


# DESTINATION MEDICAL CENTER
## DMC DEVELOPMENT PLAN 5-YEAR UPDATE

DMC Destination Medical Center

CITY OF ROCHESTER MINNESOTA

SMITHGROUP JLP+D

ESI ECONSULT SOLUTIONS INC.

# DMC PLAN UPDATE
## EXECUTIVE SUMMARY

Destination Medical Center (DMC) began with a bold vision: to position Rochester as a global center for health and innovation, while enhancing quality of life for everyone who lives, works, or visits here.

Now, **10 years in,** we've reached the **halfway point** of a 20-year journey. This is an opportunity to assess progress, recognize new opportunities, and to envision an even bolder future.

**Why is there a 5-year update?**
The 2025 Development Plan Update is a key part of the DMC legislation that ensures this work stays transparent and accountable – it is both a legislative requirement and a great opportunity to reflect, realign, and refresh our shared direction. This is the moment to sharpen our focus as we look to the future. The path forward is about deepening our collective understanding of what guides our decisions and how our values show up in the built environment, economy, and daily life.




**What happened in the first 10 years of DMC?**

**New Jobs**
Employment in the district increased from approximately 36,900 in 2015 to 54,400 in 2022—a gain of about 17,500 jobs. Of those, 16,000 were in the Health Care and Social Assistance sector, while 1,500 jobs were added in other sectors. This represents a 47% increase in jobs in downtown Rochester since 2015, while the statewide growth rate during the same time period was around 1%, making Rochester a significant anchor of employment growth in the state. This is also on track with the DMC goal to add 35,000 - 45,000 new jobs by 2035.

**New Investment**
The DMCC Board of Directors and Rochester City Council have directed investments totaling $277 million of public funding. This public investment has successfully attracted over $1.8 billion in private investment. These numbers do not include Mayo Clinic's planned $5 billion investment in Bold.Forward.Unbound. in Rochester that commenced construction in 2025.

**New Tax Revenue**
A core DMC objective is to generate sustained public revenue growth by supporting private investment, job creation, and long-term economic development. The DMC plan sets a target of $7.5 to $8.0 billion in new net tax revenue over 35 years, benefiting the City of Rochester, Olmsted County, and the State of Minnesota. As of 2024, the DMC District is estimated to have generated approximately $1.6 billion in new net tax revenue. The majority of that new tax revenue is from payroll taxes on the new jobs that have been generated.

### Coordinated Planning

To create the DMC Development Plan, the DMC EDA recruited a group of the nation's leading development and planning consultants to work in collaboration with the City of Rochester, Olmsted County, Mayo Clinic, and community stakeholders. More detailed planning exercises with numerous organizations have also occurred, focused particularly on public realm planning, mobility options, housing needs, and downtown district energy planning.

### Transforming Experiences

Over the past decade, strategic investments in public spaces have been transforming the downtown experience: Heart of the City fostered a year-round gathering place, Discovery Walk connected clinical corridors to innovation energy, and Soldiers Memorial Field evolved as a modern recreation hub with a new aquatic center. These physical improvements came alive through diverse public programming—from seasonal markets to outdoor performances—while cultural anchors like the restored Chateau Theatre enhanced hotels, and an expanding array of restaurants gave people more reasons to explore. Programs like the Main Street Economic Revitalization Grant Program helped entrepreneurs grow businesses, Community Co-Design gave residents direct input into shaping their downtown, Business Forward provided tools for commercial success through construction, and the Coalition for Rochester Area Housing partnership worked on the fundamental challenge of creating more homes at multiple price points. Together, these efforts began answering the essential question: what makes people not just visit downtown, but return, explore, invest, and stay?

### America's City for Health, From Tagline to Competitive Strategy

With 10-years of demonstrable progress and many new public and private projects underway, this update considers Rochester's unique advantage as a health-centric city. In doing so it considers how we innovate, how we build, and how we live.

**America's City for Health as Competitive Strategy:**

### Accelerate Health Innovation

We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.

### Design for Well-being

We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.

### Drive Purposeful Growth

We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.

Anchored by Mayo Clinic, the world's number one hospital, and powered by DMC, this model leverages health as a shared value. It's a one-of-a-kind economic development strategy, unmatched by any other city in the world for combining this level of medical excellence with an intentional plan to grow through health itself.

Health is our advantage. It fuels our economy, shapes how we build, and drives the purposeful growth that inspires people to call Rochester home.

# DESTINATION MEDICAL CENTER
## DMC DEVELOPMENT PLAN 5-YEAR UPDATE

NOVEMEBER 2025 DRAFT

PREPARED FOR DMC EDA BY:
SMITHGROUP

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# 01. CONTEXT



# 01. CONTEXT

The following section provides essential context on the Destination Medical Center (DMC) initiative, the State of Minnesota's largest public-private economic development partnership. The chapter highlights the initiative's origins, governance structure, and implementation timeline, while exploring the collaborative relationship between Mayo Clinic, the City of Rochester, Olmsted County, state government, and broader community stakeholders.


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# CONTEXT
# WHAT IS DESTINATION MEDICAL CENTER?

**What is Destination Medical Center (DMC)?**
Rochester's growth as a global center for health and healing reached a turning point in the early 2010s. While Mayo Clinic's reputation drew patients and talent from around the world, the city's infrastructure and urban experience were not keeping pace. There was a funding gap; public investment had not matched the scale of private and institutional growth. There was also an experience gap; the city needed more housing, transportation options, and vibrant public spaces to support the people who live, work, and visit here.

To close those gaps and plan for the future, the State of Minnesota, City of Rochester, Olmsted County, and Mayo Clinic formed a bold public–private partnership: the Destination Medical Center (DMC) initiative. With Mayo Clinic at its heart, DMC was established as a catalyst to position Rochester as the world's premier destination for health and wellness. The focus was to attract people, investment, and jobs to "America's City for Health" while strengthening Minnesota's economy and biosciences sector.

The enabling legislation was passed by the Minnesota Legislature in 2013, launching a 20-year initiative (2015–2035) supported by a $585 million public infrastructure investment designed to leverage $5.6 billion or more in private development within the DMC District and by Mayo Clinic in Rochester.

**What is the timeline of DMC?**
The DMC Development Plan was completed in 2015 and serves as a strategic business plan and framework for implementation of the initiative. DMC is required to update its development plan every five years to assess progress, identify new opportunities, and guide future investment and infrastructure aligned with this strategic vision. All planning and investments must be approved by both the Rochester City Council and the DMC Corporation Board (DMCC) to ensure alignment and partnership in the vision for downtown Rochester.

**Where are we at today?**
If the first five years of the DMC initiative (2015-2019) were characterized by a burst of new investment that demonstrated that the economic development model was working as intended, the first 5-year update to the DMC development plan (2020) occurred at a moment no one could have anticipated, amidst the COVID-19 pandemic and the subsequent impacts. Rochester has emerged from those uncertain times with an over $5 billion commitment from Mayo Clinic to expand their facilities in downtown Rochester, as well as numerous large infrastructure investments also underway. This represents the largest construction project the State of Minnesota has ever seen in its history. For DMC, this means that we are leaning even more into Rochester's identity as America's City for Health - it's a competitive strategy that positions health as our shared value and economic driver. This plan advances a city where health shapes how we innovate, how we build, and how we live.

# FIVE DMC PLAN GOALS

**Create a Comprehensive Strategic Plan**
Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire region.

**Attract Private Investment**
Leverage public investments to attract more than $5 billion in private investments to Rochester.

**Create Jobs**
Create more than 35,000 - 45,000 new jobs, with workforce development strategies that support that growth.

**Generate Additional Tax Revenue**
Generate approximately $7.5 - $8 billion in new net tax revenue over 35 years

**Become the Destination for Health & Wellness**
Achieve the highest quality patient, visitor, and community member experience now and in the future.



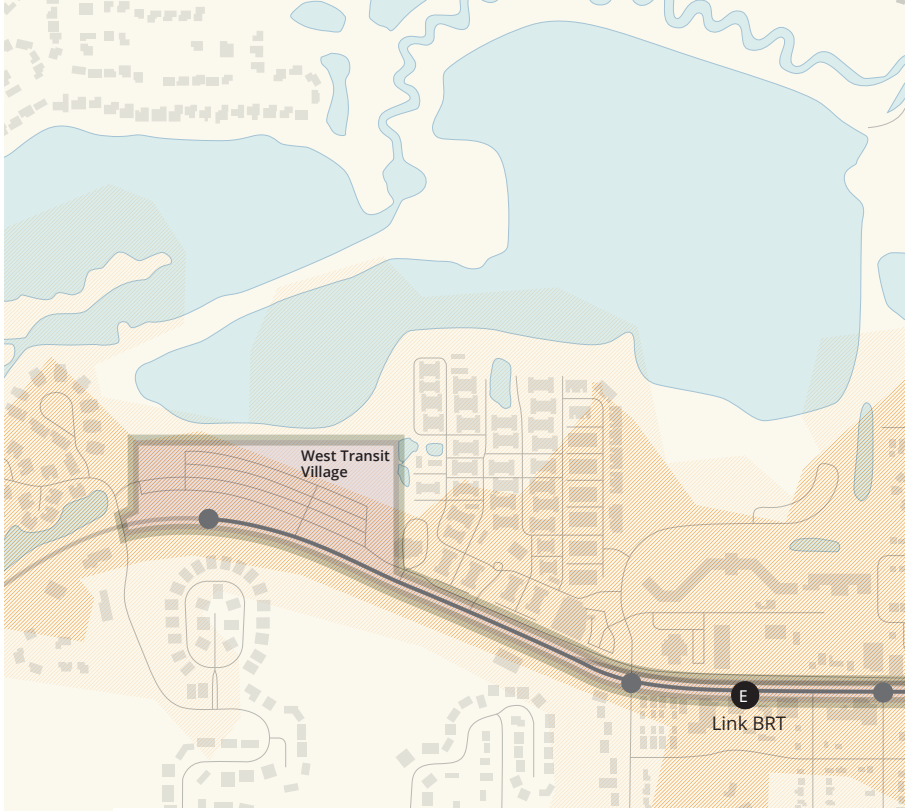



# CONTEXT
## DMC SUBDISTRICTS

### The Six Subdistricts of DMC
DMC's one square mile footprint is divided into six subdistricts. Each with a distinct plan, vision, and a signature public realm investment.


Heart of the City


Discovery Square




1 **Discovery Square**
A new address for the future of bio-medical, research, education and technology innovation, Discovery Square is the economic engine of the DMC strategy and the core of the projects entrepreneurial system.

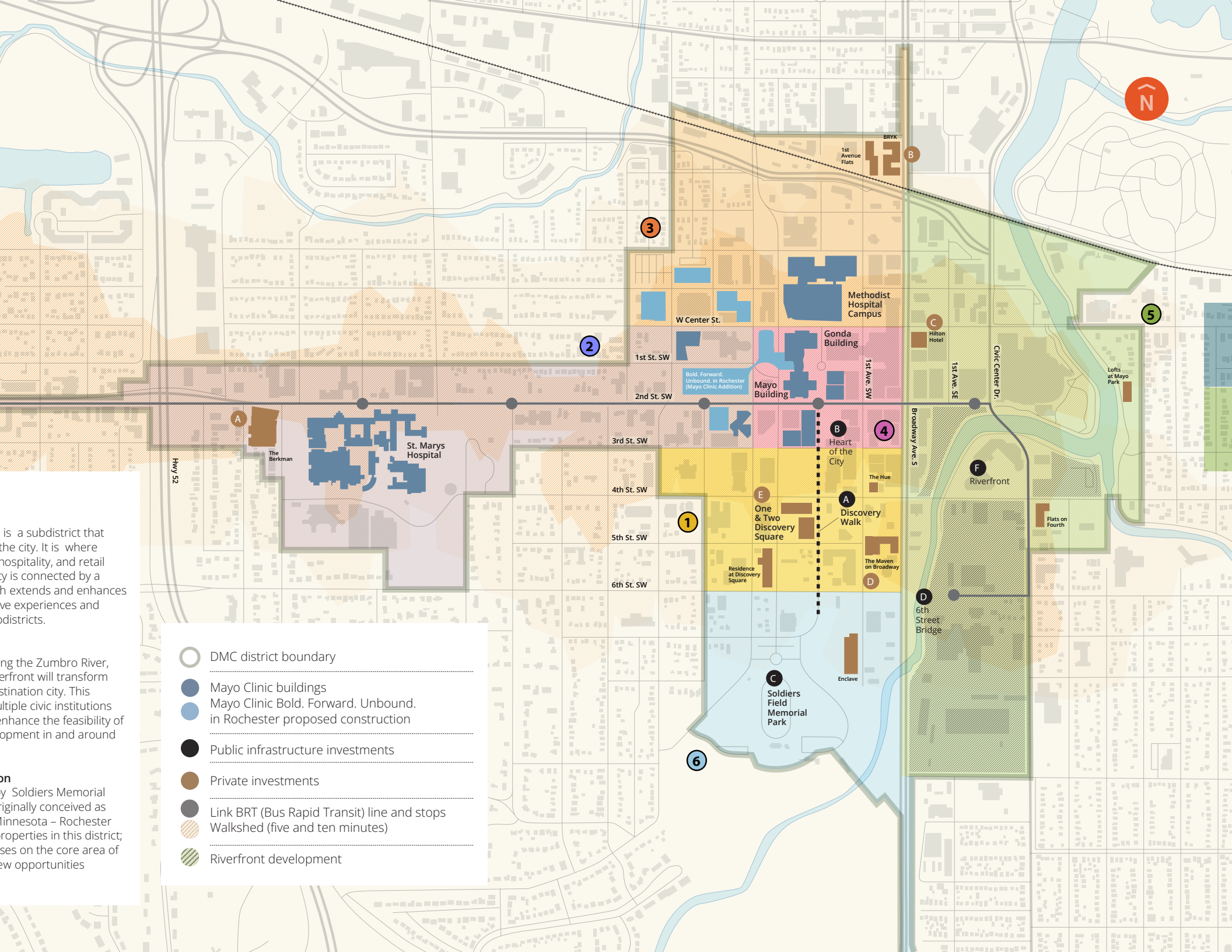
2 **Saint Marys Place**
Saint Marys Place establishes a civic gateway at one of the primary entry points to Rochester and also includes the western end of the Link BRT corridor. The district embraces its relationship to the surrounding neighborhoods creating opportunities to connect Kutsky Park, St. Marys Hospital and the Historic Pill Hill Neighborhood.

3 **Central Station**
Central Station is a cornerstone of the plan for future growth in Rochester. The location is ideal as a mixed-use area to support the community, visitors, and patients and has seen new housing, hotel, and retail development.

4 **Heart of the City**
At the heart of downtown forms the true center of Mayo Clinic, commercial, meet. The Heart of the Cit central public space, whic Peace Plaza to create acti gateways to the other sub

5 **Downtown Waterfront**
By embracing and activati investment along the wat Rochester to a vibrant des district is anchored by mu and new investment will e spurring mixed-use devel the downtown area.

6 **Education and Recreatio**
This district is anchored b Field and includes sites o part of the University of M Master Plan. UMR owns p the new Master Plan focu downtown, opening up ne for this subdistrict.




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hospitality, and retail
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Minnesota – Rochester
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# CONTEXT
## DMC GOVERNANCE AND FUNDING MODEL

**Three characteristics make the DMC unique**: it has a formal governance structure, a long-term commitment, and dedicated resources in the form of the public infrastructure funding committed to the initiative.

### Governance Structure

The DMC legislation, signed into law by Minnesota Governor Mark Dayton in May 2013, created two distinct bodies to implement the initiative:

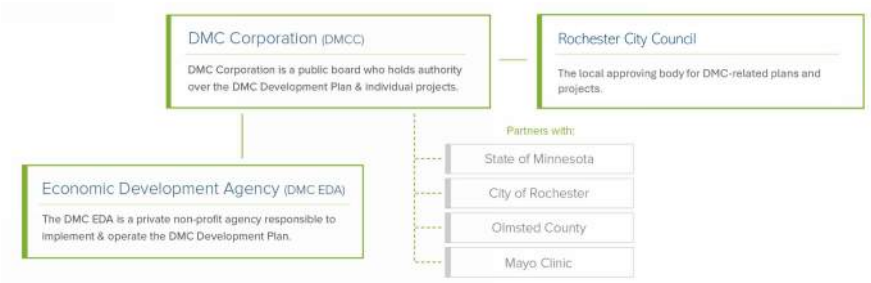
**DMC Corporation (DMCC)**

The DMC Corporation is an oversight body that approves the DMC Development Plan and specific funding requests. The 8-member governing board consists of four members appointed by the governor of Minnesota, Rochester's Mayor, a selected Rochester City Council member, a selected Olmsted County Commissioner, and a representative from Mayo Clinic.

**DMC Economic Development Agency (DMC EDA)**

The DMC EDA is a private nonprofit economic development agency that contracts with the DMC Corporation Board to act as its staff, working with the City of Rochester and other stakeholders to develop and execute DMC plans and strategy. Mayo Clinic appoints the Board of Directors of the DMC EDA.





### Total Investment Framework

DMC operates as a public-private partnership, combining private development by Mayo Clinic and other developers with public funding from the City of Rochester, Olmsted County, and the State of Minnesota to facilitate and support public infrastructure. The initiative includes $585 million in public investment designed to catalyze $5.6 billion in private investment over a 20-year period through 2035.

### Performance-Based State Funding

State law requires private investments made by Mayo Clinic and other businesses in the DMC District to be reported annually to the Minnesota Department of Employment and Economic Development (DEED). These investments determine the amount of state infrastructure funding Rochester receives, with a maximum of $30 million available annually based on qualifying private investment levels.

### Infrastructure-First Approach

DMC employs an "infrastructure-first" approach to redevelopment, using public funds to support roads, transit, utilities, and public spaces that enable private development.

This unique governance and funding structure creates accountability through multiple oversight levels while providing the long-term financial stability needed for transformational economic development.

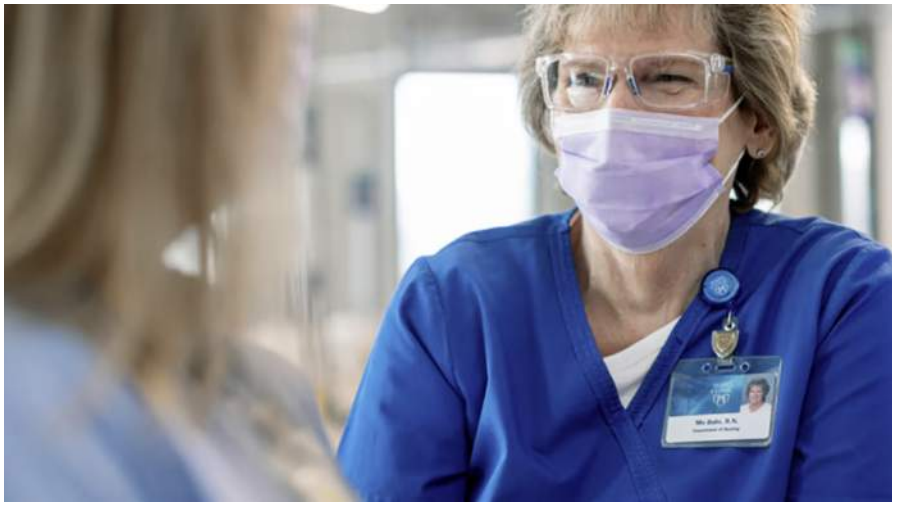


# CONTEXT
# ANCHOR STRATEGIC PARTNER: MAYO CLINIC

**What is Mayo Clinic?**
Mayo Clinic is the world's largest integrated, not-for-profit medical group practice — a global leader in patient care, research, and education. Founded in 1864 in Rochester, Minnesota, Mayo Clinic was built on a simple yet revolutionary idea: that medicine works best when doctors collaborate across specialties to focus on the needs of the patient. Today, that model of team-based care serves more than 1.3 million patients each year from all 50 states and over 130 countries.

Represented by the three shields in its logo, symbolizing clinical practice, research, and education, Mayo Clinic's mission is to inspire hope and contribute to health and well-being by integrating these disciplines in every aspect of its work. Each shield strengthens the others, ensuring that discoveries made in the lab translate to better treatments at the bedside and that learning is woven into every patient interaction.

**A Legacy of Leadership**
For more than 150 years, Mayo Clinic has defined what it means to deliver team-based, patient-centered care. Its pioneering model integrates research and practice to continually improve outcomes and inspire trust. Today, Mayo Clinic's work extends far beyond its campuses — improving health worldwide through collaboration, data, and digital innovation.



**Mayo Clinic: Catalyst for Transformation**
Mayo Clinic is the foundation and future of Destination Medical Center. As Rochester's defining institution and the world's leading hospital, Mayo Clinic is not simply a partner in DMC, it is the reason DMC exists. The partnership was built on a shared vision: to ensure that Mayo Clinic can continue to thrive and expand in Rochester for generations to come, and that the city grows with it — as a global destination for health, innovation, and discovery.

**Bold. Forward. Unbound. in Rochester — A Vision for the Future**
Bold. Forward. Unbound. in Rochester is an integral part of Mayo Clinic's strategic initiative to transform healthcare for the benefit of patients everywhere. Mayo Clinic is reimagining the downtown Rochester campus and introducing a combination of innovative care concepts, digital technologies and, new facilities that will enable transformation and accelerate the future of care.

In downtown Rochester, this vision is taking a dramatic physical and strategic form. Through DMC, the city has laid the groundwork by creating the infrastructure, partnerships, and civic environment necessary for Mayo Clinic to realize its ambitions. The investment in Discovery Square, Heart of the City, and public infrastructure has enabled Mayo Clinic to expand its research, innovation, and care capabilities in ways that connect patients, clinicians, staff, and entrepreneurs in a shared ecosystem of health innovation.

## BOLD.FORWARD.UNBOUND. IN ROCHESTER

Bold. Forward. Unbound. in Rochester is Mayo Clinic's vision for the future of healthcare infrastructure. Every aspect of Bold. Forward. Unbound. in Rochester considers the needs of the patient first —not only the patients of today, but also the patients Mayo Clinic will serve 100 years from now.

- **Five new buildings and major utility upgrades** — adding 2.4 million square feet of flexible, future-ready space.
- **Flexible design** that allows spaces to evolve with emerging treatments and technologies.
- **Care neighborhoods** designed to transform how healthcare is delivered and to elevate the experience of both patients and staff.
- **Digital systems** intuitively integrated with automation, robotics, and AI-powered tools that further Mayo Clinic's collaborative model of care.
- **$5 billion investment** anchoring Rochester's role in global health innovation and driving local economic impact.

Construction is now underway, with phased openings of the first new buildings beginning as early as 2026. Bold. Forward. Unbound. in Rochester serves as a testament to Mayo Clinic's commitment to Rochester and its future. This isn't just about new construction; it's about transforming healthcare and expanding a vibrant, thriving community that attracts and retains top talent, fosters innovation, and enhances the lives of our patients, staff, and visitors.

# CONTEXT
## MEDICAL ALLEY

**Minnesota's Medical Alley is more than an industry—it's a powerful regional ecosystem that fuels global health innovation.**

Stretching from Rochester to the Twin Cities and across southern Minnesota, Medical Alley is one of the world's most concentrated clusters of healthcare, MedTech, and life science expertise. It is home to more than 15,000 companies employing over 500,000 people, including global leaders like Mayo Clinic, Medtronic, Boston Scientific, and 3M, alongside hundreds of startups driving next-generation health solutions.

Rochester anchors this ecosystem, where research, discovery, and patient care converge. DMC's investments in innovation, infrastructure, and workforce expand the region's capacity to collaborate across disciplines, from data and diagnostics to devices and delivery.

The strength of Medical Alley lies in its density of expertise and culture of partnership. By connecting Rochester's world-leading clinical environment with the manufacturing, finance, and technology assets of the broader region, DMC transforms ideas into real-world applications that improve lives and strengthen Minnesota's economy.

This geography is central to DMC's success: it ensures discoveries made in Rochester scale statewide and globally, positioning Minnesota as a premier destination for health innovation and investment.





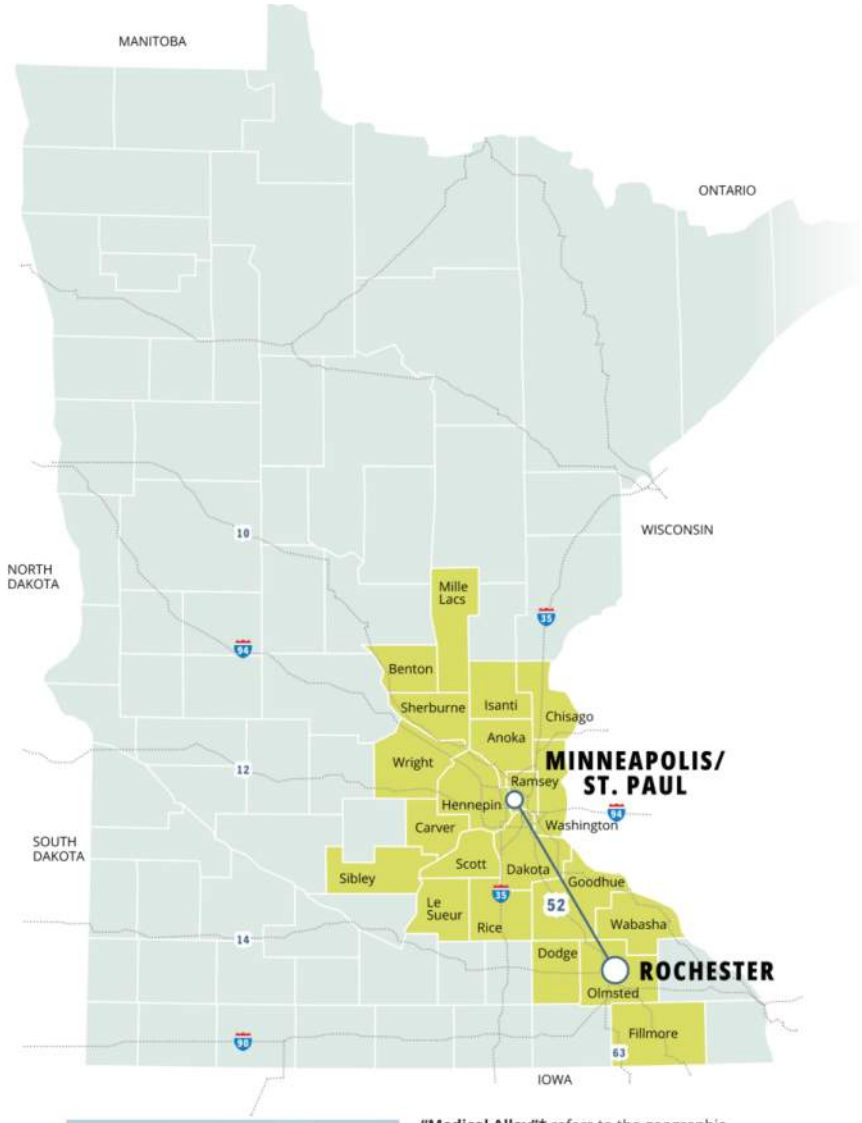
| | Rochester, MN | Medical Alley Geographic area* |
|---|---|---|
| 60-Minute drive-time population | 1,085,828 | 4,271,269 |
| 60-Minute drive-time population working in healthcare industry | 100,186 (20%) | 405,345 (18%) |
| Percent of working population in healthcare industry** | 51% | 18% |

**Notable companies residing within the Medical Alley geography**

Abbott · biotechne · Boston Scientific · Coloplast · ECOLAB · GE HealthCare · MAYO CLINIC · Medtronic · nmdp · PHILIPS · PIPER | SANDLER · solventum

The Medtronic world headquarters in Fridley, Minnesota.
Medtronic employs 11,000 employees throughout the state.








**"Medical Alley"*** refers to the geographic region containing the Minneapolis-St Paul MSA, the Rochester MSA, and some selected counties in between the two metros located along Minnesota's Highway 52.

Mayo Clinic, which employs more than 49,000 people in the state, remains the largest employer in Minnesota.

# CONTEXT
## HOW WE WORK: A MODEL FOR INCLUSIVE AND SUSTAINABLE GROWTH

DMC is more than a development initiative; it's a partnership model designed to grow Rochester in ways that reflect its people, purpose, and plan. Our approach combines public and private investment, guided by principles that ensure every dollar contributes to long-term community health, economic vitality, and environmental sustainability.

**1. Establish a bold and compelling vision for Rochester and Destination Medical Center**
DMC began with a transformative idea: to make Rochester the world's premier destination for health and innovation. That bold vision continues to guide decisions today, inspiring projects that enhance well-being, advance discovery, and strengthen Minnesota's economy.

**2. Sustain Rochester and Southeast Minnesota as a destination medical center and economic engine for the state**
Anchored by Mayo Clinic, DMC is growing a diverse ecosystem of employers, entrepreneurs, and educators that drives statewide prosperity. Sustaining this success means investing in both innovation and inclusion—ensuring opportunity reaches every corner of the region.

**3. Implement a comprehensive strategy to drive economic development and investment**
DMC coordinates public and private investment through a shared plan that creates jobs, attracts new businesses, and expands the tax base. Equity, sustainability, and workforce participation are built into this strategy, ensuring growth benefits the people who power it.

**4. Align development with market-driven framework and strategies**
Each project responds to real market needs and long-term community value. By aligning development with economic demand and public purpose, DMC helps ensure resources are directed where they can have the greatest social, fiscal, and environmental return.

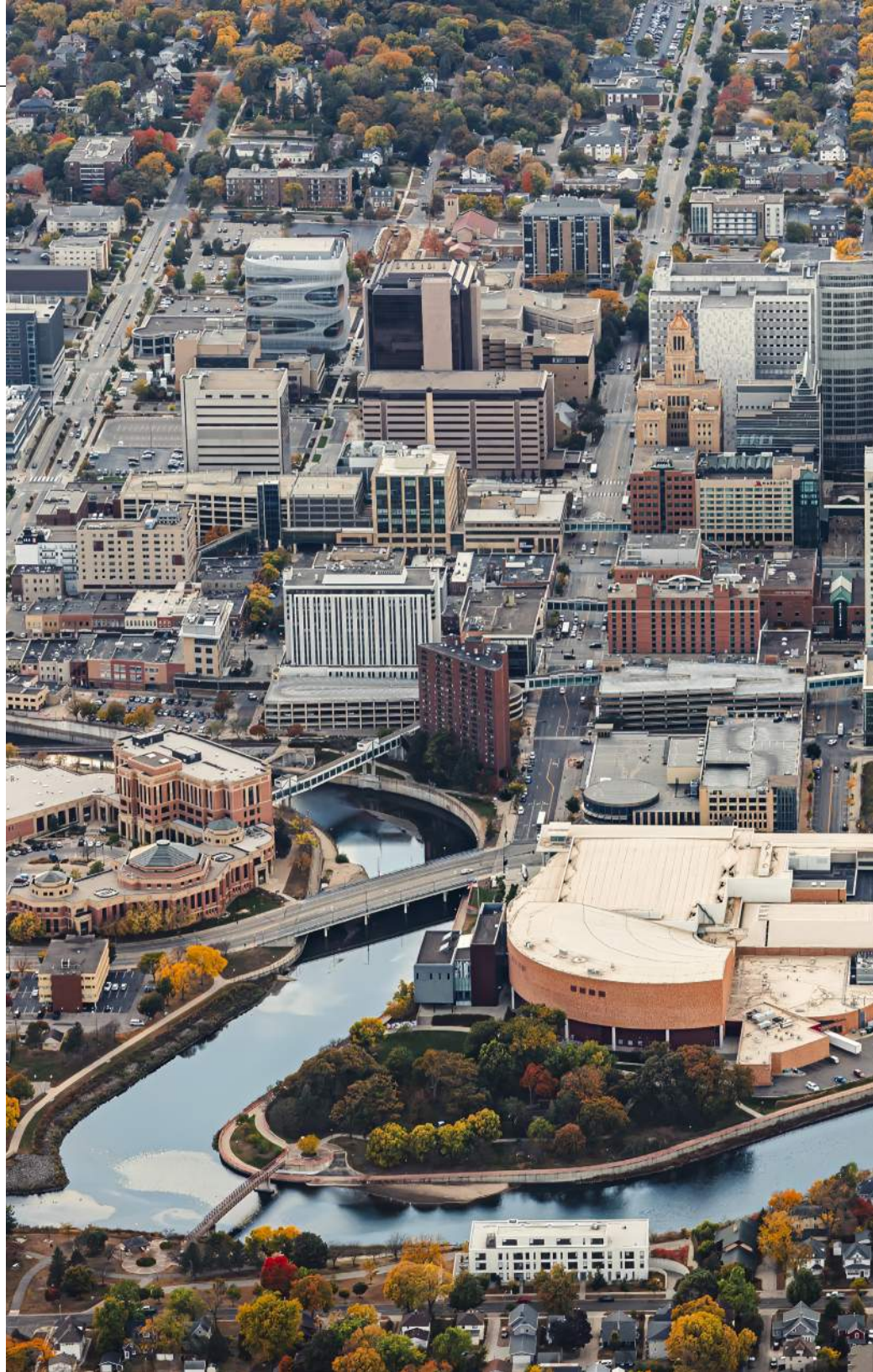
**5. Create a dynamic and accessible urban core**
Downtown Rochester is designed for people—a walkable, welcoming, and connected city center that reflects the health of the community itself. Investments in housing, parks, public art, and small business vitality make this urban core vibrant, equitable, and inclusive.

**6. Develop mobility and transit solutions to support growth**
DMC promotes a connected, multimodal transportation network that reduces car dependence and expands access for everyone. Projects like the Link Bus Rapid Transit system and Discovery Walk demonstrate how mobility can improve health, equity, and sustainability.

**7. Create a model for sustainability**
Sustainability is woven into every DMC investment—from climate-resilient design and renewable energy infrastructure to green building standards and expanded tree canopy goals. Together, these efforts create a city that supports both human and environmental health.

**8. Deploy technology and innovation to promote a globally competitive destination**
Innovation drives DMC's future. From advanced data systems to digital health, smart infrastructure, and community co-design, technology is used to expand access, improve performance, and ensure that progress is shared equitably across Rochester's growing community.

Through these principles and values, DMC continues to model how visionary planning, inclusive partnerships, and sustainable design can create a healthier, more equitable city, and a stronger Minnesota.



# CONTEXT
## A DECADE OF PROGRESS

The state statute that established the DMC initiative outlines eight key areas for strategic development, ensuring a comprehensive and balanced approach to urban transformation. These areas include:

- Commercial research and technology
- Learning environments
- Hospitality and convention
- Sports and recreation
- Livable communities (encompassing mixed-use, urban, and neighborhood residential development)
- Retail, dining, and entertainment
- Health and wellness
- Transportation

Together, these categories serve as a framework for guiding investment and planning decisions that support Rochester's evolution into a globally competitive, inclusive, and vibrant city.

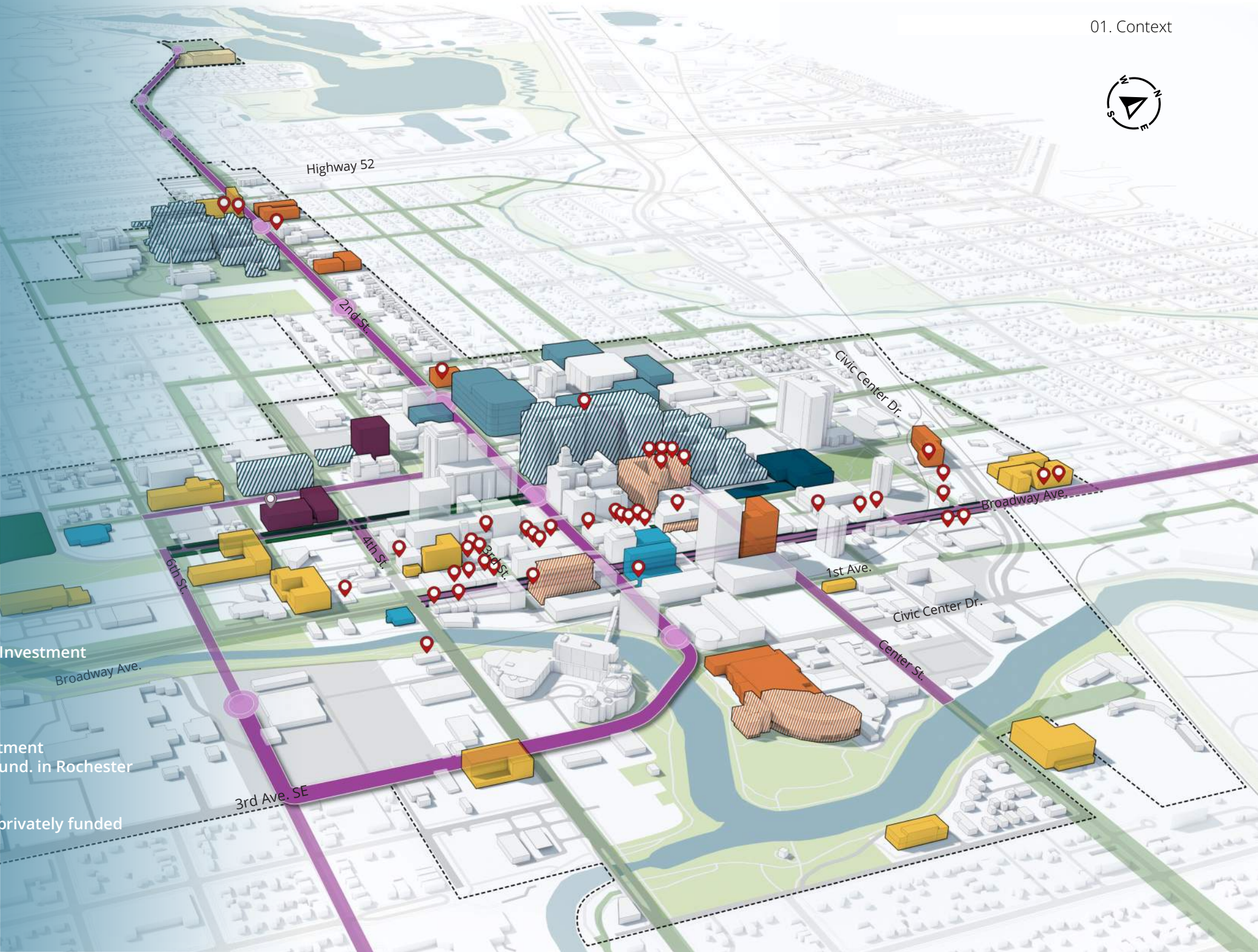
The following map outlines the built and planned public and private investments that have been made in these 8 key areas over the past decade.

### Capital Investments
From 2015 to 2024, over $1.8 billion in private construction investments were made within the DMC district. Over that same time period, DMC and Rochester City Council authorized $277 million of public infrastructure spending to support the continuous growth of the downtown.



## Capital Investments to Date




Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
4th St.
3rd St.
6th St.
1st Ave.
Civic Center Dr.
Center St.
Broadway Ave.
3rd Ave. SE
Investment
tment
und. in Rochester
privately funded

# CONTEXT
## A DECADE OF PROGRESS

### The Model is Working

The DMC investment model delivers measurable results. Each dollar of public funding invested in infrastructure and public realm improvements has unlocked multiple private dollars in new development. A return that continues to grow year over year.

Since 2015, DMC has demonstrated that strategic public investment can catalyze sustained private confidence. The result is a thriving urban core, expanded business and innovation opportunities, and new housing and hospitality choices that strengthen Rochester's position as a global destination for health and innovation.

The numbers tell the story:

- Public investment lays the foundation for long-term growth, in streets, utilities, mobility, and shared public spaces.
- Private investment follows, bringing jobs, tax base, and vitality.
- The outcome is a balanced, self-reinforcing model that continues to exceed expectations.

The DMC approach is working. It is driving tangible economic, social, and physical transformation in Rochester, and that impact can be felt across Minnesota.



## PROGRESS, MEASURED

**$1.8B** in private investment

**400,000**
square feet of new research and innovation space delivered

**47%** increase in new jobs

new net state and local tax revenue **$1.6B**

**2x** Number of downtown residents since 2015

**15** Vacant or underutilized blocks downtown developed




Discover Discovery Walk
A community shelter
with healing
& cooling.
When there is beauty in y

# 02. DMC TODAY


our speech, you widen your reach.
The hard

# 02. DMC TODAY

This chapter assesses the DMC district today through four lenses: Rochester's demographic profile, change we can see in the built environment and how we got there, the current state of key core areas, and a review of significant planning exercises conducted over the past decade. The analysis establishes a comprehensive baseline—examining who makes up the community, how the economy functions today, what infrastructure exists, and what previous studies have revealed about opportunities and challenges. This foundation enables informed strategic thinking about Rochester's next phase of development.


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# Demographic Snapshot

**Understanding who we are and who we're becoming is essential to shaping a community that works for everyone.**

**What is in this section:**
Rochester's population is growing rapidly and becoming more diverse, educated, and globally connected. The following pages present a picture of Rochester's changing demographics: population growth, age distribution, diversity, income, and household trends. These data points help DMC and its partners plan for a future that meets the needs of residents, workers, patients, and visitors alike.

**Why it matters:**
Understanding who lives, works, and invests here is essential to shaping policies and investments that ensure inclusive growth. These trends influence how we plan housing, transit, and workforce programs. By tracking change and anticipating what's next, Rochester can remain a place where innovation thrives and people of all backgrounds can live, work, and belong.

# DEMOGRAPHIC SNAPSHOT
## COMMUNITY PROFILE

For more than 150 years, Rochester, MN has been the home of Mayo Clinic. An ambitious family of doctors and an order of Catholic sisters created what has become the #1 hospital in the world. With a singular focus on the needs of the patient, Mayo Clinic continues to be the standard bearer for healthcare innovation in solving medicine's most serious and complex problems.

Rochester has developed alongside the world's premier medical institution, creating a unique partnership that brings together small-city livability, big-city amenities, rich cultural diversity, and economic prosperity that's rare in the United States.

When we zoom in further to the downtown DMC District itself, the DMC District is one of the most racially and ethnically diverse areas in Olmsted County. Its median age is 39, slightly higher than the City of Rochester's median age of 36.3. Adults aged 55 and older make up 35.9% of the DMC population, compared to 28.1% citywide and just 23.3% on average across peer cities.

**Economic Growth**
With an area median household income of $85,240, Rochester outpaces both Minnesota and national medians. Combined with a poverty rate of just 9.1% and low unemployment at 2.1%, Rochester enjoys unusual economic stability for a non-coastal, mid-sized city. However, this high average income obscures some of the lower income households that exist in a higher proportion in the downtown and DMC district, including two census tracts where at least 50% of households have an income below 60% of the Area Median Gross Income (AMGI), or that have a poverty rate of 25% or more. Almost half of the households who rent in Rochester are cost-burdened (meaning they spend more than 30% of their income on housing).

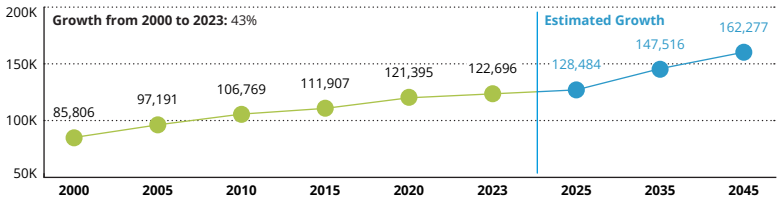
**International Character in the Upper Midwest**
14% of residents are foreign-born, and 17.8% speak a non-English language at home, while over 90 languages are spoken within the Rochester Public Schools. This diversity is notable for a Minnesota city of this size, driven largely by Mayo Clinic's international reputation attracting medical professionals, researchers, and patients from around the world.

**White Collar Employment Concentration**
86.2% of workers are in professional or administrative positions - an extraordinarily high proportion that rivals major metropolitan areas and reflects the medical, research, and knowledge-based economy.

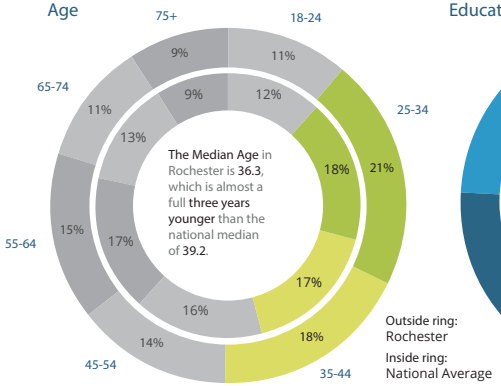
**Rapid Growth in a Stable Region**
Rochester's population has grown 44.1% since 2000, making it one of the fastest-growing communities in Minnesota and the Upper Midwest - a region where many cities face stagnation or decline.

# Rochester by the Numbers

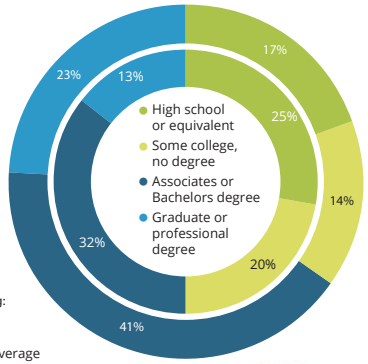
## Population




## Age

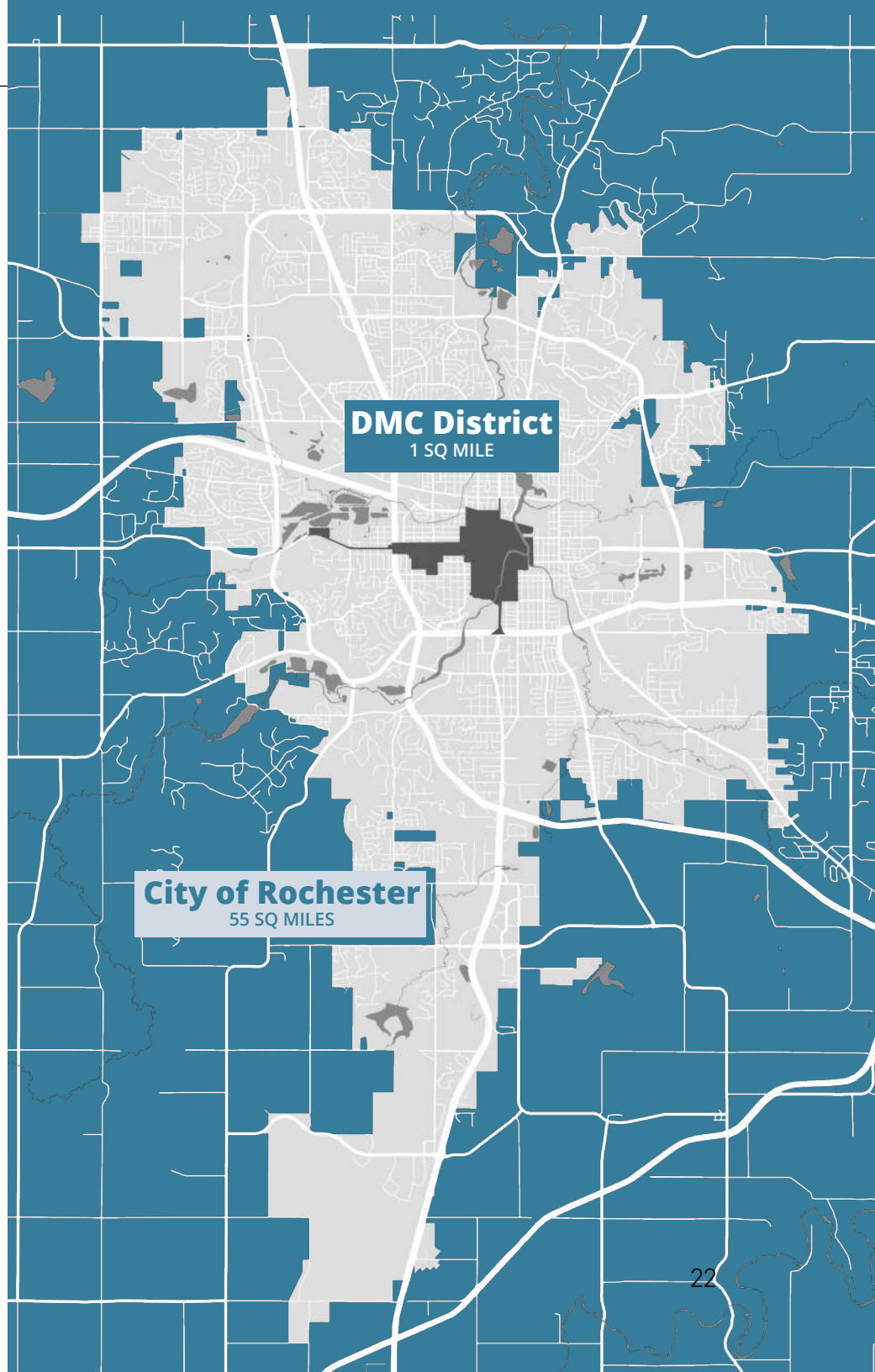



## Education






AMI
$85,240*



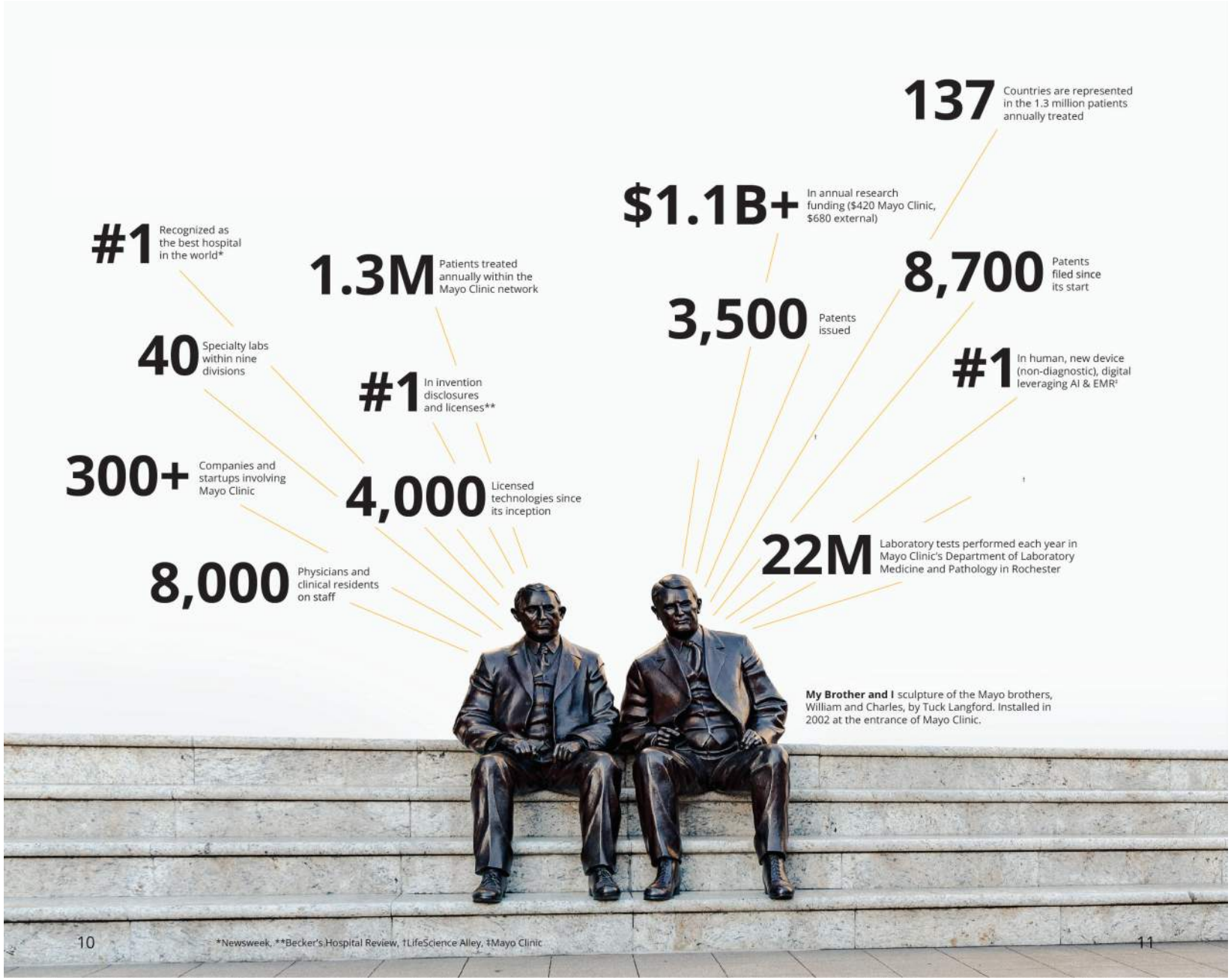
# DEMOGRAPHIC SNAPSHOT
## COMMUNITY PROFILE

### Employment
Employment in the DMC District grew by 76% from 2003 to 2022, with 75% of that growth occurring after the DMC plan launched in 2015. Between 2015 and 2022, the district added 17,500 jobs, including 1,500 in non-healthcare sectors. Rochester outpaced peer cities like Sioux Falls, SD and Madison, WI in job growth, signaling its emergence as a strong regional employment center. The DMC District's expanding research ecosystem is drawing more diverse economic activity, especially in biotech, MedTech, and healthcare innovation.

Rochester ranks first in the nation for average physician pay and NIH funding per capita, reinforcing its role as a premier destination for medical professionals.

### Healthcare
Rochester leads the nation in healthcare density, with 2,400 physicians per 100,000 residents. This exceeds the average of peer counties such as Hennepin (Minneapolis) at 585 and Ramsey (St. Paul) at 327. The city also supports 38 healthcare workers per 100 residents, compared to just 4 nationally, reflecting a deeply embedded medical workforce and high patient volumes.

### Education
DMC has a unique opportunity to attract and retain talent across industries. University of Minnesota Rochester (UMR) has grown from 57 students in 2009 to around 1,200 undergraduates today. As of 2024, over 30% of UMR graduates stayed in Rochester, more than double the retention rate of the University of Iowa. Nearly 25% of UMR alumni are employed by Mayo Clinic, and graduates earn a median salary of $69,020, significantly above the national midpoint of $53,747. With an annual cost of $15,193, well below the four-year college average, UMR offers a high-value, healthcare-focused education that directly feeds Rochester's innovation economy. Luther College's Rochester Semester, launched in 2020, offers students from all majors immersive internships with Mayo Clinic and local organizations, building on a 40-year legacy of nursing clinical placements in the city. Since 2017, Winona State has expanded its downtown Rochester presence to co-locate graduate nursing and social work programs, fostering interdisciplinary collaboration and aligning with regional workforce needs. Rochester Community and Technical College (RCTC), Minnesota's oldest community college founded in 1915, serves over 8,000 students annually with 70+ programs and healthcare-focused pathways, many in partnership with Mayo Clinic and Winona State University, playing a critical role in supporting Rochester's Destination Medical Center vision by developing a skilled workforce for its growing healthcare and innovation economy.


137
Countries are represented in the 1.3 million patients annually treated
$1.1B+
In annual research funding ($420 Mayo Clinic, $680 external)
#1
Recognized as the best hospital in the world*
1.3M
Patients treated annually within the Mayo Clinic network
8,700
Patents filed since its start
3,500
Patents issued
40
Specialty labs within nine divisions
#1
In human, new device (non-diagnostic), digital leveraging AI & EMR‡
#1
In invention disclosures and licenses**
300+
Companies and startups involving Mayo Clinic
4,000
Licensed technologies since its inception
22M
Laboratory tests performed each year in Mayo Clinic's Department of Laboratory Medicine and Pathology in Rochester
8,000
Physicians and clinical residents on staff
My Brother and I sculpture of the Mayo brothers, William and Charles, by Tuck Langford. Installed in 2002 at the entrance of Mayo Clinic.
10
*Newsweek, **Becker's Hospital Review, †LifeScience Alley, ‡Mayo Clinic
11

# DEMOGRAPHIC SNAPSHOT
## COMMUNITY PROFILE

### Infrastructure
Seventy one percent of roadways in the DMC District boundary have seen investment in public infrastructure since the founding of the DMC iniative in 2015. That level of investment is extraordinary when compared to national trends, where aging infrastructure often languishes due to limited funding and slow project timelines. In contrast, the DMC District's transformation reflects a rare and concentrated commitment to revitalization that far exceeds the pace and scale of typical U.S. infrastructure upgrades.

### Mobility
The average commute time is just 17.2 minutes, well below the national average of around 26 minutes, suggesting a compact, well-planned city where people live close to work. With a doubling of the number of residents living downtown over the last 10 years, the population that has a walkable commute to work is increasing too.

### Community Resilience
Rochester ranks in the 8th national percentile for climate vulnerability, indicating strong resilience compared to similar-sized cities. Its social vulnerability score of 0.2 matches leading peers like Madison, WI (Dane County). These indicators reflect a community that is well prepared to adapt to environmental and social challenges.

### Housing
The DMC District is projected to grow in population by 52% by 2030, increasing demand for diverse housing options. While over 1,000 new units have been added since 2020, Olmsted County still needs 18,000 more by 2035. Nearly half of Rochester renters are cost burdened, and the DMC district is predominantly renter-occupied. Rising costs, limited supply, and an aging population are driving the need for affordable, inclusive housing, especially for seniors, low-income residents, and communities of color.

# HOUSING

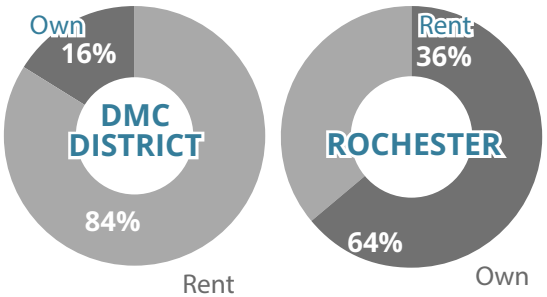
DMC anticipated population growth rate (2020-2030)

**52%**

Share of Rochester renter households with cost burdens*

**49%**

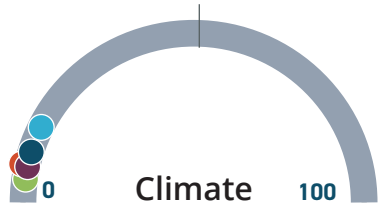
Tenure Breakdown (2020)




**4.7k** Rochester rental housing demand by 2035

*Source: Maxfield Olmsted County Housing Study;*
**(Cost burdened households pay 30-50% of income for rent/utilities)*

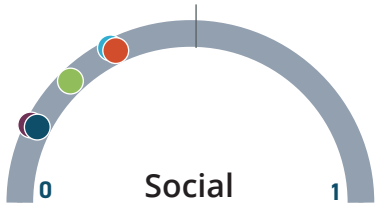
# COMMUNITY RESILIENCE




by percentile

- Olmsted County, MN (Rochester): 8th
- Dane County, WI (Madison): 6th
- Johnson County, IA (Iowa City): 6th
- Cass County, ND (Fargo): 2nd
- Minnehaha County, SD (Sioux Falls): 11th

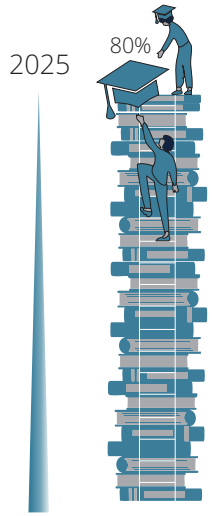
Source: U.S. Climate Vulnerability Index



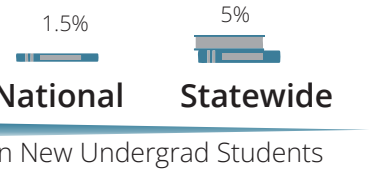

- Rochester, MN (0.2)
- Dane County, WI (Madison): 0.2
- Johnson County, IA (Iowa City): 0.4
- Cass County, ND (Fargo): 0.3
- Minnehaha County, SD (Sioux Falls): 0.4

Source: Center for Disease Control Social Vulnerability

# EDUCATION




University of Minnesota Rochester (UMR) has grown from 57 students in 2009 to around 1,200 undergraduates today. As of 2024, over 30% of UMR graduates stayed in Rochester, more than double the retention rate of the University of Iowa.



# Change We Can See

**The results of a decade of investment are visible across Rochester's skyline, streets, and shared spaces — proof that the DMC model is working.**

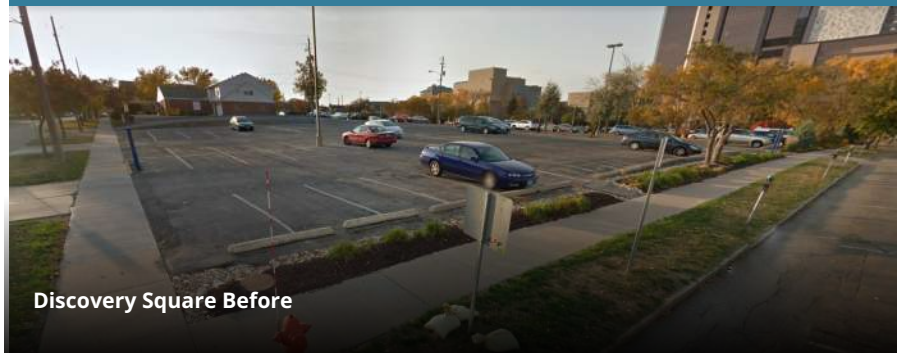
**What is in this section:**
The following pages highlight the transformation of downtown Rochester through public and private investment. Once underutilized blocks have become vibrant places to live, work, and gather. From Discovery Walk to the Heart of the City, from new housing and hotels to research and innovation spaces, each project represents visible progress and lasting impact.

**Why it matters:**
Physical change builds momentum and confidence. Every completed project demonstrates how coordinated public and private investment drives economic growth, improves livability, and attracts new talent and opportunity. This transformation is more than construction. It's a reflection of Rochester's shared commitment to being America's City for Health.

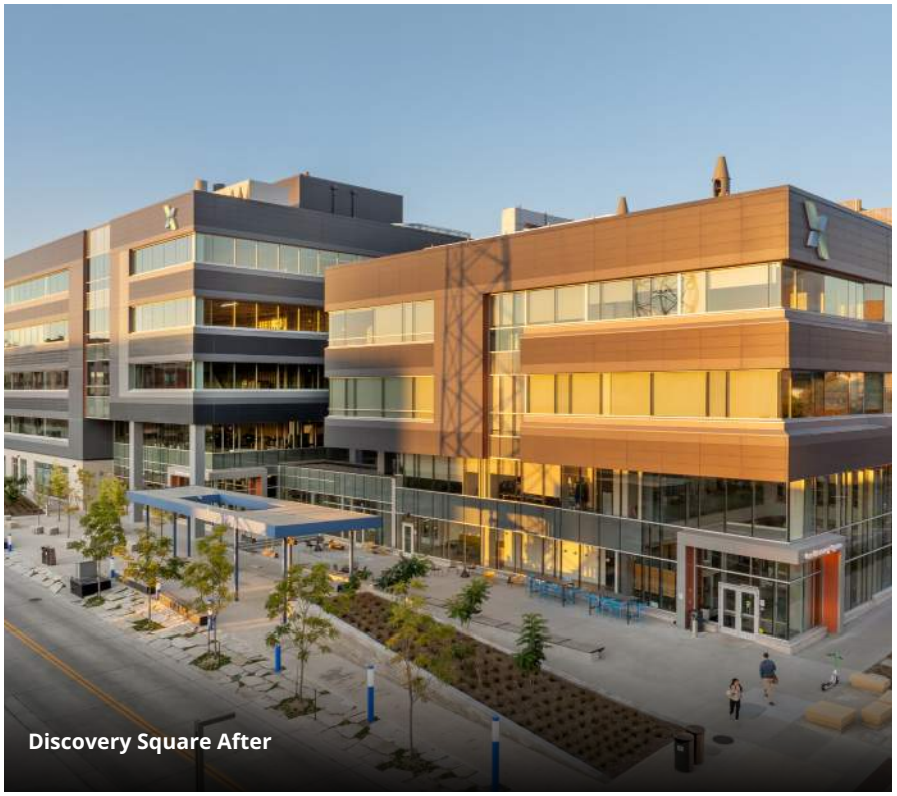
# CHANGE WE CAN SEE
## A DECADE OF INVESTMENT

Rochester's transformation over the past decade is visible in its built environment. Fifteen formerly vacant or underutilized downtown blocks have been redeveloped, signaling a new era of vitality. Over 400,000 square feet of research and innovation space, including One and Two Discovery Square and the Anna-Maria and Stephen Kellen Building, have been delivered. More than 1,000 new housing units, including Bryk Apartments, and 690 hotel keys, such as the Hilton Rochester Mayo Clinic Area, have been added. These investments reflect Rochester's emergence as a dynamic hub for innovation, quality of life, and economic growth.

**INNOVATION**

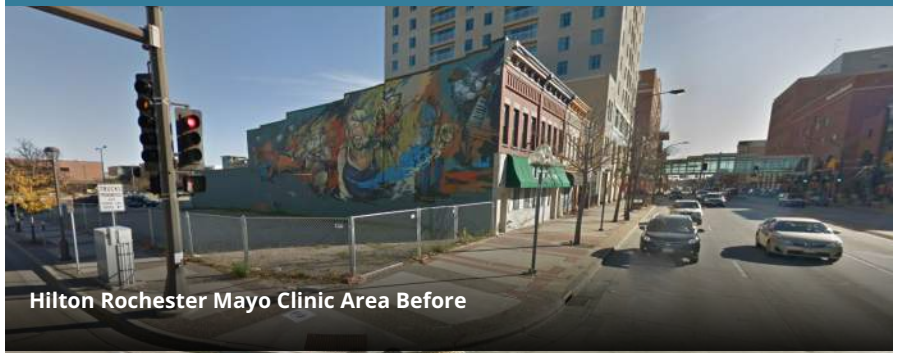


Discovery Square Before

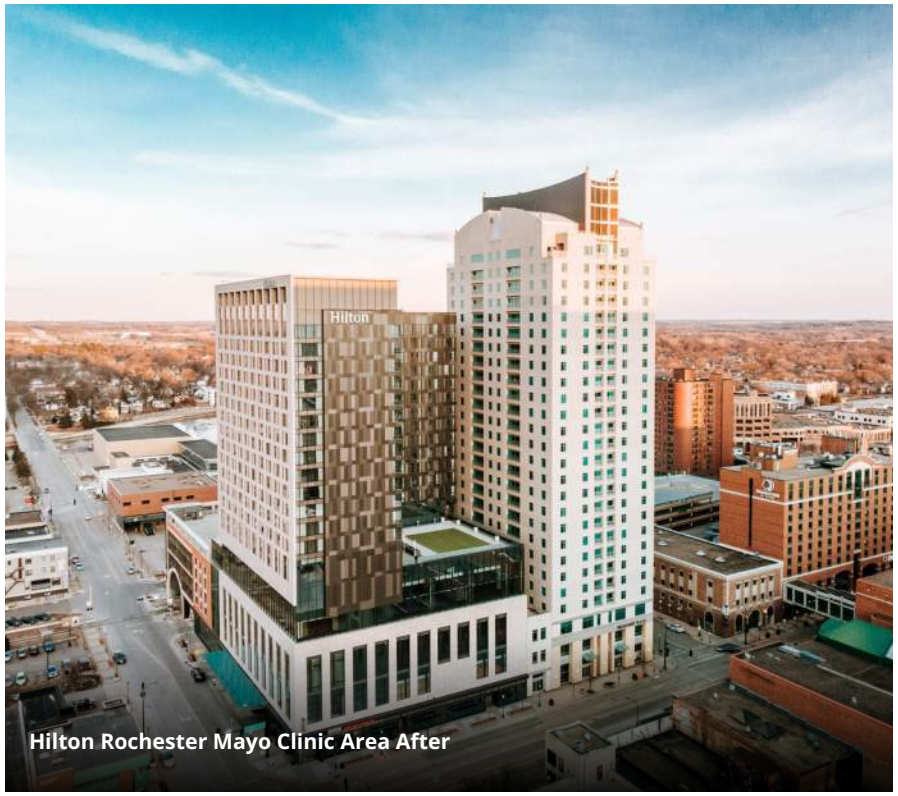


Discovery Square After

## HOSPITALITY



Hilton Rochester Mayo Clinic Area Before




Hilton Rochester Mayo Clinic Area After

## HOUSING



Bryk on Broadway Before




Bryk on Broadway After

# CHANGE WE CAN SEE
## LEVERAGING FUNDING SOURCES

Over the past decade, Rochester has maximized its public investment strategy by leveraging a diverse mix of funding sources to accelerate transformation. In addition to the core DMC funding, the city secured support from the Minnesota Main Street Economic Revitalization Program and major federal contributions, including an $84.9 million grant from the Federal Transit Administration for the Link Bus Rapid Transit project. DMC has also supported a Historic District Commercial Rehabilitation Fund to preserve and activate key properties. This layered approach to financing has amplified the impact of local dollars, enabling catalytic investments in infrastructure, mobility, and economic development.



**MAIN STREET GRANT PROGRAM**

Rochester's Main Street Grant offered matching funds to help businesses improve buildings and surrounding sites. Funds support repairs, renovations, construction, landscaping, design, and other site-related improvements. Pictured above is Anderson Wheelchair, a shop that sells, rents, customizes, and services mobility products, which received an $88,548 grant to improve their facility.




## INCREASING FUNDING FROM STATE, FTA

Rochester received an $84.92 million federal grant to build the Link Bus Rapid Transit system, a key step in transforming regional mobility. The project will connect major destinations with fast, reliable service and support sustainable growth. Link BRT is designed to reduce congestion, improve access, and strengthen Rochester's role as a regional hub.




## HISTORIC DISTRICT COMMERCIAL FUND

Rochester launched a Historic District Commercial Fund offering three financial tools to support property upgrades: a Pre-renovation Grant, Economic Development Loan, and Infrastructure Investment. These programs provided up to $500,000 per property for design, construction, and infrastructure, with matching funds and required approvals.

# CHANGE WE CAN SEE
## UNIQUE TOOLS DEVELOPED

To support inclusive and adaptive growth, Rochester has pioneered tools like community co-design, Business Forward, rapid prototyping, and the Housing Coalition, each designed to elevate local voices, accelerate innovation, and align development with community needs.




### COMMUNITY CO-DESIGN

Co-design is a collaborative approach that elevates voices most impacted by development, ensuring their experiences shape outcomes. It identifies and compensates community members as co-designers, engages them in design sprints, and integrates feedback to refine solutions. This method guided projects like Discovery Walk, producing inclusive, responsive, and community-aligned results.




### BUSINESS FORWARD

Business Forward is community-centered construction mitigation. It's a methodology that prioritizes people and businesses, working proactively and intentionally with those most affected by construction. Through early engagement, coordinated communication, and responsive support, Business Forward helps minimize disruption and maintain vitality in areas experiencing major investment. The approach ensures that progress on public infrastructure also strengthens local businesses, builds trust, and sustains the character of Rochester's downtown and districts during times of change.




### BLOOMBERG MAYORS CHALLENGE WINNER

Rochester secured $1 million in the Bloomberg Global Mayors Challenge for a proposal that expands economic mobility for BIPOC women through careers in construction and the built environment, using co-design and partnerships to create a replicable model for inclusive workforce development.



## PROTOTYPING

Rochester uses prototyping to test public space elements, such as furniture and design features, before final implementation. This iterative approach gathers community feedback and real-world performance data to refine solutions that better serve residents and visitors. For example, seating prototypes in the Heart of the City were evaluated for comfort, durability, and public response before final selection.




## COALITION FOR ROCHESTER AREA HOUSING

The Coalition for Rochester Area Housing emerged as a collaborative platform to advance housing equity, affordability, and stability. It brings together diverse partners to align strategies, share data, and support informed decision-making. Its BIPOC Homeownership Report, which highlights racial disparities and recommends targeted actions, reflects the coalition's data-driven and community-informed approach.

# Core Areas

**Rochester's strength comes from the connection between its core areas — healthcare, research and education, innovation and technology, hospitality, and housing — all working together to power a resilient and inclusive economy.**

**What is in this section:**
The following pages highlight the eight core areas that shape Rochester's growth and define DMC's impact. Each area, from health and discovery to community life, plays a role in advancing DMC's mission to make Rochester a global destination for health and innovation. These snapshots show how public and private investments across sectors intersect, creating a stronger foundation for economic vitality and quality of life.

**Why it matters:**
A thriving city depends on balance. Between innovation and inclusion, growth and livability, understanding the interdependence of Rochester's core areas helps DMC and its partners direct investment, attract talent, and create opportunities that benefit the entire community. Together, these areas form the ecosystem that drives Rochester's future as America's City for Health.

# CORE AREAS
## CAPITAL INVESTMENT

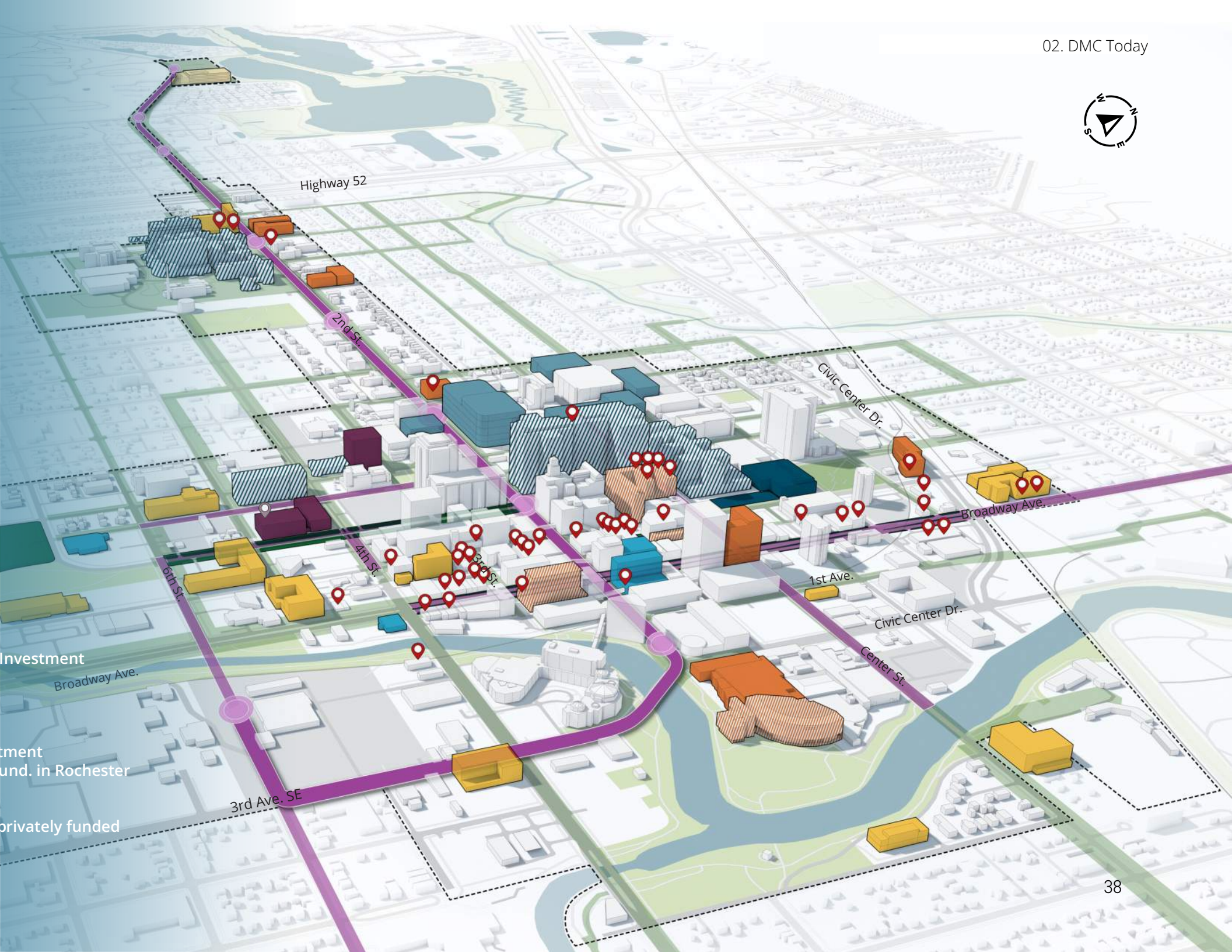
The state statute that established the DMC initiative outlines eight key areas for strategic development, ensuring a comprehensive and balanced approach to urban transformation. These areas include:

- Commercial research and technology
- Learning environments
- Hospitality and convention
- Sports and recreation
- Livable communities (encompassing mixed-use, urban, and neighborhood residential development)
- Retail, dining, and entertainment
- Health and wellness
- Transportation

Together, these categories serve as a framework for guiding investment and planning decisions that support Rochester's evolution into a globally competitive, inclusive, and vibrant city.

