



# **DMC Corporation Board of Directors Meeting**

Thursday, September 28, 2023





*We'll get you there.*

CPAs | CONSULTANTS | WEALTH ADVISORS

# Destination Medical Center Corporation

September 2023

# IRS Form 990

- Financial information reconciles to DMCC's audited financial statements
- Part III (page 3) – statement of DMCC's organizational purpose
- Part VI (page 7) – governance
- Part VII (page 8) – board members
- Part VIII (page 10) – no unrelated business income



# IRS Form 990

- Schedule B (page 23) – contributors
- Schedule R (page 33) – related organizations
- Filing deadline is November 15, 2023



# MN Charitable Organization Annual Report

- Filed with Minnesota Attorney General's Office Charities Division
- No changes in tax-exempt status (page 1)
- No changes in organizational purpose or programs (page 1)
- No changes in ability to solicit contributions (page 2)
- No compensation paid in excess of \$100,000 (page 2)
- Filing deadline November 15, 2023



# Minnesota Non-profit Corporation Annual Renewal

- Filed online with Minnesota Secretary of State
- In good standing through December 31, 2023
- Annual renewal to be filed (online) for 2024



# Thank you for engaging us to serve you!

## Contact Information:

**Craig Popenhagen, Principal**

**507-280-2327**

[Craig.popenhagen@claconnect.com](mailto:Craig.popenhagen@claconnect.com)

**Katherine Lutzke, Director**

**507-280-2314**

[katherine.lutzke@claconnect.com](mailto:katherine.lutzke@claconnect.com)



# DMC Metrics

## Experience

September 2023



**DMC**

Destination Medical Center  
Rochester, MN



# DMC Metrics



**Create a comprehensive strategic plan**



**Leverage the public investment of \$585 million to attract \$5.6B**



**Create approximately 30,000 new jobs**



**Generate approximately \$7.5 - \$8.0 billion in new net tax revenue**

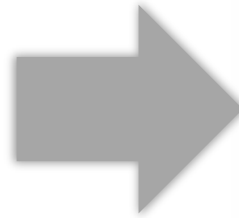


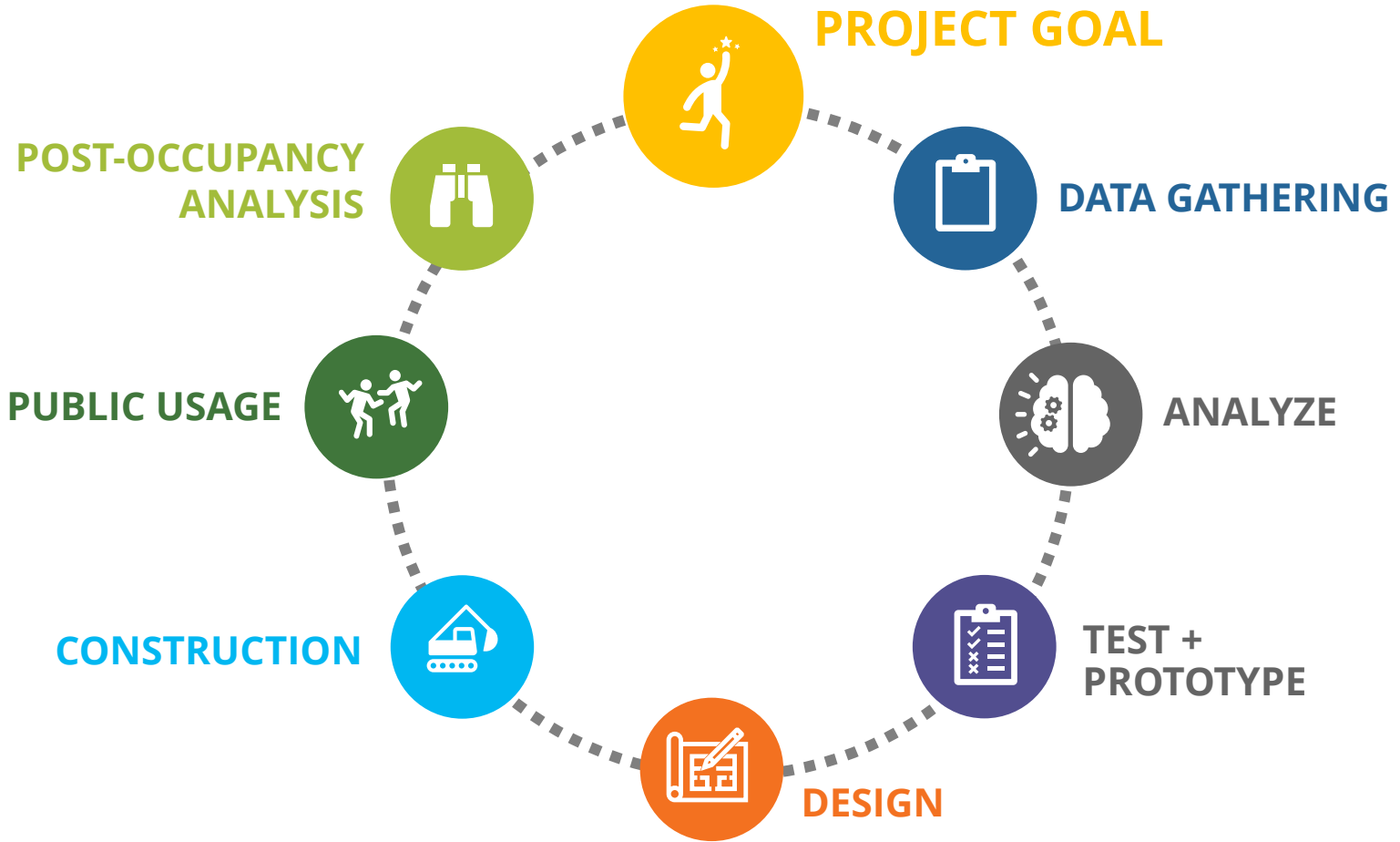
**Achieve the highest quality patient, companion, visitor, employee, and resident experience**



# Experience Goals + Public Space

## From Development Plan to Action







# Heart of the City

## Phase 1: Goals

### Increase:

Safety

Accessibility

Public Space

Flexibility

Sustainability

Art Installations

Infrastructure





**DATA GATHERING**



**ANALYZE**

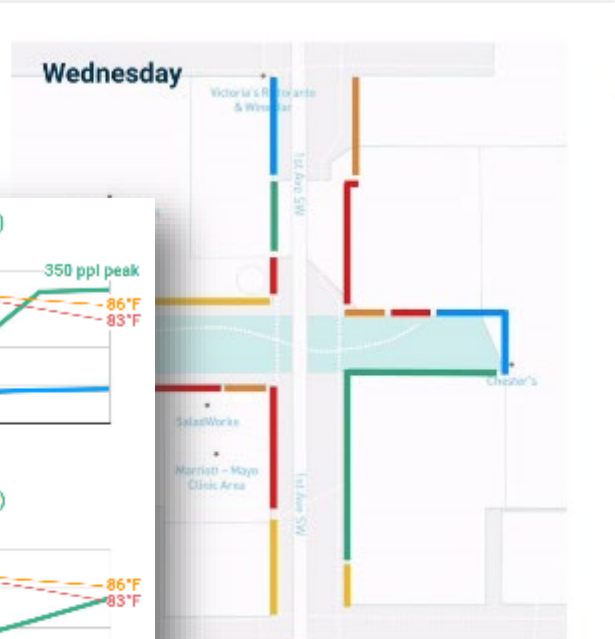
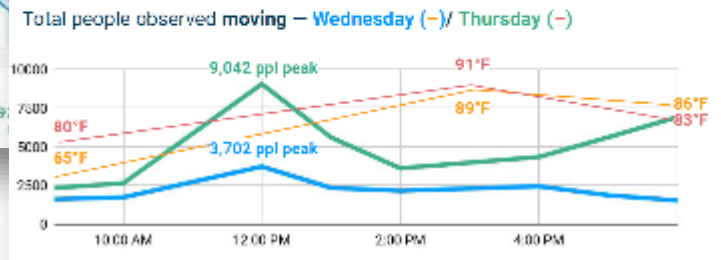
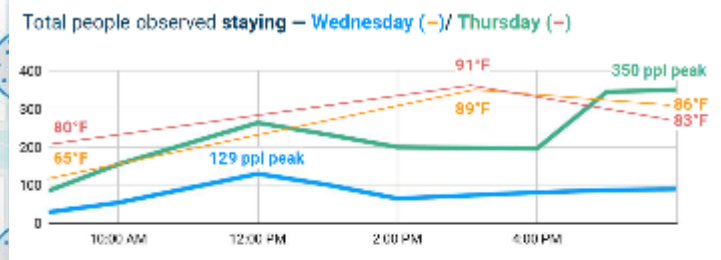


