



DMC Corporation Board of Directors Meeting

Thursday, February 5, 2026

9:30 A.M.





DMC

Destination Medical Center

Annual Report to the Minnesota State Legislature

Annual Report to the Legislature

- **Joint report** by the City of Rochester and DMC Corporation
- Required to be **submitted by Feb. 15**
- **Submitted to:**
 - Legislative and State Agency Leadership
 - Chair of the Olmsted County Board
- State law outlines **required report elements**



Required Elements of the Report

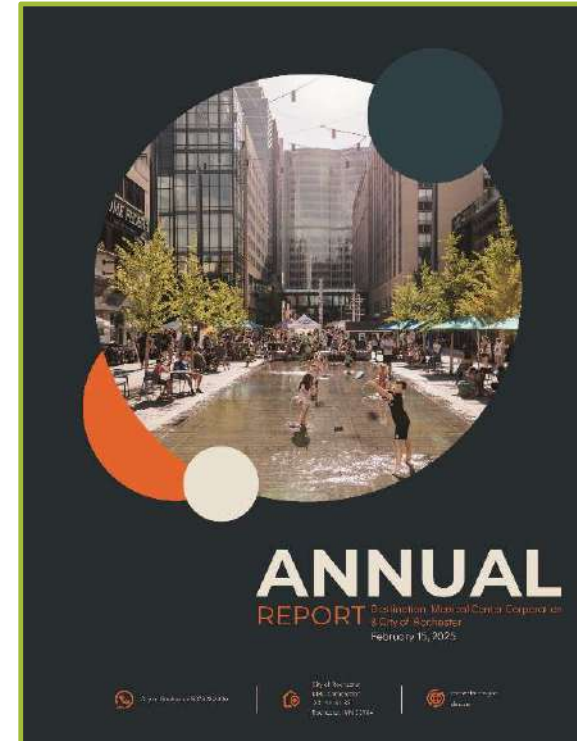
Development plan

Progress of projects

Actual project costs and financing

Estimated costs and financing sources for projects to be started in the next two years

Debt service schedules for all City debt issued for DMC projects



Report Highlights

Bold. Forward. Unbound. in Rochester

- \$5 billion investment
- 2.4 million square feet of new space

DMC investments

- Mobility
- Historic Preservation
- Bio-med-tech

Five-Year Update to DMC Plan

- Strategic Priorities
- Retrospective Analysis (“look-back”)
- Fiscal and Economic Analysis





DMC

Destination Medical Center

Annual Report to the Minnesota State Legislature

DESTINATION MEDICAL CENTER

DMC DEVELOPMENT PLAN

5-year update

January 21, 2025

SMITHGROUP JLP+D



1.0 INTRODUCTION

STATE REQUIREMENTS OF DMC PLAN

1 Create an outline for the development of the city as a destination medical center, including **the identification of planned and anticipated projects**, to indicate its relationship to definite state and local objectives;

2 Conform to the general plan for the development of the city and is **consistent with the city comprehensive plan**;

3 Include strategic planning consistent with a destination medical center in the 8 core areas of

- **commercial research and technology**
- **learning environments**
- **hospitality and convention**
- **sports and recreation**
- **livable communities, including mixed-use urban development and neighborhood residential development**
- **retail/dining/entertainment**
- **and health and wellness**
- **transportation;**

4 Estimate **short- and long-range fiscal and economic impacts**;

5 Provide **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; including:

- **land use planning;**
- **transportation and transit planning;**
- **operational planning required to support the medical center development district;**
- **ongoing market research plans; city approval.**

Why a 5-year update?

- To tailor economic development strategies to market conditions
- To account for how DMC catalyzed for economic growth from 2015-2024
- To gather community input
- To meet requirements of State Law





What is included?