The following map outlines the built public and private investments that have been made in these 8 key areas over the past decade.



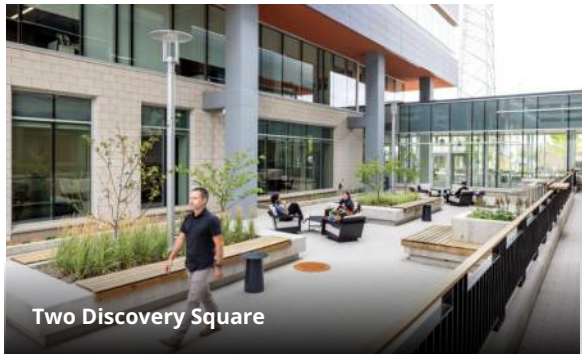

Highway 52
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Civic Center Dr.
Broadway Ave.
4th St.
3rd St.
6th St.
1st Ave.
Civic Center Dr.
Center St.
Broadway Ave.
3rd Ave. SE
Investment
tment
und. in Rochester
privately funded

# CORE AREA:
# COMMERCIAL RESEARCH & TECHNOLOGY

In under a decade, Rochester's innovation ecosystem has made remarkable strides, transforming from a bold vision into a growing reality. What started in 2015 with limited infrastructure and few formal partnerships has become a dynamic network of programs, institutions, and companies. Today, new ventures are taking root, student enrollment is climbing, and higher education is becoming a visible force in the downtown core. With a stronger foundation in place, Rochester is now seeing clear momentum toward a more connected, collaborative, and innovation-driven future.


Anna-Maria and Stephen Kellen Building


One Discovery Square


Two Discovery Square

## Key Investments

1. One Discovery Square
2. Two Discovery Square
3. Anna-Maria and Stephen Kellen Bui
4. Discovery Walk
5. BioLabs Rochester

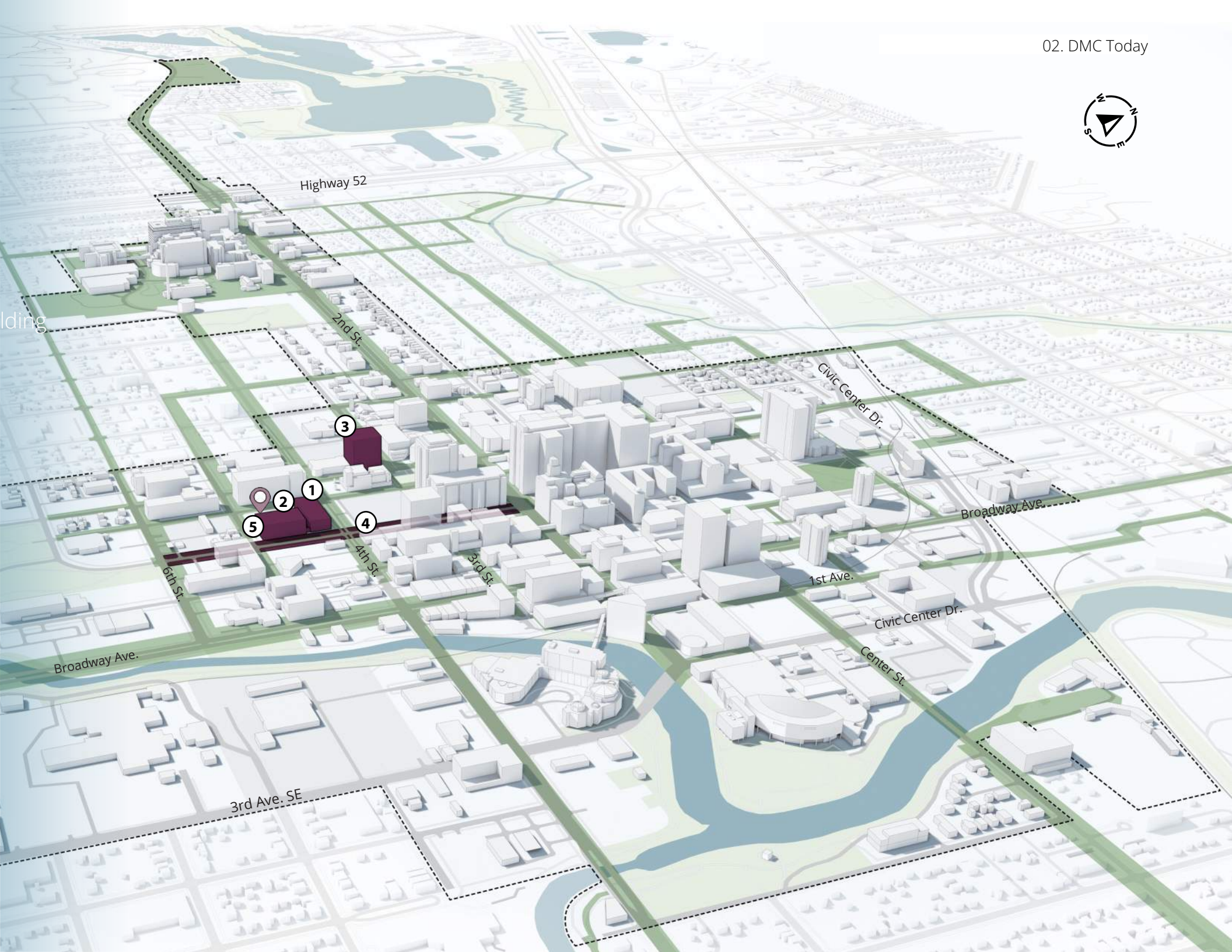
### Looking Forward:

BioLabs is expanding to Rochester with a new 16,000 square-foot facility to provide shared lab space for HealthTech startups and accelerate innovation in the region

**built investments from the last 10 years**

**unbuilt, funded and approved investments**

**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**


Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
1st Ave.
Civic Center Dr.
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# CORE AREA:
# COMMERCIAL RESEARCH & TECHNOLOGY

**2015: Foundations and Early Vision**
In 2015, Rochester's innovation ecosystem was more vision than reality. The Discovery Square Master Plan had outlined a bold idea for a connected district that would bring researchers, clinicians, entrepreneurs, and industry partners into close proximity with Mayo Clinic, but the physical and organizational infrastructure to support that vision was still emerging.

The Mayo Clinic Employee Entrepreneurship Program (EEP) had just launched and was beginning to test new ways to support internal innovators. There were no local angel funds, no public labs, and no shared spaces designed for early stage HealthTech teams. Discovery Square existed only on paper, and the DMC initiative was in its first year of building the partnerships and governance structures needed for long-term impact. Global awareness of Rochester as a health innovation destination was minimal, and there were no formal outreach efforts or partnerships that connected the city to national or international networks.

The University of Minnesota Rochester enrolled fewer than 600 students and had not yet developed the health sciences focus it carries today. Workforce programs, technical training, and HealthTech contracting capacity were limited. Rochester's HealthTech community consisted of roughly two dozen companies, most of which operated quietly and were tightly tied to Mayo Clinic without a broader ecosystem to scale their work.

The region's innovation identity was aspirational, guided by a strong vision but lacking the physical assets, talent infrastructure, and coordinated activity needed to bring it to life

**Current State: Early Momentum and Structure**
A decade later, Rochester has taken meaningful steps from concept to momentum. The EEP now produces new ventures each year and has strengthened the culture of internal innovation at Mayo Clinic. The Southern Minnesota Initiative Foundation and the Southern Minnesota Capital Fund have anchored early angel activity and created a pathway for regional investors to participate in HealthTech growth. Discovery Square has begun to take physical shape, with two completed buildings totaling nearly 200,000 square feet and a growing mix of startups, researchers, and industry teams using the district as a home base. Lab capacity remains limited but now exists in prototype form, and the forthcoming BioLabs Rochester facility will be a transformational addition to the district's infrastructure.

The University of Minnesota Rochester has grown to roughly 1,000 students and is building academic programs aligned with health sciences, data, and emerging technology fields. New partnerships are forming around workforce development and experiential learning, with stronger Links between higher education and industry.

The HealthTech community has expanded to more than 50 companies, including emerging ventures at the Rochester Technology Campus and firms that have established deeper ties to Mayo Clinic. Capacity remains early-stage, but the network is broader, more visible, and better connected to local and regional partners.

DMC's Business Development team has grown and established a structured approach to global outreach, industry engagement, and ecosystem activation. Over the past several years, the team has conducted nearly 2,000 engagements, built relationships with more than 50 national and international trade organizations, and significantly expanded Rochester's reach into global markets. These efforts directly address the gaps identified in the 2022 Awareness and Perception Study, which called for stronger visibility, clearer market positioning, and a more unified story about Rochester's innovation opportunity.

In 2025, DMC advanced Rochester's profile through targeted outreach and selective partnership development. This included hosting and participating in major industry events, securing an $8 million capital commitment for BioLabs Rochester, conducting more than 60 strategic meetings with academic and industry leaders, and connecting with over 500 companies and organizations worldwide. These efforts help attract mission aligned firms, strengthen the activity within Discovery Square, and position Rochester as a credible and emerging global center for health innovation.

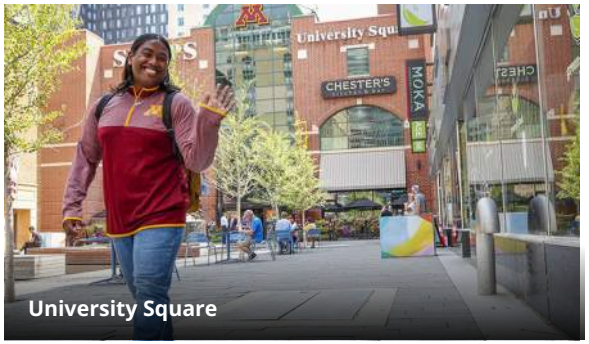
Rochester's innovation ecosystem is still early in its development, but the city now has a foundation, a clearer identity, growing infrastructure, and a coordinated strategy to build the conditions where discovery can grow into impact tech firms and position Rochester as a premier destination for life sciences.






# CORE AREA:
# LEARNING ENVIRONMENTS

A strong talent pipeline is essential to support Mayo Clinic and Rochester's growing innovation ecosystem. While Mayo Clinic has long attracted talent to the region, broader growth depends on helping students in healthcare, research, and related fields find clear paths to stay, build careers, and grow with the community. The 2015 DMC plan forecasted demand for 354,000 square feet of education space to support this vision. About 40 percent has been built so far, led by the University of Minnesota Rochester and Mayo Clinic. Luther College and Winona State University have also expanded downtown, enriching Rochester's educational landscape.



University Square


Discovery Square



Student Life Center

## Key Investments

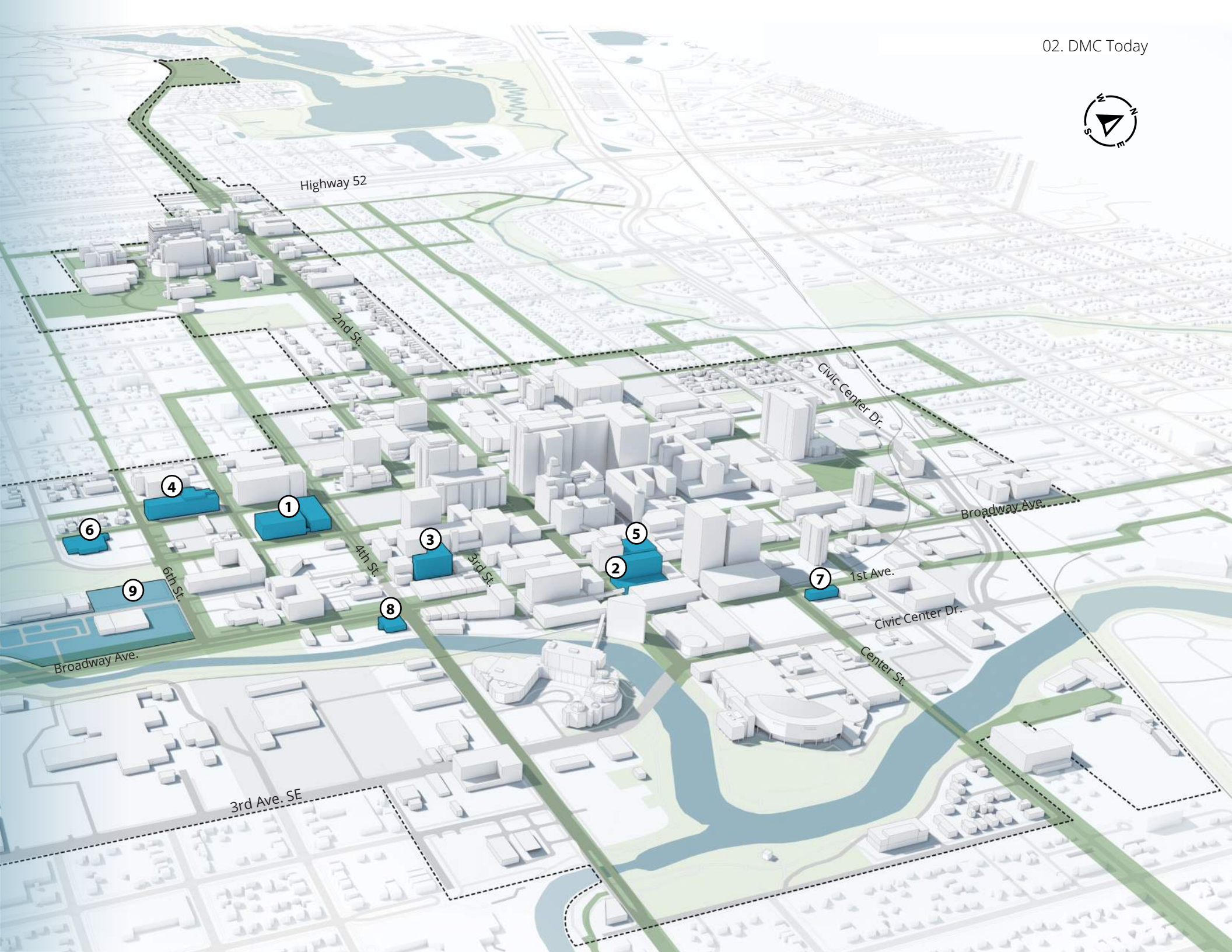
1. Discovery Square
2. UMR Student Life Center
3. 318 Commons
4. Residence at Discovery Square
5. University Square
6. Luther College classrooms*
7. Luther College housing*
8. Winona State University on Broadway
9. UMR land investment

*programmatic investment

**built investments from the last 10 years**

**unbuilt, planned**

**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**


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# CORE AREA:
# LEARNING ENVIRONMENTS

**University of Minnesota Rochester**
After years of hovering just below the milestone, the University of Minnesota Rochester (UMR) has officially surpassed 1,000 students, enrolling approximately 1,200 in Fall 2025. This marks an 80% increase in new undergraduates, jumping from 200 to 400 in a single year. "I was so happy," said Chancellor Lori Carrell, reflecting on the achievement. The milestone aligns with UMR's strategic growth plan, which outlines three phases: "bold" (1,000 students), "bolder" (1,500), and "boldest" (2,500). With current enrollment, UMR is firmly in the "bold" phase and approaching "bolder."

The university's 400-bed Student Living Center, converted from the downtown DoubleTree Hotel, is now full, supporting the expanded student body. Carrell noted that while housing can accommodate up to 1,500 students, academic infrastructure is strained: "We are out [of classrooms and labs]... We've been creative. We're done with that."

UMR's growth is fueled by its strong healthcare focus and outcomes. Graduates have a 68% medical school acceptance rate, far above the national average of 44%.

Carrell also credited the success of the "College in 3" initiative, which allows students to complete degrees in three years. "The prototype was done here by faculty," she said, noting that over 60 campuses nationwide now offer similar programs. *Source: Matthew Stolle, Post Bulletin, "UMR surpasses 1,000-student milestone, eyes next phase of growth," September 30, 2023*

## CASE STUDY

**UMR Campus & Climate Action Plan**
UMR's Campus and Climate Action Plan outlines partnerships with the City and DMC to advance shared climate resiliency targets through smart leasing, transit, and infrastructure strategies. Efforts include connecting campus buildings to a planned Thermal Energy Network and supporting Link BRT to improve mobility and reduce emissions. These actions align with broader resiliency plans focused on access to essentials and sustainable utilities. To learn more visit: https://tinyurl.com/2krrsewt



**University of Minnesota Rochester: State of the Campus**
The University of Minnesota Rochester is entering a period of rapid, mission-driven growth—expanding enrollment, facilities, and partnerships to meet the rising demand for talent in health sciences. UMR's latest State of the Campus address outlines major milestones and bold plans that strengthen its role as a key contributor to Rochester's innovation ecosystem.

**Growing to Meet the Moment: Campus Expansion Plans**
The University of Minnesota is pursuing strategic investment for near-term facilities expansion of the Rochester campus, with an RFP expected in early 2026 for a portion of the needed facilities. The University plans to grow the campus to accommodate 2,500 students through:

- A lab classroom expansion in Discovery Square.
- New academic space, a learning innovation center, and campus gathering space in a downtown location.
- A student residence and recreation district on University-owned land adjacent to Soldiers Memorial Field.
- Expanded academic offerings
- UMR faculty are advancing new academic programs to meet regional and statewide workforce needs, including:
  - Biomedical Health, supporting the growing population of pre-med and health sciences students.
  - Mental Health and Well-being, responding to shortages of mental health professionals in more than 80% of Minnesota's counties.

Together, these investments position UMR as a key partner in building Rochester's next generation of talent and discovery.

**"We are entrepreneurs in education"**

*- Chancellor of the University of Minnesota Rochester, Lori Carrell*

# CORE AREA:
# LEARNING ENVIRONMENTS

**Winona State University (WSU)**
Winona State University began its downtown Rochester expansion in 2017 by leasing space in the DMC district. In 2020, WSU deepened its presence by relocating Graduate Nursing faculty to the second floor of its Broadway campus, co-locating with the Graduate Social Work program to foster interdisciplinary collaboration.

"Winona State is now a part of downtown," said Jeanine Gangeness, then Associate Vice President of Academic Affairs. "Our Graduate Nursing faculty is excited to be immersed in the downtown community, which allows them closer contact and deeper collaboration with our community partners."

*Source: Winona State University News, "WSU expands downtown Rochester footprint," 2020.*

**Luther College – Rochester Semester**
Launched in February 2020, Luther College's Rochester Semester offers students from all majors immersive, career-focused learning experiences in Rochester. Participants engage in internships and active learning with organizations including DMC, the Gift of Life Transplant House, the City of Rochester, and multiple Mayo Clinic departments including biomedical research, informatics, finance, and IT.

This initiative builds on Luther's longstanding relationship with Rochester, where nursing majors have trained at Mayo Clinic and affiliated hospitals for nearly 40 years. The Rochester Semester expands that legacy, allowing students to integrate academic learning with real-world experience in one of the country's leading healthcare and innovation hubs. It also strengthens the pipeline between regional higher education and Rochester's workforce needs, aligning with broader goals of talent retention and ecosystem development.

*Source: Luther College News Release, "Luther College launches Rochester Semester," February 2020.*

**Rochester Community and Technical College**
Rochester Community and Technical College (RCTC) was founded in 1915 on a motion by Charles Mayo to the Rochester School Board and is Minnesota's oldest original community college. Today, RCTC serves more than 8,000 students annually and offers more than 70 programs and over 130 credential options with varying delivery options. The college has also partnered with Winona State University to establish more than a dozen Path to Purple programs that allow students to complete a four-year degree without leaving Rochester.

Healthcare-Focused Programs: Because of the proximity of Mayo Clinic to RCTC, many of the programs offered are medically focused, and a few are awarded in conjunction with the Mayo School of Health Sciences. While not located in the DMC District, RCTC is part of Rochester's broader educational infrastructure that supports the DMC vision. The ecosystem includes partnerships between RCTC, the University of Minnesota-Rochester, Winona State University,

and Mayo Clinic, creating pathways for students at all levels to contribute to Rochester's healthcare and innovation economy.

The college's role is essential to ensuring that DMC's ambitious economic development goals are matched by a workforce capable of filling the growing number of healthcare, technical, and service positions in what's becoming America's premier medical destination.

**Mayo Clinic College of Medicine and Science**
At the heart of the DMC District, Mayo Clinic's College of Medicine and Science trains more than 4,000 students, residents, and fellows each year across its five schools — including the Alix School of Medicine, Graduate School of Biomedical Sciences, and School of Health Sciences. Ranked among the nation's best for research and clinical training, Mayo Clinic's integrated education model links learning directly to discovery and patient care. This world-class academic ecosystem attracts talent from around the globe and anchors Rochester's reputation as America's City for Health.

**K-12 Education Opportunities**
A cradle-to-career approach recognizes that K-12 education serves as the foundation for building the skilled, diverse workforce necessary to support Rochester's transformation into a global health and wellness destination.
Rochester Public Schools serves more than 18,100 students with over 90 spoken languages, reflecting the city's growing diversity alongside the DMC initiative. The K-12 system is essential for preparing students for careers in healthcare, bioscience, construction, technology, and other sectors critical to DMC's success.

Rochester's 2021 Bloomberg Global Mayors Challenge win launched the "Equity in the Built Environment" program, creating pathways for women of color into built environment careers through early K-12 engagement and co-design. By integrating experiential learning and initiatives like Downtown Pitch Day, the city is building a diverse, homegrown talent pipeline that supports DMC's long-term growth.

## CASE STUDY

**The Big Dig**
DMC, Kraus-Anderson, and the City hosted "The Big Dig," a free hands-on event at Soldiers Memorial Field where families explored upcoming improvements and youth engaged with construction equipment and professionals to spark curiosity about how public spaces are designed and built. To learn more visit: https://www.postbulletin.com/news/local/dmcs-big-dig-draws-big-crowd

# CORE AREA:
# HOSPITALITY & CONVENTION

Rochester's hospitality and convention sector has become a cornerstone of the city's identity as a global medical destination. With nearly 60 lodging options across hotels and short-term rentals, the DMC district now offers a diverse and growing network of accommodations that support patients, families, business travelers, and conference guests. These spaces do more than provide comfort; they shape visitor experiences, influence public perception, and contribute directly to the local economy. As the city continues to grow, strategic investment in high-quality, well-located lodging will be essential to sustaining Rochester's momentum and ensuring that the benefits of tourism and medical travel are felt across the region.


Spyhouse Coffee, TownPlace Suites by Marriott


Rochester Farmers' Market

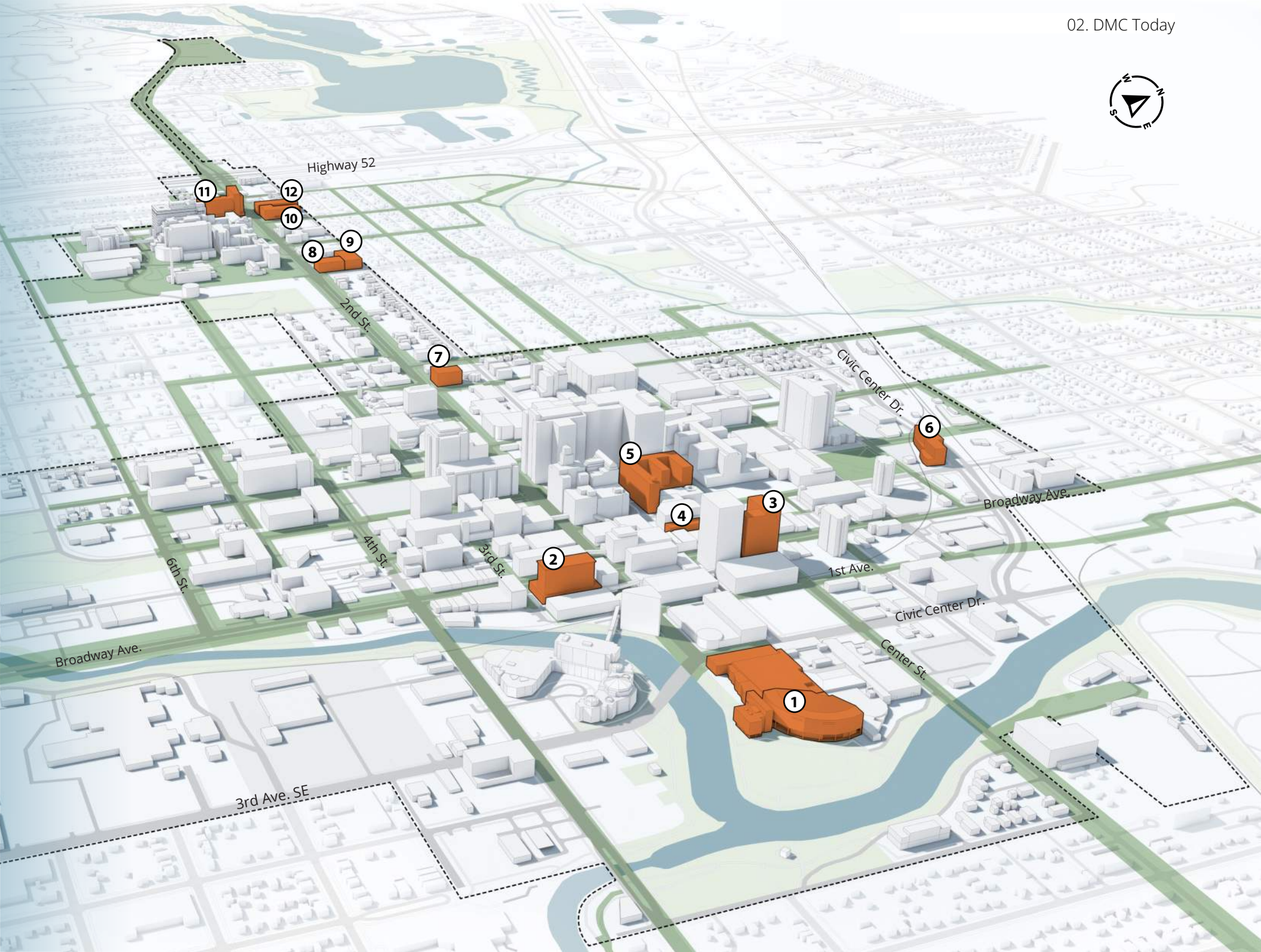

Chateau Theatre Renovation

## Key Investments

1. Mayo Civic Center
2. Hotel Indigo Rochester Mayo Clinic Area
3. Hilton Rochester Mayo Clinic Area
4. Historic Chateau Theatre
5. The Kahler Grand Hotel
6. Hyatt House
7. TownePlace Suites by Marriott
8. EVEN Hotels
9. Staybridge Suites
10. Courtyard by Marriott Rochester
11. The Berkman Hotel
12. Homewood Suites

**built investments from the last 10 years**

**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**


Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
6th St.
4th St.
3rd St.
1st Ave.
Civic Center Dr.
Center St.
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# CORE AREA:
# HOSPITALITY & CONVENTION

### Built to Stay

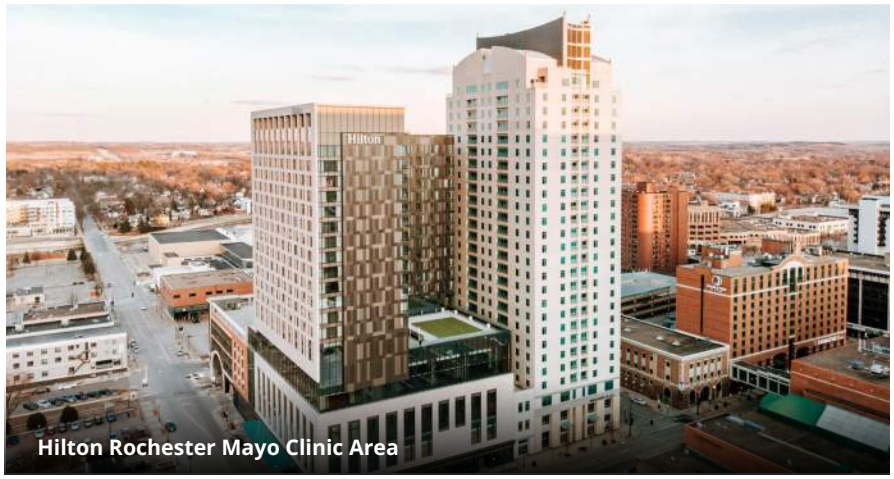
The DMC district's growing hospitality sector, featuring approximately 27 hotels and 30 readily available short-term rentals, plays a vital role in supporting Rochester's status as a premier medical destination, while also contributing meaningfully to the local and regional economy. These accommodations serve a wide range of visitors, including patients and their families, conference attendees, and business travelers.

While the world-class medical facilities and renowned practitioners remain the prime draw for visitors, the availability of high-quality accommodation equipped with modern amenities and proximity to key destinations is a critical component of the overall visitor experience. Comfortable, accessible, and well-situated lodging can ease the stress of medical travel, enhance the appeal of business and leisure trips, and encourage longer stays—amplifying the economic benefits to the city, county, and region. These individual user experiences, in aggregate, shape public perception of the DMC district. Positive impressions can significantly enhance Rochester's reputation, supporting broader objectives of economic diversification and talent attraction. Conversely, subpar hospitality experiences may hinder return visits, limit word-of-mouth promotion, and dampen the potential for sustained business growth. As such, the hospitality sector's performance has direct and indirect implications for workforce opportunities, household economic stability, and the region's long-term competitiveness.

Continued investment in high-quality, strategically located accommodation will be essential to maintaining Rochester's momentum as a destination of choice and ensuring that the city's growth benefits are shared widely.



Mayo Civic Center




Hilton Rochester Mayo Clinic Area

### Recent Development and Continued Progress

The original 2015 DMC Development Plan set out a vision to both expand the quantity of hotel accommodation within the DMC district and elevate the overall quality of the hospitality network. With a focus on meeting the needs of both short-term and extended stays—and ensuring a diverse range of options for visitors—recent development efforts have prioritized higher-tier offerings, including upper midscale to luxury-rated hotels.

At the 10-year midpoint, combined public and private investments have delivered nearly 700 new hotel rooms to the DMC district, reaching half of the plan's forecasted demand of approximately 1,400 rooms. In addition to new construction, several related projects have upgraded and modernized existing hospitality properties, further strengthening the district's appeal to a wide range of travelers.

| New Hotel Rooms in DMC District in the last 10 Years | | |
|---|---|---|
| **Property Name** | **Hotel Class** | **Number of Units** |
| Hilton Rochester Mayo Clinic Area | Upper Upscale | 264 |
| EVEN Hotels and Staybridge Suites | Upscale | 250 |
| Hyatt House | Upscale | 172 |
| TownePlace Suites | Upper Midscale | 110 |
| The Berkman Hotel | Luxury | 83 |
| UMR Student Housing Conversion | | -186 |
| **Total Hotel Rooms** | | **693** |

# CORE AREA:
# SPORTS & RECREATION

Parks and open spaces are essential to Rochester's livability, offering places for recreation, relaxation, and community connection. Within the DMC district, Soldiers Memorial Field, Central Park, St. Marys Park, and Mayo Park enhance the experience for residents and visitors alike. These green spaces foster a sense of belonging and identity, while also contributing to the district's appeal as a vibrant, inclusive destination for all.


Heart of the City


Discovery Walk


Soldiers Memorial Field

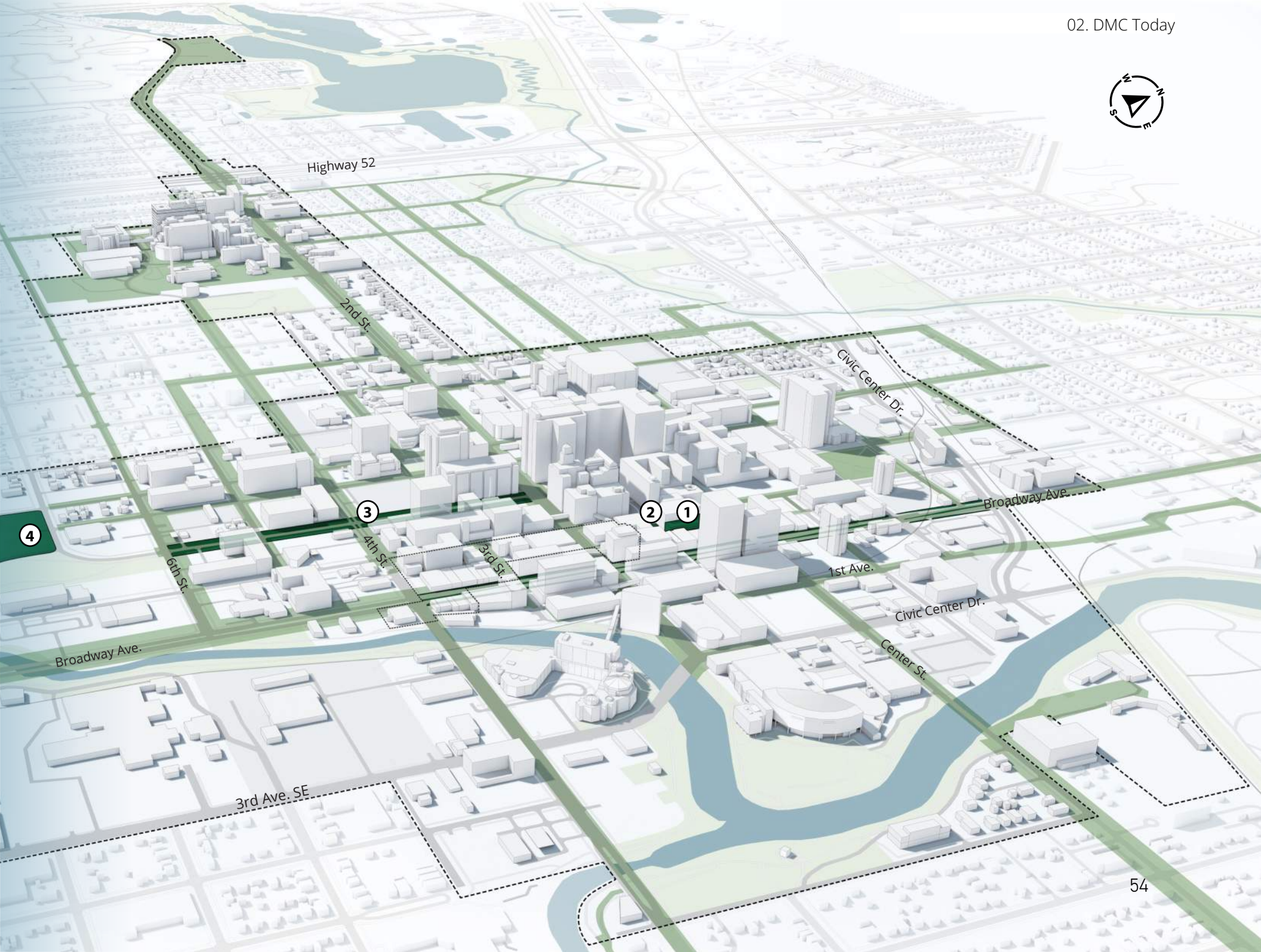
## Key Investments

1. Chateau Theatre
2. Heart of the City
3. Discovery Walk
4. Soldiers Field Park



**built investments from the last 10 years**

**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**


Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
1st Ave.
Civic Center Dr.
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# CORE AREA:
# SPORTS & RECREATION

### Heart of the City

Heart of the City's Phase 1 received over $17 million in public-private investment via the DMC initiative. Peace Plaza was redesigned with curbless streets, heated sidewalks, native landscaping, and interactive art. It now hosts events like Thursdays Downtown and community celebrations, reinforcing its role as a civic and cultural anchor.

### Discovery Walk

Discovery Walk's $18.9 million transformation reimagines four downtown blocks as a pedestrian-first corridor with heated sidewalks, public art, stormwater swales, and flexible civic spaces. It links Mayo Clinic to Soldiers Field and Discovery Square, strengthening connections between clinical care and emerging health tech innovation. Interactive lighting and seating zones support informal gatherings and programmed activities year-round.





### Soldiers Memorial Field

Soldiers Memorial Field received a $22 million investment from federal ($5M), state ($250K), DMC ($10M), and local referendum ($7M) sources. Improvements include a new aquatics center, inclusive playgrounds, basketball courts, nature play areas, and trail connections. The upgrades enhance accessibility, recreation, and community engagement across the 150-acre park.

### Chateau Theatre

The historic Chateau Theatre was purchased by the City of Rochester using DMC funds for $6 million and subsequently received an additional $1.1 million in capital improvement funds from the DMC initiative to support essential renovations. Upgrades included removing the escalator and second floor, repairing the roof and windows, and updating restrooms to meet code. These investments aimed to reactivate the venue for concerts, lectures, and community events.



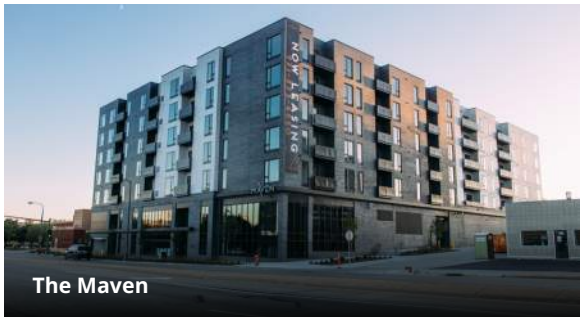


# CORE AREA:
## LIVABLE COMMUNITIES

The expansion of multi-family, mixed-use residential offerings within the DMC district has significantly contributed to its quality-of-life offerings, where residents can conveniently access work, essential services, and amenities within a short distance. By increasing the number of housing units, including multi-family residences and student housing, the district has made it easier for people to live closer to their workplaces, enhancing work-life balance.


The Berkman


Lofts at Mayo Park

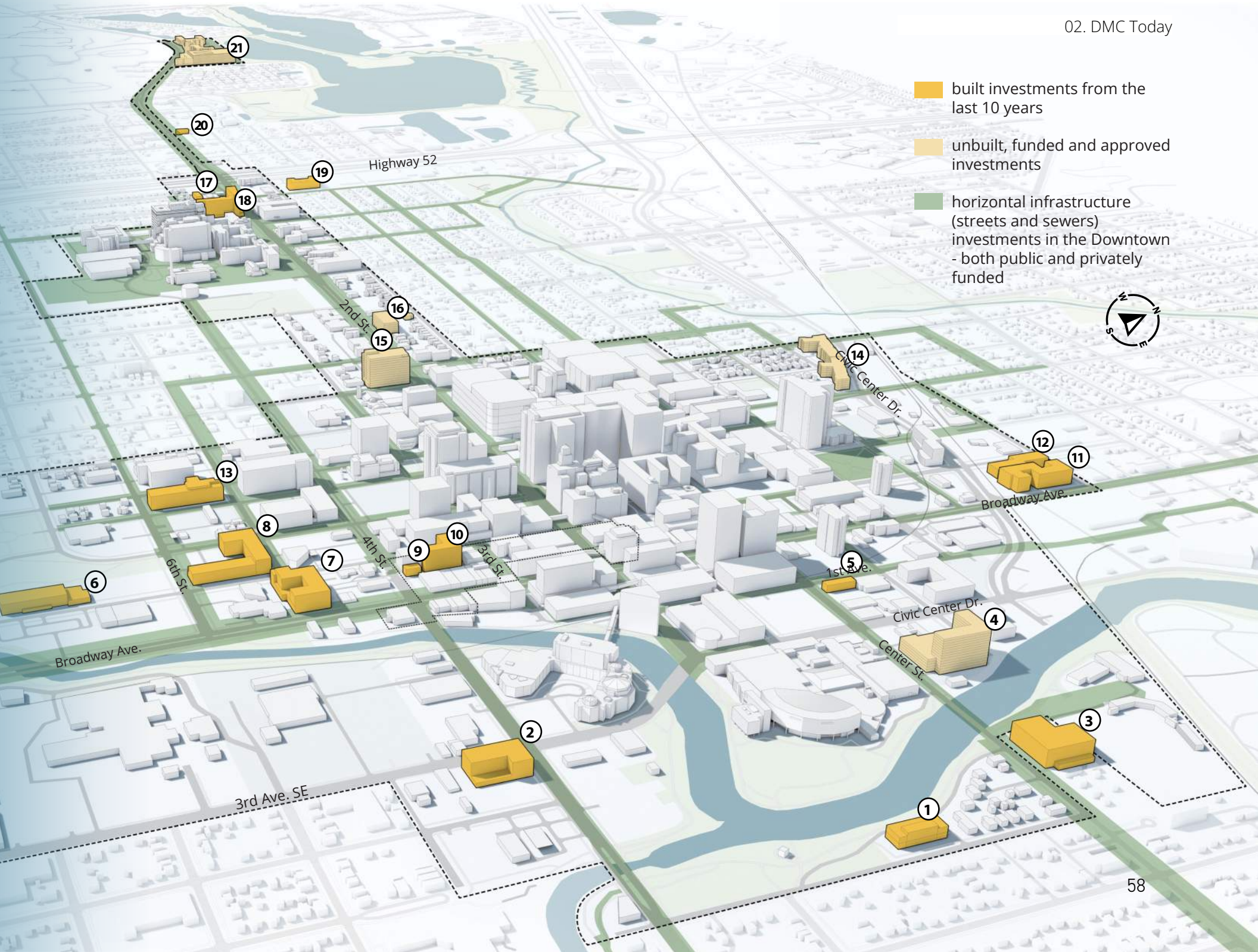


The Maven

## Key Investments

1. Lofts at Mayo Park
2. Flats on 4th
3. Riverwalk Rochester
4. Civic Center North
5. The Parker*
6. First & Banks Apartments
7. The Maven on Broadway
8. 501 on First
9. The Hue
10. 318 Commons
11. Bryk on Broadway
12. 1st Avenue Flats
13. Residence at Discovery Square
14. Loom Apartments
15. Citywalk
16. The Mayflower + First Homes Condos
17. Med City Apartments
18. The Berkman
19. Avani Living Apartments
20. The Gryff Apartments
21. West Transit Village

*programmatic investment


built investments from the last 10 years
unbuilt, funded and approved investments
horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded
Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
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# CORE AREA:
# LIVABLE COMMUNITIES

The integration of housing and office space within the DMC district fosters a vibrant urban environment, encouraging people to engage with nearby dining, entertainment, and cultural activities. As more professionals and residents choose to live and work downtown, demand for retail and restaurant offerings grows, contributing to the district's overall vitality. At the same time, housing costs are rising due to national trends and local investment.

To support anticipated growth, the 2015 DMC plan forecasted demand for 2,850 new residential units by 2035. So far, approximately 1,600 units have been added, marking significant progress in expanding housing options. The district also welcomed 400 student housing units through the conversion of UMR's Student Life Center. Housing diversity has further increased with companion and patient hospitality houses, which provide essential accommodations for individuals receiving extended medical care and their families. In 2019, the Ronald McDonald House expansion added 28 rooms, bringing the total supply of extended stay units in the district to around 220.

These developments reflect a growing emphasis on creating a mixed-use, live-work environment that supports a wide range of residents, from students and healthcare workers to patients and caregivers. As the district evolves, this blend of housing, employment, and amenities continues to shape a more inclusive and dynamic urban core.

## CASE STUDY

### Bryk on Broadway Apartments

The Bryk Apartments project is a $39.3 million mixed-use development featuring 180 units of workforce housing across 50%, 60%, and 80% AMI levels, plus 7,260 square feet of commercial space. Located along a major transit corridor near downtown Rochester, it integrates housing, retail, and transit access to support neighborhood revitalization and economic diversity. To learn more visit: https://www.brykonbroadway.com/



## New Downtown Housing in Rochester Since 2015

| Year | Project | Units | Rent Restricted | |
|---|---|---|---|---|
| 2017 | Lofts at Mayo Park | 29 | No | |
| 2017 | 1st Avenue Flats | 68 | Yes | all 60% AMI units |
| 2018 | 501 on First | 84 | No | |
| 2018 | Flats on Fourth | 92 | Yes | 19 units at 50% AMI |
| 2018 | Riverwalk | 152 | No | |
| 2018 | Avani Living | 107 | Yes | 22 units at 60% AMI |
| 2019 | Ronald McDonlad House | 32 | Yes | Philanthropic |
| 2019 | The Maven | 155 | No | |
| 2020 | Residences at Discovery Square | 138 | Yes | 29 units at 60% AMI |
| 2020 | The Berkman | 347 | No | |
| 2020 | The Hue | 50 | No | |
| 2023 | Bryk on Broadway | 180 | Yes | 54 units @ 50% AMI<br>18 units @ 60% AMI<br>108 units @ 80% AMI |
| 2025 | Enclave Project (YMCA) | 219 | No | |
| **Total Housing Units** | | **1,653** | | |

## Affordable Living in Rochester Means...




## New Residential Units in Rochester over the last 25 Years




## Rochester Housing Coalition $20 Million Dollars Invested and 20 Programs & Policies Launched

| 2014 | 2015 | 2016 | 2018 | 2018 | 2020 | 2025 |
|---|---|---|---|---|---|---|
| First Housing Study Completed | DMC $5.6B Initiative Launched | Olmsted County Housing Levy Established | Coalition for Rochester Area Housing Launched with $4M Mayo Clinic Contribution | City of Rochester Establishes Community Development Department | Housing Study Update Completed | Comprehensive Housing Needs Analysis for Olmsted County Released |

# CORE AREA:
## RETAIL, DINING, & ENTERTAINMENT

A key goal of the DMC plan is to enhance the experience for everyone in Rochester, including patients, employees, visitors, and residents. The 2015 plan proposed expanding retail, dining, entertainment, arts, and cultural offerings. Since then, the district has added about 126,300 square feet of new retail space, nearly 40% of its 320,000-square-foot target. This growth occurred despite a challenging retail climate shaped by shifting consumer habits, e-commerce, and COVID-19. Nationally, many communities saw declines in traditional retail, but a rebound is underway. Retailers are adapting by creating experience-driven spaces that attract people with more than just transactions.



Thai Pop


Mezza9 Cafe


Bitter and Pour

**Over 49 new restaurant openings in the last 10 years**




Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
4th St.
3rd St.
6th St.
1st Ave.
Civic Center Dr.
Broadway Ave.
Center St.
3rd Ave. SE

# CORE AREA:
# RETAIL, DINING, & ENTERTAINMENT

### Energizing the Urban Core

Retail development, paired with investments in arts and entertainment, continues to strengthen downtown Rochester's vitality and sense of place. A prime example is the renovation of the historic Chateau Theatre near Peace Plaza, now a cultural anchor that hosts regular events and draws thousands of visitors annually.

Retail space in the DMC district has largely emerged through mixed-use developments that combine residential, office, and hotel uses. These projects foster dynamic environments by meeting varied needs and encouraging activity throughout the day. As a result, mixed-use development has been a key driver of retail expansion and a major contributor to the district's overall appeal.

Over the past decade, the DMC initiative has helped attract new retail and business investment to downtown Rochester. Strategic planning and targeted development have steadily increased available retail space in the district's core. However, citywide trends reveal a more complex picture. Between 2012 and 2022, Rochester saw a 14.2% decline in retail establishments—nearly double the statewide drop and far above the national average—indicating deeper structural shifts in how and where retail operates.

E-commerce has reshaped consumer habits, reducing foot traffic for traditional stores. The COVID-19 pandemic accelerated this shift, pushing more consumers online and prompting smaller retailers to adopt digital platforms.

In response, retailers are reimagining physical spaces to focus on experience over transaction. Stores are evolving into destinations, offering interactive elements, events, personalized services, and entertainment-driven environments. This shift toward experiential retail reflects a broader industry trend aimed at revitalizing in-person shopping and distinguishing it from online alternatives.

For Rochester, these changes present both challenges and opportunities. As the city adapts to a rapidly evolving retail landscape, strategies that blend convenience, creativity, and community engagement will be essential to sustaining a vibrant mix of retail offerings.

| Thursdays Downtown | | Social Ice | |
|---|---|---|---|
| **Year** | **Average Attendance Per Week** | **Year** | **Average Attendance Per Week** |
| 2018 | 9,000 | 2018 | 4,800* |
| 2024 | 9,500 | 2024 | 5,500** |

** 3-day event **2-day event*



Social Ice

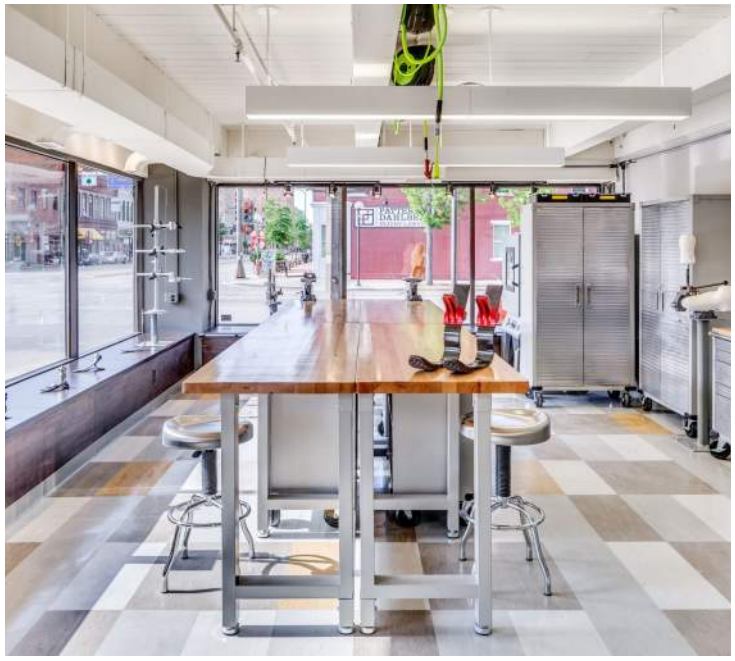
| Year | # of events submitted to RDA Community Calendar |
|---|---|
| 2020 | 463 |
| 2021 | 480 |
| 2022 | 487 |
| 2023 | 395 |
| 2024 | 522 |
| 2025 | 190* as of 4/28/25 |

** per website submissions*
*Data provided by Rochester Downtown Alliance*

## CASE STUDY

**Limb Lab**

Rochester's strong health ecosystem rooted in innovation, collaboration, and community care, creates a unique environment for retail aligned with health and economic development. Limb Lab reflects this spirit, offering artistic, personalized prosthetics in a transparent, glass-enclosed shop that invites public engagement. Its partnership with Mayo Clinic blends medical expertise with creative design to deliver inclusive, high-quality solutions. To learn more visit: https://limblab.com/



# CORE AREA:
# HEALTH & WELLNESS

Mayo Clinic is laser focused on delivering world-leading care to people experiencing the most complex health care challenges imaginable. Excellence in healthcare is part of the core identity of Rochester, and hope and healing is an ethos shared by so many of the people of Rochester. It is both a culture and a way of being for a significant portion of the community and is truly something that makes Rochester unique in the world.

At the same time, DMC is also supporting the growth of the experience of the City of Rochester outside the walls of Mayo Clinic, where the potential to build and invest in infrastructure that supports community wellness is a core opportunity.


Bold. Forward. Unbound. in Rochester


Jacobson Proton Beam Facility


Anna-Maria and Stephen Kellen Building

## Key Investments

1. Andersen Building
2. Anna-Maria and Stephen Kellen Bui
3. Herman House
4. St. Marys modernization and growt
5. Discovery Square ramp
6. Discovery Square tenant fit-up
7. Jacobson Proton Beam Facility expa
8. Bold. Forward. Unbound. in Roches

**built investments from the last 10 years**

**significant renovation investment**

**unbuilt, funded and approved investments**

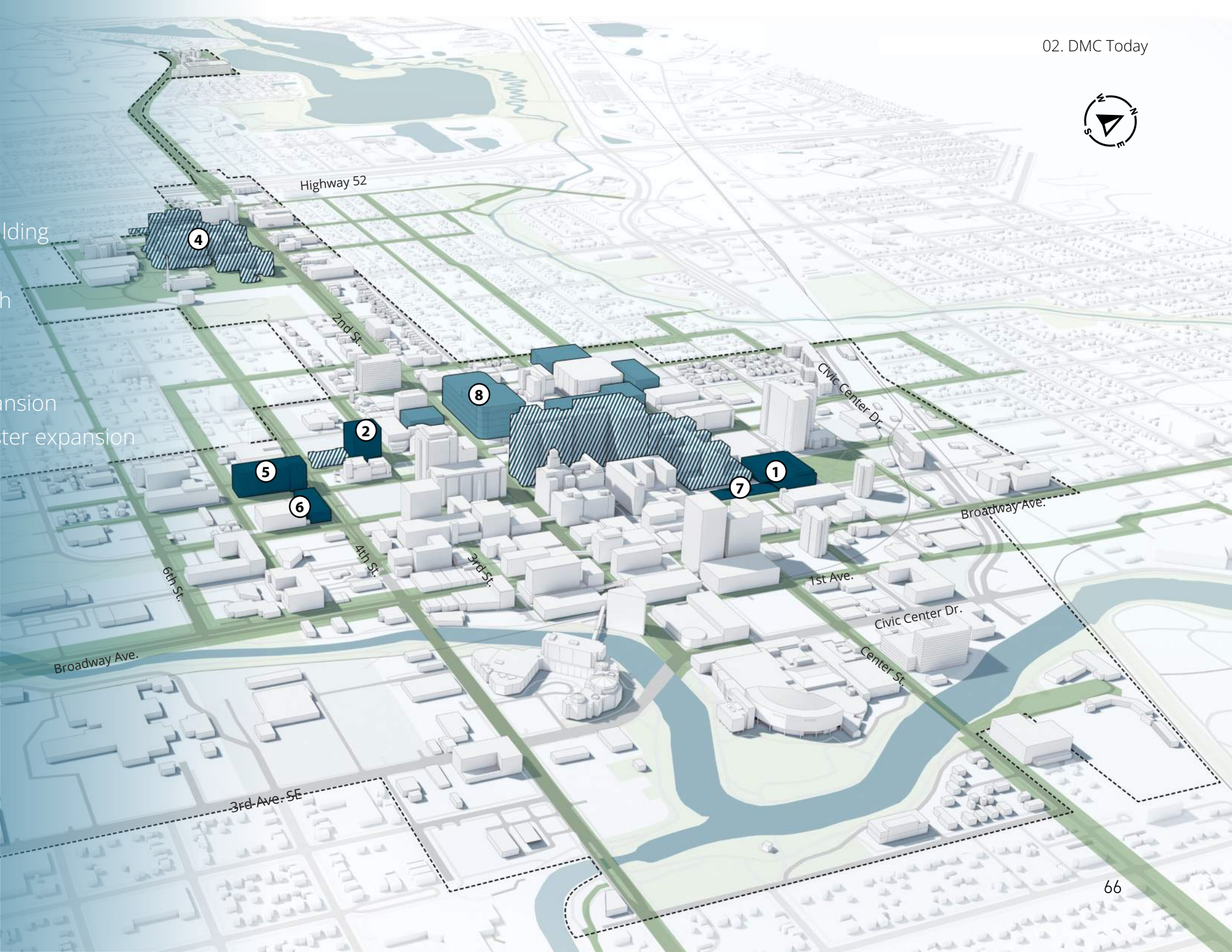
**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**

lding

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ansion

ster expansion



# CORE AREA:
# **TRANSPORTATION**

Rochester's DMC transportation strategy promotes a connected, multimodal system to reduce car dependence and support downtown growth. With investments in transit, biking, walkability, and shared mobility, including bike share, and ride-hailing, the city is shifting toward sustainable, accessible travel. The upcoming Link BRT system marks a major step in creating a vibrant, low-emission urban core.



Link BRT


North Broadway bike infrastructure

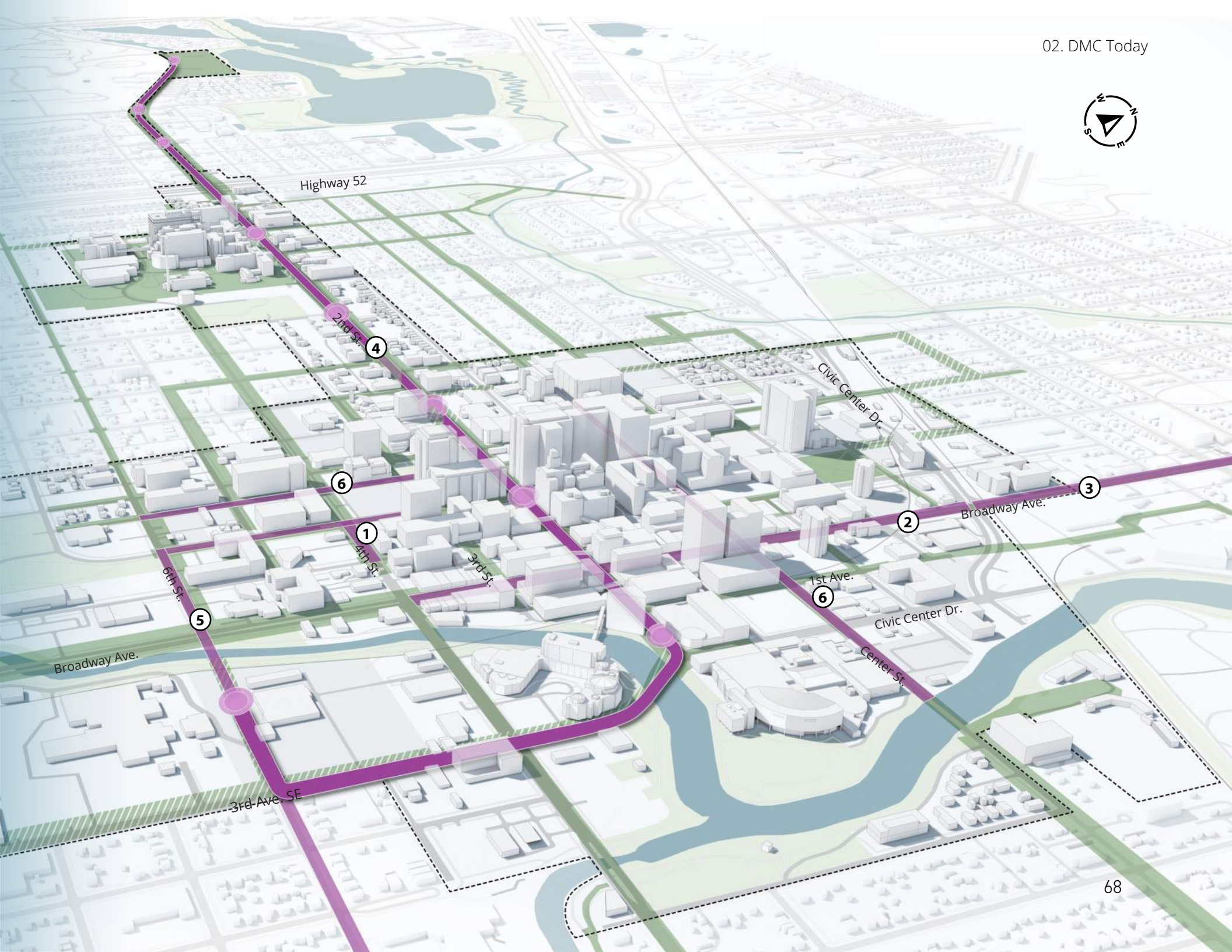

Lime Scooters

## Key Investments

1. 4th Street SW between 1st Avenue SW and 2nd Avenue
2. SW Broadway Sidewalks
3. North Broadway Complete Streets
4. Link BRT
5. 6th Street Bridge
6. Center Street Bike Infrastructure

**key investments from the last 10 years**

**horizontal infrastructure (streets and sewers) investments in the Downtown - both public and privately funded**


Highway 52
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# CORE AREA:
# TRANSPORTATION

### Vision for a Multi-Modal Future

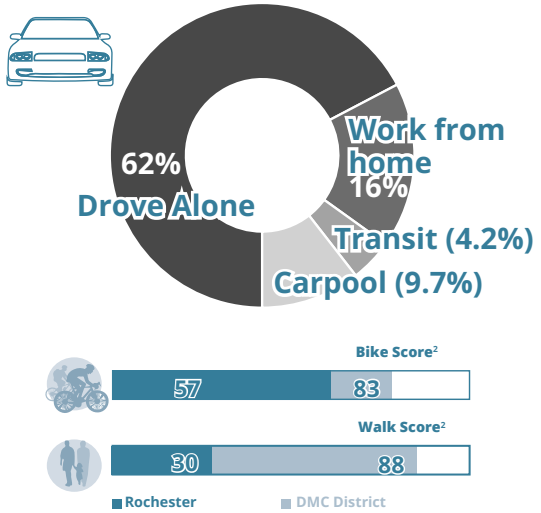
The DMC Development Plan transportation strategy envisioned a connected, multimodal system that supports downtown Rochester's growth while reducing automobile dependence. It outlines a forward-looking framework designed to expand high-frequency transit, safe walkable streets, robust biking infrastructure, and a "park-once" downtown environment served by a frequent circulator. The proposed investments aim to make downtown Rochester easy, affordable, and convenient to access for residents, patients, visitors, and employees from across the region.

Anchored by ambitious mode-shift targets, including reducing drive-alone trips from 71% to 50% or less by 2035, the plan prioritizes transit, active mobility, and low-emission vehicles. By rebalancing street design toward people rather than cars and investing in shared parking, demand management, and multimodal access, the DMC framework will help transform downtown into a model of walkability and connected urban vitality. This approach not only enhances quality of life but also fuels economic opportunity, supporting Rochester's evolution into a globally recognized destination for health, innovation, and sustainable urban living.

## TRANSPORTATION & MOBILITY

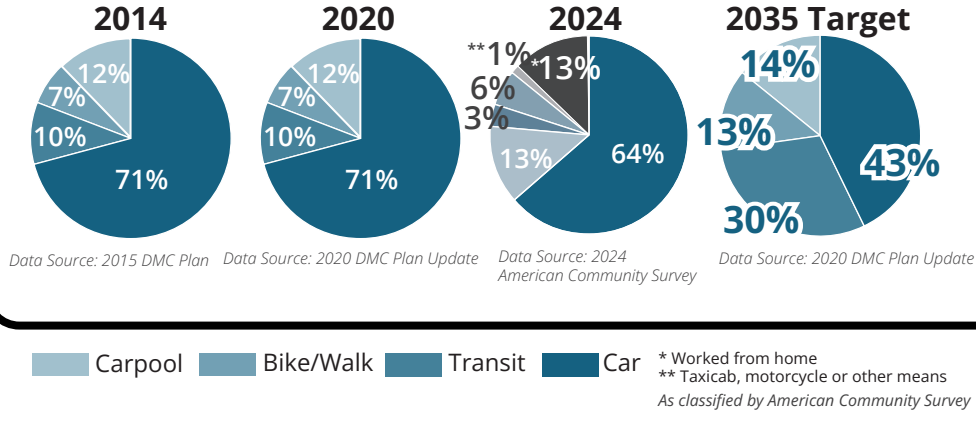
**Commuter Modality Breakdown in the DMC District,** 2023

*Data Source: ESI 2015-2024 Economic, Fiscal, and Community Impact Analysis*




## MODE SHIFT

**Commuter Modality Breakdown in the city of Rochester**




*Data Source: 2015 DMC Plan*

*Data Source: 2020 DMC Plan Update*

*Data Source: 2024 American Community Survey*

*Data Source: 2020 DMC Plan Update*

**Progress Towards Sustainable Mobility**

Over the past decade, Rochester has steadily advanced a range of mobility initiatives that have reshaped how people move through the city and supported broader sustainability and accessibility goals. From 2016 to 2018, Integrated Transit Studies helped shape the DMC Plan's multimodal transportation strategy, emphasizing transit, active mobility, and reduced car dependence to accommodate future growth. These studies addressed transit options, street design, parking strategies, and nonmotorized connectivity to promote livable downtown development without expanding roadways.

In 2016, Rochester adopted the Nice Ride bike share program, which later evolved into a community-based initiative distributing free bikes to residents and local organizations. The arrival of ride-hailing services in 2017, followed by expanded bike infrastructure along Center Street and other key corridors in 2019, marked major steps in diversifying transportation options. Additional innovations, including Lime scooters, HourCar car-sharing, and the city's first on-street bike box, demonstrated a commitment to affordable, sustainable alternatives to driving alone.

In 2021, Rochester piloted Minnesota's first low-speed autonomous shuttle service, showcasing its embrace of emerging mobility technologies.

Looking ahead, the 2027 launch of the Link Bus Rapid Transit (BRT) system will deliver high-frequency, fare-free electric service along the 2nd Street corridor. Together, these efforts reflect Rochester's transition toward a modern, multimodal transportation ecosystem that enhances access, reduces emissions, and supports long-term quality of life.



Med City Mover Autonomous Shuttle Service



Bike to Work Day 2025

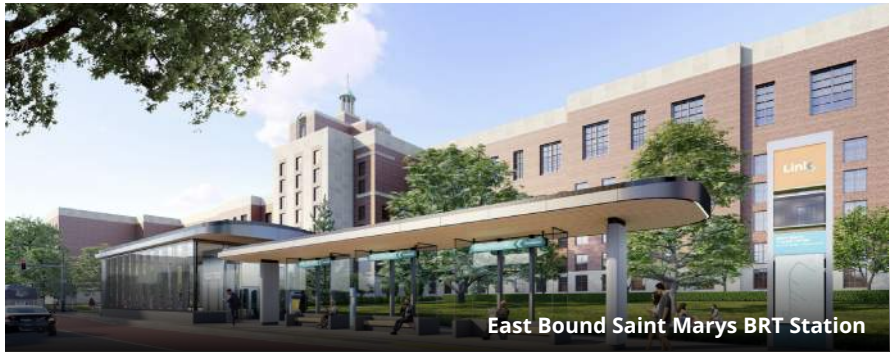
# CORE AREA:
# TRANSPORTATION

### Link Bus Rapid Transit (BRT)

Link BRT is a transformative project providing fare-free, high-frequency service through downtown Rochester along the 2nd Street corridor. Spanning 2.8 miles with 12 stations, Link will connect major destinations like Mayo Clinic campuses, the Mayo Civic Center, and the Downtown Waterfront Southeast area. The system will feature electric buses, level boarding, and amenities such as heated platforms, real-time information, and bike-friendly options.

By offering reliable, all-day service, Link aims to reduce congestion, improve mobility, and support sustainable growth in one of Rochester's busiest corridors, which handles over 21,800 vehicles and 13,000 transit riders daily. Service is expected to begin after construction concludes in summer 2027, with weekday operations from 5 a.m. to midnight and weekends from 8 a.m. to midnight.

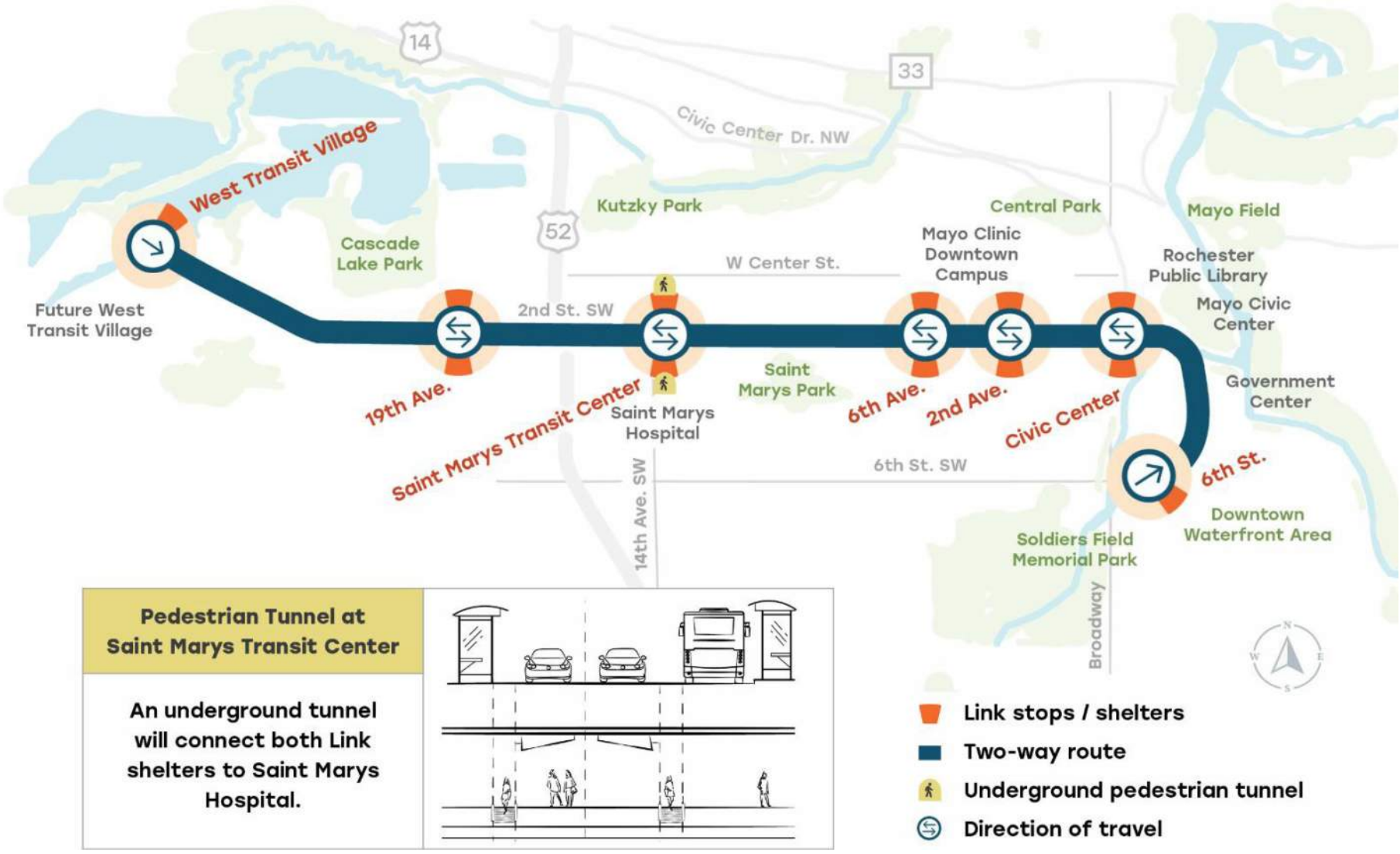
The project is a collaborative effort between Mayo Clinic, DMC, and the City of Rochester, with Mayo Clinic funding operations for 20 years and federal support through the Small Starts Capital Investment Program, including an $85 million FTA grant. Construction began in June 2025 and will proceed in phases, including utility upgrades and roadway improvements, with impacts managed through detours and signage. Beyond transit, Link will ease parking demand, strengthen pedestrian and biking connections, and enhance quality of life for residents, employees, and visitors advancing Rochester's vision for a connected, livable, sustainable city.


East Bound Saint Marys BRT Station



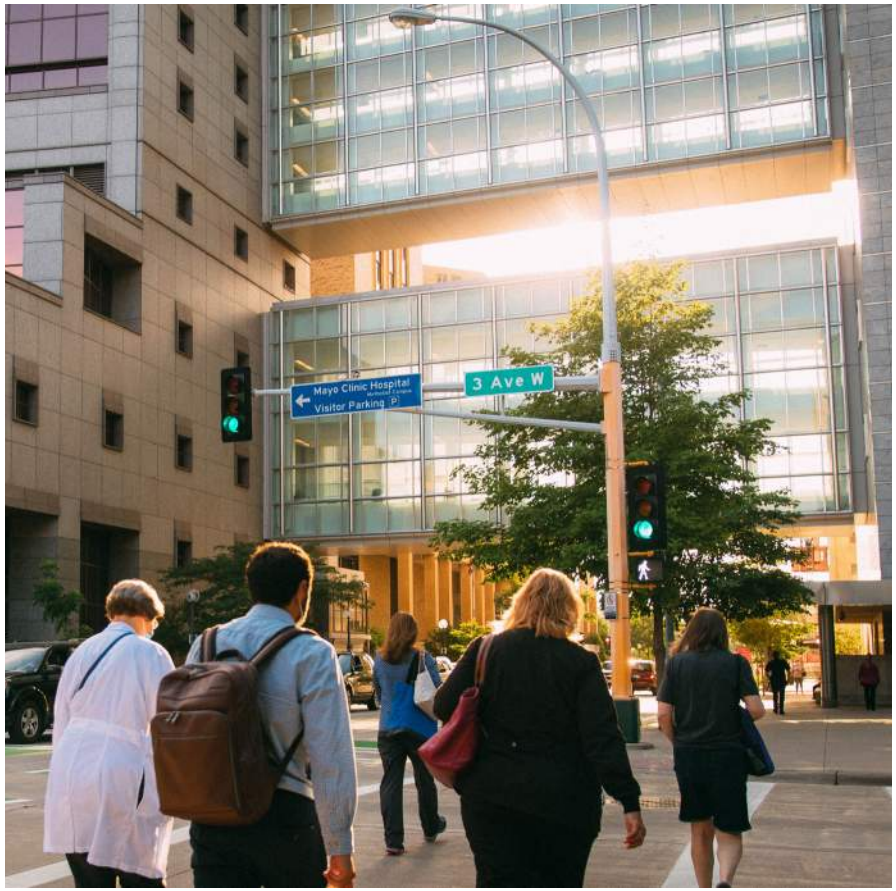
FTA Grant Funding




14
33
52
Civic Center Dr. NW
West Transit Village
Cascade Lake Park
Kutzky Park
Central Park
Mayo Field
Mayo Clinic Downtown Campus
W Center St.
Rochester Public Library
Mayo Civic Center
Future West Transit Village
2nd St. SW
19th Ave.
Saint Marys Transit Center
Saint Marys Hospital
Saint Marys Park
6th Ave.
2nd Ave.
Civic Center
Government Center
6th St. SW
14th Ave. SW
6th St.
Downtown Waterfront Area
Soldiers Field Memorial Park
Broadway
Pedestrian Tunnel at Saint Marys Transit Center
An underground tunnel will connect both Link shelters to Saint Marys Hospital.
Link stops / shelters
Two-way route
Underground pedestrian tunnel
Direction of travel

# CORE AREAS
# **TAX CAPACITY**

### Increased Activity Generates New Net Tax Revenue
Public revenue growth over the past decade reflects the increased spending and earnings driven by development and expansion in the DMC District.




### 10 Year Total New Net Tax Revenue (2015-2024)

**Personal Income: $756 million**
Employment growth within the District is the leading source of net new revenue

**Sales & Use: $374 million**
Taken together, taxes on everyday purchases collected at the city, county, and state are the second leading source of revenue

**Business $244 million**
Business growth within the District added new taxable business income

**Property: $136 million**
Combined, the District's landowners and Mayo's non-exempt holdings have contributed a large sum of new revenue

**Capital Investment: $76 million**
Private developers are also a growing component of the District's tax generating base

**Lodging: $11 million**
On average, the hospitality industry has brought in over $1M in new net tax revenue per year

## Value per Acre Analysis

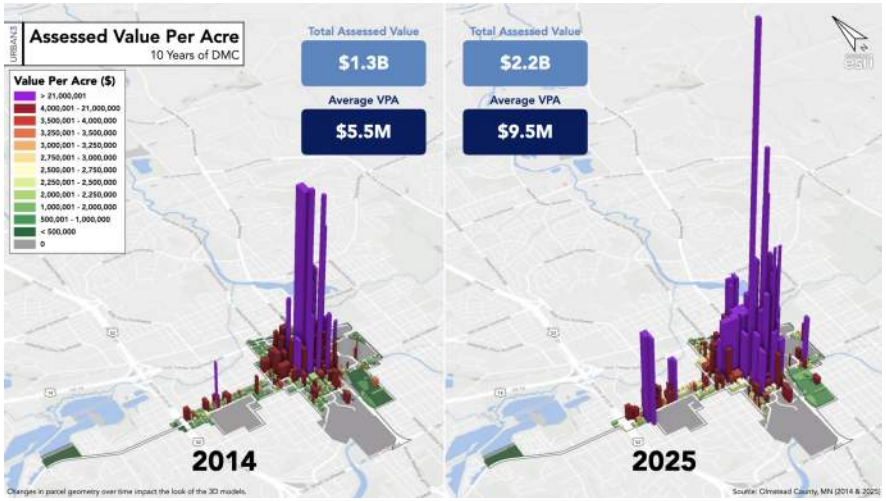
Total taxable value is one way to analyze the overall value of a city, but when it comes to understanding economic productivity, it is not always the most useful. The economic productivity of different land uses and development patterns can help cities understand which types of development generate the most tax revenue per acre. Consultant Urban3 was contracted by DMC and the City of Rochester to conduct an analysis that focuses on the "per acre" metric as a unit of productivity. Cities and counties are, at their simplest, finite areas of land. How that land is used has a direct effect on municipal budgets. The per acre metric normalizes total revenues and tax values, creating direct "apples-to-apples" comparisons utilizing land consumed as a unit of productivity.

Using Value per Acre (VPA) to compare properties is like using miles per gallon (MPG) to compare cars. When comparing cars, the miles a car can go per tank isn't typically referenced because it only reflects the size of the tank, not how efficient the engine is. Urban3 applies the same principle to measure the financial productivity of various development types across a community.

## DMC District Over Time

Investment in the downtown DMC district during the first 10 years of the initiative showed significant appreciation in taxable value. After a very fast growth rate in the first five years of DMC, the COVID-19 disruption and the increased volatility and development costs since, slowed that rate of growth in 2020. An upswing in development applications shows signs of more than maintenance growth in the coming years (see section 3.0 for more details on permit volume).

## Value per Acre



# Plan Alignment

**DMC's vision is strengthened by alignment — connecting public, private, and institutional plans to move Rochester forward together.**

**What is in this section:**
This section illustrates how the DMC Development Plan builds on and complements existing local and regional plans, from the City of Rochester's Comprehensive Plan and transportation strategies to Olmsted County and state economic development goals. It also highlights alignment with Mayo Clinic's Bold. Forward. Unbound. in Rochester initiative. The updated plan builds on the foundation of each plan before it and our community's other planning efforts. This approach deepens our understanding of the principles that guide decision-making and how our community values are reflected.

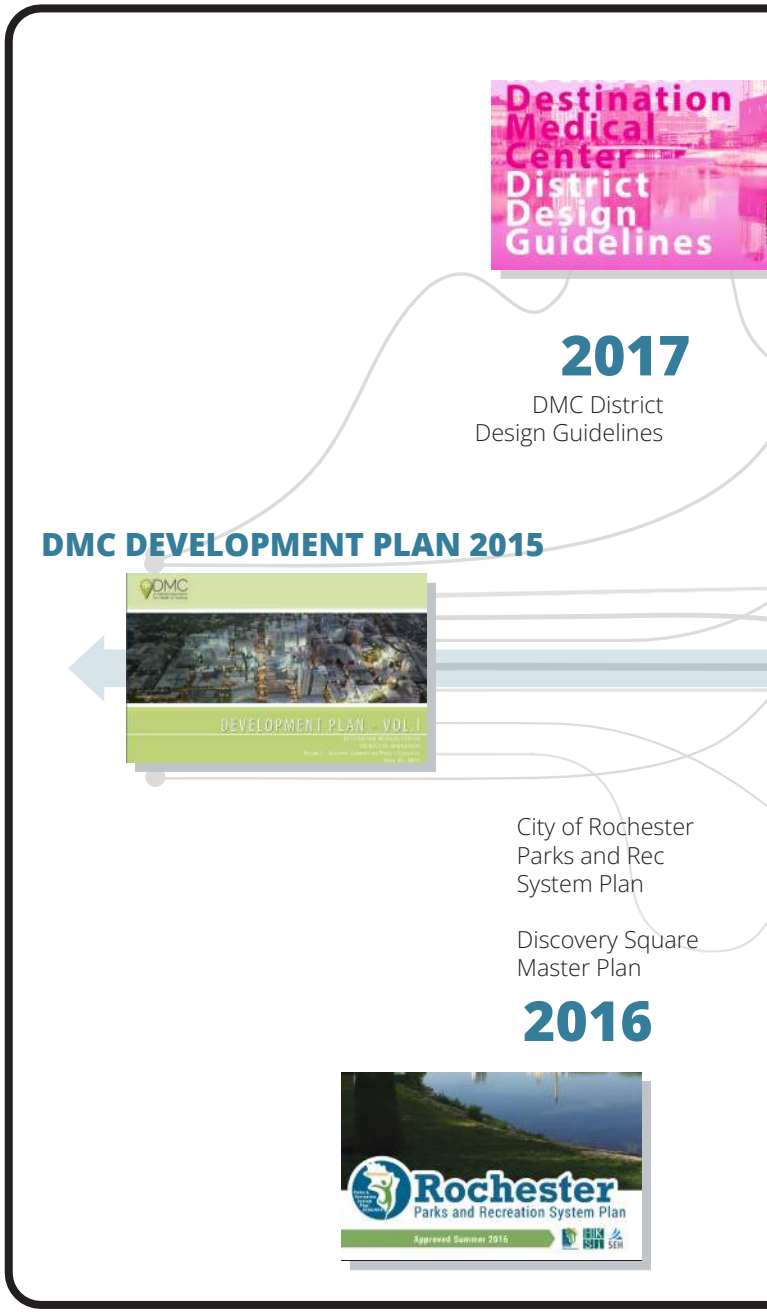
**Why it matters:**
Alignment ensures that every investment reinforces a common direction — creating efficiency, maximizing impact, and reducing duplication. By coordinating priorities across agencies, partners, and institutions, DMC advances projects that deliver the greatest value to residents, patients, and visitors alike. This shared planning framework turns collaboration into measurable outcomes, positioning Rochester and Minnesota as global leaders in health innovation and sustainable urban development.

# PLAN ALIGNMENT
## BUILDING ON PAST PLANS

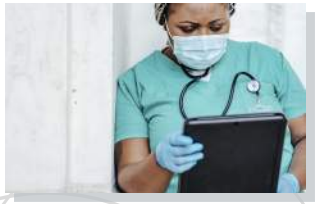
DMC and the City of Rochester have spent years shaping a shared vision for the city's future through ambitious planning and engagement efforts. The 2025 DMC Development Plan Update builds on this foundation. It is not a standalone exercise, but a deliberate, integrative step that connects past work with future priorities.

This update reviews prior plans, incorporates extensive community input, and applies strategic analysis of current conditions to ensure alignment across initiatives. By synthesizing insights from both past and present, the update reinforces a unified vision and advances a coordinated, inclusive, and data-driven approach to Rochester's continued transformation.





# A DECADE OF COORDINATED PLANNING











## 2019

Olmsted County Health Assessment and Planning

## 2021

Downtown Waterfront SE Small Area Plan

## 2023

Announcement of Mayo Clinic Bold. Forward. Unbound, in Rochester

Mayo Clinic 5-Year Update

## 2025

Rochester Vision 2050

Rochester Comprehensive Plan Update

Reimagining 6th Ave. West & Reconnecting the Mobility Network

Olmsted County Housing Needs & Assessment

Kutzky Park and Downtown Public Realm Plan

Rochest Historic District Vision Plan

**DMC PLAN UPDATE 2020**




**DMC PLAN UPDATE 2025**

## 2018

City of Rochester Planning2Succeed Comprenehsive Plan 2040




## 2020

New Rapid Tranist for a Growing, Equitable Rochester

Sustainability & Resilience Community Work Plan




## 2022

City of Rochester Active Transportation Plan

Riverfront Small Area Plan




## 2024

Rochester Unified Development Code

UMR Campus and Climate Action Plan



# PLAN ALIGNMENT
# CONNECTING PAST PLANS TO FUTURE PRIORITIES

**Community Plans**
Over the past decade, Rochester has experienced a surge in planning activity, with more than 20 planning initiatives reflecting a strong commitment to coordinated growth and a shared vision for the city's future. The following plans offer valuable context for the pivotal moment Rochester is at today, representing just a portion of the many thoughtful efforts contributing to the city's rich planning landscape:

- Mayo Clinic Bold. Forward. Unbound. in Rochester
- City of Rochester Unified Development Code
- City of Rochester Comprehensive Plan 2040
- Rochester Vision 2050
- Downtown Waterfront Southeast Small Area Plan
- Downtown Riverfront Small Area Plan
- Rochester Historic District Vision Plan
- DMC Kutzky Park Area and Downtown Public Realm Plan
- UMR Campus and Climate Action Plan
- Olmsted County Housing Needs Assessment
- Integrated Transit Studies

**Step 1: Identifying Common Themes from Past Plans**
Recognizing the importance of grounding the 2025 update in community priorities, our team undertook a comprehensive analysis of past planning efforts. The first step was analyzing plans from the past decade to identify recurring themes and values. We examined these plans in detail to identify recurring priorities and values expressed by the community. From this review, a set of common themes emerged, reflecting the voices and experiences of those who live in, work in, and visit Rochester. These themes provide a clear foundation for shaping a future that aligns with the community's aspirations:

- **Economic Development & Innovation**
- **Public Spaces**
- **Transportation & Connectivity**
- **Housing**
- **Well-being**
- **Climate Resiliency**



## Economic Development & Innovation

Supporting a thriving local economy by fostering entrepreneurship, advancing workforce skills, and attracting investment through innovation, inclusive business growth, and strategic infrastructure.



## Public Spaces

Enhancing the city's identity and livability through vibrant public spaces, cultural destinations, and accessible, well-maintained infrastructure that invites community connection and exploration.



## Transportation & Connectivity

Strengthening regional and local connections through safer streets, accessible design, and integrated transit options that support health, equity, and seamless movement for all.



## Housing

Expanding  access to diverse, affordable housing and housing options that meet the needs of all residents, including students, seniors, and the workforce.



## Well-being

Strengthening community well-being through expanded access to care, healthy food, digital connectivity, as well as inclusive spaces that support mental health and a vibrant social life for individuals of all ages.



## Climate Resiliency

Focusing on building climate-ready infrastructure and smart urban systems that reduce environmental impact, manage risk, and ensure long-term reliability and efficiency.

# PLAN ALIGNMENT
# CONNECTING PAST PLANS TO FUTURE PRIORITIES

### Step 2: Defining DMC's Three Strategic Priorities

Building on these insights, DMC conducted an internal review to re-examine how the organization functions and its role in advancing Rochester's long-term vision. This review was cross-referenced with the community themes identified in Step 1. Through this process, DMC surfaced three strategic priorities that will guide the 2025 plan update, ensuring the plan reflects both organizational strengths and the values consistently expressed by the community.



**Accelerate Health Innovation**
We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.



**Design for Well-being**
We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.



**Drive Purposeful Growth**
We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.

### Step 3: Aligning Three Strategic Priorities with Past Plans

To ensure DMC's strategic priorities are firmly grounded in the community's past insights, our team conducted a distinct second layer of analysis. In Step 1, we cataloged several major plans to identify broad common themes. For this step, we revisited those same plans with a sharper lens, focusing specifically on how their goals, language, and thematic content align with DMC's three strategic priorities.

Our methodology involved systematically reviewing each plan to map points of alignment. We looked for direct messaging, such as stated objectives, action items, and guiding principles, as well as thematic connections that aligned with DMC's three strategic priorities. This process allowed us to visualize areas of strong convergence, highlight gaps and identify opportunities for integration. By approaching this analysis with precision, we honored the depth of prior planning work while ensuring the 2025 update advances ideas that matter most to residents and stakeholders.

## Key Findings

The analysis revealed strong connections between DMC's three strategic priorities and community plans, especially the Rochester Vision for 2050, the City's Comprehensive Plan, the Parks and Recreation System Plan, the University of Minnesota Rochester Campus and Climate Action Plan, and the City's Sustainability and Resiliency Work Plan. These alignments reinforce shared priorities and strengthen collaboration across public and private sectors.

Building on this high-level alignment, the following pages take a closer look at how each of the three DMC strategic priorities show up in specific local and regional plans. By mapping the language, goals, and strategies of these plans to the three DMC strategic priorities, the analysis reveals where there is strong alignment, where gaps remain, and where there are opportunities for deeper collaboration to advance a shared vision for Rochester's future.

### Key Findings: Accelerate Health Innovation

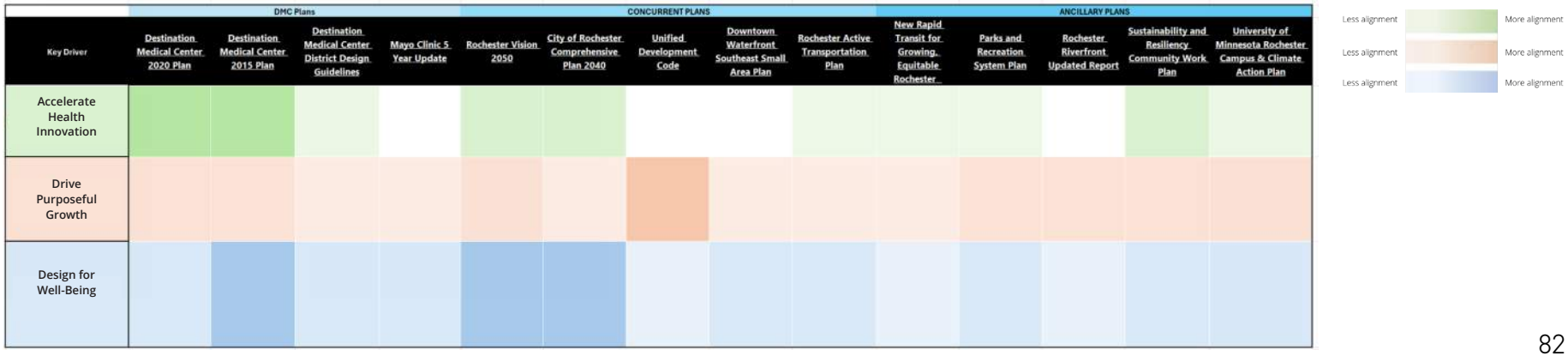
Several plans emphasize creating employment and industry diversification, despite not all of them explicitly mentioning how health innovation can be used as an economic catalyst.

### Key Findings: Design for Well-Being

Climate resiliency and greenspace are key components of almost every plan, as well as their impacts on design. This strategic priority is most explicitly mentioned in recent plans.

### Key Findings: Drive Purposeful Growth

Almost every plan mentions housing opportunities and several mention Rochester's potential to leverage health & wellness to become a tourism hub.



# PLAN ALIGNMENT
## BOLD.FORWARD.UNBOUND.IN ROCHESTER



### Accelerate Health Innovation

**Business/Industry:** Creation of five new buildings — nearly 2 million square feet of clinical space. "Care neighborhoods" integrate digital platforms, artificial intelligence, and real-time data to connect care teams around patient needs. Flexible spaces designed for translational research and clinical trials, linking discovery to patient care faster. Expansion of digital and automation infrastructure that enables Mayo Clinic_Platform capabilities and data-driven innovation.



### Design for Well-Being

**Health:** Connecting indoor and outdoor spaces. Incorporation of biophilic design, natural light, and art reinforces the connection between environment and healing.

**Climate Resilience:** New green infrastructure supports energy efficiency and climate resilience, aligned with DMC's sustainability targets.

**Mobility:** Seamless links to pedestrian, transit, and skyway systems promote accessibility and reduce vehicle dependence.



### Drive Purposeful Growth

**Economic Development:** A $5 billion investment that fuels local job creation, supply chain activity, and long-term economic vitality. The investment also sustains partnerships with local institutions and workforce programs, ensuring inclusive community benefit.

**Arts/Culture:** Campus expansion strengthens Rochester's downtown core and reinforces its identity as America's City for Health.

**Quality of Life:** Integration of public spaces, art, and cultural experiences enhances daily life for residents, patients, and visitors.

# $5 Billion

Mayo Clinic's Bold. Forward. Unbound. in Rochester Investment

**Why it matters:**

Mayo Clinic's $5 billion investment in Bold. Forward. Unbound. in Rochester is reimagining the downtown Rochester campus and introducing a combination of innovative care concepts, digital technologies and new facilities that will enable transformation and accelerate the future of care. In downtown Rochester, this vision is taking dramatic physical and strategic form. Through DMC, the city has laid the groundwork by creating the infrastructure, partnerships, and civic environment necessary for Mayo Clinic to set the course for the future of healthcare.


MAYO CLINIC

# PLAN ALIGNMENT
## ROCHESTER UNIFIED DEVELOPMENT CODE

### Accelerate Health Innovation

**Businesses/Industry:** Provides expanded mixed-use zoning; streamlined approval process; flexible commercial design standards; encourages adaptive reuse.

### Design for Well-Being

**Site Design:** New developments should aim to preserve natural areas, include traffic calming and pedestrian features, accommodate transit stops, and provide usable recreation spaces for multifamily uses.
**Building Design:** All primary buildings must feature high-quality materials, consistent architectural treatment, avoid blank façades, ensure visual interest, and pedestrian orientation.
**Transit access:** Promotes transit-oriented development (MX-T) around transit stops – reduces parking requirements, regulates pedestrian-oriented urban design, requires pedestrian-oriented streets or walkway systems extending from transit stops.

### Drive Purposeful Growth

**Arts/Culture:** Supports plazas, parks, and open spaces to host festivals, concerts and public art installations.
**Housing:** Promotes and allows for more affordable housing; permits city-wide ADUs; allows for smaller minimum lot sizes, encouraging compact development; expands multi-family zoning.



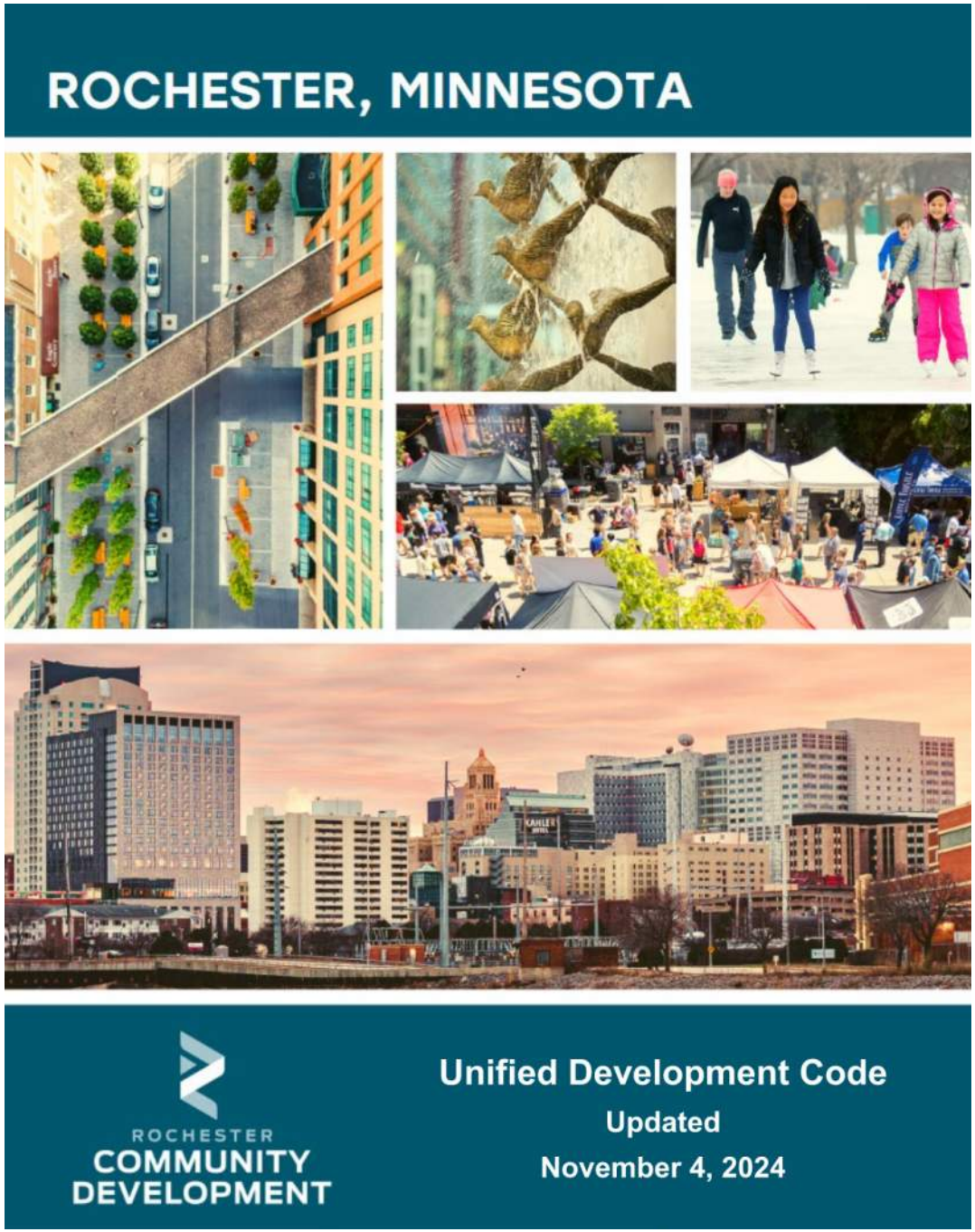
**Why it matters:**
The UDC update modernizes Rochester's zoning standards to reflect the goals of the Comprehensive Plan, supporting housing diversity, climate resilience, and streamlined development.

## COMMUNITY ENGAGEMENT

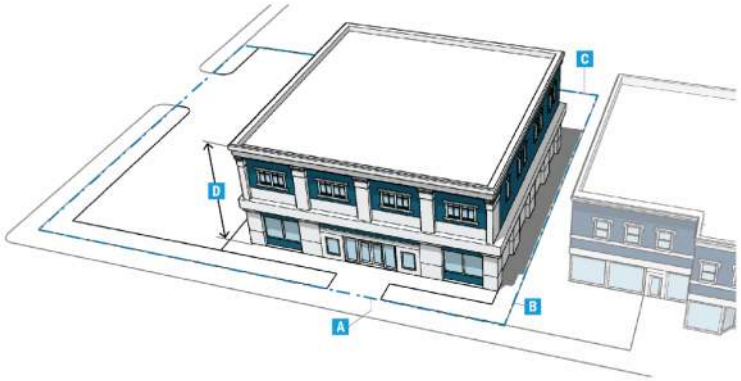
**1,143** estimated people at hosted/public events

**267** hours of in-person and virtual opportunities for community members to engage through hosted events

**3** languages used to engage


ROCHESTER, MINNESOTA
ROCHESTER
COMMUNITY
DEVELOPMENT
Unified Development Code
Updated
November 4, 2024


C
D
B
A


C
D
B
A

# PLAN ALIGNMENT
# ROCHESTER COMPREHENSIVE PLAN 2040

### Accelerate Health Innovation

**Businesses/Industry:** Emphasizing fiscal sustainability through diverse industries and growth is one of the plan's core principles.
**Workforce development:** It is critical for Rochester to consider how it can provide a competitive urban environment to attract the younger generation of future employees.

### Design for Well-Being

**Walkability and Transit Access:** Directs new development toward infill and redevelopment in existing urban areas and along transit-supportive corridors, leveraging existing infrastructure to reduce sprawl, lower service costs, and promote mixed-use, walkable neighborhoods connected by enhanced transit.
**Sustainability:** Plan aligns land use and transportation investment to guide orderly expansion, prioritize reinvestment in built-up areas, and ensure fiscally and environmentally sustainable development patterns.

### Drive Purposeful Growth

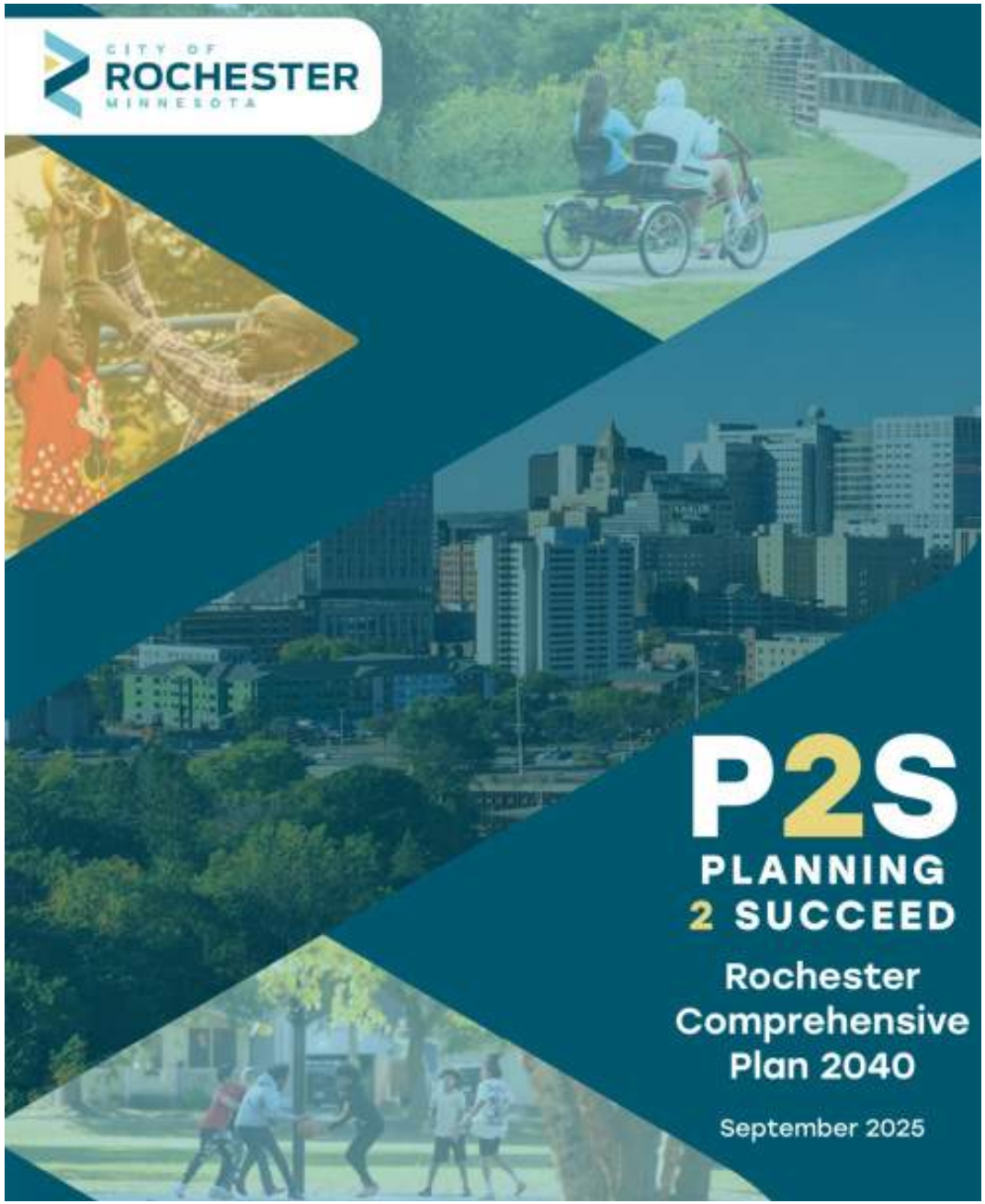
**Housing:** Provide sufficient infill and redevelopment opportunities that broaden the variety of housing.
**Recreation:** Emphasizes vibrant public spaces, and easy access to parks and recreational amenities.

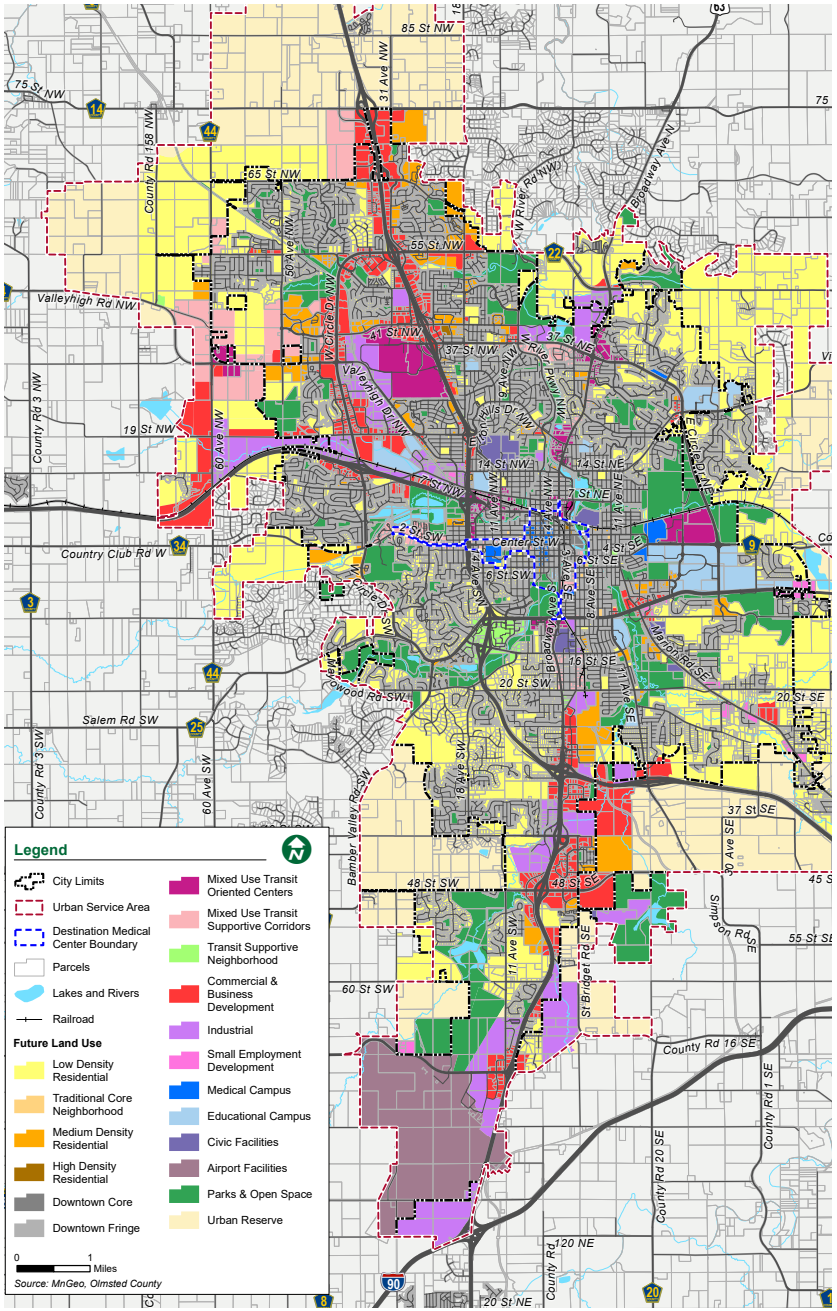


**Why it matters:**
The comprehensive plan develops a vision, guiding principles, and strategies outlining Rochester's future trajectory. The plan highlights the need for enhanced transit services, designing livable neighborhoods, infrastructure maintenance, land use patterns, and an overall big-picture plan for the city.

## COMMUNITY ENGAGEMENT

**Based on the over 7,000 public comments received during the 2018 planning process, as well as over 990 comments received from the Mayor's Vision 2050, Community Engagement Open House, and the Industrial Land Development Open House from the 2024-25 planning process, the P2S 2040 Plan Framework formalizes the vision and principles the community is committed to building.**


CITY OF
ROCHESTER
MINNESOTA
P2S
PLANNING
2 SUCCEED
Rochester
Comprehensive
Plan 2040
September 2025


Legend
City Limits
Urban Service Area
Destination Medical Center Boundary
Parcels
Lakes and Rivers
Railroad
Future Land Use
Low Density Residential
Traditional Core Neighborhood
Medium Density Residential
High Density Residential
Downtown Core
Downtown Fringe
Mixed Use Transit Oriented Centers
Mixed Use Transit Supportive Corridors
Transit Supportive Neighborhood
Commercial & Business Development
Industrial
Small Employment Development
Medical Campus
Educational Campus
Civic Facilities
Airport Facilities
Parks & Open Space
Urban Reserve
0
1
Miles
Source: MnGeo, Olmsted County
85 St NW
75 St NW
65 St NW
55 St NW
Valleyhigh Rd NW
41 St NW
37 St NW
19 St NW
14 St NW
7 St NW
2 St SW
4 St SE
16 St SW
20 St SW
Country Club Rd W
Salem Rd SW
48 St SW
60 St SW
37 St SE
20 St SE
48 St SE
55 St SE
County Rd 16 SE
120 NE
120 St NE
County Rd 158 NW
County Rd 3 NW
County Rd 3 SW
60 Ave NW
60 Ave SW
31 Ave NW
W Circle Dr NW
W Circle Dr SW
Valleyhigh Dr NW
Broadway Ave N
W River Pkwy NW
Center St W
Bamber Valley Rd SW
St Bridget Rd SE
Simpson Rd SE
County Rd 1 SE
County Rd 20 SE

# PLAN ALIGNMENT
## ROCHESTER VISION 2050

### Accelerate Health Innovation
**Businesses/Industry:** Highlights the importance of encouraging industry expansion, business development, and support for small businesses. It emphasizes the need for creating an easy, yet responsible, experience for small businesses in Rochester and developing new tools to encourage growth in both new and current businesses.
**Workforce development:** Advocates for diversifying job opportunities.

### Design for Well-Being
**Green space access:** Invest in sustainable, green spaces; preserve parks and clean up natural resources like rivers/ lakes.
**Health (physical/mental):** While Mayo creates a positive impact, healthcare accessibility and affordability are still concerns.
**Climate resilience:** Need for renewable energy.
**Transit access:** Create more transportation options.
**Non-motorized access:** Need for road and sidewalk maintenance, more bike lanes.

### Drive Purposeful Growth
**Housing:** Advocates for housing affordability for low/ medium income individuals.
**Education:** Advocates for funding youth programs and education.
**Arts/Culture:** Advocates for more farmer's markets, outdoor amphitheatres, extending arts center.



**Why it matters:**
By 2050, Rochester aims for near-zero poverty and hunger while ensuring full housing options for all income levels. 80% of feedback cited affordability as the top barrier to well-being.

## COMMUNITY ENGAGEMENT

**990**

**public comments received and summarized using GroupSolver, an intelligent digital survey platform.**


CITY OF
ROCHESTER
MINNESOTA
VISION 2050
State of the City 2025 - Mayor Kim Norton

# PLAN ALIGNMENT
## DOWNTOWN WATERFRONT SOUTHEAST SMALL AREA PLAN

### Accelerate Health Innovation
**Business/Industry:** Advocates for a mixed-use neighborhood (residential, retail, office, civic spaces, hospitality/entertainment.)
**Economic Development:** Replacing a parking lot with a mixed-use district turns idle land into a job-creating, revenue-generating hub for housing, retail, and innovation.

### Design for Well-Being
**Green Space:** Reconnects the city to the riverfront through walkable public space (pedestrian promenade, riverfront plaza) and green infrastructure.
**Green Infrastructure:** Plan reduces the amount of impervious surfaces from 95% to 85%, increases tree canopy by over 500%, and introduces an innovative district-wide stormwater management approach by combining multiple Best Management Practices.
**Non-motorized:** Includes a new 6th Street bridge; connected streets and block patterns; provides connected bike and pedestrian routes.
**Transit:** Integrated with Link BRT; highlights Transit-Oriented Development (TOD) urban design recommendations.

### Drive Purposeful Growth
**Arts/Culture:** Incorporates adaptive reuse of historic buildings.
**Housing:** Incorporates housing within mixed-use fabric.



**Why it matters:**
Redeveloping this 60-acre district will cut impervious surfaces from 95% to 85%, transforming an underutilized area into a vibrant, sustainable urban neighborhood.

## COMMUNITY ENGAGEMENT

**400+** participants

**500+** chat room comments

**4** community forums


DOWNTOWN WATERFRONT
SOUTHEAST
SMALL AREA PLAN
April 19, 2021
STACK
CITY OF
ROCHESTER
MINNESOTA

# PLAN ALIGNMENT
## RIVERFRONT SMALL AREA PLAN

### Accelerate Health Innovation
**Businesses/Industry:** The plan emphasizes supporting local, diverse, and entrepreneurial businesses. It proposes ground floor commercial spaces, market halls, and adaptive reuse of historic buildings (Red Owl and Time Theatre) to host small businesses and community events.

### Design for Well-Being
**Green Space:** The plan adds 2.5 acres of new open space, reduces impervious surfaces, and increases tree canopy fivefold. It includes terraced landscapes, native plantings, and riverfront gardens to enhance biodiversity and recreation.
**Energy Efficiency:** Sustainability is emphasized through adaptive reuse of buildings, integration with a proposed district energy network, and use of green infrastructure.
**Health:** Health is a core theme, with the plan promoting active lifestyles through trails, recreation, and access to nature.

### Drive Purposeful Growth
**Tourism:** The riverfront is envisioned as a year-round destination with public art, events, and cultural programming. Enhancements aim to attract both residents and international visitors, especially those connected to the Mayo Clinic.
**Housing:** The plan includes 500,000–700,000 square feet of new mixed-use development with a focus on affordable and diverse housing types.

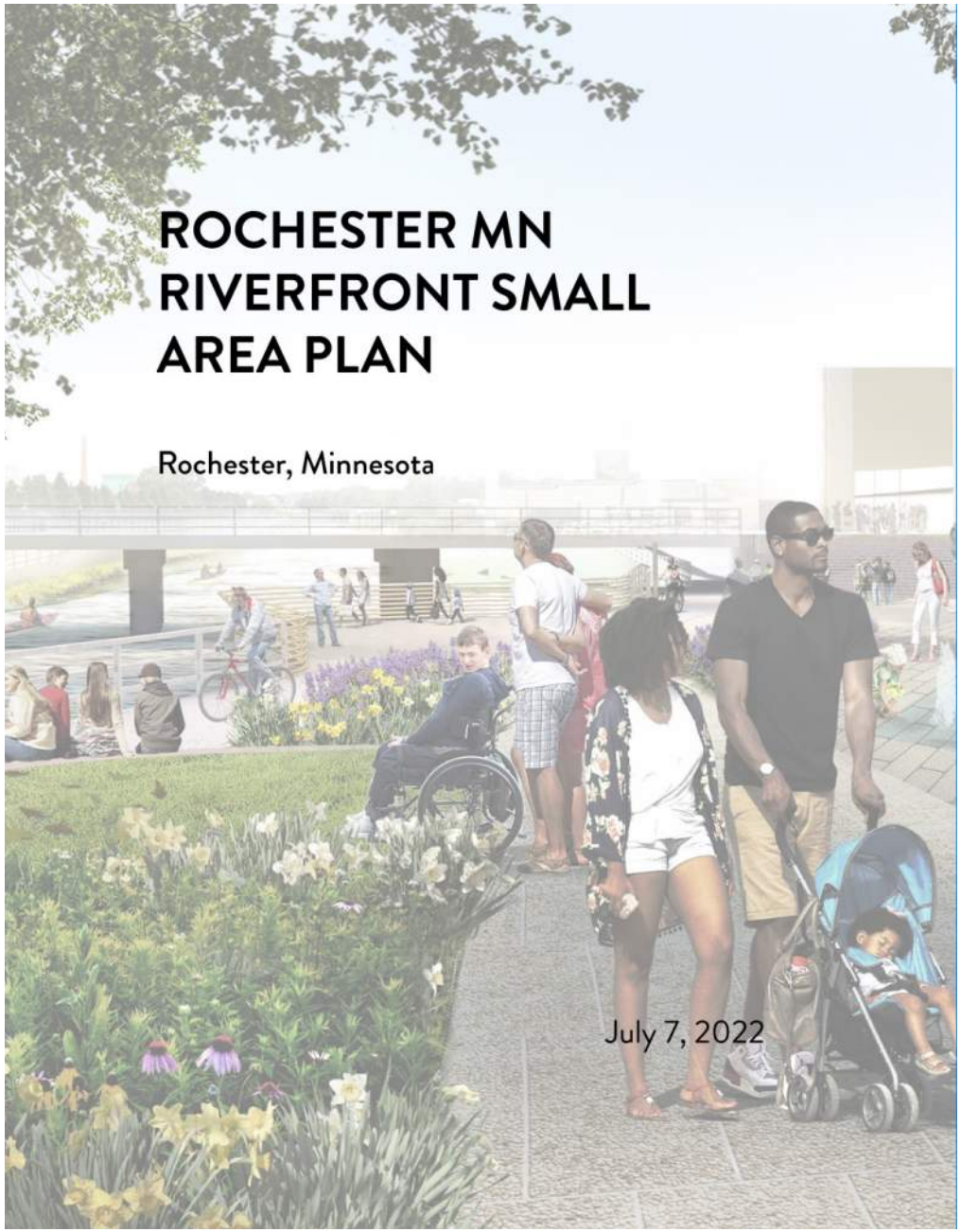
**Why it matters:**
Rochester's riverfront is over 90% impervious surface today, dominated by parking lots and underutilized buildings. Transforming these 5.5 acres into vibrant public spaces and mixed-use development will reconnect the city to the Zumbro River.

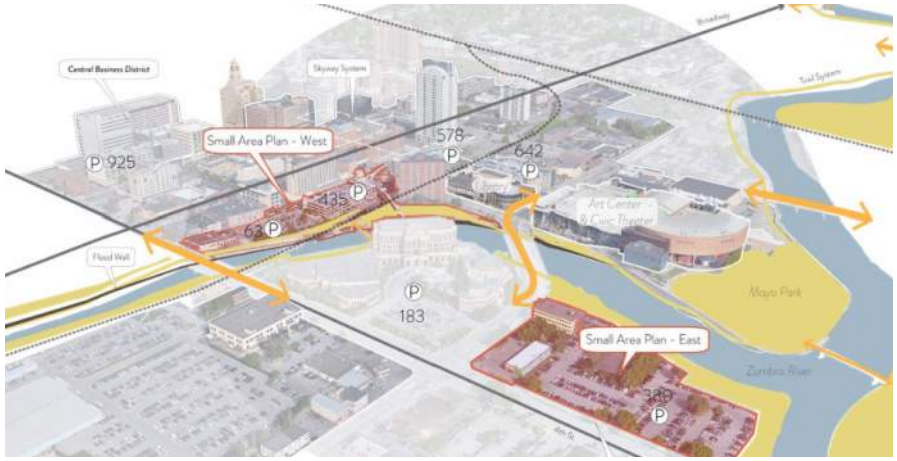
## COMMUNITY ENGAGEMENT

**400+** participants

**12** focus groups

**5** public meetings


ROCHESTER MN
RIVERFRONT SMALL
AREA PLAN
Rochester, Minnesota
July 7, 2022


Small Area Plan - West
Small Area Plan - East
925
578
642
435
63
183
Mayo Park


WEST SITE


EAST SITE

# PLAN ALIGNMENT
# HISTORIC DISTRICT VISION PLAN

### Accelerate Health Innovation

**Business/Industry:** The plan emphasizes supporting small businesses and local owners by enhancing the public realm, drawing more foot traffic, and offering financial tools such as grants, loans, and infrastructure programs. By creating a more attractive and vibrant district, it bolsters economic activity, tourism, and downtown vitality, reinforcing health and place as key strategies of economic growth.

### Design for Well-Being

**Green infrastructure:** Streetscape improvements (plantings, stormwater features, sustainable materials) are part of creating a resilient, welcoming district.
**Transit access:** The plan coordinates with upcoming Link Bus Rapid Transit and 23 bus routes serving the district, ensuring equitable mobility.

### Drive Purposeful Growth

**Arts/Culture:** The plan positions the district as a hub where art, design, and cultural storytelling infuse energy and vibrancy. Through public art, historical interpretation, and cultural programming, it seeks to celebrate the district's identity, create a sense of place, and attract residents and visitors alike.

**Why it matters:**
Rochester's historic district vision plan aims to celebrate historic landmarks and highlight how the preservation of these places create unique public realm experiences.

## COMMUNITY ENGAGEMENT

**200** participants in total

**20** interviewees during focus groups

**75** booth visitors during Thursdays Downtown Pop Up




# Part 1: The Story




# Part 2: The Energy

# PLAN ALIGNMENT
## DMC KUTZKY PARK AREA & DOWNTOWN PUBLIC REALM PLAN

### Accelerate Health Innovation
**Business/Industry:** Incentivizes and supports small local businesses through active and diverse ground floors.

### Design for Well-Being
**Green Space Access:** Strengthen Kutzky Park's green, leafy character by increasing tree canopy coverage, green pockets, and connection to regional natural assets.
**Health (physical/mental):** Promotes healthy lifestyles for all who live in, work in, and visit Rochester.
**Transit access:** Create a comfortable waiting experience and seamless, multimodal connections.
**Non-motorized access:** Prioritize safer streets for pedestrians and cyclists, and foster a stronger culture of biking.

### Drive Purposeful Growth
**Housing:** Includes strategy for gentle density (townhomes, mid-rise, etc.), mixed-use residential spaces, and tracking residential tenure.
**Quality of Life:** Emphasizes enhancing Kutzky Park's identity as a livable, walkable neighborhood.
**Arts/Culture:** Emphasizes the need for vibrant streets, increased public art installations, and varied cultural/arts programming such as Thursdays Downtown.



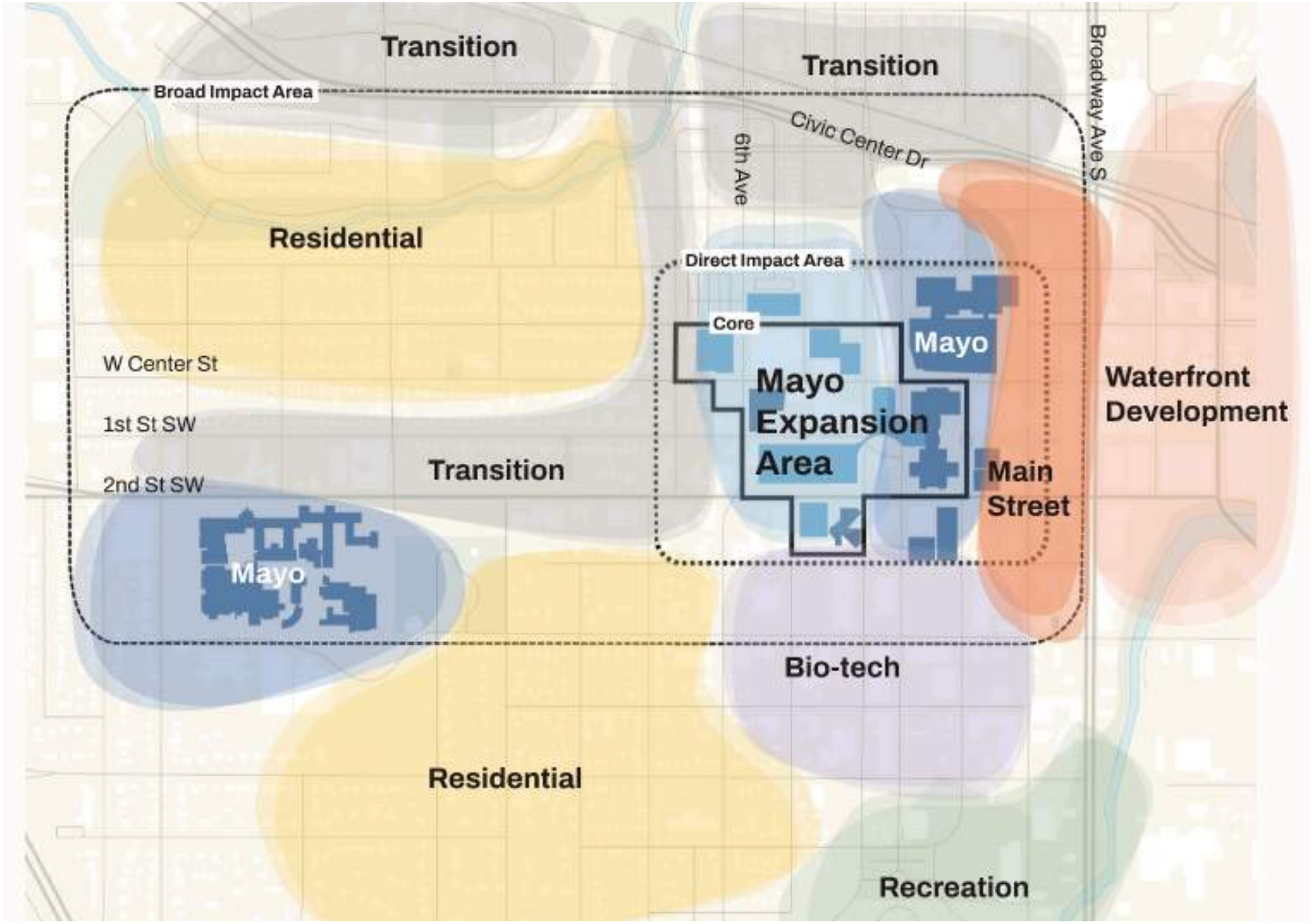
**Why it matters:** This plan responds to the changes in Rochester that are underway by laying out strategies to maintain the character and public realm of the city, ensuring Rochester remains a livable, welcoming city for all.

## COMMUNITY ENGAGEMENT

**70** individuals engaged representing neighborhood interests, hospitality, healthcare, small business, real estate development, faith institutions, and advocacy.

**50** attendees at 2 open houses

**88** survey responses


Transition
Transition
Broad Impact Area
Civic Center Dr
6th Ave
Broadway Ave S
Residential
Direct Impact Area
Core
Mayo
Mayo Expansion Area
W Center St
1st St SW
2nd St SW
Transition
Main Street
Waterfront Development
Mayo
Bio-tech
Residential
Recreation

# PLAN ALIGNMENT
## UMR CAMPUS & CLIMATE ACTION PLAN

### Accelerate Health Innovation
**Business/Industry:** Continue to partner with Mayo Clinic, DMC, City to co-locate facilities & complete urban design enhancements for livability.

### Design for Well-Being
**Health (physical/mental):** Partner to ensure UMR community has access to physical and mental health resources; develop an equitable food access plan.
**Climate resilience:** 85% greenhouse gas emissions reduction by 2034 (100% carbon-free Rochester Public Utility); UMR identified buildings existing within a 500 year flood zone - calling for future buildings to be designed to a base flood elevation; provide UMR community with guidance on safety during extreme weather events.
**Green Infrastructure:** Create design guidelines for buildings, infrastructure, and land that mitigate future climate projections.
**Transit access:** The entire UMR fleet will be battery electric or plug-in hybrid electric by 2034.
**Non-motorized access:** By 2034, over 50% of employees and 60% of students commute by bike, on foot, transit or carpool; expand green transit, EV charging, and connect One Discovery Square via skyway/ subway.

### Drive Purposeful Growth
**Education:** UMR anticipating need for new construction (to meet Minnesota sustainable energy standards; and connect to City's future TEN – geothermal network.)
**Recreation:** Facilitate multi-constituent indoor recreation facility located downtown.
**Arts/Culture:** Establish wayfinding signage in Heart of the City and throughout Downtown.



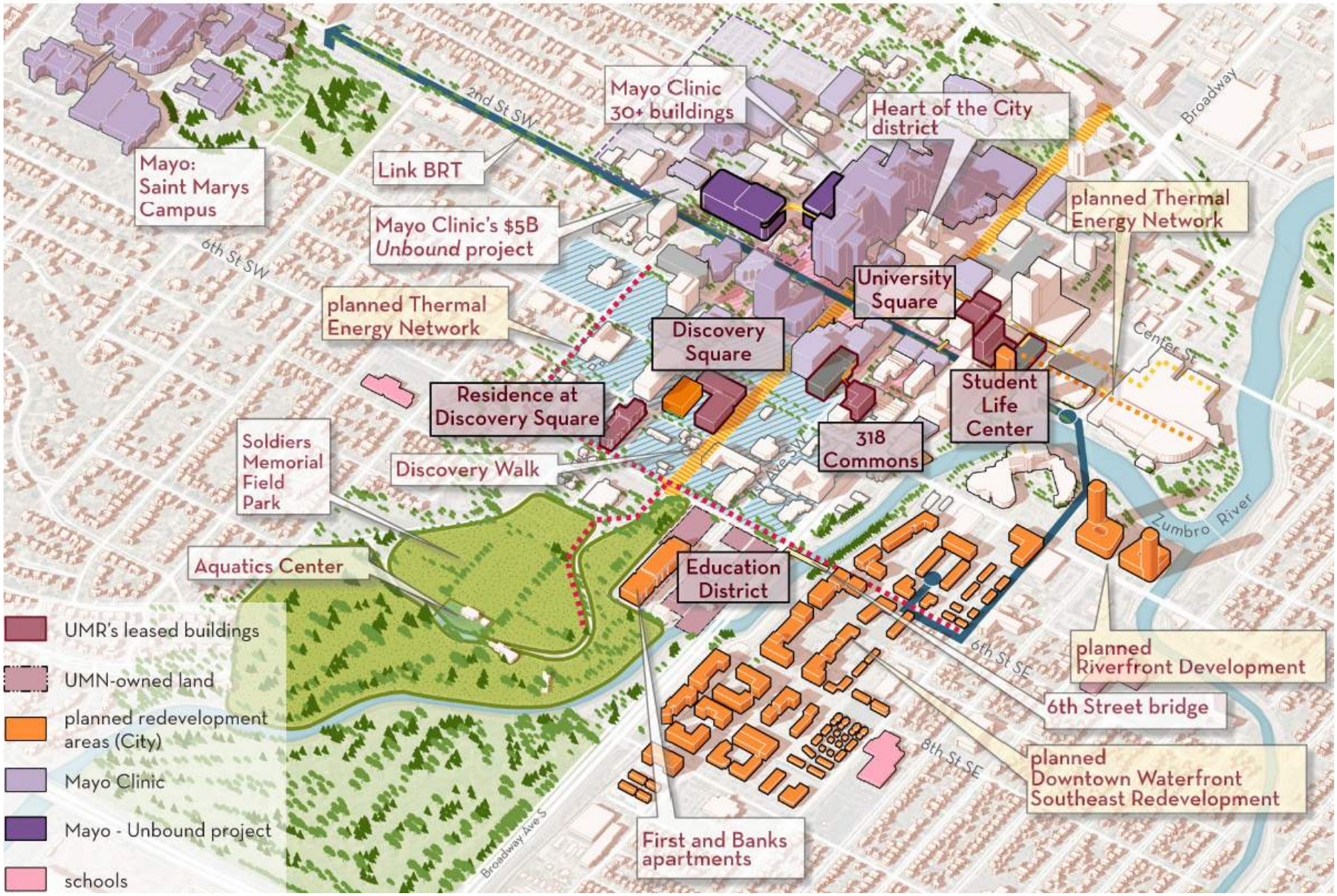
## Why it matters: Talent as Infrastructure: University of Minnesota Rochester Update

In December 2025, University of Minnesota Rochester outlined a multi-phase downtown facilities expansion strategy, reinforcing downtown Rochester as a walkable, innovation-centered community.

"In this time of growth for Rochester, spurred by the bold actions of DMC, the City, and Mayo Clinic, the University of Minnesota is ready to expand its impact, its downtown footprint, and its commitment to building the future health and life sciences workforce for Minnesota," said University of Minnesota President Dr. Rebecca Cunningham.

The expansion builds on UMR's "community campus" model, embedding academic, laboratory, and student-life spaces within existing downtown buildings near Mayo Clinic, Discovery Square, and employers. Since opening in 2009, UMR has grown from a first graduating class of 52 students in 2013 to more than 1,100 students today, many of whom live, learn, and work within DMC subdistricts. In 2025, UMR was designated an "Opportunity University" by Carnegie and the American Council on Education and generated an estimated $89.9 million in total economic impact, according to the University's most recent economic impact study.

UMR's long-term vision includes expanded labs and classrooms in Discovery Square, a future academic "heart of campus," and new student residential and recreational facilities, each aligned with shared DMC priorities around talent pipeline development, experiential learning, sustainability, and community vibrancy.


Mayo: Saint Marys Campus
2nd St SW
Link BRT
Mayo Clinic 30+ buildings
Heart of the City district
Broadway
planned Thermal Energy Network
6th St SW
Mayo Clinic's $5B Unbound project
University Square
planned Thermal Energy Network
Discovery Square
Center St
Residence at Discovery Square
Student Life Center
Soldiers Memorial Field Park
318 Commons
Discovery Walk
1st Ave SW
Zumbro River
Aquatics Center
Education District
6th St SE
planned Riverfront Development
6th Street bridge
8th St SE
planned Downtown Waterfront Southeast Redevelopment
First and Banks apartments
Broadway Ave S
UMR's leased buildings
UMN-owned land
planned redevelopment areas (City)
Mayo Clinic
Mayo - Unbound project
schools

# PLAN ALIGNMENT
# COMPREHENSIVE HOUSING NEEDS ANALYSIS FOR OLMSTED COUNTY

### Accelerate Health Innovation

**Business/Industry:** Mayo Clinic expected to grow staff by 2% per year, consistent with historical averages. Execution of Bold. Forward. Unbound. in Rochester plan is expected to increase the need for housing opportunities in the region.
**Workforce development:** Resident employment in Olmsted County increased by 14% between 2015-2024.

### Design for Well-Being

**Energy Efficiency:** The study supports initiatives like RENEW (Rochester Energy Efficiency and Weatherization) which helps income-qualified homeowners upgrade insulation, HVAC systems, windows and more.

### Drive Purposeful Growth

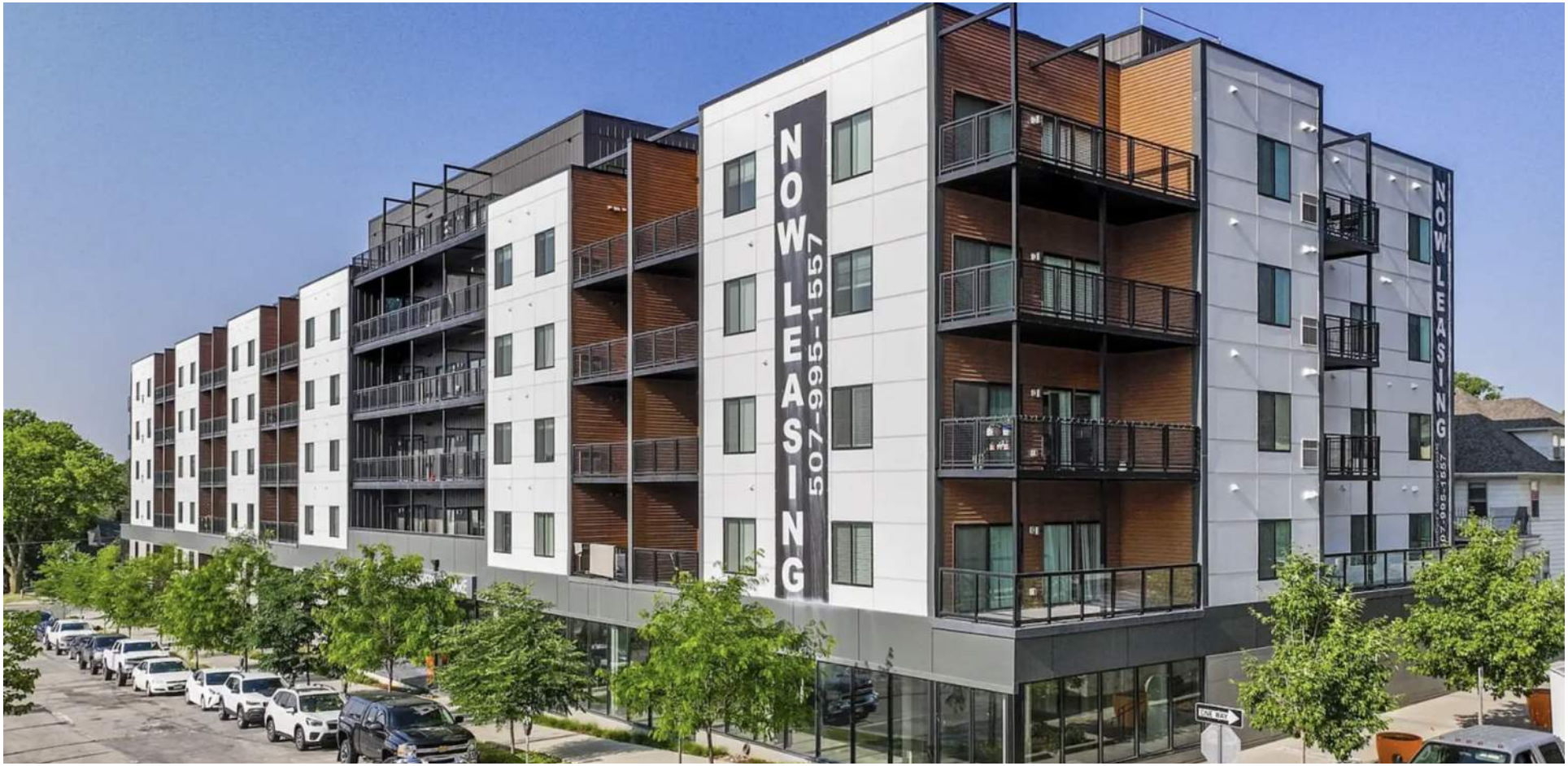
**Housing:** Despite $20 million in housing investments and 1,000 new units added since 2020, Olmsted County's projected housing needs remain unchanged at 18,000 by 2035, while affordable housing demand has dropped 26%. Rising mortgage rates, low supply, and an aging population are driving calls for targeted senior housing and inclusive homeownership strategies, especially for low-income residents and people of color.

Nearly

**18,000**

new units projected in demand for Olmsted County by 2035, including 5,880 units for seniors

**Why it matters:** the region must act now to ensure housing keeps pace with population growth, aging demographics, and workforce needs. The current rental vacancy rate of just 2.8%—well below the 5% market equilibrium—signals pent-up demand and limited options for residents across income levels.


NOW LEASING
507-995-1557
NOW LEASING





# PLAN ALIGNMENT
## INTEGRATED TRANSIT STUDIES

### Accelerate Health Innovation
**Business/Industry:** Emphasizes creating a park-once downtown environment supported by high-quality transit and shared parking.

### Design for Well-Being
**Transit access:** The plan introduces a Primary Transit Network and BRT circulator with frequent, reliable service, connecting park-and-ride facilities and mobility hubs to downtown. These investments aim to bring 30% of the workforce to downtown on transit by 2035, reducing single-occupancy vehicle trips by 60%.
**Non-motorized access:** Complete Streets and the trail network create safe, attractive spaces for walking and biking, promoting active transportation and wellness.

### Drive Purposeful Growth
**Quality of Life:** Enhanced public spaces will serve as signature placemaking features, attracting residents, visitors, and businesses. Mobility hubs will integrate retail and service amenities, creating vibrant mixed-use destinations. These improvements catalyze economic development and support Rochester's vision for a dense, diverse, 24-hour downtown.

Plan Target:

**30%**

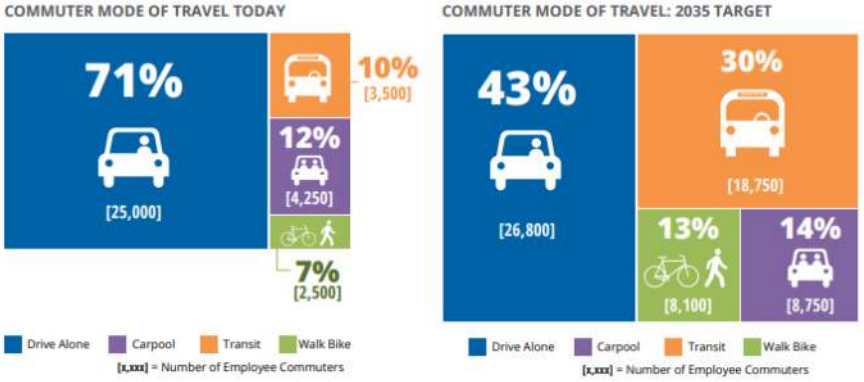
of workforce on transit by 2035

**60%**

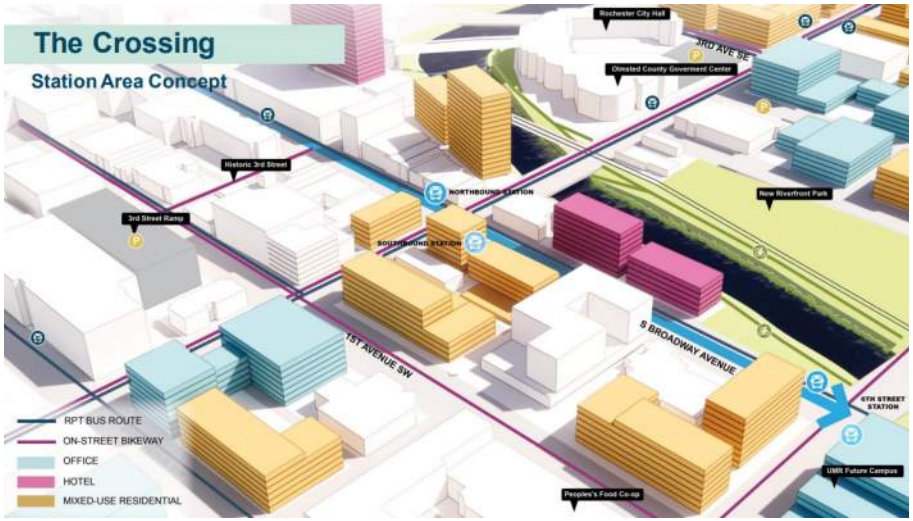
reduction in single-occupancy vehicle trips by 2040

**Why it matters:** DMC's Integrated Transit Studies ensures efficient, inclusive, and sustainable mobility, reducing congestion and parking demand while creating a vibrant, connected downtown that attracts investment and improves quality of life.


A
B
C
Cascade Lake Park
West Transit Village
Kutzky Park
Mayo Park
Soldiers Field Park
Soldiers Field Golf Course
Zumbro South Park
East Transit Village
Graham Park


COMMUTER MODE OF TRAVEL TODAY
71%
[25,000]
10%
[3,500]
12%
[4,250]
7%
[2,500]
Drive Alone
Carpool
Transit
Walk Bike
[x,xxx] = Number of Employee Commuters
COMMUTER MODE OF TRAVEL: 2035 TARGET
43%
[26,800]
30%
[18,750]
13%
[8,100]
14%
[8,750]
Drive Alone
Carpool
Transit
Walk Bike
[x,xxx] = Number of Employee Commuters


The Downtown Gateway
Station Area Concept
CENTER ST
1ST ST SW
2ND ST SW
7TH AVENUE
6TH AVENUE
3RD ST SW
WESTBOUND STATION
EASTBOUND STATION
RPT BUS ROUTE
ON-STREET BIKEWAY
OFFICE
HOTEL
MIXED-USE RESIDENTIAL


The Crossing
Station Area Concept
Rochester City Hall
Olmsted County Goverment Center
3RD AVE SE
Historic 3rd Street
3rd Street Ramp
NORTHBOUND STATION
SOUTHBOUND STATION
New Riverfront Park
1ST AVENUE SW
S BROADWAY AVENUE
6TH STREET STATION
UMR Future Campus
Peoples's Food Co-op
RPT BUS ROUTE
ON-STREET BIKEWAY
OFFICE
HOTEL
MIXED-USE RESIDENTIAL



# 03. DMC TOMORROW



# 03. DMC TOMORROW

Rochester's commitment to being America's City for Health is more than a tagline; it's a competitive strategy that positions health as our shared value and economic driver. This plan advances a city where health shapes how we innovate, how we build, and how we live. Anchored by Mayo Clinic, the world's number one hospital, and powered by DMC, a one-of-a-kind economic development model that leverages health as a shared value, Rochester stands alone. No other city in the world combines this scale of medical excellence with an intentional strategy to grow through health itself.

Health is our advantage. It fuels our economy, shapes how we build, and drives the purposeful growth that inspires people to call Rochester home.

This is the moment to sharpen our focus as we look to the future. This chapter looks at how DMC will use three key strategies to guide future decision making: Accelerate Health Innovation, Design for Well-Being, and Drive Purposeful Growth.


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Design for Well-Being..... 141
Drive Purposeful Growth..... 153
Looking Forward..... 167

# AN INFLECTION POINT
## WHY NOW MATTERS

DMC is a public-private partnership designed to leverage the growth of Mayo Clinic and other businesses and institutions within Rochester to create economic opportunity for the local community, region, and state as a whole.

From the vantage point of 2025, ten years into the DMC initiative, we find ourselves at a critical inflection point. Multiple forces are converging simultaneously: historic investment announcements, unprecedented construction activity, accelerated healthcare sector growth, and coordinated infrastructure readiness. Together, these elements create a once-in-a-generation opportunity to capitalize on momentum and make strategic choices that will shape Rochester's trajectory for decades to come.

**Bold. Forward. Unbound. in Rochester: Minnesota's Largest Construction Project Ever**

In November 2023, Mayo Clinic announced a $5 billion commitment to expanding its Rochester campus—the largest investment in Mayo's 160-year history and the largest public or private investment in Minnesota's history. Bold. Forward. Unbound. in Rochester is a multiyear strategic initiative that advances Mayo Clinic's Bold. Forward. strategy to Cure, Connect, and Transform healthcare for the benefit of patients everywhere.

The initiative reimagines Mayo Clinic's downtown Rochester campus, introducing new facilities with a combination of innovative care concepts and digital technologies. According to Mayo CEO Gianrico Farrugia, the project will "blur the lines across hospital, clinic, and digital care to help our teams anticipate our patients' needs, accelerate more cures and greater connections to our patients."

This unprecedented investment signals Mayo's long-term commitment to Rochester and creates a catalyst for complementary development. The scale and timeline of this project, with facilities opening between 2028 and 2030, establishes a clear window for the community to prepare infrastructure, attract supporting businesses, and position Rochester to maximize the economic and social benefits of this transformational expansion.



### Overall Construction Permit Volume in Rochester: A New Record in 2025

The DMC initiative envisioned significant private investment beyond Mayo Clinic alone, and overall construction permit volume demonstrates that this vision is materializing. Community-wide growth has accelerated dramatically, with the jump from 2024 to 2025 marking a particularly significant milestone.

| Year | Average permit value per year ($USD) | Rate of Growth by decade |
|---|---|---|
| 2005-2014 | $290,230,845 | baseline |
| 2015-2024 | $520,462,135 | 79% |
| Year end 2025 | $1,186,484,386 | 128% |



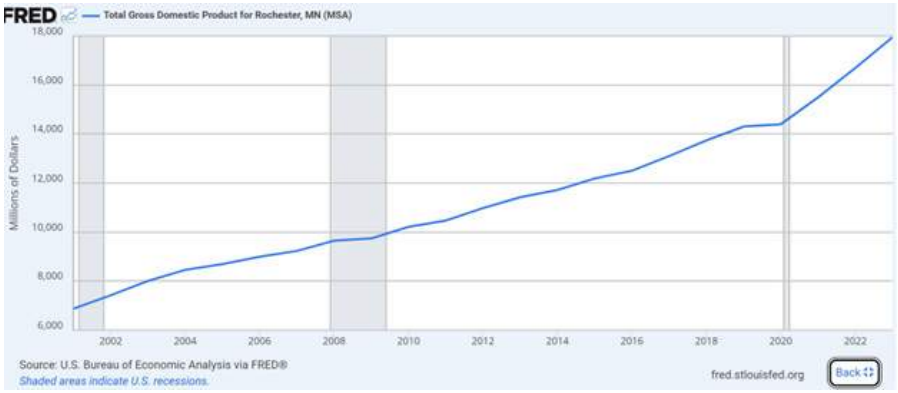

Multiple developers and businesses are making simultaneous commitments to Rochester, creating a narrow window where coordinated planning and investment can ensure these individual projects add up to a cohesive, thriving district rather than disconnected developments. This surge in activity won't last indefinitely—capturing its full potential requires strategic action now.