**TEST +  
PROTOTYPE**



# POST-OCCUPANCY ANALYSIS

Gehl: Peace Plaza Health Check

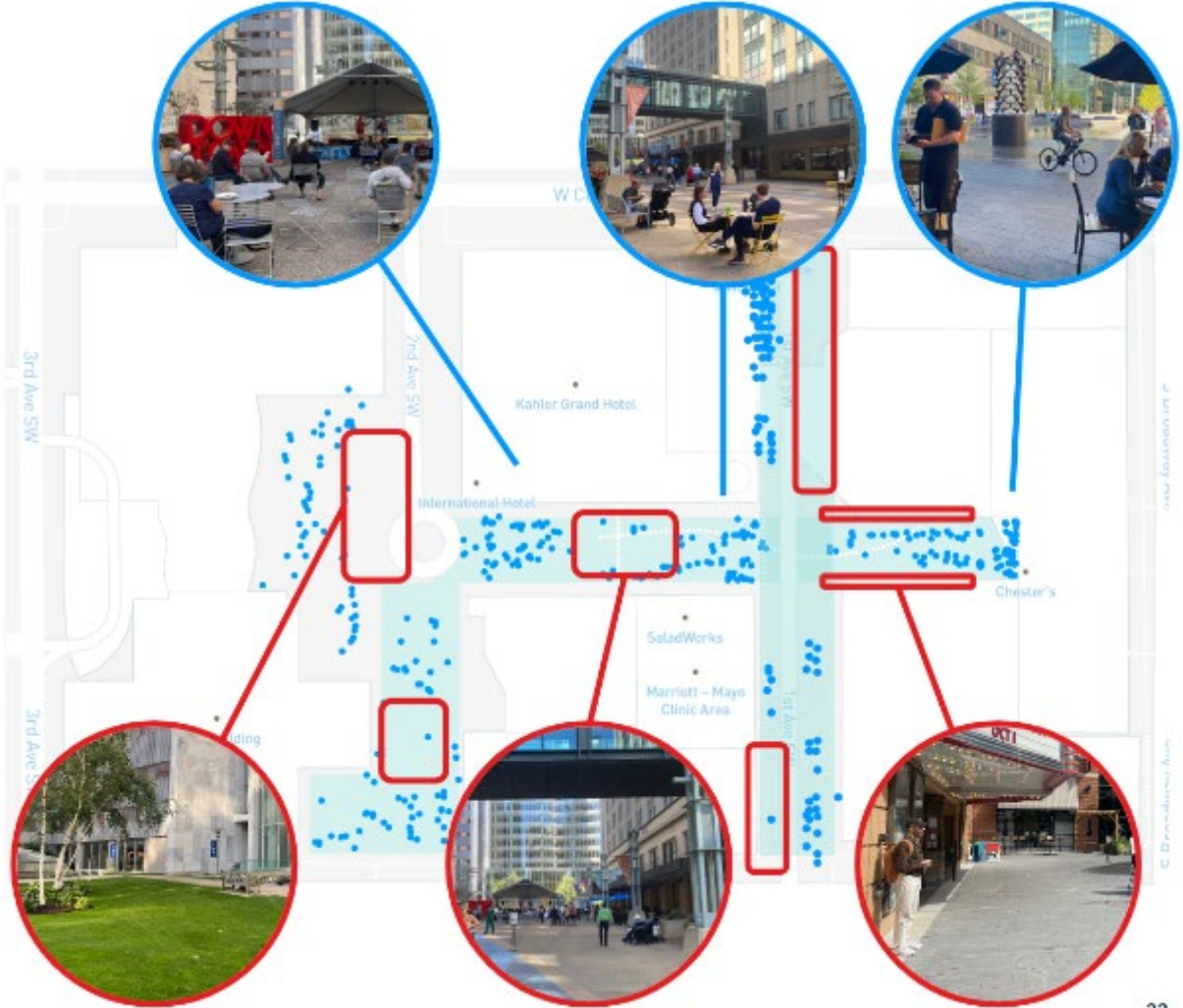




# Key Takeaways



People have a better experience when adjacent to active private spaces







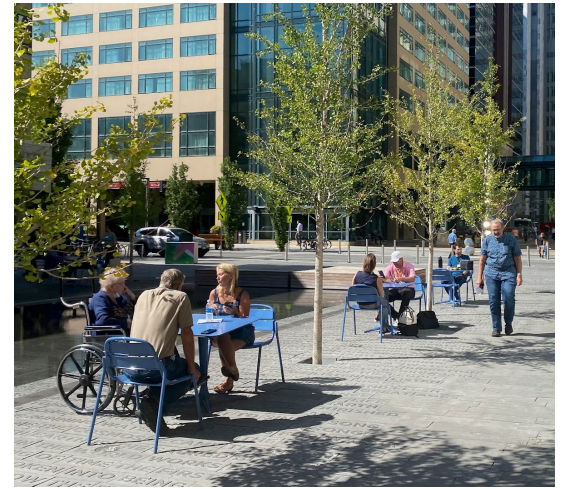
Daytime users  
have different  
needs than  
evening and  
weekend users



Well-maintained  
public spaces  
create exceptional  
experiences



Unmaintained  
public spaces  
become  
distractions





# What is Next?

## Informs:

Future programming of  
Peace Plaza

Grow Downtown Together  
strategy

Future public realm planning

Current and future  
partnerships

Discovery Walk

Riverfront

Link: Bus Rapid Transit





# Discussion



# 2024 DMC Operating and Capital Budget



**DMC**

Destination Medical Center  
Rochester, MN

# Today's Discussion

- Review Capital and Operating Budgets
- Review 2024 Work Plan
- Act on resolution recommending 2024 budget



# Key Takeaways:

- **Work Plan which advances DMCC Priorities:**
  - Health
  - Sustainability
  - Equity
  - Affordability
  - Community Engagement
- **Capital Improvements**
  - Ensure completion of PRIOR-APPROVED projects
  - Consider NEW time-sensitive investments
  - Identify FUTURE project initiatives





# Budget Process:

- **February 2023:** Joint Meeting of DMCC, City Council, Olmsted County, and DMC EDA
- **May 2023:** DMCC Board Discussion
- **June-August 2023:** DMC/City Staff Collaboration
- **August 2023:** Board work group meetings
- **September 2023:** DMC EDA Recommendation
- **September 2023:** DMCC board Action
- **October 2023:** City Council Action





# Destination Medical Center: Primary Responsibilities

## **Guiding \$585M Public Infrastructure Investment**

The public infrastructure for to fulfill the DMC vision and goals for job growth, capital investment, new tax generation, and improved community experience.

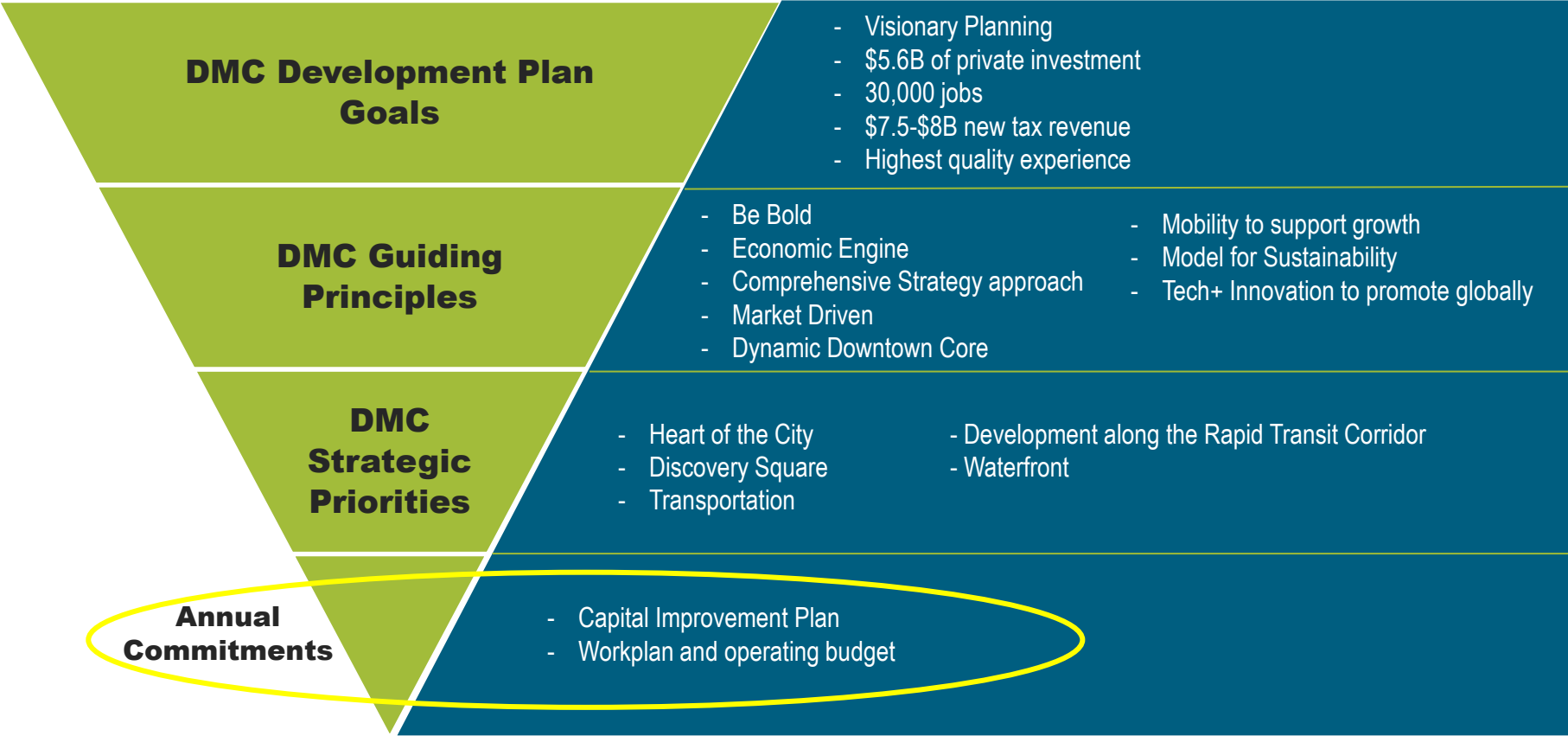
**+**

## **Attracting \$5.6B Private Investment**

The programs and project support to retain and attract developers, private capital, and businesses.

# EVALUATING DMC INVESTMENT OPPORTUNITIES

## PROCESS FOR DEVELOPING RECOMMENDATIONS TO DMCC



# DMC Investments, 2015-2024

	Phase 1 (2015-2019) Actual	Phase 2 (2020-2024) Approved 5 Year Update	(2020-2024) Actual + Proposed
Public Realm	\$21,500,000	\$35-50,000,000	\$51,000,000
Mobility	\$9,800,000	\$60-75,000,000	\$60,000,000
Strategic Redevelopment	\$17,300,000	\$20-45,000,000	\$30,000,000
Streets & Sewers	\$28,900,000	\$35-50,000,000	\$34,000,000
Operations	\$20,700,000	\$15-20,000,000	\$20,000,000
<b>TOTAL</b>	<b>\$98,500,000</b>	<b>\$200,000,000 +/-</b>	<b>\$196,000,000</b>

