and involving our collaborating agencies (Olmsted County, City of Rochester, Housing Coalition) in these discussions and meeting
5. Establish staff and budget resources to Implement housing strategy
 - Sustainability and Housing Director – focus for position to integrate housing strategy and approach
 - Equitable Development Coordinator – Within job description, focus to realize housing outcomes aligned to downtown housing market needs
 - Update: Complete

In terms of next steps, the Team will work to continue to advance the work described above to reach our targets. Three priorities are to continue conversations to grow developer awareness of Rochester, particularly developers of color; the second is to finalize the housing analysis scope of work and identify a firm to complete this body of work; and the third is to continue to identify and evaluate predevelopment support programs throughout the state to inform a Rochester program.

Background:

The downtown housing market demand for market rate units, affordable and subsidized units, and senior housing units by 2030 are summarized below. In previous board packets, a full summary and explanation of the data and its sources were included.

- **1,213 affordable and subsidized units** at varying levels of affordability
 - 674 units at 30% AMI or below
 - 224 units at 30% to 50% AMI
 - Progress: Bryk Contribution = 54 units at 50% AMI
 - 315 units at 50% to 80% AMI
 - Progress: Bryk Contribution = 126 total units
 - 18 units at 60% AMI
 - 108 units at 80% AMI
- **1,840 market rate units** of varying type and affordability
 - 1,472 market rate rental
 - 236 multifamily for sale
 - 132 single family for sale
- **919 senior housing units** of varying type and affordability
 - Active adult ownership: 147 units
 - Active adult market rate rental: 248 units
 - Active adult affordable: 180 units
 - Active adult subsidized: 9 units
 - Independent Living: 128 units
 - Assisted Living: 125 units
 - Memory Care: 82 units
- Total: **3,972 housing units** needed by 2030 (22% of county-wide housing market demand)

Riverfront Small Area Plan

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022

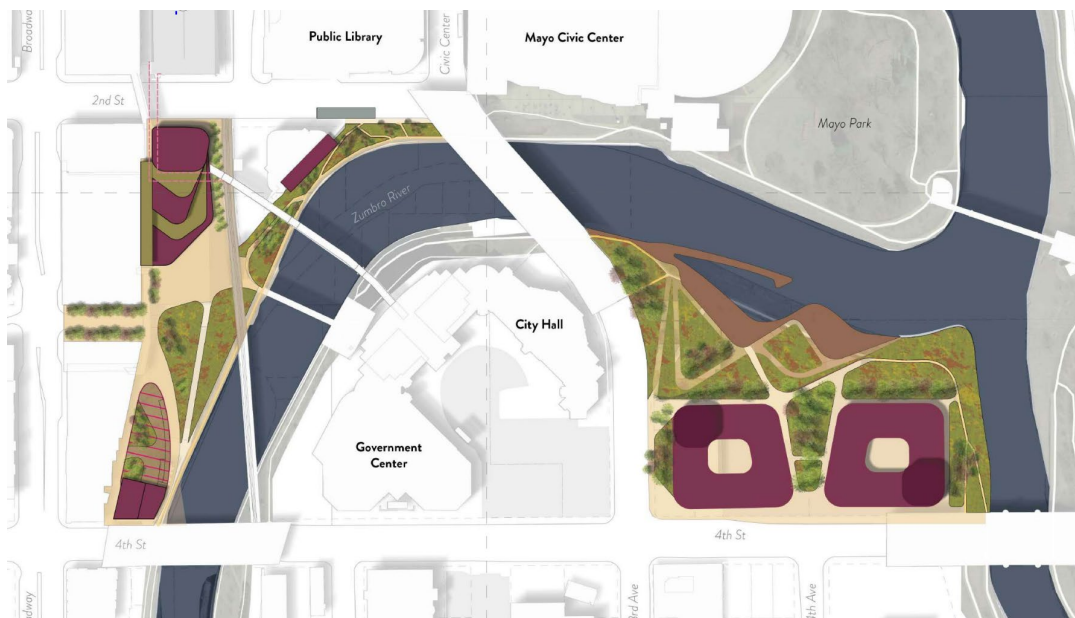


Request of the board of directors:
None.

Background:

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

The set of community-driven principles and concept small area plan was approved by both City Council and DMCC earlier in 2022.