### Post-COVID Growth of the Healthcare Sector

The Rochester Metropolitan Statistical Area (MSA) has a significant concentration of the national Healthcare and Social Assistance Gross Domestic Product (GDP), reflecting the strength of Mayo Clinic. This concentration is particularly noticeable when considering Rochester's size by analyzing the Healthcare and Social Assistance GDP per resident. Rochester has nearly five times the GDP per resident than the national average, and more than twice the GDP per resident than the next highest MSA.

Because Rochester is a well-established healthcare hub, its Healthcare and Social Assistance GDP growth is similar to the growth rate in the US overall. Both national and local trends show strong healthcare growth after COVID-19.

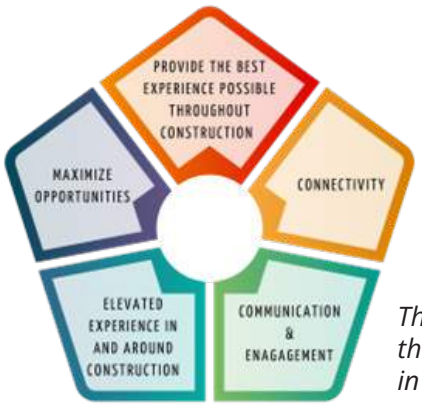
# AN INFLECTION POINT
## WHY NOW MATTERS



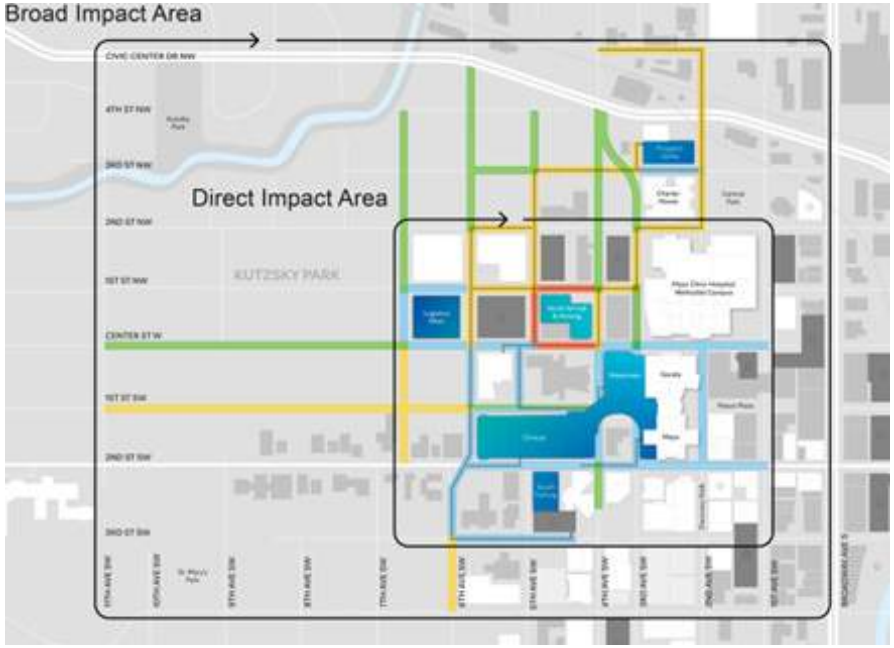

This accelerated growth creates immediate demand for supporting infrastructure, housing, amenities, and complementary businesses. The community must act decisively to ensure this economic expansion translates into broad-based prosperity, quality of life improvements, and the kind of vibrant urban environment that attracts and retains the talent needed to sustain this growth trajectory.

### Generational Infrastructure Investment in the DMC District

Another defining aspect of the DMC District's development is the pace of horizontal infrastructure improvements: streets, sewer capacity, streetscape enhancements, and related systems. Through combined public investments by the City of Rochester and DMC during the first ten years, multiple private development improvements, and infrastructure projects already underway, over 71% of the linear feet of streets within the DMC District will have received infrastructure investment. Infrastructure investments of this scale typically occur over 50-100 years as streets reach the end of their natural lifecycle. Rochester has a rare opportunity to rebuild nearly three-quarters of the DMC District's street infrastructure within a concentrated timeframe, allowing for coordinated implementation of 21st century systems: enhanced utilities, complete streets design, sustainable stormwater management, and digital connectivity, all at once. This concentration of infrastructure readiness, combined with Mayo's Bold. Forward. Unbound. in Rochester construction timeline and surging private investment, creates ideal conditions for transformative district-wide development. Missing this window would mean waiting generations for similar opportunities.




*The City-DMC-Mayo Clinic approach to the infrastructure investments happening in the surrounding almost 30 city blocks.*




*The planned and funded street infrastructure in the surrounding Bold. Forward. Unbound. in Rochester impact area.*

**The Inflection Point: Why Now Matters**

These four forces—Mayo's historic expansion, record-breaking private investment, accelerated healthcare sector growth, and concentrated infrastructure readiness—are converging in 2025. Individually, each represents significant opportunity. Together, they create conditions that occur perhaps once per century in a community: the alignment of anchor institution commitment, market confidence, economic momentum, and public infrastructure capacity.

The choices Rochester makes in the next 2-3 years will determine whether this inflection point becomes a true transformation, establishing Rochester as a global model for health innovation and livable urbanism, or simply a period of growth that doesn't fully realize its potential. The updated DMC Development Plan provides the strategic framework to seize this moment.

# AN INFLECTION POINT

## AMERICA'S CITY FOR HEALTH: FROM TAGLINE TO COMPETITIVE STRATEGY

Destination Medical Center began with a bold vision to position Rochester, Minnesota as the world's leading destination for health and wellness. A decade into this 20-year initiative, that vision is becoming reality. DMC has helped catalyze 17,500 new jobs, attracted $1.8 billion in private investment, and supported the development of 400,000 square feet of research and innovation space. Downtown housing has doubled, and 15 underutilized city blocks have been transformed into vibrant, connected places.

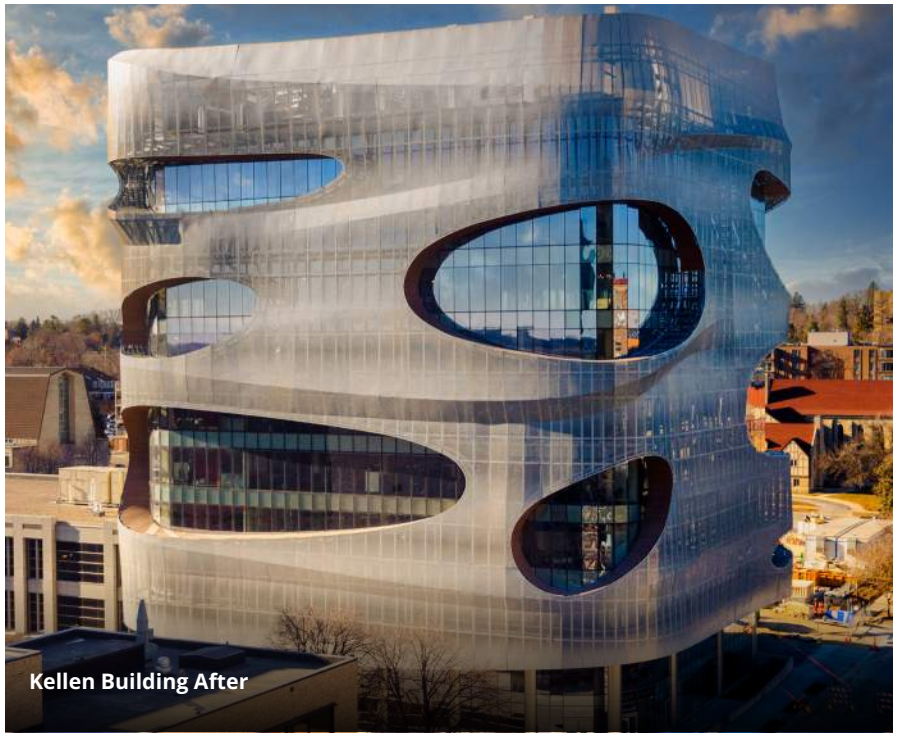
These outcomes reflect the strength of aligned leadership, deep community engagement, and a shared commitment to excellence. As Rochester enters the second half of the initiative, DMC is sharpening its focus through three strategic priorities: Accelerate Health Innovation, Design for Well-Being, and Drive Purposeful Growth. These priorities define Rochester's competitive strategy as America's City for Health. They are not a list of projects, but a framework for guiding investment, shaping decisions, and aligning efforts across sectors.

With Mayo Clinic at the center and a growing ecosystem of partners, Rochester is becoming a national model for health-driven urban development. This vision captures the progress made and sets the stage for the next decade, driven by purpose, guided by strategy, and committed to lasting impact.

**ACCELERATE HEALTH INNOVATION**



Kellen Building Before

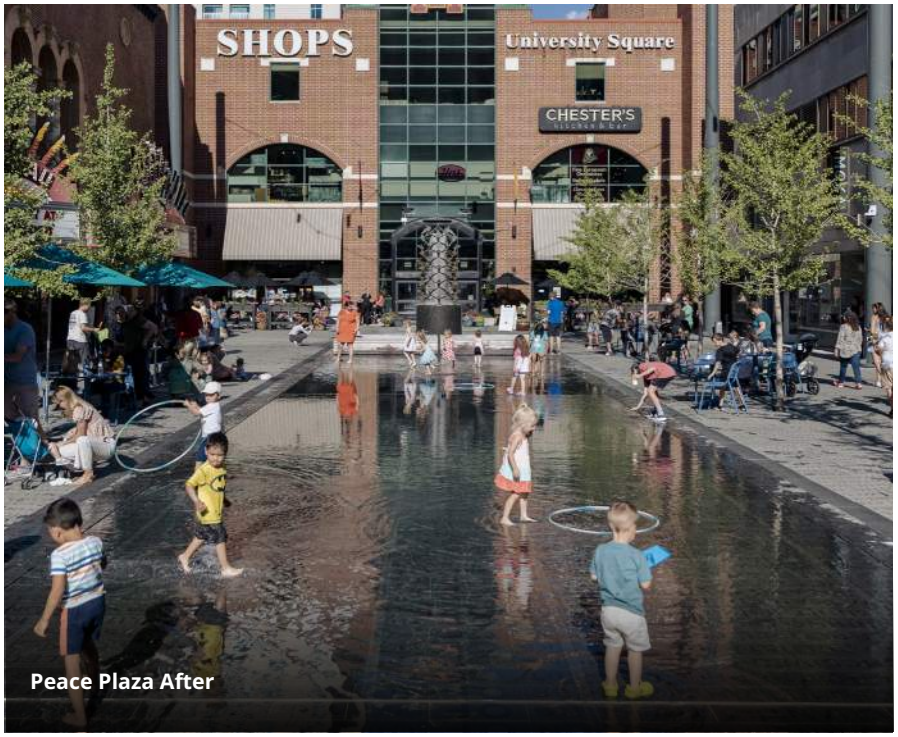


Kellen Building After

## DESIGN FOR WELL-BEING

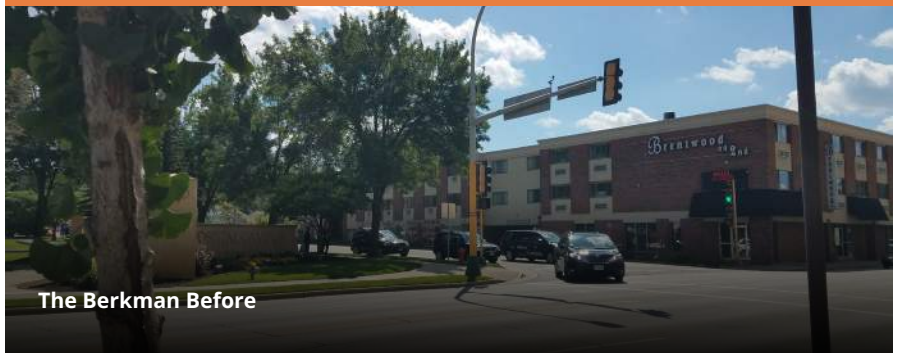



Peace Plaza Before




Peace Plaza After

## DRIVE PURPOSEFUL GROWTH



The Berkman Before




The Berkman After

# AN INFLECTION POINT
# **THREE STRATEGIC PRIORITIES**



### Accelerate Health Innovation
We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.

### Design for Well-Being
We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.

### Drive Purposeful Growth
We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.



## A CASE STUDY IN ACCELERATING INNOVATION

### Kendall Square at MIT

Kendall Square at MIT is a globally renowned innovation district where academia, biotech, and tech converge. Anchored by MIT, it hosts startups and giants like Google and Biogen. Innovation here drives Cambridge's economy, generating over 35,000 jobs, attracting billions in venture capital, and contributing one-third of the city's property taxes, while fueling education, housing, and public services. To learn more visit the Kendall Square Association website: https://kendallsquare.org/



## A CASE STUDY IN DESIGNING FOR WELL-BEING

### Creating Community Gardens for All Ages

This initiative by 8 80 Cities promotes inclusive community gardens designed for people of all ages and abilities. By transforming underused spaces into vibrant, shared environments, the project fosters social connection, healthy living, and intergenerational engagement. These gardens go beyond food production; they create places where neighbors can gather, learn, and thrive together. To learn more, visit: https://www.880cities.org/portfolio_page/creating-community-gardens-for-people-of-all-ages/




## A CASE STUDY IN DRIVING PURPOSEFUL GROWTH

### Education Sector as a Draw to Ann Arbor, MI

Ann Arbor's education sector, led by the University of Michigan, attracts students, researchers, and entrepreneurs, fueling innovation and job growth. Its academic excellence supports a thriving arts scene, medical research, and tech startups. Events like the Ann Arbor Art Fair and university sports draw visitors, while walkable neighborhoods and cultural amenities make it livable. To learn more visit the Ann Arbor Spark webpage: https://annarborusa.org/why-ann-arbor/quality-of-life/

# AN INFLECTION POINT
# ECONOMIC ANALYSIS METHODOLOGY

**Understanding Potential**
The economic analysis in the following pages first benchmarks the future size of industry clusters in Rochester based on local, competitor city, and national growth trends and capture rates to show opportunities for growth and potential risks. Growth benchmarks are used to identify the enabling vertical development, horizontal development, policy, and program interventions.

The future potential analysis is organized by the DMC Plan Update's three strategic priorities: Accelerate Health Innovation, Design for Well-Being, and Drive Purposeful Growth, to frame how Rochester and DMC can unlock future potential.



## Accelerate Health Innovation

- **Research & Technology ("HealthTech"):** Innovation and startups, including MedTech, BioTech, and Healthcare AI.
- **Health & Wellness:** Encompasses healthcare, care services (like eldercare and childcare), and wellness industries that support lifestyle and recovery.



## Design for Well-Being

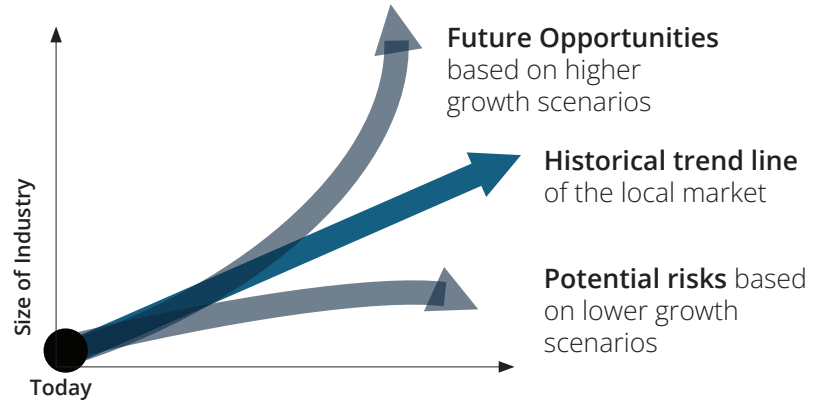
- Analysis for well-being in the DMC district is not focused on industries but rather based on performance areas outlined in **AIA Minnesota's Center for Sustainable Building Research 21st Century Development** including: place, water, energy, health & happiness, materials, equity, and beauty.



## Drive Purposeful Growth

- **Experience Economy:** Draws visitors and residents through hospitality and convention, arts, culture, entertainment, and sports

## How to read charts on the following pages:




## Interventions for Unlocking Higher Growth

The following pages outline potential interventions to catalyze industry growth through vertical and horizontal development, policy alignment, and targeted programs. It emphasizes infrastructure, talent pipelines, and partnerships to support innovation and attract investment. Most all of these interventions will require multiple partners to coordinate and work together in order to realize the opportunity. By enhancing the district's physical and economic environment, Rochester can unlock higher growth and position itself as an international destination.

**Vertical development** to meet market demand and enable strategic growth

**Horizontal development** to support vertical development and improve overall district experience

**Policies** to incentivize new development and foster targeted sector growth

**Programs** to strengthen partnerships, broaden the appeal, and smoothen implementation

# ACCELERATE HEALTH INNOVATION



**Accelerate Health Innovation**

We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.

# ACCELERATE HEALTH INNOVATION
## OVERVIEW

**DMC Guiding Principles that are most closely tied to Accelerate Health Innovation:**

- Sustain Rochester and Southeast MN as a Destination Medical Center and Economic Engine for the State
- A Comprehensive Strategy to Drive Economic Development and Investment
- A Market Driven Framework & Strategies
- Technology and Innovation to Promote a Globally Competitive Destination

**Accelerating Health Innovation:**
**Discovery Square as an Economic Engine**

Over its first decade, DMC has transformed Discovery Square from a concept into a functioning innovation district that connects Mayo Clinic's research and clinical strengths with entrepreneurs, startups, and global companies. This deliberate approach, grounded in public investment and institutional partnership, has moved Rochester from a one-dimensional healthcare economy to a globally connected innovation ecosystem.

Rochester's economy is centered around Mayo Clinic, which serves as the city's anchor institution. As described in the DMC Development Plan (2015), Discovery Square is the keystone to the DMC economic development strategy, providing a new "address" for the future of bioscience, research, education, and technology innovations. The vision for the sub-district borrowed from Mayo Clinic's integrated care model to create an integrated district founded in the principles of translational medicine. Mayo Clinic, private partners, and institutions are brought together in the district, organized around a central set of infrastructure investments designed to foster communication and the sharing of ideas. Rochester's innovation economy is driven by a combination of key factors that will foster growth, attract investment, and further position Rochester as a hub for medical and technological advancements. These elements: capital, entrepreneurial ability, labor, and infrastructure, work together to create an environment where innovation thrives.

DMC's economic development mission is to grow and attract companies that develop technologies to improve patient outcomes. Achieving this requires a globally connected network of researchers, clinicians, and entrepreneurs supported by world-class infrastructure.

**Laying the Groundwork: Building the Physical and Institutional Infrastructure (2015–2025)**

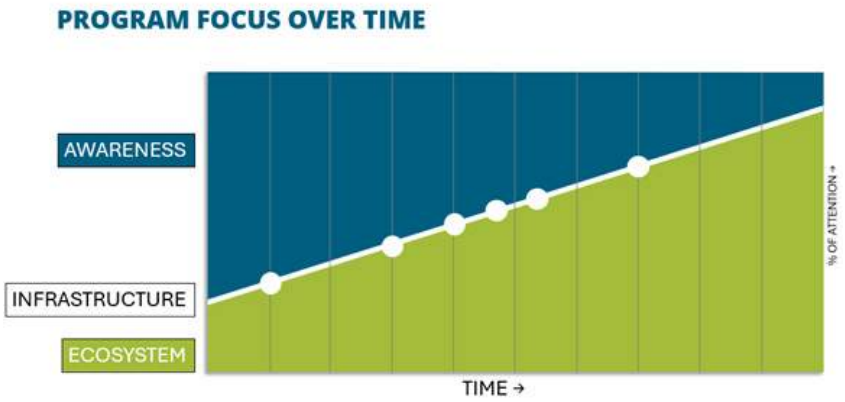
Infrastructure, particularly in life sciences, is a key driver of innovation, and strategic investments have supported its growth. The 2015 DMC plan set a goal of 1,020,000 square feet of biotech space, and as outlined in Section 2 (pp. 48-52) several new projects were built, providing a strong foundation for startups and businesses to expand.

From the outset, DMC's strategy was focused on building the conditions for growth rather than chasing individual deals. The early years were about establishing capacity. We built the infrastructure, partnerships, and shared assets that would allow innovation to take root and grow. These investments, centered in Discovery Square, now provide the foundation for the next phase: attracting and expanding companies that turn discovery into impact.

With this infrastructure in place, Rochester is positioned for continued growth in biotechnology, healthcare, and medical technology. Its concentration of physicians, scientists, and researchers will drive future collaboration, attracting companies focused on developing next-generation treatments, devices, and therapies. At the same time, the city's expanding talent pool ensures businesses and research institutions have access to the skilled professionals needed to sustain innovation and meet industry demand. Capital will be essential to expanding Rochester as a research and innovation hub. Continued access to funding will enable startups, established firms, and research institutions to scale operations, develop emerging technologies, and bring new discoveries to market. As the biotech, healthcare, and technology sectors grow and converge within the DMC district, increasing investment will further accelerate innovation and advance Rochester's position as a leader in these industries.

The following section outlines the DMC district's growth from 2015 to 2024, highlighting changes in infrastructure, business growth, and biotech investment. This analysis will illustrate the DMC initiative's impact on Rochester's economic and innovation landscape.

The model that DMC is using follows the concept shown below: key infrastructure investments punctuate this timeline to support the growth and evolution of that ecosystem as awareness builds and becomes more self-sustaining.



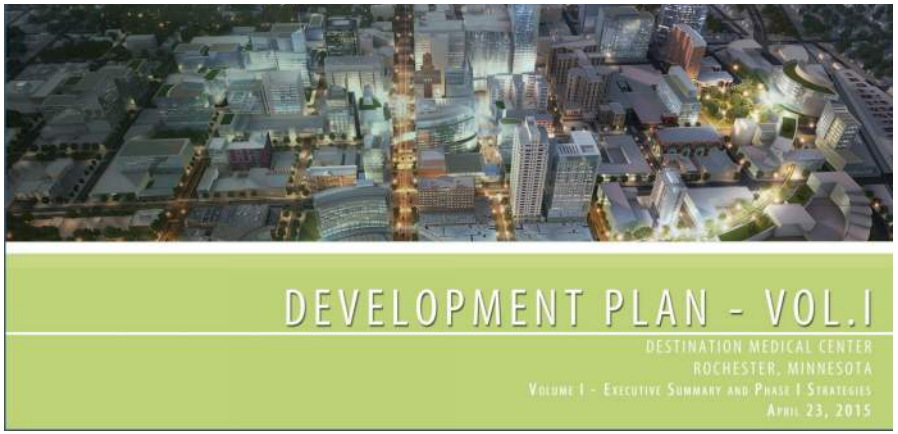
# ACCELERATE HEALTH INNOVATION
## OVERVIEW

**Building the core Discovery Square vision over time**
The original DMC Development Plan outlined a vision for the Discovery Square subdistrict as the economic engine of the DMC initiative:

**DMC Development Plan Vision (2015)**
A new address for the future of bio-medical, research, and technology innovation, Discovery Square is a keystone to the DMC economic development strategy. The subdistrict borrows from Mayo Clinic's integrated care model to create an integrated district founded in the principles of translational medicine. Mayo Clinic, private partners, and institutions are brought together in the district, organized around a central park and translational cloud, designed to foster communication and the sharing of ideas.

**Discovery Square Project Plan (2016)**
The DMC Development Plan vision was further elaborated upon with the 2016 Discovery Square project plan, which called for a bold vision to extend Mayo Clinic's innovation capacity beyond its walls, creating a dynamic district where clinicians, researchers, entrepreneurs, and companies could collaborate to accelerate the translation of new ideas into patient-impacting solutions.

That plan for Discovery Square outlined an implementation plan for a new "address" for the future of bioscience, research, education, and technology innovations as the first major step in implementing the DMC development strategy by leveraging DMC public investment and bringing significant, additional private capital investment to Rochester and the State of Minnesota.






**One Discovery Square (2019) and Two Discovery Square (2022)**
Responding to the vision for Discovery Square, Mortenson served as both the developer and builder of the 90,000-square-foot, four-story bioscience building, which was the first major development in the sub-district. When the building opened, Mortenson had 85% of the building accounted for through leases or letters of intent, and it was fully leased by April 2021.

Building on the momentum of One Discovery Square, Mortenson also developed and built Two Discovery Square. This building is more focused on research and development than the first building, designed for the needs of biotech, life science, and medtech companies, offering space for labs, offices, research, and biomanufacturing. The building is equipped to handle greater demand for power and utilities than a standard office building, with structural reinforcement providing vibration mitigation to support heavy specialized equipment.

**DMC Awareness and Perception Study (2022)**
DMC's 2022 Awareness and Perception Study reinforced the importance of that vision, showing that while Rochester's assets are globally competitive, greater awareness, connectivity, and market visibility are needed to fully position Discovery Square and the broader DMC district as a destination for innovation and investment.



# ACCELERATE HEALTH INNOVATION
## OVERVIEW

**Anna-Maria and Stephen Kellen Building (2023)**
The building was initially announced in 2019 as a four-story building, but the pandemic experience demonstrated the need to grow and accelerate scientific advancements, so the plan almost tripled in size to eleven stories with 176,000 square feet of flexible laboratory space. The $120 million facility opened in December 2023.

The Kellen Building represents Mayo Clinic's anchor investment in the Discovery Square district, serving as both a major research facility and a catalyst for collaboration with the private sector bioscience buildings (One, Two, and future Three Discovery Square). Its presence, combined with Mayo Clinic's decision to lease space in Two Discovery Square, demonstrates the integration between Mayo's research mission and the broader entrepreneurial ecosystem DMC is cultivating in Discovery Square. The building embodies the vision of Discovery Square as a place where Mayo researchers, startups, established companies, and entrepreneurs can interact and collaborate to advance health innovation.

**Discovery Walk (2024)**
Discovery Walk is a 4-block linear parkway through Discovery Square that extends the collaborative environment within One and Two Discovery Square to the outdoor space. The $18.5 million DMC-funded public infrastructure project connects the Heart of the City with Discovery Square and Soldiers Field, creating an outdoor extension of the innovation district while prioritizing equity through community co-design, integrated art, and inclusive contracting practices.



**BioLabs Rochester, MN (2025)**
The arrival of BioLabs marks a pivotal moment in the Discovery Square story. It introduces a proven national model for shared lab space that lowers barriers for new companies and connects directly to Mayo Clinic's research enterprise. Together with the public realm investments like Discovery Walk, Rochester now has a more complete set of assets, as envisioned in the original DMC plan.

The BioLabs announcement represents a transformative moment for Discovery Square—bringing a proven national shared lab operator to Rochester for the first time. It addresses a critical gap in Rochester's entrepreneurial ecosystem by providing accessible lab space and infrastructure for early-stage biotech startups, enabling researchers at Mayo and beyond to more easily transition ideas into companies. The October 2025 announcement, with a planned late 2026 opening, demonstrates how the Discovery Square infrastructure built over the past several years is now attracting the type of innovation-supporting tenants that were envisioned in the original DMC plan.

**From Infrastructure to Activation**
With the foundation built, the next decade must focus on activation. The task now is to accelerate company growth, deepen partnerships, and strengthen Rochester's position within the global health technology network. BioLabs, Discovery Square, and DMC's business development team will lead this work by connecting innovators to space, talent, capital, and markets.

**Sustainability and Equity Alignment**
Each of DMC's Strategic Priorities is strengthened by a shared commitment to sustainability and equity, ensuring that DMC investments support both environmental leadership and inclusive access to Rochester's growing prosperity. These alignments guide not only what DMC invests in, but how investments are shaped, evaluated, and carried forward over time, supporting long-term community well-being.

DMC supports growth in health technology, research, and entrepreneurship that creates high-quality jobs and advances innovation.  Building an equitable and resilient workforce requires supporting educational programs, inclusive hiring practices, and strategies that attract and retain diverse talent, ensuring economic growth benefits all Rochester residents.

Equally important, sustainable growth requires balancing economic opportunity with environmental stewardship by managing resources responsibly and by considering who benefits from growth, while ensuring equitable access to both the jobs created by growth and the benefits of a thriving community.

# ACCELERATE HEALTH INNOVATION
## OVERVIEW

**The Next Decade: Building a Globally Connected Health Innovation Ecosystem**
The next decade of DMC's work will move from building capacity to accelerating outcomes. With Discovery Square established as the physical and cultural center of Rochester's innovation economy, our focus now shifts to activation. We will strengthen awareness, deepen connections, and expand Rochester's role as a connector between local assets and global opportunity.

This direction builds directly on the vision set in the original 2016 Discovery Square Master Plan. The plan called for a dense, connected district where research, clinical practice, entrepreneurship, and industry come together in a shared environment. It imagined Discovery Square as a place that brings global partners into close proximity with Mayo Clinic and creates a steady flow of ideas, talent, and investment. The next decade turns that vision into sustained economic and innovation impact.

DMC's work will continue to balance long-term ecosystem development with targeted efforts that bring aligned companies and partners to Rochester. These priorities shape how we build, how we invest, and how we present Discovery Square to the world. They come together through three interconnected areas of focus: Infrastructure, Awareness, and Ecosystem.

- **Infrastructure:** Continue building the physical and digital assets envisioned in the Master Plan. Priorities include expanding flexible wet lab space, improving digital and data infrastructure, and supporting housing and amenities that help attract talent and investment. These assets create the platform where new companies can start, scale, and grow.
- **Awareness:** Strengthen global visibility for Rochester by telling a clearer and more unified innovation story. Building on the 2022 Awareness and Perception Study, DMC will work with Mayo Clinic, BioLabs, and statewide partners to position Discovery Square as a premier destination for collaboration and investment. This includes proactive engagement with companies and partners who would benefit from proximity to Mayo Clinic and the region's health technology strengths.
- **Ecosystem:** Deepen the networks and partnerships that bring the Master Plan to life. This includes connecting researchers, clinicians, entrepreneurs, and industry partners through shared programming, stronger collaboration, and opportunities that link discovery to commercialization. DMC will help local innovators reach global markets and invite global partners to engage with the assets concentrated in Rochester.
- **Goal:** Create an environment where networks, talent, and collaboration grow naturally and where companies choose Rochester because it is the best place to develop solutions that improve patient care.

**Characteristics of the DMC Approach to Health Innovation:**
The DMC approach reflects the vision set in the 2016 Discovery Square Master Plan, which called for a connected district anchored by shared assets, strong institutional partners, and an environment where collaboration drives discovery and commercialization. It also responds to the 2022 Awareness and Perception Study, which highlighted the importance of a clearer identity, stronger networks, and greater global visibility for Rochester's innovation strengths.

This approach builds long-term capacity while engaging companies and partners whose work deepens activity in Discovery Square and benefits from proximity to Mayo Clinic.

Key Attributes:

- Public dollars create shared assets that support many organizations and strengthen the overall environment for research and innovation.
- Emphasizes capacity building rather than direct subsidy, ensuring public investment serves multiple users over time.
- Positions the public role as strategic and catalytic, shaping the conditions where research, entrepreneurship, and industry partnerships can grow.
- Builds a self-reinforcing environment rather than one-off deals by focusing on partners who strengthen district activity, research pipelines, and commercialization pathways.
- Depends on strong anchors such as Mayo Clinic and regional universities whose presence drives discovery, talent development, and global interest.
- Requires a collaborative culture, a skilled workforce, access to early-stage capital, and the patience needed to build an innovation economy that compounds over time.
- Works best for innovation-driven industries with pathways that move from research to product development and market adoption.
- Measures success through research output, startup formation, talent growth, network strength, and the flow of aligned companies choosing Rochester because of the advantages offered by Discovery Square.
- Creates sustainable, broad-based, long-term economic impact that strengthens Rochester's identity as a global center for health innovation.

**Measuring Progress and Impact**

DMC's innovation strategy will track progress through activity and outcome metrics that reflect growth, collaboration, and global reach.

These measures align with the goals of the 2016 Discovery Square Master Plan and respond to the 2022 Awareness and Perception Study, which emphasized the need for stronger visibility, clearer market positioning, and a more connected innovation community.

The metrics will help evaluate how Discovery Square functions as an active, collaborative, and globally relevant district, and how effectively DMC attracts and grows mission-aligned companies.

- Startup formation and expansion within Discovery Square, signaling the strength of the pipeline and the health of the district environment.
- Private capital investment leveraged through DMC supported initiatives, showing increased confidence from investors and partners.
- Utilization of shared assets such as BioLabs Rochester, MN reflecting demand for flexible lab space and the value of district infrastructure.
- Growth in collaborative research, clinical partnerships, and commercialization activity tied to Mayo Clinic and regional partners.
- Increased visibility and global engagement through trade missions, targeted outreach, and ecosystem events that expand Rochester's reach.
- Attraction and retention of companies that align with Rochester's health innovation strengths and contribute to activity within Discovery Square.

These metrics will help DMC evaluate progress, guide future investment, and ensure that Discovery Square continues to grow as a globally connected center for health innovation.

# ACCELERATE HEALTH INNOVATION
## UNDERSTANDING MARKET POTENTIAL: HEALTHTECH

**Understanding the Market Potential of Health Innovation**
Additional economic analysis has been performed in two of the DMC core areas most directly tied to this strategic priority: Research & Technology and Health & Wellness to help bring this strategic priority into even further focus. The results of each of these two industry analyses are below by topic area, followed by some potential interventions that could unlock even higher growth in each of these areas.

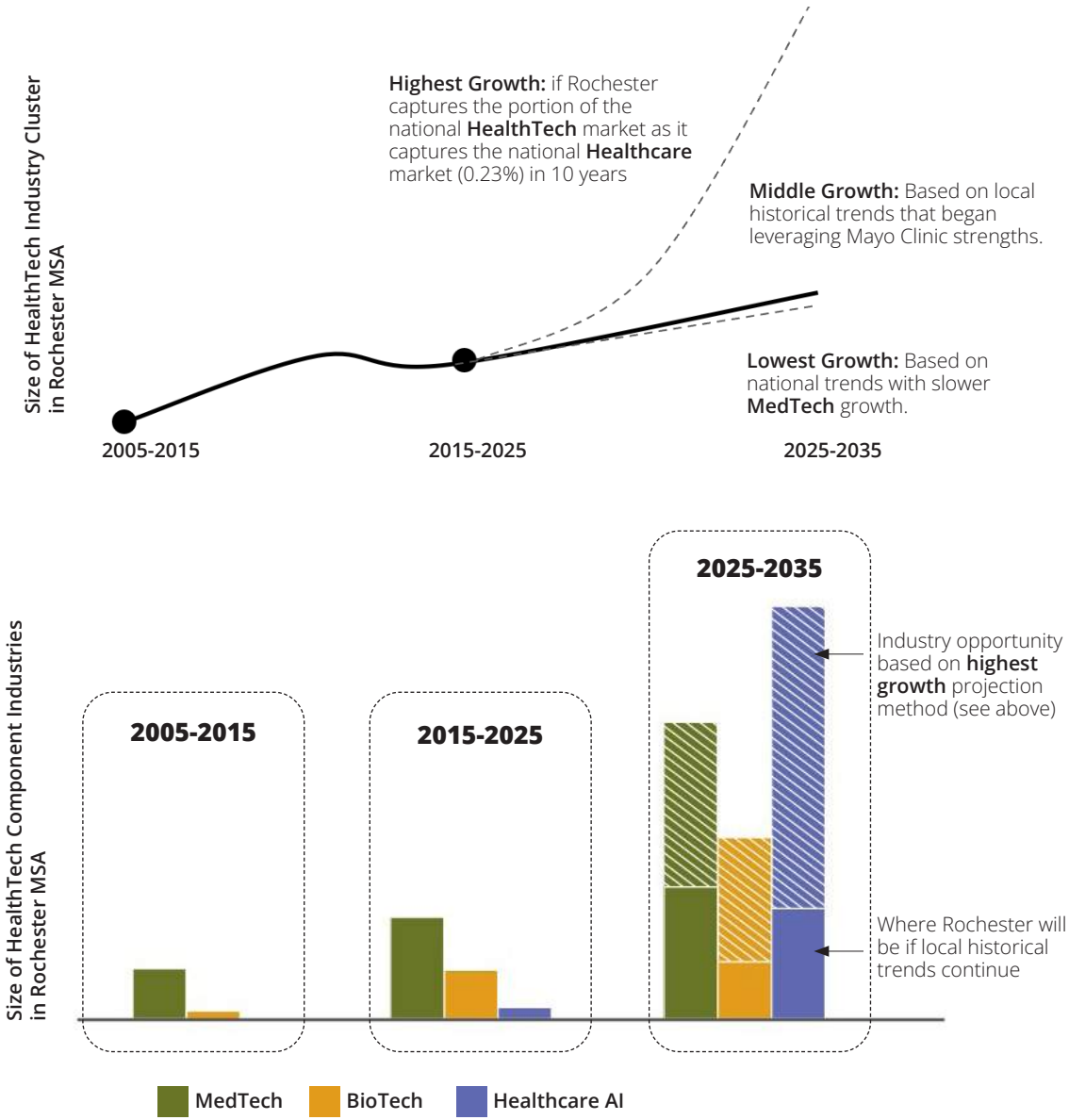
**Economic Analysis: HealthTech**
Research and Technology ("HealthTech") in the Rochester MSA is a growing industry cluster, driven by startups and established companies that benefit from proximity to Mayo Clinic. The market has tripled over the past decade, keeping pace with national trends. If Rochester's HealthTech cluster were to capture the same national market share as its healthcare industry (0.23%), its size could increase more than fivefold. Achieving this level of growth will require translating the region's healthcare leadership into greater market share for AI, medical devices, and related technologies—supported by an integrated cross-industry ecosystem, more specialized real estate, expanded education and workforce pathways, and a stronger "place" identity to attract and retain world-class talent.

**MedTech: high local growth with a large share of the national industry (39% of regional industry is within DMC)**
- Mayo Clinic as a key anchor gives Rochester a major competitive advantage for developing devices and diagnostics.
- This subcluster can accelerate by aligning with the rapid growth in eldercare, leveraging robotics, remote monitoring, and assistive devices to meet regional and national demand.

**BioTech: moderate local growth (25% of regional industry is within DMC)**
- Pharmaceuticals and therapies are traditionally concentrated in university-led ecosystems that thrive on deep funding and robust talent pipelines.
- DMC can enable more growth by pairing clinical trial access and Mayo Clinic's patient base with partnerships that plug into national and international BioTech networks.

**Healthcare AI: rapid local emergence (89% of regional industry is within DMC)**
- Rising public and private investment in software and data makes this industry a high-growth frontier.
- Rochester's edge lies in fusing medical research and device innovation with data analytics, advancing precision diagnostics, robotics, remote monitoring, healthcare cybersecurity, and personalized medicine, to create a multiplier effect.

**Growth Trajectories:** Data sources for funding and geographic distribution: SBIR and STTR Grant Data
Data sources for growth trends: BLS Occupational Employment and Wage Statistics



# ACCELERATE HEALTH INNOVATION
## INTERVENTIONS TO UNLOCK HIGHER GROWTH: HEALTHTECH

### Vertical Development

DMC should support HealthTech's high-growth potential by advancing research facilities, education spaces, and office development, with a focus on specialty, value-added facilities. This includes increasing research space for startups and innovators, adding data accelerators, strategic lab space, and small-scale manufacturing and prototyping capabilities to help bridge early-stage innovation with regional scaling, and expanding academic partnerships and dedicating more education infrastructure to HealthTech fields. Additionally, new office space should be designed to attract companies, incubate startups, and foster connectivity with Mayo Clinic research and the broader HealthTech ecosystem, while transit-oriented, amenity-rich development downtown will help attract new talent and complement the existing residential base.

### Horizontal Development

Horizontal development should focus on enhancing the public realm and strengthening utility infrastructure to support future HealthTech growth. This includes expanding and connecting key public spaces to reinforce Rochester's identity as a HealthTech hub, encourage interaction between innovators and clinicians, and make such interactions visible beyond the indoors. Additionally, utility upgrades should be planned to enable future phases of Discovery Square and to meet the specialized needs of high-tech facilities, such as data centers, while building on recent improvements made by Rochester Public Utilities.

### Policies

To support Rochester's economic development strategy, it is essential to embed key industry growth priorities through policy into the city's overall approach. This could include expanding business accelerators beyond existing resources, such as the BioBusiness Center, Collider incubators, and City small business grants to better support industry-specific enterprises. Additionally, this could include policy to grow workforce pipelines in critical industries while leveraging strong partnerships with organizations such as Rochester Area Economic Development, Inc. and Workforce Development, Inc. to align training with industry needs.

### Programs

Programmatic efforts should focus on connecting businesses to Mayo Clinic, strengthening the pipeline from research to startup formation, and supporting the workforce needed to sustain growth in Rochester's HealthTech industry cluster. This includes enhancing the visibility and brand appeal of Rochester as an innovation economy, helping businesses navigate the "front doors" to Mayo via existing and/or new programs, partnering with educational institutions to expand and potentially co-design academic and incubation programs aligned with industry needs, and advancing workforce development initiatives that address gaps in roles such as R&D technicians, scientists, data management specialists, and IT professionals, and implementing strategies to attract and retain talent so emerging companies can scale locally.

## CASE STUDY

**Cortex Innovation District, St. Louis, MO**

Cortex Innovation District is a 200-acre hub for tech and bioscience, featuring office space, wet labs, prototyping studios, and coworking environments. Anchored by leading institutions like Washington University and BJC HealthCare, and home to major corporate partners including Microsoft and Boeing, Cortex supports over 400 companies and 6,000 employees. This ecosystem attracts startups and global innovators, positioning St. Louis as a center for advanced industries and entrepreneurship. To learn more visit: https://www.cortexstl.org



# ACCELERATE HEALTH INNOVATION
# UNDERSTANDING POTENTIAL: HEALTH & WELLNESS

### Healthcare Concentration in Rochester
The Rochester Metropolitan Statistical Area (MSA) has a significant concentration of the national Healthcare and Social Assistance Gross Domestic Product (GDP), reflecting the strength of the Mayo Clinic. This concentration is particularly noticeable when considering Rochester's size by analyzing the Healthcare and Social Assistance GDP per resident. Rochester has nearly five times the GDP per resident than the national average, and more than twice the GDP per resident than the next highest MSA.

### Healthcare Growth in Rochester
Because Rochester is a well-established healthcare hub, its Healthcare and Social Assistance GDP growth is similar to the growth rate in the US overall. Both national and local trends show strong healthcare growth after COVID-19. Since Rochester is more established, the growth rate is slightly below the national trends as the greatest growth is in emerging markets where the opportunity is larger. Economic diversification in Rochester is supporting its long-term growth.

### Economic Analysis: Health and Wellness
The Health and Wellness industry cluster is anchored by the Mayo Clinic in Rochester, with the potential to evolve into a fully interconnected ecosystem spanning treatment, recovery, and lifestyle. Rochester's healthcare industry GDP per capita is 5 times the U.S. average and ranks top among all MSAs. To sustain growth in this already substantial sector, Rochester should create new value and ensure long-term resilience through diversification. By integrating the rapidly expanding care services and wellness industries with the region's dominant, high-innovation healthcare sector, Rochester can extend its influence into emerging high-growth markets, boost economic output, and generate meaningful social value for the community

### Healthcare: steady local growth (58% of the regional industry is within DMC)
- Rochester's MSA captures 0.34% of the national healthcare and social assistance GDP and 0.23% of related jobs, with only 0.07% of the country's population.
- While peer cities lean on universities and institutes, Rochester is uniquely positioned to amplify Mayo Clinic's national and global leadership.
- Past healthcare growth was fueled by rising patient volumes, but future growth depends on health innovation and integration with the care and wellness ecosystems.

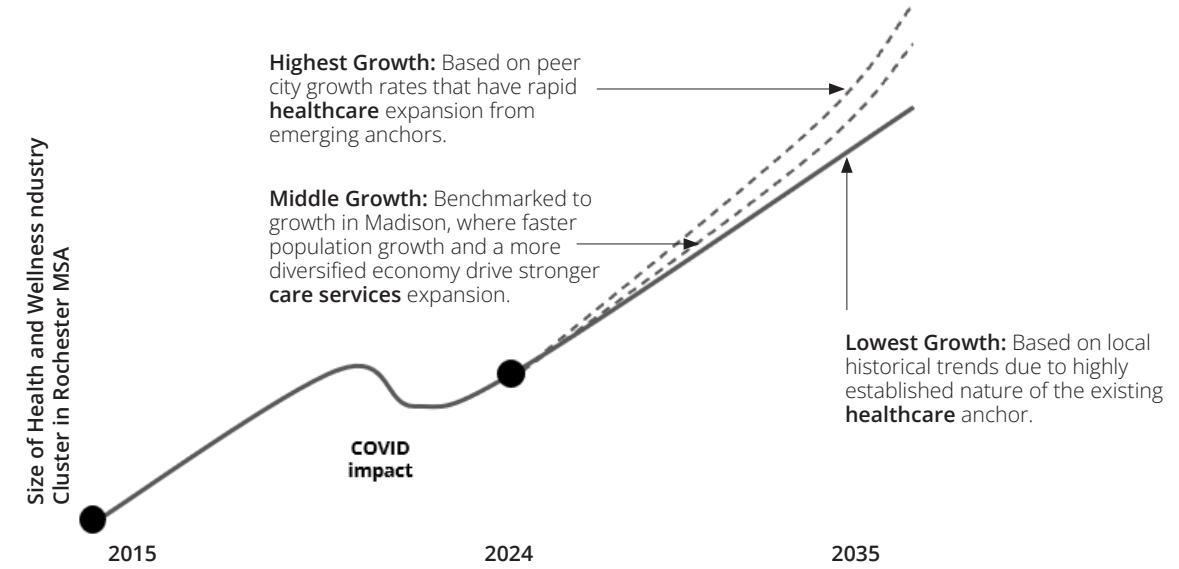
### Care Services: rapid local growth (3% of regional industry is within DMC)
- Clinical expertise and strength in devices and diagnostics provide a competitive edge, enabling DMC to lead in aging innovation, smart care, and workforce solutions supporting families across life stages.
- A rapidly aging national population and Rochester's high share of older residents fuels eldercare demand.
- Childcare and disability-care services improve quality of life to attract and retain residents.

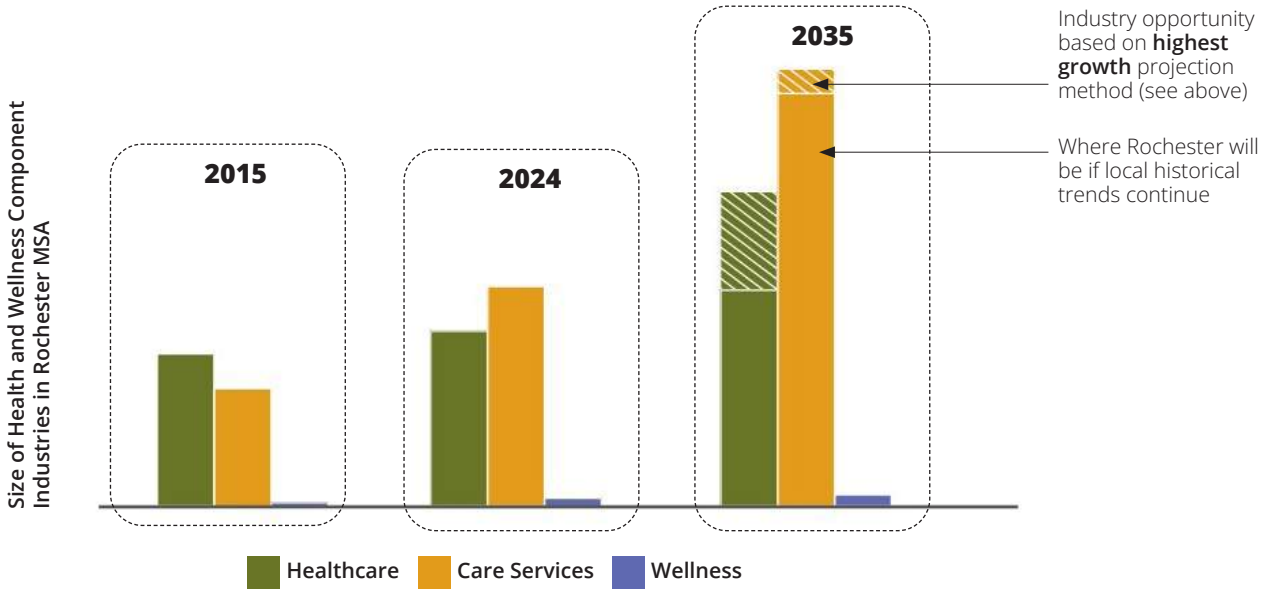
### Wellness: gradual local emergence (11% of regional industry is within DMC)
- A strong wellness brand, focusing on prevention, vitality, and well-being, elevates DMC beyond treatment to a lifestyle destination, attracting talent, residents, and visitors.
- By blending recreation, hospitality, and innovation, wellness is both an economic driver and a hallmark of a desirable quality of life.

*Data sources: BEA Gross Domestic Product by MSA, BLS Occupational Employment and Wage Statistics, ACS Population.*

## Growth Trajectories

Data sources for current industry size and geographic distribution:ESRI Business Analyst
Data sources for growth trends: BLS Occupational Employment and Wage Statistics



# ACCELERATE HEALTH INNOVATION
## INTERVENTIONS TO UNLOCK HIGHER GROWTH: HEALTH & WELLNESS

### Vertical Development

Besides Bold.Forward.Unbound. in Rochester, additional vertical development should expand specialized care facilities and mixed-use wellness hubs to meet growing demands in healthcare and eldercare and make downtown spaces accessible by these care and wellness services. Investments should also support technologically advanced services, such as memory care, rehabilitation, and mental health, and address needs for both eldercare and childcare to better serve the local workforce and their families. These efforts will help meet DMC's healthcare objectives while fostering innovation in care delivery. Lastly, enhancements to downtown mixed-use areas should include retail, hospitality, and tech-enabled wellness offerings, such as recovery suites and branded wellness centers, building on existing assets like the Mayo Clinic Rejuvenate and others with related services to reinforce Rochester's global reputation as a destination for comprehensive health and well-being.

### Horizontal Development

Horizontal development should focus on enhancing the public realm and reinforcing a cohesive lifestyle and wellness identity for downtown. This includes creating a connected network of signature wellness-oriented public spaces that link medical and non-medical facilities, encourage active living, and provide value-added amenities that appeal to residents, visitors, and employers. By elevating the quality and character of these shared spaces, Rochester can strengthen its wellness brand, attract investment, and create a more vibrant, supportive environment for both everyday life and the growing health-focused economy.

### Policies

Implementation should leverage a mix of local, state, and partner funding, as well as strategic land use and zoning tools, to enable holistic development and support care services and wellness companies that might be less able to compete for talent and space compared to the healthcare industry. Partners should be aligned to strengthen workforce development, business attraction and retention, and entrepreneurship.

Collaboration with the State of Minnesota and local universities and colleges can expand higher education pipelines in health and wellness fields. City-owned parcels can be utilized to support childcare and eldercare expansion, with zoning incentives encouraging mixed-use projects that integrate care facilities. Additionally, tools such as Special Service Districts, Tax Increment Financing, the Medical Overlay District, and the Unified Development Code should be used to advance public realm investments, while updates to the Parks Master Plan and sustainable park maintenance funding will ensure long-term community benefit.

### Programs

Program efforts should focus on expanding partnerships that strengthen educational, entrepreneurial, and talent pipelines while reinforcing Rochester's identity as "America's City for Health." This includes amplifying existing branding and Mayo Clinic's global reputation, with opportunities to broaden the message to highlight advanced care and wellness. Additionally, deepening collaboration between Mayo Clinic and wellness and care-related industries, through patient referrals, research sharing, and coordinated service offerings, will help foster a more interconnected ecosystem that supports innovation, care delivery, and long-term growth.

## CASE STUDY

**Durham Center for Senior Life, Durham, NC**

The Durham Center for Senior Life (DCSL) strengthens the Research Triangle's HealthTech ecosystem by delivering specialized senior care services that support aging populations. As part of RTP's $1 billion urban transformation, DCSL complements the region's bioscience and healthcare innovation by connecting seniors to health, legal, and housing resources, reinforcing the Triangle's reputation as a collaborative, inclusive model for economic and technological growth. To learn more visit: https://dcslnc.org/



# ACCELERATE HEALTH INNOVATION
## MEASURING SUCCESS

We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.



Discovery Square's next chapter will be defined by activation and acceleration. The foundation is strong, the partnerships are global, and the momentum is real. The work ahead will ensure that Rochester continues to lead not only in healthcare delivery but also in how discovery moves from idea to impact—faster, more collaboratively, and for the benefit of patients everywhere.

**Success Metrics**
The following success metrics provide a comprehensive way to track the full lifecycle of health innovation, from idea generation to market impact. By measuring invention disclosures, patents, company formations, capital attraction, and successful exits, these success metrics capture both the creation of intellectual property and its translation into economic growth. This approach ensures we can quantify progress in research, commercialization, and regional competitiveness.

| ACCELERATE HEALTH INNOVATION SUCCESS METRICS |
| --- |
| Generate new intellectual property |
| Launch new innovation companies |
| Attract new capital |
| Scale companies |
| Achieve exits |


KRAUS-ANDERSON
One Discovery Square
202

# DESIGN FOR WELL-BEING



**Design for Well-Being**

We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.

# DESIGN FOR WELL-BEING
## OVERVIEW

**DMC guiding principles that are most closely tied to Design for Well-Being:**

- Establish A Bold and Compelling Vision for Rochester and the Destination Medical Center
- Develop Mobility and Transit Solutions to Support Growth
- A Model for Sustainability
- A Dynamic And Accessible Urban Core

**Design for Well-Being: Health in the Built Environment**
As Rochester positions itself as a global destination for health, the physical environment of the DMC District must embody the values we seek to advance. Design for Well-Being recognizes that health outcomes are shaped not only by clinical care but by the places where people live, work, and gather. Research consistently demonstrates that the built environment influences physical activity levels, mental health, social connection, air quality, and chronic disease rates.

For the DMC District to authentically represent "America's City for Health," every street, building, and public space should actively support human well-being. This means prioritizing walkability, access to nature, air quality, natural light, social gathering spaces, and universal design principles. As Mayo Clinic reimagines healthcare delivery through Bold. Forward. Unbound. in Rochester, the surrounding district has an opportunity to demonstrate how thoughtful urban design can be a powerful tool for improving human and environmental health.

This approach serves multiple goals simultaneously: it differentiates Rochester as an authentic health destination, creates the kind of vibrant, human-scaled environment that attracts and retains talent, demonstrates Mayo Clinic's commitment to community health beyond the clinic walls, and ensures DMC investments deliver lasting quality-of-life benefits for all residents.

Rochester stands at a unique moment: we're rebuilding significant portions of our downtown infrastructure at the same time Mayo Clinic is making the largest healthcare facility investment in Minnesota history. This convergence creates an unprecedented opportunity to move beyond conventional development approaches and instead design a district where every element, from street width to building materials to park access, is evaluated through the lens of human well-being.

### Laying the Groundwork: Setting the Bar and Developing Capacity (2015–2025)

The implementation of this strategy is primarily through the collaborative work between DMC staff and the City of Rochester. While the DMC Development Plan set out the vision for a sustainable, people-centered approach to the way in which the infrastructure investments happen, it is the City of Rochester that oversees the design and construction of this infrastructure.

**Key infrastructure investments:** Heart of the City, Discovery Walk, Soldiers Memorial Field, 4th Street complete street design, N. Broadway street redesign, Link Bus Rapid Transit, 6th Street bridge, Downtown Area Infrastructure

**Key Plans:**

- DMC District Design Guidelines
- Energy Integration Committee and EIC Action Plan
- Integrated Transit Studies
- Active Transportation Plan
- Sustainability and Resiliency Plan
- Public Realm Priorities: Kutzky Park and Downtown Area
- Unified Development Code – City of Rochester
- Comprehensive Plan Update – City of Rochester
- Downtown Commercial Historic District Public Realm Vision Plan





# DESIGN FOR WELL-BEING
# **OVERVIEW**

**Sustainability and Equity Alignment**
Each of DMC's Strategic Priorities is strengthened by a shared commitment to sustainability and equity, ensuring that DMC investments support both environmental leadership and inclusive access to Rochester's growing prosperity. These alignments guide not only what DMC invests in, but how investments are shaped, evaluated, and sustained over time, supporting long-term community well-being.

Investments in infrastructure, housing, and mobility are guided by principles of accessibility, inclusion, and environmental stewardship, helping create healthy places that serve people across ages, abilities, and backgrounds while strengthening the city's resilience.

DMC is committed to strengthening Rochester's reputation as a national leader in health and well-being by integrating these principles into decision-making across projects and partnerships that shape community life.

**Implementation: The City's Essential Role in Turning Vision into Built Reality**
The City of Rochester is DMC's most critical partner in implementing the Design for Well-Being strategy. While DMC can serve as a thought leader—articulating vision, conducting research, establishing design principles, and creating funding conditions that advance well-being goals—it is the City that builds the infrastructure, brings their own expertise, and holds the authority to translate those principles into built reality.

City staff provide project management that moves ideas from concept to construction. They oversee procurement and engineering, coordinate contractors, manage budgets and timelines, and ensure projects are built to specification. When DMC funds a streetscape improvement designed to promote walkability and health, City engineers and project managers execute the work. When a new public space is envisioned, City staff navigate the complexities of design, permitting, construction, and long-term maintenance.

Beyond project delivery, the City exercises regulatory functions that fundamentally shape whether Design for Well-Being principles are realized across all development—public and private. Zoning ordinances determine what can be built where. Building codes establish safety and accessibility standards. Development review processes evaluate whether proposed projects align with community goals. Permitting decisions determine whether projects move forward.

These regulatory tools, managed by City staff, bold. forward. unbound., create the framework within which all development occurs.

This means that even the most compelling DMC vision for health-promoting design only succeeds when the City's regulatory systems, staff capacity, and operational processes are aligned to support it. DMC can fund a model project that demonstrates best practices, but lasting change requires the City to incorporate those practices into standard procedures, update codes and ordinances accordingly, train staff to evaluate projects through a well-being lens, and consistently apply these principles across all work.

The partnership succeeds when DMC's vision, funding conditions, and thought leadership combine with the City's implementation capacity, technical expertise, and regulatory authority to create sustained, systematic commitment to designing for health. DMC supplies the "why" and helps create the conditions; the City provides the "how" and ensures consistent execution.

The DMC-City partnership has evolved significantly since 2015. Rather than contracting with outside project management consultants, beginning in 2019 the partnership invested in building the City's own capacity to manage downtown's transformative growth. This approach creates stronger alignment between DMC's strategic vision and the City's day-to-day implementation and regulatory work. The collaborative model continues adapting to meet the unprecedented scale of growth Rochester now faces.




*The City coordinates among multiple projects and sources to realize the transformation of downtown Rochester, including the DMC District.*




*There is strong alignment between the approach the City takes for implementation and the DMC strategic priorities.*

# DESIGN FOR WELL-BEING
# **UNDERSTANDING POTENTIAL**

**Understanding Potential: Design for Well-Being Analysis**
The 21st Century Development framework offers a valuable lens for assessing how Rochester's built environment can promote community health and well-being. It provides a holistic structure for evaluating development through seven performance areas: Place, Water, Energy, Health and Happiness, Materials, Equity, and Beauty. These areas guide the creation of regenerative, resilient communities by promoting ecological restoration, social equity, cultural richness, and human well-being, drawing from the Living Community Challenge to support holistic and sustainable development practices. The following list describes the seven performance areas in more detail:

- **Place:** Restoring a healthy coexistence with nature.
- **Water:** Creating water independent sites, buildings, and communities.
- **Energy:** Relying only on current solar income.
- **Health & Happiness:** Maximizing physical and psychological health and well-being.
- **Materials:** Endorsing products and processes that are safe for all species through time.
- **Equity:** Supporting a just, equitable world.
- **Beauty:** Celebrating plans that purpose transformative change.

The following chart outlines a qualitative analysis of where Rochester measures up in this framework during this moment in time. For more details on the measurement criteria visit the following Link: *https://www.21stcenturydevelopment.org/development-matrix/*

## 21st Century Development Framework Scorecard: Where We're at Today

| | | Standard | Good | Better | Living Community Principles | Regenerative |
|---|---|---|---|---|---|---|
| **Quality of Life** | **Place** | | | | | |
| | *Limits to Growth* | | | X | | |
| | *Food* | X | | | | |
| | *Habitat* | | | X | | |
| **Mobility** | *Transportation* | | | X | | |
| **Climate Resilience** | **Water** | | **X** | | | |
| | **Energy** | | **X** | | | |
| | **Materials** | | **X** | | | |
| | *Material Plan* | | X | | | |
| | *Embodied Energy & Carbon* | | X | | | |
| | *Waste* | | | X | | |
| **Social Cohesion** | **Health and Happiness** | | | | | |
| | *Civilized Environment* | | | | X | |
| | *Neighborhood Design* | | | X | | |
| | *Biophilia* | | | X | | |
| | *Resilient Connections* | | | X | | |
| | **Equity** | | | | | |
| | *Neighborhood & Access* | | X | | | |
| | *Access to Nature* | | X | | | |
| | *Access to Community Services* | | X | | | |
| | *Investment* | | X | | | |
| | *Just Organizations* | | X | | | |
| | **Beauty** | | | | | |
| | *Beauty & Spirit* | | | X | | |
| | *Inspiration* | | | X | | |

# DESIGN FOR WELL-BEING
## INTERVENTIONS TO UNLOCK GROWTH IN WELL-BEING

### Vertical Development

To support vertical development in Rochester, the city should pursue a built environment strategy that unlocks health through targeted interventions. Expanded daycare options with longer service hours could better support working families and contribute to a more inclusive urban core. Access to fresh food in the district could grow through strategic retail and infrastructure investments, improving community health outcomes. Green building practices could become the norm, reinforcing sustainability and enhancing indoor environmental quality. Preserving and activating historic buildings could strengthen Rochester's architectural identity while integrating legacy assets into a more vertically connected and health-oriented urban fabric.

### Horizontal Development

Horizontal development to support well-being in Rochester should include more intensive land use in the downtown core, anchored by high-quality public spaces that encourage gathering and social interaction. A well-connected street network at the human scale, with pedestrian-oriented landscapes and inviting design, should enhance walkability and urban vibrancy. Infrastructure for all modes of transit should be efficient and safe to improve accessibility and mobility across the district. Innovative and technologically advanced approaches to utilities, energy, and transit systems should further strengthen Rochester's capacity for sustainable, integrated growth, especially during evenings and weekends when downtown activity can be amplified.

### Policies

Policies to support well-being in Rochester should include sustainable infrastructure design guidelines that promote resilience, efficiency, and long-term value across Rochester's urban systems. Public spaces and transit networks should be designed to accommodate all users, regardless of age, ability, or mode of travel, reinforcing equity and accessibility while enhancing the overall experience of the built environment. These policies should shape a more inclusive, adaptable, and health-oriented urban future.

### Programs

Program strategies to advance well-being in Rochester should focus on cultivating vibrant community life, encouraging sustainable mobility, and expanding access to nutritious food. Social gatherings, both scheduled and spontaneous, should be used to activate public spaces and strengthen social connections. Travel behavior and preferences should be shaped to support mode shift goals by promoting walking, biking, and transit use through targeted outreach and incentives. Healthy food initiatives such as community gardens, farmers markets, and edible landscapes should be implemented to improve access to fresh produce and build neighborhood resilience

## CASE STUDY

**Rosario, Argentina**
**"Rosario is also its older adults"**
This pilot project reimagined public spaces to reduce isolation and improve mental health among older adults. It introduced well-lit, accessible environments with ramps, seating, and inclusive programming. The initiative was recognized as a municipal priority and serves as a benchmark for age-friendly urban design. To learn more visit: https://theccd.org/article/rosario-is-also-its-older-adults/



# DESIGN FOR WELL-BEING
## MEASURING SUCCESS

We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.



**Success Metrics**
The following success metrics create a framework for designing environments that actively promote well-being by linking physical, social, and environmental improvements to measurable outcomes. By tracking access to health-promoting amenities, mobility infrastructure, climate resilience, and social cohesion, they ensure that investments translate into healthier lifestyles, safer streets, and stronger community connections. This approach turns design into a tool for equity and sustainability, making well-being a core outcome of urban development.

| DESIGN FOR WELL-BEING SUCCESS METRICS |
| --- |
| Improve quality of life |
| Increase infrastructure for mobility |
| Improve environmental health |
| Strengthen social cohesion |
| Lead in climate resilience |


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# DRIVE PURPOSEFUL GROWTH

**Drive Purposeful Growth**

We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.

# DRIVE PURPOSEFUL GROWTH
## OVERVIEW

**DMC Guiding Principles that are most closely tied to Drive Purposeful Growth:**

- Establish A Bold And Compelling Vision For Rochester And The Destination Medical Center
- A Dynamic And Accessible Urban Core

**Driving Purposeful Growth: From Destination to Home**
Rochester has long been a destination—a place people come to for world-class healthcare at Mayo Clinic. Each year, millions of patients and their families arrive seeking hope and healing. Researchers, clinicians, and health innovators relocate here to advance their careers at one of the world's premier medical institutions. This draw is Rochester's greatest strength and competitive advantage.

But being a destination is not the same as being a home. The question facing Rochester at this inflection point is not whether people will come—Mayo Clinic ensures they will—but what key elements of the community can grow and be enhanced so that they will stay, return, explore, invest, and ultimately choose to build their lives here.

Driving Purposeful Growth recognizes that health excellence is the attractor that brings people to Rochester, but quality of place determines whether they stay. A prospective Mayo employee deciding between Rochester and other medical centers considers not just the job but the life that comes with it: Can I find housing I can afford? Will my partner find meaningful work? Are there activities for my family? Does downtown offer the energy and amenities I'm looking for? Will I feel welcome and connected to community?

A high school student choosing where to attend college asks similar questions: Is this a place where I can envision my future? Does the community offer opportunities beyond the classroom? Can I see myself wanting to stay after graduation?

A former Rochester resident who left for college or career opportunities elsewhere considers whether to return: Has my hometown evolved into a place that matches my current life stage and aspirations? Does it offer the cultural vibrancy, career opportunities, and quality of life I've experienced elsewhere?

A patient family spending days or weeks in Rochester for treatment wonders: Beyond the hospital, what else does this community offer? Should we explore downtown? Is there anything here that makes this difficult time slightly more bearable through moments of normalcy, beauty, or respite?

A long-term Rochester resident watches the city's growth and transformation with a mix of pride and concern: Will this growth benefit my family and neighbors, or will it price us out? Are we preserving what makes Rochester special while improving what needs to change? As new amenities and opportunities emerge downtown, will I feel they're for me, or for someone else? Does my community still recognize and value the contributions of those of us who've been here through the decades?

A health tech innovator evaluating where to build their company asks whether Rochester has cultivated the complete ecosystem innovation requires: Can I access clinical partnerships to validate my solution in ways impossible elsewhere? Will I find technical talent I need, local investors who know medtech, and a community where physicians, engineers, and entrepreneurs collaborate? Most critically: as my company grows, will Rochester offer the specialized workforce, manufacturing capabilities, and quality of place that lets me build something lasting here?

A developer or investor evaluating opportunities across multiple markets looks at Rochester's fundamentals: Is there sustained demand beyond Mayo Clinic? Does the city have the policy framework, infrastructure, and community support to make projects successful? Will the local workforce, housing market, and consumer base support long-term returns? Most importantly, does Rochester have a compelling vision for its future that makes investment here not just viable but strategic?

Each of these individuals represents an opportunity—to recruit talent, retain graduates, welcome back former residents, support patient families, and ultimately grow Rochester's population and economic base in ways that strengthen the entire community. But capturing these opportunities requires intentional investment in the elements that make a place not just functional but magnetic: vibrant public spaces, diverse housing options, cultural amenities, entertainment and dining, entrepreneurial opportunity, and an authentic sense of community identity.

Driving Purposeful Growth means being strategic about the type of growth Rochester pursues. It's not simply about adding more—more buildings, more people, more jobs—but about ensuring growth reinforces the qualities that make Rochester distinctive: its commitment to health and innovation, its small-city livability with big-city amenities, its global connections rooted in Rochester, and its increasingly diverse and welcoming character.

But capturing these opportunities requires elements that extend far beyond DMC's direct purview: diverse housing options at multiple price points, cultural amenities, entertainment and dining, career opportunities in complementary sectors, childcare that serves shift workers, and authentic community identity that honors both longtime residents and newcomers.

# DRIVE PURPOSEFUL GROWTH
## OVERVIEW

**This is where Driving Purposeful Growth differs fundamentally from DMC's other strategic priorities**. The implementation of this vision is heavily reliant on our partners and collaborators, like the City, our educational partners like UMR, non-profit partners, private developers, entrepreneurs, service providers, and other community partners.

DMC's role in Driving Purposeful Growth is strategic and selective: identifying opportunities that are uniquely tied to Rochester's health anchor and using catalytic investments to enable partners to succeed where market conditions alone might not be sufficient. This might mean supporting a childcare facility designed specifically for hospital shift workers. It might mean facilitating housing developments that test out unique health-related design features. As amplified in the Accelerating Health Innovation chapter, it definitely means attracting businesses in sectors that complement and benefit from proximity to Mayo Clinic and the emerging health innovation ecosystem.

The selectivity is critical. DMC's resources are finite, and its mission is focused. Driving Purposeful Growth succeeds not by trying to do everything, but by strategically choosing where DMC's participation unlocks opportunities that directly strengthen Rochester's position as a health destination while improving quality of life for all residents.

This strategy shows how DMC, working alongside the City of Rochester, Mayo Clinic, private developers, entrepreneurs, and community organizations, can strategically catalyze the growth that transforms Rochester's natural advantages into comprehensive community strength—growth that serves existing residents, attracts new talent, and positions Rochester not just as a destination for health, but as a place people choose to call home.

### Building Momentum for Purposeful Growth: Partnerships and Key Investments (2015–2025)

Many of the key growth planning documents, partnerships, and investments in placemaking  have been highlighted earlier in this document. Below are a selection of key items that illustrate how a decade of strategic planning, community engagement, and targeted investments have built partnerships and community-driven planning that intersect with DMC's Driving Purposeful Growth strategy, allowing for a focus on the elements that convert health excellence into comprehensive community vitality.

**Key infrastructure investments:** Heart of the City, Discovery Walk, Soldiers Memorial Field, Chateau Theatre.

**Key Plans:**

- DMC Development Plan (2015)
- System Wide Parks and Recreation Master Plan (2016)
- DMC District Design Guidelines (2016)
- Integrated Transit Studies begin (four studies launched in fall 2016)
- Integrated Transit Studies Final Report accepted (2018) - refined DMC transportation vision
- DMC Development Plan update (2020)
- Comprehensive Housing Needs Study (2020, First Edition)
- DMC and RDA Downtown Residents Study (2020)
- Rochester-Olmsted Council of Governments (ROCOG) 2040 Long Range Transportation Plan amendment (includes Link BRT system, 2020)
- Discovery Walk planning and Community Co-Design process (2021)
- Downtown Rochester Historic District created (2021)
- Downtown Waterfront S.E. Small Area Plan completed (2021)
- Riverfront Small Area Plan completed (2022)
- Chateau Theatre further investment (2022)
- Discovery Walk construction begins (2022)
- Mayo Clinic Bold. Forward. Unbound. in Rochester announcement (November 2023)
- Olmsted County Comprehensive Housing Study (forecasts demand through 2035)
- Discovery Walk completion (2024)
- Soldiers Field Memorial renovations complete (2024)






# DRIVE PURPOSEFUL GROWTH
## OVERVIEW

**Sustainability and Equity Alignment**
Each of DMC's Strategic Priorities is strengthened by a shared commitment to sustainability and equity, ensuring that DMC investments support both environmental leadership and inclusive access to Rochester's growing prosperity. These alignments guide not only what DMC invests in, but how investments are shaped, evaluated, and sustained over time, supporting long-term community well-being.

Sustainable and equitable growth makes Rochester a city where opportunity and livability go hand in hand. Expanding access to housing, culture, and mobility helps all residents share in the benefits of growth, while climate-conscious planning considers long-term impacts and ensures Rochester remains vibrant, welcoming, and future-ready.

Some avenues DMC and partners are pursuing include:
- Sustainable and inclusive housing options that reduce environmental impact and ensure all residents have access to safe, affordable, and climate-resilient homes
- Expanding equitable access to affordable housing and community amenities, ensuring every neighborhood benefits from growth and investment
- Partnering with schools, employers, and training programs to create equitable access to education and career opportunities, preparing residents of all backgrounds for the jobs and industries that shape our city's future

**Partnership: The Essential Ingredient**
Of all DMC's strategic priorities, Driving Purposeful Growth depends most heavily on work DMC cannot do alone. While DMC can invest in streets, parks, and public infrastructure directly, we cannot build all the housing Rochester needs. We cannot operate the childcare facilities, restaurants, entertainment venues, and retail businesses that make a community thrive. We cannot create the full spectrum of career opportunities that allow partners and spouses of Mayo employees to build meaningful work lives here. We cannot generate the cultural programming, social networks, and community connections that make people feel at home.

This work only succeeds through partners: developers who build housing, entrepreneurs who open businesses, service providers who meet community needs, cultural organizations that enrich daily life, and countless individuals who choose to invest their time, talent, and resources in Rochester's future.

**DMC works best as the wind in the sails of community-driven projects and ideas.**
Our role is catalytic: identifying opportunities that leverage Rochester's unique health anchor, convening partners around shared goals, reducing barriers that prevent good projects from moving forward, and making strategic investments that enable partners to succeed where market conditions alone might not be sufficient.

Looking ahead, this partnership approach becomes even more critical. As Mayo Clinic's Bold. Forward. Unbound. in Rochester expansion proceeds and Rochester enters a period of unprecedented growth, the community will need housing, services, amenities, and opportunities at a scale that far exceeds DMC's capacity or mission. Success depends on creating conditions where partners have the confidence, support, and market fundamentals to invest boldly in Rochester's future.

DMC commits to being a reliable partner—responsive to community needs, strategic in our focus, transparent in our decision-making, and disciplined in ensuring our limited resources create maximum impact. But we succeed only when the broader community shares ownership of Rochester's growth and the vision of what we're building together.






# DRIVE PURPOSEFUL GROWTH
# UNDERSTANDING POTENTIAL: THE EXPERIENCE ECONOMY

**Understanding one segment of the Market Potential of Driving Purposeful Growth**
Additional economic analysis has been done in the experience economy sector to help bring this strategic priority into even further focus. By diving deeper into the market potential of hospitality & convening, arts & culture, and sports to help us identify the scope of these kinds of opportunities, followed by some potential interventions that could unlock even higher growth in each of these areas.

**Economic Analysis: The Experience Economy**
The innovation economy is sustained by strong cultural infrastructure. While Rochester attracts significant medical tourism and a large daytime population, it's nighttime and weekend economy still has room to grow compared to peer cities and national trends. To draw more visitors (both medical and non-medical), residents, and talent, the city should expand amenities and programs that enhance the overall sense of place. Building the critical mass needed to sustain those amenities and programs will require new customer bases, which can be achieved by amplifying the city's assets—such as industry conferences, local dining, and summer festivals. Together, these efforts can reinforce Rochester's health-focused brand while elevating its vibrancy and appeal.

**Hospitality and Convention Infrastructure: Strong capture of the national medical events market**

- A very significant share (0.75%) of all currently planned medical events in the U.S. for the next 12 months are estimated to be in Rochester*, reflecting the city and Mayo Clinic's brand strength for attracting medical conferences, meetings, and Continuing Medical Education events. Future opportunity is in expanding into Mayo's medical niches and to exploring conferences in high-growth industries, such as MedTech and eldercare.
- Convening infrastructure (hotels, convention bureaus, and industry associations) has grown significantly in Rochester, but peer and aspirational cities grew faster.
- Non-convention tourism is critical to sustaining greater hospitality and convention infrastructure (adding weekend occupancy and foot traffic), but it remains low.

**Arts, Culture, and Entertainment: significant COVID impact**

- Cultural amenities linked to health and wellness enhance Rochester's identity and sense of place for residents and visitors alike. Diverse entertainment and programming sustain a year-round economy and attract talent and workforce.
- Currently only 5% of the MSA's arts, culture, and entertainment assets are located within DMC. Greater density in the city center will provide more critical mass and visibility.

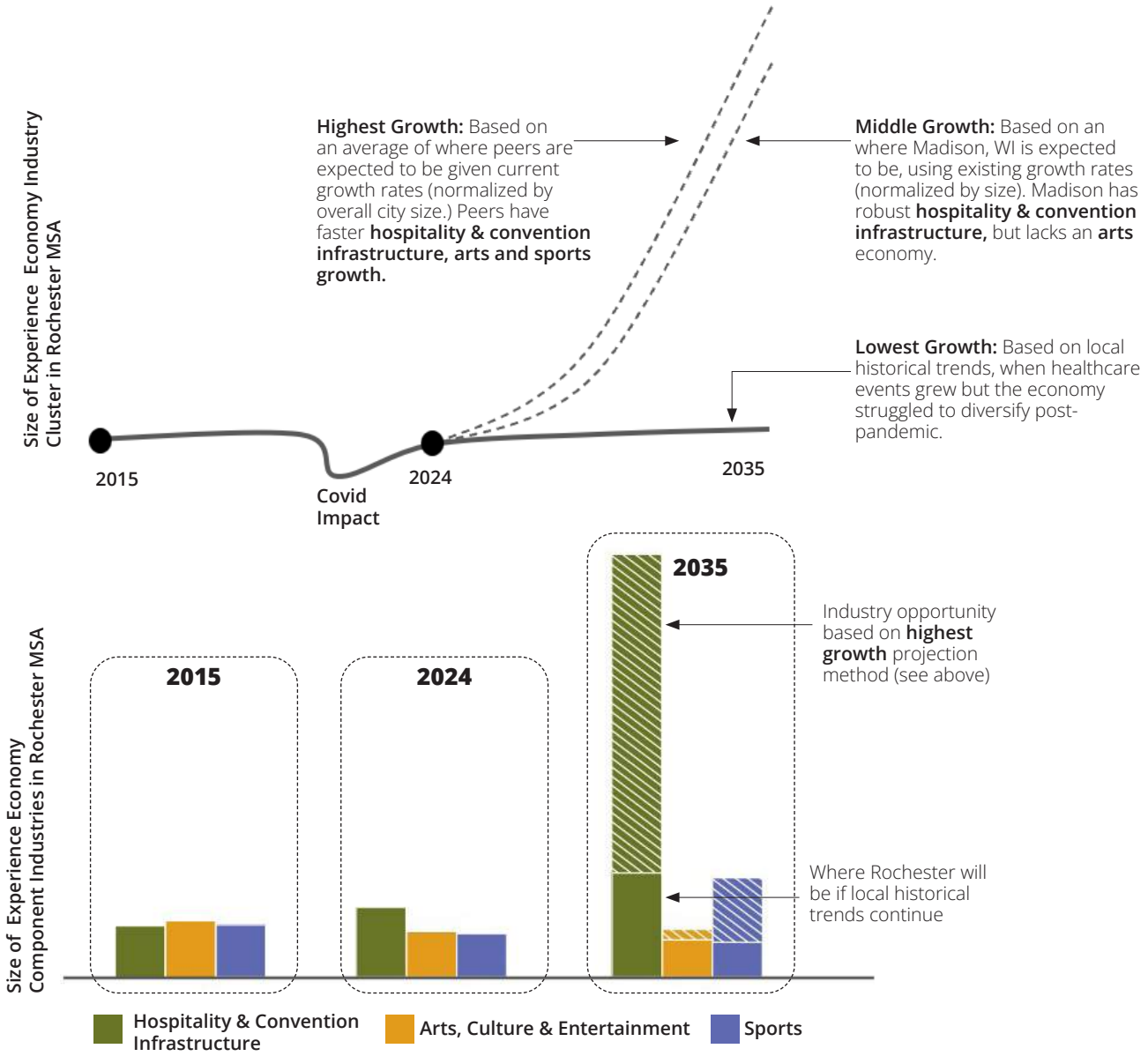
**Sports: high national growth, modest local decline (3% of regional industry is within DMC)**

- Rochester's national presence in healthcare can be balanced by local and regional sports.
- Greater youth tournaments, amateur competitions, and niche athletics can amplify the health branding, diversify visitors, fill weekend hotel demand, and enhance community vibrancy.

*Data source: MDLinx medical event listings November 2025–October 2026 (Accessed November 2025)*

## Growth Trajectories

Data sources for current industry size and geographic distribution:ESRI Business Analyst
Data sources for growth trends: BLS Occupational Employment and Wage Statistics, Industry market reports



# DRIVE PURPOSEFUL GROWTH
## INTERVENTIONS TO UNLOCK HIGHER GROWTH: THE EXPERIENCE ECONOMY

### Vertical Development

Vertical development should strengthen the downtown civic and cultural environment and make amenities clustered, high-quality, and visible in the public realm. Growing weekend hotel occupancy, particularly as new lodging is added to serve medical visitors in line with DMC goals, will require enhancing the dining, retail, and entertainment experience to elevate Rochester's leisure tourism brand. Health and wellness-focused attractions, from science and discovery museums to high-tech spas, can further reinforce Rochester's identity and draw both residents and visitors. Additionally, existing cultural, arts, and sports facilities such as the Mayo Civic Center and Rochester Arts Center can be better connected with new venues to anchor a more vibrant and compelling downtown destination.

### Horizontal Development

Horizontal development should focus on strengthening national connectivity and enhancing access to Rochester's natural and cultural assets. Improving Rochester International Airport's linkage to major East and West Coast hubs will expand both business and leisure travel opportunities, supporting tourism, and talent attraction. At the same time, expanding public spaces and activating the riverfront for recreation, culture, and wellness-oriented uses will create a more inviting environment for residents and visitors. Together, these investments will reinforce Rochester's appeal as a connected, vibrant, and health-oriented destination.

### Policies

Policies should leverage dedicated funding streams to activate downtown retail, enhance the public realm, and support partner-led programming. Expanding a program similar to the Main Street Grant Program can help sustain and grow anchor businesses that attract foot traffic during evenings and weekends. Lodging tax revenues can be further used to strengthen Experience Rochester and Mayo Civic Center programming that draws both residents and regional visitors. Additionally, a comprehensive look at park and trail constructions to the DMC District, as well maintenance and funding, will

improve user experience and increase visitation, helping support a vibrant, year-round active lifestyle aligned with Rochester's health-oriented identity.

### Programs

Programs should pursue a dual-track strategy that includes both professional-oriented events and broader public attractions, expanding social, cultural, and wellness programming to diversify the economy and strengthen Rochester's identity. Continued development of the "America's City for Health" brand should highlight wellness, culture, and entertainment as core elements of the city's appeal. Working with Experience Rochester to increase the number of high-demand events, such as comedy and live music at the Mayo Civic Center, and expanding high-profile cultural programming at the Chateau Theatre can draw both Mayo's workforce and regional visitors. Similarly, the Rochester Downtown Alliance can build on successful summer activities to support more year-round festivals and cultural events. Finally, regional partnerships that link Southern Minnesota's outdoor recreation assets with Rochester's urban amenities can create a more compelling and well-rounded visitor experience.

## CASE STUDY

**Macon Georgia,**
**Music-Led Downtown Transformation**

Macon, Georgia revitalized its downtown by converting historic buildings into mixed-use spaces and investing in cultural assets like Mercer Music at Capricorn. The restored Capricorn Sound Studios now hosts events, a museum, and a music incubator, drawing visitors and reinforcing the city's music-driven identity. These efforts boosted tourism, foot traffic, and local pride.To learn more visit: https://capricorn.mercer.edu/



# DRIVE PURPOSEFUL GROWTH
## MEASURING SUCCESS

We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.



**Success Metrics**
These success metrics help ensure growth is intentional and aligned with community priorities by tracking improvements in housing, cultural vibrancy, health tourism, education, and workforce development. By measuring tangible outcomes, such as new housing units, cultural events, tourism spending, and health workforce participation, these success metrics will provide a clear picture of how investments translate into quality of life, inclusivity, and economic resilience. This approach connects innovation to quality of life, making growth both purposeful and sustainable.

| DRIVE PURPOSEFUL GROWTH SUCCESS METRICS |
| --- |
| Improve housing ecosystem |
| Enhance Rochester's authentic culture |
| Drive new tourism |
| Support health education opportunities |
| Contribute to health workforce |



# LOOKING FORWARD

The Destination Medical Center journey is far from over. This update is not a new plan — it is an evolution of a bold vision first set in motion more than a decade ago. Guided by what we've learned and strengthened by partnerships across the community, this plan sharpens our focus for the next ten years.

DMC was built on collaboration between the State of Minnesota, the City of Rochester, Olmsted County, Mayo Clinic, and the many partners who bring this work to life every day. That spirit of partnership remains essential as we enter this next chapter. Achieving the full promise of DMC will require continued coordination, shared investment, and collective leadership.

The new strategic priorities outlined are designed to turn alignment into action, advancing innovation, well-being, and growth in ways that benefit everyone who calls Rochester home. Together, we can build on this strong foundation and continue shaping a city that leads the world in health, opportunity, and quality of life.

# LOOKING FORWARD
## FUNDED AND APPROVED INVESTMENTS

Over the past decade, the DMC initiative has made substantial progress in shaping downtown Rochester into a more livable, welcoming, and dynamic environment for all users. Through targeted investments in public spaces, infrastructure, transportation, hospitality, housing, and cultural amenities, DMC has strengthened the district's accessibility, vibrancy, and overall quality of life.

While significant achievements are clear, from the incredible volume of new construction underway, major public realm improvements, growing residential options, enhanced mobility infrastructure, and a broader range of dining and entertainment experiences, the work of creating a truly world-class destination is ongoing. Challenges around equitable housing affordability, full activation of pedestrian spaces, and the geographic distribution of amenities remain important areas of focus.

Ultimately, the DMC's people-centered approach continues to guide Rochester's evolution, ensuring that the downtown environment not only supports Mayo Clinic's clinical excellence, but also reflects the needs and experiences of patients, companions, employees, residents, and visitors as the district continues to grow and change.

We are at an inflection point, and with an economic model that is proven, now is the time to lean into one of DMC's foundational principles: Be Bold. A focus on accelerating health innovation, designing for well-being, and driving destination-worthy purposeful growth will shape choices, investment, and partnerships over the next ten years. As this framework moves forward, its success will depend on continued collaboration and shared responsibility.




Highway 52
2nd St.
Civic Center Dr.
Broadway Ave.
4th St.
3rd St.
6th St.
1st Ave.
Civic Center Dr.
Broadway Ave.
Center St.
3rd Ave. SE

DMC Destination Medical Center

CITY OF ROCHESTER MINNESOTA

SMITHGROUP

JLP+D

ESI ECONSULT SOLUTIONS INC.

# DMC PLAN UPDATE APPENDIX

# DMC PLAN UPDATE APPENDIX
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# A. ECONOMIC IMPACT ANALYSES

**This section includes a collection of background reports, studies, and technical analyses prepared during the Development Plan update process. These materials provided important inputs into the planning effort by surfacing data, trends, and perspectives relevant to Rochester and the DMC area.**

**These reports are not adopted in full, and their findings and recommendations should not be read as final conclusions or policy positions of the DMC. In several cases, the data and assumptions within these reports were questioned, tested, or refined through additional analysis, stakeholder input, and professional judgment. The value of these materials lies in how they informed priorities, framed discussion, and highlighted issues for deeper exploration, rather than serving as definitive or standalone sources of fact.**

# A1.

## DMC 2015-2024
## Economic, Fiscal, and Community Impact Analysis

# Destination Medical Center

## 2015-2024 Economic, Fiscal, and Community Impact Analysis

Date: January 7, 2026
Submitted to DMC Economic Development Agency

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ESI ECONSULT SOLUTIONS INC.
economics | strategy | insight

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# 1. About this Analysis, A 10-Year Look Back

## Goal of this Analysis

This analysis provides a retrospective evaluation of the Destination Medical Center (DMC) initiative, assessing its progress at the halfway point of the 20-year development plan first adopted in 2015. Over the past decade, alongside many partners and collaborators, the DMC has worked to transform Rochester into a premier global medical destination by attracting private investment, creating tens of thousands of new jobs, enhancing regional infrastructure, and advancing innovation in healthcare, biotechnology, and related sectors.

At this midpoint review, the analysis not only takes stock of progress to date but also considers what is needed to sustain and build on that momentum. It examines the extent to which the DMC's original objectives have been realized—drawing on both quantitative indicators, such as investment levels, job creation, and tax revenue growth—and qualitative outcomes, including impacts on employment diversity, community cohesion, and the quality of life for residents and visitors.

By identifying successes, challenges, and opportunities for recalibration, this analysis is intended to support the continued evolution of the DMC initiative—ensuring it remains adaptable, resilient, and aligned with its long-term vision. The findings will help inform future strategic planning and guide the initiative's next phase, as Rochester continues to grow as a dynamic hub of economic activity, innovation, and inclusive community development.

## Outline of this Report

This report is structured to provide a comprehensive 10-year review of the DMC initiative, evaluating its progress, challenges, and opportunities for strategic adjustments. The analysis is organized into the following key sections:

- **Section 2: Plans: The DMC Vision, Planning, and Partnerships** This section outlines the origins of the DMC initiative, the 2015 Development Plan, and how it aligns with broader city, institutional, and regional plans. It details the strategic framework guiding Rochester's transformation and highlights key public-private partnerships supporting implementation.
- **Section 3: Jobs: Employment Growth and Economic Diversification** This section evaluates job creation and sectoral shifts in the DMC District, assessing how employment patterns have evolved since the plan's launch. It also examines how DMC-related investments have supported economic diversification and compares Rochester's performance to regional and state benchmarks.
- **Section 4: Investment: Progress through Public-Private Alignment** This section tracks development progress by analyzing how public and private investments have aligned to meet DMC goals. It measures growth in square footage across sectors such as healthcare, housing, office, and retail, while addressing how external factors have shaped investment priorities over time.

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- **Section 5: Taxes: Fiscal Impact and Public Revenue Growth** This section quantifies the net new tax revenue generated by DMC-related activity, including business, sales, lodging, income, and property taxes. It evaluates the initiative's contributions to the City of Rochester, Olmsted County, and the State of Minnesota, relative to long-term revenue targets.
- **Section 6: Experience: Enhancing Livability, Accessibility, and Vibrancy** This section examines how DMC investments have impacted the user experience across five core groups: patients, companions, employees, residents, and visitors. It reviews changes in housing, mobility, public safety, hospitality, and cultural amenities, assessing how the district's evolution has contributed to creating a more inclusive, welcoming, and people-centered downtown area.

This report serves as a data-driven review and strategic assessment to inform the next phase of DMC implementation, ensuring that Rochester's growth remains resilient, inclusive, and aligned with evolving economic realities.

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# 2. Plans: The DMC Vision, Planning, and Partnerships

## Destination Medical Center Origin

The Destination Medical Center (DMC), located in Rochester, Minnesota, is the State of Minnesota's largest public-private partnership in its history to date. DMC began with a bold vision: to position Rochester as a global center for health and innovation, while enhancing quality of life for everyone who lives, works, or visits. Anchored by the world-renowned Mayo Clinic, the DMC is a significant long-term investment in infrastructure, amenities, and economic diversification to support the continued growth and success of this unique Destination Medical Center. .

In 2013 the Minnesota Legislature committed up to $585 million in public funds to support infrastructure, public spaces, and transit—but with a critical safeguard: state funding would only be released after specific private investment thresholds were met and certified. Under the legislation, the Department of Employment and Economic Development (DEED) is responsible for annually verifying qualified local public and private investments before State funding is made available. This performance-based model ensures that public resources follow, rather than precede, demonstrated private-sector momentum and local public commitments.

To create a vision for how this unique funding model would work in practice, the DMC's partners developed a comprehensive development plan to guide Rochester's transformation. The plan outlines a self-reinforcing approach to economic development—leveraging institutional investment, attracting private-sector growth, and reinvesting in the community to build a more connected, livable, and globally competitive city.The strategy proved effective. By the end of 2016, just a few years into the plan implementation, the DMC exceeded its first major benchmark—surpassing $200 million in certified private investment. This achievement triggered the first annual release of of state funds for public infrastructure projects. These investments have supported a range of infrastructure improvements, supporting new housing, commercial spaces, major expansions of healthcare facilities, enabling , Rochester's growing appeal as a destination for investors and innovators alike.

## Original Destination Medical Center Plan

The DMC Development Plan serves as the strategic blueprint for DMC's role in Rochester's transformation, setting a vision for the mix, scale, and location of potential development across the downtown core. It sets forecasts for private investment across eight key sectors—ranging from healthcare and research to housing, retail, and public space—to ensure a balanced and sustainable approach to long-term growth.

The plan also introduces six interconnected subdistricts, each with a distinct role in shaping the city's identity and functionality. These include hubs for innovation, patient care, education, mobility, and recreation—forming the physical and programmatic framework for the DMC's success. A user-centered philosophy underpins the plan, prioritizing the needs of patients, companions, employees, residents, and visitors to ensure that every investment supports both economic growth and a world-class experience.

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## DMC Goals

The DMC Development Plan outlined five goals, each with specific objectives to support their achievement:



**Goal #1: Create a comprehensive strategic plan with a compelling vision that harnesses the energy and creativity of the entire community**

The plan seeks to establish a strong and distinctive identity for Rochester as a global medical destination. A key focus is on community engagement, ensuring that local residents, businesses, and stakeholders actively participate in shaping and executing the DMC Initiative. Additionally, the plan incorporates a holistic strategy to address all aspects of sustaining and strengthening Rochester's reputation as a premier healthcare and innovation hub.



**Goal #2: Leverage the public investment to attract more than $5 billion in private investment to Rochester and the region**

Achieving this requires a viable economic development strategy, backed by market research to ensure sustainable growth. The plan also sets clear public investment priorities to efficiently allocate resources and align them with the DMC's broader mission.



**Goal #3: Create approximately 35,000 – 45,000 new jobs, with workforce development strategies that support that growth**

To drive job creation, the plan focuses on attracting new businesses, with special attention to small, minority-owned, and women-owned enterprises. Additionally, workforce strategies are designed to retain and develop highly skilled professionals, ensuring the region's economic growth is supported by a competitive labor force.



**Goal #4: Generate approximately $7.5 - $8.0 billion in new net tax revenue over 35 years**

To accomplish this, the plan includes a finance strategy aimed at fostering business and economic growth in Rochester. Additionally, it establishes underwriting criteria to guide public infrastructure investments, ensuring returns to both state and local governments while maintaining financial sustainability.



**Goal #5: Achieve the highest quality patient, companion, visitor, employee, and resident experience, now and in the future**

This includes the development of strategies, programs, and services that reinforce Rochester's status as a world-class destination. Additionally, the plan focuses on enhancing the overall quality of life for patients, visitors, and residents, ensuring Rochester remains an attractive, welcoming, and accessible city.

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Together, these five goals and their objectives form the foundation of the DMC Development Plan, guiding the long-term sustainment of Rochester asa globally recognized center for healthcare, innovation, and economic growth.

### DMC Development Plan Districts

The DMC plan is structured around six key sub-districts in downtown Rochester, each with a distinct focus:

- **Discovery Square** is the innovation hub of the DMC, designed to foster biotech, medical research, and cutting-edge technology advancements.
- **Heart of the City** revitalizes the downtown core, creating a pedestrian-friendly environment with retail, dining, and hospitality to enhance the visitor experience.
- **Downtown Waterfront** is a mixed-use district integrating housing, recreation, and public spaces, promoting a vibrant and livable community anchored by several civic institutions.
- **Central Station** is envisioned as a keygateway into the downtown core, with major vehicle and pedestrian access points and a growing number of transit-oriented developments..
- **Saint Marys Place** serves as the hospitality and patient services district, accommodating lodging, medical support services, and amenities for Mayo Clinic patients and their families.
- **UMR & Recreation District** expands the University of Minnesota Rochester and integrates wellness-focused spaces, supporting higher education and fostering community well-being.

### DMC Development Plan User Experiences

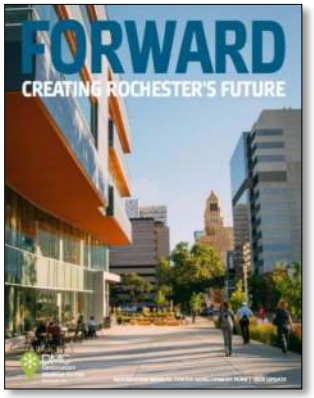
The DMC Development Plan is structured around five core user experiences, ensuring that Rochester's transformation meets the needs of all who live, work, and visit the city:

- **Patients:** Ensuring world-class healthcare accessibility, comfort, and convenience for those receiving treatment.
- **Companions:** Enhancing the experience of family members and caregivers through comfortable accommodations, amenities, and support services.
- **Visitors:** Elevating the hospitality, tourism, and entertainment experience to attract people from around the world.
- **Employees:** Creating a dynamic and supportive work environment that fosters job satisfaction, diverse employment opportunities and professional growth.
- **Residents:** Developing a community with high-quality housing, recreation, and urban amenities.

By prioritizing these five user experiences, the DMC initiative ensures that the city's transformation benefits everyone who interacts with Rochester, making it an attractive, functional, and forward-thinking destination.

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## 2020 Destination Medical Center Plan Update




Five years after the release of the original DMC Development Plan, the Destination Medical Center Corporation (DMCC) Board of Directors and Rochester City Council, and their partners produced a 2020 plan update to assess early outcomes and refine priorities for the next phase of implementation. The update served as both a checkpoint and a strategic reset—measuring the initiative's performance against its original goals while identifying opportunities to accelerate momentum and respond to emerging needs. It reflected ongoing coordination among public and private partners, reaffirmed the importance of community input, and emphasized the need for continued adaptability as Rochester evolves.

The report highlighted several major achievements from the first five-year phase of the initiative, signaling strong early traction in investment, job creation, public realm enhancements, and quality-of-life improvements:

**Goal #1: Comprehensive Plan** The DMC EDA developed a comprehensive strategic development plan to transform Rochester's downtown into a vibrant urban center in collaboration with the City of Rochester, Olmsted County, Rochester-Olmsted Council of Governments, Mayo Clinic, and other community stakeholders. The plan divided downtown Rochester into six integrated sub-districts with unique purposes and experiences, with Phase I (2015-2019) focused on community-driven design, pilot projects, and foundational planning efforts. The plan prioritized development of Heart of the City, Discovery Square, mobility solutions, and other long-lead infrastructure investments. Since the plan's adoption, numerous additional and more detailed studies have been conducted focusing on specific developments in the DMC development district.

**Goal #2: Investments** DMC aimed to leverage $585 million in public funds to attract over $5 billion in private investments. In Phase I, $963 million in private investment was secured, surpassing initial targets, and was paired with approximately $98 million in public funding. Investments were concentrated in healthcare, research, residential, and commercial projects, with notable developments such as One Discovery Square, a life sciences innovation hub, , housing, and high-amenity hotel and hospitality spaces..

**Goal #3: Jobs In Phase 1,** approximately 7,700 new jobs were added through DMC growth in the first 5 years, representing 19 to 22 percent of the initiative's 2035 target of 35,000 – 40,000 new jobs. The majority of these jobs were created in the healthcare sector, reflecting the foundational role Mayo Clinic and related medical enterprises play in Rochester's and Minnesota's economy. Notably, around 80 percent of the new jobs paid above the area's median income, which was approximately $75,000, indicating strong wage quality among the positions that were added. In addition to healthcare, the education, construction, and hospitality sectors also experienced job growth,

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contributing to a more diverse employment base and supporting broader economic activity within the region.

**Goal #4: Tax Revenue** DMC projects and programs generated about 12 percent of the 20-year projected tax revenue in just five years, outpacing early modeling. Increased tax revenues were primarily driven by income taxes from new jobs, along with sales, hotel, and property taxes. Key investments in infrastructure and development broadened downtown tax capacity.

**Goal #5: Experience** Recognizing the importance of a positive experience beyond clinical care, DMC emphasized enhancing downtown Rochester's vibrancy and appeal for patients, visitors, employees, and residents. Initial research revealed perceptions of downtown as underwhelming for activities and entertainment. In response, DMC and community partners launched projects such as the "When in Rochester" app, which provides users with a calendar of activities, information about travel services, and food, dining, and shopping options, and prioritized improvements to public spaces. Efforts continue to blend world-class healthcare access with authentic, welcoming experiences, ensuring downtown Rochester supports wellness, community life, and a strong sense of place.

The success of the Destination Medical Center initiative depends not only on its own strategic plan but also on close alignment with a range of complementary city, institutional, and regional planning efforts. The DMC framework is deeply integrated into Rochester's broader ecosystem of growth—working in tandem with the Mayo Clinic Five-Year Plan, the Rochester Unified Development Code, the Integrated Transit Studies, and long-range planning from the University of Minnesota Rochester and Olmsted County. These plans share common goals: promoting sustainable development, enhancing connectivity, supporting workforce and housing needs, and shaping a vibrant, inclusive downtown. Together, they form a cohesive planning landscape that reinforces the DMC's vision of Rochester as a world-class destination for healthcare, innovation, education, and urban living.

## Mayo Clinic 5-Year Plan




The Mayo Clinic Five-Year Plan Update, released in 2023, provides a detailed and forward-looking overview of Mayo Clinic's physical, operational, and infrastructure planning across its Rochester campuses. This document plays a critical role in aligning Mayo Clinic's institutional growth with broader city and regional frameworks, including the Destination Medical Center (DMC) initiative and the Rochester 2040 Comprehensive Plan.

The plan includes a comprehensive inventory of Mayo Clinic's land ownership, building square footage, and workforce distribution. As of 2023, Mayo Clinic managed approximately 18.6 million square feet of space across its Rochester campus network. The plan provides a breakdown of employee concentrations across the city and offers insight into the functional use and spatial distribution of existing facilities.

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In addition to documenting existing assets, the plan outlines potential future projects and priorities across medical, support, and operational domains. It includes strategies for optimizing parking and transportation infrastructure, enhancing logistical systems for medical operations, and expanding urban greenspaces to improve the on-campus experience and environmental performance. This includes considerations for pedestrian circulation, campus connectivity, and alignment with multimodal transit goals under DMC and city-led initiatives.

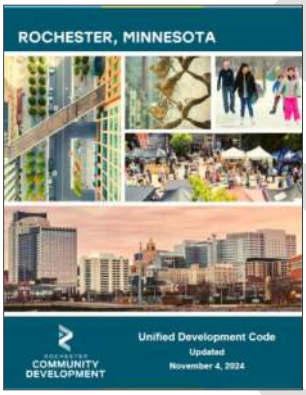
A central focus of the plan is on sustainability and integration—ensuring that Mayo Clinic's future development advances its core mission in patient care, medical education, and research while also contributing positively to Rochester's urban form and quality of life. The plan reflects a strong commitment to strategic growth, guided by principles of efficiency, flexibility, and long-term stewardship of resources.

By articulating Mayo Clinic's priorities and projected needs, the Five-Year Plan serves as a vital touchstone for collaborative planning between the Clinic, the City of Rochester, and other DMC stakeholders, ensuring that physical expansion aligns with community, economic, and environmental goals.

## City of Rochester and UMR Plans

In addition to the plans detailed above, specific plans for development, transportation, and education facilities further support an integrated vision for Downtown Rochester.

### UDC (Unified Development Code)




The Rochester Unified Development Code (UDC) establishes clear, appropriate and reasonable guidance for the development and use of land in Rochester, with the intention of enhancing the health and safety of residents. The UDC intends to implement the policies and goals of the Rochester Comprehensive Plan, establish zoning districts and regulations for the height and density of buildings, minimize traffic congestion, offer varied housing options, protect Rochester's cultural assets, promote sustainable development, and ensure adequate access to public infrastructure such as parks, roadways, and schools. DMC development activities are subject to the regulations set out in the UDC.

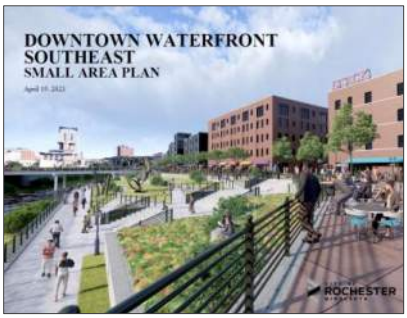
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### ITS (Integrated Transit Studies)




The Integrated Transit Studies (ITS) were developed to support the DMC initiative by examining multimodal transportation solutions for downtown Rochester in anticipation of increased travel demand impacting the area. Four studies were completed: the Transit Circulator Study, City Loop Study, Street Use and Operations Study, and Parking and Transportation Management Authority (TMA) Study. These studies focus on meeting anticipated growth in employees, residents, and visitors while reducing reliance on personal vehicles, promoting sustainability, and enhancing livability.

### Riverfront Small Area Plan




The 2021 Downtown Waterfront Southeast (DWSE) Small Area Plan outlines a transformative vision for a 60-acre site on the edge of downtown Rochester, aiming to revitalize underutilized land into a vibrant, mixed-use urban district. The primary goal of the plan is to create a diverse and inclusive neighborhood that enhances economic, social, and environmental health through increased green space, connectivity, housing options, and the activation of the Zumbro Riverfront across multiple DMC subdistricts. The plan illustrates how the site may evolve in the coming years, introducing new streets, public spaces, green corridors, stormwater infrastructure, and a pedestrian promenade, while incorporating a mix of housing, retail, and office uses anchored by the adaptive reuse of historic buildings such as the former Associated Milk Producers, Inc. ("AMPI") plant. The plan is expected to take 20 to 25 years to fully realize, and will be based on phased, flexible development aligned with community input, market demand, and city policy, emphasizing the use of a strong framework for partnerships, public investments, and policy updates.

### UMR Campus and Climate Action Plan




In September 2024, the University of Minnesota Rochester (UMR) released its Campus & Climate Action Plan, a forward-looking strategy designed to guide facility investments and sustainability initiatives in support of the university's academic mission and anticipated enrollment growth. The plan outlines a comprehensive vision for how UMR's physical campus and operational infrastructure can evolve to meet the needs of a growing student body while advancing environmental stewardship and aligning with broader city and regional goals.

The plan is closely tied to UMR's projected expansion over the next several years, with a target of hosting a 1,500 student body by fall 2028. It prioritizes both short-term and long-term investments in academic spaces, support facilities, and climate-focused infrastructure, ensuring that the campus

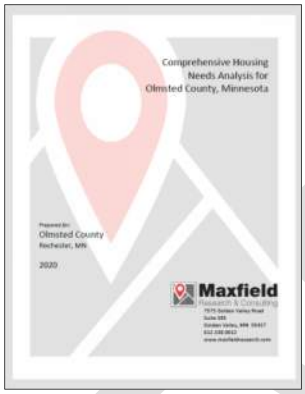
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remains adaptable, inclusive, and future-ready. Importantly, several key components of the plan directly intersect with the DMC initiative, underscoring the collaborative nature of Rochester's transformation:

- **Climate Innovation:** DMC is central to implementing the, LinkBRT transit system, and other expanded mobility options—all critical to UMR meeting its carbon neutrality commitment by 2050.
- **Education District Activation:** While UMR owns land in this district (purchased partly with City sales tax funds), DMC's investment in and development of the areaenables UMR's long-term growth plans.
- **Specialty Spaces:** The plan identifies DMC as a potential development partner for specialized facilities including an Immersion Learning Lab, gymnasium facilities, and downtown childcare services.

The document frames this relationship as mutually beneficial—DMC's economic development initiatives support UMR's campus needs, while UMR's growing presence contributes to Rochester's reputation as a world-class destination for health education and innovation.

### Olmsted County Comprehensive Housing Needs Analysis




The Olmsted County Comprehensive Housing Needs Analysis, completed in 2020, assessed housing needs across Olmsted County through 2030. The report includes demographic trends, market data, and demand estimates for rental, for-sale, senior, and specialty housing. Its findings highlight steady housing demand despite COVID-19 pandemic-related challenges, with particularly strong interest in senior-friendly and entry-level housing driven by aging Baby Boomers and older Millennials. Importantly, the study identifies the preservation of Naturally Occurring Affordable Housing (NOAH) as a critical priority, noting that 71% of the County's market-rate apartments are affordable to households earning 60% of the area median income. Rising land costs, regulatory fees, and the influence of out-of-state investment linked to DMC-related development have contributed to increasing housing prices in recent years. As the DMC initiative continues to drive growth and attract investment, the housing analysis offers additional context around housing demand, rental rate, and cost data.

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# 3. Jobs: Employment Growth and Economic Diversification

One of the central goals of the DMC is to increase and diversify employment opportunities within downtown Rochester. As outlined in Goal #3 of the original development plan, DMC aims to create approximately 35,000 to 45,000 new jobs by 2035, supported by workforce strategies that foster inclusive growth and strengthen Rochester's competitive edge. This goal reflects the broader DMC ambitionto reinforce Mayo Clinic's global presenceand to cultivate a more resilient and dynamic local economy.

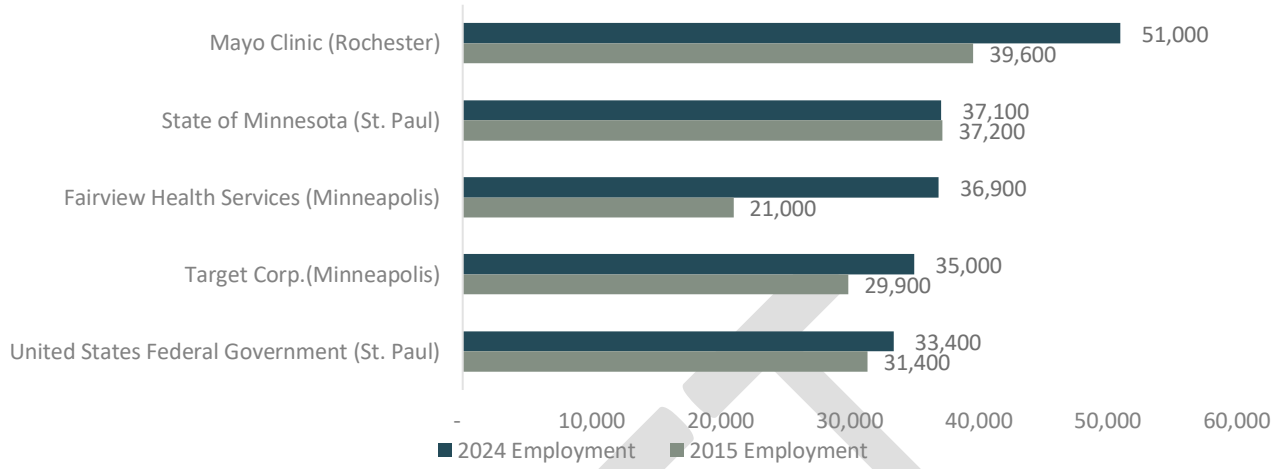
This section explores progress toward that goal by examining how DMC-generated employment has evolved since the initiative's launch, both in total and across sectors. It places Rochester's growth in context—comparing employment trends within the DMC District to those in the City of Rochester, the broader Rochester metropolitan statistical area (MSA) of Olmsted, Didge, Filmore, and Wabasha counties, the state of Minnesota, and a set of peer metropolitan areas. The analysis also highlights changes in non-healthcare employment before and after the plan to assess whether DMC-related investments have supported greater economic diversification.

## DMC's 20-Year Job Growth Target

As of 2024, Mayo Clinic stands as Minnesota's top employer, with approximately 51,000 individuals employed within the state—a substantial 29 percent increase from 2015, when it also held the position of Minnesota's largest employer (39,600 employees). Additionally, Mayo Clinic not only maintained its position as the state's largest employer but also experienced the most significant job growth (numeric and percentage-based) among Minnesota's top employers. This expansion highlights Mayo Clinic's critical role in driving employment and economic activity not only within the DMC district and Rochester, but throughout the state and provides compelling evidence that the initial rationale for the DMC initiative—that Mayo Clinic wanted to, and would, invest and grow in Minnesota with the passage of the DMC legislation in 2013—has proven true.

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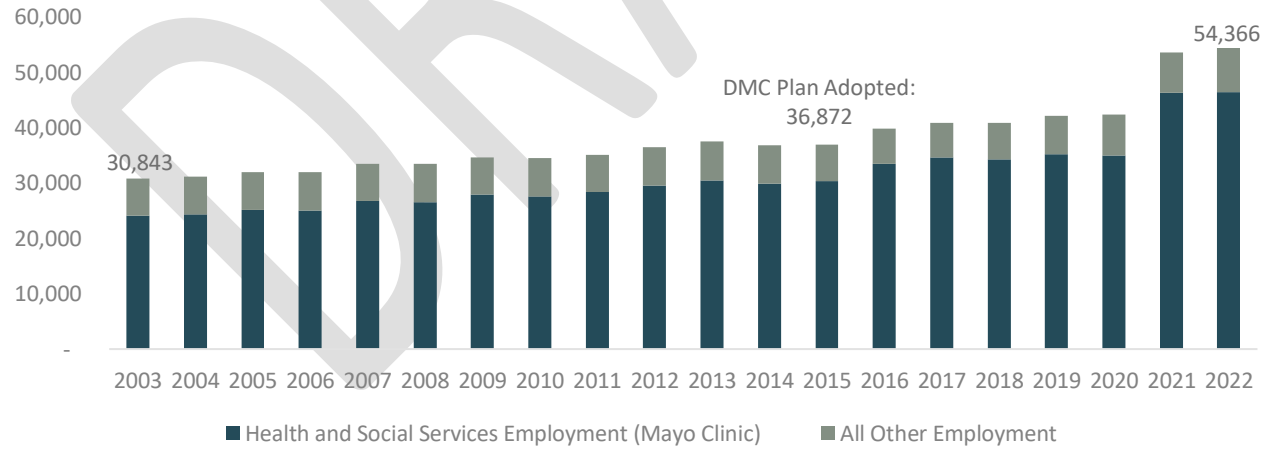
Figure 3.1: Top Minnesota Employers, Statewide Employment, 2015 and 2024




*Source: Minnesota Department of Employment and Economic Development (2024); Business Journals (2015)*

Over the past twenty years (2003-2022), the DMC development district's employment grew by 76 percent, adding approximately 24,000 jobs. **Roughly 75 percent of this growth occurred after the implementation of the DMC plan (2015) when employment in the district increased from approximately 36,900 in 2015 to 54,400 in 2022—a gain of about 17,500 jobs.** Of those, 16,000 were in the Health Care and Social Assistance sector, while 1,500 jobs were added in other sectors.

Figure 3.2: DMC District Employment, 2003 to 2022



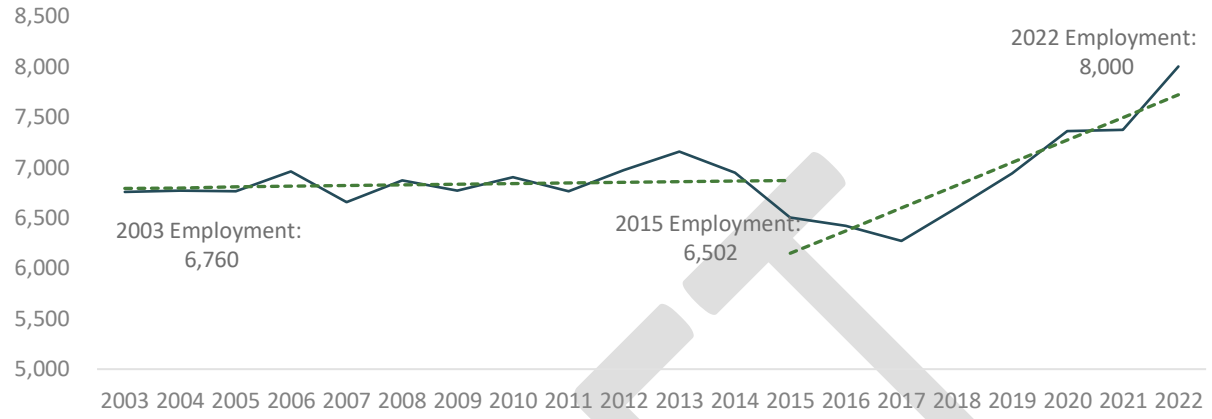

*Source: U.S. Census OnTheMap (2025)*

While the majority of this growth remains concentrated in healthcare, it marks a shift from the earlier portion of the previous 20 years, between 2003 and 2015, during which non-healthcare employment actually declined by 260 jobs (from 6,800 to 6,540). As shown in Figure 3.3, non-healthcare employment in the district was largely stagnant prior to the DMC initiative. The recent gains suggest that DMC-

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related investments and planning have supported broader employment growth, extending beyond healthcare and contributing to overall economic development in the district.

Figure 3.3: DMC District Non-Health Care Employment, 2003 to 2022




*Source: U.S. Census OnTheMap (2025)*

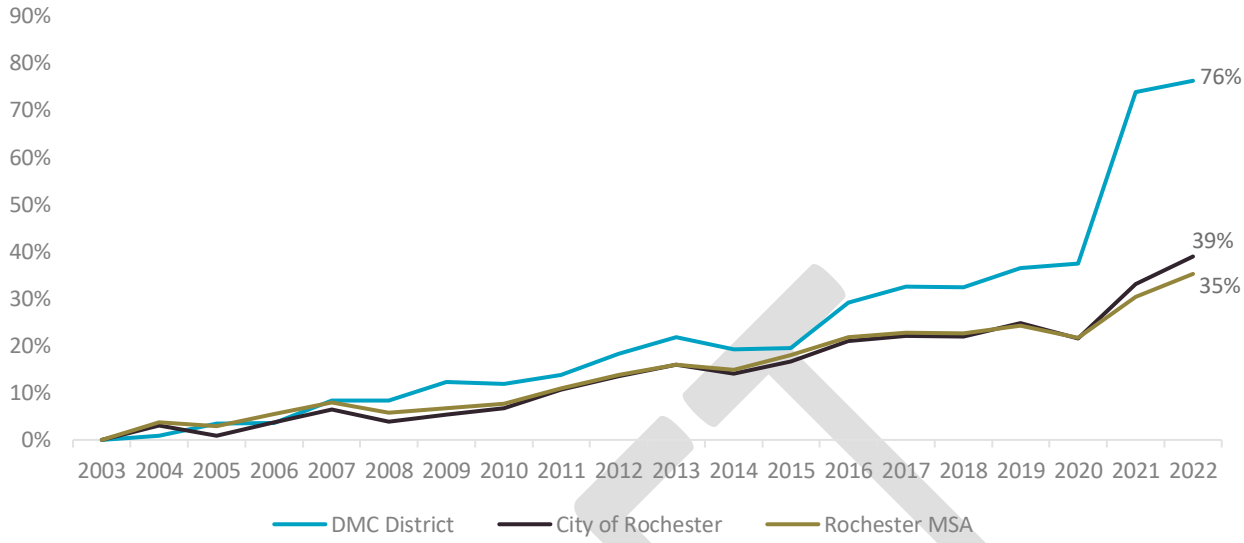
## Contextualizing DMC's Employment Growth

### DMC's Employment Growth in Relation to the City of Rochester and Rochester MSA

Over the past twenty years, employment in the DMC District has shown impressive growth, with the majority of this growth occurring after 2015. Much of this increase was driven by expansion within the Health Care and Social Assistance sector, reflecting the continued prominence of Mayo Clinic as a central economic driver. The DMC Development District's growth of 76 percent notably outpaced that of its surrounding areas. While the City of Rochester saw a 39 percent growth rate over the same period, the Rochester MSA experienced a 35 percent increase.

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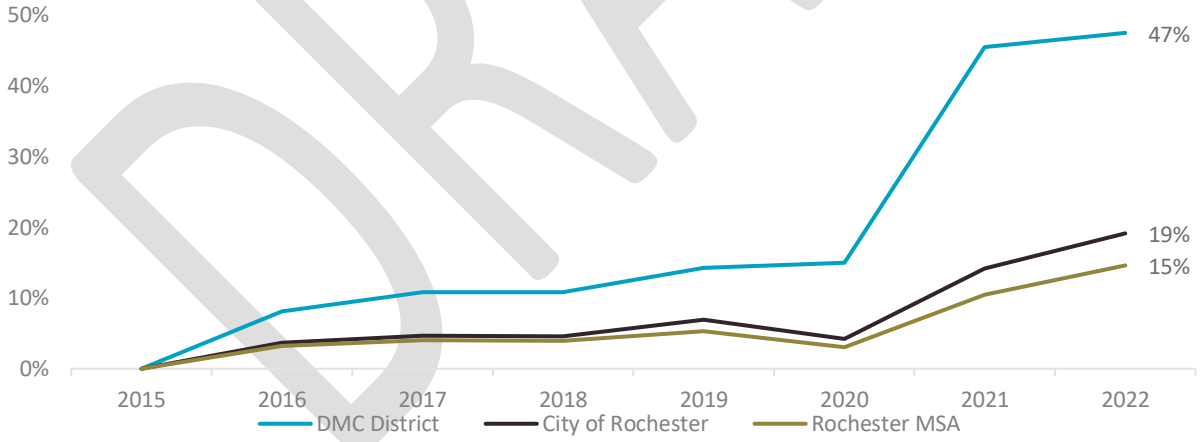
Figure 3.4: DMC Development District, City of Rochester, and Rochester MSA Employment Growth, 2003 to 2022




*Source: U.S. Census OnTheMap (2025)*

When focusing on the growth since the beginning of the DMC plan in 2015, total employment in the DMC District increased by 47 percent by 2022. This rate of growth surpassed that of the City of Rochester (19 percent) and the Rochester MSA (15 percent).

Figure 3.5: DMC Development District, City of Rochester, and Rochester MSA Employment Growth, 2015 to 2022




*Source: U.S. Census OnTheMap (2025)*

When focusing on non-healthcare employment since the beginning of the DMC plan in 2015, the trends within the regions are mixed. In the DMC Development District, non-healthcare employment increased by 23 percent as of 2022, showing some signs of diversification within the district.

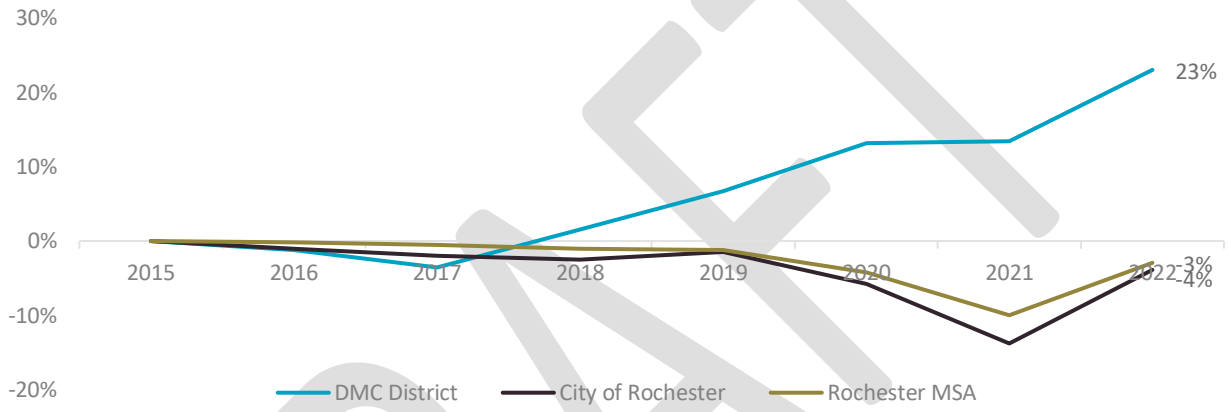
This growth contrasts sharply with the broader region. The City of Rochester saw a 4 percent decline in non-healthcare employment over the same period, while the Rochester MSA experienced a 3 percent

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decline. Statewide, Minnesota's non-healthcare employment remained relatively stable, with no net change between 2015 and 2022.

The growth within the DMC Development District indicates that while healthcare continues to dominate, investments in infrastructure and mixed-use development may be contributing to observable gains in other sectors. However, the decline in non-healthcare employment elsewhere suggests that broader economic diversification remains a challenge for the region. Progress within the DMC development district could serve as a foundation for future efforts to stimulate non-healthcare sector growth in the surrounding areas.

Figure 3.6: DMC Development District, City of Rochester, and Rochester MSA Non-Healthcare Employment Growth, 2015 to 2022




*Source: U.S. Census OnTheMap (2025)*

### Rochester's Employment Growth in Relation to its Peer Cities

Given Rochester's unique economic structure, finding appropriate benchmark locations for comparison can be challenging. To select meaningful peers, we applied three key criteria:

- **Geographic location:** Similar regional context within the Midwest
- **Population size:**[1] Comparable metropolitan area population
- **Anchor Reliance Index:**[2] A measure of how dependent the local economy is on a foundational institution, like Mayo Clinic in Rochester

Using these measures, Iowa City, IA, Fargo, ND-MN, Sioux Falls, SD-MN, and Madison, WI were identified as peer communities. As expected, larger metropolitan areas tend to exhibit a lower reliance on a single anchor institution. This relationship is evident when comparing the Anchor Reliance Index with population size across peer cities.

[1] While Madison, WI, did not strictly meet the definition of peer city based on population size, it was included in the comparison due to its **regional significance** and its role as a city with a major anchor institution.
[2] https://www.philadelphiafed.org/community-development/workforce-and-economic-development/anchor-economy-initiative

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- **Madison, WI**, with a population of 701,254, has the lowest reliance on its anchor institution, the University of Wisconsin, with an Anchor Reliance Index of 1.3. The city's more diversified economy reduces its dependence on a single entity.
- **Sioux Falls, SD-MN** and **Fargo, ND-MN** have mid-range populations of 311,286 and 266,664 respectively, with corresponding reliance indices of 1.76 and 2.11. Both cities are anchored by major healthcare systems, Sanford Health and Avera Health.
- **Iowa City, IA** stands out with the highest reliance index of 3.19. With a smaller population of 181,531 and a strong dependence on the University of Iowa and its hospitals, the city demonstrates how smaller communities often rely more heavily on anchor institutions.

Figure 3.7: Peer City Metrics




| | | | | |
|---|---|---|---|---|
| **Anchor Reliance Index (2019)** | | | | |
| 1.30 | 1.76 | 1.90 | 2.11 | 3.19 |
| **MSA Population (2024)** | | | | |
| 701,254 | 311,286 | 230,765 | 266,664 | 181,531 |

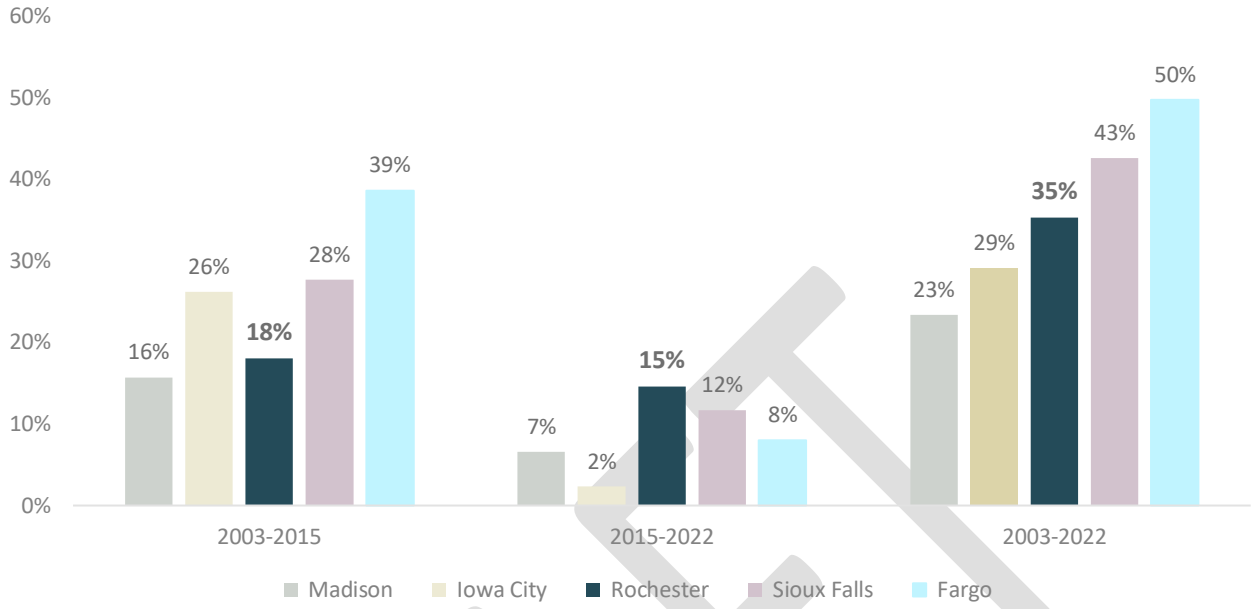
*Source: Lightcast (2025)*

Over the past 20 years, the Rochester MSA has experienced notable shifts in its employment growth compared to its peer cities. From 2003 to 2015, Rochester's employment grew by 18 percent, which was the second lowest among its peers. While the Fargo (39 percent), Sioux Falls (28 percent), and Iowa City (26 percent) MSAs experienced significant growth, only Madison, with a growth rate of 16 percent, saw slower growth than Rochester. However, from since DMC's implementation in 2015 through 2022, Rochester saw a significant turnaround. With employment growth of 15 percent, it led all peer cities in job creation. Sioux Falls followed with 12 percent growth, followed by Fargo (8 percent), Madison (7 percent) and Iowa City (2 percent).

When considering the entire 20-year period from 2003 to 2022, Rochester's employment grew by 35 percent. While this was lower than the cumulative growth in Fargo (50 percent) and Sioux Falls (43 percent), it outpaced that of Iowa City (29 percent) and Madison (23 percent).

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Figure 3.8: Peer City Employment Change, 2003-2015 and 2015-2022



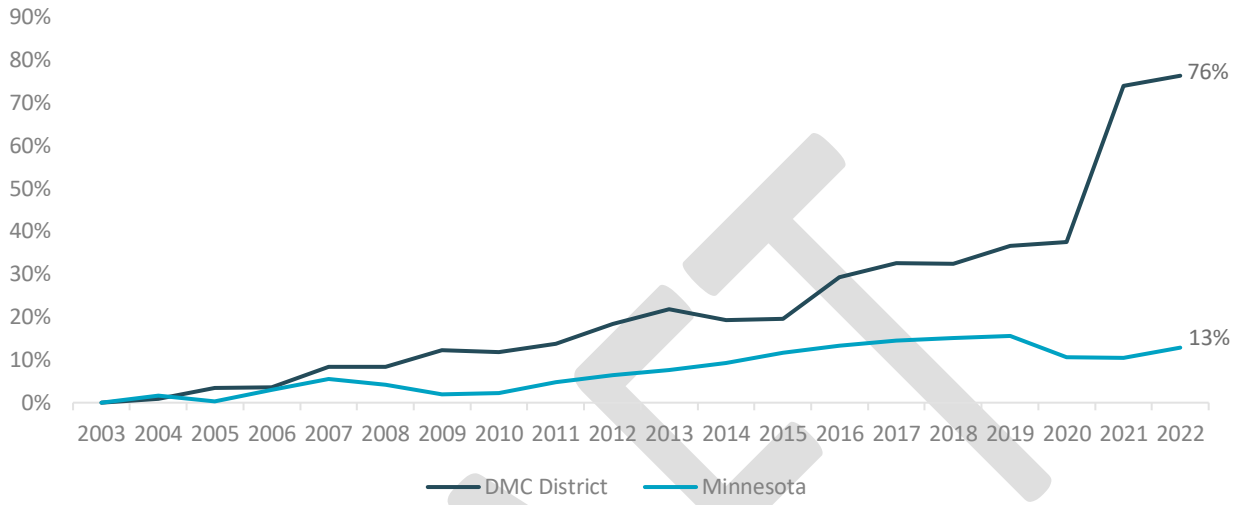

*Source: OnTheMap (2025)*

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### DMC-enabled Employment Growth in Relation to Minnesota

As previously established, employment in the DMC District grew by 76 percent between 2003 and 2022. In comparison, statewide employment in Minnesota increased by just 13 percent over the same period.

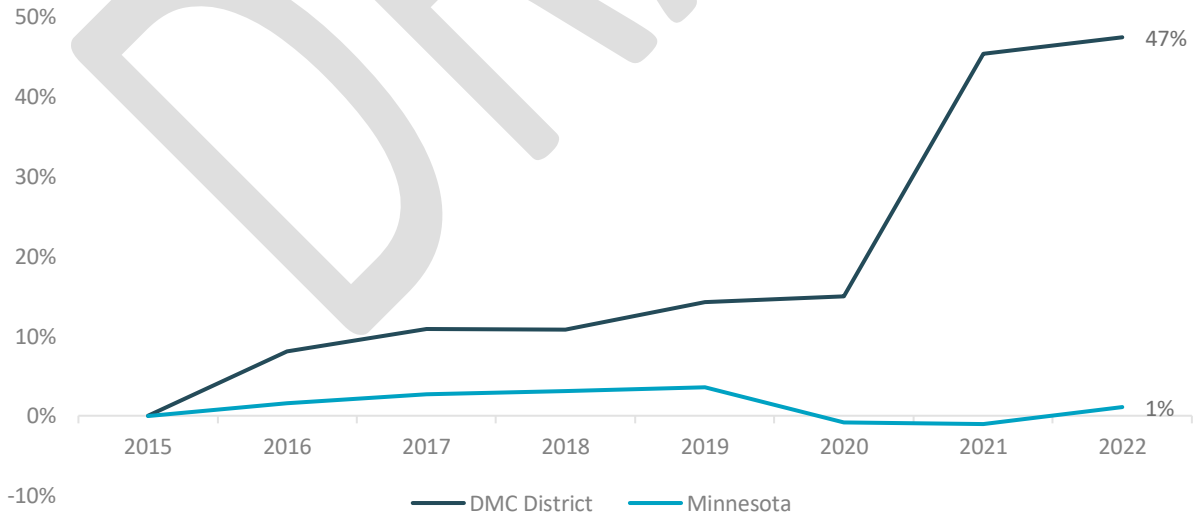
Figure 3.9: DMC District and Minnesota Employment Growth, 2003 to 2022




*Source: U.S. Census OnTheMap (2025)*

Since DMC's formal launch in 2015, the gap in growth has become even more pronounced. From 2015 to 2022, employment in the DMC District grew by 47 percent, while statewide employment increased by just 1 percent.

Figure 3.10: DMC District and Minnesota Employment Growth, 2015 to 2022

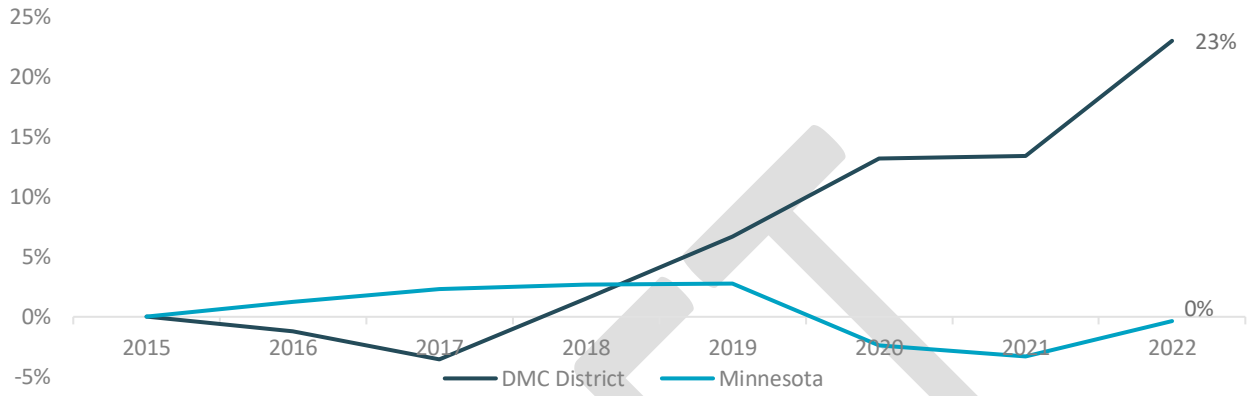



*Source: U.S. Census OnTheMap (2025)*

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A similar trend is observed when isolating non-healthcare employment. While non-healthcare employment in Minnesota remained flat—showing no net change between 2015 and 2022—non-healthcare jobs in the DMC District grew by 23 percent over the same period.

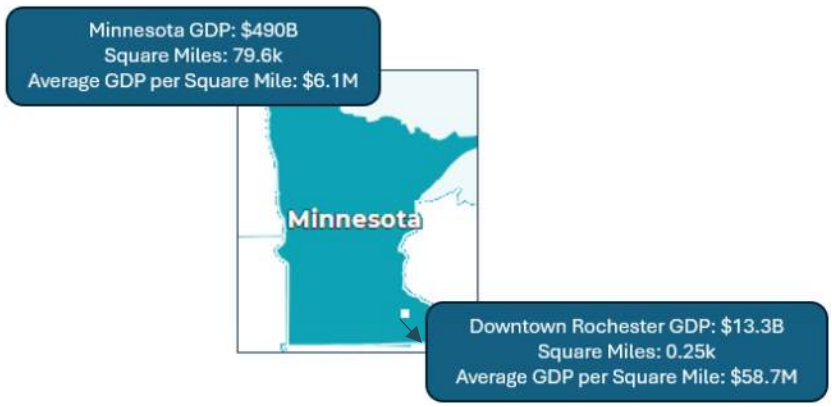
Figure 3.11: DMC District and Minnesota Non-Healthcare Employment Growth, 2015 to 2022




*Source: U.S. Census OnTheMap (2025)*

To put it another way, while Minnesota's economy is spread across a large geographic area, generating an average of $6.1 million in GDP per square mile, Downtown Rochester produces a remarkable $58.7 million per square mile. This means the economic output of Downtown Rochester is nearly 10 times more concentrated than the state's average. Despite its small footprint of 250 square miles, the area generates $13.3 billion in GDP, reflecting its role as a dense economic hub.[3] This high level of productivity reflects the influence of Mayo Clinic and DMC district investments, making Downtown Rochester a significant contributor to Minnesota's economy.

Figure 3.23: GDP per square mile, Minnesota and Downtown Rochester (Zips 55901, 55902, 55904, 55906)




*Source: IMPLAN (2025)*

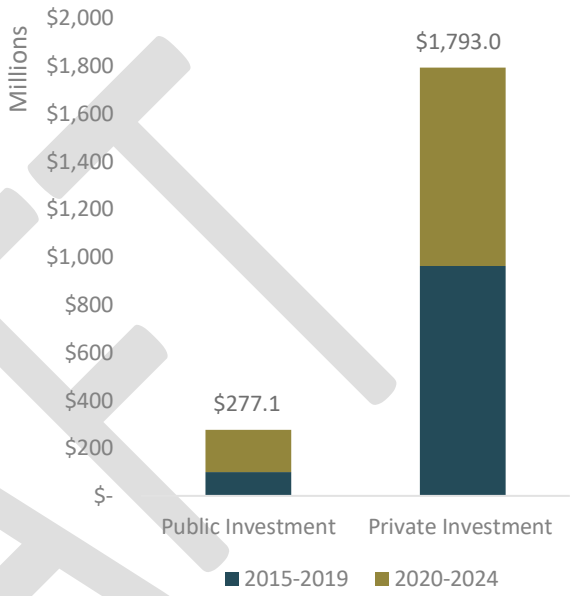
[3] This is the total land area of the four zip codes that comprise of the DMC district: 55901, 55902, 55904, and 55906

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# 4. Investment: Progress through Public-Private Alignment

One of DMC's goals is to use public investment to support and sustain over $5 billion in private investment in Rochester. Importantly, public funding is deployed in response to demonstrated private sector activity—strengthening momentum, guiding infrastructure improvements, and aligning investments to ensure Rochester's continued evolution as a global medical and innovation hub.

Figure 4.1 Public and Private Investment, 2015-2024




At the halfway point of the 20-year plan, the DMCC Board of Directors and Rochester City Council have invested $277 million of the $585 million allocated for public funding, representing 47 percent of the total public investment goal. This public investment has successfully attracted nearly $1.8 billion in private investment, which accounts for 36 percent of the overall $5 billion private investment target. These figures highlight the progress made in leveraging public funding to drive private sector growth, while also underscoring the need for continued investment and strategic adjustments to maintain momentum and fully realize the economic transformation envisioned by the DMC plan.

## Private Investment: 20-year target

Over the course of the 20-year plan, DMC aims to attract $5 billion in private investment, with public funds strategically deployed to sustain momentum across a diverse range of development types and sectors. This section examines how private investment is shaping Rochester's physical and economic landscape—supporting business expansion, attracting new industries, and advancing the city's evolution into an even more resilient and diverse economy. While employment outcomes have already been discussed, this section focuses on progress toward the physical development modeling completed for the 2015 DMC Development Plan, which included projected square footage and unit goals for key use types:

- **Healthcare**: 6,800,000 square feet
- **Bio-Tech**: 1,020,000 square feet
- **Office**: 310,000 square feet
- **Hotel**: 1,380 keys

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- **Residential**: 2,850 units
- **Retail**: 320,000 square feet
- **Education**: 354,000 square feet

These projections were intended to inform the scale and scope of development needed to support DMC's broader vision. While this analysis will report as the models outlined in the 2015 plan, several catalytic events over the past decade—such as the COVID-19 pandemic and the rise of remote work—have necessitated a reassessment of certain projections. These shifts in economic realities may mean that some original assumptions no longer align with the current trajectory of growth.

For example, the prevalence of remote work in cities across the country has led to high office vacancy rates, a trend that was not anticipated in the 2015 DMC plan. Given this shift, adding 310,000 square feet of new office space is no longer as realizable as it was anticipated to be in the 2015 DMC plan. However, the renovation or re-use of existing office space may be a more practical and sustainable approach to aligning with the city's economic reality while still fostering growth.

Similarly, other categories of development may be impacted by evolving economic conditions. As such, this analysis will continue to report on growth in relation to the original 2015 development model while incorporating additional metrics and context where necessary to ensure a more accurate and relevant assessment of Rochester's development.

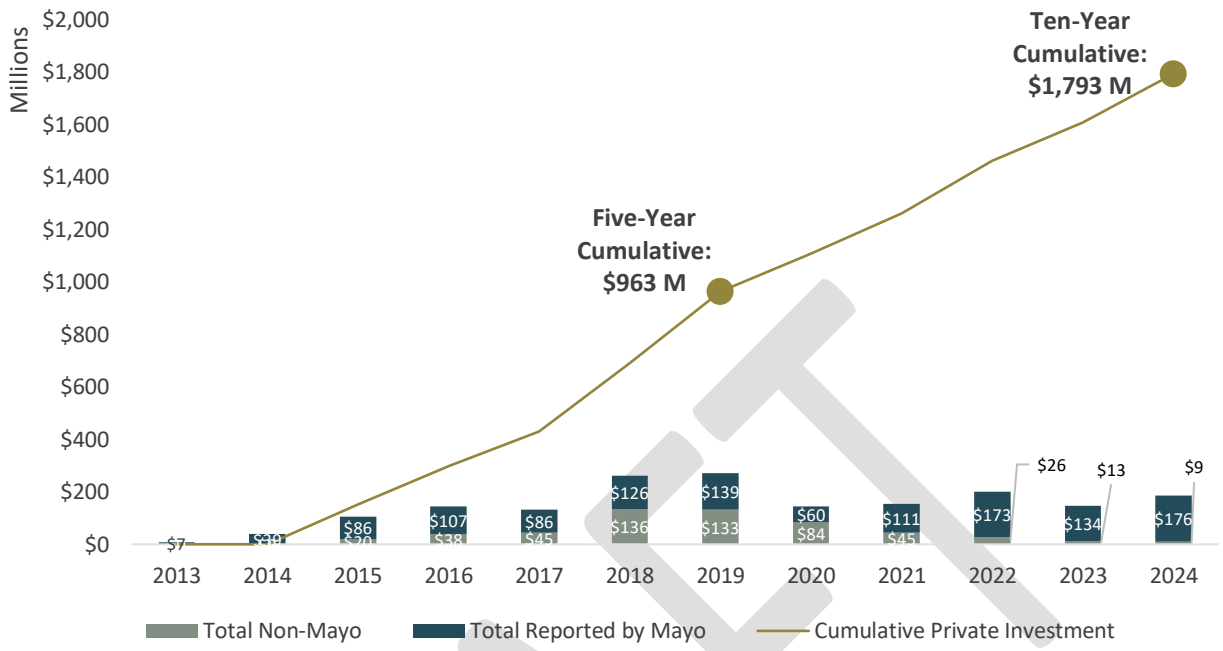
### The Economic Impact of DMC Construction

Each year, the City of Rochester and the DMC EDA collect and review data on building permits issued within the DMC development district (and, for Mayo Clinic, elsewhere in the City) to certify private investments. Mayo Clinic directly reports its annual expenditures on DMC-related projects, providing supporting documentation to verify those investments, while non-Mayo Clinic investments are identified through city records, including building permits, certificates of occupancy, and other relevant documentation. By April 1 each year, these reports are submitted to the Minnesota Department of Employment and Economic Development (DEED), which reviews the submissions to certify the reported expenditures.

Building permits play a critical role in this process, serving as a key tool for tracking development activity by providing detailed information on project scope, valuation, and completion status. This ensures that reported investments align with actual DMC-eligible construction work.Figure 4.2 below illustrates cumulative DMC private investment from 2013 to 2024, distinguishing between investments reported by Mayo Clinic and non-Mayo private investments. **Over ten years, total private investment has reached $1.793 billion.**

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Figure 4.2: Private Investment to Date




*Source: DMC EDA (2025)*

Strategic investments in new construction and renovation projects—funded by a combination of Mayo Clinic, other private entities, and DMC sources—drive substantial economic impact. Over the past decade, cumulative private investment has reached nearly $1.8 billion, funding the development of healthcare facilities, commercial properties, residential spaces, and mixed-use projects that support Rochester's growing economy.

These investments not only enhance the physical landscape of the city but also create significant employment opportunities during their production. Construction projects generate jobs across multiple sectors, from skilled trades and engineering to professional services, while also stimulating demand for materials, equipment, and subcontracted services. The wages earned by workers on these projects are reinvested into the local economy through consumer spending, further amplifying the economic impact.

The construction activity associated with the nearly $1.8 billion includes 90 percent ($1.6 billion) in hard costs and ten percent in soft costs. These private investments generate significant direct and spillover impacts for the construction industry and more broadly the local, regional, and state economy.

These capital expenditures are estimated to have generated a total economic impact of $2.3 billion over the past decade or an average of $234.9 million in economic impact each year. Annual private capital investments support 1,370 direct, indirect, and induced jobs annually (FTE[4]), on average, with $82.0 million in average annual employee compensation within the City of Rochester.

[4] IMPLAN generates job estimates based on the term "job-years", or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly "job-years" supported, over two years, that represents 50 annual jobs.

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Within Olmsted County, these projects generate $2.4 billion in total output and an average of $239.0 million in annual economic output. The private investments support 1,380 average FTE jobs annually with $82.8 million in average annual employee compensation.

Statewide, these projects generate $2.9 billion in total output and an average of $289.9 million in annual economic output, supporting 1,590 average FTE jobs annually with $98.1 million in average annual employee compensation (see Figure 4.3).

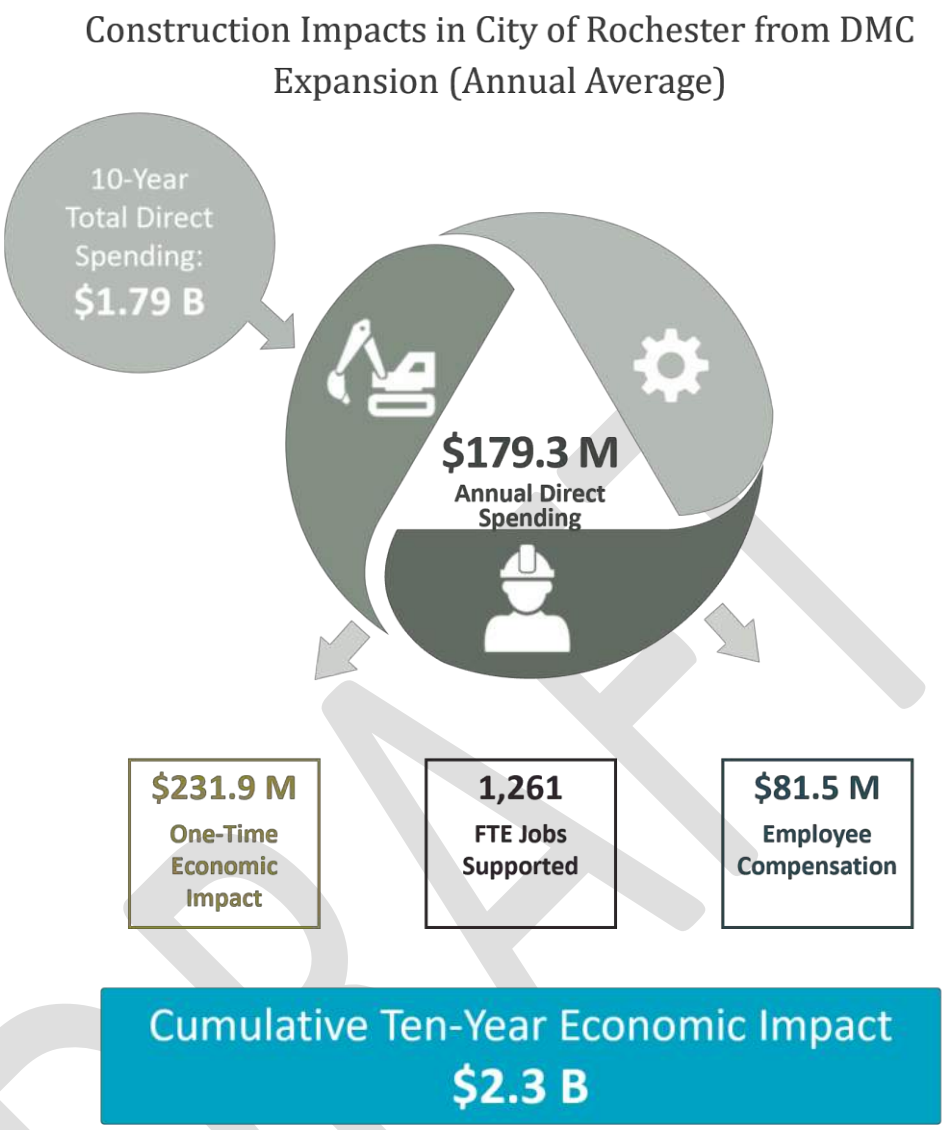
Figure 4.3: Annual Average of Economic Impacts from DMC Capital Investments from 2015 to 2024[5]

| Impact Type | City of Rochester | Olmsted County | Minnesota |
|---|---|---|---|
| Direct Output ($M) | $179.3 | $179.3 | $179.3 |
| Indirect & Induced Output ($M) | $55.6 | $59.7 | $110.6 |
| **Total Impact ($M)** | **$234.9** | **$239.0** | **$289.9** |
| Employment Supported (FTE) | 1,370 | 1,380 | 1,590 |
| Employee Compensation ($M) | $82.0 | $82.8 | $98.1 |

*Source: IMPLAN (2023), ESI (2025)*

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[5] The values cover a construction period of ten years.




This direct and spillover economic activity also supports the state's tax base. Over the course of the 10-year period, it is estimated that $75.5 million in total tax revenue has been generated directly and indirectly for the State of Minnesota (see Figure 4.4).

Figure 4.4: State Tax Revenue Impact from DMC Related Capital Investments

| Tax Type | State of Minnesota |
|---|---|
| Income ($M) | $37.7 |
| Sales ($M) | $30.5 |
| Business ($M) | $10.9 |
| **Total Tax Impact** | **$75.5** |

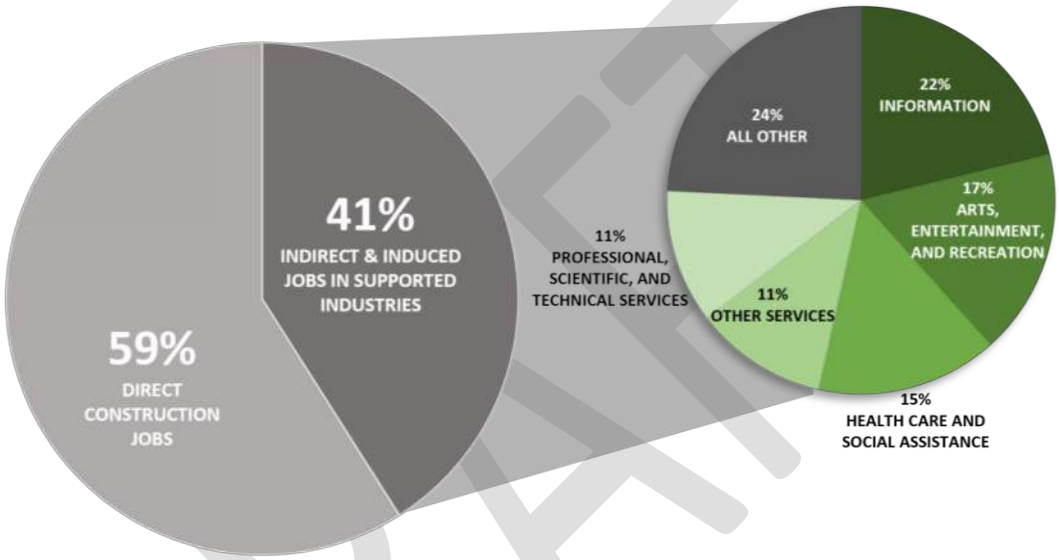
*Source: IMPLAN (2023), ESI (2025)*

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### Broader Impacts of DMC Construction

Sustained DMC-generated construction activity not only transforms Rochester's physical landscape but also serves as a significant driver for job creation. Additionally, the long-term nature of the DMC plan, spanning multiple decades, provides businesses with greater confidence that construction activity will continue, allowing for more stability and growth opportunities in related industries. This ongoing pipeline of development projects generates employment across various sectors, from construction and engineering to project management and skilled trades.

Figure 4.5: Industry Distribution of FTE Jobs from Capital Investments in Minnesota




*Source: IMPLAN (2023), Econsult Solutions (2025)*

#### *Construction Industry Growth*

The sustained investment and development activity within the DMC district has contributed to notable growth in construction employment and wages at both the city and county levels. Between 2015 and 2024, the number of individuals employed in construction-related occupations increased by 29.0 percent in Rochester (from 3,000 to 3,900) and approximately 25.8 percent in Olmsted County (from 3,600 to 4,500). This growth reflects the continued demand for skilled labor driven by new construction and renovation projects associated with the DMC initiative.

Over the same period, construction wages have also seen significant growth in real terms (adjusted to 2025 dollars). In Rochester, the average annual wage for construction workers increased by 12.3 percent, from $62,900 to $70,600. Similarly, in Olmsted County, construction wages rose by 12.1 percent, from $62,700 to $70,300. These increases underscore the strength of the local labor market and the positive economic impacts generated by sustained investment in infrastructure and development projects.

Figure 4.6: Employment and Wage Growth in the Construction Industry in the City of Rochester and Olmsted County (in 2025 dollars)

| | 2015 | 2024 | Percent Change |
|---|---|---|---|
| **Employment** | | | |
| City of Rochester | 3,000 | 3,900 | 30% |
| Olmsted County | 3,600 | 4,500 | 25% |
| **Wages** | | | |
| City of Rochester | $62,900 | $70,600 | 12.3% |
| Olmsted County | $62,700 | $70,300 | 12.1% |

*Source: U.S Census QWI Explorer (2025); Lightcast (2025)*

The combination of rising employment and higher wages demonstrates the broader economic benefits of the DMC initiative.

### *Promoting Diversity in Construction*

Recognizing the importance of inclusivity in economic growth, the City of Rochester has implemented initiatives to support women and minority-owned businesses in construction and related fields since the start of the plan. In partnership with the City, DMC conducted a study identifying barriers faced by Disadvantaged Business Enterprises (DBEs) and developed strategies to increase their participation in DMC-funded projects. These findings have shaped policies aimed at

achieving the goals of the City's targeted business and workforce utilization plan.

DMC and the City of Rochesterhave established compliance requirements related to prevailing wage, workforce participation, and targeted business inclusion.[6] Prevailing wage requirements are determined by the funding source—federal or state/local—and are enforced accordingly. The Minnesota Department of Labor and Industry (DLI) and the U.S. Department of Labor (DOL) conduct annual surveys to determine county-specific wage rates, which are updated to reflect current compensation standards.

Since 2020, workforce participation goals have been set at 9 percent for women and 15 percent for minorities. Additionally, the City has established goals to support targeted businesses—defined as small businesses owned by minorities, women, veterans, and individuals with disabilities. The targets call for 9 percent participation by targeted businesses in commercial construction projects and 4 percent in heavy civil construction projects.

From 2019 to 2024, $8.7 million in infrastructure contract awards went to targeted businesses, representing 6.8 percent of the total $128.8 million in contract value during that period. Currently, an additional $4.8 million in active projects is contracted with targeted businesses, amounting to 8.5 percent of total active project value.

To further support inclusive participation, the DMC EDA and partners have hosted workshops aimed at helping women-, minority-, and veteran-owned firms navigate the targeted business certification process and access contracting opportunities. For example, a January 2020 workshop provided practical

[6] Compliance Update presentation. April 14, 2025. City of Rochester.

guidance on how to become certified and compete for both public and private sector projects, empowering historically underrepresented businesses in the Rochester economy.

In 2021, the City of Rochester was awarded $1 million through the Bloomberg Global Mayors Challenge to be used over three years to create career pathways for Black, Indigenous, and/or People of Color (BIPOC) women in construction.[7] In addition, the City of Rochester secured $750,000 in federal funding to support the Equity in the Built Environment initiative, with Workforce Development Inc. (WDI) serving as the lead programming partner.[8]

These efforts, coupled with sustained investment in the DMC district, have contributed to measurable progress in increasing the participation of women and minorities in the construction sector. In 2015, approximately 3,600 individuals were employed in construction-related occupations in Olmsted County, with women comprising 9.8 percent (354 individuals) and minorities representing 2.6 percent (93 individuals) of the workforce. By 2024, the total construction workforce had expanded to approximately 4,500 individuals, with the number of women increasing to 554 (12.3 percent of the workforce) and minorities rising to 209 (4.7 percent), reflecting a 56 percent increase in the number of women and a 124.7 percent increase in the number of minorities employed in construction in Olmsted County over the past decade.

Figure 4.7: Women and Minority Employment in the Construction Industry in Olmsted County

| | 2015 | 2024 | Percent Change |
|---|---|---|---|
| % Women | 10% | 12.3% | - |
| # Women | 354 | 554 | 56.5% |
| % Minority | 2.6% | 4.7% | - |
| **# Minority** | 93 | 209 | 124.7% |

*Source: U.S Census QWI Explorer (2025)*

These gains highlight the impact of targeted workforce development initiatives and underscore DMC's and the City's commitment to fostering a more inclusive economic environment. By ensuring that historically underrepresented groups have greater access to opportunities within the construction industry, the DMC initiative supports broad-based job growth.

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[7] Rochester, MN Wins Bloomberg Philanthropies Global Mayors Challenge and Awarded $1 Million Dollars. 2022. Rochester, MN Wins Bloomberg Philanthropies Global Mayors Challenge and Awarded $1 Million Dollars | News & Announcements | Rochester, MN

[8] Klobuchar, Smith Secure Significant Federal Funding for Projects Benefiting Rochester and Southeast Minnesota. 2022. Klobuchar, Smith Secure Significant Federal Funding for Projects Benefiting Rochester and Southeast Minnesota - Senator Tina Smith

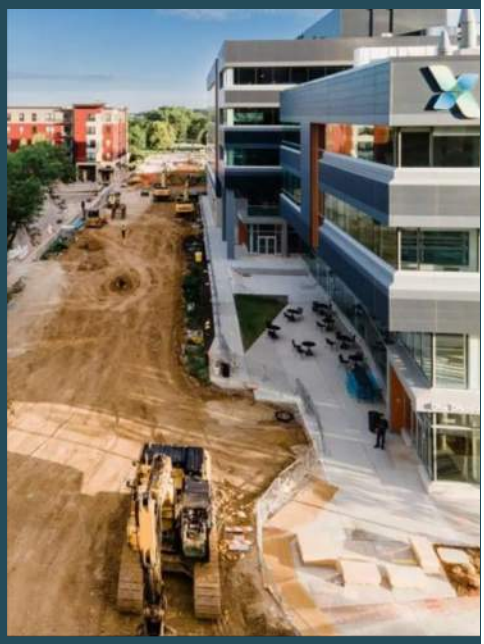
*After Construction: Lasting Benefits for the Community*

The construction activity within the DMC district generates significant one-time economic impacts, supporting jobs, wages, and business activity throughout the local and regional economy. Notably, the long-term value of these investments extends far beyond the construction period. Once completed, these newly built or renovated spaces serve vital purposes—advancing healthcare, research, education, and community engagement, benefiting both visitors and residents of the DMC district for years to come.

Medical facilities within Rochester support patient care and treatment, contributing to Rochester's primacy as a center for healthcare. Research centers facilitate advancements in medicine and technology, fostering collaboration among scientists, physicians, and industry professionals. Educational institutions help equip students and professionals with the skills needed to support the region's workforce. Public spaces, hospitality, and mixed-use developments add to the district's appeal, providing amenities, dining, entertainment, and cultural opportunities that enhance the overall environment for residents and visitors.

Together, these elements demonstrate the DMC initiative's long-term vision: not only to construct new buildings, but to create the physical, social, and economic infrastructure necessary to support a resilient, innovative, and welcoming city. In the following sections, we explore how DMC has evolved over the past decade and assess the broader impact of these investments on the DMC development district, the City of Rochester, and the state of Minnesota.

## DISCOVERY WALK PROCUREMENT



*"Discovery Walk approached the RFP (Request for Proposal) process differently. Typically, projects of this magnitude are put out for bid in the public realm and only large construction corporations have the capital and resources to be able to provide the services to complete the project. The project was deliberately parceled out into smaller projects giving smaller contractors an opportunity to be involved. This has led to money going to smaller local businesses, including those that are owned by women and People of color."*

*-Rochester Local (9/14/2022)*

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### Mayo Clinic as an Anchor Institution

Rochester's economy is centered around Mayo Clinic, which serves as the city's anchor institution. The city's economic structure reflects a high degree of dependence on this single entity, raising important considerations about both the strengths and vulnerabilities of such reliance.

The Federal Reserve Bank of Philadelphia's Anchor Economy Initiative provides a tool to assess this dynamic through its anchor reliance index, which measures how dependent regional economies are on educational and medical institutions (so-called "eds and meds")). The index compares a region's share of economic activity tied to anchor institutions against the national average. A score of 1.0 indicates average reliance; scores below 1 indicate less reliance, and scores above 1 signal greater dependence.

Between 2004 and 2019—the years analyzed in by the Philadelphia Federal Reserve Bank—Rochester's reliance on Mayo Clinic likely increased, with its index rising from 1.66 to 1.90. Several factors likely contributed to this trend:

- **Expanded Operations**: As promised when proposing the DMC initiative, Mayo Clinic has continued to grow its footprint, staff, and services, creating both direct healthcare jobs and indirect support positions.
- **Research Growth**: Mayo Clinic has expanded its research presence in Rochester, becoming the anchor tenant in OneDiscovery Square and developing new facilities like the Anna-Maria and Stephen Kellen Building, further cementing healthcare and biomedical research as the dominant economic sectors.
- **Nascent Economic Diversification**: While Rochester has been actively expanding sectors beyond healthcare, the scale of growth in these areas remains modest compared to the continued, significant expansion of Mayo Clinic.

The Philadelphia Federal Reserve Bank's research suggests that high reliance on anchor institutions presents a dual reality: while it can be a strength when the anchor is robust and growing, it also introduces risk if the region becomes overly dependent on a single sector or employer.

According to the Anchor Economy reliance index, Rochester ranks 23rd most reliant among 250 U.S. cities with populations under 250,000. The city's identity as a premier medical hub has continued to deepen—aligning with the DMC's strategic vision to build on its strongest asset, rather than pursuing broad diversification away from healthcare.

Figure 4.8: Peer City Anchor Reliance Index

| | Rochester, MN | | Madison, WI | | Sioux Falls, SD-MN | | Fargo, ND-MN | | Iowa City, IA | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2019 | 2004 | 2019 | 2004 | 2019 | 2004 | 2019 | 2004 | 2019 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Anchor Reliance Index | 1.66 | 1.90 | 1.35 | 1.29 | 1.58 | 1.76 | 1.48 | 2.11 | 2.77 | 3.19 |
| **Change** | **14%** | | **-4%** | | **11%** | | **43%** | | **15%** | |

*Source: The Philadelphia Fed Anchor Economy Initiative (2004, 2019)*

The anchor reliance trends among this set of peer cities show a general pattern of increasing dependence on anchor institutions between 2004 and 2019—with Madison as the only exception.

Rochester's reliance on Mayo Clinic grew by 14 percent, while Iowa City's dependence increased by 15 percent, reaching a notably high index of 3.19. Sioux Falls experienced an 11 percent rise to 1.76, and Fargo saw the most dramatic increase—43 percent to 2.11—likely reflecting significant growth in healthcare and higher education sectors. In contrast, Madison's anchor reliance index declined by 4 percent, dropping to 1.29.

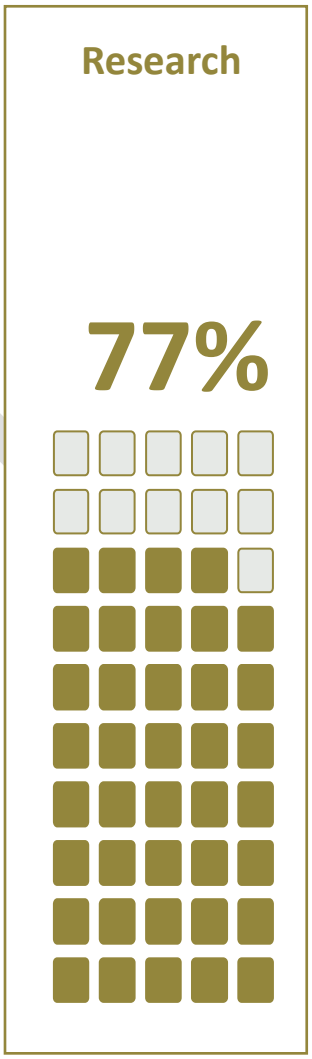
While relevant given its geographic proximity, economic profile, and regional competitiveness with Rochester, Madison's size and initial anchor reliance also position it as a distinct case within this peer set. With a population of approximately 701,000, Madison falls into a different tier within the Philadelphia Federal Reserve Bank's Anchor Reliance Index. Its larger and more diversified economy likely contributes to its declining anchor reliance—down 4 percent to 1.29 between 2004 and 2019. Additionally, Madison began the period with a lower baseline reliance index (1.35 in 2004) compared to Rochester (1.66), Sioux Falls (1.58), Fargo (1.48), and Iowa City (2.77), suggesting it was already somewhat less dependent on anchor institutions at the outset.

In contrast, the other peer cities—Rochester (230,000), Sioux Falls (311,000), Fargo (267,000), and Iowa City (180,000)—are more similar in scale and all show increasing dependence on their respective anchors. This trend suggests that smaller cities may be more susceptible to anchor dominance, as they often have narrower economic bases and fewer large-scale employers outside the healthcare and education sectors.

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**Private Investment in Research: Creating the Foundation** for a Research and Technology Hub

Rochester's innovation economy is driven by a combination of key factors that will foster growth, attract investment, and further position Rochester the community as a hub for medical and technological advancements. These elements—capital, entrepreneurial ability, labor, and infrastructure—work together to create an environment where innovation thrives.




Infrastructure, particularly in life sciences, is a key driver of innovation, and strategic investments have supported its growth. The 2015 DMC plan set a goal of 1,020,000 square feet of biotech space, with 785,000 square feet delivered to date, providing a strong foundation for startups and businesses to expand.

With this infrastructure in place, Rochester is positioned for continued growth in biotechnology, healthcare, and medical technology. Its concentration of physicians, scientists, and researchers will drive future collaboration, attracting companies focused on developing next-generation treatments, devices, and therapies. At the same time, the city's expanding talent pool ensures businesses and research institutions have access to the skilled professionals needed to sustain innovation and meet industry demand.

Lastly, capital will be essential to expanding Rochester as a research and innovation hub. Continued access to funding will enable startups, established firms, and research institutions to scale operations, develop emerging technologies, and bring new discoveries to market. As the biotech, healthcare, and technology sectors grow and converge within the DMC district, increasing investment will further accelerate innovation and advance Rochester's position as a leader in these industries.

The following sections will assess the DMC district's growth from 2015 to 2024, highlighting changes in infrastructure, business growth, and biotech investment. This analysis will illustrate the DMC initiative's impact on Rochester's economic and innovation landscape.

*Infrastructure*

The Discovery Square subdistrict has undergone significant transformation, emerging as a hub for biomedical innovation and community engagement. Key developments, including One Discovery Square, Two Discovery Square, and the Anna-Maria and Stephen Kellen Building, have collectively contributed to the creation of 785,000 square feet of research space, achieving 77% of the DMC goal of 1.02 million square feet:

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**One Discovery Square**, completed in 2019, is a four-story bioscience facility designed to foster collaboration among researchers, educators, and businesses. Its ground floor features the "Co-Lab Space," an open area that encourages interaction among tenants, stakeholders, and the public, promoting transparency and community involvement in scientific endeavors.

**Two Discovery Square**, adjacent to its predecessor and completed in 2022, expands on this vision by providing additional state-of-the-art laboratory and office spaces tailored for life science operations. The building includes infrastructure necessary for wet and dry labs, GMP facilities, and collaborative team spaces, further enhancing the district's capacity for innovation.

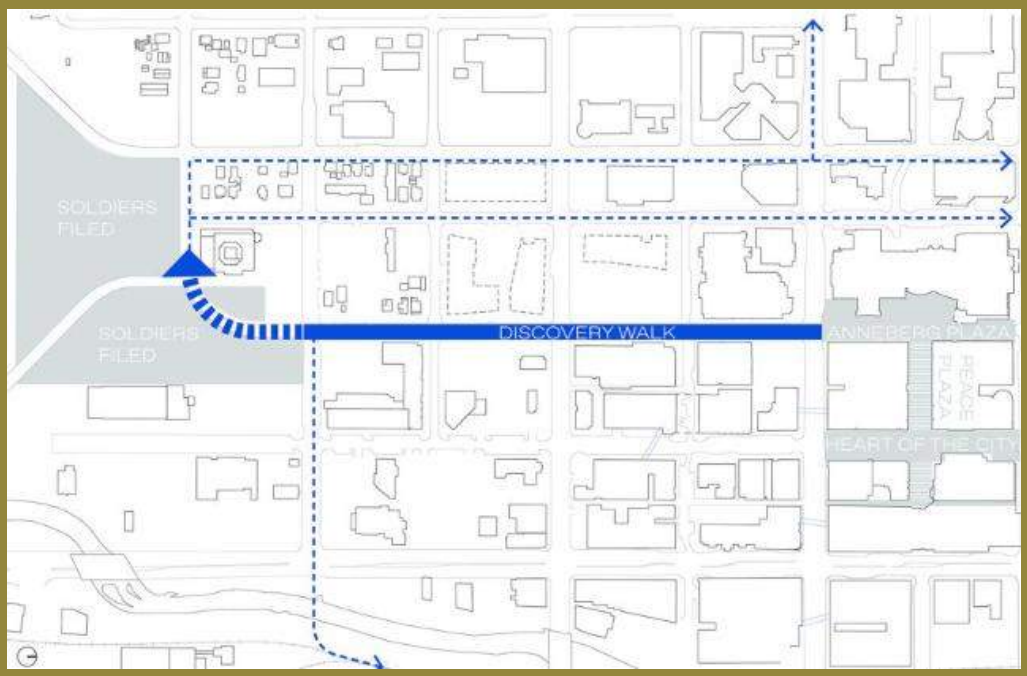




**The Kellen Building**, opened in 2023, is an 11-story, 176,000-square-foot Mayo Clinic research facility focused on translational research in neuroscience and cancer. Its design emphasizes flexibility, featuring open laboratories and collaborative areas. Strategically located within the Discovery Square district, the Kellen Building connects seamlessly to other Mayo Clinic facilities, fostering collaboration.

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## Discovery Walk




Complementing these research developments is Discovery Walk, a four-block linear parkway along 2nd Avenue SW. This public realm investment by DMC enhances connectivity between key areas such as the Heart of the City, Mayo Clinic, and Soldiers Memorial Field. Designed to prioritize pedestrian experiences while accommodating vehicular access, Discovery Walk serves as a flexible space for civic events and future development, embodying Rochester's commitment to health, wellness, and innovation.

Discovery Walk was designed as an inclusive, accessible public space that balances green areas for recreation with flexible access for pedestrians, bicycles, vehicles, and civic events—including food trucks. Its adaptable design fosters social interaction, supports future development, and enhances community engagement.

The project team collaborated with local “co-designers” representing diverse communities to develop ideas for inclusive design and programming, ensuring the space is accessible and welcoming to all. Additionally, local artists were engaged to integrate public art into the design, enhancing the cultural and aesthetic appeal of the parkway.

*Capital*

Prior to the development of One Discovery Square and Two Discovery Square, the City of Rochester lacked dedicated private research space. Historically, Mayo Clinic's research activities were primarily conducted within its own facilities, leaving no dedicated space for private companies to establish independent research operations or collaborate within the district. Without purpose-built lab and office space, companies seeking to develop and commercialize new medical technologies would have had little incentive to locate in Rochester, instead choosing other cities with established biotech infrastructure.

In 2013, Mayo Clinic changed its policy regarding employee entrepreneurship, paving the way for greater collaboration and innovation. The Advanced Diagnostics Lab (ADL) purposefully built their space in One Discovery Square to include small rooms for partner companies to bring in their equipment for evaluation. These rooms have proven to be popular among industry partners.

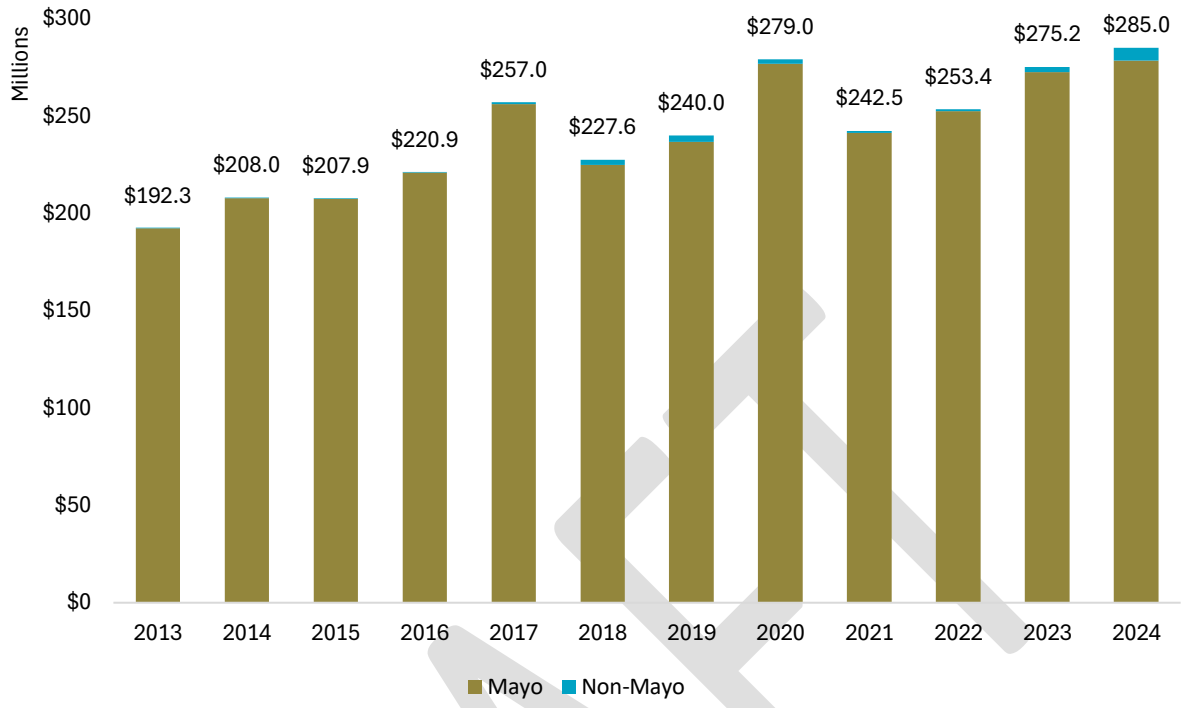
Researchers have expressed a strong interest in having a location physically close to the Mayo Research campus for partner companies to operate, especially in relation to major research initiatives such as transplants, exosomes, and artificial intelligence. This interest has been frequently mentioned in the context of shared lab spaces.

The introduction of One Discovery Square and Two Discovery Square marked a significant shift by providing the first dedicated research environments designed for private enterprises. These buildings offer state-of-the-art lab space, office space, and collaborative work environments, enabling companies to work alongside Mayo Clinic researchers while maintaining independent operations. As a result, Rochester has become a more competitive destination for biotech startups and established firms, ensuring that innovation, talent, and investment stay within the region rather than being directed elsewhere.

This growth is reflected in the NIH funding received in Rochester over the last decade. As can be seen in Figure 3.10, Mayo Clinic receives roughly 97 to 99 percent of the total NIH federal funding within the city. While this funding has increased 48 percent from 2013 ($192 million) to 2024 ($285 million), non-Mayo NIH grants increased from just $18,000 in 2013 to $6.3 million in 2024, distributed across multiple local companies (see Figure 3.10).

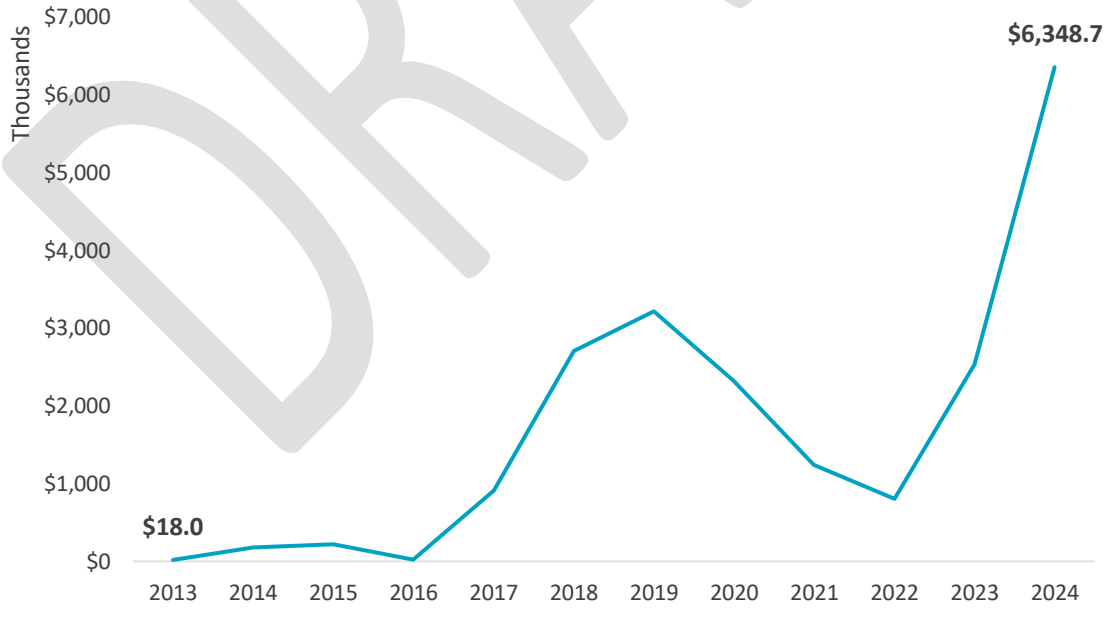
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Figure 4.9: NIH Funding in Rochester, 2013-2024




*Source: NIH Reporter (2025)*

Figure 4.10: Non-Mayo NIH Funding in Rochester, 2013-2024




*Source: NIH Reporter (2025)*

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*Entrepreneurship*

The development of dedicated research space in One and Two Discovery Square has been essential in ensuring that companies are attracted to or remain in Rochester rather than seeking opportunities in larger, more established biotech markets. Strategic investments in infrastructure have not only kept innovation local but have positioned Rochester to compete with other established life sciences hubs.

Without the necessary research facilities, lab space, and capital support, the companies below might have formed elsewhere, shifting talent, groundbreaking research, and economic growth to other regions.

One and Two Discovery Square foster collaboration between Mayo Clinic, startups, and industry leaders, accelerating breakthroughs. Proximity allows researchers, clinicians, and entrepreneurs to work together seamlessly, translating discoveries into real-world applications faster. The top tenants at One and Two Discovery Square are: Mayo Clinic (57,480 SF), Rion (12,980 SF), Nucleus RadioPharma (16,610 SF), Philips Electronics (7,080 SF), University of Minnesota Rochester (5,700 SF), and Epic Systems (5,070 SF).

Philips Electronics established a presence in One Discovery Square specifically to foster innovation through direct collaboration with Mayo Clinic. This partnership, formalized in 2019, focuses primarily on advancing medical imaging technology to improve both effectiveness and patient experience worldwide. Philips' location in Rochester serves as a critical research hub where their technological capabilities in medical devices and healthcare IT systems integrate with Mayo Clinic's clinical expertise.

Tenants at One and Two Discovery Square praise the facilities for their strategic location, innovative design, and collaborative atmosphere. The proximity to Mayo Clinic while maintaining a distinct identity is highlighted as particularly valuable, creating what one tenant described as "*a more neutral space for third party companies and Mayo to collaborate*." Occupants appreciate the versatile research spaces that offer flexibility for different collaboration needs, along with amenities including conference rooms, quiet zones, the coffee shop, and outdoor sitting areas. The management and support staff receive high marks for responsiveness and attentiveness to tenant needs, with several respondents mentioning the regular tenant events that foster community within the buildings.

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## NUCLEUS RADIOPHARMA

Founded in 2022 through a collaboration between Eclipse Ventures and Mayo Clinic, Nucleus RadioPharma is working to address the shortage of radiopharmaceuticals, a critical tool in cancer treatment. The company selected Two Discovery Square as the site for its 6,500-square-foot lab and manufacturing space, with an additional 3,500 square feet of office space. This facility is expected to employ up to 28 individuals within two years.

Nucleus RadioPharma's decision to locate in Two Discovery Square was driven in part by the building's proximity to Mayo Clinic's oncology and radiology experts. This close physical connection allows researchers, clinicians, and innovators to collaborate in real time, enhancing the development and distribution of radiopharmaceuticals. By working alongside Mayo Clinic specialists, Nucleus RadioPharma can efficiently translate research into clinical applications, ensuring faster access to cancer therapies.

## RION

In Founded in 2017 through the Mayo Clinic Employee Entrepreneurial Program, RION is developing regenerative therapies using its proprietary Purified Exosome Product™ (PEP™). Developed from research at the Mayo Clinic Van Cleve Cardiac Regenerative Medicine Program, PEP™ is a shelf-stable exosome therapy designed to harness the body's natural regenerative capabilities.

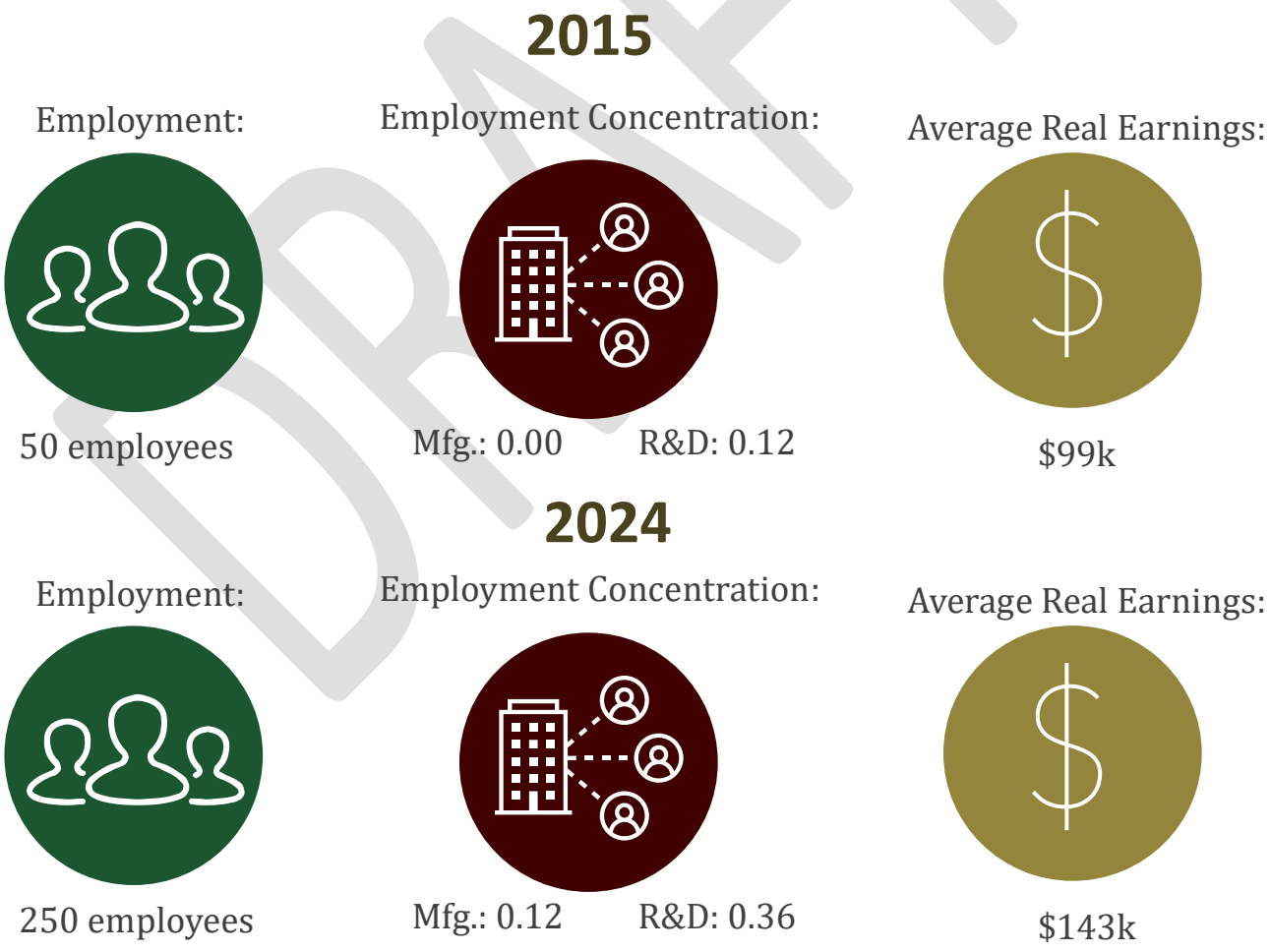
RION's location in Discovery Square enables ongoing collaboration with Mayo Clinic researchers, a critical factor in advancing its therapies. In 2023, RION, Mayo Clinic, and the U.S. Army Medical Research Institute for Chemical Defense received a $2.4 million Department of Defense grant to develop PEP™ as a treatment for Chronic Obstructive Pulmonary Disease (COPD). Proximity to Mayo Clinic's experts in pulmonary medicine allows RION to closely align its research with emerging clinical needs. In addition to pulmonary therapeutics, RION is conducting clinical trials to assess the efficacy of PEP™ in treating Diabetic Foot Ulcers (DFUs). Close collaboration with Mayo Clinic has provided RION with the resources and expertise necessary to explore a range of potential applications, reinforcing how proximity accelerates product development and clinical translation.

Nucleus RadioPharma, RION, Phillips and the other tenants at Discovery Square demonstrate how proximity to Mayo Clinic is a vital driver of innovation. Prior to the development of One and Two Discovery Square, Rochester lacked dedicated private-sector research space, limiting opportunities for startups to collaborate with Mayo Clinic researchers or scientists to take their research from the lab to the market.

The physical proximity of dedicated research space next to the world's best hospital enables faster communication, easier access to shared resources, and greater opportunities for informal collaboration—factors that are crucial for advancing complex medical therapies. The initial success of these companies highlights how the DMC's investments in infrastructure strengthened Rochester's position as a growing hub for medical innovation, ensuring the region continues to attract top talent, investment, and research breakthroughs.

*Workforce*

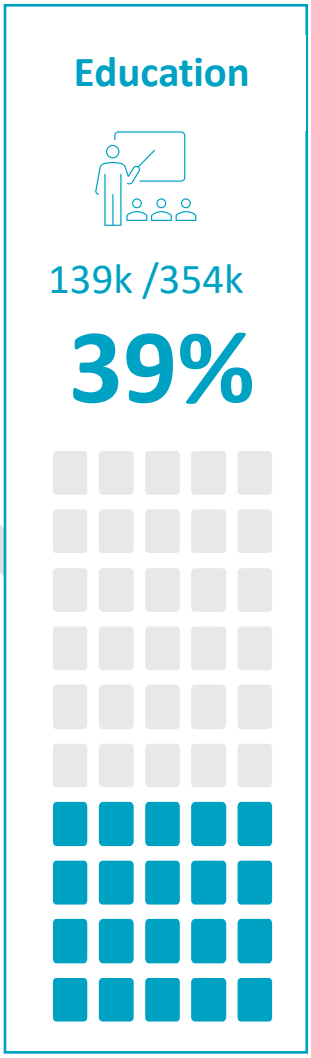
While Rochester's innovation economy is still in its nascent stages, it has experienced significant percentage growth over the past decade. When defining the cluster as medical and pharmaceutical manufacturing; research and development in biotechnology; and research and development in Physical, Engineering, and Life Sciences, there was little to no industry in 2015. While the employment and employment concentration remain modest in terms of overall industry size, there is substantial development in percentage terms reflecting the investment in research infrastructure and Mayo Clinic's increased outward collaboration, which has helped keep tech transfers and start-ups local.




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### Private Investment in Education: Strengthening Rochester's Talent Pathways

A strong talent pipeline is essential to support not only Mayo Clinic, but also the broader innovation ecosystem developing in Rochester. While Mayo Clinic has long attracted talent to the region, sustaining growth across the entire ecosystem requires a focus on broader recruitment and retention. It is critical that students who come to Rochester to learn—whether in healthcare, research, or related fields—have clear opportunities to stay, build meaningful careers, and grow alongside the region's expanding sectors. Creating pathways for these students to transition into the local workforce helps strengthen Rochester's long-term capacity for innovation, economic development, and knowledge-driven growth.




The 2015 DMC plan set a goal of developing 354,000 square feet of education space to support workforce development and learning. Since then, roughly 40 percent of that goal has been realized, with several key developments contributing to the city's expanding educational footprint. While the majority of dedicated education space has been developed by the University of Minnesota Rochester and Mayo Clinic, other institutions—such as Luther College and Winona State University—have also expanded their presence, contributing to the growing educational landscape in downtown Rochester.

***Luther College - Rochester Semester***

In February 2020, Luther College announced the launch of the Rochester Semester, a program designed to provide students with immersive, career-centered learning experiences in Rochester, Minnesota. This initiative allows students from all majors to engage in internships and active learning opportunities with organizations such as the DMC EDA, the Gift of Life Transplant House, the City of Rochester, and various departments within Mayo Clinic, including biomedical research, informatics, finance, and information technology.[9] This program builds upon Luther College's longstanding relationship with Rochester, where, for nearly 40 years, nursing majors have gained clinical experience at the Mayo Medical Center and its affiliated hospitals.

***Winona State University***

In 2017, Winona State University (WSU) first leased space in the DMC district to bring its academics closer to Rochester's downtown. Building on that foundation, the university expanded its footprint in 2020, relocating its Graduate Nursing faculty to additional space on the second floor of the WSU-Rochester on Broadway campus. This expansion co-located nursing with the Graduate Social Work program, fostering interdisciplinary collaboration and deeper connections with local partners.

[9] https://www.luther.edu/news/luther-college-announces-significant-academic-center-expansion-in-rochester-minnesota

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Reflecting on this expansion, Jeanine Gangeness, Associate Vice President of Academic Affairs at the time, noted the significance of being embedded in thedowntown:

"*Winona State is now a part of downtown," she said. "Our Graduate Nursing faculty is excited to be immersed in the downtown community, which allows them closer contact and deeper collaboration with our community partners*."[10]

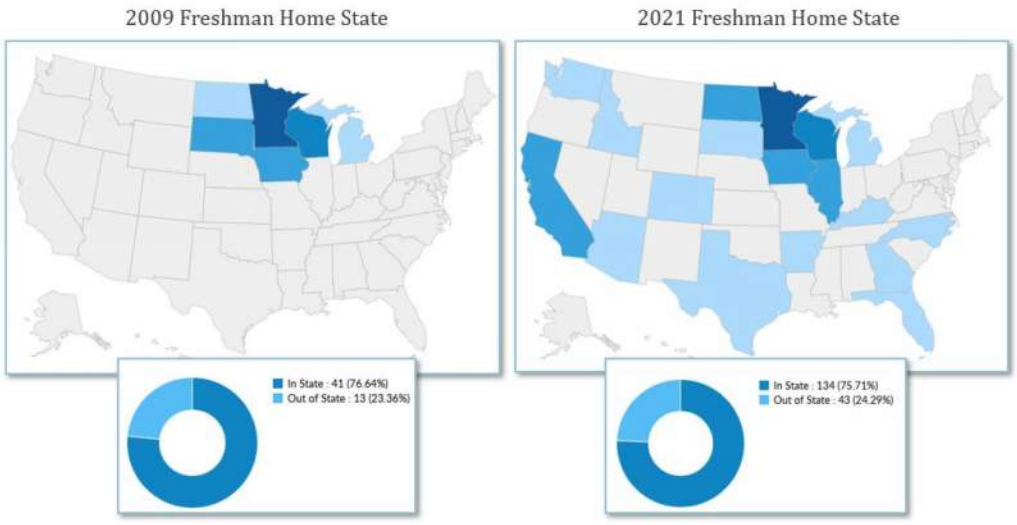
This continued investment in downtown space aligns with WSU's mission to deliver education that responds directly to the workforce needs of the Rochester region. Looking forward, WSU is collaborating with the Greater Rochester Association of Universities and Colleges to explore the development of a community simulation space, aimed at expanding academic and research opportunities across institutions. This planning effort reflects the university's long-term commitment to growing with the city and contributing to its evolving innovation and educational ecosystem.

***University of Minnesota – Rochester***

The University of Minnesota Rochester (UMR) was formally established by the state legislature in December 2006 and welcomed its first class of 57 students in 2009, launching its Bachelor of Science in Health Sciences program. With a mission focused on preparing students for careers in healthcare, UMR has steadily grown, celebrating its first graduating class of 49 students in 2013 and expanding to a graduating class of 159 students in 2023.

In 2009, UMR attracted students from six regional states: Minnesota, North Dakota, South Dakota, Iowa, Wisconsin, and Michigan. Since then, UMR's reach has expanded and the University has welcomed freshmen from 26 states around the nation.

Figure 4.11: Freshman Home State Comparison, 2009 and 2021




*Source: Lightcast (2025)*

[10] https://dmc.mn/winona-state-university-expands-presence-in-downtown-rochester-five-questions-with-jeanine-gangeness-associate-vice-president-for-academic-affairs/

Today, UMR has roughly 600 undergraduate students. In response to increasing enrollment and the need for additional student housing, the University of Minnesota Rochester (UMR) partnered with Titan Development to convert the DoubleTree by Hilton Hotel into a student residence facility. This adaptive reuse project transformed the existing hotel into the Student Life Center, providing housing for over 325 students, along with amenities such as dining services, recreational spaces, and study areas.[11] The renovation preserved key architectural elements of the original structure while repurposing interiors to suit student needs, exemplifying a sustainable approach to campus expansion.

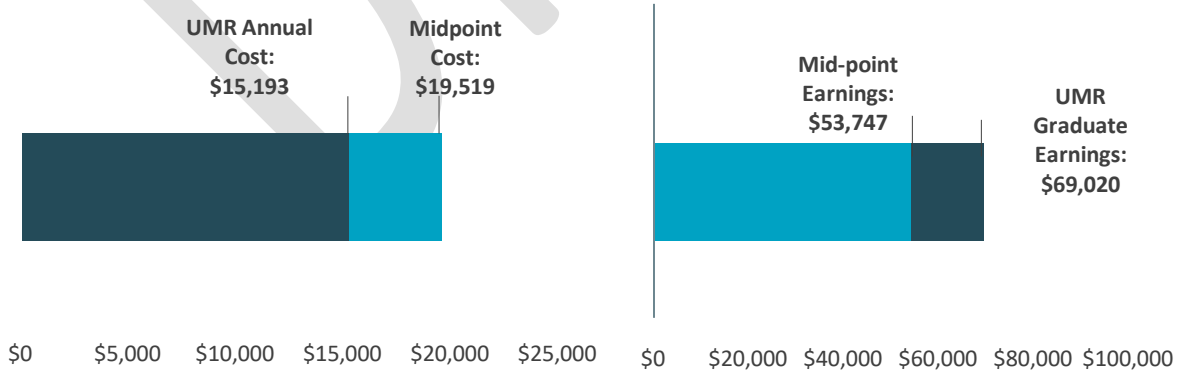



134,700 sq ft

The addition of the Student Life Center reflects UMR's commitment to enhancing the student experience by providing supportive campus amenities. While factors like academic programming, student support services, and career preparation play a primary role in student success, improved housing can also contribute to a sense of community and well-being, helping students stay on track to graduation.

UMR's affordable annual cost of $15,193 makes it a more accessible option compared to the 4-year school midpoint of $19,519, offering students a high-quality education at a lower financial burden. This affordability, combined with UMR's targeted focus on healthcare and career readiness, contributes to strong post-graduation outcomes. UMR graduates report a median salary of $69,020, which is significantly higher than the 4-year school midpoint of $53,747.

Figure 4.12: UMR Annual Average Cost and Earnings v. Four-Year Midpoint




*Source: IPEDS (2025)*

[11] https://www.medcitybeat.com/news-blog/2022/umr-eyes-doubletree-for-student-housing#gsc.tab=0

These factors may also contribute to UMR's growing enrollment, as more students recognize the value of a cost-effective education that leads to competitive earnings. Additionally, UMR's diverse student body reflects its commitment to expanding access to higher education. During the 2022-23 academic year, a little over half of students identified as white (54 percent), while 16 percent were Black, 14 percent Asian, and 8 percent Hispanic/Latino. The remaining student body included individuals identifying as Two or More Races (3 percent), U.S. Nonresidents (1 percent), and those whose race was unknown (4 percent).

Figure 4.11: UMR Enrollment (2022-23)

| | |
|---|---|
| White | 54% |
| Black or African American | 16% |
| Asian | 14% |
| Hispanic/Latino | 8% |
| Race Unknown | 4% |
| Two or More Races | 3% |
| U.S. Nonresident | 1% |

The proximity to Mayo Clinic and the development of a more connected and collaborative collegiate environment have contributed to increased enrollment at UMR over the past decade. This growing academic environment is also helping to create a pipeline for talent, encouraging graduates from across the country to stay and build their careers in Rochester after graduation.

Since 2013, UMR has conferred 1,170 degrees, contributing to a growing number of healthcare professionals to the workforce. Among these graduates, 68.5 percent (or 802 graduates) have a LinkedIn profile, providing insight into their career trajectories.

Figure 4.13: UMR Graduate Outcomes

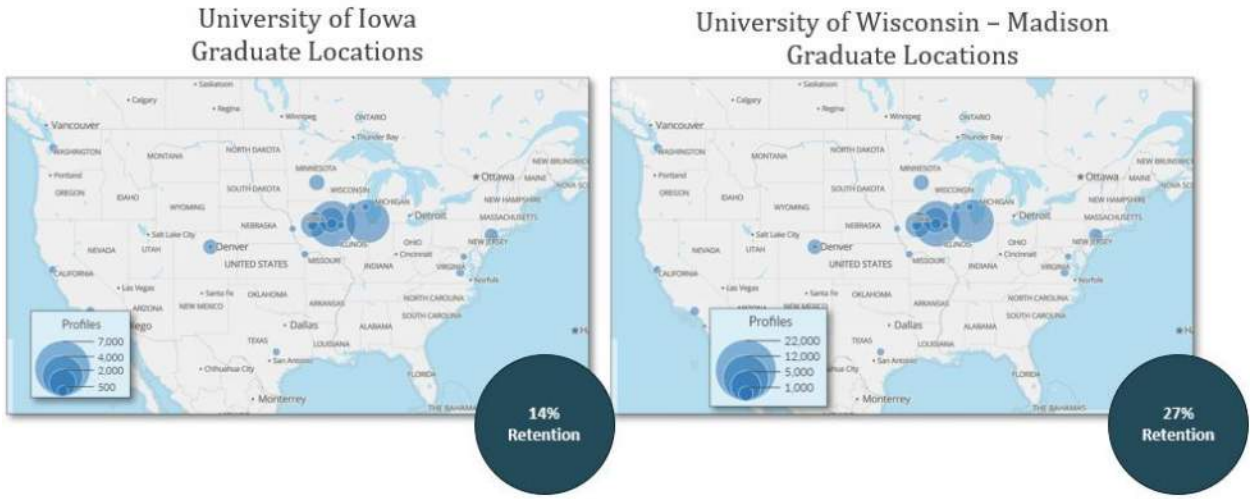



*Source: Lightcast (2025)*

Notably, over 30 percent of UMR graduates have chosen to stay in Rochester after graduation, strengthening the local workforce. Reflecting the proximity and partnership between UMR and Mayo Clinic, nearly 25 percent of UMR graduates are directly employed by Mayo Clinic. Moreover, the majority of UMR graduates are working in the medical field, underscoring the university's success in preparing students for careers in healthcare. This retention of talent not only benefits Rochester but also contributes to the region's broader healthcare ecosystem. Furthermore, more than 24 percent of graduates have relocated to the Twin Cities area, further supporting Minnesota's healthcare sector.

To put UMR's local retention into perspective, neighboring universities with larger student populations show varying rates of graduate retention within their respective cities. Since 2014, the University of Iowa has conferred 89,443 degrees, with 61 percent of graduates having a LinkedIn profile. Despite its strong presence in Iowa City, just over 14 percent of these graduates have chosen to remain in the city after graduation. Similarly, the University of Wisconsin – Madison has awarded 150,716 degrees during the same period, with 65 percent of graduates having a LinkedIn profile. Nearly 27 percent of these graduates have opted to stay in Madison after completing their degrees.

Figure 4.14: Neighboring University Graduate Retention, University of Iowa and University of Wisconsin – Madison



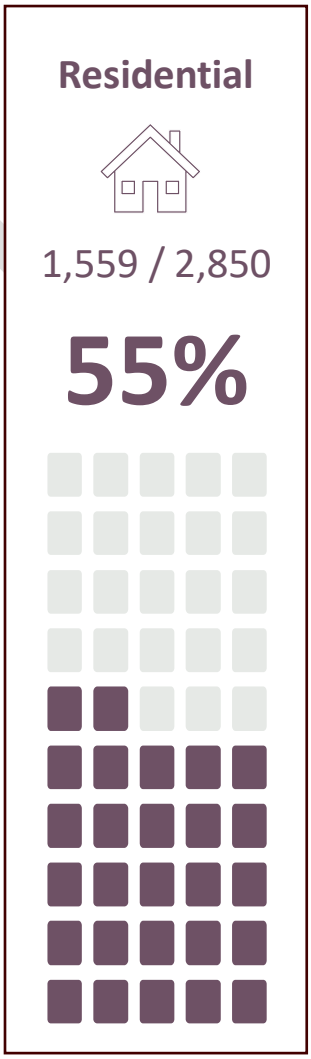

*Source: Lightcast (2025)*

Comparatively, UMR's retention rate of over 30 percent in Rochester is notable, especially considering the university's smaller size and specialized focus on healthcare. With nearly 25 percent of its graduates employed by Mayo Clinic and the majority working in the medical field, UMR's emphasis on healthcare education directly supports the local workforce and strengthens the regional economy.

### Private Investment in Real Estate: Creating a Live-Work City

The concept of the *15-minute city* has gained significant attention in recent years as a model for urban development that promotes accessibility, sustainability, and quality of life. A 15-minute city is one where residents can meet most of their daily needs—such as work, healthcare, education, shopping, and recreation—within a 15-minute walk or bike ride from their homes.[12] While the 2015 DMC Development Plan does not explicitly adopt the 15-minute city framework, many of its core principles align with this concept. The plan's emphasis on mixed-use development, enhanced connectivity, and livable urban spaces reflects a similar vision of creating a more accessible and vibrant community.

Additionally, the COVID-19 pandemic accelerated the need for cities to rethink how people live, work, and interact with their environments. As remote and hybrid work patterns became commonplace, urban planning discussions increasingly emphasized the benefits of localized living. According to the United Nations' C40 Cities network, the pandemic underscored the importance of resilient neighborhoods where people can easily access essential services, reducing reliance on cars and fostering greater social cohesion. This renewed focus has made the principles of the 15-minute city more relevant than ever.




In this section, we will evaluate the progress of the DMC plan's residential and office space goals—two key components of the live-work experience. The original plan set ambitious targets for net new square footage and residential unit development to support Rochester's growth. However, pandemic-induced shifts in remote work adoption and population migration have introduced new challenges and opportunities. By assessing progress against the initial goals and considering the current evolving economic landscape, we can identify areas where the plan may need to adapt to ensure it continues to meet the city's changing needs.

### Residential Investment

The 2015 DMC plan set a goal of creating 2,850 new residential units within the DMC district by 2035 to accommodate the city's anticipated growth. To date, progress toward this goal includes approximately 1,200 new residential units, reflecting a significant step in expanding housing options within the district. Additionally, the area has seen the development of 400 new student housing units within UMR's Student Life Center conversion. Further contributing to the district's housing diversity are the companion and patient hospitality houses, which offer essential accommodations for those receiving extended medical care, as well as their families and caregivers. In 2019, the Ronald McDonald House expansion delivered 28 new rooms to increase the District's total supply of extended stay units, a critical need for visitors to the area, to approximately 220 in total.

[12] https://www.c40knowledgehub.org/s/article/How-to-build-back-better-with-a-15-minute-city?language=en_US

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These developments reflect a growing emphasis on creating a mixed-use, live-work environment that supports a variety of residents, from students and healthcare workers to patients and their families.

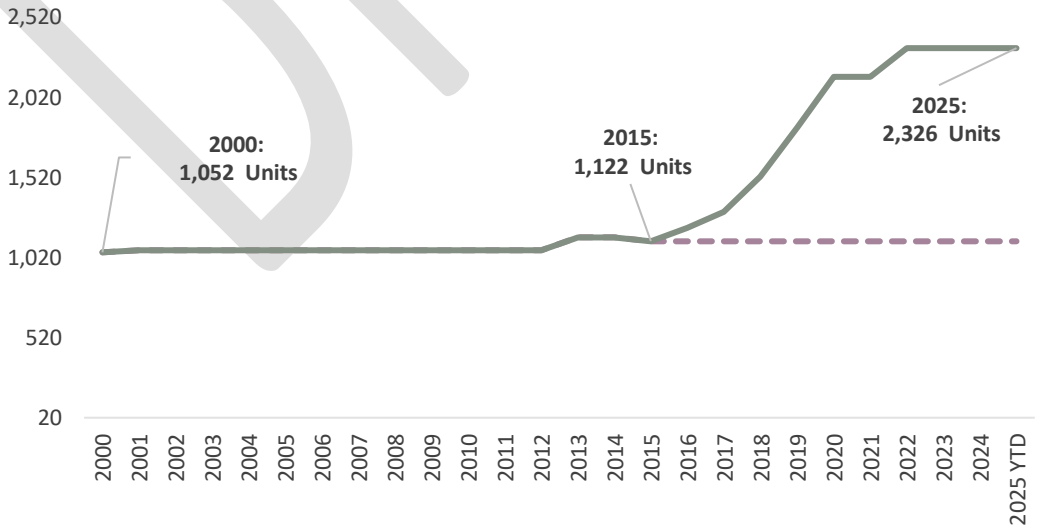
Figure 4.15: New Residential Units within the DMC District

| Property Name | Star Rating | Number Of Units |
|---|---|---|
| The Berkman | ★★★★ | 266 |
| Bryk on Broadway | ★★★★ | 180 |
| The Maven on Broadway | ★★★★ | 154 |
| Residence at Discovery Square | ★★★ | 129 |
| 1st Avenue Flats | ★★★★ | 68 |
| 501 on First | ★★★★ | 84 |
| Flats on 4th | ★★★★ | 92 |
| Hue | ★★★ | 50 |
| Lofts at Mayo Park | ★★★★ | 29 |
| Riverwalk | ★★★★ | 152 |
| **Residential Units** | | **1,204** |
| UMR Student Housing | | 327 |
| Ronald McDonald House | | 28 |
| **Student, Patient, and Residential Units** | | **1,559** |

*Source: CoStar (2025)*

Prior to the implementation of the DMC plan, the growth of residential units in the district remained relatively stagnant. In 2000, the district had 1,052 residential units, and by 2015, this number had increased by only 70 units, reaching a total of 1,122 units. This limited growth over a 15-year period reflects the lack of significant development activity in the area.

Figure 4.16: Multi-Family Residential Units within the DMC District, 2000-2025

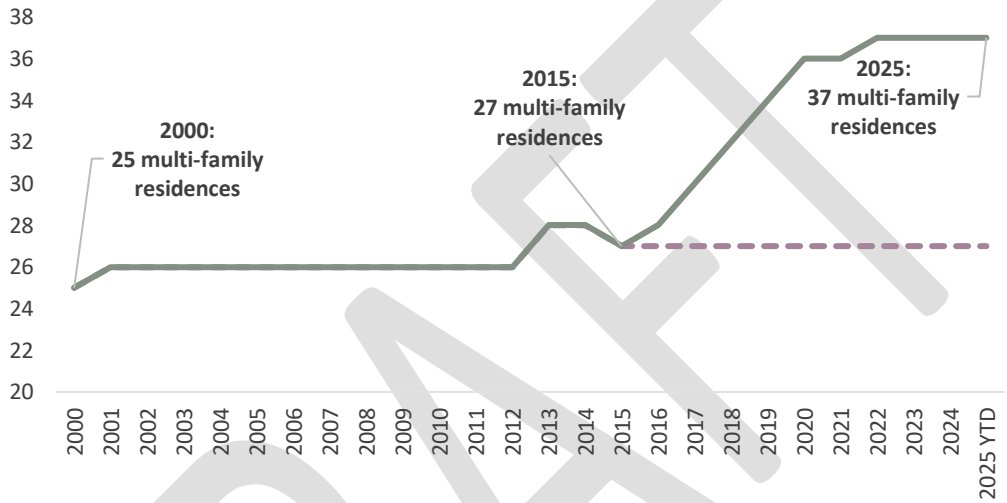



*Source: CoStar (2025)*

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Following the launch of the DMC initiative, residential inventory grew at a much faster pace. By 2025, the number of units is projected to reach 2,326, more than doubling the 2015 level. In terms of building offerings, the district had 25 multi-family buildings in 2000, and by 2015, this number had increased to just 27 buildings. This minimal growth over a 15-year period indicates a lack of significant development prior to the plan. Following the adoption of the DMC plan, the district began to change. By 2025, the number of multi-family buildings is expected to reach 37, representing a 37 percent increase from pre-DMC levels.

Figure 4.17: Multi-Family Residential Units within the DMC District, 2000-2025




*Source: CoStar (2025)*

This expansion reflects a stronger investment in higher-density housing, which grew from 32.3 percent in 2015 to 35.8 percent in 2024, contributing to the plan's objective of creating a more diverse and accessible urban environment.[13] Notably, this is well above the U.S. median of 8.5 percent, reflecting the city's commitment to increasing housing density and creating a more accessible urban environment.

While average monthly housing costs in the city have risen from $1,095 in 2015 to $1,316 in 2024, income growth has outpaced these increases. As a result, the median housing burden — the percentage of income spent on housing — has decreased from 16.4 percent to 12.8 percent, bringing it below the U.S. median city burden of 13.2 percent, according to the AARP Livability Index. This suggests that despite rising costs, the overall affordability of housing in the City of Rochester has improved.

However, it is important to note that while the City of Rochester's housing burden has decreased over time and remains lower than the U.S. median city, housing affordability and burden vary depending on factors such as income and housing market conditions.

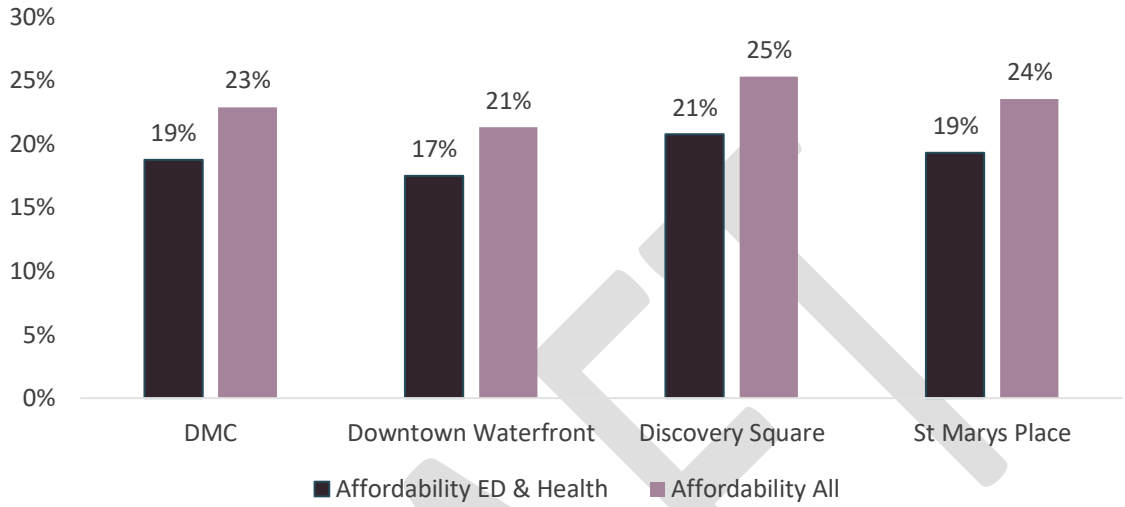
At the DMC subdistrict level, housing burdens tend to be slightly higher than the citywide averages. Residents in these areas typically spend between 21 to 25 percent of their income on housing,

[13] Data for Rochester City: https://livabilityindex.aarp.org/search/Rochester,%20Olmsted%20County,%20Minnesota,%20United%20States

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compared to the average wage in the Rochester MSA of $72,540 as of Q4 2024. This reflects localized differences in affordability that may be influenced by housing availability, cost of living, and income.

Figure 4.18: Rochester Housing Livability Indicators by Subdistrict and Percent of Average Sector Wage



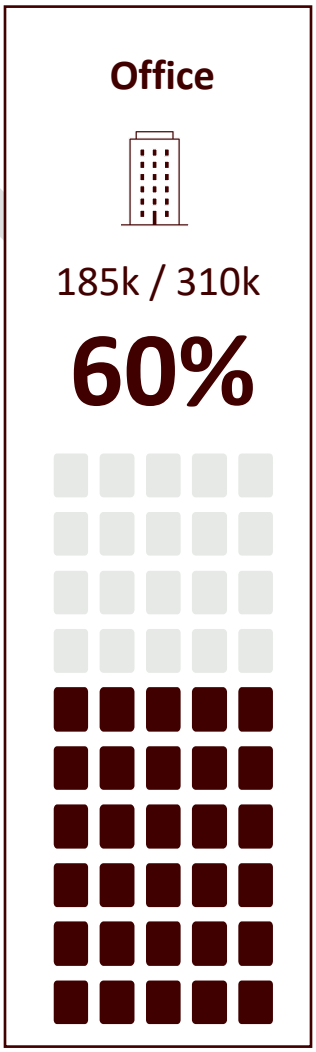

*Source: QCEW (2025)*

However, for those employed in the Eds and Meds sector, housing is generally more affordable. With an average wage of $88,452 in the Rochester MSA as of Q4 2024, employees in this sector experience a lower housing burden, typically spending between 17 to 21 percent of their income on housing.

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### Office Investment

The DMC plan initially set a goal to add 310,000 square feet of net new office space within the district by 2035. However, this goal was established before the COVID-19 pandemic, which fundamentally shifted office space utilization across the country, with office vacancy rates climbing up to 20 percent in major metropolitan areas. Factors such as record-high vacancy rates driven by the increasing prevalence of remote work, population migration, and a growing trend of office-to-residential conversions have significantly reshaped the demand for traditional office space. Additionally, changing workforce preferences for hybrid or fully remote schedules, alongside the desire for more flexible, collaborative spaces, have led companies to reconsider their office footprint. In many cases, businesses are opting to downsize, reconfigure existing spaces, or pursue adaptive reuse projects rather than invest in new office construction.




While the DMC district did see the construction of three significant office buildings over the past decade — Discovery One, Discovery Two, and the Kellen Building — these projects have dedicated research space and have been reviewed above in the research section. There has been significant office space renovation over the past ten years. Approximately 185,000 square feet of office space has undergone renovation since the plan's inception, representing roughly 60 percent of the original goal.

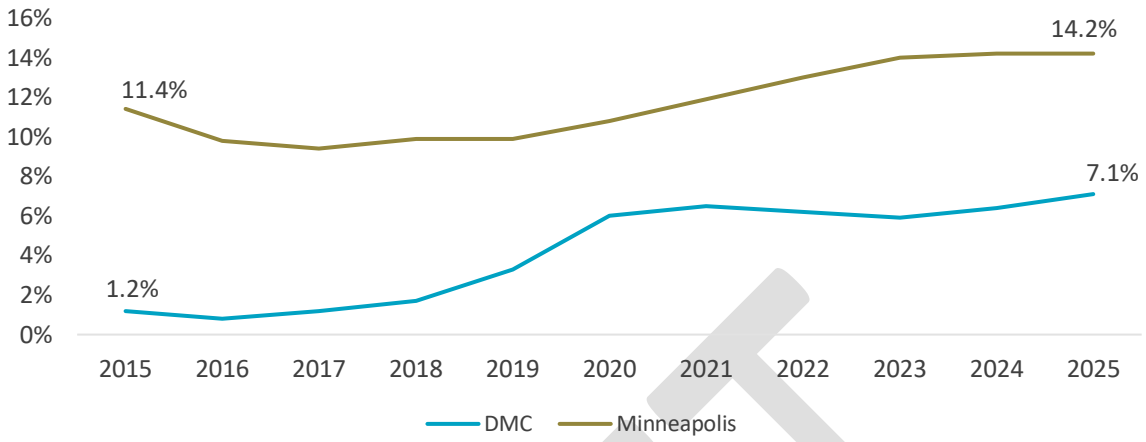
Given this context, the DMC's success in facilitating renovated office space should be acknowledged as a practical and effective response to the challenges facing the office sector. Moving forward, emphasizing the adaptive reuse and modernization of office buildings will likely remain an essential component of the district's economic development strategy.

In 2015, the DMC district had a relatively low office space availability rate of 1.2 percent. Over the next several years, availability continued to increase, peaking at around 7.1 percent in 2025. While this increase indicates a softening in the market, it remains well below the availability rates seen in Minneapolis.

In contrast, Minneapolis began with a significantly higher office availability rate of 11.4 percent in 2015. The city's rate continued to rise, reaching 14.2 percent by 2025. This trajectory aligns with national trends of rising vacancy rates due to the shift toward remote work and hybrid work environments, leading to excess office space in many urban centers. While Minneapolis's current office availability remains below the national average of 16.1 percent, it still reflects the broader challenges facing commercial real estate markets. Additionally, as companies reassess their long-term office space needs, cities may face continued pressure to repurpose or downsize commercial space to adapt to evolving workplace demands.

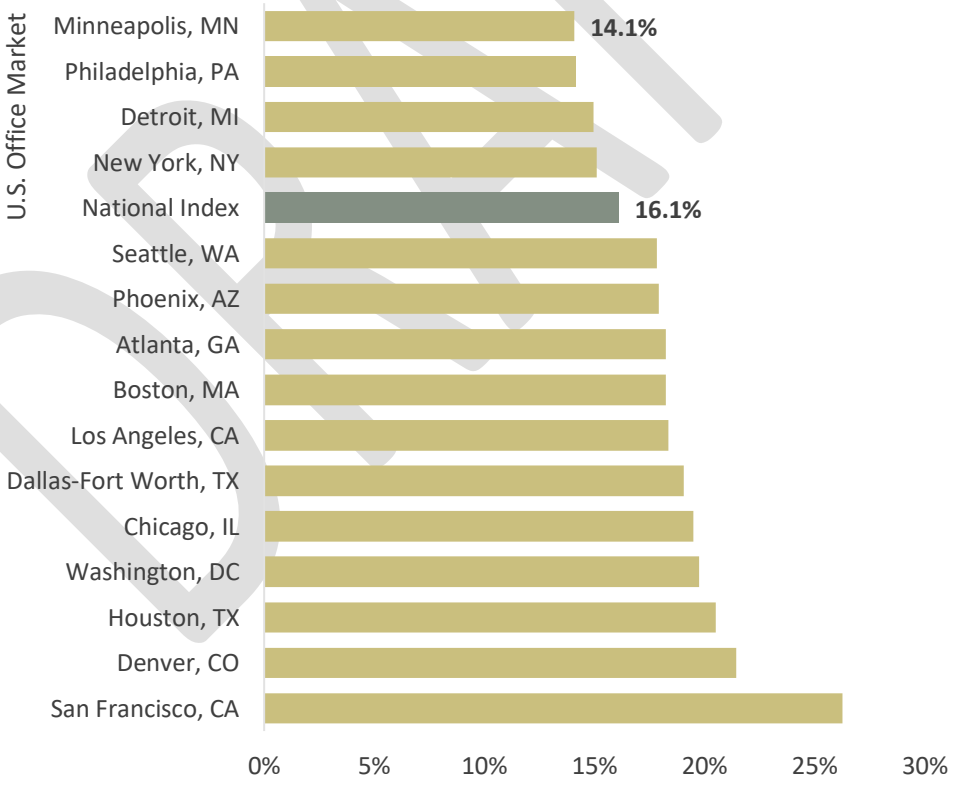
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Figure 4.19: Office Availability Rate, 2015-2025, DMC District and Minneapolis




*Source: CoStar (2025)*

Figure 4.20: Office Availability Rate, 2015-2025, Total U.S. Metropolitan Areas



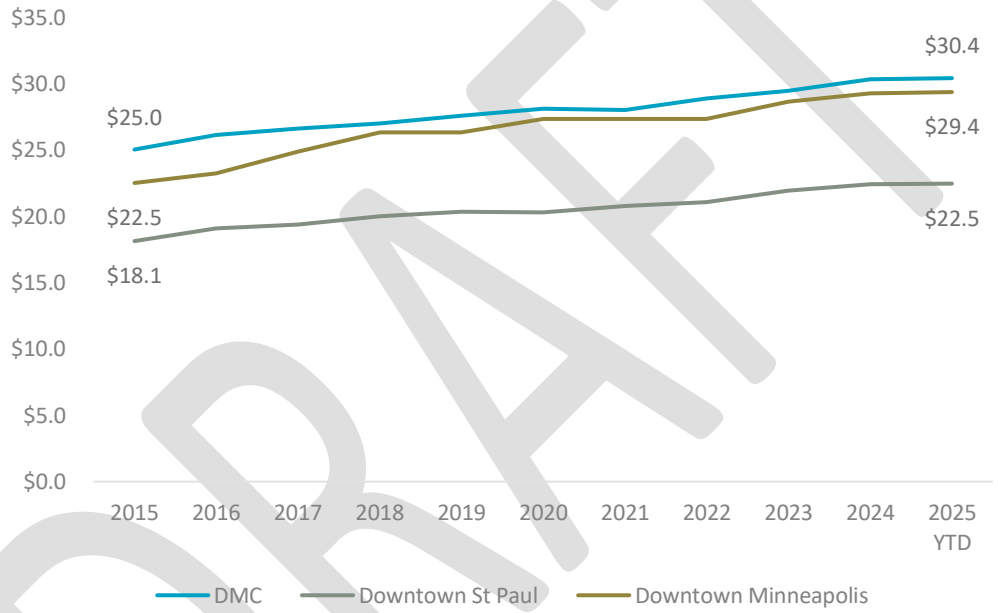

*Source: CoStar (2025)*

While the DMC office market is doing well in terms of vacancies compared to the national index, it exhibits high asking rental rates driven by demand for medical space. Historically, the DMC's office rents

have been higher than other markets in Minnesota. While downtown Minneapolis rents are closer to downtown Rochester, downtown St. Paul remains the most affordable, with asking rents nearly 30 percent lower than DMC district office space.