# What We've Achieved: Public Realm Snapshot



Public Realm  
Heart of the City



# What We've Achieved: Mobility Snapshot



# What We've Achieved: Strategic Redevelopment Snapshot



**Bio-med-tech**  
Discovery Square



**Housing**  
Bryk on Broadway



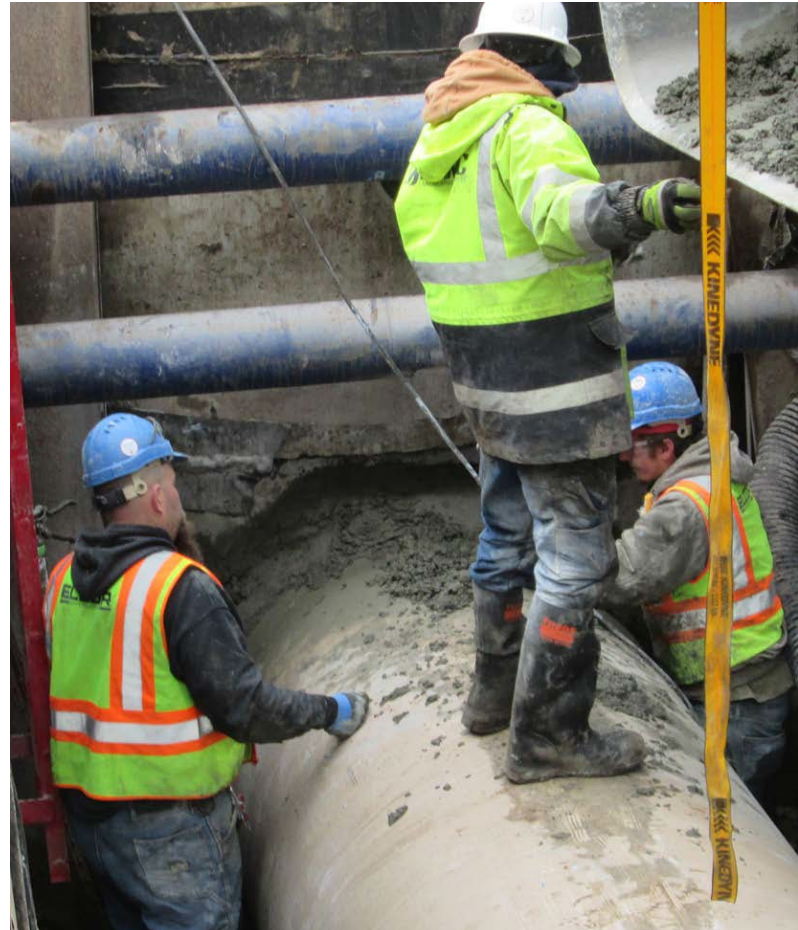
**Mayo Clinic**  
Growth and Investment



**Total Private Investment**  
\$1.46B (through 2022)



# What We've Achieved: Streets & Sewers Snapshot



# **Significant Upcoming Considerations**

- **Mayo Clinic “Bold. Forward. Unbound.”**
- **DMC 10-Year Development Plan Update**
- **Halfway-point of available DMC funds**



# Recommended approach to 2024 Capital Improvement:

- **Ensure completion of PRIOR-APPROVED projects**
  - Multi-year commitments, such as LINK transit, which cannot be redirected
- **Consider NEW time-sensitive investments**
  - Programs like Discovery Labs, District Energy, or downtown property support
- **Identify FUTURE project initiatives**
  - Build a list of known community priorities
  - Filter priority projects via 10-year update

## DMC CAPITAL PLAN

Public Realm				
DESCRIPTION	2024 DMC FUNDING SOURCE	PROPOSED 2024 DMC FUNDING	PHASE 2 (2020-2024) DMC FUNDING	
1 Chelsea Theatre Improvements and Asset Preservation	DMC GSIA	\$1,000,000		
2 Downtown Waterfront: Riverfront Pre-development	DMC GSIA	\$1,000,000		
3 St Marys Place: Public Realm Design and Construction	DMC GSIA	\$300,000		
		2024 Subtotal	Phase 2 Subtotal (2020-2024)	Phase 2 Target Range
		\$2,500,000	\$50,670,000	\$35-50M
Mobility				
DESCRIPTION	2024 DMC FUNDING SOURCE	PROPOSED 2024 DMC FUNDING	PHASE 2 (2020-2024) DMC FUNDING	
4 Rapid Transit, including Second Street Reconstruction & Streetscape	DMC County Transit Aid	\$3,718,569		
	DMC State Transit Aid	\$5,577,854		
		2024 Subtotal	Phase 2 Subtotal (2020-2024)	Phase 2 Target Range
		\$9,296,423	\$60,057,083	\$60-75M
Strategic Redevelopment				
DESCRIPTION	2024 DMC FUNDING SOURCE	PROPOSED 2024 DMC FUNDING	PHASE 2 (2020-2024) DMC FUNDING	
5 Strategic Redevelopment (Bio-med-tech, workforce housing, downtown property support)	DMC GSIA	\$10,000,000		
		2024 Subtotal	Phase 2 Subtotal (2020-2024)	Phase 2 Target Range
		\$10,000,000	\$30,300,000	\$20-45M
Streets and Sewers				
DESCRIPTION	2024 DMC FUNDING SOURCE	PROPOSED 2024 DMC FUNDING	PHASE 2 (2020-2024) DMC FUNDING	
6 Streets: Sixth Street Bridge, Sixth Street S.E., Waterfront Connectivity	DMC GSIA	\$4,000,000		
7 District Energy	DMC GSIA	\$7,200,000		
8 Sewer: Construct sanitary sewer capacity bypass on 3rd Ave SW from 2nd St SW to 4th St SW	DMC GSIA	\$1,500,000		
		2024 Subtotal	Phase 2 Subtotal (2020-2024)	Phase 2 Target Range
		\$12,700,000	\$34,477,223	\$35-50M
Operations				
DESCRIPTION	2024 DMC FUNDING SOURCE	PROPOSED 2024 DMC FUNDING	PHASE 2 (2020-2024) DMC FUNDING	
9 DMC Corp.	City DMC Aid	\$234,000		
10 DMC administrative support by City of Rochester	City DMC Aid	\$100,000		
11 DMC EDA	City DMC Aid	\$2,842,507		
12 City DMC Project Management	City DMC Aid	\$1,157,454		
13 DMC Development Plan Update	DMC GSIA	\$750,000		
		2024 Subtotal	Phase 2 Subtotal (2020-2024)	Phase 2 Target Range
		\$5,083,961	\$20,229,611	\$15-20M
		2024 DMC Funding Total	Phase 2 Total (2020-2024)	Phase 2 Target Range
		\$39,580,384	\$195,733,917	\$200,000,000

2024 DMC GSIA: \$25,200,000

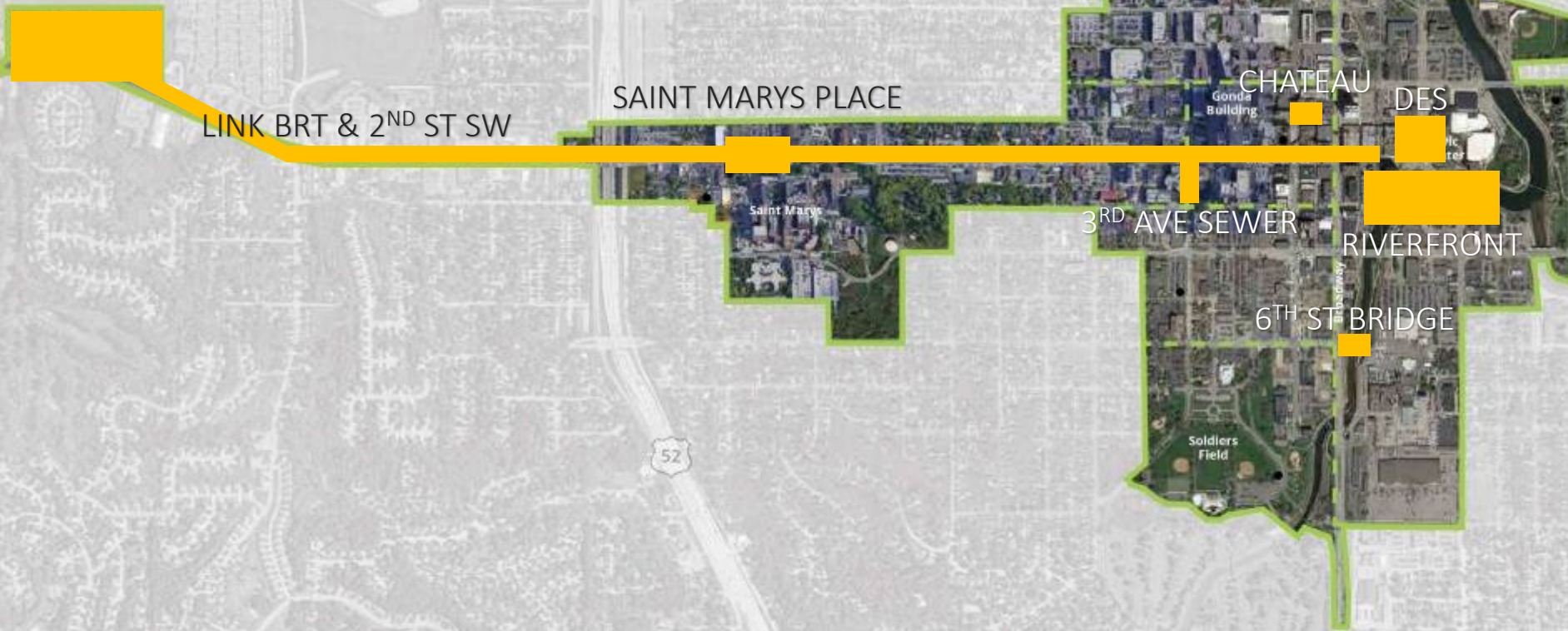
2024 City DMC Aid: \$5,083,961

2024 County DMC Transit Aid: \$3,718,569

2024 State DMC Transit Aid: \$5,577,854

2024 DMC Total: \$39,580,384

# 2024 PROJECT LOCATIONS



# Public Realm: Chateau Theatre Improvements and Asset Preservation

- **Project Definition:**
  - 2015 purchase of Chateau was first DMC-funded capital investment
  - Additional DMC investments have preserved and activated Chateau
  - In May 2022, the City entered a three-year operating agreement with Threshold Arts, a local non-profit
- **Budget Context:**
  - Through 2023, \$7.7M in DMC funds have been spent/budgeted
  - This figure includes the \$5.5M acquisition cost.
- **2024 Request:**
  - \$1M for HVAC improvements
- **What Might Come:**
  - Further detail regarding future capital needs, potential funding sources, anticipated uses, operating/business model, and expected operating duration before consideration of any additional funding after the 2024 CIP
  - Anticipated additional deferred maintenance projects in excess of \$4M have been identified by City



# Public Realm:

## Downtown Riverfront Pre-development

- **Project Definition:**
  - 2 City-owned sites totaling ~5.5 acres along the downtown riverfront
  - Adjacency to CBD and LINK = redevelopment opportunity
  - City plan transforms sites from parking to public and private space
  - ~2.5 ac of new space, 200,000-700,000 s.f. of private development
- **Budget Context:**
  - Through 2023, \$2M in DMC funds have advanced planning, design, site acquisition, and pre-development infrastructure
- **2024 Request:**
  - \$1M for advanced design, subject to State bonding approval



# Public Realm: Downtown Riverfront Pre-development

- **What Might Come:**
  - The City of Rochester has submitted a State bonding request for riverfront projects (Total cost: \$52.9 Million)
  - Securing State bonding will require local matching funds
  - If the City intends to request DMC funds for a portion of the local match requirement, bonding request updates will be presented at the November 2023 and February 2024 DMCC board meetings for DMCC consideration
  - Bonding request updates will also describe any efforts to prioritize project elements or develop additional non-DMC funding sources
  - Additionally, DMC funding may be required to support site private development





# Public Realm: Saint Marys Place Public Realm Design and Construction

- **Project Definition:**
  - 2016: Design framework prepared for SMP
  - LINK BRT plan includes design priorities identified in DMC plan and SMP framework
  - LINK's construction provides additional opportunities to improve the pedestrian and user experience
- **Budget Context:**
  - No capital project investments have been made to-date
  - The 2016 framework was prepared using DMC EDA operating funds
- **2024 Request:** \$500,000 to prepare design documentation
- **What Might Come:**
  - The design process will develop the framework for the public realm investment in the St. Marys subdistrict per the DMC development plan
  - Following design documentation, staff will define future public realm investment timing, scope/benefits, and costs.