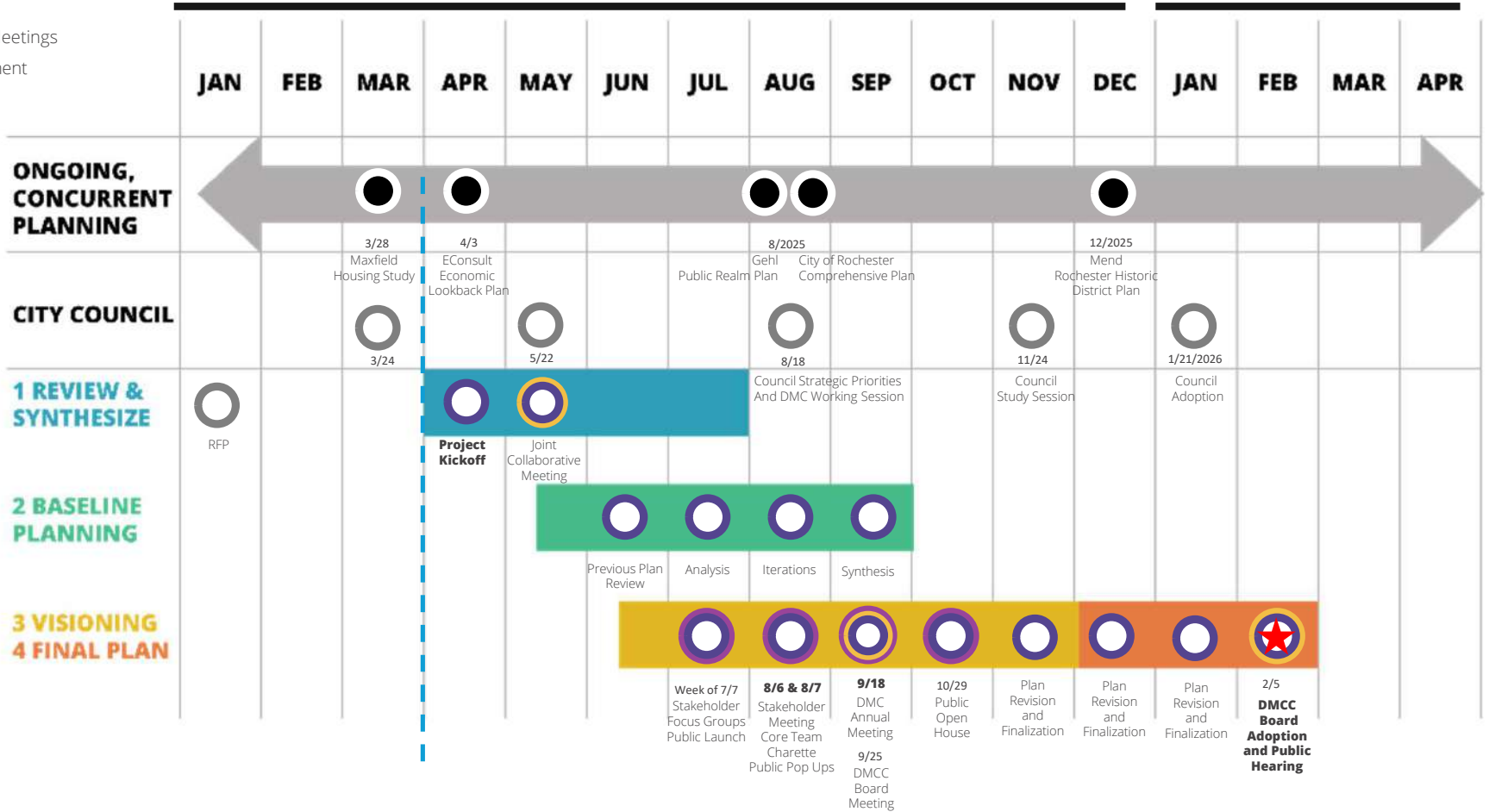
- 2015-2024 results
- Strategic Framework for DMC Initiative for 2025-2029

2025 PLANNING PROCESS

2025

2026

-  DMC EDA Working Meetings
-  Community Engagement
-  DMCC Engagement
-  You Are Here



2.0 DMC TODAY

A CONTINUUM OF ENGAGEMENT

2025 PLAN UPDATE ENGAGEMENT



SMITHGROUP

Overview

- Weekly City-DMC staff touchpoints
- Stakeholder meetings and presentations
- 2025 Joint DMC-City-County session
- Community events
- Online Surveys
- DMC Annual Meeting
- Public website

Stakeholder Focus Groups

30+ participants from:

- Commercial Research and Technology
- Learning Environment
- Hospitality and Convention
- Sports and Recreation
- Livable Communities
- Retail, Dining & Entertainment
- Health & Wellness

Online Survey

- **225 Responses** to survey
- New online mapping activity launched
- Public website is live: www.dmcplanupdate.org



DMC PLAN UPDATE

A BOLD VISION

NAVIGATING THE DOCUMENT



- A continuation evolution of key features of original (2015) development plan
- Goes to City Council first, then DMCC Board
- No specific projects are being presented for approval
- A guiding strategic framework for investment