The high rents in the DMC district are primarily due to the market's orientation towards medical space, which can support such rates. However, as DMC aims to diversify its office demand with other types of complementary tenants, these high rents may pose a challenge, particularly in attracting start-ups and small businesses. Additionally, the high market asking rents are influenced by the elevated construction and financing costs associated with building these offices.

Figure 4.21: Market Asking Rent Office, 2015-2025, DMC District, Downtown St. Paul, Downtown Minneapolis




*Source: CoStar (2025)*

### The Quality of Life in the DMC District: Changes Over Time

The expansion of multi-family, mixed-use residential offerings within the DMC district has significantly contributed to its quality-of-life offerings, where residents can conveniently access work, essential services, and amenities within a short distance. By increasing the number of housing units, including multi-family residences and student housing, the district has made it easier for people to live closer to their workplaces, enhancing work-life balance.

This closer integration of housing and office space also fosters a vibrant urban environment, where people are more likely to engage with the community through nearby dining, entertainment, and cultural activities. As more professionals and residents choose to live and work within the DMC district, the demand for additional retail and restaurant offerings grows, contributing to the overall vitality of the district (retail and restaurant offerings will be reviewed in the next section).

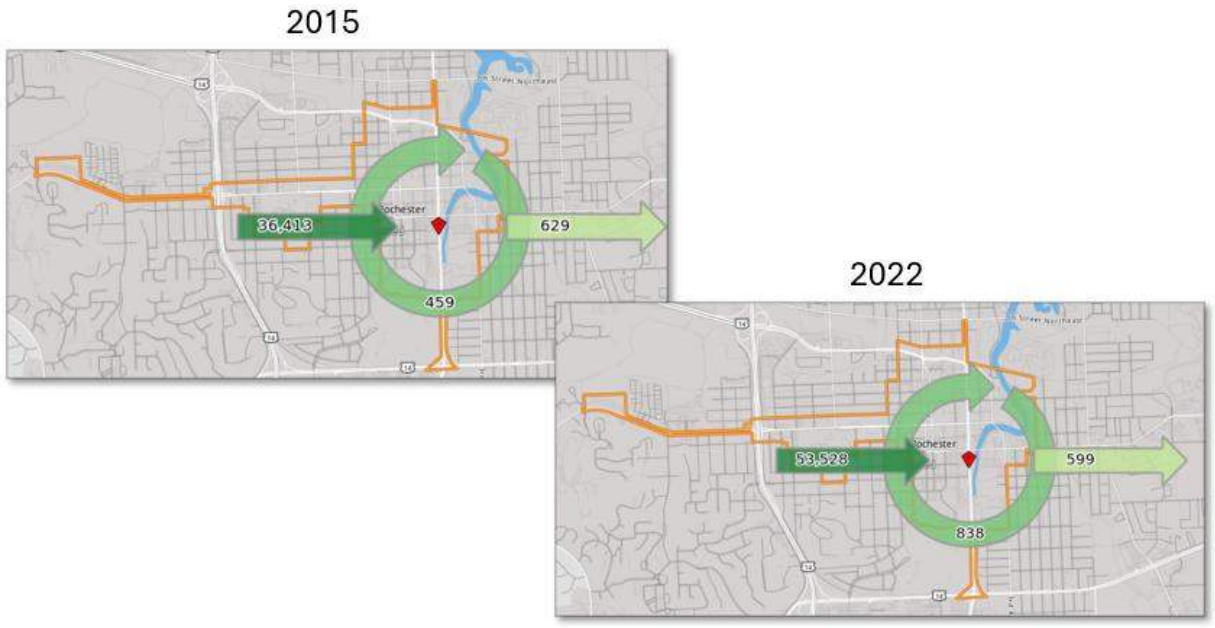
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*Commuting*

One indicator of the DMC district's growing appeal is the shift in commuting patterns over time, particularly among individuals who both live and work within its boundaries. In 2015, 36,413 people commuted into the DMC district for work, 629 commuted out, and only 459 both lived and worked within the area. By 2022, the number of inbound commuters rose significantly to 53,528, while outbound commuting remained steady at around 600. Notably, the number of people living and working in the DMC increased by over 80 percent to 838.

Although this group still represents a small—and proportionally declining—share of the total workforce, the growth reflects a dual trend: a more robust influx of workers and a rising number of individuals choosing to live and work in the area. Together, these trends underscore the DMC district's increasing vibrancy and appeal.

Figure 4.22: Residential Workers in the DMC District, 2015-2022




*Source: OnTheMap (2025)*

The increase in people living and working in the DMC district becomes noticeable when compared to the share of other places where people that live within the DMC district go to work. In 2022, the 838 people living and working in the DMC district amounted to 60.5 percent of the total workers living in the DMC district, while 18.8 percent work elsewhere in Rochester. The rest 20.7 percent gets distributed amongst various places, such as Eden Prairie, Minneapolis, and others.

Figure 4.23: Place of Work for Workers Living in the DMC District, 2015-2022

| | 2015 | | 2022 | |
|---|---|---|---|---|
| **Workers Living in DMC District** | **Count** | **Share** | **Count** | **Share** |

| DMC | 459 | 45.0% | 838 | 60.5% |
|---|---|---|---|---|
| Rochester, MN | 270 | 26.5% | 260 | 18.8% |
| Eden Prairie, MN | 5 | 0.5% | 21 | 1.5% |
| Minneapolis, MN | 20 | 2.0% | 19 | 1.4% |
| Bloomington, MN | 8 | 0.8% | 11 | 0.8% |
| St. Louis Park, MN | 6 | 0.6% | 10 | 0.7% |
| Winona, MN | 4 | 0.4% | 10 | 0.7% |
| St. Paul, MN | 10 | 1.0% | 8 | 0.6% |
| Austin, MN | 7 | 0.7% | 7 | 0.5% |
| Burnsville, MN | 7 | 0.7% | 6 | 0.4% |
| Goodview, MN | 3 | 0.3% | 6 | 0.4% |
| All Other Locations | 221 | 21.7% | 188 | 13.6% |

*Source: OnTheMap (2025)*

Most workers still commute by car, but the percentage has decreased from 72.1 percent in 2015 to 62.0 percent in 2023. Carpooling has also seen a decline, from 12.4 percent to 9.7 percent. Additionally, public transit usage for commuter trips has dropped from 5.8 percent to 4.2 percent. These declines in traditional commuting modes of transportation are largely due to a substantial increase in employees working from home, which reached 16.2 percent in 2023.

Since "work from home" was not separately reported in 2015, the total share of workers commuting to a job site via private transportation has remained relatively stable. The changes reflect a diversification of work arrangements more than a dramatic shift away from commuting via private transportation overall. However, future commuting patterns may change with the implementation of the LINK Bus Rapid Transit (BRT) system and the development of the West Transit Village, which could encourage greater use of public transportation and support more sustainable commuting options.

Figure 4.24: Residential Workers in the DMC District, 2015-2023

| Mode of Transportation | 2015 | 2023 |
|---|---|---|
| Drove Alone | 72.1% | 62.0% |
| Carpooled | 12.4% | 9.7% |
| Public Transportation | 5.8% | 4.2% |
| Work From Home | - | 16.2% |

*Source: U.S. Census American Community Survey (2015, 2023)*

### *Resident and Employee Walkability*

Walkability is key in a geography like the DMC district, which seeks to attract residents, support workers, and welcome visitors. According to 2025 Walk Score data, the DMC district significantly outperforms Rochester's citywide average, with a Walk Score of 88 and a Bike Score of 83, compared to 30 and 57 respectively. These high scores indicate that daily errands, commutes, and recreation can be accomplished easily without a car, reflecting a convenient and well-connected urban environment.

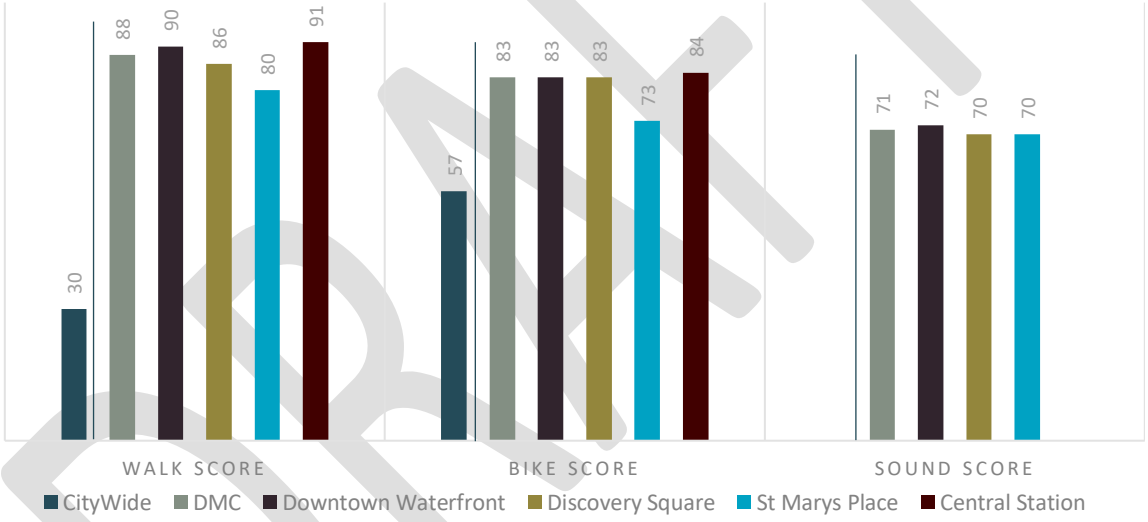
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Strong walkability and bikeability align with DMC's broader goals of sustainability, public health, and reduced traffic congestion. High scores also point to thoughtful urban design: compact, mixed-use, and well-served by amenities.

Within the DMC district, subdistricts like Downtown Waterfront, Discovery Square, and Central Station all exhibit similarly high walkability, thanks to their density, mixed land uses, and pedestrian-friendly infrastructure. In contrast, Saint Marys Place lags behind, with lower scores likely due to less density and fewer destinations within walking distance—highlighting an opportunity for targeted improvements.

In addition, the Sound Score—which measures noise levels from sources like traffic and businesses—adds another layer to the picture. Across the DMC district, Sound Scores are consistent, indicating a relatively uniform and well-managed noise environment, which contributes to overall comfort for residents and workers.

Figure 4.25: Walk Score, Bike Score, Sound Score, City Wide, District Wide, and Select Subdistricts




*Source: Walk Score (2025)*

### *Access to Parks and Open Space*

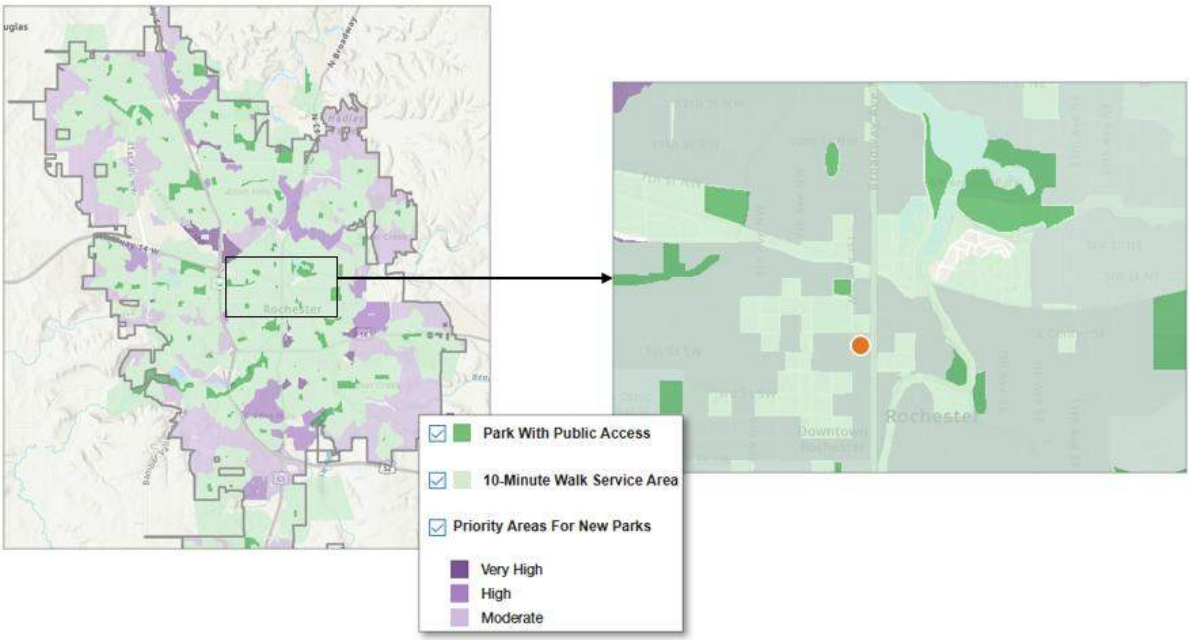
Parks and open spaces are vital for creating livable cities, offering residents opportunities for recreation, leisure, and community engagement. The experience of residents and visitors in the DMC is improved by several significant public parks that greatly contribute to its livability and appeal. These include Soldiers Memorial Field, Central Park, St Marys Park, and Mayo Park.

Just outside the DMC district, Kutzky Park complements the areawith its robust amenities, including basketball and sand volleyball courts, tennis courts, a paved trail, playground, open play fields, picnic shelters, and rentable spaces. Its proximity to the DMC district allows residents and visitors to extend their recreational options. Access to these parks not only improves physical and mental well-being but also fosters a sense of belonging and shared community identity.

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According to the Trust for Public Land, approximately 73 percent of residents within Rochester live within a 10-minute walk of a park, compared to 74 percent of residents the 100 most populous cities in the United States and 55 percent of residents in all urban cities and towns in the United States. As shown in the right vignette of the figure below, nearly all residents within the DMC District fall within a 10-minute walk of a park. In the map, the light green areas—which indicate locations within a 10-minute walking distance—extend throughout the DMC district, indicating strong access to green space.

Figure 4.26: 10-Minute Walk to Park Access[14]




*Source: ParkServe, Trust for Public Land (2025)*

## *Measuring Quality of Life*

All these indicators—ranging from access to parks and increased multi-family housing in the DMC district to safety and community engagement—contribute to the overall quality of life in Rochester. According to the AARP's 2024 Livability Index for U.S. cities with populations between 100,000 and 499,999, Rochester ranked #4 overall, placing it ahead of both St. Paul and Minneapolis, which also landed in the top 10.

One contributing factor is the city's progress in improving public safety. In 2015, Rochester reported 211.0 crimes per 10,000 people; by 2024, that number had decreased to 201.5. While this rate still slightly exceeds the 2024 median for U.S. cities (196.3 per 10,000), the downward trend reflects ongoing efforts to enhance safety.

[14] https://parkserve.tpl.org/mapping/#/?CityID=2754880

Compared to the U.S. median, Rochester showed the largest positive differentials in the areas of health, engagement, and neighborhood.

- In the housing category, Rochester benefits from lower monthly housing costs and a smaller housing cost burden as a percentage of household income.
- In the health category, Rochester stands out with no designated healthcare professional shortage areas and a patient satisfaction rate of 83 percent, well above the national average of 69 percent.
- Finally, in the opportunity category, Rochester excels in workforce and educational indicators, including a high school graduation rate of 90.6 percent.

Together, these factors—along with improved safety metrics and high access to public parks—paint a picture of a city that continues to grow in vibrancy, accessibility, and quality of life.

Figure 4.27: Top 10 Most Livable Large Cities

| Rank | Community | Livability Score |
|---|---|---|
| #1 | Arlington, VA | 67 |
| #2 | Cambridge, MA | 66 |
| #3 | Madison, WI | 66 |
| #4 | Rochester, MN | 64 |
| #5 | St. Paul, MN | 64 |
| #6 | Salt Lake City, UT | 64 |
| #7 | Minneapolis, MN | 64 |
| #8 | Alexandria, VA | 64 |
| #9 | Lincoln, NE | 64 |
| #10 | Boulder, CO | 63 |

*Source: AARP (2025)*

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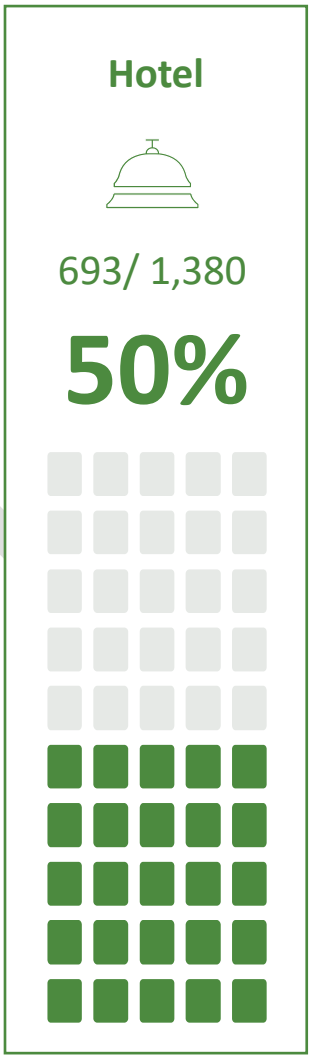
### Private Investment in Hospitality: Built to Stay

The DMC district's growing hospitality sector, featuring approximately 27 hotels and 30 readily available short-term rentals, plays a vital role in supporting Rochester's status as a premier medical destination, while also contributing meaningfully to the local and regional economy. These accommodations serve a wide range of visitors, including patients and their families, conference attendees, and business travelers.

While the world-class medical facilities and renowned practitioners remain the prime draw for visitors, the availability of high-quality accommodation equipped with modern amenities and proximity to key destinations is a critical component of the overall visitor experience. Comfortable, accessible, and well-situated lodging can ease the stress of medical travel, enhance the appeal of business and leisure trips, and encourage longer stays—amplifying the economic benefits to the city, county, and region.

These individual user experiences, in aggregate, shape public perception of the DMC district. Positive impressions can significantly enhance Rochester's reputation, supporting broader goals of economic diversification and talent attraction. Conversely, subpar hospitality experiences may hinder return visits, limit word-of-mouth promotion, and dampen the potential for sustained business growth. As such, the hospitality sector's performance has direct and indirect implications for workforce opportunities, household economic stability, and the region's long-term competitiveness.

Continued investment in high-quality, strategically located accommodation will be essential to maintaining Rochester's momentum as a destination of choice and ensuring that the city's growth benefits are shared widely.




### Recent Development and Continued Progress

The original 2015 DMC plan set out goals to both expand the quantity of hotel accommodation within the DMC district and elevate the overall quality of the hospitality network. With a focus on meeting the needs of both short-term and extended stays—and ensuring a diverse range of options for visitors—recent development efforts have prioritized higher-tier offerings, including upper midscale to luxury-rated hotels.

At the 10-year midpoint, combined public and private investments have delivered nearly 700 new hotel rooms to the DMC district, reaching half of the plan's goal of approximately 1,400 rooms.[15] In addition to new construction, several related projects have upgraded and modernized existing hospitality properties, further strengthening the district's appeal to a wide range of travelers.

[15] This quantity discounts 186 units from a developed total of 879. The discount is applied in order to offset the renovation of the former DoubleTree by Hilton into student housing and educational spaces for the University of Minnesota-Rochester.

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Figure 4.28: New Hotel Rooms, 2015-2024

| Property Name | Hotel Class | Number Of Units |
|---|---|---|
| Hilton | Upper Upscale | 264 |
| EVEN Hotels and Staybridge Suites | Upscale | 250 |
| Hyatt House | Upscale | 172 |
| TownePlace Suites | Upper Midscale | 110 |
| The Berkman Hotel | Luxury | 83 |
| (UMR Student Housing Conversion) | - | (186) |
| **Hotel Rooms** | | **693** |

*Source: CoStar (2025)*

Recent hotel developments in the DMC district have significantly expanded the range and quality of accommodation available to visitors, reflecting a strategic focus on serving a diverse set of travelers:

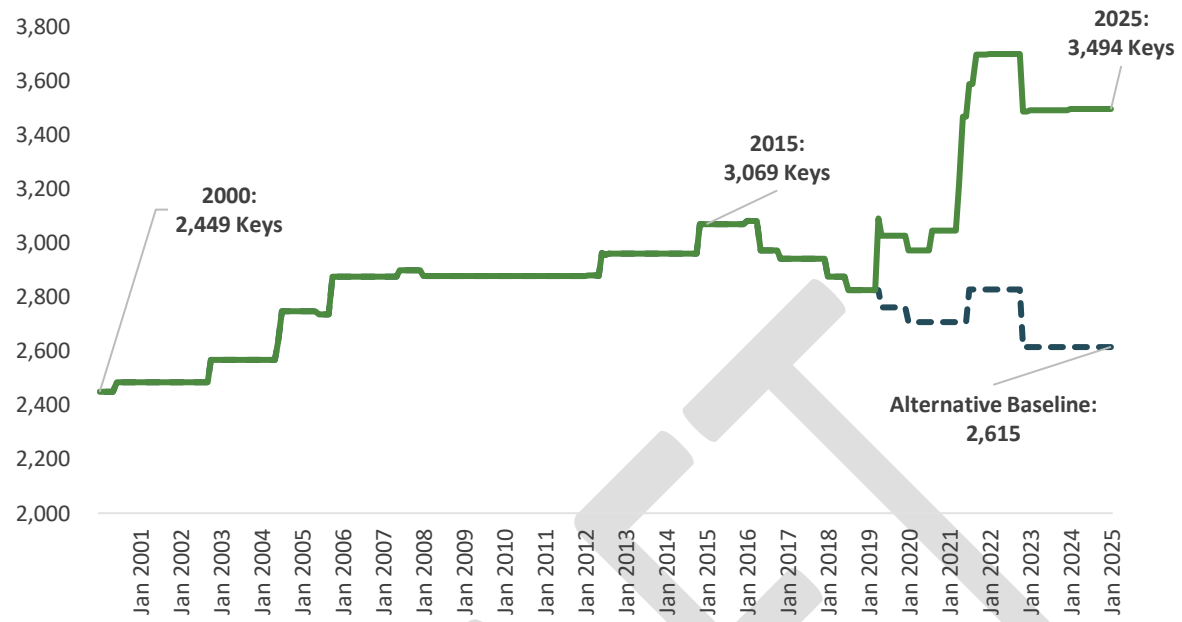
- At the luxury end, The Berkman Hotel, which opened in 2020 in the Saint Marys Place subdistrict, offers 83 upscale hotel rooms alongside 266 residential units and over 20,000 square feet of office and retail space. This mixed-use development serves both short-term visitors and long-term residents in a high-end, amenity-rich environment.
- In the Downtown Waterfront subdistrict, the Hilton provides 264 upper-upscale rooms and features a full-service restaurant, retail space, and a 630-space parking structure, making it a prominent addition to the city's hospitality landscape.
- For travelers seeking quality accommodation at a more moderate price point, TownePlace Suites by Marriott, one of three hotels that opened in 2021, offers 110 upper midscale units in Saint Marys Place. Designed for extended stays, it caters to value-conscious visitors with comfortable, modern amenities.

These recent additions reflect a broader trend of growth within the DMC district's hospitality sector, both in scale and diversity of offerings. The chart below illustrates the increase in hotel keys (rooms) in Rochester's DMC district from 2001 to 2025, highlighting the impact of development activity over time. As of 2025, the district is projected to offer 3,494 hotel keys, reflecting a substantial increase from 2,449 keys in 2020 and 3,069 keys in 2015.

To contextualize this growth, the alternative baseline—marked by the dashed line—shows what the district's hotel inventory might have looked like had no new hotel development occurred. Under this scenario, the number of keys would have declined to approximately 2,615 by 2025, underscoring the importance of both new construction and the preservation of existing properties in sustaining the hospitality sector.

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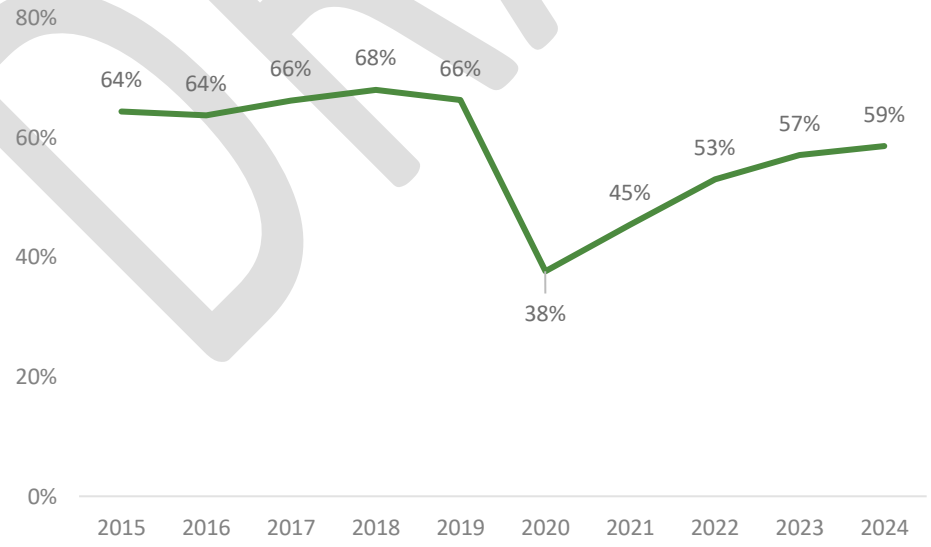
Figure 4.29: Count of Hotel Keys within the DMC District by Year, 2015-2024




*Source: CoStar (2025)*

The continued development of hotel room inventory has enabled the hospitality sector to meet growing visitor demand over the past ten years. Even with a 14 percent increase in the supply of hotel rooms, occupancy rates have risen consistently over each of the past five years, approaching the pre-pandemic average of 65 percent.

Figure 4.30: Hotel Occupancy Rates, 2015-2024

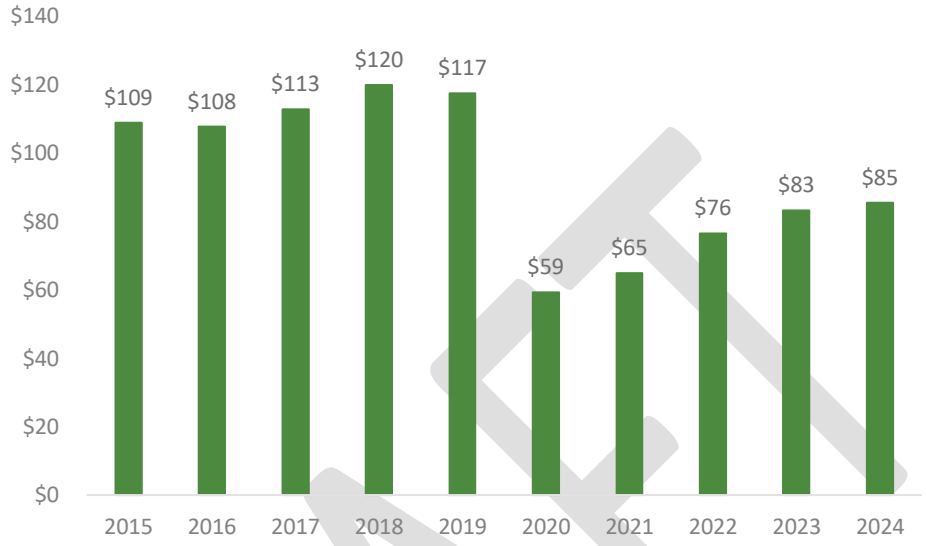



*Source: CoStar (2025)*

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Additionally, the DMC district's market revenue per available hotel room (RevPAR), a key measurement of hospitality sector performance, has also rebounded substantially in recent years. From a low of $59 in 2020, this value improved to $85 in 2024.

Figure 4.31: Revenue per Available Hotel Room in 2024 Dollars, 2015-2024[16]




*Source: CoStar (2025)*

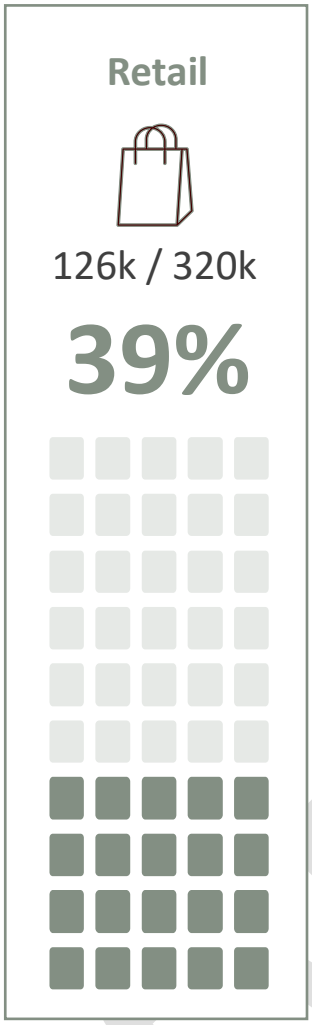
It is worth noting that the DMC district's recently developed set of hotel rooms hold higher occupancy rates, while also commanding higher daily rates, when compared against the older stock of hotel rooms. Specifically, occupancy rates at hotels built within the past ten years have higher occupancy rates than older hotels and generate $12 more in terms of revenue per available room.

Figure 4.32: Performance Comparison of Newly Constructed to Pre-Existing Hotel Inventory, 2024

| Metric | Pre-Existing | Newly Constructed |
|---|---|---|
| Occupancy Rate | 57.1% | 58.4% |
| *12-month change* | *+2.2%* | *+2.5%* |
| Revenue per Available Room | $83 | $95 |
| *12-month change* | *+5.7%* | *+6.0%* |

[16] CPI Inflation Calculator was used to convert all values into 2024 dollars.

### Private Investment in Retail, Dining, and Entertainment: Energizing the Urban Core




A primary goal of the DMC plan is to create the best possible experience for everyone who spends time in Rochester—whether as a patient, employee, visitor, or resident. To support this goal, the 2015 DMC plan laid out an ambitious strategy to expand opportunities for retail, dining, entertainment, arts, and cultural offerings within the district.

Since 2015, the DMC district has experienced significant growth in its retail sector, adding approximately 126,300 square feet of new retail space over the past decade. This represents nearly 40 percent of the DMC's target of 320,000 additional square feet of retail in the downtown area.

This progress has taken place amid a trickier and more unpredictable retail environment than when the plan was adopted in 2015. Across the country, many communities have experienced a decline in traditional brick-and-mortar retail due to shifting consumer habits, the rise of e-commerce, and the long-term effects of the COVID-19 pandemic. However, retail activity is currently rebounding in many places as these trends have prompted many retailers to rethink their approach, placing greater emphasis on creating unique, experience-oriented spaces that draw people in and offer more than just transactions.

In tandem with retail development, investments in arts and entertainment enhance the area's vitality and sense of place. A standout example is the renovation and reopening of the historic Chateau Theatre, located next to Peace Plaza. The venue now hosts regular programming and public events, drawing thousands of visitors annually and serving as a cultural anchor in the heart of the city.

Retail space in the DMC district has primarily been developed as part of mixed-use projects, which integrate retail with residential, office, and hotel uses. These types of developments help create dynamic downtown environments by meeting a range of needs and encouraging diverse activity throughout the day. In the DMC district, mixed-use development has been a key driver of retail expansion and contributes significantly to the district's overall appeal.



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Figure 4.33: New Retail Space in the DMC District

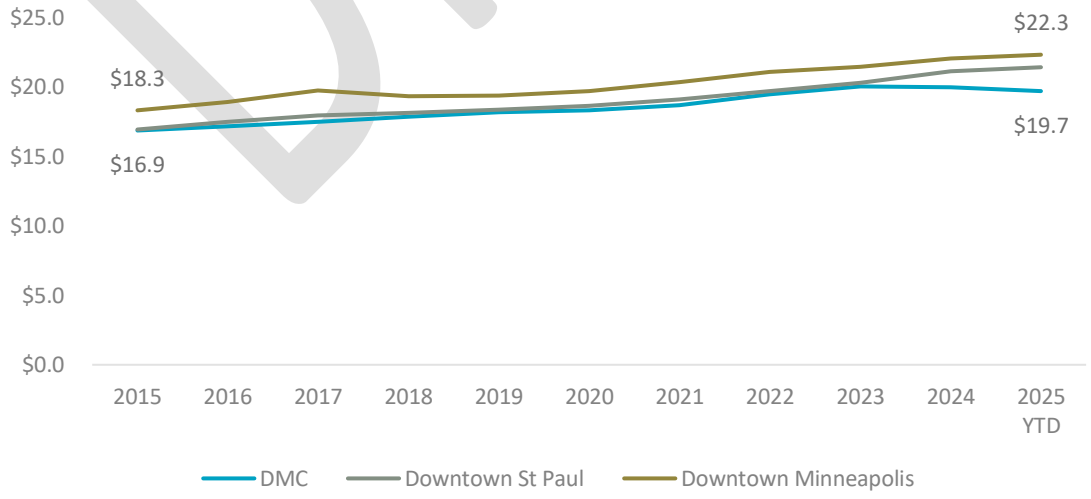
| Project Name | Main Building Use | Subdistrict | Retail Square Feet |
|---|---|---|---|
| 501 on First | Residential | Discovery Square | 10,500 |
| Flats on 4th | Residential | Downtown Waterfront | 2,072 |
| Hilton | Hotel | Heart of the City | 22,000 |
| Discovery Square | Research/Office | Discovery Square | 2,500 |
| Residence at Discovery Sq | Residential | Discovery Square | 20,000 |
| Conley Maas Reuse | Office | Discovery Square | 7,250 |
| Historic on 3rd | Office | Downtown Waterfront | 6,028 |
| Castle Community | Office | Central Station | 11,925 |
| Urban on First (The Maven) | Residential | Discovery Square | 9,000 |
| Berkman (Alatus) | Hotel/Residential | St Mary's Place | 13,500 |
| Hyatt House | Hotel | Central Station | 13,153 |
| HUE/324 Apartments | Residential | Heart of the City | 3,983 |
| Wells Fargo | Office | Heart of the City | 4,400 |
| **Total** | | | **126,311** |

*Source: CoStar (2025)*

Retail space rents in the DMC district have experienced upward trends since 2015. However, starting in 2023, asking rents began to decline. Despite this slight decrease in the DMC district, comparable downtown areas such as St. Paul and Minneapolis have continued to see rent increases over the past few years.

Since 2015, rent growth in these regions has been steady, without significant fluctuations. However, similar to the office space market, retail rents in Rochester remain relatively high given the size of the market, especially when compared to larger markets like St. Paul and Minneapolis, which have similar asking rents.

Figure 44.34: Market Asking Rent Retail, 2015-2025, DMC District, Downtown St. Paul, Downtown Minneapolis




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*Source: CoStar (2025)*

### *Restaurants*

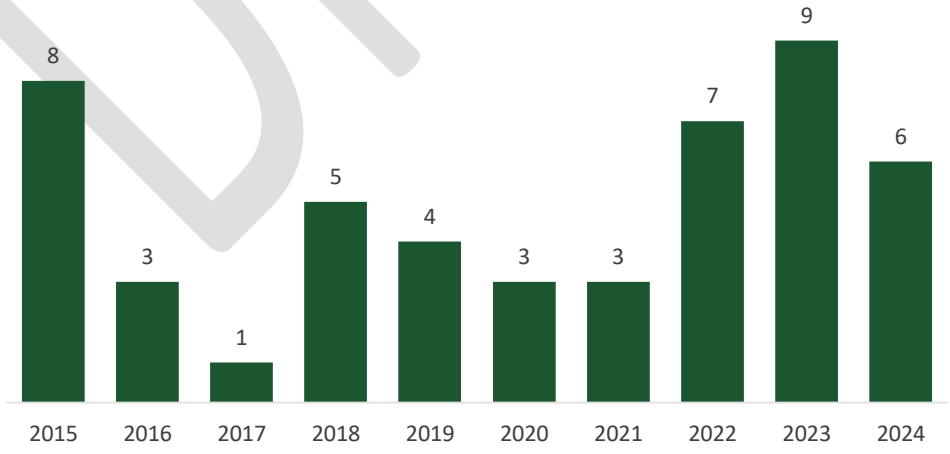
An important part of the DMC plan focuses on enhancing the overall experience for residents, visitors, and workers in the area. Vibrant downtowns thrive when they offer a mix of uses and a variety of businesses that serve the needs of a diverse population. Restaurants, in particular, play a key role in shaping the character and energy of a place—providing spaces for social connection, relaxation, and community engagement.

Since the adoption of the DMC plan in 2015, downtown Rochester has seen a notable increase in dining options. Approximately 49 new restaurants have opened in the DMC district, contributing to a more diverse and dynamic culinary landscape. These establishments offer a broad range of cuisines and dining formats, from casual eateries to upscale dining experiences, reflecting both national food trends and local preferences.

Notably, several well-regarded Twin Cities establishments have expanded to Rochester, enhancing the city's gastronomic offerings. For instance, Lumi, a Minneapolis-based restaurant known for its international flair, opened a downtown Rochester location in the former The Well/Dooley's Pub space. Additionally, Red Cow, celebrated for its gourmet burgers and craft beers, has established a presence in Rochester, bringing its sophisticated twist to the classic neighborhood tavern to the local community. This expansion reflects the growing demand for diverse dining options and underscores Rochester's appeal to restaurant owners and entrepreneurs.

Over the past decade, a total of 49 new restaurants have opened in the DMC district. However, this growth has been offset by closures, according to data from the DMC EDA, 25 restaurants closed between 2020 and 2024.

Figure 4.35: New Restaurant Openings in the DMC District




*Source: DMC, Lightcast (2025)*

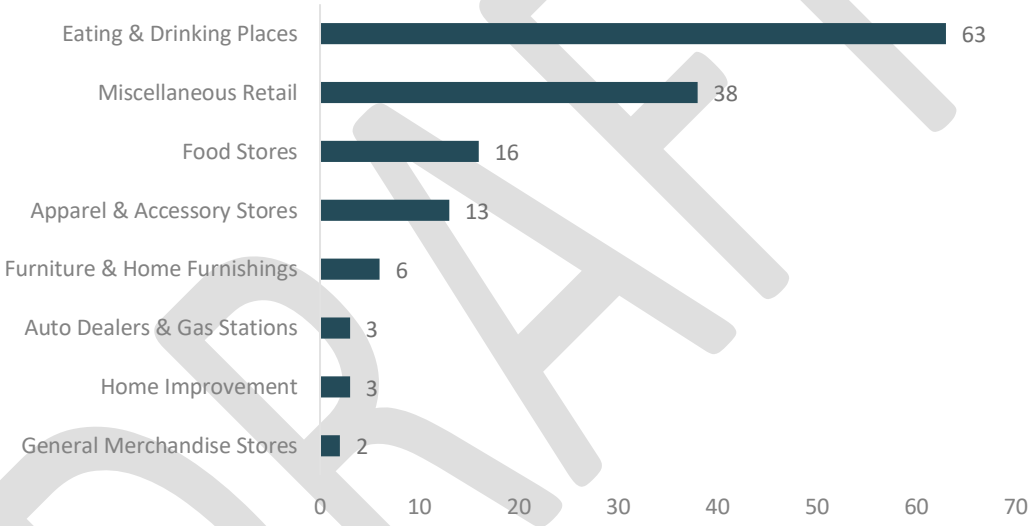
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*Retail*

In addition to its growing restaurant scene, the DMC district is home to a wide range of retail businesses that contribute to the area's energy and day-to-day functionality. These businesses occupy both newly developed and existing commercial spaces, supporting the district's evolution into a more vibrant, mixed-use environment.

While the largest share of businesses is made up of restaurants and other eating and drinking establishments, the district also includes a variety of retail stores—from fashion and home goods to specialty food shops and general merchandise.

Figure 4.364: Retail Stores in the DMC District, 2025




*Source: Lightcast (2025)*

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Over the past decade, the DMC initiative has played a key role in bringing new retail activity and business investment to downtown Rochester. Strategic planning and targeted development have resulted in a steady increase in available retail space within the district's core. However, despite this local momentum, the broader retail landscape across the City of Rochester tells a more complex story.

Citywide, the total number of retail establishments has declined—a trend that extends beyond the downtown area and reflects shifting patterns in consumer behavior. Between 2012 and 2022, Rochester experienced a 14.2 percent decrease in retail establishments, nearly double the statewide decline of 7.5 percent and significantly higher than the national reduction of 2.1 percent over the same period. While this pattern is not unique to Rochester, the rate of decline locally suggests deeper structural changes in how and where retail business is conducted.

Several factors have contributed to this shift. The rise of e-commerce has fundamentally changed the way people shop, reducing foot traffic for many traditional brick-and-mortar stores. The COVID-19 pandemic further accelerated this transformation by pushing even more consumers online and prompting smaller retailers—many of whom previously relied on in-person sales—to establish digital platforms.

In response to these challenges, retailers are reimagining their physical spaces to emphasize experience over transaction. Rather than simply serving as points of sale, stores are increasingly functioning as destinations—offering interactive elements, in-store events, personalized services, and entertainment-driven environments.[17] This shift toward experiential retail reflects a broader industry trend aimed at revitalizing in-person shopping and differentiating it from online alternatives.

For Rochester, these changes highlight both the challenges and opportunities ahead. As the city continues to adapt to a rapidly evolving retail landscape, strategies that blend convenience, creativity, and community engagement will be critical to sustaining and growing a healthy mix of retail offerings.

## LIMB LABS

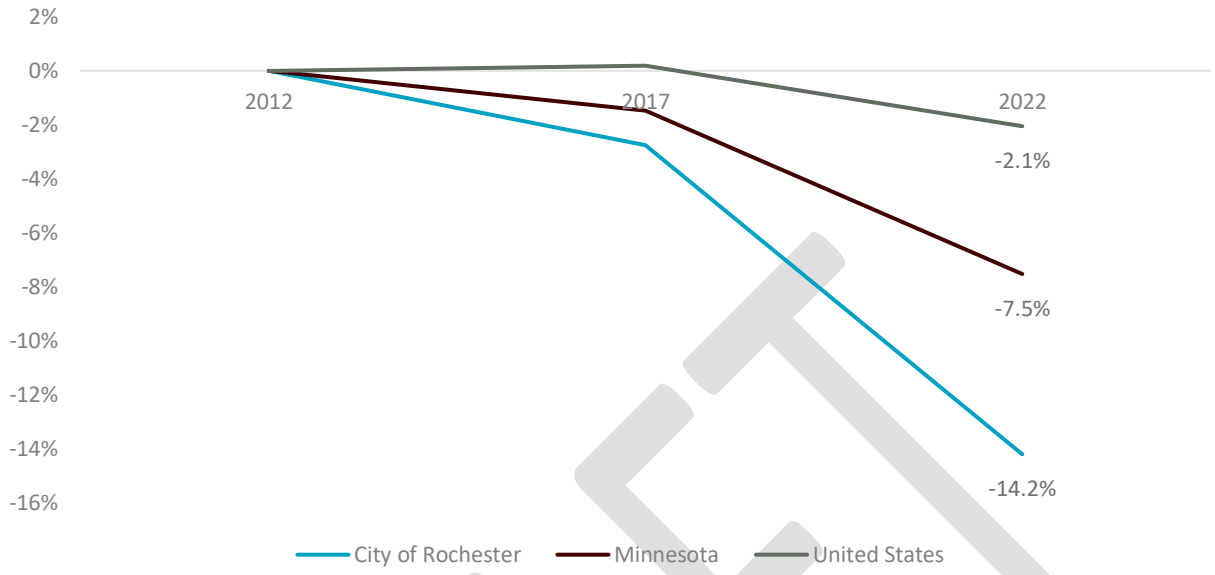
Limb Labs works at the intersection of innovation and creativity to provide personalized prosthetics and orthotic solutions to its clients. Limb Lab is unique in its approach, treating the creation of prosthetics as an art form and by providing clients with agency to design and create collaboratively with Limb Labs experts their own prosthetics.

The company's Rochester location opened in 2014. This flagship store features a prosthetics shop enclosed in glass, allowing passersby to observe the limb-making process. This transparency aims to destigmatize the use of prosthetics and involve customers in the design process, making them feel like part of the solution.

Limb Lab has a partnership with Mayo Clinic, enhancing their ability to provide high-quality solutions. The collaboration leverages Mayo Clinic's medical expertise and Limb Lab's innovative prosthetic

[17] https://www.cbre.com/insights/books/us-real-estate-market-outlook-2025/retail

Figure 4.37: City of Rochester, Minnesota and United States Retail Number of Retail Establishments, 2012 to 2022




*Source: U.S Census Bureau Retail Sales Survey (2012, 2017, 2022)*

### *Arts and Entertainment*

In addition to restaurants and retail, entertainment and cultural offerings have been essential to enhancing the vibrancy of the DMC district. A key example is the renovation and reopening of the historic Chateau Theatre, located adjacent to Peace Plaza, a major public realm project. The theater's opening as a publicly-owned venue was primarily financed by the DMC in partnership with the City of Rochester and Mayo Clinic. According to the 2024 activities report, the theater hosted programming on 242 days and welcomed 36,450 visitors, 57 percent of whom attended free public events. The theater remains open daily for public visits.

The revitalization of The Chateau Theatre represents a significant achievement in DMC's strategic plan to leverage arts and culture for enhancing placemaking and community well-being. Originally designed in 1927 and historically valued as a cultural landmark, the venue has been repurposed to function as a versatile space for performances and events.

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Further, initiatives like *Healing through the Arts* integrate creative expression into healthcare and civic settings through performances, commissioned artworks, and residencies. The program supports local artists while enhancing the therapeutic and cultural environment of Rochester's medical campuses and public spaces.



The DMC district also hosts a wide range of recurring community events. Examples include *Dancing Downtown at the Chateau*, *Puzzle Night + Swap*, and *Trust the Hours*, a mental health-focused poetry and art series. Seasonal programming such as *Here Comes Santa Claus* and the *Down by the Riverside* summer concert series further activate public spaces like Peace Plaza and Mayo Park and attract thousands of attendees each year. The *Night Market*, launched in 2021, showcases BIPOC vendors and performers through an evening market.

Larger entertainment venues, including the Mayo Civic Center and the Rochester Civic Theatre, continue to host a broad mix of local and touring performances, civic gatherings, and arts programming. These initiatives reflect community commitments to using arts and culture to support placemaking, economic inclusion, and well-being.

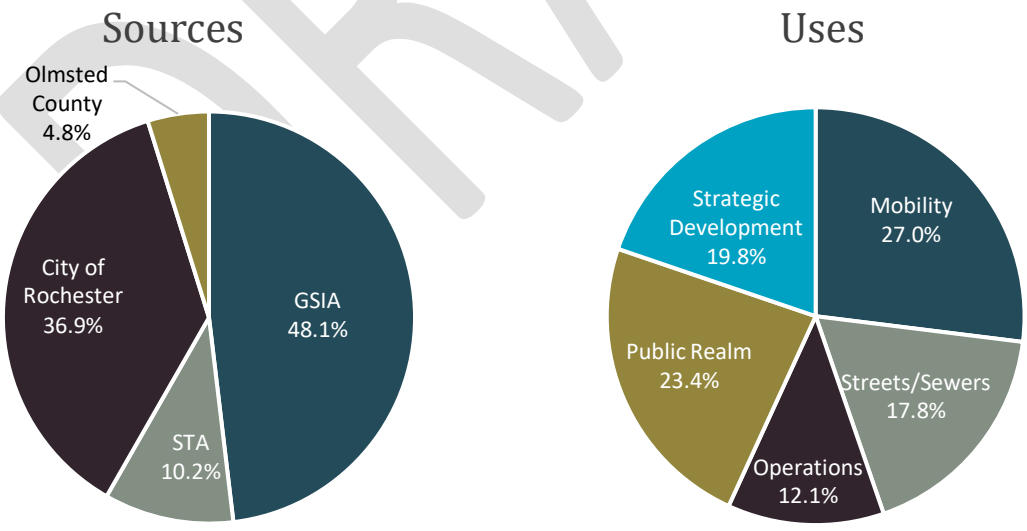
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## Public Infrastructure

Public funding under the DMC initiative is designed to reinforce private sector activity by enabling the infrastructure, amenities, and operational capacity needed to support sustained growth. With up to $585 million in public investment committed over the 20-year plan, these funds are deployed strategically to maximize long-term impact and align with the broader goals of the initiative. To ensure a balanced and forward-looking approach, DMC public funds were allocated across five investment categories, ensuring a balanced approach to Rochester's development:

- **Mobility (27.0%)** – Enhancing transportation infrastructure, including public transit systems, pedestrian pathways, and connectivity improvements to support the city's long-term growth.
- **Public Realm (23.4%)** – Developing and revitalizing public spaces such as parks, plazas, and streetscapes to improve the quality of life for residents, visitors, and businesses.
- **Strategic Development (19.8%)** – Stimulating economic growth by funding infrastructure associated with med-tech and other priority developments that align with DMC's vision and attract further private investment.
- **Streets/Sewers (17.8%)** – Addressing foundational infrastructure needs, such as road construction and sewer system upgrades, to support Rochester's expanding population and business activity.
- **Operations (12.1%)** – Covering administrative and operational costs necessary for effective management and execution of the DMC initiative.

Figure 4.38: DMC Fund Sources and Uses, 2015-2024




*Source: DMC EDA (2025)*

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DMC's public investment strategy ensures that Rochester's transformation is supported by strong infrastructure, economic development, and urban enhancements. As the initiative moves into the second half of the 20-year plan, continued strategic investment will be critical to maintaining growth momentum and achieving the $5 billion private investment goal.

The next section details some of the public investments to date as well as the non-DMC public funds that have been leveraged from other sources.

The DMC EDA plays a central role in coordinating public and private investments, administering funds, and ensuring projects align with the long-term vision of the DMC Development Plan. The agency is responsible for engaging with stakeholders, overseeing project execution, and tracking progress toward investment goals. Through its work, the DMC EDA ensures that public funds approved by the DMCC board of directors and Rochester City Council are strategically allocated and that the initiative remains on track to fulfill its mission.

Figure 4.39: Total Public Investment

| | DMC Expenditure ($M) | Non-DMC Funds Secured ($M) | Total Public Investment ($M) |
|---|---|---|---|
| Mobility | $74.7 | $51.4 | $126.1 |
| Public Realm | $64.8 | $8.6 | $73.4 |
| Streets/Sewers | $49.2 | $48.9 | $98.1 |
| Strategic Development | $53.7 | $0.0 | $53.7 |
| Operations | $34.7 | $0.1 | $34.8 |
| **Total Public Investment** | **$277.1** | **$108.9** | **$386.0** |

*Source: Destination Medical Center*

### Economic Impact of DMC Public Investment

The total public investment of $386.0 million from 2015 to 2024—comprising $277.1 million in DMC funds and $108.9 million in non-DMC public funds—has averaged $38.6 million annually including 90 percent ($35.1 million) in hard costs and ten percent ($3.5 million) in soft costs. These capital investments generate significant direct, and spillover impacts for the construction industry and, more broadly, the local, regional, and state economy.

These public investments are estimated to generate a total economic impact of $432.9 million over the past decade and an average of $43.3 million in economic impact each year. Annual public capital investments support 210 direct, indirect, and induced jobs annually (FTE[18]), on average, with $14.2 million in average annual employee compensation within the City of Rochester.

[18] IMPLAN generates job estimates based on the term "job-years", or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly "job-years" supported, over two years, that represents 50 annual jobs.

Statewide, these projects generate $553.6 million in total output and an average of $55.4 million in annual economic output, supporting 250 average FTE jobs annually with $17.4 million in average annual employee compensation (see Figure 4.40).

Figure 4.40: Annual Average of Economic Impacts from Total Public Investments from 2015 to 2024[19]

| Impact Type | City of Rochester | Olmsted County | Minnesota |
|---|---|---|---|
| **Hard Costs (90%)** | **$35.1** | **$35.1** | **$35.1** |
| **Soft Costs (10%)** | **$3.5** | **$3.5** | **$3.5** |
| **Total Investment** | **$38.6** | **$38.6** | **$38.6** |
| **Less Strategic Development[20]** | **($5.4)** | **($5.4)** | **($5.4)** |
| Direct Output ($M) | **$33.2** | **$33.2** | **$33.2** |
| Indirect & Induced Output ($M) | $10.1 | $10.9 | $22.1 |
| **Total Impact ($M)** | **$43.3** | **$44.2** | **$55.4** |
| Employment Supported (FTE) | 210 | 220 | 250 |
| Employee Compensation ($M) | $14.2 | $14.4 | $17.4 |

*Source: IMPLAN (2023), ESI (2025)*

## Public Realm Investments




Public realm investments are a cornerstone of the DMC strategy to create a welcoming, and health-centered urban environment. By enhancing parks, plazas, streetscapes, and other shared spaces, these efforts aim to improve quality of life for Rochester's residents and visitors while reinforcing the city's identity as a place of healing, innovation, and community.

Accounting for 21.7 percent of DMC public investment to date, public realm improvements ensure that the physical transformation of Rochester extends beyond new buildings to include the social, cultural, and environmental dimensions of city life. The 2015 DMC Development Plan envisioned at least one major public realm project per subdistrict. As of 2024, three major public realm projects have been completed -- Peace Plaza in Heart of the City, Discovery Walk in Discovery Square, and Soldiers Field in the UMR/Recreation sub-district, each contributing to a more dynamic and accessible public realm.

The investments in the public realm followed the DMC's 2015 Plan foundational visions for each subdistrict. The plan created a guide for development while allowing for necessary adaptations. Rather

[19] The values cover a construction period of ten years.

[20] Strategic Development funding is used to leverage private investment which is modeled in Section 4 below.

than adhering to every specific project initially proposed, DMC has preserved the essence and principles of each subdistrict while evolving implementation to meet changing needs and opportunities.

For the Heart of the City, the vision remained centered on creating vibrant connection spaces with Peace Plaza as the true heart of downtown Rochester. While specific elements like the Ice Pavilion or Light Pavilion may have evolved in form, the core principle of establishing a crossroads of activity at "First and First" and creating engaging public spaces around the Plummer Building has informed ongoing development. The sub-district continues to embrace its role as the catalyst for Rochester's future, blending historic landmarks with contemporary design to reflect Mayo Clinic's global prominence.

In Discovery Square, the foundational vision of creating a technology and science hub that fosters private development has been maintained throughout implementation. Though the specific configuration of Discovery Walk may differ from original renderings, the essential goal remains: establishing interconnected spaces where researchers, scientists, and the medical community can collaborate. The district continues to serve its intended purpose as a focal point for expanding Mayo Clinic's research capabilities while attracting private bio-medical and technology enterprises.

The UMR/Recreation area has preserved its guiding principle of integrating nature, individuals, and community through dynamic experiences with the investment in Soldiers Field Memorial Park. The focus on creating welcoming destinations for community members, students, and visitors—with programming for all seasons and abilities—continues to drive development. This area still reflects the goals of the Envision UMR plan while supporting the broader DMC vision for a sustainable, accessible, and engaging urban environment.

### *Peace Plaza – Heart of the City*

A major project within this category is the Peace Plaza Renovation within the Heart of the City sub-district. Located adjacent to the Chateau Theatre and the Mayo Clinic, the Plaza has become a central hub for community gatherings, daily activation, and cultural experiences. The renovation has transformed the downtown core into a more welcoming and engaging environment through expanded green areas, pedestrian-friendly walkways, interactive public art, upgraded seating, and water features. In February 2025, the Rochester City Council approved an additional $175,000 in DMC funding to replace deteriorating pavers, addressing safety and usability concerns and reinforcing DMC's long-term commitment to high-quality, inclusive public spaces.[21]

The plaza also features accessible seating and standing areas, interactive installations with Eric Anderson's "Wakefield" – which uses anonymized Mayo Clinic data to power misting jets – and play stations for children, making it a destination for all ages. Peace Plaza also regularly hosts events that reflect the community's vibrancy and values, including Thursdays Downtown, Social-ICE, Play on the Plaza, and weekday lunch-hour live music. These events promote wellness and encourage civic engagement, while also boosting foot traffic and supporting surrounding businesses. The benefits of these activations can be linked to DMC's public realm investments, which have enabled Peace Plaza to

[21] "Rochester City Council approves $175,000 in DMC funding for Peace Plaza Paver Replacement", February 20, 2025, https://www.kimt.com/news/rochester-city-council-approves-175-000-in-dmc-funding-for-peace-plaza-paver-replacement/article_285b6bf2-efec-11ef-9d65-d7cc77e15184.html.

serve as a cultural anchor for Mayo patients, visitors, and staff as well as an engine for downtown Rochester's social and economic vitality.

*Discovery Walk – Discovery Square*



Another key investment in the public realm is the Discovery Walk, a four-block linear parkway designed to connect Soldiers Field Park to Heart of the City and downtown Rochester through Discovery Square. This pedestrian-friendly corridor integrates green spaces, public art, interactive lighting, and water features, creating a multifunctional urban experience that promotes health, wellness, and community interaction. Discovery Walk serves as both a transportation connection and a recreational space, improving accessibility for Mayo Clinic patients, employees, and visitors while also supporting local businesses along the corridor. This project embodies DMC's broader vision of making Rochester a more livable, engaging, and active urban environment.

DMC, in partnership with the City of Rochester, engaged seven community co-designers – individuals representing various cultural, religious, mobility, mental health, and socio-economic backgrounds – to guide the design process. The design process also involved artists such as Sophia Chai, Zoe Cinel, and Ayub HajiOmar, to create integrated public art installations that resonate with the community's identity. For instance, Chai's "Punctuated Asymptote" features 62 light poles varying in height while remaining at the same elevation, symbolizing the area's geological history. These are pieces that beautify space, as well as foster a sense of cultural belonging and pride among residents.

Discovery Walk was also designed to be a dynamic space that hosts various events and amenities to engage the community. During favorable weather, the corridor accommodates food trucks, offering diverse culinary experiences. The design also includes flexible spaces for civic events, outdoor performances, and recreational activities, ensuring year-round usability and vibrancy.

Together, the design, programming, and inclusive planning approach behind Discovery Walk reflect DMC's commitment to creating a high-quality public realm that supports community health, cultural identity, and economic vitality. The project fulfills a functional need and exemplifies the impact of targeted DMC investments in shaping a more connected and livable downtown Rochester.

*Soldiers Field – UMR/Recreation District*

Soldiers Memorial Field, encompassing 150 acres in the UMR and Recreation subdistrict, has undergone a comprehensive $22 million renovation aimed at enhancing community engagement and wellness. This investment, besides $10 million in DMC investment, included federal grants ($5 million), state grants ($250,000) and local funding.

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The Park renovation includes an aquatics center, which has a 50-meter lap pool, three waterslides, a lazy river, splash pad, and zero-depth entry pool. These amenities are available at affordable rates ranging from $1.25 to $2.00 per hour for adults, and reduced rates for children.[22] This pricing ensures equitable access, offering a cost-effective alternative to regional waterparks that charge up to $20 per hour.[23]



The park also features an inclusive playground at Roy Sutherland Park, resurfaced and illuminated basketball courts, upgraded shelters, nature-based play areas, and an expanded trail network. These improvements cater to diverse recreational interests, promoting physical activity and social interaction among residents and visitors alike. The integration of interactive public art installations by local artists further enhances the park's cultural appeal, fostering a sense of community pride and identity.

Collectively, these upgrades establish Soldiers Memorial Field as a key recreational destination, enhance community well-being, and serve as an economic driver by drawing residents, visitors, and commercial activity to the area.

Public realm spaces contribute significantly to community health, wellness, and economic vitality. Strategically designed open spaces and recreational venues increase the attractiveness and market value of residential projects within the DMC District, highlighting their importance as assets for community development. Additionally, Rochester's open spaces such as Central Park and Soldiers Memorial Field serve critical environmental functions, contributing to improved air and water quality, protecting biodiversity, and mitigating urban heat islands created by impervious surfaces. Collectively, dedicated open and recreation space within the public realm support environmental sustainability, heritage conservation, and economic growth, reinforcing Rochester's identity as a dynamic and health-oriented urban environment aligned with DMC's broader objectives.

Figure 4.41: Aggregate Investment in Public Realm Projects

| | 2015-2024 Expenditure |
|---|---|
| DMC Investment in Public Realm Projects | $64.8 |
| Non-DMC Funds Secured | $8.6 |
| Public Realm Project Investment | $73.4 |

*Source: Destination Medical Center*

[22] https://www.gomotionapp.com/mnrscl/UserFiles/Image/QuickUpload/soldiers-field-aquatic-center-info_094019.pdf
[23] https://www.facebook.com/waterparksofminnesota/

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*Next Steps: Waterfront Square, Saint Marys Place, Central Station*

DMC has two major projects currently underway: the 6th Street Bridge, part of the Downtown Waterfront subdistrict, and the Transit Pavilion, located in the Saint Marys Place sub-district.

The 6th Street Bridge, Roadway Safety, and Riverfront Improvements project aims to construct a bridge over the Zumbro River, connecting East and West 6th Street South. Additionally, the project will transform the existing flood control system into an accessible riverfront space. Beyond the bridge and riverfront access, the project will include several roadway improvements:

- Streetscape enhancements along Sixth Street SW between Second Avenue SW (Discovery Walk) and South Broadway;
- Traffic calming features for the new Sixth Street SE between the new bridge and Third Avenue SE; and
- Traffic mitigation measures for the existing Sixth Street SE between Third Avenue SE and Ninth Avenue SE.

The total cost of the bridge is estimated at $29.9 million, with $19.9 million funded by a USDOT RAISE grant and $10 million covered by the DMC. Construction is scheduled to begin in 2026.

The Saint Marys Place public realm project is also in the pipeline. This initiative aims to create a welcoming gateway to the community and provide a new entrance to Saint Marys Campus. The plan includes developing a civic square and a monumental gateway at one of the primary entry points to Rochester, enhancing the area's accessibility and aesthetic appeal.

### Transit Investment

***Mobility: Enhancing Transportation and Connectivity*** A significant portion of DMC's investment—27.3 percent—has been allocated to mobility, with a focus on strengthening transportation infrastructure and regional connectivity. To date, several foundational projects have laid the groundwork for a more accessible and sustainable transportation system in Rochester.




Key road improvements include the reconstruction of 7th Avenue from 2nd Street NW to 4th Street NW. These upgrades enhance the overall transit experience and set the stage for more ambitious transit initiatives.

Among the most transformative upcoming projects is the Link Bus Rapid Transit (BRT) Project, a high-capacity system designed to improve public transit efficiency. In October 2024, the city secured an $84.92 million federal grant to fund the project. The BRT will feature dedicated bus-only lanes to reduce congestion and improve travel times, along with modern stations offering real-time arrival information and enhanced pedestrian access. Frequent service will support the

needs of Mayo Clinic employees, residents, and visitors, reducing reliance on personal vehicles and promoting sustainable mobility.

Another major planned initiative is the City Loop, a bicycle and pedestrian route that will connect sub-areas within the DMC District. Building on the existing downtown bike infrastructure, the City Loop will include additional bike portals to improve access from surrounding neighborhoods and ensure safe crossings at high-volume intersections. The project aims to expand multimodal access, elevate the visitor and patient experience, and contribute to a more walkable and connected downtown.

Figure 4.42: Aggregate Investment in Mobility Projects

| | 2015-2024 Expenditure |
|---|---|
| DMC Investment in Mobility | $74.7 |
| Non-DMC Funds Secured | $51.4 |
| Mobility Investment | $126.1 |

*Source: Destination Medical Center*

### Streets & Sewers Investment

In addition to economic development, 17.5 percent of DMC's public funding has been allocated to streets and sewers, ensuring that Rochester's infrastructure can support its ongoing growth. One key project is the 2nd Street SW Sanitary Sewer Replacement, a critical infrastructure upgrade conducted as part of the Heart of the City initiative. This project involved realigning and replacing outdated sewer lines, improving capacity to accommodate new developments. Additionally, stormwater drainage enhancements were made to mitigate flooding risks and improve overall water management in downtown Rochester. By modernizing essential infrastructure, these investments support both current and future population and business growth, ensuring that Rochester remains well-equipped for long-term expansion.

Figure 4.43: Aggregate Investment in Streets and Sewer Projects

| | 2015-2024 Expenditure |
|---|---|
| DMC Investment in Street and Sewer Projects | $49.2 |
| Non-DMC Funds Secured | $48.9 |
| Street and Sewers Investment | $98.1 |

*Source: Destination Medical Center*

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# 5. Taxes: Fiscal Impact and Public Revenue Growth

A core DMC objective is to generate sustained public revenue growth by supporting private investment, job creation, and long-term economic development. The DMC plan sets a target of $7.5 to $8.0 billion in net new tax revenue over 35 years, benefiting the DMC District, the City of Rochester, Olmsted County, and the State of Minnesota.

As of 2024, the DMC District is estimated to have generated approximately $1.6 billion in net new tax revenue—representing roughly 21 percent of the 35-year goal. This section summarizes the fiscal impact of the district's operations and capital investments to date, highlighting the distribution of benefits across local and state jurisdictions.

## Business Tax

### Mayo Unrelated Business Tax

Mayo Clinic's position as Rochester's anchor institution translates into a significant share of the district and the city's business tax base. Over the past ten years, Mayo Clinic reported approximately $105 million in net new unrelated business income tax (UBIT) across its national operations. Rochester's share of revenue based on Mayo Clinic's footprint represents 70 percent and yields $73.8 million in net new business tax revenue attributable to Mayo Clinic's local presence.

### Mayo Clinic Provider Tax

Mayo Clinic's fiscal contributions are not limited to the taxes it pays on its non-exempt property holdings and operational activity that does not conform to nonprofit guidelines but also include sizable medical provider tax payments in the form of the MinnesotaCares tax. Incurred on an annual basis, medical entities are obligated to return a fixed percentage of revenues to the state. (Note: this tax source was notin place at the time of the approval of the DMC legislation).

### Other Business Tax

Business tax impacts are not limited to Mayo Clinic. The rest of the local economy has seen steady growth, driven by expansion in healthcare-adjacent sectors as well as industries like construction, retail, and professional services. ESI estimates $169.6 million in non-Mayo Clinic business taxes generated between 2015 and 2024. In aggregate, DMC's operations, including Mayo Clinic's operations, generated $243.4 million in business taxes for the State of Minnesota from 2015 to 2024.

Figure 5.1: Estimated Net New Business Tax Impacts from DMC's Operations, 2015-2024

| Tax | Minnesota |
|---|---|
| Business (Mayo) | $73.8 |
| Business (Non-Mayo) | $169.6 |
| **Total Business Tax** | **$243.4** |

*Source: OnTheMap (2025), IMPLAN (2023), Econsult Solutions (2025)*

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## Sales and Use Tax

Over the past decade, sales and use tax revenues increased significantly as DMC-led development brought more jobs, people, and foot traffic into Rochester. The influx of workers, residents, and visitors increased consumer spending across retail, dining, accommodation, and service industries, resulting in measurable gains in taxable sales at the city, county, and state levels.

From 2015 to 2024, the State earned $13.8 billion in net new sales tax revenue. DMC-related activity is estimated to have generated 1.4 percent of the $13.8 billion ($279.9 million), which represents the share of jobs within the DMC development district relative to the state. Similarly, employment within the DMC development district is 42.6 percent of that of Olmsted County's. Thus, net new sales tax revenue generated by DMC's operations is estimated at $42.9 million. At the city level, DMC operations are estimated to have produced $50.6 million in new sales tax revenue.

Figure 5.2: Estimated Net New Sales Tax Impacts from DMC's Operations, 2015-2024

| | Net New Sales Tax Revenue |
|---|---|
| City of Rochester | $50.6 |
| Olmstead County | $42.9 |
| State of Minnesota | $280.0 |
| **Total Sales Tax** | **$373.5** |

*Source: OnTheMap (2022), Econsult Solutions (2025)*

## Hotel/Motel Tax

Growth in patient volume, increased business travel, and expanded tourism activity in and around the DMC district contributed to a steady rise in lodging tax revenue over the past decade. The expansion of Rochester's hospitality sector, driven by new hotel development and higher occupancy, has directly translated into new fiscal revenue for the city.

Based on annual RevPAR figures ranging from $79.25 to $95.45, applied to the hotel room inventory, full-year occupancy, and the City's 7 percent lodging tax rate, hotel and motel properties within the DMC district are estimated to have generated approximately $10.5 million in net new lodging tax revenue between 2015 and 2024.[24]

Figure 5.3: Estimated Net New Lodging Tax Impacts from DMC's Operations, 2015-2024

| Tax | City of Rochester |
|---|---|
| Lodging Tax | $10.5 |

*Source: CoStar (2025), DMC, Econsult Solutions (2025)*

[24] Lodging tax revenue total for the 10-year period includes an estimated $48,400 of contributions from the short-term rentals market.

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## Income Tax

Employment growth tied to the DMC initiative contributed directly to higher income tax collections at the city, county, and state levels. As new jobs were created across a range of industries, including healthcare, research, construction, hospitality, and services, so too did the associated wage earnings expand the region's personal income tax base.

Estimates are based on employment growth data from U.S. Census OnTheMap, with corresponding wage levels drawn from Lightcast. Between 2015 and 2024, approximately 123,521 net new jobs were added within the DMC district. The majority of these were in the healthcare and social assistance sector, but other industries, particularly construction, educational services, and public administration, also saw measurable increases. The State personal income tax associated with these net new jobs is $511.6 million. In addition, jobs outside of the DMC area but within the City of Rochester generated additional income tax revenue for the state amounting to $243.9 million. In aggregate, DMC's activities generated $755.5 million in net new personal income tax revenue to the State.

Figure 5.4: Estimated Net New Personal Income Tax Impacts from DMC's Operations, 2015-2024

| Tax | Minnesota |
|---|---|
| Income Tax - DMC Jobs | $511.6 |
| Income Tax - Other City Jobs | $243.9 |
| **Total Personal Income Tax** | **$755.5** |

*Source: Lightcast (2025), IMPLAN (2023), OnTheMap (2022), Econsult Solutions (2025)*

## Property Tax

New development within the DMC district, including that of Mayo Clinic, has contributed to sustained growth in the region's property tax base. As residential, commercial, and mixed-use projects came online, they added considerable value to the local real estate market, driving up overall assessed valuations across the district, the City of Rochester, and Olmsted County.

Between 2015 and 2024, property tax revenue tied to this growth increased steadily year over year, at an average of 7.1 percent each year. Much of this was driven by newly constructed or redeveloped properties entering the tax rolls at higher values than pre-existing land uses, particularly in areas targeted for higher-density investment.

The City of Rochester earned $803 million in property taxes revenues over the 10-year period from 2015 to 2024. The DMC district's share of the total property tax revenues of an average of 14.9 percent is estimated based on the DMC district's share of land market value relevant to the City of Rochester. The net new property tax revenue attributable to DMC is $136.4 million from 2015 to 2024.

Figure 5.5: Estimated Net New Property Tax Impacts from DMC's Operations, 2015-2024

| Tax | City of Rochester |
|---|---|
| Property Tax | $136.4 |

*Source: CoStar (2025), Econsult Solutions (2025)*

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## Total Fiscal Impact

From 2015 through 2024, DMC-related activity is estimated to have generated approximately $1.6 billion in net new tax revenue across business, sales, lodging, income, and property tax categories (see Figure 5.6). This total reflects combined fiscal impacts at the city, county, and state levels, driven by job creation, new construction, increased consumer spending, and rising property values.

The total tax revenue reflects substantial public return given economic headwinds during this timeframe, including a global pandemic, supply chain disruptions, and labor market shifts. With major projects still in progress and additional development planned, tax revenues are expected to further increase.

Figure 5.6: Estimated Net New Tax Impacts from DMC's Activities, 2015-2024

| Tax | Net New Tax Revenue (2015-2024) |
|---|---|
| Total Business Tax | $243.7 |
| Total Sales Tax | $373.5 |
| Total Lodging Tax | $10.5 |
| Total Personal Income Tax | $755.5 |
| Total Property Tax | $136.4 |
| Total Tax Revenue from Capital Investments | $75.5 |
| **Aggregate Tax Revenue Impact** | **$1,595.1** |

*Source: Econsult Solutions (2025)*

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# 6. Experience: Enhancing Livability, Accessibility, and Vibrancy

Another core DMC objective is to invest in the physical, economic, and cultural fabric of downtown Rochester—not as an end in itself, but as a way to catalyze growth while improving the experience of all who use and inhabit the city. Through new infrastructure, public spaces, commercial activity, and mobility upgrades, DMC aims to create a more inclusive, welcoming, and vibrant environment that supports patient comfort, business success, and community well-being.

The DMC plan recognizes that while it supports world-class healthcare, most of a patient's time in Rochester is spent outside of clinical settings. Similarly, the success of downtown depends not just on new buildings, but on how well the city works for its people—patients, companions, employees, residents, and visitors. For that reason, DMC investments are intentionally designed to enhance quality of life, strengthen local businesses, and foster a dynamic and livable downtown.

This section evaluates how those investments have shaped the user experience across groups, highlighting the transformation of Rochester into a more accessible, connected, and people-centered city.

## A Holistic Approach to User Experience

The 2015 DMC Development Plan established five core user types to guide public realm and infrastructure planning:

- **Employees** — healthcare workers, researchers, and service providers whose work environment shapes retention and satisfaction.
- **Residents** — local community members whose daily quality of life depends on housing, mobility, and public spaces.
- **Patients** — seeking comfort, accessibility, and support during their medical journey.
- **Patient Companions** — family and caregivers who require amenities, hospitality, and ease of movement.
- **Visitors** — tourists, business travelers, and short-term guests who help sustain economic vitality through their spending and engagement.