# Mobility:

## LINK BRT, including Second St SW Reconstruction

- **Project Definition:**
  - 2015: DMC Plan prioritized transit planning
  - 2018: DMCC approved DMC Integrated Transit Studies
  - 2018-2020: DMCC adopted resolutions defining and refining the scope of the rapid transit project, including approving the route, mode, and features of LINK
  - 2022: Final federal grant application was submitted to U.S. FTA
- **Budget Context:**
  - \$56.1M in DMC funds will serve as local match to secure federal funding
  - Total project cost is \$143.4M
- **2024 Request:**
  - \$9.3M (not “new” money; this is accounted for within total project budget)
- **What Might Come:** Potential expansion (Phase 2) of bus rapid transit system.





# Strategic Redevelopment

- **Project Definition:**
  - Since 2021, the DMC CIP has included a “strategic redevelopment” fund (2021, \$7M; 2022, \$3M; 2023, \$3M)
  - This fund allows DMCC and City Council to respond to DMC funding applications
  - Prior to 2021 funding to support DMC-eligible elements of private development projects was funded through tax-increment financing (TIF)
  - Since 2021 funding has been awarded once (Bryk on Broadway workforce housing)
- **Budget Context:**
  - The strategic redevelopment fund has a current balance of \$10.8M.
- **2024 Request:** \$10 Million
- **What Might Come:**
  - There are several projects currently in pre-development downtown
  - Workforce housing and bio-med-tech are DMCC priorities
  - Depending on project timing & scale, these funds will allow the DMCC and City Council to be responsive to this market interest



# Streets and Sewers: Sixth St. Bridge, Sixth St. S.E., Waterfront Connectivity

- **Project Definition:**
  - 2022: City is awarded \$19.9M USDOT grant to support 6th St SE Bridge project
  - New bridge connects street and trail network across the Zumbro River
  - Original project cost estimate: \$29.9M
  - Community co-design process refined project elements, including accessibility, sustainability, art, lighting, and more
- **Budget Context:**
  - \$1,000,000 has previously been approved for bridge planning
- **2024 Request:**
  - \$4,000,000 for design and construction
- **What Might Come:**
  - Prior DMC CIP projected an additional \$5M investment to fully leverage the federal grant
  - An additional \$1.3M may be required due to increasing project costs, for a total future request of \$6.3M



# Streets and Sewers: District Energy System

- **Project Definition:**
  - The DMCC and City Council have both adopted energy use and greenhouse gas reduction goals
  - The proposed district energy system (DES) could serve a number of public and private buildings in the DMC Downtown Waterfront sub-district
  - The federal Inflation Reduction Act (IRA) includes resources to possibly re-scope the DES; securing the IRA funding requires additional local funding
- **Budget Context:**
  - The DMCC has previously approved \$1,500,000 to allow any district energy system to have enough capacity for future private development
- **2024 Request:**
  - The City is pursuing IRA funding to enhance the DES for its own buildings
  - This proposed enhancement would become the necessary platform for a scalable private system
  - The enhancement platform cost is \$2.2M, and the cost to provide for private connections to the DES is \$5M
  - Total DMC request: \$7.2M
- **What Might Come:**
  - Private properties interested in connecting to the district energy system may request support to offset the connection cost



# Streets and Sewers: Sanitary Sewer Capacity Bypass

- **Project Definition:**
  - This relief project diverts flows from 2nd Street SW to 4th Street SW along 3rd Avenue SW to provide added capacity to the trunk sewers to the north of 2nd Street SW
  - Current trunk sewers are at capacity due to downtown growth
  - Conceptual design is complete
  - Construction is expected to begin in 2024
- **Budget Context:**
  - \$50,000 has previously been approved for design
- **2024 Request:**
  - \$1,500,000 for construction
- **What Might Come:**
  - No additional costs or changes in scope are anticipated for this project



# Ten-Year DMC Development Plan Update:

## Project Definition:

- MN law establishing the DMC initiative require the preparation and periodic renewal of a development plan
- At minimum, the update must: include specific elements identified in the law; be approved by the DMCC and City Council; be updated not less than every five years
- The plan was adopted in 2015 and an update was approved in 2020
- In 2024, the DMC EDA will coordinate the production of the next five-year update (2025)
- This update comes at the half-way point of DMC's 20-year plan

## Budget Context:

- Given the relative infrequency of these plan updates, there is no recurring CIP allocation to support this work
- 2020 plan update cost approx. \$250,000
- The ten-year update will incorporate post-COVID learnings, Mayo Clinic's growth, and other significant new public and private investments.

## 2024 Request:

- \$750,000

## What Might Come:

- Some findings or strategies identified in this ten-year update may require further planning, programming, or research



# IDENTIFYING POSSIBLE FUTURE INITIATIVES

## Through 2025 and beyond:

- Wayfinding and neighborhood connectivity
- Sidewalks and pedestrian infrastructure
- Bus Rapid Transit Phase II
- Cultural, entertainment, or education venues
- Projects identified in DMC ten-year update
- Opportunities associated with Bold Forward Unbound
- Energy Infrastructure





# OPERATIONS

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

- DMC Corp. expenses
- DMC EDA operating budget
- City of Rochester administrative costs
- DMC City project management expenses



# DMC EDA RESPONSIBILITIES

## DEFINED IN MN STATUTE

- A. **Development Marketing, Planning, and Promotion**, including:
  - Implementing the development plan, including soliciting development proposals for development...
  - Seeking financial support for the DMCC, the City, and projects
  - Comprehensive marketing program to global interests
  - Preparing and supporting the marketing and promotion of DMC
  - Partnering with others...in joint efforts to promote economic development
  - Administering the planning and development activities required to implement the development plan
- B. **Development Services**, including:
  - Evaluating and underwriting development proposals
  - Providing transactional services in connection with approved projects
  - Facilitate the sale, lease, or other transactions involving land and real property
  - Assist in applications for federal grants, tax credits, and other sources of funding to aid development
- C. **Outreach and Communications**, including:
  - Developing patient, visitor, and community outreach programs
  - Preparing and implementing a program for community and public relations



# Doing Our Work Through The Lens Of:

- Health
- Sustainability
- Equity
- Affordability
- Community Engagement



# **2024 Work Plan: Areas of Program Growth**

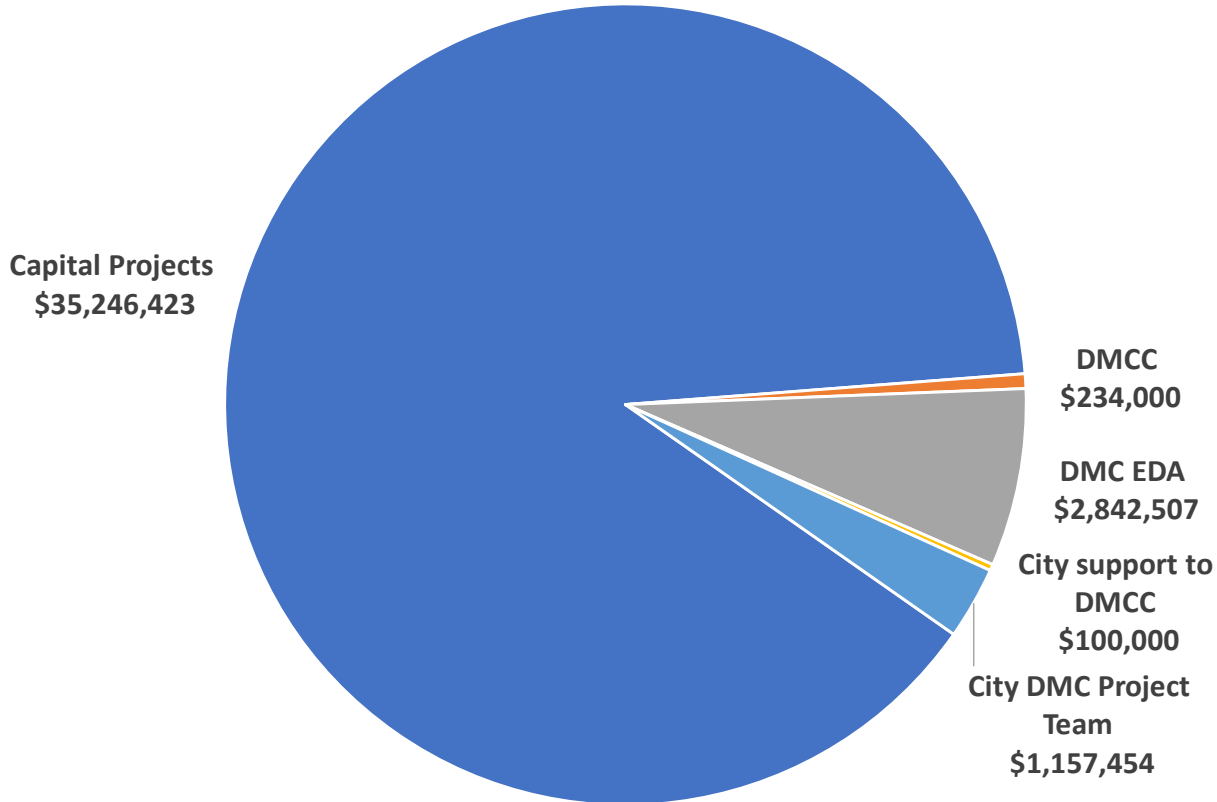
- **Business Recruitment**
- **Downtown Growth**
- **Equitable Development**

## 2024 DMC EDA Operating Budget

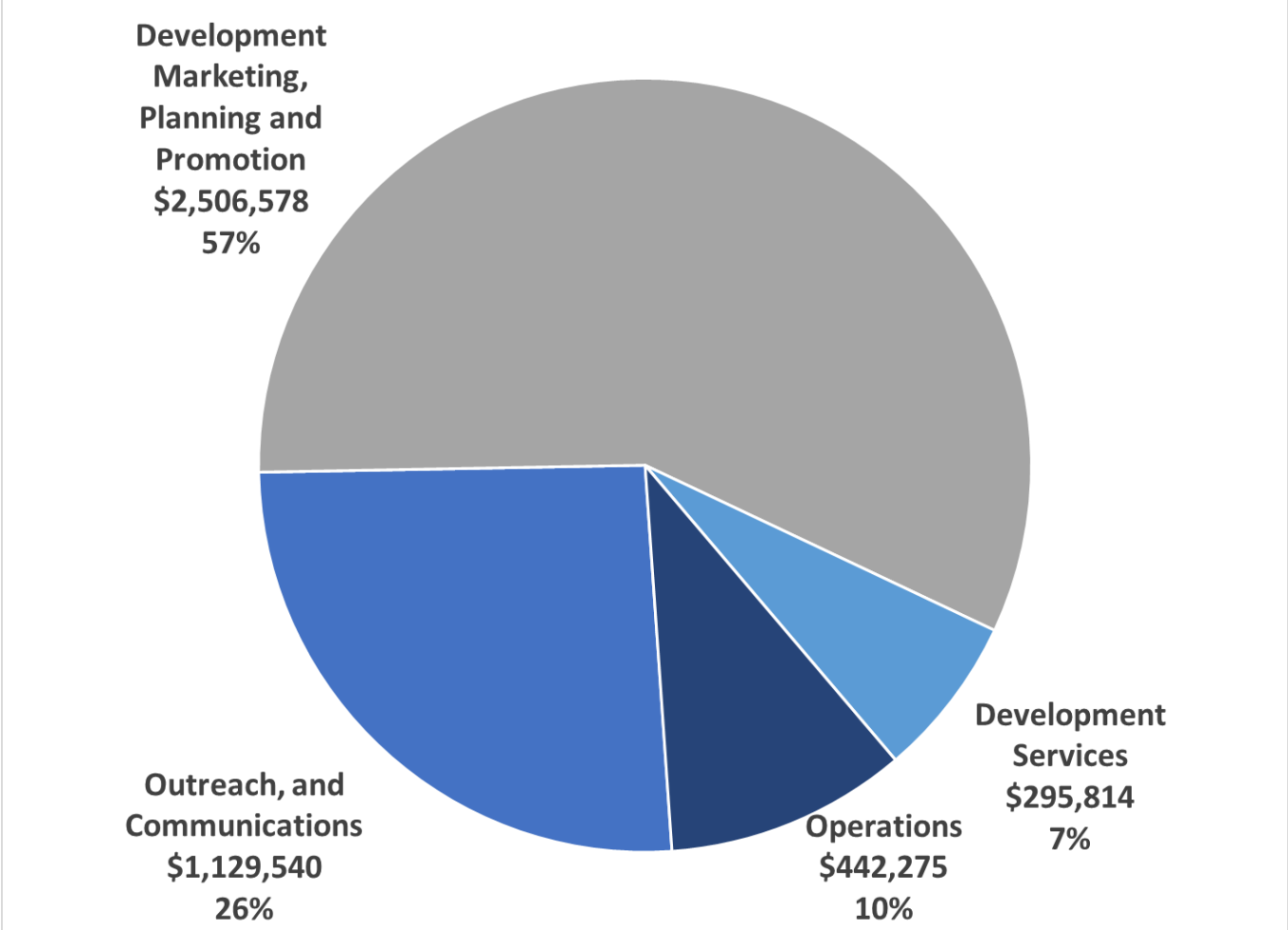
	2023 DMC Funding	2024 DMC Funding	2023 Mayo Clinic Funding	2024 Mayo Clinic Funding	YOY Funding Change (%)
<b>Staff</b>					
1 Payroll	\$1,088,746	\$1,471,393	\$500,000	\$500,000	24.1%
2 Benefits	\$185,026	\$220,709			19.3%
3 Payroll Expenses	\$7,000	\$7,000			0.0%
4 Transit Subsidy	\$8,400	\$15,600			85.7%
5 Reimbursements					
<i>SUBTOTAL</i>	\$1,289,172	\$1,714,702	\$500,000	\$500,000	23.8%
<b>Agency Operations</b>					
6 Rent and Utilities	\$1,236	\$1,279	\$140,000	\$140,000	0.0%
7 Equipment Rentals and Furniture					
8 Office Supplies and Consumables	\$10,000			\$10,000	0.0%
9 Room Rental					
10 Postage and Shipping	\$1,500	\$1,500			0.0%
11 Website Drafting and Hosting	\$19,200	\$19,620			2.2%
12 IT Hardware, Software, and Support	\$35,173	\$34,720			-1.3%
13 Miscellaneous Costs	\$3,865	\$6,960	\$14,015	\$8,000	-16.3%
<i>SUBTOTAL</i>	\$70,974	\$64,079	\$154,015	\$158,000	-1.3%
<b>Economic Development</b>					
14 Print and Collateral			\$60,000	\$45,000	-25.0%
15 Outreach and Local Events	\$30,000	\$47,000	\$46,000	\$75,000	60.5%
16 Subscriptions and Memberships	\$8,052	\$10,676	\$420		26.0%
17 Conferences, Meetings, Travel, and Participation	\$139,320	\$83,100	\$20,955	\$156,900	49.7%
18 Economic Development Programming	\$514,100	\$395,050	\$257,000	\$509,800	17.3%
<i>SUBTOTAL</i>	\$691,472	\$535,826	\$384,375	\$786,700	22.9%
<b>Professional Services</b>					
19 Legal	\$40,000	\$30,000			-25.0%
20 Website Management and CRM	\$14,000	\$3,600	\$165,000		-98.0%
21 Marketing, Communications, and Advertising	\$385,000	\$310,000	\$55,000		-29.5%
22 Strategic Public Relations			\$62,000	\$62,000	0.0%
23 Contracted Support Staff		\$48,000	\$91,000	\$25,000	-19.8%
24 Financial Reporting Services	\$78,410	\$76,300			-2.7%
<i>SUBTOTAL</i>	\$517,410	\$467,900	\$373,000	\$87,000	-37.7%
<b>Miscellaneous</b>					
25 Insurance and Taxes	\$54,500	\$60,000			10.1%
26 Contingency					
<i>SUBTOTAL</i>	\$54,500	\$60,000			10.1%
<b>TOTAL</b>	<b>\$2,623,528</b>	<b>\$2,842,507</b>	<b>\$1,411,390</b>	<b>\$1,531,700</b>	<b>8.4%</b>



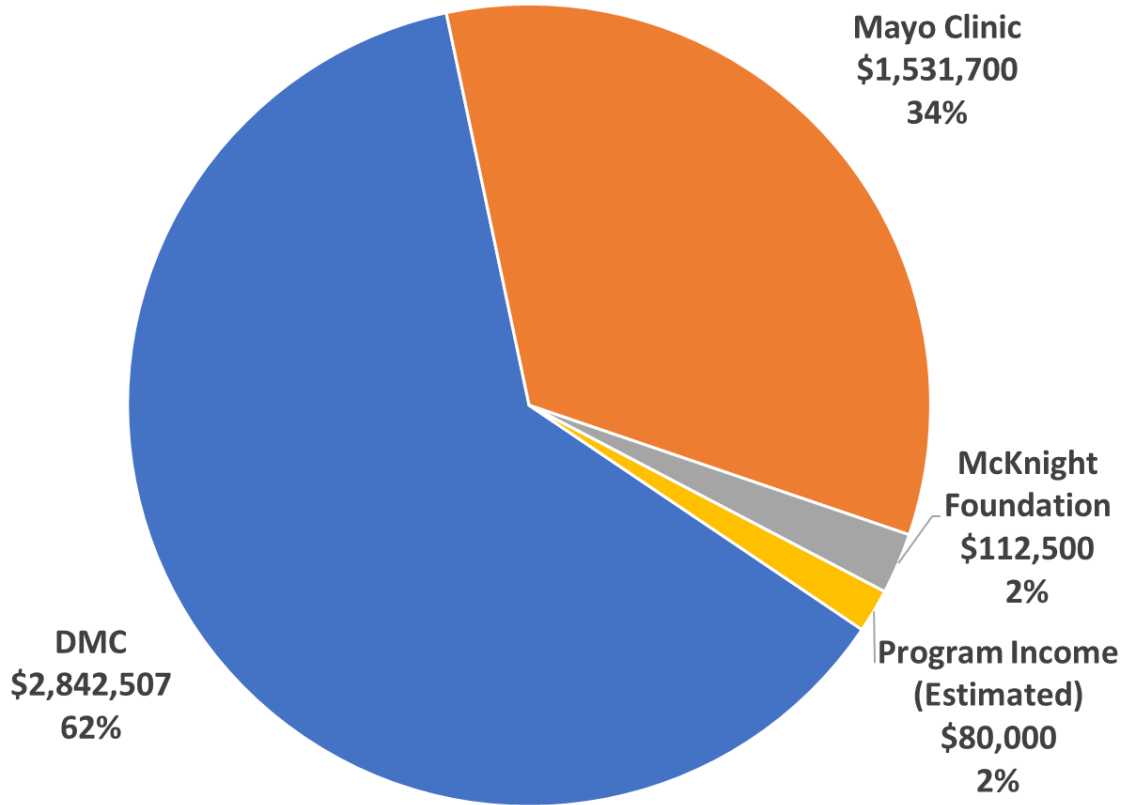
# 2024 DMC FUNDING ALLOCATION



# 2024 DMC EDA BUDGET USES



# 2024 DMC EDA BUDGET SOURCES



# 2024 CITY DMC PROJECT MANAGEMENT TEAM

		<u>2023</u>	<u>2024</u>	<u>YOY Change (%)</u>
<b>Staff Costs</b>				
	Employee Services	\$ 995,277	\$1,032,543	3.7%
	<b><u>Subtotal</u></b>	\$ 995,277	\$1,032,543	3.7%
<b>Operational Costs</b>				
	Rents and Leases	\$ 2,500	\$ 500	-80.0%
	Adv, Publishing, & Printing	\$ 7,778	\$ 7,778	0.0%
	Contractual Mtce & Repair	\$ 38,760	\$ 38,760	0.0%
	Expert & Professional Services	\$ 8,160	\$ 8,160	0.0%
	Communications	\$ 612	\$ 4,356	611.8%
	Travel/Training/Business Meals	\$ 8,237	\$ 12,547	52.3%
	Subscriptions/Bks/Memberships	\$ 5,177	\$ 5,650	9.1%
	Insurance and Bonds		\$ 27,398	
	Materials and Supplies	\$ 2,100	\$ 2,800	33.3%
	Other Charges	\$ 11,568	\$ 16,962	46.6%
	Miscellaneous		\$ -	
	Professional Development		\$ -	
	Office		\$ -	
	Information		\$ -	
	<b><u>Subtotal</u></b>	\$ 84,892	\$ 124,911	47.1%
	<b>TOTAL</b>	\$1,080,169	\$1,157,454	7.2%



# 2024 DMCC OPERATING BUDGET

DRAFT

DMCC Corporation  
2024 Budget Worksheet

Revised 5/15/2023

Account Description	2019 Actual	2020 Actual	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual (2023)	Proposed 2024 Budget
<b>DMCC Dependent Revenues</b>								
Interest Earned	161,424	0	0	0	0	0	0	0
<b>Building Rent</b>	26,217	2,300	2,545	26,822	22,873	24,017	22,261	26,207
Rentals and Leases	26,217	2,300	2,545	26,822	22,873	24,017	22,261	26,207
<b>Audit Services</b>	4,450	1,260	4,200	4,217	4,220	4,000	4,100	4,200
Legal Consultation	4,675	142,245	132,313	130,022	127,35	130,000	67,643	140,000
Accounting Consultation	1,100	1,300	1,300	2,622	1,323	2,700	-	4,200
Other Grants & Professional Fees	10,416	7,882	15,771	15,022	2,672	15,000	1,576	15,000
Expert & Professional Services	161,482	141,684	153,834	182,730	115,287	172,300	75,810	166,000
<b>Travel and Training</b>	222	121	142	5,022	49	5,000	-	5,000
Business Travel Expenses	-	-	-	1,022	-	7,000	-	1,500
Travel/Training/Conferences/Meals	222	121	142	4,000	49	8,000	-	3,500
<b>Compensation, Indemnity, Insurance - Etc. others</b>	13,227	14,033	12,242	20,022	1,733	20,000	7,254	14,225
Insurance and Bonds	13,227	14,033	12,242	20,022	1,733	20,000	7,254	14,225
<b>Professional Services</b>								
Professional & Consulting Fees	246,258	192,962	171,932	246,658	192,793	232,577	107,858	216,000
<b>Other Supplier</b>								
Supplier	-	-	-	-	-	-	-	-
<b>Materials and Supplies</b>								
Expenses	20	0	0	80	-	-	10	-
Other Charges	26	25	25	-	-	-	-	-
Other Charges	15	20	26	1	20	0	18	-
<b>Expenditures</b>	500,445	333,208	373,216	346,683	322,420	382,317	401,937	216,000
<b>Other Financing Use</b>								
DMCC TWA Corporation - L&L Sewer - Park	267,144	2,152,943	4,332,322	3,120,022	4,333,223	-	74,027	-
City Support	-	-	-	-	-	-	-	-
City DMCC Project Management	-	425,723	551,532	256,042	671,496	-	474,470	-
DMCC Administrative Support by City	-	15,327	15,327	120,022	71,596	-	5,228	-
Keep a Local Grant - COVID-19 Response	-	21,073	-	-	-	-	-	-
<b>Total DMCC &amp; EDA Expenditures</b>	1,267,251	2,768,191	2,899,794	3,416,724	2,625,744	232,517	1,024,042	216,000

(\*) Includes unfunded liabilities payable - Payroll of 588,200 plus \$220,164 in fund and \$2,513,321 in City.

5/15/2023

DRAFT





# DMCC RESOLUTION

The resolution provides for specific approval of the:

- DMCC budget, DMC EDA work plan and budget, and City of Rochester support costs
- DMC Capital Plan
- Working Capital Loan Extensions

The resolution also sets conditions regarding the approval of capital projects, including:

- Approving projects set forth in the first year of the Five-Year Capital Plan as DMC projects
- Requiring future, specific DMCC approval of each capital project upon final determination of scope, costs, and availability of funds
- For the Chateau Theatre, requiring further detail regarding future capital needs, potential funding sources, anticipated uses, operating/business model, and expected operating duration before consideration of any additional funding after the 2024 CIP
- Directing staff to provide an annual reconciliation of budget amounts and expenditures for each of the capital projects



# Key Takeaways:

- **Work Plan which advances DMCC Priorities:**
  - Health
  - Sustainability
  - Equity
  - Affordability
  - Community Engagement
- **Capital Improvements**
  - Ensure completion of PRIOR-APPROVED projects
  - Consider NEW time-sensitive investments
  - Identify FUTURE project initiatives



# WHAT'S NEXT

- **October 2023:** Rochester City Council Action



# Today's Discussion

- Review Capital and Operating Budgets
- Review 2024 Work Plan
- Act on resolution recommending 2024 budget



# Business Development Work Plan 2024

September 2023

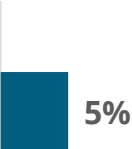


**DMC**

Destination Medical Center  
Rochester, MN



# BASELINE AWARENESS



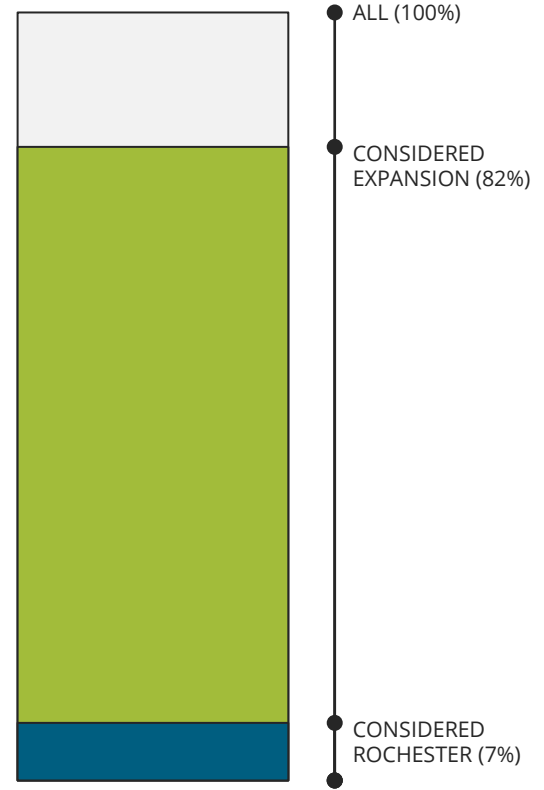
TARGET

Q10: How much do you know about ..... (n = 153/168)



# 75%

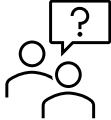


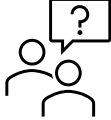


***“CONSIDERATION GAP”***



Q4: Have you ever considered a relocation or expansion for your company? (Select all that apply) (n = 168)



# BIGGEST BARRIERS TO CONSIDERATION

	1st	2nd	3rd
SITE SELECTION INFLUENCERS	 Unaware	 Talent	 Small Market
EXECUTIVE	 Unaware	 Weather	 Rural/Remote



# KEY SITE SELECTION DECISION DRIVERS

- Labor Considerations
  - Talent pipeline
  - Availability of scientists (highly-skilled labor)
- Location & Cost Considerations
  - Easy transportation access
  - **Turn-key real estate**
- Community Considerations
  - **Thriving ecosystem**
  - Proximity to innovation



# RESEARCH BASED STRATEGIC DIRECTIONS

## **BUILD AWARENESS**

- Rochester as a destination
- DMC as a support
- Mayo Clinic's close connection to both

## **BUILD ECOSYSTEM**

- Define what is here
- Productively engage partners
- Improve the product

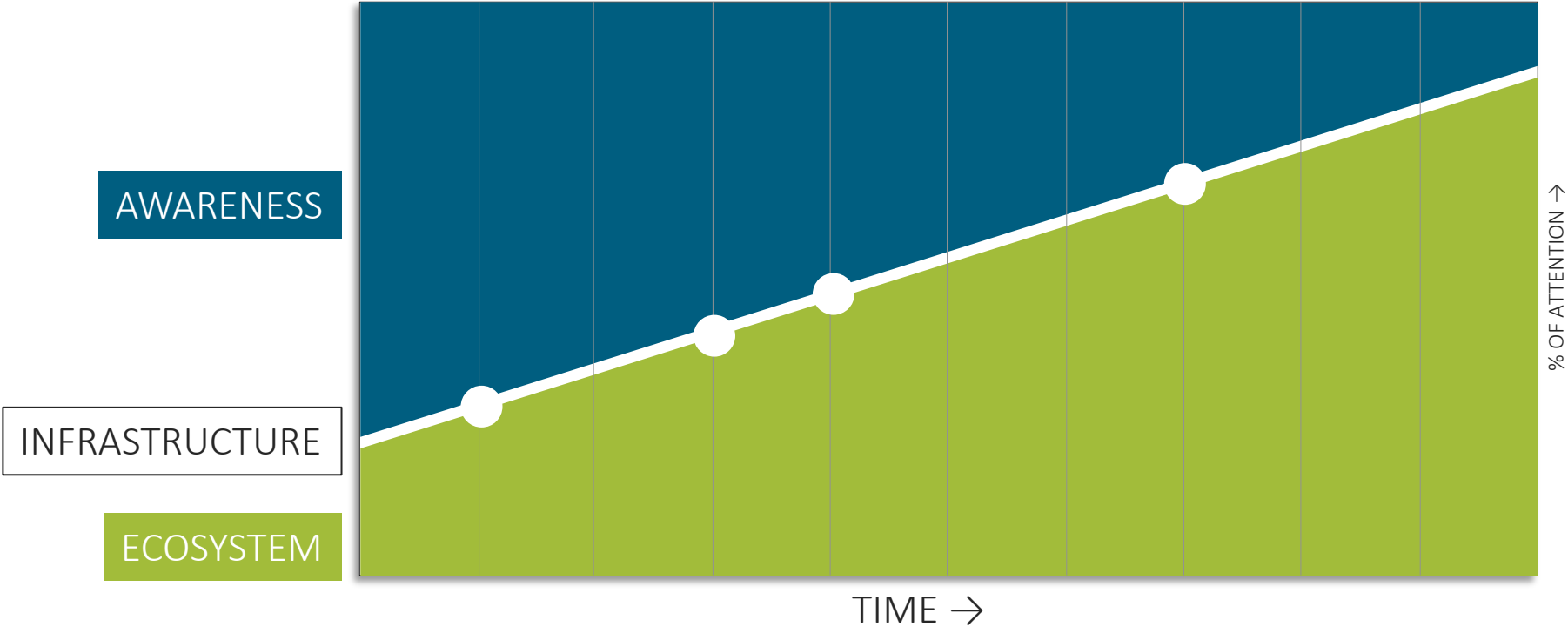
## **BUILD INFRASTRUCTURE**

- Reduce risk
- Speed to market
- Make us "bigger"