Principles:

- Leverage the riverfront as a destination and natural corridor that better connects the trail system to downtown
- Support local, diverse businesses and programming that grow entrepreneurial endeavors
- Ensure universal access to streetscapes, skyways, subways, buildings, and the riverway
- Strive for balance; polarizing issues are not helpful. Seek balance of:
 - o Open space + development
 - o New construction + historic preservation
 - o Public + private space
 - o Flood protection + river access
 - o East + West sites
- Forge a new identity for the riverfront that expands economic development opportunities and activates the public realm

Key Site Design Elements:

To create a bold vision for future use of the Riverfront Small Area Plan site, it will be essential to leverage both the east and west sites together. The east-side focus being higher density and the west-side focused on civic and community engagement.

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

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

Approvals, milestones, and decision points:

- Next steps:
 - Interim Activation – in partnership with the RDA and other organizations
 - Advance flood wall work with Army Corps of Engineers
 - Due diligence analysis of Red Owl and Times Theater Buildings
 - Continue conversations with County regarding their portion of the site
 - East site preparation
 - Prepare RFQ/RFP for developer

Community Co-Design

To: DMCC Board of Directors
From: DMC EDA
Date: November 4, 2022



Request of the board of directors:
No action requested.

Project Update:

- This fall and continuing in 2023, the co-design team and Community for Health Steering Committee are working to develop two trainings. One will be focused for DMC EDA, City of Rochester, and partners to learn about the co-design process and how it can be properly applied on projects. The second training will be focused on the training of community-based facilitators to learn about co-design and develop skills to offer it to upcoming projects. To connect with as many interested people and organizations as possible, these two trainings will be offered multiple times throughout 2022 and 2023.
- In October 2022, the DMC and City hosted a community co-design celebration at City Hall. Over 30 people attended to celebrate the completion of the Community Co-Design Toolkit and pilot of the co-design process with 10 community and regional projects.

Background:

Through discussion with the City/Community for Health Steering Committee, the group identified the need for broader and deeper community engagement in DMC Projects, particularly with individuals and communities that had the most to gain from a particular project, program, or initiative. This concept was further developed with the Steering Committee and created a model for DMC Projects called community co-design, where community members are hired as consultants to assist with reaching previously underrepresented communities and perspectives in the Rochester community. As consultants, community co-designers fill two roles. First, they act as community researchers to better understand the needs of their community and bring a holistic perspective to influence the design of the project. Second, they participate in design studios to ensure the intent of their communities' perspective is carried into the project design.

From piloting this process, the DMC and the City/Community for Health steering committee have found three important take-aways.

1. Deeper level of engagement with communities
 - a. The pace, depth, and insight from a co-design process has identified prescient design requirements from community that have created for inclusive, equitable, and accessible projects.
2. Community cultural, diversity and inclusivity competency
 - a. By hearing from communities most impacted and historically underrepresented, communication pathways are established on topics of diversity, equity and inclusion are established and broader community understanding and empathy among the project team.
3. Community and Individual Capacity Building
 - a. As a result of participation, individuals and communities learn about public-decision making processes and project design sequences. As a result of this learning, past co-designers have pursued new career opportunities.
4. Unique Project Insights
 - a. Engaging under-represented perspective can offer new and creative guidance and center communities' lived experience. This expertise cannot be accessed without directly engaging those living it.

Looking ahead to 2023, the DMC and Steering Committee are identifying means to methods to share the toolkit, continue to work with local organizations interested in its implementation, and building local capacity within facilitators and organizations to deliver community co-design.

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

Equitable development is a key vision of the DMC project as recognized by the DMCC board in late 2020 and affirmed in 2021. The community co-design process utilizes the concept of human-centered design, which prioritizes the involvement of individuals and communities that have the most to gain from a program, project or initiative in public decision-making. This focus on co-designing with people most impacted creates more equitable policy, programs and projects, and builds collective capacity across our community, and individual capacity for leadership roles.

Work plan or capital improvement budget implications:

The current DMC work plan describes a variety of initiatives supported by the DMC 2022 operating and CIP funds to assist development projects broaden their engagement strategies to include members and communities of Rochester that historically have been excluded from participation.

Approvals, milestones, and decision points:

