

DMC
Destination
Medical Center

Destination Medical Center Corporation
Board of Directors Meeting

Friday, November 17, 2023
9:30 A.M.

DESTINATION MEDICAL CENTER CORPORATION (DMCC) BOARD MEETING

Friday, November 17, 2023, 9:30 A.M.

Mayo Civic Center, 30 Civic Center Drive SE, Suite 106, Rochester, MN

To View the Meeting Remotely: <https://us02web.zoom.us/j/82860411702>

AGENDA

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II. Roll Call	
III. Approval of Agenda	1
IV. Approval of Minutes: September 28, 2023	3
V. Public Comment ¹	
VI. Chair's Report	
VII. Consent Agenda	
A. DMCC 2023 Budget: Year to Date Update	7
B. Selection of Audit and Tax Service Provider <u>Resolution A:</u> Approving the Appointment of CliftonLarsonAllen LLP, Subject to Successful Negotiation and Execution of Agreement	11
C. Amended Regular Meeting Schedule <u>Resolution B:</u> Amending the 2024-2025 DMCC Board Regular Meeting Schedule	12
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IX. Discussion Items	
A. 2025 DMC Development Plan	23
B. Discovery Square – Shared Lab Project	26

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 17, 2023. Written comments may also be submitted to info@dmc.mn.

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XI.	Meeting Schedule	
A.	Next Regular Meeting: February 1, 2024, at 9:30 A.M.	
XII.	Adjournment	

DESTINATION MEDICAL CENTER CORPORATION (DMCC)
SPECIAL BOARD MEETING

Thursday, September 28, 2023
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. Doug Baker, James Campbell, Council President Brooke Carlson, Mayor Kim Norton, Commissioner Mark Thein, Chair Pamela Wheelock, and Paul Williams were present. Council President Carlson participated via interactive technology due to a scheduling conflict.
- III. Approval of Agenda. Commissioner Thein moved to approve the agenda. Mr. Campbell seconded the motion.

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.
- IV. Approval of Minutes: May 25, 2023. Mayor Norton moved to approve the May 25, 2023 minutes. Council President Carlson seconded the motion.

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.
- V. Public Comment. No public comments were offered.
- VI. Chair's Report. Chair Wheelock reported the appointment of Aaron Parrish, City of Rochester Deputy Administrator, as interim DMCC Assistant Treasurer.
- VII. Consent Agenda.
 - A. DMCC Insurance: League of Minnesota Cities Insurance Trust (LMCIT) Waiver.
Motion: Elect not to waive statutory tort limits
 - B. Request for Proposals: Professional Audit Services 2023-2025.
Motion: Confirm and ratify RFP.
 - C. 2024-2025 Regular Meeting Schedule.

Resolution A: Approving the 2024-2025 Regular Meeting Schedule.
 - D. DMCC 2023 Budget: Year to Date Update

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

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.

VIII. DMCC Form 990; Minnesota Annual Charitable Organization Report.

Resolution B: Approving the 2023 State of Minnesota Charitable Organization Report and 2022 Form 990.

Craig Popenhagen, CliftonLarsonAllen LLP, presented the Form 990 and Minnesota Charitable Organization Report. Commissioner Thein moved to approve Resolution B. Mayor Norton seconded the motion.

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.

IX. Metrics. Patrick Seeb, EDA Executive Director, and Jamie Rothe, EDA Community Engagement and Experience Director, presented an update on the experience enhancements for the Heart of the City public realm project. Ms. Rothe described the post-occupancy analysis for the project. Chair Wheelock requested that the full report be sent to all Board members.

X. EDA Board President Comments. Clark Otley, M.D., EDA Board of Directors President, described the 2024 budget and work plan development process and highlighted several priority projects.

XI. 2024 DMC Work Plan and Budget.

A. Capital Improvement Plan

B. 2024 EDA & City Staff Workplan and Budget

C. 2024 DMCC Budget

D. Working Capital Loan

Mr. Seeb, Catherine Malmberg, EDA Public Infrastructure and Development Strategy Director, and Cindy Steinhauser, City of Rochester Deputy Administrator, presented the Five-Year Capital Improvement Plan. The Board requested that

staff provide additional information as to the Riverfront development, bonding request, affordable housing, and Chateau Theatre items at future meetings. Michael Flynn, EDA Senior Director of Economic Development, and Wafa Elkhalifa, EDA Equitable Economic Development Coordinator, joined Mr. Seeb and Ms. Steinhauser to present the 2024 work plan and operations budget information. The Board discussed this information, including marketing resources and workforce opportunities.

Resolution C: Approving the 2024 DMCC Funding Request and the Extension of Working Capital Loan and Authorizing Transmittal to the City.

Council President Carlson moved approval of Resolution C. Mr. Baker seconded the motion.

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.

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

Ayes: Mr. Baker, Mr. Campbell, Council President Carlson, Mayor Norton, Commissioner Thein, Chair Wheelock, and Mr. Williams. Nays: None.



To: Mark Thein, Treasurer
Kaela Brennan, Attorney

From: Jean McGann, City of Rochester Interim Finance Director

Date: November 10, 2023

RE: October 2023 DMCC Budget Summary – unaudited

The attached budget summary through October 2023 reflects DMCC operating expenditures totaling \$2.5 million of the \$3.9 million approved 2023 budget. The remaining amount unspent represents 36% of the total budget with 16.7% of the year remaining.

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

Approximately \$7.5 million has been spent on these projects in 2023 with the majority spent on Discovery Walk and Rapid Transit activity. Total life-to-date expenditures on all projects is approximately \$112.5 million.

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

Destination Medical Center Corporation
Financial Budget Summary
October 31,2023

	2023 Approved Budget	Current Month October 2023	October 2023 Year To Date	Amount Remaining	Percent Remaining
DMCC Corporation:					
Rents and Leases	34,017		22,681	11,336	33%
Professional Services	172,300	112	84,951	87,349	51%
Travel/Training	6,000		1,684	4,316	72%
Insurance and Bonds	20,000	11,323	18,681		
Interest / Other Administrative		29	58		
Subtotal DMCC	232,317	11,464	128,055	103,001	44%
Third Party Costs - DMC EDA					
Employee Services	1,289,172	144,077	984,442	304,730	24%
Operating Expenses	70,974	19,884	191,592	(120,618)	-170%
Operational Costs - Contracted			1,189	(1,189)	
Economic Development Outreach & Support	691,472	18,878	213,792	477,680	69%
Professional Services	517,410	10,930	227,372	290,038	56%
Miscellaneous Expenses	54,500			54,500	100%
Subtotal EDA	2,623,528	193,769	1,618,387	1,005,141	38%
Third Party Costs - City of Rochester Project Management Budget					
Employee Services	995,277	70,009	706,560	288,717	29%
Contractual Maint and Repair	38,760	-	753	38,007	98%
Expert and Professional Services	8,160	2,574	26,345	(18,185)	-223%
Travel/Training/Memberships	13,414	2,509	9,556	3,858	29%
Operations Expenses	12,990	-	12,608	382	3%
Miscellaneous/Other	11,568	3,731	20,053	(8,485)	-73%
Subtotal City Project Management	1,080,169	78,823	775,875	304,294	28%
Total DMCC Operations 2023	3,936,014	284,056	2,522,317	1,413,697	36%
DMCC Working Capital Note: \$1,000					
EDA Working Capital Note: \$100,000					

**DMCC Projects by Category
Managed by City of Rochester
Through October 2023**

PROJECT	PROJECT STATUS	YEAR TO DATE EXPENSES	PROJECT BUDGET	LIFE TO DATE EXPENSES	LIFE TO DATE ENCUMBRANCE	Notes
Administration						
C.8601 - City Project Administrative Costs-DMCC (Budget-Current Yr)	Annual Budget	665,078	1,096,277	3,386,398		
C.8606 - City Staff Costs-DMCC - (Budget-Current Yr)	Annual Budget	9,795		443,108		
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		674,873	2,096,277	4,280,878		
Econ Development/Public Realm						
C.8624 - ChateauTheatreBldgImprov/Purch	Nearly Complete	532,761	9,397,133	9,176,133	244,796	
C.8625 - Heart of the City	Nearly Complete	166,582	20,601,772	21,246,826	513,033	
C.8633 - Strategic Development	Ongoing		13,000,000	2,200,000		
C.8634 - Riverfront Reimagined	Study	719,901	1,000,000	899,448		
C.8904 - Discovery Walk	Active Construction	3,854,094	15,720,000	12,500,339	5,155,432	
C.8905 - CnstrctSnSwCpBys3AveSWfr2StSW	Open	6,216	3,100,000	6,216		
Total Econ Development/Public Realm		5,279,553	62,818,905	46,028,962	5,913,262	
Infrastructure						
C.8611 - San. Sewer 12th Ave from 2nd St NW to 2nd St SW	Post Construction	174,155	6,260,294	6,163,981		
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		8,000,000	6,662,993		
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 4th NW	Warranty	1,949	4,800,000	4,800,000		
C.7318 - Reconst North Broadway -	Active Construction	-	4,400,000	4,000,000		1
C.1037 - Steam Replace/District Energy	Active Construction	-	2,000,000	731,815	-	2
C.4716 Downtown Sidewalk Experience Enhancement	Active Construction	52,785	2,900,000	2,131,000		
C.7344 Reconstruct 3rd Avenue NW Between 4th St SW and 5th St SW	Active Construction	35,367	1,578,000	345,000	27,824	
C.7830 1st Street NW San Sewer Diversion from 1st Ave to Broadway	Warranty	-	1,479,000	1,400,032		
C.7919 6th Street Bridge over Zumbro River	Design	-	1,300,000	279,588		
Total Infrastructure		264,257	35,873,083	28,766,791	27,824	
Transit						
C.8614 - DMCTransit&InfratrctrPgrmMgmt	Complete		3,956,739	1,826,262		
C.8617 - Broadway @ Center Parking Ramp	Complete		10,500,000	10,500,000		
C.8618 - SharedParkngStdy&PrgmDevlpmt	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	1,223,846	41,885,660	10,640,712		
C.8709 - Arrive Rochester Implementatn	Ongoing	33,146	300,000	151,911		
C.8903 - Dedicated Bike Lanes-3rd/4thAve&CtrSt	Complete		2,038,300	1,745,083	-	
Total Transit		1,256,992	67,311,731	33,473,033	-	
Grand Total		7,475,676	168,099,996	112,549,664	5,941,085	

Notes

- \$4,000,000 of the \$4,400,000 has been transferred to date
- DMCC has not approved any expenditures for the project to date

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2023

Approving the Appointment of CliftonLarsonAllen LLP, Subject to Successful Negotiation and Execution of Agreement

BACKGROUND RECITALS

1. The Destination Medical Center Corporation (“DMCC”) and Destination Medical Center Economic Development Agency (“EDA”) desire to seek professional auditing services for a three-year engagement, covering the audit years of 2023, 2024, and 2025, with an option for an additional two (2) year extension after the initial term.

2. A Request for Proposals was issued on September 21, 2023, was posted on the websites of the DMCC, EDA, and the City of Rochester (the “City”) and a copy was sent to numerous potential responders. The due date for responses was October 12, 2023.

3. Proposals were received and reviewed from the following firms: CliftonLarsonAllen LLP.

4. An evaluation group, comprised of representatives of the DMCC, EDA, and City, met to review the proposals and discussed the proposal with CliftonLarsonAllen LLP. The evaluation group recommended for approval the firm of CliftonLarsonAllen LLP, subject to successful negotiation and completion of an agreement.

5. The EDA concurred with the recommendation of CliftonLarsonAllen LLP at its meeting of November 1, 2023.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that it approves the selection of CliftonLarsonAllen LLP, for a three-year engagement, subject to successful negotiation and execution of an agreement.

BE IT FURTHER RESOLVED that the Chair or Treasurer of the DMCC is authorized to negotiate and execute an agreement according to the terms of the RFP and the response to the RFP received from CliftonLarsonAllen LLP.

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. __-2023

Amending the 2024-2025 DMCC Board Regular Meeting Schedule

BACKGROUND RECITALS

In Resolution 139-2023, the Destination Medical Center Corporation (“DMCC”) Board of Directors adopted a regular meeting schedule for the years 2024 and 2025. The Board wishes to revise the schedule as to the meeting location.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the Destination Medical Center Corporation Board of Directors that the schedule of regular meetings for 2024 and the dates for 2025 is set forth below. The meetings will begin at 9:30 a.m., and the location will be as indicated below. The Secretary is directed to post the schedule on the website and to post notification by such other means as he determines necessary and appropriate.

<u>Date</u>	<u>Time</u>	<u>Location</u>
<u>2024</u>		
Thursday, February 1, 2024	9:30 a.m.	Hilton Hotel, Dr. John H. Noseworthy Hall, 10 East Center Street, Rochester
Thursday, May 23, 2024	9:30 a.m.	Mayo Civic Center
Thursday, September 26, 2024	9:30 a.m.	Mayo Civic Center
Thursday, December 5, 2024	9:30 a.m.	Mayo Civic Center
<u>2025</u>		
Thursday, February 6, 2025	9:30 a.m.	TBD
Thursday, May 22, 2025	9:30 a.m.	TBD
Thursday, September 25, 2025	9:30 a.m.	TBD
Thursday, December 4, 2025	9:30 a.m.	TBD

SHOPS

University Square

CHESTER'S
kitchen & bar



DMC
Destination
Medical Center

2023

IMPACT REPORT



WHAT IS DESTINATION MEDICAL CENTER?

DESTINATION MEDICAL CENTER (DMC) IS A UNIQUE, PUBLIC-PRIVATE PARTNERSHIP AND ECONOMIC DEVELOPMENT INITIATIVE.

The \$5.6 billion plan is the largest in Minnesota's history. The partnership combines Mayo Clinic private development with that of other developers and investors, in addition to public infrastructure investment from the city of Rochester, Olmsted County and the State of Minnesota.

By leveraging these investments, DMC promotes Rochester, and more broadly, the County and State. An emphasis is placed on positioning Rochester as home to a world-renowned medical center that offers a premier health and wellness experience for patients and their caregivers, as well as for Rochester's residents, employees, and visitors.

DMC MISSION STATEMENT

With Mayo Clinic at its heart, the Destination Medical Center (DMC) initiative will be the catalyst to position Rochester, Minnesota as the world's premier destination center for health and wellness; attracting people, investment and jobs to America's City for Health and supporting the economic growth of Minnesota and its biosciences sector.

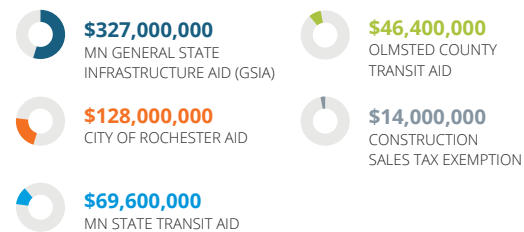
DMC GOALS

Achieving DMC goals will benefit Rochester, Olmsted County, and Minnesota.

DMC GOALS:

- + Create a comprehensive strategic plan
- + Leverage public investments to attract more than \$5 billion in private investments to Rochester
- + Create 30,000+ new jobs
- + Generate up to \$8 billion in new net tax revenue
- + Achieve the highest quality patient, companion, visitor, employee and resident experience

DMC PUBLIC FUNDING



CONNECTIVITY:

THE THREADS THAT WEAVE OUR COMMUNITY TOGETHER.

Destination Medical Center (DMC) has made significant strides in its mission to position Rochester as America's City for Health. DMC's success is grounded in three key aspects: physical, intellectual, and social connectivity. These elements contribute to the vitality of our city, economic growth, and community well-being.

Our efforts to improve physical connectivity are reshaping our neighborhoods, creating pedestrian-friendly pathways from the Heart of the City to Discovery Walk and Soldiers Field Memorial Park. The upcoming 6th Street Bridge project will further connect downtown with Slattery Park and the former AMPI site, primed for redevelopment. The Riverfront Small Area Plan envisions revitalizing underused waterfront spaces into a lively mixed-use neighborhood, enhancing connections to downtown and the Arts & Culture District. Additionally, the introduction of LINK Bus Rapid Transit will enhance accessibility for residents and visitors.

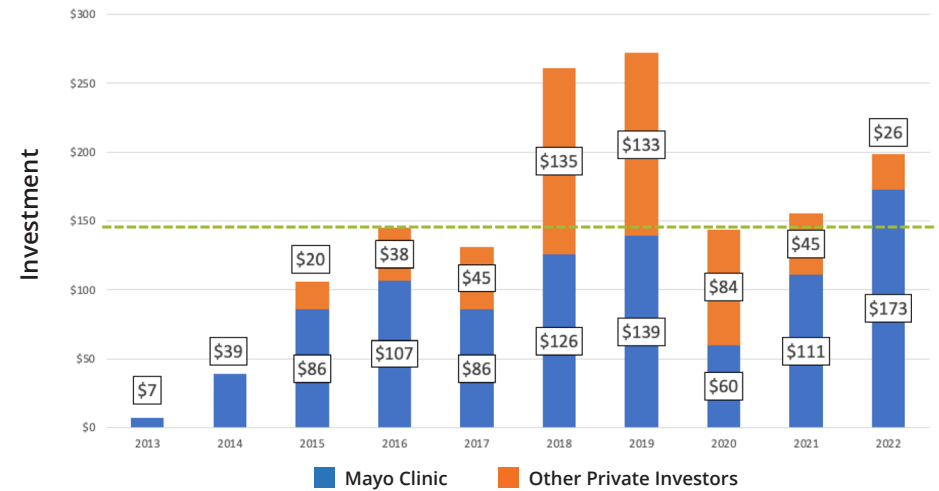
Intellectual connectivity thrives at Discovery Square, fostering an environment for groundbreaking research and innovation. Mayo Clinic's Center for Regenerative Biotherapeutics pioneers treatments for chronic diseases and age-related conditions. Discovery Square tenants like Nucleus RadioPharma and Seer Medical bring innovation to radiopharmaceuticals and patient monitoring.

Social connectivity is paramount. DMC engages residents in shaping our city through community co-design, revitalizing our city center via the Downtown Rochester Task Force, supporting local businesses with the Mainstreet Grant Program, and providing affordable housing with the Bryk on Broadway. Our Equitable Economic Development initiatives work to ensure that everyone benefits from our progress.

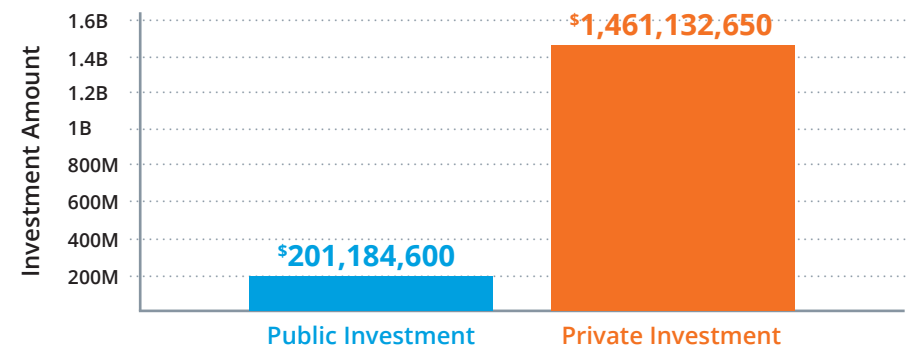
These accomplishments are a testament to collaboration and a shared vision. They are not endpoints but stepping stones to a brighter future. DMC is about more than transforming the physical landscape; it's about creating a connected, innovative, and equitable community. We are confident that the future holds even greater promise, and we are grateful for the community's support in realizing our shared vision for Rochester.

THE DMC MODEL IS WORKING

ANNUAL INVESTMENT



DMC INVESTMENT



WHAT DOES THIS DATA MEAN?

The above graphics show that private investment is responding to the strategic public investments by DMC and the City of Rochester. Mayo Clinic and other private investors have continued to see Rochester as a viable place to invest.



SUSTAINABILITY

Geothermal Wells at City Hall

The City of Rochester recently completed drilling two geothermal wells adjacent to City Hall, marking a significant milestone in the Downtown Building Energy Transition Project. With the successful installation of these geothermal wells, the heating and cooling systems of City Hall can now operate entirely without reliance on fossil fuels, a sustainable practice known as ‘building electrification.’

This pioneering project also lays the foundation for scalability and integration into a broader District Energy System. The system will link City facilities throughout the downtown corridor, extending its reach to potential private developments like the former Post Bulletin site, the north Civic Center lot, and the post office building. This strategic expansion will effectively reduce the dependency on natural gas and other fossil fuel-based solutions for heating and cooling across these sites.

HOUSING

Bryk on Broadway Apartments

The Bryk on Broadway Apartments is a mixed-income workforce housing initiative. Along with affordable rent and first-class amenities, it is also near Rochester’s central business district and multiple forms of transit. It was designed with energy conservation in mind, resulting in lower utility costs for residents. Since the opening in 2023, the Bryk has exemplified a more holistic approach to affordable living, considering not only the cost of rent or mortgage but also expenses normally associated with transportation and electric bills.



EQUITY

Equitable Economic Development

Destination Medical Center, City of Rochester, and the Coalition for Rochester Area Housing are committed to ensuring all members of our community participate in the prosperity of the DMC initiative. This includes providing information and resources to emerging and BIPOC developers. We are also partnering with the Greater Minnesota Housing Fund to connect emerging developers to the real estate and housing resources we currently have in our community.

DOWNTOWN GROWTH

Main Street Revitalization Grant Program

The Main Street Revitalization Grant Program, administered by DMC EDA in partnership with the Minnesota Department of Employment and Economic Development, aimed to support the growth of businesses and enhance the vibrant downtown core of Rochester. In Phase 1 of the program, \$3 million has been awarded to 54 projects. Of the 54 projects that were awarded funds, 24% went to Black, Indigenous, or People of Color-owned businesses and 30% was awarded to women-led enterprises. Twenty-two of the projects occupied unused properties and over 270 permanent jobs were created. Phase 2 of the program recently wrapped up with another \$900,000+ awarded to businesses outside the DMC district.





BUSINESS DEVELOPMENT



DMC AROUND THE WORLD

EFFORTS TO BUILD AWARENESS AND GENERATE LEAD ACTIVITIES

2023 COUNTRIES HOSTED IN ROCHESTER

- › France
- › Australia
- › Belgium
- › Canada
- › Colombia
- › Czech Republic
- › France
- › Greece
- › Finland
- › Hungary
- › South Korea
- › Lithuania
- › Netherlands
- › Belgium
- › Norway
- › Sweden
- › Japan

2023 COUNTRIES VISITED

- › United Arab Emirates
- › France
- › Canada
- › Japan
- › South Korea
- › Germany
- › Netherlands

2023 DOMESTIC MARKETS VISITED

- › Miami
- › Chicago
- › Anaheim
- › Las Vegas
- › Fort Lauderdale
- › San Francisco
- › Washington DC
- › Las Vegas
- › New Orleans
- › New York City
- › San Antonio
- › Boston
- › San Diego
- › Dallas

COMPANIES MOVING INTO DISCOVERY SQUARE

- + Mayo Clinic Center for Regenerative Biotherapeutics
- + Aiforia
- + Nucleus RadioPharma
- + Seer Medical

DMC'S THREE PILLARS OF ECONOMIC DEVELOPMENT

BUILD AWARENESS

The first step is to build awareness of Rochester as a business destination, DMC as a catalyst for investment, and the value proposition of the close connection to Mayo Clinic.

BUILD INFRASTRUCTURE

As infrastructure continues to be built out in the Discovery Square sub-district, it will reduce the risk for companies to expand to the Rochester market, increase a company's speed-to-market, and to allow Rochester to compete with larger markets.

BUILD ECOSYSTEM

Building the ecosystem of Discovery Square will be important to improve the product we market to the world.

ROCHESTER HOPES TO GROW AND DIVERSIFY ITS ECONOMY, THEREBY ENSURING A MORE SUSTAINABLE ECONOMIC FUTURE.

This will create new career options, stronger tax base, and more local investment. DMC supports this goal through its proactive business development strategy which includes telling the Rochester story national and globally, developing best-in-class physical infrastructure, and a cultivating a thriving life science ecosystem. Together, these efforts will ensure that Rochester remains an investment destination well into the future.



2023 PROJECTS



DISCOVERY WALK

A multipurpose, public space

Discovery Walk is a linear parkway along 2nd Avenue SW in downtown Rochester.

Discovery Walk will connect Heart of the City to Soldiers Field Memorial Park and establish a connection to downtown from the Historic Southwest neighborhood. It will create a high-amenity pedestrian experience while also maintaining flexibility for bike and vehicular access, civic events, and future development.

This project will:

- › Feel like a park
- › Be flexible for access & events
- › Promote health, wellness, and innovation
- › Provide a unique program and experience
- › Be accessible and inclusive
- › Support future development



SOLDIERS FIELD

Soldiers Field Memorial Park plays a critical role within downtown Rochester and the larger community. The park serves many stakeholders including the downtown, greater-Rochester community, and visitors. It is not only a destination, but it also serves as a connection to other critical areas of the downtown and nearby neighborhoods.

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 DMC Sub-district.
- › Improves equitably designed spaces that are created with specific needs of users.
- › Provides a welcoming and inclusive park for a growing and diverse community.
- › Incorporates sustainable design practices.



FUTURE DEVELOPMENT



LINK BUS RAPID TRANSIT

An experience as good as or better than driving

LINK Bus Rapid Transit is a new, frequent bus service that will cover a 2.6-mile route along 2nd Street SW. It will connect key areas like downtown Rochester, Mayo Clinic campuses, the Mayo Civic Center, Rochester Public Library, and the Rochester-Olmsted Government Center. This new fare-free transit system is set to start operating in 2026.

The corridor where this transit system operates is designed for Transit-Oriented Development. The ultimate objective of Transit-Oriented Development is to create vibrant, livable, and sustainable communities where people can enjoy a high quality of life with convenient access to transportation options and amenities.



WEST TRANSIT VILLAGE

Transit-Oriented Development

The future site of the West Transit Village, located along 2nd Street SW with a view of Cascade Lake, is currently a parking lot owned by Mayo Clinic. It will become the western end of the LINK Bus Rapid Transit (BRT) route once transit infrastructure is in place. In collaboration with the City of Rochester and Mayo Clinic, Destination Medical Center envisions the West Transit Village as a place where people can live, shop, and enjoy recreational activities while using LINK BRT. The goal is to provide a superior commuting experience compared to driving alone in a car. The West Transit Village is a crucial part of downtown Rochester's mobility strategy and aligns with DMC's vision of being a world-class destination.



RIVERFRONT SMALL AREA PLAN

The Riverfront Small Area Plan encompasses two City-owned sites. The objective is to improve the downtown experience for residents, visitors, and businesses by creating an appealing, dynamic, and easily accessible riverfront area.

Currently, the area is primarily used for public parking, including surface lots and a four-story parking garage. To proactively guide transformation, an inclusive process involving property owners, residents, and other stakeholders helped shape the concept plan. This plan aims to transition the area from its current state into a mixed-use neighborhood with its unique character while maintaining connections to the surrounding neighborhoods.

6TH STREET BRIDGE

Adding Connections

In 2021, the Downtown Waterfront S.E. (DWSE) Small Area Plan was approved, guided by community engagement and visioning. This plan outlines the transformation of a 60+ acre area southeast of the downtown core. The goal is to create a mixed-use neighborhood with its own character while enhancing connections to neighboring areas.



As part of the DWSE Plan, a series of public realm improvement projects were identified to create a connected redevelopment district. A new bridge crossing at 6th Street was recognized as a critical first step to kickstart this transformation. In 2022, the Federal government granted \$19.9 million to the City of Rochester to build this connection, and the bridge's design is now in progress.

These public realm improvement projects enhance the overall experience, restore natural systems on the site, and demonstrate the commitment of DMC and the City of Rochester to redevelopment and neighborhood improvement.

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ROCHESTER CONTINUES TO RANK AS
**ONE OF THE BEST PLACES
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MAYO CLINIC IN ROCHESTER



**NUMBER 1 HOSPITAL
IN THE NATION**

U.S. News and World Reports, 2022-23

**MAYO CLINIC CHILDREN'S
CENTER IN ROCHESTER
RANKED NUMBER 1
HOSPITAL IN MINNESOTA
AND THE 5-STATE REGION OF
IA, MN, ND, SD, WI**

U.S. News & World Report 2022-2023 "Best Children's Hospitals"

HEAR WHAT OUR KEY LEADERS HAVE TO SAY

DMC's success is vital to the growth of Minnesota's economy. This one-of-a-kind partnership is a model for the state and the nation on how public/private partnerships can advance equitable economic development on a wide scale.

TIM WALZ

Governor of Minnesota

Mayo Clinic is continuing to push the boundaries of innovation to Cure, Connect and Transform healthcare for patients in Minnesota and around the world. Through Bold. Forward. Unbound. in Rochester, we are seamlessly integrating digital technologies into our new physical structures to support the evolving needs of our patients and staff. This investment will help solidify the visionary commitment that Mayo Clinic, the State of Minnesota, Rochester and Olmsted County made to the Destination Medical Center initiative a decade ago, securing Rochester as a global destination for hope and healing now and into the future.

GIANRICO FARRUGIA, M.D.

President and CEO, Mayo Clinic

The City of Rochester's partnership with the DMC initiative has provided us the opportunity to prioritize equitable investment that helps build connections across the city. The collaboration includes a commitment to creating a place where all community members see a future where they can thrive and that our city is a place for everyone.

KIM NORTON

Mayor of Rochester

Olmsted County is excited to partner with Destination Medical Center to help lead the way with transformative work in Rochester. Our enduring support of DMC is adding to the vitality of Rochester, Olmsted County, and Southeastern Minnesota.

MARK THEIN

Commissioner, Olmsted County Board of Commissioners



For more information, contact the DMC Economic Development Agency at info@dmc.mn or call **507-216-9720**.

Sign up for the DMC newsletter at dmc.mn



2025 DMC Development Plan Update

To: DMCC Board of Directors

From: DMC EDA

Date: November 10, 2023

Request of the board of directors:

Review legislative requirements; affirm update timeline; discuss update scope of work.

Overview:

In accordance with the DMC Act, the DMC EDA will prepare an updated DMC Development Plan for DMCC and Rochester City Council consideration in 2025. The update will ensure that the plan meets legislative requirements and stakeholder expectations.

The DMC Act requires that the DMC development plan:

- Provides an outline for the development of the City as a destination medical center, and the Plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite State and local objectives;
- Affords maximum opportunity, consistent with the needs of the City, County, and State, for the development of the City by private enterprise as a destination medical center;
- Conforms to the general plan for the development of the City and is consistent with the city Comprehensive Plan;
- Includes strategic planning consistent with a destination medical center in the core areas of:
 - commercial research and technology
 - learning environment
 - hospitality and convention
 - sports and recreation
 - livable communities, including mixed-use urban development and neighborhood residential development, retail/dining/entertainment, health and wellness, and transportation
- Estimates short- and long-range fiscal and economic impacts
- Provides a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development, including the criteria and process for evaluating and underwriting development proposals
- Includes land use planning; transportation and transit planning; operational planning required to support the medical center development district; and ongoing market research plans

Additionally, as the 2020 DMC plan update did, this update can:

- Reflect the progress to-date against agreed-upon DMC goals
- Incorporate and/or complement other plans and strategies which may impact DMC
- Address community priorities
- Create opportunity to share and reaffirm DMC's primary mission, vision, and purpose

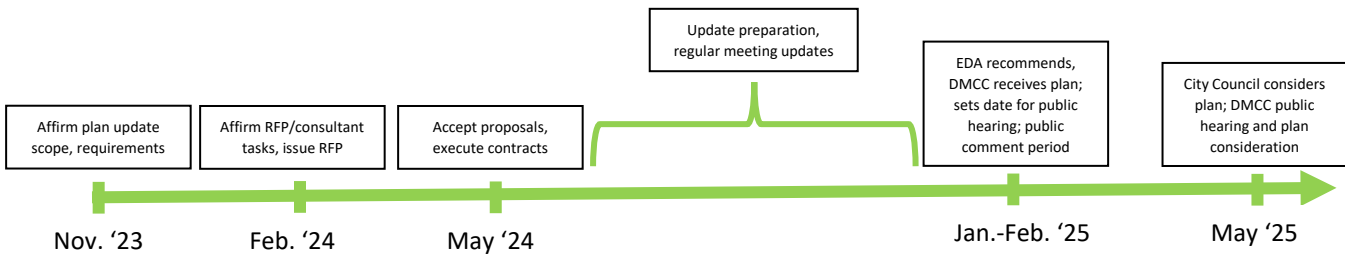
Next Steps:

As the DMC initiative approaches the half-way (ten year) point of implementation, this update presents an opportunity to comprehensively update the development plan.

Affirming a general update scope will allow staff to identify specific tasks and present a detailed plan of action at the January 2024 DMC EDA board meeting.

Timeline:

Proposed update deadlines and approval dates are noted below. If this general schedule is agreed upon by the DMCC, the majority of plan update work will occur from June 2024 to January 2025, with staff updates at each regular board meeting.



Budget:

The approved 2024 DMC Capital Plan includes \$750,000 to support the DMC plan update.

DRAFT Table of Contents:

1) Executive Summary

- a. Mission, Goals, and Vision
- b. Governance Model
- c. Guiding Principles of Development Plan
- d. Market Overview
- e. DMC Investment Priorities and Success Metrics

2) Significant Development Considerations

- a. Mayo Clinic “Bold. Forward. Unbound.”
- b. Post-COVID 19 Impacts on Downtown (Retail, workforce)
- c. Major Project Construction Impacts (LINK BRT, UMR, etc.)
- d. Macroeconomic Impacts on Real Estate Investment and Development (capital access, interest rates, workforce, supply chain, etc.)
- e. District Energy

3) Market Trends and Demand Forecasts (through 2029 and 2035)

- a. Health (sq ft)
- b. Bio-Med-Tech (sq ft)
- c. Office (sq ft)
- d. Hotel (rooms)
- e. Residential (units)
- f. Retail / Dining / Entertainment (sq ft)

4) Economic and Fiscal Impacts

- a. Impact of DMC investments, 2015-2024
 - i. Jobs
 - ii. Taxes
 - iii. Private Development and Investment
 - 1. Growth (units, keys, sq ft)
 - 2. Investment (\$\$\$, Mayo and non-Mayo)
 - iv. Experience
- b. Estimated impacts of DMC plan implementation, 2025-2029
 - i. Jobs
 - ii. Taxes
 - iii. Private Development and Investment
 - 1. Growth (units, keys, sq ft)
 - 2. Investment (\$\$\$, Mayo and non-Mayo)

5) Plan Implementation Factors

- a. Business Recruitment and Lead Generation
- b. City for Health
- c. Communications
- d. Community Engagement and Experience
- e. Equitable Economic Development
- f. Historic Preservation
- g. Mobility Strategies
- h. Public Art and Design
- i. Sustainability
- j. Targeted Workforce and Business Participation
- k. Workforce Development

6) 2025-2029 DMC Capital Plan

- a. Overview of the DMC Financial Model
- b. Planned and Anticipated Public Infrastructure Projects (Streets, Sewers, Energy, Mobility, Public Realm, etc.)
- c. Strategic Private Development
 - i. Private Investment Priorities
 - ii. Process to Apply for Funding
 - iii. Evaluation Criteria for Projects
 - iv. DMC Development District Investment and Development Opportunities
- d. Operations Model
- e. Comprehensive Investment Framework (Sources and Uses)

Discovery Square – Shared Lab Project

To: DMCC Board of Directors
 From: DMC EDA
 Date: November 10, 2023

Request of the board of directors:

Direction to staff regarding development of Shared Lab environment and expectations of other partners.

Background

- What it is:
 - Shared laboratory space for life sciences startups for technology, workforce, and economic development
 - Accessible lease rates and terms.
 - Includes shared equipment, office, conference facilities and wraparound support services.
 - Typically associated with one or more academic research partners.
- Why it matters to Rochester:
 - Our research shows the market expects it and needs it.
 - Attracts businesses by reducing their risk.
 - Vital in fostering business growth, workforce development and job creation.
- Who is involved:
 - DMC staff
 - Mortenson Construction
 - Mayo Clinic
 - TBD Operator
 - Regional economic development partners

Prior DMCC Actions and Decision Points

Year	Action	Relevant Key Points
Feb 2015	Approved DMC Master Plan.	<i>“Engage entrepreneurs in identifying potential companies / start-up opportunities, identify space for start-up businesses, partner with business leaders... to provide a range of low-cost or discounted services for early-stage start-ups.”</i>
July 2017	Approved “Phase 1 Discovery Square Development Project” (One Discovery Square)	<i>“The vibrant life sciences hub will bring forward-thinking business professionals, students, educators, and innovators from around the world together to accelerate research, improve delivery, and advance patient care.”</i>
Sep 2018	Endorsed Discovery Square Strategy	<i>“Space – A wide variety of office and laboratory space, including startup space, enables healthcare technology companies to take their products and services to market.</i> <i>Attractive Ecosystem – A vibrant entrepreneurial ecosystem equips and encourages entrepreneurs from all parts of the community to go from idea to market.”</i>
Feb 2020	Approved Two Discovery Square funding request	<i>“The additional lab, office, amenity, collaborative, and entrepreneurial space in Two Discovery Square will further fulfill DMC’s mission to attract companies of all sizes and talent to Rochester.”</i>
Sep 2022	Approved 2023 Budget and Workplan	Key workplan elements supported: <ul style="list-style-type: none"> • Awareness and perception study • Market demand analysis for shared lab operation

Feb 2023	Received national awareness and perception study	<i>Key takeaways:</i> <ul style="list-style-type: none"> • <i>Prepared turn-key lab space removes uncertainty and is a priority.</i> • <i>Building an active, engaged, and thriving life science ecosystem needs to be a priority.</i>
2023	Received regional shared lab market demand study	<i>Top recommendations:</i> <ul style="list-style-type: none"> • <i>Incentivize innovation & entrepreneurship.</i> • <i>Offer affordable, ready-to-go wet and dry lab space.</i>
Sep 2023	Approved 2024 CIP budget	<i>Included consideration of capital support for shared laboratory space.</i>

Current Status

- Preferred operating partner has been identified. Discussions under way regarding space design and operating agreements.
- Due diligence is underway to be positioned for success, particularly regarding raising the capital and operating funds needed to launch.

Next Steps

- Establish DMCC expectations of partner organizations (Mayo Clinic, Mortenson, TBD operator).
- Finalize space design, finalize operating agreement between Operator and Mortenson.
- Secure funding, construct the space, kick off pre-launch activities around ecosystem engagement plan and marketing activities.
- Anticipate a Q4 2024 opening.

Downtown Riverfront

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023



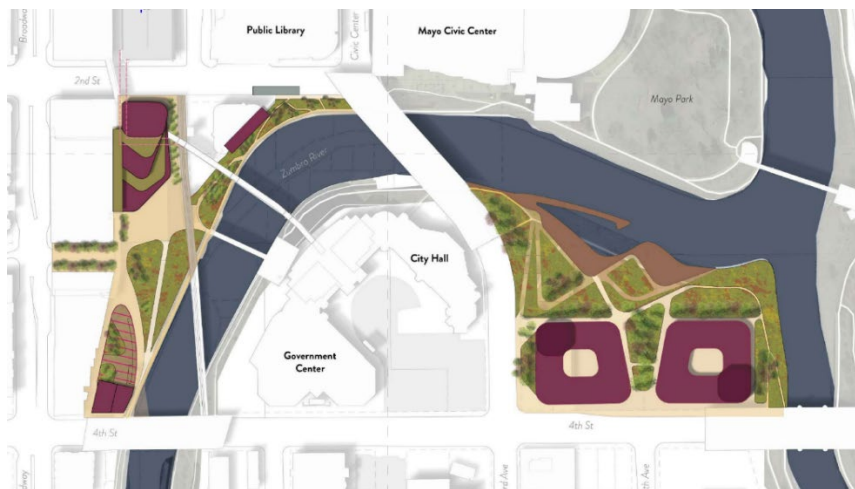
Request of the board of directors:

Review and Respond to Progress on Riverfront Design and Development and proposed next steps.

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) development district.

The set of community-driven principles and concept small area plan was approved by the Rochester City Council in summer 2022.



Riverfront Small Area Plan 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 planning and development 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:

When the 2023 CIP was presented for Board approval in fall 2022, the next steps required to advance riverfront planning were adopted. The current status is shown below:

Steps adopted in 2023 CIP	Current Status
Interim activation (in partnership with the Rochester Downtown Alliance and other organizations)	Budget for 2024 pre-development infrastructure has been adopted, City developing workplan for implementation
Advance flood wall work with Army Corps of Engineers	Multiple meetings with the Army Corps have led to greater understanding of site needs and constraints
Due diligence analysis of former Red Owl and Time Theater buildings	Building condition assessment and cost estimation are being finalized
Continue discussions with Olmsted County regarding county-owned portion of the site	Site has been purchased from the County for \$450,000
East site preparation	Site survey, Geotech information is being finalized, consultant team will be packaging up the resulting information before year end
Prepare developer RFQ/RFP	Concept plans and a draft RFQ structure are being finalized

The City of Rochester has submitted State bonding support for four separate projects on this property, total estimated costs shown below:

- West Site Open space: \$20 million
- Ramp demolition and skyway rebuild: \$9.75 million
- Reuse of Red Owl building and building addition: \$17.75 million
- Riverwalk improvements: \$5.4 million

Total: \$52.9 Million

The 2024 DMC CIP budget request for the Riverfront is to support the commencement of design work should any of the State bonding requests listed above get selected in 2024. State bonding requires a minimum 50% local match.

The Riverfront infrastructure proposals outlined above will be further developed and return to DMCC Board with more complete information and updates on legislative bonding process in 1Q2024 and 2Q2024 meetings in advance of the 2025 budget process. Multiple funding scenarios will be prepared for those discussions.

University of Minnesota Rochester Update

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:

No action requested.

Background:

Dr. Lori J. Carrell, Chancellor of the University of Minnesota Rochester, has been invited to provide an update on the Campus and Climate Action planning process and future direction for the university.

UMR Announces Launch of Campus and Climate Action Planning

September 19, 2023

The University of Minnesota Rochester's Campus and Climate Action Planning process launched on September 13, 2023. The plan that will be created will support UMR's commitment to excellence sustained through managed enrollment growth by identifying time horizons and criteria for strategic decision points in a phased approach to facilities expansion.

The new Campus and Climate Action Plan that emanates from this process is scheduled to be shared with the University Board of Regents in May 2024. This plan will replace the 2014 Campus Master Plan.

The importance of campus and climate action planning:

Throughout the University of Minnesota System, campus plans define necessary changes to support anticipated activities. They address questions of growth and interaction with the surrounding community, all based on the priorities shaped by the institution's learning, research and outreach mission. The University is combining campus planning and climate action planning to align with institutional goals of carbon neutrality by 2050 with physical planning efforts.

In Rochester specifically, integrated campus and climate action planning supports UMR's Vision to "transform higher education through innovations that empower our graduates to solve the grand health challenges of the 21st century."

The University recognizes that, like any new venture charting its future, UMR requires flexibility in its facilities model to support dynamic growth. To date, we have been long-term tenants in many downtown locations, supported by a P3 approach to facilities. The Campus and Climate Action Plan will explore options and opportunities including continuing to lease space as well as developing and owning facilities to support campus growth on both near-term and longer-term horizons.

The importance of partnerships:

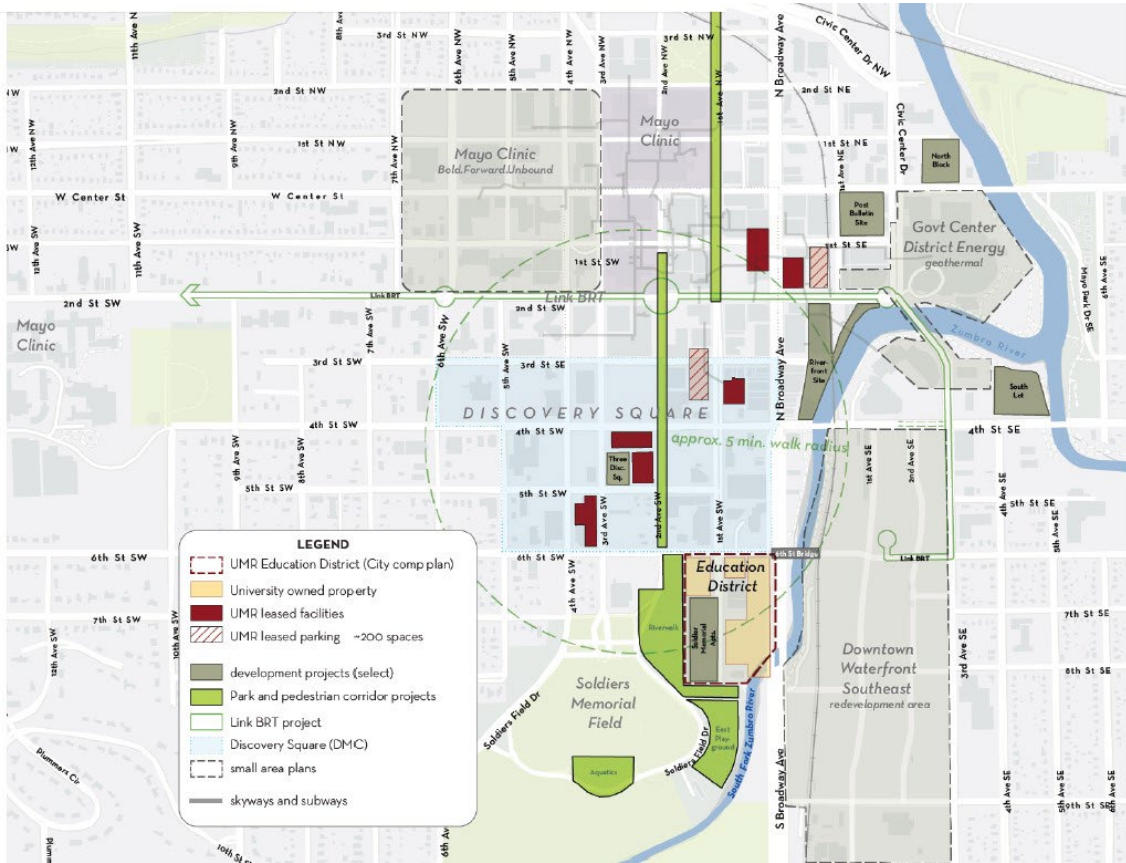
Partnerships are critical to UMR now and are anticipated to continue to be central in the planning of future facilities and programming. This planning process will include exploration of existing and potential partnerships to meet shared goals.

How will this planning occur?

Opportunities for input will continue throughout the fall semester 2023, including surveys, open houses, dedicated time at UMR's State of the Campus event on November 8, online forums and interviews, all guided by an advisory committee and the University's Sasaki consultants.

Participants in the planning process include partners and potential partners, students, staff, faculty, community members and Sasaki, UMR's consulting firm.

Map:



Timeline:



Business Development and Lead Generation

To: DMCC Board of Directors

From: DMC EDA

Date: November 10, 2023

Request of the board:

No action requested.

2023 DMC Business Development Strategy

- **Build Awareness** of Rochester as a business destination, DMC as an economic development initiative, and Mayo Clinic's close connection to both.
- **Build Infrastructure** to reduce business risk in Rochester, decrease speed-to-market, and make our Rochester "bigger."
- **Build Ecosystem** in the life science community by defining the partners we have, engaging those partners in setting a comprehensive ecosystem strategy, and utilizing their knowledge and experience to make our product better.

2023 Business Development Program of Work

- Building Awareness
 - 21 completed/in-process/planned business development activities
 - Total attendance of 150k+ people from all events we attended in 2023
 - Four individual Lead Gen campaigns
 - San Francisco, Paris, Tier 2 life science markets, Medica trade show
 - 100+ potential leads from all campaigns once completed
 - 80+ Influencer visits
- Ecosystem activity
 - Two listening sessions, greater engagement, building toward 2024 program
- Infrastructure Building focused on shared lab research and engagement.
 - Scope project, identify partners, develop business plan.

2024 Business Development Program of Work

- Awareness Building
 - Increase investments across the entire program.
 - Industry Marketing +60%
 - Influencer Marketing +42%
 - Direct Lead Generation +74%
 - In-market Promotion +72%
 - Staff to provide increased activity and improved process.
 - Business Development Manager
 - Business Development Coordinator
 - Marketing and Research
 - Improved web, collateral, communications, and advertising

- Growing Ecosystem Building Program
 - Focused on defining, analyzing, and engaging the local life sciences industry
 - Will require excellent coordination with local partners
 - Building toward expanded programming and budget requests in 2025
- Building Infrastructure focused on Shared Lab operation
 - Developing turn-key real estate in response to 2022 research findings
 - Makes our market operate “bigger” in response to 2022 research findings
 - Design, operating partner, financial models, and partner agreements to be completed in 2024

Chateau Theatre



To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:

No action requested.

Background:

To-date, the DMCC and City Council have approved approximately \$7.7 million in DMC funding for the purchase, maintenance and operation of Chateau Theatre. The DMCC and City Council approved an additional \$1 million for HVAC upgrades in 2024.

The City of Rochester also secured a U.S. Economic Development Administration tourism grant to support restroom renovations.

Chateau Theatre

- Facility Update:
 - o The restroom renovations are nearing completion.
 - o The lighting and sound system procurement is in process and electrical design is in the final stages of design.
- The historic Chateau Theatre is open daily for guests to explore the space and shop at Threshold Art's art boutique. The Chateau holds many events for the community and visitors as well.
- Upcoming events include:
 - o SEMYO's Instrumental Gala, Oct 27
 - o Downtown Candy Crawl, Oct 28
 - o All Hollows Eve Soiree, Oct 28
 - o Bright Lights Poetry Night, Nov 9
 - o Madhouse Wrestling, Nov11
 - o Dessa, Nov 17
 - o Shabby Road Orchestra, the Very Best of the Bettles, Nov 18
 - o Winter Mart, Dec 2
 - o Trailer Trash's Trashy Little Xmas Show, Dec 9

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.

District Energy + Thermal Energy Systems

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:

Update regarding DMC district energy system investment to advance DMC goals for carbon emissions reductions.

Project Updates:

1. The City of Rochester is convening stakeholders and consultants to develop the business plan that will support the desired outcomes of the District Energy system, as well as entering into conversations with Mayo Clinic about the possibility of connecting the Mayo system with the City system for greater overall efficiency of the system due to large heating loads that are currently exhausted as waste heat by Mayo.
2. The potential to create additional thermal Energy loops in the DMC District has been identified, which would help achieve the carbon reduction goals adopted by DMC and City of Rochester. Further due diligence is underway and it is expected that some policy recommendations will be developed.
3. With its downtown location, proximity to infill redevelopment sites and other factors, the City and DMC EDA have been partnering for a period of years to leverage the City investment in its facilities to create an electrified + geothermal district energy system, and will continue to collaborate to implement and potentially grow the thermal energy systems over more of the District.

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
- 2023: Rochester City Hall installs first downtown geothermal wells

Recognizing the role that a downtown district energy system could have on realizing its energy consumption and carbon footprint reduction goals, DMCC authorized \$7.2 million in the 2024 Capital Improvement Program, building off prior investment in preliminary engineering studies.

Since 2007, the City of Rochester has made substantial gains toward meeting its climate goals and is on track to achieve a 50% reduction community-wide by 2030. That said, more focus is needed to achieve a 100% reduction by 2050. Electrification of heating systems for homes and buildings and electrifying car and truck fleets are critical to achieving this next stage of reduction.

District Energy helps achieve this goal by connecting buildings to the system that already has an electrified heating and cooling source, allows this to happen at scale, and at the pace of private development. The more who connect, the lower the utility rate and efficiency of the system. The DMC EDA and City staff leading this project believe this will also help attract private developers to our market aligned with the sustainability approach, and goal of realizing additional housing affordability for rent and ownership in the downtown.

Equitable Economic Development

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:
No action requested.

Workplan Update:



1. Community Co-Design Updates:

- a. On October 3rd, 2023, we hosted a graduation celebration for the second cohort of community co-design facilitators. The participants will complete a 25-hour training to facilitate community co-design projects in our community. The facilitators who received the training are from the following organizations: Rochester Public Schools, Education Minnesota, United Way of Olmsted County, Rochester Area Foundation, and Olmsted County Public Health. The total community co-design facilitators who graduated so far is 14. We will offer a 3rd cohort for the facilitator training in December 2023.
- b. We offered the Community Co-design Leadership Training in October 2023. This was the third cohort where we trained a total of 24 community and organization leaders from City of Rochester, Rochester Public Schools, Olmsted County, Mayo Clinic, Three Rivers Community Action, Rochester Art Center, and many other organizations. The total number of community leaders who received the training so far is 68.
- c. We are continuing with the community co-design bi-monthly meetings to inform the community about co-design efforts, projects, reports, and all the resources to ensure the success of community co-design. All the information related to community co-design can be found in the Rochester co-design page on the DMC website.

2. Equity Alliance Updates:

- a. **Equity Series:** Since July 2023, we launched 4 episodes of the Equity Series. Community Wealth Building, How Transformative Equity Analysis can unveil critical insights and elevate organizational efficacy, enhancing Equitable Housing Opportunities, The Racial Equity Dividends Indices are the topics of the episodes we presented so far. The series will be an opportunity to introduce diversity, equity, and inclusion best practices, build sustainable DEI community strategies, and build advocacy and allyship within the Rochester community.

3. DEI Best Practices:

- a. **Goodenough Consulting DEI Partnership:** In July, DMC EDA formed a partnership with Goodenough Consulting to complete the following items:
 - i. DMC EDA Diversity, Equity, and Inclusion Assessment- 2023
 - ii. Provide a report and recommendations-2023.
 - iii. Assist in creating DEI implementation plan-2024.
 - iv. Provide DEI training and consultation for DMC EDA staff-2024.

- b. Community Connections and Capacity Building:** We are continuing to work with grass root organizations and BIPOC led nonprofits to build relationships with the communities they work with. Through the RDA Start-Up Grant, we assisted organizations like Pamoja Women to launch their first African Cultural celebration to promote business owned by African women. We established monthly check-ins with the following organizations to build trust with BIPOC and unrepresented communities and provide resources and capacity building opportunities:
 - i. NAACP
 - ii. Community Mobilization Resource Coalition
 - iii. Cradle 2 Career
 - iv. Pamoja Women
 - v. Rochester Downtown Mosque
 - vi. Sports Mentorship Academy/Andre Crockett
 - vii. Rochester Public Schools.

4. Affordable Housing Updates:

- a. Emerging & BIPOC Developer Expo:** October 5th, DMC EDA and Greater Minnesota Housing Fund hosted the Emerging/BIPOC Developer Expo in Rochester, MN in Two Discovery. We had 89 registered attendees for the event. The event attracted local and regional BIPOC/Emerging developers who are interested in learning more about the financial resources available in our community. Resources for local and regional emerging developers were provided by the following organizations and programs: City of Rochester, Equity in the Built Environment, DMC EDA, Collider, NEOO Partners, SBDC, RAEDI, ULI, GMHF, Coalition for Rochester Area Housing, and Southwest Minnesota Housing partnership.
- b. Housing Developers Monthly Check-ins:** We are continuing our monthly check-ins with 10 developers who are interested in the Rochester community. We provide the developers monthly updates about the following sites: Riverfront, West Transit, and Kmart. We will continue to provide DMC district site opportunities and City of Rochester opportunities to housing developers, and emerging/BIPOC developers.

Housing

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023



Request of 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 2023 workplan. Below is a summary of the strategies and progress since the last update.

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
 - 315 units at 50% to 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)

2023 Affordable Housing Update:

Bryk Apartments (180 units, completed).

Current Contribution:

- 54 units at 50% AMI
- 18 units at 60% AMI
- 54 units at 80% AMI
- 54 units at 110% AMI or less.

2024 Housing Strategies:

Communication

Digital and Print Communication Strategies:

- Create digital campaigns on the DMC website and social media platforms to ensure visibility to DMC’s housing priority.
- Create a housing prospectus that outlines the DMC’s development process, Rochester community housing funding resources, sustainability goals, and equity in the built environment goals.
- Update the current development application.

Engagement

Share market needs and recruit developers to deliver the various housing products needed within downtown:

- Real Estate Summit
- Prioritized recruitment and developer host visits
- Establish a nation-wide housing developer analysis to broaden interest in the Rochester market.
- Host events to connect developers with private property owners in the DMC district to create networking opportunities.

Community Housing Partnerships

Collaborate with public and private partners to realize the downtown and community-wide outcomes:

- Rochester Housing Coalition Leadership Council Member.
- Collaborate with Rochester financial institutions to research the opportunity to create a coalition for community reinvestment act to secure additional funding for Rochester community housing needs.

Housing Data Analysis:

- **Analyze promising housing approaches:**
 - Cooperative Housing.
 - Rent to Ownership Models.
 - Accessory Dwelling Units.
 - Prefabricated construction methods.
 - Assess current vacant office spaces and hotels.
 - IRA related opportunities.
- **Research Development & Housing Grants to Identify Additional Funding Sources**

Mobility

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023



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:

- Design advancing to 90% completion in Fall 2023
- Procurement process training completed
- SHPO found No Adverse Effect for existing design

Upcoming BRT Milestones:

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

Vehicle Design:

Goals:

- High amenity to provide a unique experience.
- Futuristic and innovative visual features.
- Experience equal to or better than driving.

Areas of influence:

- Exterior design
- Interior layout, materials, amenities, air quality
- Technology utilization
- Safety features

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:

See above milestones.

Next Steps:

See above milestones.

Project Previews

To: DMCC Board of Directors
 From: DMC EDA
 Date: November 10, 2023

Request of the board of directors:

No action requested.

Background:


While all private development projects submitted to DMC must meet the “but for” test, DMC EDA staff evaluates each submitted project against the priorities set by the Board before developing a recommendation for the Board. Below is a summary of Board priorities as staff understand them:





- Geographic priorities: Heart of the City, Discovery Square, TOD corridor
- Product Type: Preferencing med-tech and workforce housing development
- Prioritize projects most likely to achieve DMC goals: private investment, job creation, tax base growth
- Validate market demand; support first-in-market opportunities
- Meet or exceed Sustainability targets
- Contribution to City of Health experience goals

Areas of focus adopted as part of the Phase 2 development update (Nov. 2020 adoption):

- Economic diversification
- Housing affordability
- Mainstreet innovation
- Local entrepreneurs
- Local minority and women-owned business capacity

Below is a summary of active conversations underway with private developers within the DMC District. Inclusion on this list does not mean that these projects will ultimately apply for DMC funding, but rather is included to give you an overview of what kinds of projects are currently being contemplated within the district that *may* come forward in the future for a funding request.

HOUSING	
	<p>In fall 2021, The City of Rochester issued an RFP to developers for the parking lot across from the Civic Center. The City elected to enter exclusive negotiations with Sherman Associates as the preferred development partner, and are in the midst of those negotiations. Potential alignment with the District Energy system under development in downtown is also being explored with this project.</p> <p>Due to the current interest rate environment and continued high costs of construction, the project gap on this project has grown significantly. City and DMC EDA staff are working closely with the developer to scenario plan what options are possible to keep this project advancing forward. Staff anticipates advancing this project for consideration by this Board in 2024.</p>
<p>West Transit Village (WTV)</p>	<p>The western terminus of the LINK Rapid Transit line is envisioned as a</p>

	<p>transit village that will accommodate several hundred units of mixed income housing and amenity retail in addition to the transit and parking infrastructure needed on the site. Mayo Clinic is in active negotiations with their selected developer partner and has refined the project vision to include +/- 300 units of housing, retail, parking and public realm.</p>
<p>Michael's Site</p>	<p>A high-rise condo/office building is in the early planning stages for this Broadway location. A grocery store, pharmacy and restaurant as well as a limited amount of office and/or UMR spaces are planned for the lower and middle floors. A skyway connection is also included as part of this portfolio. Demolition of the existing building started in August 2022.</p> <p>This project is still in concept planning, and expectations have shifted to 2024 for continued conversations.</p>
 <p>CityWalk Apartments</p>	<p>City Council approved in early November a 12-story, 361-unit market rate apartment building on the south side of 2nd Avenue and 6th Street. They have received Main Street grant funding to support a pocket park and streetscape improvements.</p>
 <p>YMCA Development</p>	<p>Redevelopment of the downtown YMCA site into approximately 215 units of multifamily housing including some ground floor live-work spaces. Thoughtful integration of the project into the adjacent Soldiers Field and the approach to affordability levels are main topics of discussion.</p> <p>This project is anticipating a construction start this year.</p>
<p>HOSPITALITY</p>	
 <p>Olmsted Bank Building</p>	<p>14 units of residential on top of an adaptive reuse of the existing bank building for a restaurant/cafe use on the ground floor. Opportunity to show potential of adaptive reuse above an existing building and revitalization of a central location that can leverage existing parking infrastructure.</p> <p>The project was awarded \$200,000 in Main Street Grant funds and then received additional Main Street grant funds.</p>
 <p>Post Office</p>	<p>The Post Office building on Broadway is owned by a Utah-based hospitality developer with local ties.</p> <p>Owners of the building are proposing a 140-key boutique hotel for longer-term travelers. The developer is interested in sustainability and considering a flag that aligns with this environmental approach.</p> <p>This project has submitted a TIF application to the City of Rochester. However, currently interest rate environment has added additional project costs and widened the gap for feasibility, so the project is under continued</p>

	review for possible solutions.
OFFICE/LAB	
Three Discovery Square	An application has been submitted for Mortenson’s DS3 project that proposes a 7-story speculative building that is half lab space half CGMP space (clean manufacturing). DMC EDA staff is in early review of the submitted materials along with City staff.

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

DMC aims to support private investment that is in line with the overall mission of the DMC Initiative. The 20-year goal is to attract more than \$2.1B of non-Mayo private investment.

Approvals, milestones, and decision points:

As projects further develop their plans we will continue to update the Board and if an application for funding is submitted the formal review process will begin. Currently Discovery Square 3 is an active application under review.

Discovery Walk

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023



Request of the board of directors:

No action requested.

Background:

Discovery Walk is a linear parkway along 2nd Avenue SW in downtown Rochester that will serve pedestrians as well as vehicle access.

Discovery Walk will connect Heart of the City to Soldiers Memorial Field and will create a high amenity pedestrian experience while also maintaining flexibility for bike and vehicular access, civic events, and future development.

Updates:

- Construction is concluding for the year, with completion anticipated in spring 2024. Final planting, road striping, site element placement, and installation of the climate accommodating structures will occur in the spring.
- Pedestrian lighting art and the snowmelt system is installed and will be operational this winter.
- Stone berm construction along the 400 block is nearly complete.
- 300 block pedestrian ramp and hardscapes and nearly complete.
- The 200 block of 2nd Ave. SW is closed to vehicular through-traffic but open for Mayo Clinic's blood donor center.

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.

Work plan or capital improvement budget implications:

Completion of Discovery Walk has been budgeted for within the DMC CIP.

Heart of the City

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:
No action requested.

Background:

Heart of the City Phase 1:

- Construction Update:
 - o Catenary lighting system poles were installed in early October 2023
 - o Catenary lights are anticipated to be installed in late Fall 2023
- Paver Update:
 - o Current Issue:
 - While the Heart of the City Phase 1 was designed to be an immersive experience, the City of Rochester and DMC have received feedback from community members that portions of the newly designed plaza are perceived to be uncomfortable and/or difficult to navigate;
 - The City and DMC are committed to creating a better experience for all members and visitors to the Peace Plaza and have been actively taking actions to review the design and potential solutions (both temporary and permanent);
 - o Current Action Steps
 - New signage being added to the plaza highlighting the pavers that have raised lettering;
 - Creation of a Stewardship working group (City, DMC, RDA, Threshold) to address daily maintenance, management and cleaning of the space;
 - Working with the project designer, Coen+ Partners, and artist, Ann Hamilton, regarding the current situation and possible solutions;
 - Developing a outreach strategy.

Additional notes:

- Holiday lighting was added to the trees along First Avenue. Feedback from stakeholders has been very positive.
- Anticipating RDA holiday activation (Here Comes Santa Clause, etc.)
- Multiple new businesses have announced their plans to open in the Peace Plaza area including:
 - o Ruth's Chris Steak House
 - o Pebble Spa
 - o Handmade Natural Beauty Boutique
 - o Fresh-N-Green

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.



Soldiers Memorial Field

To: DMCC Board
From: DMC EDA
Date: November 10, 2023



Request of the board of directors:
No action requested.

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, a track and field facility (with winter skating), tennis courts, a baseball field, playgrounds, hockey rinks in winter, and trails.

Project improvements underway include a new aquatics area with a lazy river, 3 waterslides, 50-meter lap pool, a renovated bathhouse, a shallow pool, and a splash pad. Additional improvements also include an inclusive playground and shelter at Roy Sutherland Park (east side), new basketball courts, and a SW trail connection.

Project Update:

Project improvements are well underway with the majority of updates currently under construction. The pool was closed for the 2023 summer season.

A “Big Dig” community event was held on October 7, 2023 in partnership with the City of Rochester, Kraus-Anderson Construction, and Rochester Local. The goal of the event was to bring awareness of the Soldiers Field project to young families. There were approximately 1000 people in attendance.

Work plan or capital improvement budget implications:

Included in the 2023 Capital Improvement Budget: \$10,000,000.

In 2020, Rochester voters approved a referendum for park investment, with \$7M allocated towards Soldiers Field Memorial Park. In 2022, the City of Rochester Parks & Recreation Department was awarded a Federal Land and Water Conservation Fund (LWCF) grant for the redevelopment of the recreation facilities at Soldiers Field Memorial Park. Additional funding is approved by the Destination Medical Center (DMC) Board, with a total budget of \$18.5 Million.

Approvals, milestones, and decision points:



Downtown Rochester Task Force Grow Downtown Together Workgroup

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023

Request of the board of directors:

No action requested.

Background:

In early 2023, the Downtown Rochester Task Force was established to help accelerate Rochester's path forward and build a more resilient downtown. The goal of the Task Force is to collectively create a community-based action plan that identifies (1) immediate and short-term recommendations while considering long-term needs (2) responsible organizations/partners, and (3) timelines associated with each recommended action item.

Out of the action plan, both DMC EDA and DMCC boards supported DMC staff leading the Grow Downtown action plan items. These items have been incorporated into immediate workplan strategies and tactics as well as informing 2024 workplan strategies and tactics.

The newly created DMC Grow Downtown Together strategy focuses on strengthening the demand drivers of downtown (the entities that are destination-worthy and can only find them in downtown Rochester) which include:

- Mayo Clinic
- University of Minnesota Rochester
- Downtown Housing
- Cultural Anchors (examples include)
 - o Mayo Civic Center
 - o Art Center
 - o Civic Theatre
 - o Chateau Theatre
- Catalytic Retail

To do this, DMC has convened a small initial workgroup of downtown stakeholders to build a collective strategy to grow downtown together. Participants shared concerns, opportunities, and areas of prioritization. With the help of the workgroup, DMC staff created a set of strategies and tactics to support this work. This work will create the pathway to the most impactful work DMC and downtown stakeholders can do together-- attracting people downtown.

DMC EDA staff are gathering information and exploring tools to support this work, including:

- Placer.ai, Physical Market Intelligence Platform that provides insights to understand its audience, surroundings, and competition
- Specialized recruitment services

The Task Force is also planning to present at the November 20 City Council Study Session. A full report will be submitted, and a copy and council feedback will be shared with DMCC at the next meeting.

West Transit Village

To: DMCC Board of Directors
From: DMC EDA
Date: November 10, 2023



Request of the board of directors:

No action requested.

Background:

The DMC vision for the West Transit Village is to provide an authentic place where people want to be that includes mixed income housing, amenity retail, childcare and public spaces that 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 as a world class destination.

Approvals, milestones, and decision points:

Real estate advisory firm NTH was retained by DMC EDA and Mayo Clinic to assist in positioning the Mayo Clinic West Lot on 2nd Street SW for future development as the “West Transit Village” and to take advantage of the BRT line being developed along 2nd Street SW. Through that RFP process Mayo has selected a team of Kraus Anderson, Aeon, and Perkins + Will as the preferred development partner.

Mayo, the development partner, City staff and EDA staff are participating in a series of design charrettes to develop a preferred final development site plan and BRT infrastructure plan for the site. The preferred site plan has now been agreed upon and is advancing into more detailed design development.

The next steps include:

- Mayo Clinic and developer to establish base conditions of the site transaction and move towards a codified agreement, targeting fall 2023 for documentation
- Further advancement of the site design to provide conceptual pricing and definition of the needed infrastructure components of the site
- Return to DMC Board with a request for support of needed infrastructure components