DMC PLAN UPDATE

A BOLD VISION

DMC STRATEGIC PRIORITIES



**Accelerate
Health
Innovation**

**Design for
Well-Being**

**Drive
Purposeful
Growth**

CITY COUNCIL NOVEMBER STUDY SESSION

WHAT WE HEARD



**Housing
Innovation**

Appendix A



**Downtown
Safety &
Vitality**

Ongoing
activations
support



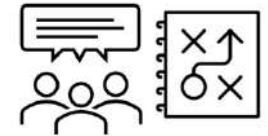
**Performance
Measures/
Metrics**

Appendix D



**Tax
Revenue
and TIF**

Appendix A



**Citywide benefits
& understanding**

Appendix A +
Upcoming
Urban3
Presentation



**Clarify
DMC's Role**

Appendix C



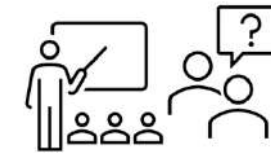
**Built Environment
& Physical Barriers**

Ongoing work



**Students as a
distinct group**

Page 99 update



**Transparency of
"Lessons
Learned"**

Appendix E

DMCC BOARD OF DIRECTORS DECEMBER 2025 MEETING

WHAT WE HEARD



**Housing
Innovation**

Appendix A



**Rochester
Thriving as a
“Company Town”**

Ongoing
work



**Translate
Priorities into
Action**

Ongoing
work



**“Stick the Landing”
By Achieving DMC
Goals**

Ongoing
work

PLAN UPDATE

2026 PLANNED DEEP DIVES

- Urban3 Presentation series on tax capacity, land use, and fiscal analysis
- Deep dive presentation on Strategic Driver economic impact analysis (JLP+D)
- DMC Real Estate Summit with housing innovation focus

DMC PLAN UPDATE

PLAN UPDATE

NEXT STEPS

- February 5, 2026: DMCC Board Action

Downtown Commercial Historic District Investment Program Requests

February 2026



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Rochester, MN

Historic District Funding Applications

Address	Commonly Known As	Project Description	Category of Investment	Total Project Cost	Recommended DMC Funding
7 2nd Street SW	Olmsted Co Bank Building	Exterior envelope preservation and interior reuse	Building Safety & Preservation, Adaptive Reuse	\$17,377,300	\$500,000
22 3rd St SW	Kruesel's	Stairs, windows, and sprinklers	Building Safety and Preservation	\$12,840	\$6,320
TOTAL				\$17,390,140	\$506,320

Capital Ventures, LLC Request Olmsted County Bank Building



- Proposed boutique hotel and café
- Allowed under a 2021 Certificate of Appropriateness from City Council
- Renovation of existing building (eligible)
- Addition of 3 – 4 stories (ineligible)
- Applicant has submitted detailed budget, capital stack, and construction plans
- Agreement requires project to begin within 12 months and be completed within 36 months

PROJECT PROGRESS DISCUSSIONS

January 2026



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Rochester, MN

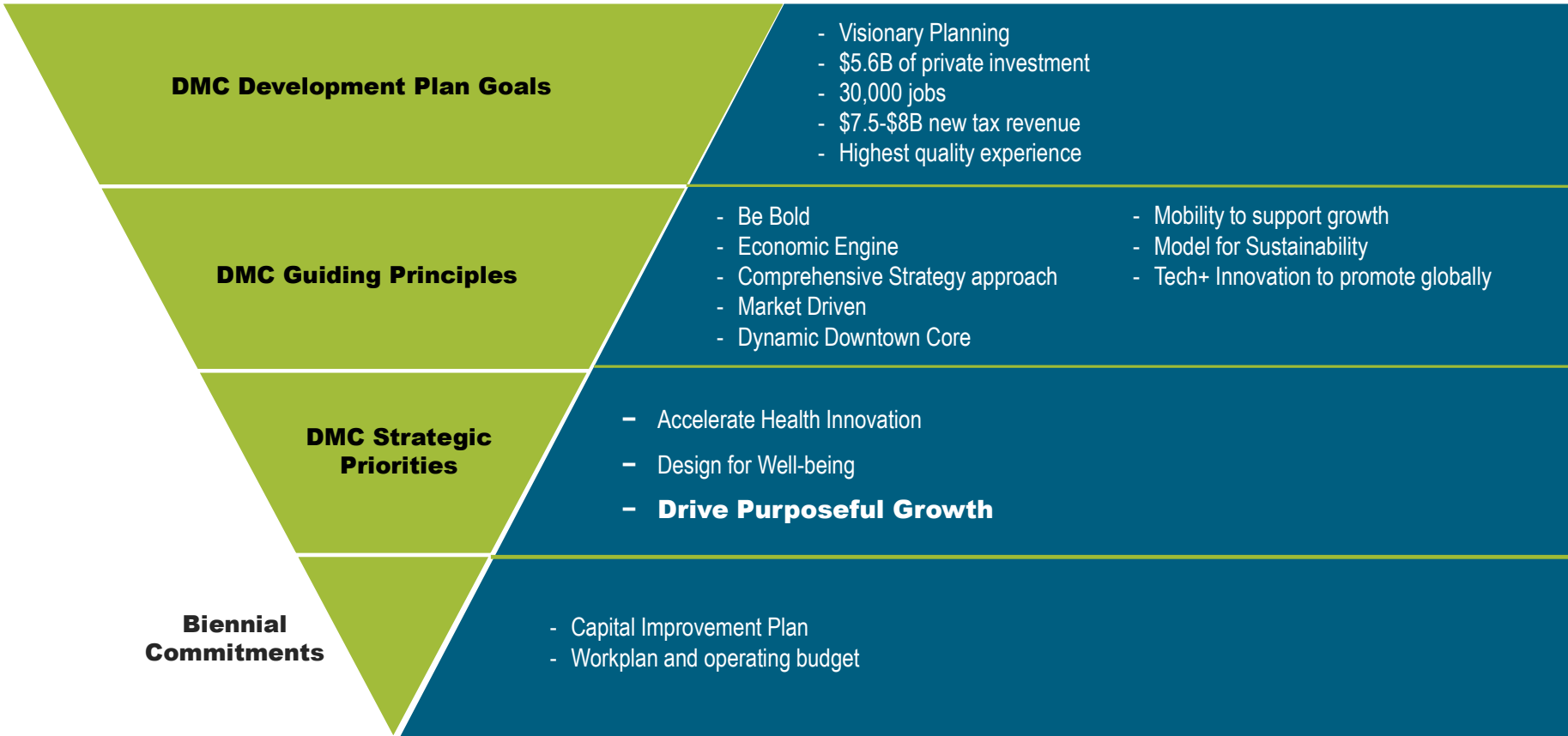
Today's Discussion



REVIEW + DISCUSS EMERGING PROJECTS



Achieving DMC Goals + Advancing DMC Priorities



University of Minnesota Overview

- **Project sponsor:** University of Minnesota
- **Project:** Multi-phase expansion of the UMR downtown campus
- **Components:** Labs/classrooms, academic core building, student housing & recreation
- **Location:** Discovery Square and University-owned land near Soldiers Memorial Field



University of Minnesota Driving Purposeful Growth

- **Workforce & talent infrastructure**
- **Supports Discovery Square growth and life science competitiveness**



University of Minnesota Current Status + Next Steps

- University leadership briefed DMCC (December 2025)
- RFPs anticipated in 2026 for academic and housing components
- Lab and classroom expansion targeted for completion by Fall 2027



Chateau Theatre Overview

- **Project sponsor:** City of Rochester
- **Project:** Preservation, capital improvement, and operational repositioning of a historic downtown theater
- **Focus:** Performing arts, downtown visitation, and cultural activation
- **Asset:** City-owned, DMC-supported facility (future DMC support contingent upon creation and adoption of sustainable operating and capital plan)



Chateau Theatre Driving Purposeful Growth

- Downtown vitality & placemaking
- Cultural anchor supporting Heart of the City experience and visitor economy



Chateau Theatre

Current Status + Next Steps

- Operations and capital improvement plan completed
- City Council study session discussion January 2026
- Decisions pending on operating model, partnerships, and capital investments



SPARK Children's Museum Overview

- **Project sponsor:** SPARK Children's Museum (nonprofit)
- **Project:** Relocation and expansion of a hands-on, play-based children's museum
- **Focus:** Early learning, creativity, STEM exposure, and family-centered experiences
- **Possible location:** Downtown Rochester, or nearby



SPARK Children's Museum Driving Purposeful Growth

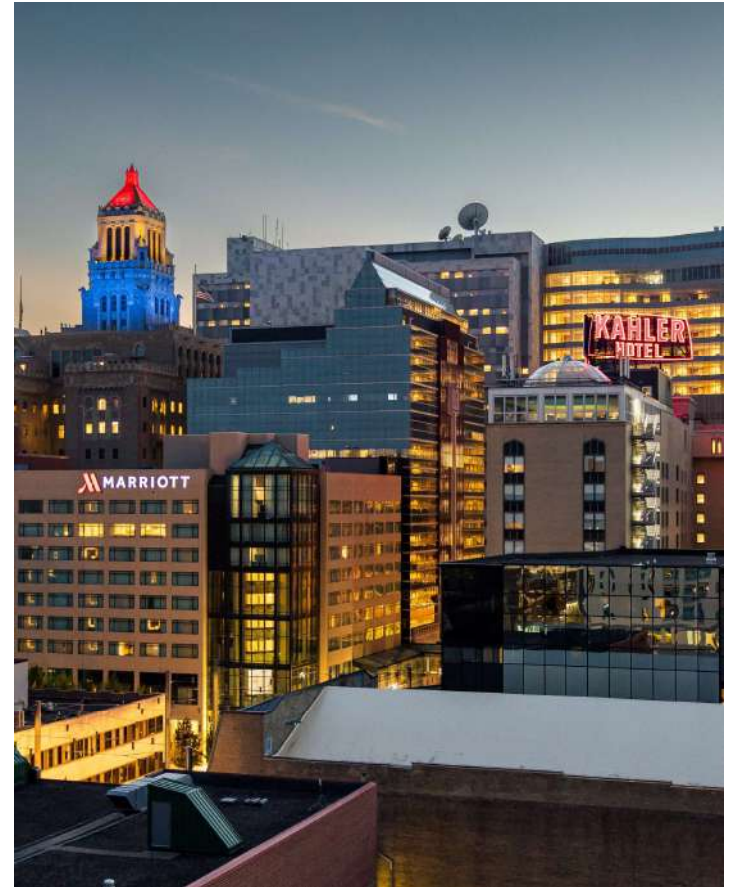
- Downtown or downtown-adjacent activation
- Family-oriented anchor supporting vibrancy, wellbeing, and long-term workforce attraction



SPARK Children's Museum

Current Status + Next Steps

- Strategic planning underway (mission, space, capital strategy)
- Downtown site identified as priority
- Board decision on future location expected by August 2026



HOUSING INNOVATION UPDATE

February 2026



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Destination Medical Center
Rochester, MN

WORKING TOGETHER

Partnership Established in 2017



Comprehensive Needs Analysis by Maxfield Research



AFFORDABLE LIVING – Rochester, MN

To enhance the quality of life of Rochester residents.



Lower
rent/mortgage costs



Lower
transportation
costs



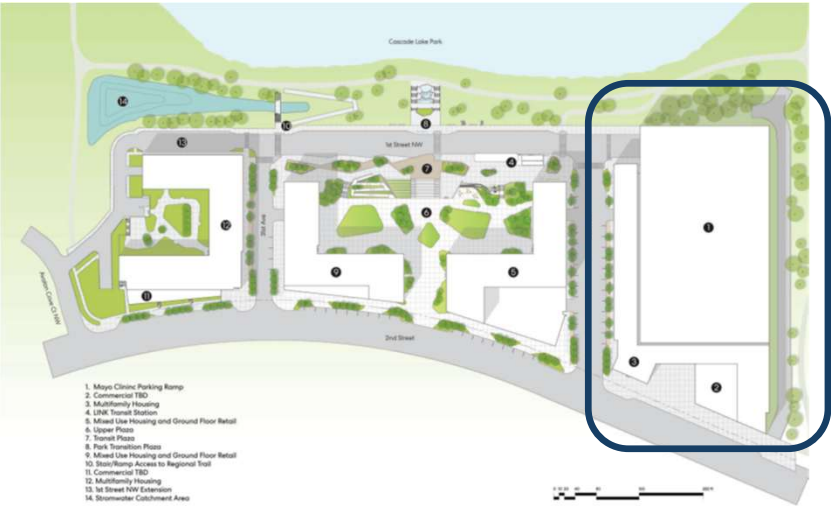
Lower utility
costs



PROGRESS REPORT: WEST TRANSIT VILLAGE PHASE 1

[Home](#) / [Agency News](#) / [Minnesota Housing Announces \\$166.4 Million For Housing Developments Across The State](#)

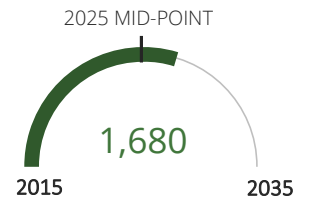
Minnesota Housing Announces \$166.4 Million for Housing Developments across the State



On December 18, 2025 Aeon received over \$17.5M from MHFA to support 75 units of senior affordable housing at the West Transit Village

PLACES TO LIVE

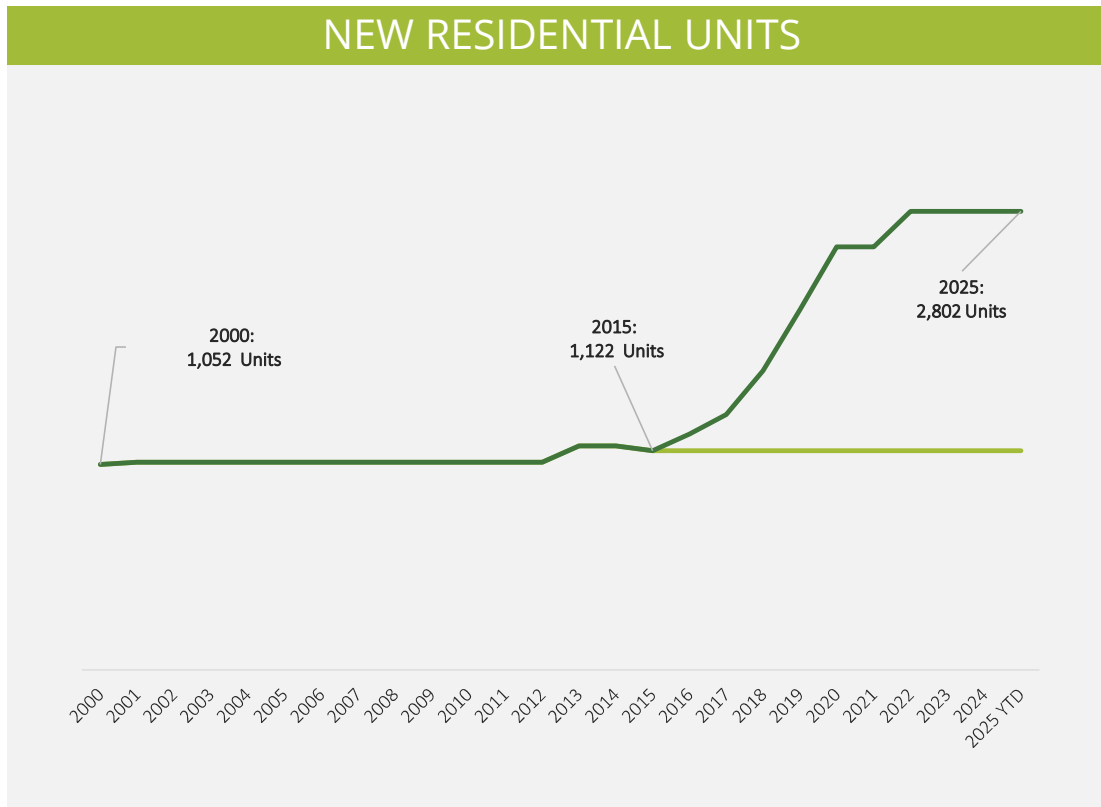
Downtown added new housing options with different unit types and price points.



Residential Units

Downtown has added approximately 1,680 new residential units including 302 student housing units, representing 59% of the 2035 goal of 2,850 units.

- Since DMC implementation, residential inventory has more than doubled to 2,802 units by 2025.
- Number of multi-family buildings increased from 27 to 38.
- Affordability: despite average housing costs rising from \$1,095 in 2015 to \$1,316 in 2024, the housing cost burden decreased from 16.4% to 12.8% of income due to wage growth outpacing housing costs.



Source: CoStar (2025)

STRATEGIC CONTEXT



DMC's role within the overall housing ecosystem is on generating **Innovation** in Housing that connects to our strategic priorities.

NEXT OPPORTUNITIES



- Aging in place strategies
- Increasing ownership
- Small-scale development ecosystem building
- Construction methodology innovation (mass timber, modular, passive house, etc.)