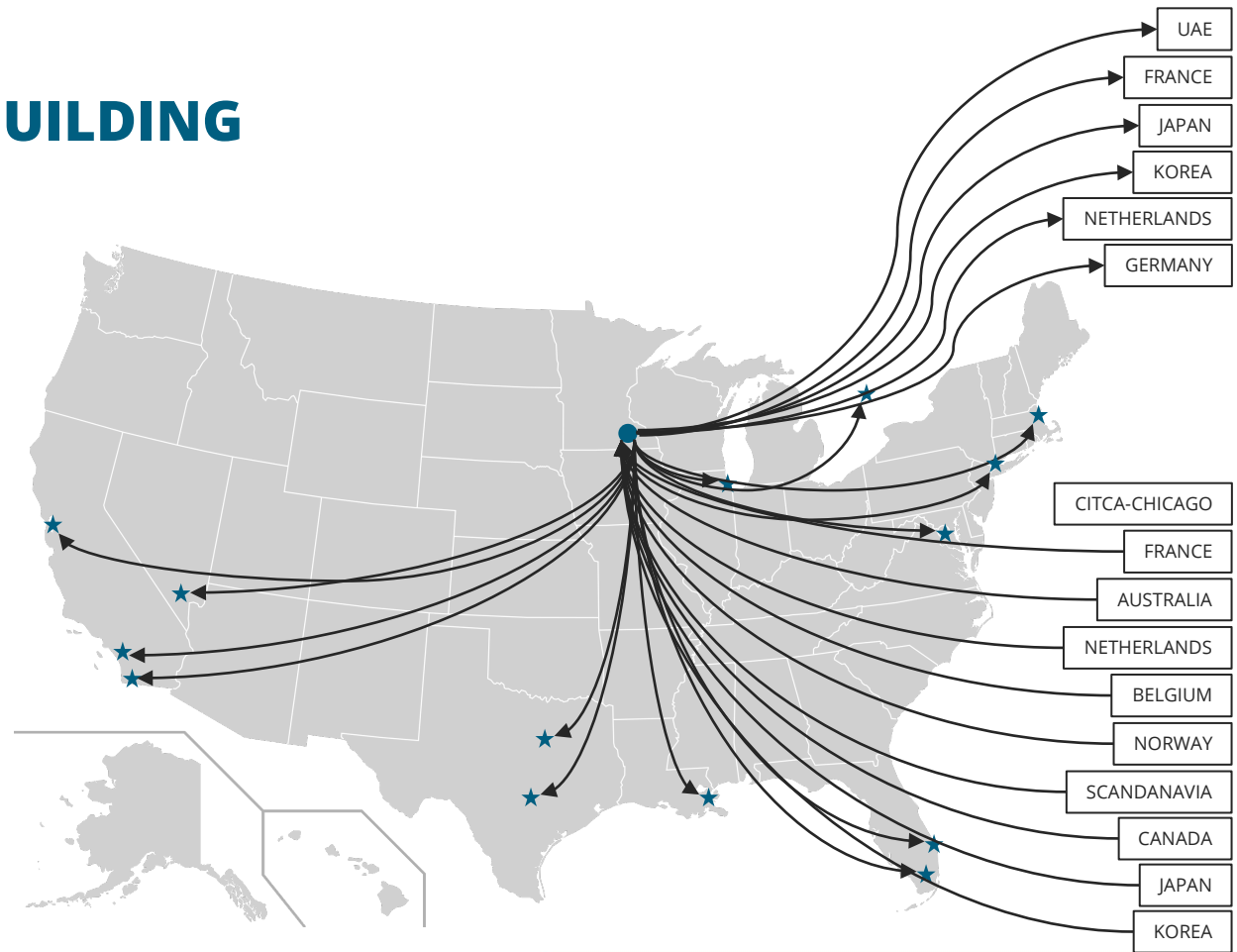


# PROGRAM FOCUS OVER TIME



# 2023 Program of Work

# 2023 AWARENESS BUILDING



## 2023 AWARENESS BUILDING

**21**

INDUSTRY  
EVENTS

**150k+**

INDUSTRY  
EXPOSURES

**80+**

INFLUENCER  
VISITS

**4**

LEAD GEN  
CAMPAIGNS

**100+**

LEADS  
GENERATED

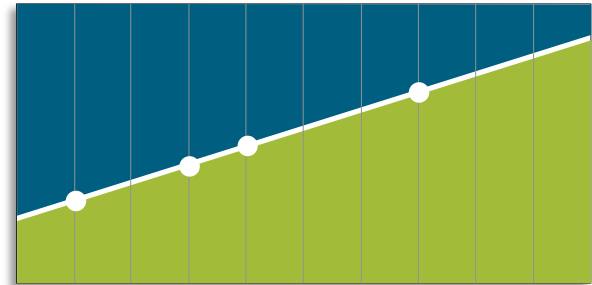
**0**

IN-MARKET  
FAM TOURS



# 2023 ECOSYSTEM & INFRASTRUCTURE


- Building Ecosystem
  - Begin definition process
  - Begin limited engagement via listening sessions
  - Applied for external ecosystem building funding through the federal EDA
- Building Infrastructure
  - Shared Lab operator selection process
  - Site visits to four locations
  - Two in-market visits
  - Business planning exercises with key partners





# 2024 Program of Work

# 2024 AWARENESS PROGRAM OF WORK

- Build Awareness
    - Continued focus on scaling the Rochester/DMC awareness program
    - Priority on industry, influencer, and international audiences
      - INDUSTRY: Bio Manufacturing, Cell Therapy, Next Gen Diagnostics, Radio Pharma, Medical AI, Device *(+60% in 2024 spend)*
      - INFLUENCER: Site Selection, Corporate Real Estate, **Venture Capital, Design/Engineering** *(+42%)*
    - Expanded in-market promotion program
      - In-market FAM tours of key audiences to Rochester *(+72%)*
    - Expanded lead generation program to more markets, with more frequency *(+74%)*
      - Addition of two team members to allow for expanded programming *(+\$180,000)*
    - Continued development of (always-on) marketing program
      - Web, collateral, digital advertising *(+\$160,000)*
- 

## 2024 AWARENESS BUILDING GOALS

**30+**

INDUSTRY  
EVENTS

**250k+**

INDUSTRY  
EXPOSURES

**150+**

INFLUENCER  
VISITS

**8+**


LEAD GEN  
CAMPAIGNS

**200+**


LEADS  
GENERATED


**1**

IN-MARKET  
FAM TOURS



# 2023 to 2024 AWARENESS PROGRAM GROWTH

	INDUSTRY EVENTS	INDUSTRY EXPOSURES	INFLUENCER EXPOSURES	LEAD GEN CAMPAIGNS	LEADS GENERATED	IN-MARKET FAM TOURS
2023	21	150k+	80+	4	100+	0
2024	30+	250k+	150+	8+	200+	1
% 	43%	66%	88%	100%	100%	100%

	INDUSTRY MARKETNG \$	INFLUENCER MARKETING \$	LEAD GENERATION \$	IN-MARKET PROMOTION \$	MARKETING SUPPORT \$	BD STAFF \$
2023	\$98,160	\$41,680	\$50,000	\$44,200	\$9,000	\$0
2024	\$156,900	\$59,100	\$86,800	\$76,000	\$160,000	\$180,000
% 	60%	42%	74%	72%	NA	NA

# 2024 AWARENESS BUILDING CALENDAR

	1/1/24	1/15/24	1/29/24	2/12/24	2/26/24	3/12/24	3/26/24
4/9/24	4/23/24	5/7/24	5/21/24	6/4/24	6/18/24	7/2/24	7/16/24
7/30/24	8/13/24	8/27/24	9/10/24	9/24/24	10/8/24	10/22/24	11/5/24
11/19/24	12/3/24	12/17/24	1/7/25	1/21/25	2/4/25	2/18/25	3/4/25

JANUARY

1/21/24	2/4/24	2/18/24	3/4/24	3/18/24	4/1/24	4/15/24	4/29/24
5/13/24	5/27/24	6/10/24	6/24/24	7/8/24	7/22/24	8/5/24	8/19/24
9/2/24	9/16/24	9/30/24	10/14/24	10/28/24	11/11/24	11/25/24	12/9/24
12/23/24	1/6/25	1/20/25	2/3/25	2/17/25	3/3/25	3/17/25	3/31/25

FEBRUARY

3/1/24	3/15/24	3/29/24	4/12/24	4/26/24	5/10/24	5/24/24	6/7/24
6/21/24	7/5/24	7/19/24	8/2/24	8/16/24	8/30/24	9/13/24	9/27/24
10/11/24	10/25/24	11/8/24	11/22/24	12/6/24	12/20/24	1/3/25	1/17/25
1/31/25	2/14/25	2/28/25	3/13/25	3/27/25	4/10/25	4/24/25	5/8/25

MARCH

3/29/24	4/12/24	4/26/24	5/10/24	5/24/24	6/7/24	6/21/24	7/5/24
7/19/24	8/2/24	8/16/24	8/30/24	9/13/24	9/27/24	10/11/24	10/25/24
11/8/24	11/22/24	12/6/24	12/20/24	1/3/25	1/17/25	1/31/25	2/14/25
2/28/25	3/13/25	3/27/25	4/10/25	4/24/25	5/8/25	5/22/25	6/5/25

APRIL

5/13/24	5/27/24	6/10/24	6/24/24	7/8/24	7/22/24	8/5/24	8/19/24
9/2/24	9/16/24	9/30/24	10/14/24	10/28/24	11/11/24	11/25/24	12/9/24
12/23/24	1/6/25	1/20/25	2/3/25	2/17/25	3/3/25	3/17/25	3/31/25
4/10/25	4/24/25	5/8/25	5/22/25	6/5/25	6/19/25	7/3/25	7/17/25

MAY

5/28/24	6/11/24	6/25/24	7/9/24	7/23/24	8/6/24	8/20/24	9/3/24
9/17/24	10/1/24	10/15/24	10/29/24	11/12/24	11/26/24	12/10/24	12/24/24
1/7/25	1/21/25	2/4/25	2/18/25	3/4/25	3/18/25	4/1/25	4/15/25
4/29/25	6/2/25	6/16/25	6/30/25	8/3/25	8/17/25	8/31/25	9/14/25

JUNE

6/26/24	7/10/24	7/24/24	8/7/24	8/21/24	9/4/24	9/18/24	10/2/24
10/16/24	10/30/24	11/13/24	11/27/24	12/11/24	12/25/24	1/8/25	1/22/25
1/15/25	1/29/25	2/12/25	2/26/25	3/12/25	3/26/25	4/9/25	4/23/25
4/17/25	4/30/25	5/14/25	5/28/25	6/11/25	6/25/25	7/9/25	7/23/25

JULY

8/1/24	8/15/24	8/29/24	9/12/24	9/26/24	10/10/24	10/24/24	11/7/24
11/21/24	12/5/24	12/19/24	1/2/25	1/16/25	1/30/25	2/13/25	2/27/25
3/13/25	3/27/25	4/10/25	4/24/25	5/8/25	5/22/25	6/5/25	6/19/25
7/3/25	7/17/25	7/31/25	8/14/25	8/28/25	9/11/25	9/25/25	10/9/25

AUGUST

9/1/24	9/15/24	9/29/24	10/13/24	10/27/24	11/10/24	11/24/24	12/8/24
12/22/24	1/5/25	1/19/25	2/2/25	2/16/25	2/29/25	3/13/25	3/27/25
3/31/25	4/14/25	4/28/25	5/12/25	5/26/25	6/9/25	6/23/25	7/7/25
7/21/25	8/4/25	8/18/25	8/31/25	9/14/25	9/28/25	10/12/25	10/26/25

SEPTEMBER

10/28/24	11/11/24	11/25/24	12/9/24	12/23/24	1/6/25	1/20/25	2/3/25
2/17/25	3/3/25	3/17/25	3/31/25	4/14/25	4/28/25	5/12/25	5/26/25
6/9/25	6/23/25	7/7/25	7/21/25	8/4/25	8/18/25	9/1/25	9/15/25
9/29/25	10/13/25	10/27/25	11/10/25	11/24/25	12/8/25	12/22/25	1/5/26

OCTOBER

10/21/24	10/31/24	11/10/24	11/20/24	12/1/24	12/11/24	12/21/24	1/1/25
1/11/25	1/21/25	2/1/25	2/11/25	2/21/25	3/3/25	3/13/25	3/23/25
4/2/25	4/12/25	4/22/25	5/2/25	5/12/25	5/22/25	6/1/25	6/11/25
6/21/25	7/1/25	7/11/25	7/21/25	8/10/25	8/20/25	8/30/25	9/9/25
9/18/25	10/8/25	10/18/25	10/28/25	11/17/25	11/27/25	12/7/25	12/17/25

NOVEMBER

10/21/24	10/31/24	11/10/24	11/20/24	12/1/24	12/11/24	12/21/24	1/1/25
1/11/25	1/21/25	2/1/25	2/11/25	2/21/25	3/3/25	3/13/25	3/23/25
4/2/25	4/12/25	4/22/25	5/2/25	5/12/25	5/22/25	6/1/25	6/11/25
6/21/25	7/1/25	7/11/25	7/21/25	8/10/25	8/20/25	8/30/25	9/9/25
9/18/25	10/8/25	10/18/25	10/28/25	11/17/25	11/27/25	12/7/25	12/17/25

DECEMBER

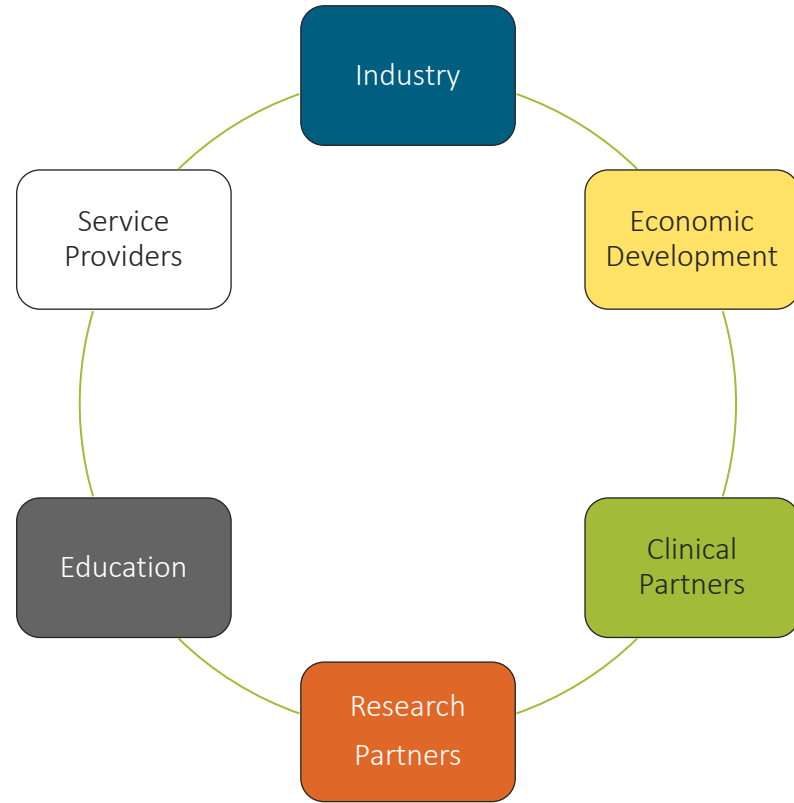
# 2024 ECOSYSTEM PROGRAM OF WORK

- Build Ecosystem
  - Ecosystem Definition, Mapping, and Gap Analysis (*+\$25,000*)
    - Develop a methodology for defining the ecosystem participants (NAICS, service categories, education, accelerators, etc)
    - Determine the appropriate geography
      - Populate the ecosystem based upon agreed upon definitions
  - Needs Assessment (*+\$25,000*)
    - Determine work program priorities via quantitative and qualitative tools
    - Quantitative survey instrument deployed in Q3/Q4
  - Ecosystem Programming (*+\$25,000*)
    - Develop a partial 2024 Ecosystem program-of-work based on findings
      - Workforce, service providers, and capital are likely focus areas



# ECOSYSTEM MAPPING

- **INDUSTRY:** private sector contributors within the ecosystem's primary industry (life science).
- **ECONOMIC DEVELOPMENT:** government entities, and NGO's, focused primarily on supporting the ecosystem industry's growth and prosperity.
- **CLINICAL PARTNERS:** all clinical settings connected to the ecosystem industry within the geography.
- **RESEARCH PARTNERS:** all academic, and non-academic, research institutions engaged in the ecosystem's primary industry within the geography.
- **EDUCATION:** primary and secondary education providers within the ecosystem's geography supporting the primary industry.
- **SERVICE PROVIDERS:** all private sector employers, outside of the ecosystem's primary industry, that play a key role in the industry's success.



# 2024 INFRASTRUCTURE PROGRAM OF WORK

- Build Infrastructure
  - Shared lab investment
    - Turn-key real estate
    - Focused on high-growth life science companies
    - Allows Rochester to compete more effectively with larger markets
    - Requires capital for build out, equipment, and operations



# Grow Downtown



**DMC**

Destination Medical Center  
Rochester, MN



# Downtown Rochester Task Force

Collectively create a community-based action plan

4 Major Themes of focus

DMC EDA and DMCC Boards gave direction to focus on Growing Downtown







# Strengthen Demand Drivers

Mayo Clinic

University of Minnesota Rochester

Downtown Housing

Cultural Anchors

Mayo Civic Center

Art Center

Civic Theatre

Chateau Theatre

Catalytic Retail





# Workplan Strategies + Tactics

**2023 - 2024**

Define common goals related to the growth of downtown

Build an understanding and document what is currently being done to support these goals

Gather and track relevant data

Identify resource gaps restricting success

Determine tools and resources needed

Develop programs to support the identified goals and outcomes

Track and measure progress





## Desired Outcome

Create the pathway to the most impactful work DMC and downtown stakeholders can do together...

...attracting people downtown

# 2024 Equitable Economic Development Workplan



**Why are  
we here  
today?**

**Overview of 2024  
Equitable Economic  
Development Workplan  
and Goals**



# AGENDA

## What are we going to cover?

- Targeted Workforce
- Equitable Housing
- Equity Alliance
- Equitable Engagement
- What's next?





Data collected by the United States Census Bureau indicates that Rochester has **121,395** residents.

**73.2%** of residents are white and **26.8%** are BIPOC residents

**14.1%** of residents are foreign born

**82%** of residents speak English only, and **18.7%** speak a language other than English

**16%** of residents are age 65 and older

**12.4%** of residents have a disability

**6%** of residents are veterans

**7.4%** of residents below poverty level by income





## Targeted Workforce

- Emerging Developer Expo.
- Equity in the Built Environment Project Support.
- Create Development Opportunities for BIPOC Developers.



# Equitable Housing



**Identify solutions for lack of sites, and shortage of builders & developers.**



**Collaborate with stakeholders to identify creative solutions for housing.**



**Collaborate with community partners and organizations to reduce barriers for BIPOC communities, and BIPOC developers.**



# Equity Alliance



**Equity Series: Monthly Webinar to Provide the Rochester Community with DEI Best Practices. Launched in July 2023.**



**Commitment to Equitable Policy Transformation, Improvement & Change.**



**Continue to Grow Community Co-design in Rochester, MN.**



# Equitable Engagement



**Community Co-Design  
Facilitator Training &  
Leadership Training**



**Support BIPOC  
Communities Real  
Estate Development  
Projects**



**Relationship Building**



# Where are we headed?



**FURTHER ECONOMIC  
JUSTICE FOR  
EMERGING & BIPOC  
DEVELOPERS.**



**IDENTIFY AND  
IMPLEMENT BEST  
PRACTICES FOR  
HOUSING.**



**IMPLEMENT  
INTERNAL DEI BEST  
PRACTICES AND  
CULTURAL HUMILITY  
TRAINING.**



**PROMOTE LOCAL  
MINORITY BUSINESS  
ECOSYSTEM.**



**BUILD LOCAL  
COMMUNITY CO-  
DESIGN CAPACITY.**