All five groups interact with downtown Rochester's built environment daily, sharing spaces and amenities. As such, creating an exceptional experience across user types is foundational to DMC's mission.

### Residential and Employee Experience: Strengthening Livability and Mobility

DMC recognizes that creating a vibrant, livable downtown requires attention to the everyday experiences of residents and employees. To assess how effectively DMC has supported these users, three core experiential dimensions are evaluated below housing availability and affordability, mobility, and perceptions of public safety.

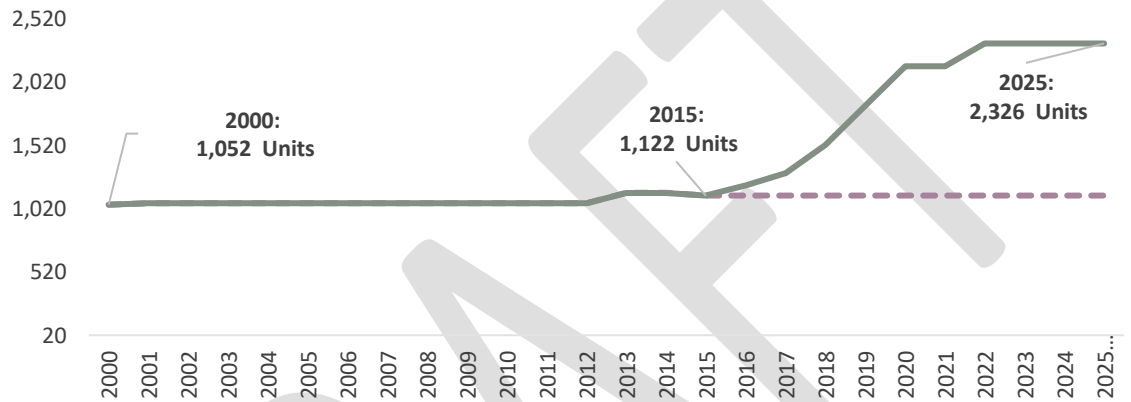
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*Housing Availability and Affordability*

A key consideration for residents is whether housing in the DMC District is accessible—not only in terms of availability, but also affordability. This dimension is measured through the number of residential units developed and the degree to which residents are housing cost-burdened, typically defined as spending more than 30 percent of income on housing expenses.

Since 2015, the DMC District has more than doubled its supply of multi-family residential units, significantly expanding housing options for workers and adding year-round vibrancy to Rochester's urban core.

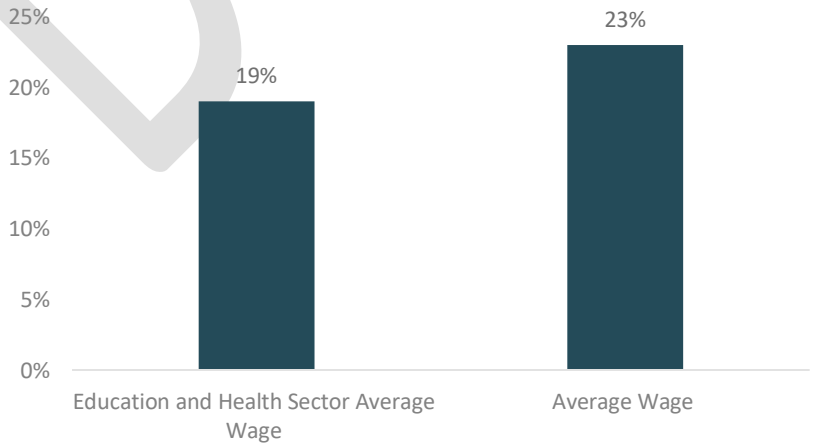
Figure 6.1: Multi-Family Residential Units within the DMC District, 2000-2025




*Source: CoStar (2025)*

In terms of affordability, housing remains generally affordable for individuals earning the average private sector wage (23 percent of wage) across the Rochester metropolitan area, as well as for those employed in the healthcare sector (19 percent of average wage).

Figure 6.2: DMC District Housing Cost as a Percentage of Average Annual Wage




*Source: CoStar (2025)*

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Affordability challenges, however, emerge for lower-wage workers. At an annual income of approximately $55,000, a potential DMC district resident would begin to experience housing cost burden. For example, workers in the hospitality and retail sectors—who represent a significant share of downtown employment—would face even greater challenges, with housing costs requiring an estimated 64 percent of their income. This disparity underscores the importance of continuing efforts to provide a diverse range of housing options that can support an inclusive, vibrant, and sustainable downtown workforce.

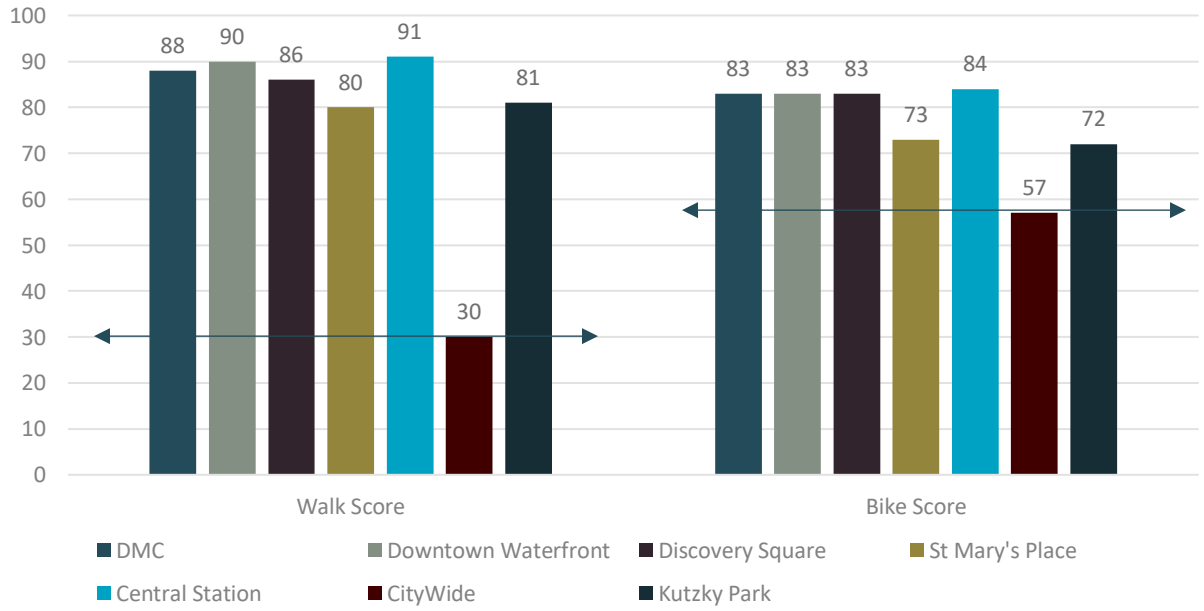
### *Mobility*

The ease of getting around without a car significantly shapes the downtown living and working experience. This is measured through Walk Score and Bike Score ratings, which assess accessibility to daily needs on foot or bike, as well as the use of alternative modes of transportation such as public transit, e-scooters, and e-bikes.

Walk Score and Bike Score are nationally recognized measures that assess how easily residents and visitors can access daily needs such as dining, shopping, and services without relying on a car. Citywide, Rochester has a Walk Score of 30—substantially lower than every subdistrict within the DMC, where walkability scores exceed 80. The primary factor preventing even higher scores is limited access to groceries and everyday retail within walking distance.

Through strategic investments in streetscapes, public spaces, and multimodal infrastructure, the DMC is helping to transform the downtown into a more walkable and bike-friendly urban environment. Enhancing mobility options is essential for fostering a livable, connected, and sustainable city core that serves the needs of residents, employees, patients, and visitors alike.

Figure 6.3: Bike and Walk Scores by District



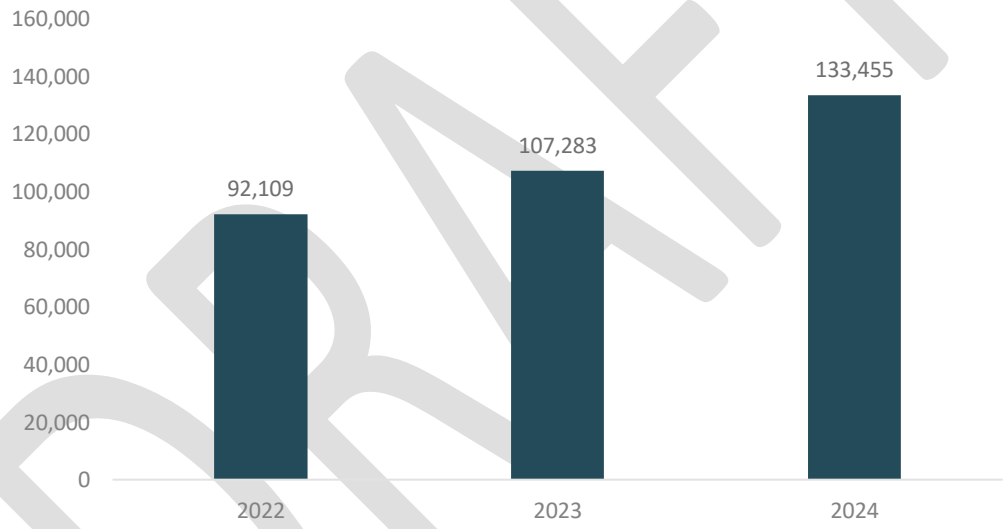

*Source: BikeScore and WalkScore (2025)*

The availability of alternative transportation options continues to expand across the DMC District. Since launching micromobility options of e-scooters and e-bikes in 2019, Rochester has seen steady growth in micromobility usage.

City data show that in 2024, riders completed 133,455 micromobility trips—an increase of 24 percent compared to the prior year. E-scooters accounted for 92 percent of these trips, with riders averaging 1.34 miles and nearly 12 minutes per trip. It is estimated that these micromobility trips replaced approximately 72,000 car trips, helping to reduce congestion and support a greener urban environment. Importantly, 65 percent of riders were Rochester residents, reinforcing the value of these transportation options for both locals and visitors.[25]

The growth of alternative modes like scooters, bikes, and improved pedestrian connections reflects the DMC's ongoing commitment to expanding sustainable, accessible mobility choices and enhancing the everyday experience for all who live, work, and visit downtown Rochester.

Figure 6.4: E-Scooter and E-Bike Trips, 2022-2024




*Source: City of Rochester (2025)*

### *Public Safety*

Safety perceptions are a critical component of the residential and employee experience, influencing livability, workforce retention, and downtown vitality. While actual crime statistics provide important context, public perceptions of safety often have an even greater impact on how individuals engage with urban spaces.

Since 2015, Rochester has made steady improvements in public safety. The city's reported crime rate decreased from 211.0 crimes per 10,000 residents in 2015 to 201.5 per 10,000 residents in 2024. While

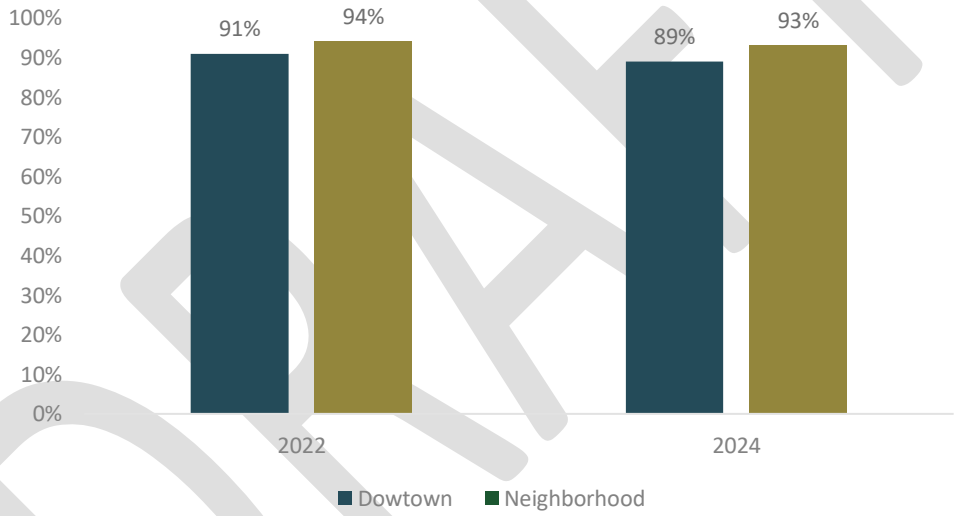
[25] https://www.rochestermn.gov/Home/Components/News/News/9989/1121

this still slightly exceeds the 2024 median crime rate for U.S. cities (196.3 per 10,000), the long-term trend reflects incremental progress.

Beyond reported crime statistics, community surveys offer insight into how safe residents feel. Rochester conducts resident surveys modeled on the National Community Survey, including questions on overall perceptions of safety, specific types of crime (such as property or violent crime), and safety in particular areas, including downtown and commercial corridors.

In the 2024 survey, 86 percent of respondents cited feelings of safety as the most important factor influencing livability. Survey data suggest that perceptions of safety downtown—used here as a proxy for the DMC District—were slightly lower than in residential neighborhoods and saw a minor decline compared to 2022 survey results. However, these changes fell within the survey's margin of error and were broadly consistent with national patterns for similar urban areas.

Figure 6.5: Percent of Community Feeling "Somewhat Safe and Very Safe" during Daytime in Downtown and Residential Neighborhood, 2022 & 2024




*Source: National Community Survey (2022, 2024)*

As the DMC initiative continues to strengthen Rochester's position as a destination for patients, workers, and visitors, investments in public realm improvements, enhanced street lighting, expanded mobility options, and community programming contribute to reinforcing perceptions of safety and fostering a more welcoming downtown environment.

### *Dining Options and Quality*

As noted previously in the retail and restaurant investment section, the number of restaurants within the DMC District has grown substantially over the past decade. However, to understand the evolution of quality alongside quantity, it is helpful to examine consumer satisfaction trends over time. Tracking changes in resident and visitor satisfaction through review platforms like Yelp and OpenTable presents challenges, as these sites are continuously updated and rarely archive historical data.

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Using archival tools like the Wayback Machine, it is possible to capture historical snapshots of platforms such as OpenTable—founded in 1998 and initially targeted toward higher-end restaurants—to assess how Rochester's dining landscape has changed. In October 2012, only two Rochester restaurants were listed on OpenTable, with an average rating of 4.3 based on 144 reviews. Since then, both OpenTable's presence and the city's restaurant variety have expanded. By June 2019, 15 restaurants were listed, and by 2024, that number remains similar but with a much greater volume of customer feedback: more than 10,000 cumulative reviews and an average rating of 4.7.[26]

Figure 6.6: OpenTable Restaurants, Ratings, and Reviews, 2012-2025 Snapshots

| | OpenTable Restaurants | Ratings | Reviews |
|---|---|---|---|
| October 2012 | 2 | 4.3 | 144 |
| April 2013 | 2 | 4.5 | 194 |
| April 2014 | 3 | 4.3 | 184 |
| March 2015 | 2 | 4.5 | 155 |
| February 2016 | 7 | 4.4 | 290 |
| June 2019 | 15 | 4.6 | 4,252 |
| April 2025 | 15 | 4.7 | 10,053 |

*Source: OpenTable (2025), Wayback Machine (2025), ESI (2025)*

This growth reflects broader improvements not just in the quantity of dining options, but also in the overall visitor and resident experience—supporting DMC's vision of creating a vibrant, welcoming, and livable downtown.

### Patient and Companion Experience: Extending Care Beyond Clinic Walls

For Mayo Clinic patients and their companions, downtown Rochester must feel like an extension of the care environment—safe, easy to navigate, and supportive. The DMC initiative recognized early on that the patient experience extends far beyond clinical care, influencing not just satisfaction but also overall outcomes. Investments across the DMC District have been designed to create a more welcoming, accessible, and vibrant environment for all users, with particular attention to patients and their families.

#### *Accessible Public Spaces*

Public realm investments have been a cornerstone of the DMC strategy, accounting for approximately 23 percent of capital spending. These improvements prioritize pedestrian comfort, accessibility, and the creation of inclusive environments that promote wellness and community connection. Key examples include:

[26] It is important to note that these "snapshots" reflect the restaurants listed as available for reservation on OpenTable at the time the archived website was captured. There may have been additional OpenTable-affiliated restaurants not captured in these snapshots if they did not have an active reservation availability at that moment. As such, this analysis should be viewed as an illustrative example of broader trends rather than a comprehensive inventory

**Peace Plaza Renovation (Heart of the City Subdistrict):** Upgraded seating areas—including options specifically designed for individuals with mobility challenges—expanded green spaces, pedestrian-friendly walkways, and sensory elements such as misting jets powered by Mayo Clinic data create a soothing, welcoming atmosphere for patients and visitors alike. Interactive art installations and family-friendly amenities further promote rest, reflection, and community engagement, helping the Plaza serve as a central hub of downtown activity.



**Discovery Walk (Discovery Square Subdistrict):** This linear parkway connects Soldiers Field Park to downtown Rochester, featuring shaded gathering spaces, water features, integrated public art, and improved pedestrian accessibility. Discovery Walk provides patients and companions with a comfortable, attractive space to move between destinations while also supporting casual recreation, relaxation, and social interaction.

Figure 6.7: Discovery Walk Before and After Photos




*Source: DMC (2025)*

### *Wayfinding*

Navigating the DMC District is a critical part of the overall user experience, particularly for patients, companions, and visitors. A well-connected, intuitive environment fosters ease of movement, reduces stress, and encourages engagement with amenities across the district.

The DMC initiative has prioritized investments to strengthen wayfinding, accessibility, and mobility within the district. As reviewed, public realm improvements like Peace Plaza and Discovery Walk enhance the pedestrian experience through wide walkways, shaded gathering spaces, clear sightlines, and accessibility features such as specialized seating for individuals with mobility challenges. At the district level, the Integrated Transit Studies (ITS) established strategies to further improve connectivity, including expanded pedestrian networks, enhanced shuttle options, and the future Link Bus Rapid Transit (BRT) system.

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However, while proximity and walkability scores within the DMC District are high—each subdistrict has a Walk Score over 80—the pedestrian experience remains mixed. Walkability metrics typically reflect access to destinations, but do not fully capture the quality of the pedestrian environment itself.

An assessment conducted as part of the *Gehl Heart of the City Health Check* offers important insights into sidewalk frontage quality across the district. Using a grading scale from Grade A (highly active, human-scaled façades) to Grade E (blank walls, surface parking), much of the existing frontage in the DMC District was rated D or E. These lower ratings are largely due to the institutional nature of Mayo Clinic buildings and the historical orientation of facilities away from street-level activity. Streets such as Center Street exemplify these challenges, where long frontages without activation can detract from the pedestrian experience.

Figure 6.8: GEHL Ratings in Heart of the City

| GEHL Rating | % Frontage |
|---|---|
| Grade A façade | 8% |
| Grade B façade | 15% |
| Grade C façade | 23% |
| Grade D façade | 12% |
| Grade E façade | 43% |

*Source: GEHL (2023)*

Additionally, while investments have significantly improved certain areas, activity levels across the DMC subdistricts vary. Many of the public realm activations—such as the Art Walk, which features 72 pieces of public art—are concentrated in the Heart of the City and Riverfront subdistricts. For patients and companions located in areas like St. Marys Place, similar respite amenities are less accessible by foot, highlighting ongoing opportunities to extend activation efforts more evenly across the district.

### *Nearby Amenities and Activities*

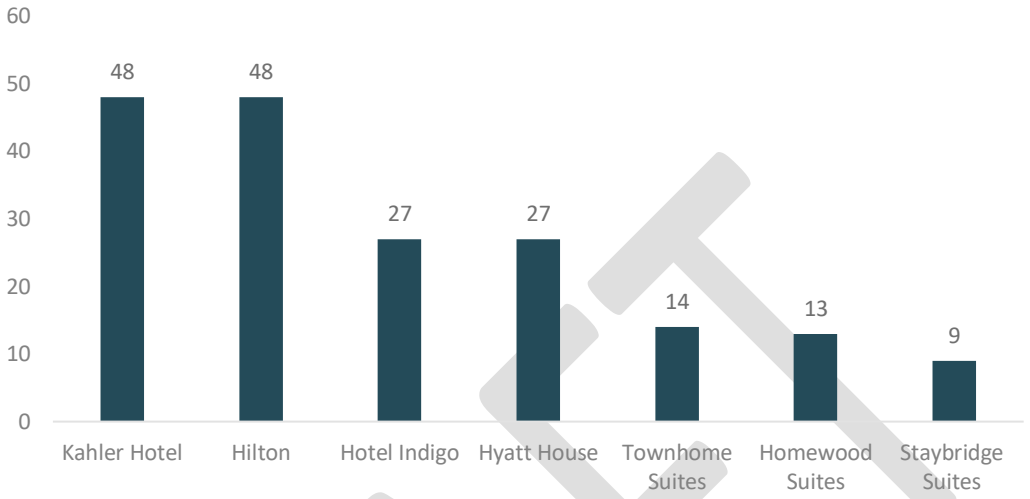
As reviewed in the investment section, since 2015, the DMC District has seen the addition of nearly 40 new restaurants, expanded hotel offerings, and a broader array of accessible dining and entertainment options within close proximity to Mayo Clinic campuses. These investments ensure that visitors have welcoming spaces to relax, dine, and socialize beyond their medical care needs, enhancing their overall experience in Rochester.

In addition to the number of new establishments, proximity density—the concentration of options within a walkable distance—has also improved across the DMC District. Restaurant density is generally higher than hotel density, and subdistricts like Heart of the City and Discovery Square offer the greatest

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concentration of amenities. This proximity is especially important for patients and companions seeking convenient, accessible options without the need for extended travel.

Figure 6.9: Restaurant Proximity to Selected Hotels: Number of Offerings within .5 miles




*Source: ArcGIS (2023)*

The district's growing calendar of community events further enriches the visitor experience. Activities such as Thursdays Downtown, Social-ICE, Play on the Plaza, and regular live music performances offer opportunities to engage with local culture and enjoy Rochester's evolving public spaces.[27] As curated by organizations like the Downtown Rochester Alliance, these events help create a vibrant and welcoming downtown environment.

### Visitor Experience: Cultivating a Destination Beyond Healthcare

In addition to focusing on the patient, companion, resident, and employee experience within the DMC District, it is also helpful to consider broader perceptions of Rochester as a destination. To do so, *Nomad List*, an online platform that aggregates user-submitted ratings on cities around the world, provides a valuable, albeit niche, source of sentiment data. *Nomad List* primarily reflects the views of remote workers and extended-stay travelers and thus should be viewed as one lens into Rochester's broader appeal.

Officially launched in 2014, Rochester, MN did not appear as a destination on *Nomad List* until 2020, reflecting its growing national visibility. Using the Wayback Machine, snapshots of Rochester's ratings from 2020 through 2025 were compiled to better understand how perceptions have changed over time. A review of *Nomad List* data over this period reveals:

- **Overall scores** fluctuated between 3.0 and 3.5 out of 5.

[27] https://www.downtownrochestermn.com/what-to-do/calendar

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- **Strengths** included high walkability, excellent healthcare services, good air quality, and a strong education environment.
- **Challenges** cited in areas such as nightlife, entertainment options ("not much to do"), weather ("harsh winter weather") and ease of social connection ("difficult to make friends").

While these ratings reflect a specific segment of visitors, they offer a useful window into general perceptions of Rochester's livability and amenities.

Figure 6.10: Nomad List Ratings for Rochester, MN, 2020-2025

| | Oct-20 | Apr-21 | Sep-21 | Jan-22 | Aug-22 | Oct-22 | Apr-25 |
|---|---|---|---|---|---|---|---|
| **Overall Score** | **3.5/5** | **3.1** | **3.4** | **3.4** | **3.0** | **3.0** | **3.4** |
| Quality of life score | Good | Okay | Good | Good | Good | Good | Okay |
| Family score | Okay | Okay | Good | Okay | Good | Good | Okay |
| Cost | Okay | Okay | Okay | Okay | Okay | Pricey | Okay |
| Fun | Okay | Okay | Okay | Okay | Okay | Okay | Okay |
| Safety | Great | Great | Great | Great | Great | Great | Great |
| Education level | Good | High | High | High | High | High | High |
| Walkability | Great | Great | Great | Great | Great | Great | Great |
| Traffic safety | Okay | Okay | Okay | Okay | Okay | Okay | Okay |
| Hospitals | Great | Great | Great | Great | Great | Great | Great |
| Nightlife | Okay | Okay | Okay | Okay | Okay | Okay | Okay |
| Places to work from | Bad | Bad | Bad | Bad | Bad | Great | Bad |

*Source: Nomad List (2025), Wayback Machine (2025), ESI (2025)*

Over the past decade, the DMC initiative has made substantial progress in shaping downtown Rochester into a more livable, welcoming, and dynamic environment for all users. Through targeted investments in public spaces, infrastructure, transportation, hospitality, housing, and cultural amenities, DMC has strengthened the district's accessibility, vibrancy, and overall quality of life.

While significant achievements are clear—such as major public realm improvements, growing residential options, enhanced mobility infrastructure, and a broader range of dining and entertainment experiences—the work of creating a truly world-class destination is ongoing. Challenges around equitable housing affordability, full activation of pedestrian spaces, and the geographic distribution of amenities remain important areas of focus.

Ultimately, the DMC's people-centered approach continues to guide Rochester's evolution: ensuring that the downtown environment not only supports Mayo Clinic's clinical excellence, but also enriches the everyday experiences of patients, companions, employees, residents, and visitors. Sustained commitment to these principles will be essential to achieving DMC's long-term vision of a thriving, inclusive, and globally recognized urban destination.

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# A Appendix: About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. (ESI). ESI provides businesses and public policy makers with consulting and thought leadership services in urban economics, real estate, transportation, public infrastructure, economic development, public policy and finance, strategic planning, as well as expert witness services for litigation support.

ESI combines robust quantitative analysis with trusted expert insights to create sustainable solutions. The firm works collaboratively with its clients, and draws in expertise, when necessary, from our network of experts and partners across industries, regions, and management practices. Based in Philadelphia, the firm supports clients nationwide.

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# A2.

## DMC 2025 Plan Update
## Key Industry Cluster Economic Analysis

# Appendix:
# Key Industry Cluster Economic Analysis

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Prepared By:

JLP+D

# Rochester's Unique Economy Strategy

Rochester's economic strategy must be tailored to its context—with its unique anchor in the Mayo Clinic and status as "America's City for Health."

To effectively strategize based on its existing conditions, Rochester must **use its anchor to support new related industries**. Across DMC's eight legislative priorities, Health & Wellness and Research & Technology benefit from Mayo's healthcare practices and research partnerships. In turn, **new industries provide new innovations and practice areas for the Mayo Clinic** to sustain long-term growth. This synergy leverages Mayo as an anchor and fuels its future growth.

Underpinning this is **the experience in Rochester** for new and existing businesses, workers, and residents: The innovation economy is sustained by cultural infrastructure.

**DMC's greatest opportunity is to address Rochester's characteristics as a tool for future growth.**

## Rochester's Industry Cluster Relationships




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# 01

# Research and Technology

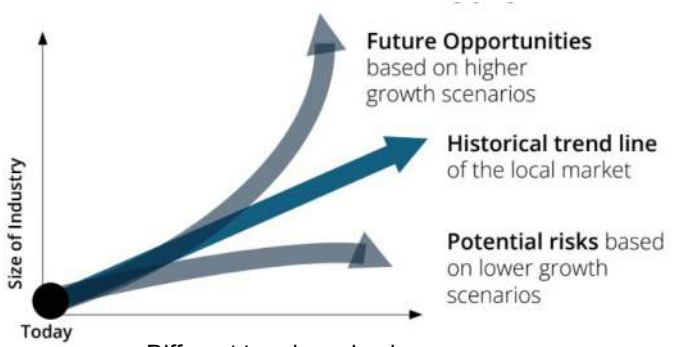
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1.1 Market Potential
1.2 Enabling Growth

# Analytic Process

## Step 1:

### Understanding industry clusters' market potential in Rochester




Different trends and unique local **growth drivers** (industries **A**, **B**, and **C**)

## Step 2:

### Understanding the current context

| **Existing conditions** that enable or prevent growth | **Rochester's current strategies** for the industry cluster | **What's proven to work** in Rochester and elsewhere |
|---|---|---|

## Step 3:

### Strategies to unlock higher growth

**Vertical development** to meet market demand and enable strategic growth

**Horizontal development** to support vertical development and improve overall district experience

**Policies** to incentivize new development and foster targeted Industry growth

**Programs** to strengthen partnerships, broaden the appeal, and smooth implementation

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# The Research & Technology ("HealthTech") Industry Cluster

**HealthTech advances medical innovation and expansion through the development and commercialization of new health-related technologies**. Nationally, it is a driver of economic growth and public health outcomes. It fuels discoveries that improve patient care, create efficiencies, and open new markets across healthcare systems. Across geographies, the cluster includes three distinct but interconnected industries that are enabled by workforce, vertical development, capital, and ecosystem anchors:

**MedTech** designs, prototypes, and manufactures devices, diagnostics, and equipment, and surgical technologies used in clinical care.

- Workforce includes clinicians, engineers, product designers, technicians, and regulatory experts
- Requires access to shared labs, clean rooms, and prototyping facilities for early-stage R&D; connection to device manufacturing spaces
- Supported by seed funding and streamlined procurement for FDA approvals
- Benefits primarily from proximity to medical facilities for clinical validation and trials

**BioTech** researches, develops, and manufactures pharmaceuticals, biologics, vaccines, and advanced therapies for patients.

- Workforce includes scientists, technicians, and clinicians
- Requires access to wet labs and bio manufacturing
- Supported by VC and institutional investment for multi-year R&D; access to federal and state research grants
- Benefits from proximity to medical facilities and universities for research and clinical trial access

**Healthcare AI** develops software, artificial intelligence, and data analytics to improve diagnosis, treatment, and healthcare operations.

- New frontier that supports MedTech and BioTech innovation
- Workforce includes data scientists and software developers
- Requires data centers, cloud infrastructure, and office or remote work environments
- Supported by seed funding for development and scaling
- Benefits from partnerships with health system for validation and market entry, with less need for physical proximity

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*The three industries can operate independently,*
*but each industry becomes more dynamic and resilient when they support each other.*

# HealthTech NAICS Codes

HealthTech industries are measured through NAICS (North American Industry Classification System) codes, a standardized six-digit system used to classify businesses based on their primary economic activity.

**MedTech**

| | |
|---|---|
| 3254 | Pharmaceutical and Medicine Manufacturing |
| 621999 | All Other Miscellaneous Ambulatory Health Care Services |

**BioTech**

| | |
|---|---|
| 3391 | Medical Equipment and Supplies Manufacturing |
| 3345 | Navigational, Measuring, Electromedical, and Control Instruments Manufacturing |

*Innovation directly supports healthcare*

**Healthcare AI**

| | |
|---|---|
| 5417 | Scientific R&D Services |
| 5415 | Computer Systems Design and Related Services |
| 5416 | Management, Scientific, and Technical Consulting Services |
| 5182 | Data Processing, Hosting, and Related Services |

*Innovation that supports healthcare, HealthTech, and other industries*

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## Research and Technology

# Market Potential

# Methodology: Industry Size Metrics

The HealthTech industry is currently comprised of emerging startups that grow based on funding and are not yet generating consistent profits. Therefore, HealthTech can't be measured by economic output because early stage startups are not profitable. Additionally, economic output is not as granular as the specific MedTech, BioTech, and Healthcare AI industries. Funding is therefore a better measure for the size of the industry cluster.

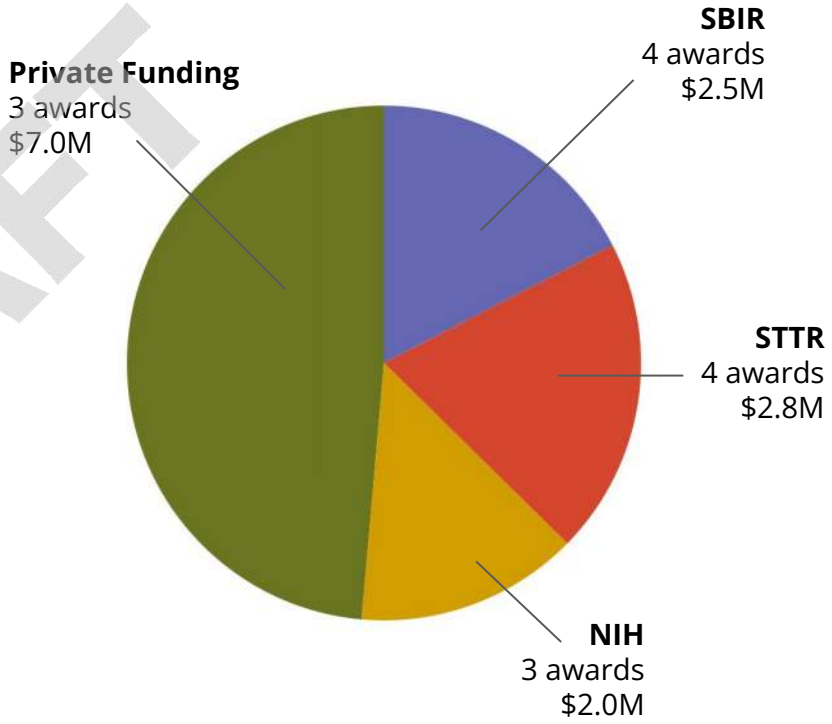
Funding includes government grants, seed funding, angel investors, venture capital investment, corporate ventures, and support from friends and family. Given the range of funding options that are not easily tracked, Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant programs are used to measure the size of the HealthTech industry in the Metropolitan Statistical Areas (MSA). SBIR and STTR grant values were aggregated over a 10-year period to smooth year-to-year variability. Data was calculated at the MSA level and split between activity inside and outside the DMC boundaries.

In 2024, there were at least 14 funding awards in the City of Rochester for startups.[1] This represents over $14 million in funding. Of this, SBIR and STTR were eight of the awards, worth $5.3 million or 37% of the total identified funding.

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**Rochester MSA's HealthTech Funding**

Funding Dollars by Category (2024)




[1] Grants were identified using data from Pitchbook, National Institutes of Health, and the SBIR and STTR programs.

# Methodology: Industry Cluster Growth Projections

Benchmarks are based upon **growth trends**, **competitor projections**, and **national capture rates** to show opportunities for growth and potential risks depending on different data trends.

**Local, national, and competitor growth trends** demonstrate how prior growth trends would affect the industry cluster based on projecting the Rochester MSA's 10-year SBIR grants by employment trends.

1. **Rochester MSA Trend (Historical Baseline)**: Based on the prior 10 years of local employment growth in the industry cluster.[1]
2. **National Trend**: The prior 10 years U.S. employment growth in comparable HealthTech industries, adjusted for population.
3. **Peer Cities Trend**: An average of the prior 10 years of employment growth for the MSAs of Rochester's three peer cities, Sioux Falls, Fargo, and Iowa City, adjusted for population.[2]
4. **Aspirational City Trend**: The prior 10 years of employment growth for the MSAs of Rochester's aspirational city, Madison, Wisconsin, adjusted for population.

**Competitor projections** show the expected industry cluster value of competitor cities' adjusted for the population size of Rochester.

5. **Peer City Projection**: An average of peer city MSAs' current industry value projected by the prior 10-year employment growth and normalized for population.
6. **Aspirational City Projection**: Aspirational city MSA's current industry value projected by the prior 10-year employment growth and normalized for population.

**Capture of the national market** shows if Rochester captured a more competitive share by leveraging existing strengths.

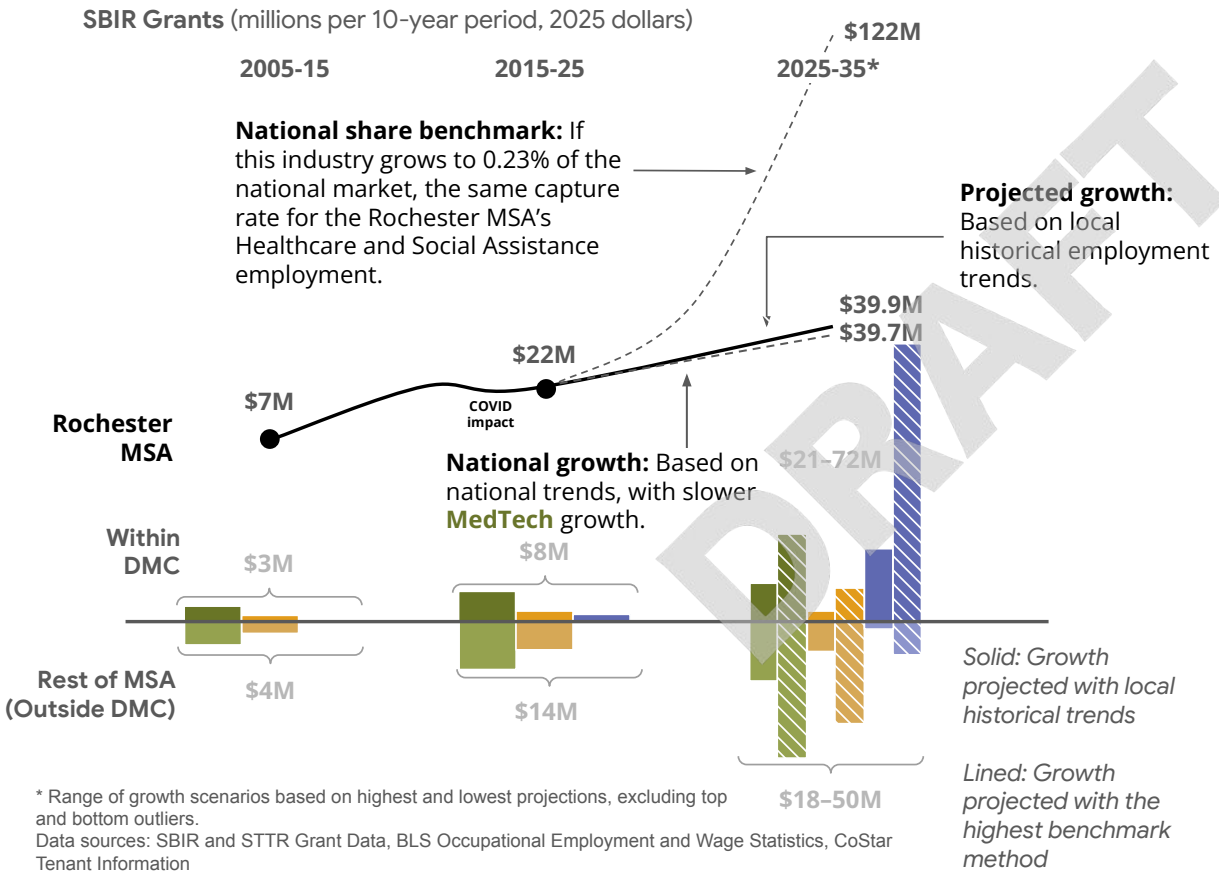
7. **National Market Share**: Models Rochester's share of the industry cluster based on its existing share of the Healthcare and Social Assistance employment (0.23%) with the prior 10-year national employment growth rate for related industries. Rochester's population share (0.06%) is used for industries not directly related to Healthcare and Social Assistance.

[1] Growth trend projections are based on employment trends to provide a more reliable growth estimate, reflecting that the previous period may stabilized.

[2] Peer and aspirational cities were determined by the "Destination Medical Center 2015-2024 Economic, Fiscal, and Community Impact Analysis" by Econsult Solutions Inc. due to their geographic location, population size, and anchor reliance index.

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# Summary Findings




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* Range of growth scenarios based on highest and lowest projections, excluding top and bottom outliers.

Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

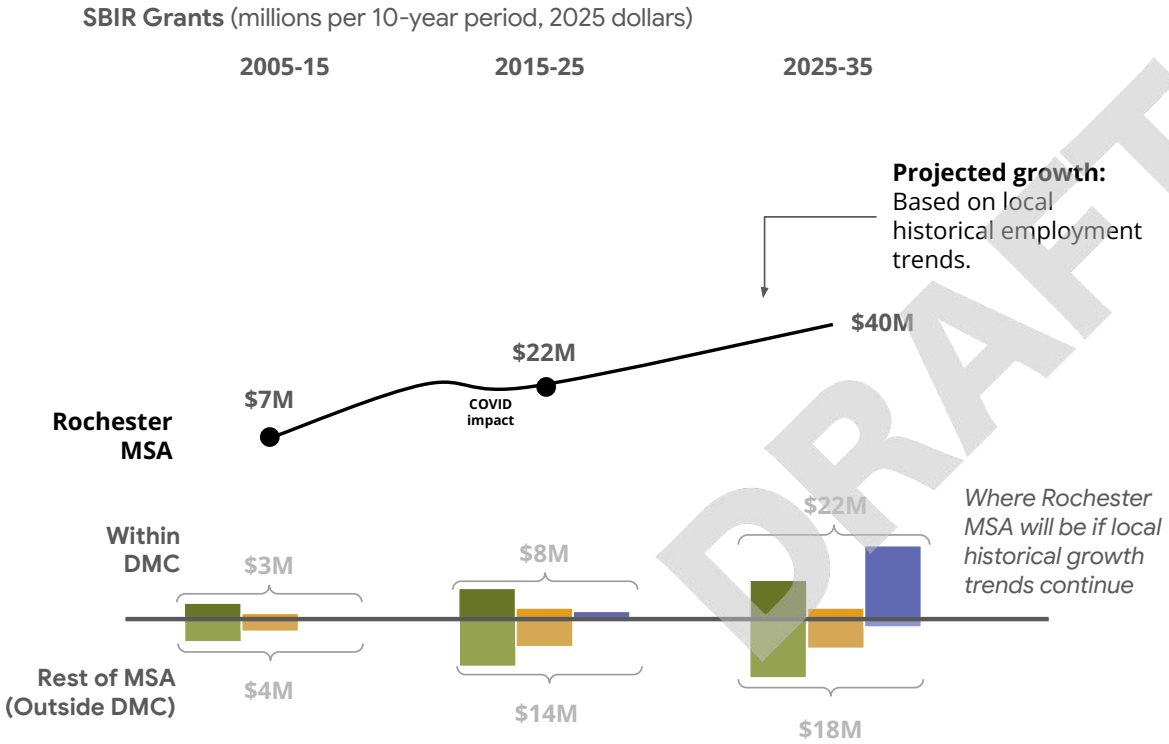
HealthTech in the Rochester MSA is a growing industry cluster, **driven by startups and established companies that benefit from proximity to Mayo Clinic**.

**Legend:**

- **MedTech: high local growth** with a large share of the national industry (39% of regional industry is within DMC)
- **BioTech: moderate local growth** (25% of regional industry is within DMC)
- **Healthcare AI: recent rapid growth** as a high-growth frontier.(89% of regional industry in DMC boundaries)

The Rochester industry cluster's funding has tripled over the past decade, keeping pace with national trends. **If Rochester's HealthTech cluster were to capture the same national market share as its healthcare industry (0.23%), its size could increase more than fivefold**. Achieving this level of growth will require translating the region's healthcare leadership into greater market share for AI, medical devices, and related technologies—supported by an integrated cross-industry ecosystem, more specialized real estate, expanded education and workforce pathways, and a stronger "place" identity to attract and retain world-class talent.

# Projection Based on Rochester MSA Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

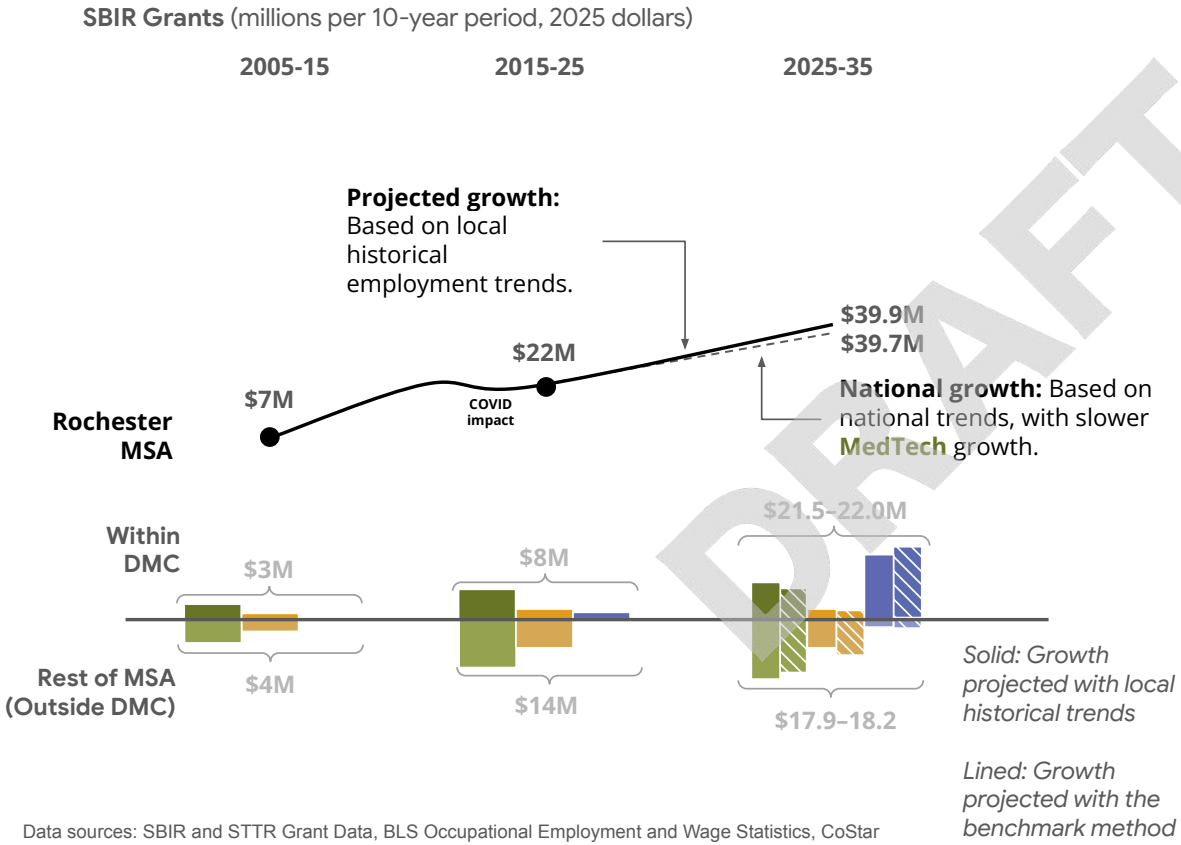
SBIR Grant growth in Rochester was driven by MedTech for the past decade. **Future growth depends on Healthcare AI's rapid acceleration** while continuing to build on existing strengths.

**Legend:**

- **MedTech: high growth locally** with a large existing industry as the Mayo Clinic is a major competitive advantage for the industry (39% of regional industry in DMC boundaries)
- **BioTech: moderate local growth** as the established industry is limited without a large research university (25% of regional industry in DMC boundaries)
- **Healthcare AI: recent rapid growth** with an emerging industry in Rochester with rising public and private investment (89% of regional industry in DMC boundaries)

Rochester's HealthTech SBIR funding has tripled over the past decade and industry cluster's employment grew 82%. If future funding aligns with employment trends, the cluster is projected to receive around **$40 million in SBIR grants over the next ten years**. This reflects an emerging HealthTech industry anchored by Mayo Clinic, with startups like Navinetics, Nucleus Radiopharma, and Loon Medical locating in Rochester to commercialize Mayo research and collaborate with its clinicians and trials.

# Projection Based on National Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If Rochester's future growth resembles the national growth rate from the past 10 years, then it would grow just below Rochester's historical employment growth rate.**

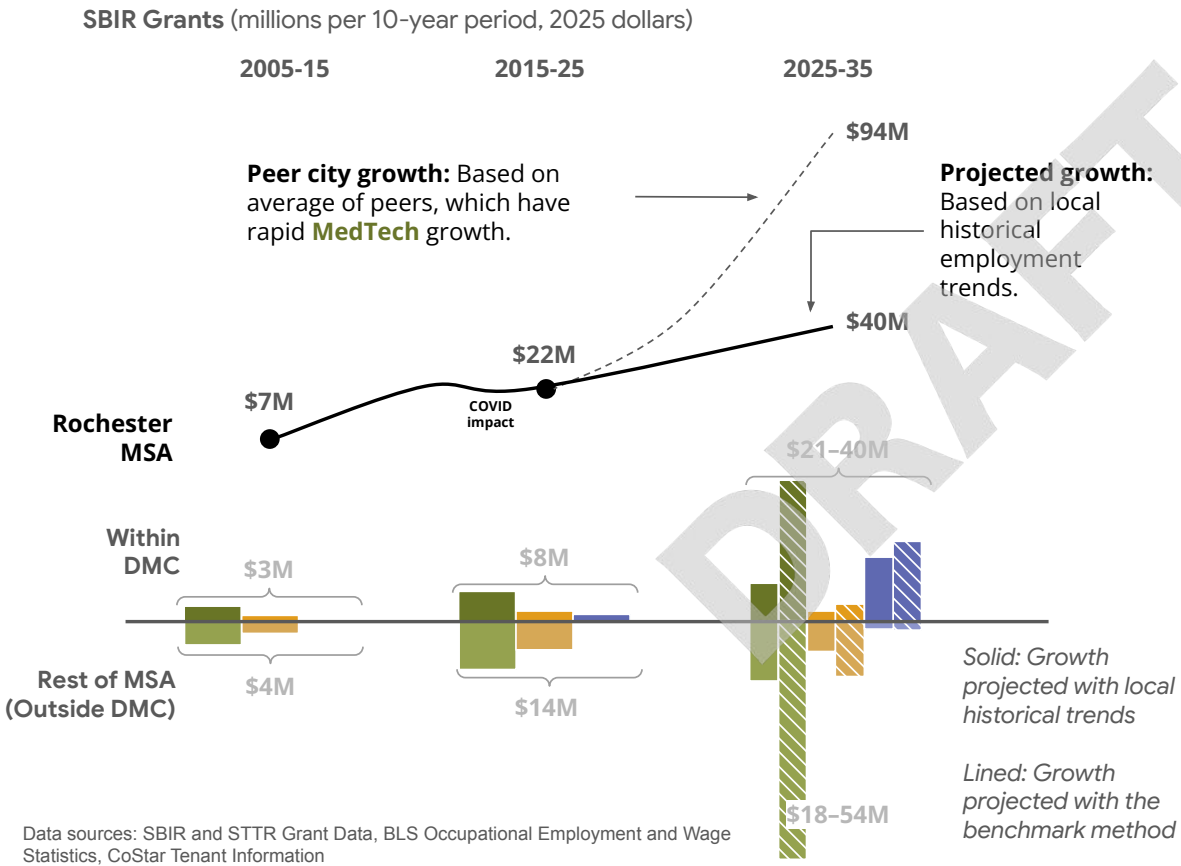
**Legend:**

- **MedTech: moderate national growth** Rochester leverages the Mayo Clinic for greater growth
- **BioTech: moderate national growth** that Rochester falls just short of without a large university anchor
- **Healthcare AI: rapid national growth** with local growth in Rochester narrowly outpacing, suggesting strength in attracting new tech

National growth has similar trends to Rochester. Healthcare AI has fueled growth locally and nationally, with faster expansion in Rochester. Rochester outperforms the national growth trend in MedTech, while under-performing in BioTech.

The national growth trend is driven by a few high-growth metropolitan areas. In order to Rochester grow past the national growth rate, Rochester should focus on emerging startups and distinguish itself as a desirable location and ecosystem for business and talent.

# Projection Based on Peer City Growth Trend




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

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**If Rochester's future growth resembles the average growth of Rochester's peer cities in the past 10 years, then it would grow at four times Rochester's historical growth rate.**

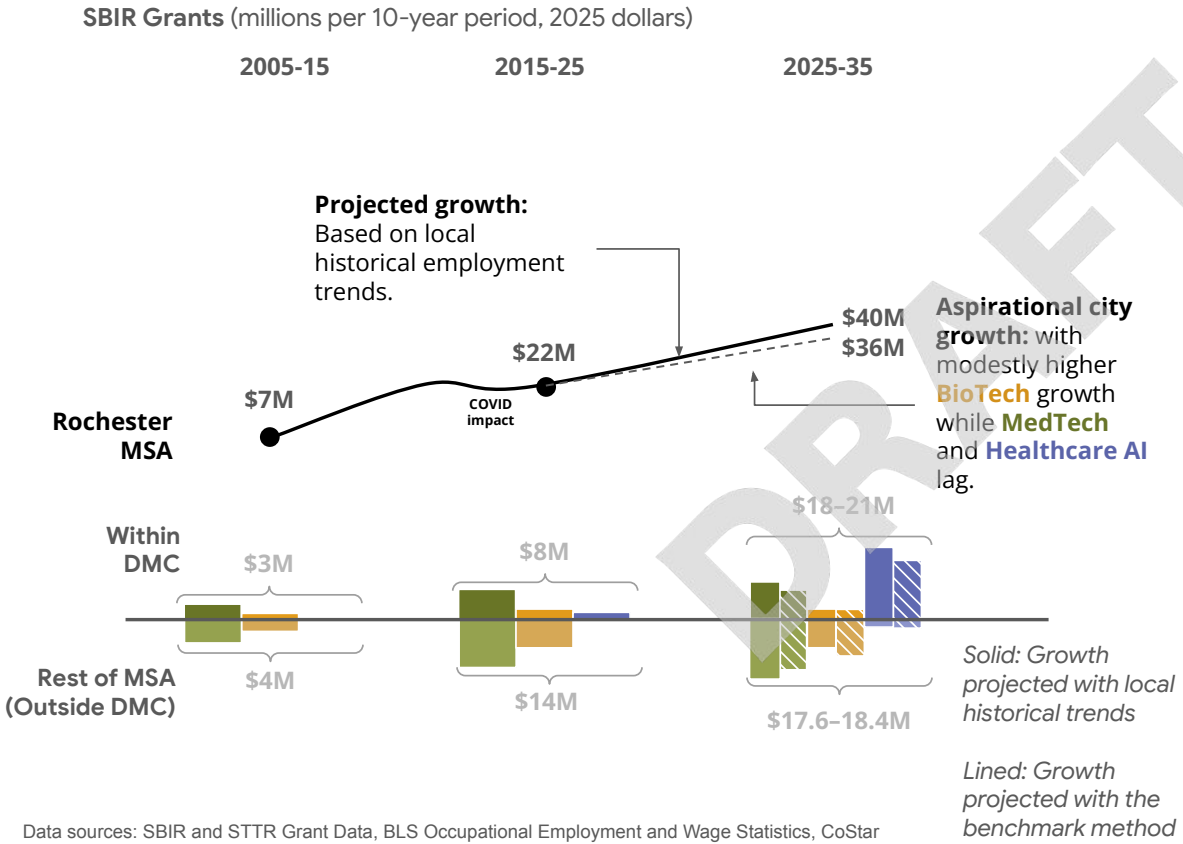
**Legend:**

- **MedTech: rapid peer growth** well beyond the historical growth rate of Rochester.
- **BioTech: moderate peer growth** just above Rochester's historical growth rate.
- **Healthcare AI: emerging peer growth** just above Rochester's historical growth rate.

Peer cities show have faster MedTech growth as they are in initial startup phases with small initial bases. Peers focus more on production than Rochester and benefit from lower costs and land advantages. Peers benefit from larger university workforce linkages with programs in biomedical engineering and materials science.

Research and Technology **Market Potential**

# Projection Based on Aspirational City Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If Rochester's future growth resembles the growth rate of Rochester's aspirational city in the past 10 years, then it grow at slower pace than Rochester's historical growth rate.**

**Legend:**

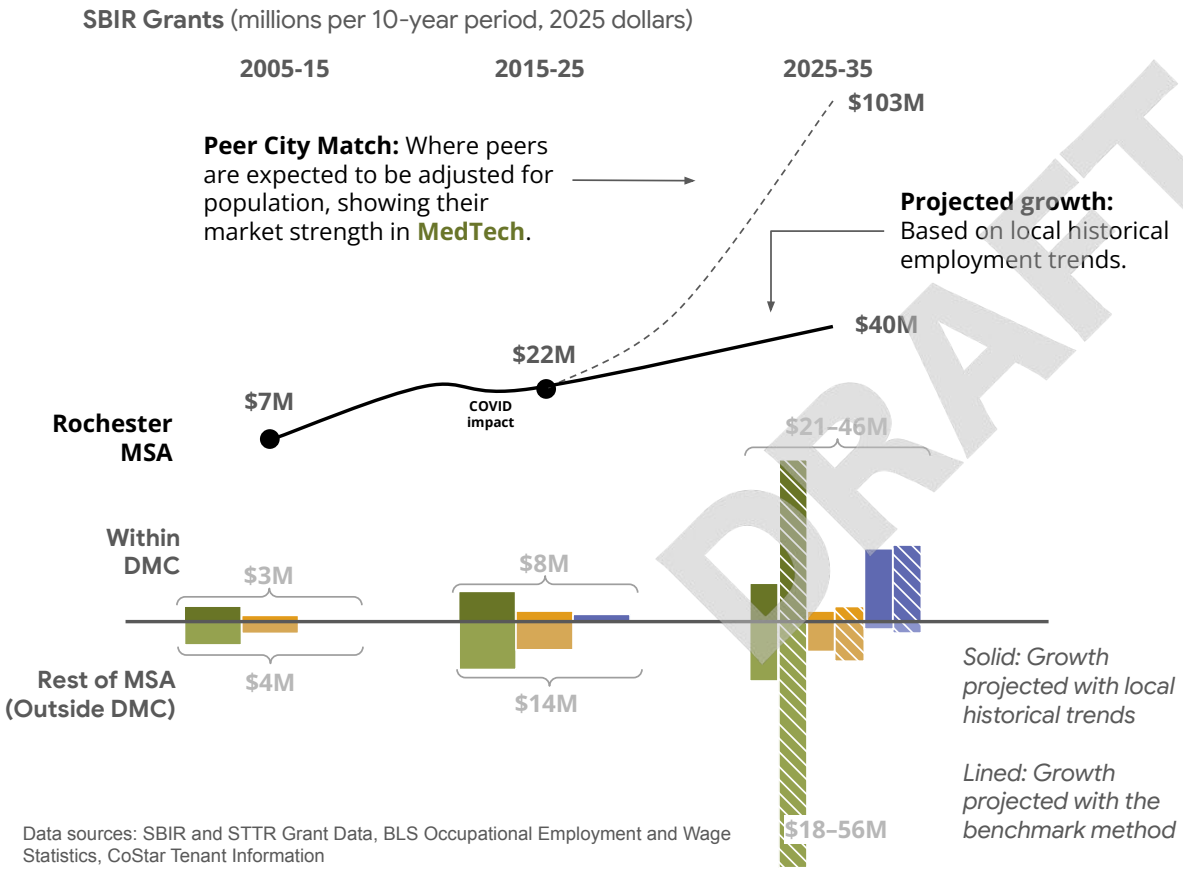
- **MedTech: Slow aspirational growth** below Rochester's historical growth rate.
- **BioTech: Moderate aspirational growth** just above Rochester's historical growth rate.
- **Healthcare AI: Moderate emerging aspirational growth** below Rochester's historical growth rate.

Madison is a more mature HealthTech economy with a slower rate of growth. It's maintained strong BioTech growth due to University Wisconsin Madison's deep life science research and workforce development.

Rochester's modestly higher MedTech and healthcare software growth reflects its Mayo-driven strengths in devices, digital health, and clinical data.

Research and Technology **Market Potential**

# Projection Based on Peer City Benchmark




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

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**If Rochester's HealthTech was an average of Peer Cities (adjusting for city size differences) and grew at the rate of Peers, then it would be significantly greater than where Rochester is projected to be based on its own historical growth rate.**

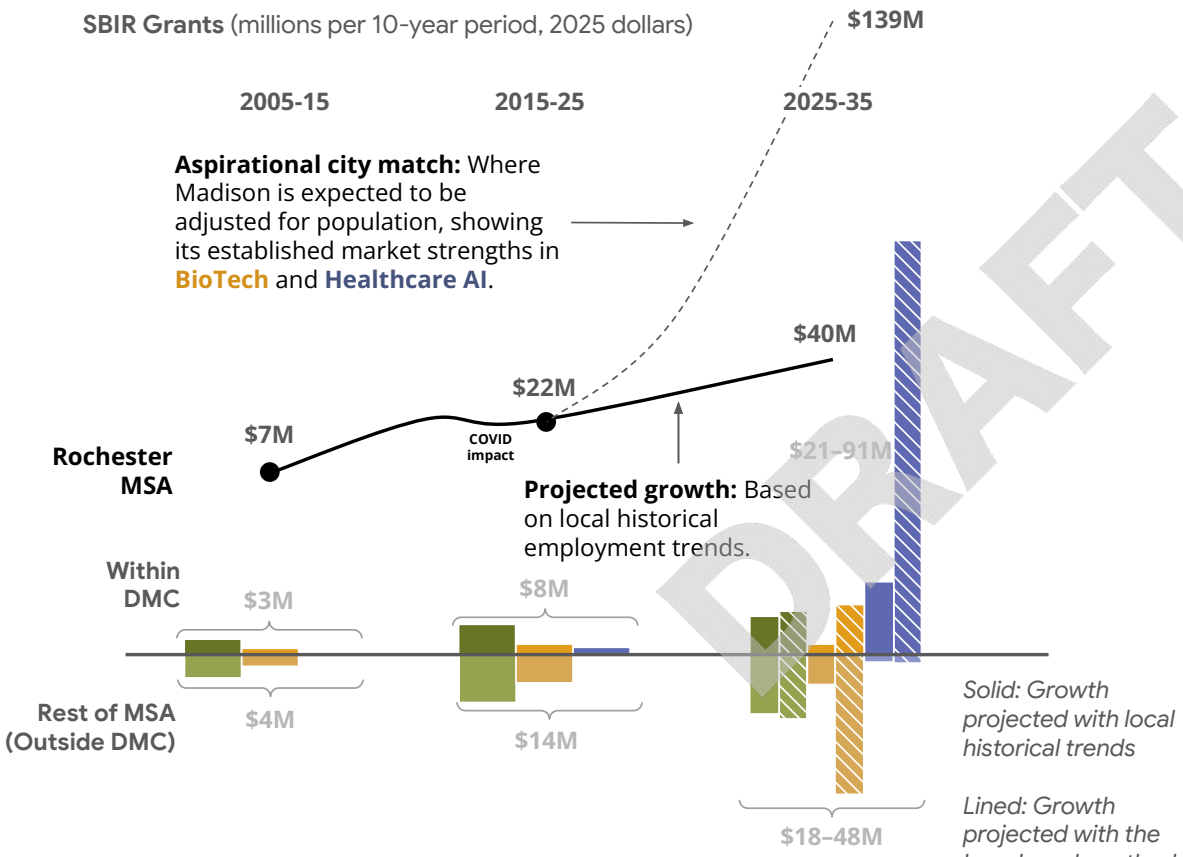
**Legend:**

- **MedTech: massive peer industry** well beyond Rochester with its historical growth rate.
- **BioTech: moderate peer industry** in line with Rochester with its historical growth rate.
- **Healthcare AI: emerging peer industry** in line with Rochester's with its historical growth rate.

Peer cities are startups that have enabled recent growth, particularly in MedTech. For Rochester to achieve this growth, it needs to think about new frontiers where it can "act like a startup" to support new avenues for growth.

Research and Technology **Market Potential**

# Projection Based on Aspirational City Benchmark




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If Rochester's HealthTech is as large as its Aspirational CIty (adjusting for city size differences) and if it can achieve growth at the same rate as the Aspirational City, then it will be significantly greater than where Rochester is expected to be based on its own historical growth rate.**

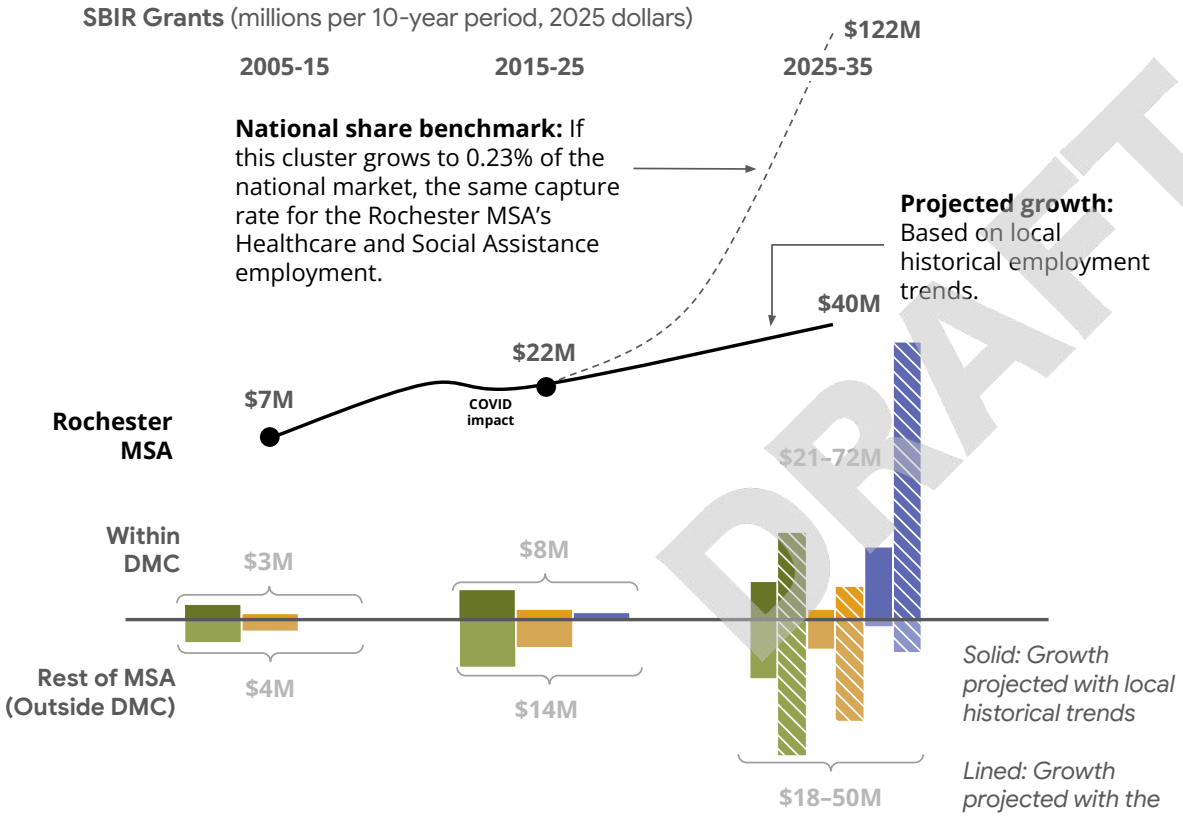
**Legend:**

- **MedTech: moderate aspirational industry** in line with Rochester's with its historical growth rate.
- **BioTech: large aspirational industry** significantly larger than Rochester with its historical growth rate.
- **Healthcare AI: massive aspirational industry** in line with Rochester's with its historical growth rate.

While overall HealthTech growth in Madison is slower than in Rochester, Madison has much more established BioTech and Healthcare AI industries, with a highly educated and diversified workforce. Conversely, if Rochester enables its emerging HealthTech ecosystem it has significantly greater opportunity for growth.

Research and Technology **Market Potential**

# National Market Share Benchmark




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Effectively leveraging the Mayo Clinic's Healthcare capacity for HealthTech would grow the industry cluster by nearly five times.**

**Legend:**

- **MedTech: strong local capture** with 0.10% of SBIR grants nationally, as the industry is more reliant on top performing hospitals.
- **BioTech: small and stable local share** of the industry, with only 0.07% of the national market.
- **Healthcare AI: small recent capture** in Rochester with only 0.06% of the rapidly growing national market.

The Mayo clinic has immense strength, as a Healthcare anchor and producing research that can be commercialized into HealthTech innovation. The ability to leverage the Mayo Clinic for the industry clusters is dependent on developing an interconnected ecosystem between the industries, and supporting HealthTech with a strong labor force and access to capital. The Mayo Clinic may be more directly leverages for MedTech and BioTech that benefit from direct proximity to hospitals than Healthcare AI, which relies on on the broader ecosystem and is increasingly virtual.

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02

# Health and Wellness

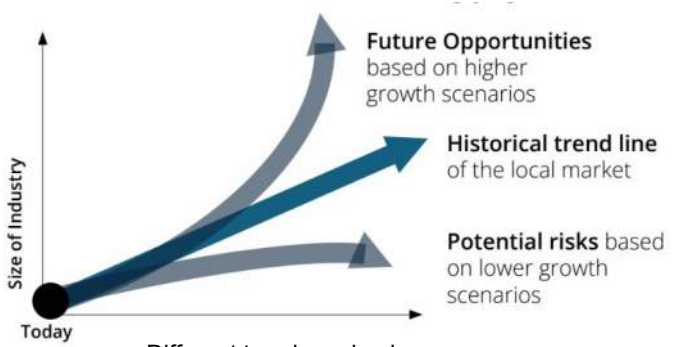
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1.1 Market Potential
1.2 Enabling Growth

# Analytic Process

## Step 1:

### Understanding industry clusters' market potential in Rochester




Different trends and unique local **growth drivers** (industries **A**, **B**, and **C**)

## Step 2:

### Understanding the current context

| **Existing conditions** that enable or prevent growth | **Rochester's current strategies** for the industry cluster | **What's proven to work** in Rochester and elsewhere |
|---|---|---|

## Step 3:

### Strategies to unlock higher growth

**Vertical development** to meet market demand and enable strategic growth

**Horizontal development** to support vertical development and improve overall district experience

**Policies** to incentivize new development and foster targeted industry growth

**Programs** to strengthen partnerships, broaden the appeal, and smooth implementation

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# The Health & Wellness Industry Cluster

**Health & Wellness work together to provide care to individuals across their lifespans and according to their needs**. Nationally, the industry cluster is fueled by innovation that enhance the type and quality of treatment and services. New markets are opening as consumer preferences change with preferences for high-quality of life and preventative care, and the national population ages. Across geographies, the cluster includes three distinct but interconnected industries that are enabled by workforce, vertical development, capital, and ecosystem anchors:

**Healthcare** delivers clinical services, therapeutic treatments, and medical innovation that support health and economic outcomes

- Workforce includes doctors, nurses, health industry professionals, and clinical support staff.
- Requires a hospital anchor, outpatient clinics, laboratories, and patient-care infrastructure.
- Supported by insurance reimbursement, government health programs, private pay, institutional revenues, and research funding.
- Benefits from proximity to academic medical centers, MedTech companies, and population centers needing acute and specialty care.

**Care Services** includes eldercare, childcare, and mental health treatment, providing essential daily living support and services that improve quality of life and enable workforce participation.

- Workforce includes caregivers, social workers, childcare providers, case managers, and home health aides.
- Requires access to licensed care facilities, residential care centers, early-learning environments, and in-home service networks.
- Supported by public subsidies, insurance reimbursement, private pay, nonprofit providers, and social-service funding.
- Benefits from proximity to neighborhoods, schools, senior housing, and health systems.

**Wellness** supports preventative health, physical activity, and lifestyle services that enhance community vitality and attract residents.

- Workforce includes wellness practitioners, fitness instructors, nutritionists, and program coordinators.
- Requires a combination of facilities, active public spaces, and a wellness-oriented culture.
- Supported by private and public investment in recreation and open space.
- Benefits from proximity to communities that prioritize health and well-being, natural assets, and healthcare providers.

*The three industries can operate independently,*
*but the greatest opportunity lies interconnectivity that support innovation and opens new markets.*

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# Health and Wellness NAICS Codes

HealthTech industries are measured through NAICS (North American Industry Classification System) codes, a standardized six-digit system used to classify businesses based on their primary economic activity.

**Healthcare**

| | |
|---|---|
| 6211 | Offices of Physicians (includes Mayo) |
| 6221 | General Medical and Surgical Hospitals (includes Mayo) |
| 6215 | Medical and Diagnostic Labs |
| 6216 | Home Health Care Services |
| 6219 | Other Ambulatory Services |
| 621340 | Physical, Occupational & Speech Therapy |
| 621391 | Podiatry Services |
| 621498 | Outpatient Mental Health Centers |
| 339113 | Surgical Appliance and Supplies Manufacturing (includes Limb Lab) |

*Traditional health systems that provide patient treatment and innovation, anchoring the industry cluster*

**Care Services**

| | |
|---|---|
| 6231 | Nursing Care Facilities |
| 6233 | Continuing Care Retirement Communities |
| 624120 | Services for Elderly and Disabled |
| 6244 | Child Day Care Services |
| 624110 | Child and Youth Services (residential care) |

**Wellness**

| | |
|---|---|
| 8121 | Personal Care (massage, spa, esthetics, wellness coaching) |
| 812191 | Diet and Weight Reducing Centers |
| 713940 | Fitness and Recreational Sports Centers |
| 446191 | Nutritional Supplement Stores |
| 621399 | Offices of All Other Miscellaneous Health Practitioners |

*The growing health and wellness ecosystem that focuses on prevention, quality of life, and wellbeing*

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## Health and Wellness

# Market Potential

# Methodology: Industry Cluster Growth Projections

Benchmarks are based upon **growth trends**, **competitor projections**, and **national capture rates** to show opportunities for growth and potential risks depending on different data trends.

**Local, national, and competitor growth trends** demonstrate how prior growth trends would affect the industry cluster based on projecting the Rochester MSA's 10-year SBIR grants by employment trends.

1. **Rochester MSA Trend (Historical Baseline)**: Based on the prior 10 years of local employment growth in the industry cluster.[1]
2. **National Trend**: The prior 10 years U.S. employment growth in comparable Health and Wellness industries, adjusted for population.
3. **Peer Cities Trend**: An average of the prior 10 years of employment growth for the MSAs of Rochester's three peer cities, Sioux Falls, Fargo, and Iowa City, adjusted for population.[2]
4. **Aspirational City Trend**: The prior 10 years of employment growth for the MSAs of Rochester's aspirational city, Madison, Wisconsin, adjusted for population.

**Competitor projections** show the expected industry cluster value of competitor cities' adjusted for the population size of Rochester.

5. **Peer City Projection**: An average of peer city MSAs' current industry value projected by the prior 10-year employment growth and normalized for population.
6. **Aspirational City Projection**: Aspirational city MSA's current industry value projected by the prior 10-year employment growth and normalized for population.

**Capture of the national market** shows if Rochester captured a more competitive share by leveraging existing strengths.

7. **National Market Share**: Models Rochester's share of the industry cluster based on its existing share of the Healthcare and Social Assistance employment (0.23%) with the prior 10-year national employment growth rate for related industries. Rochester's population share (0.06%) is used for industries not directly related to Healthcare and Social Assistance.

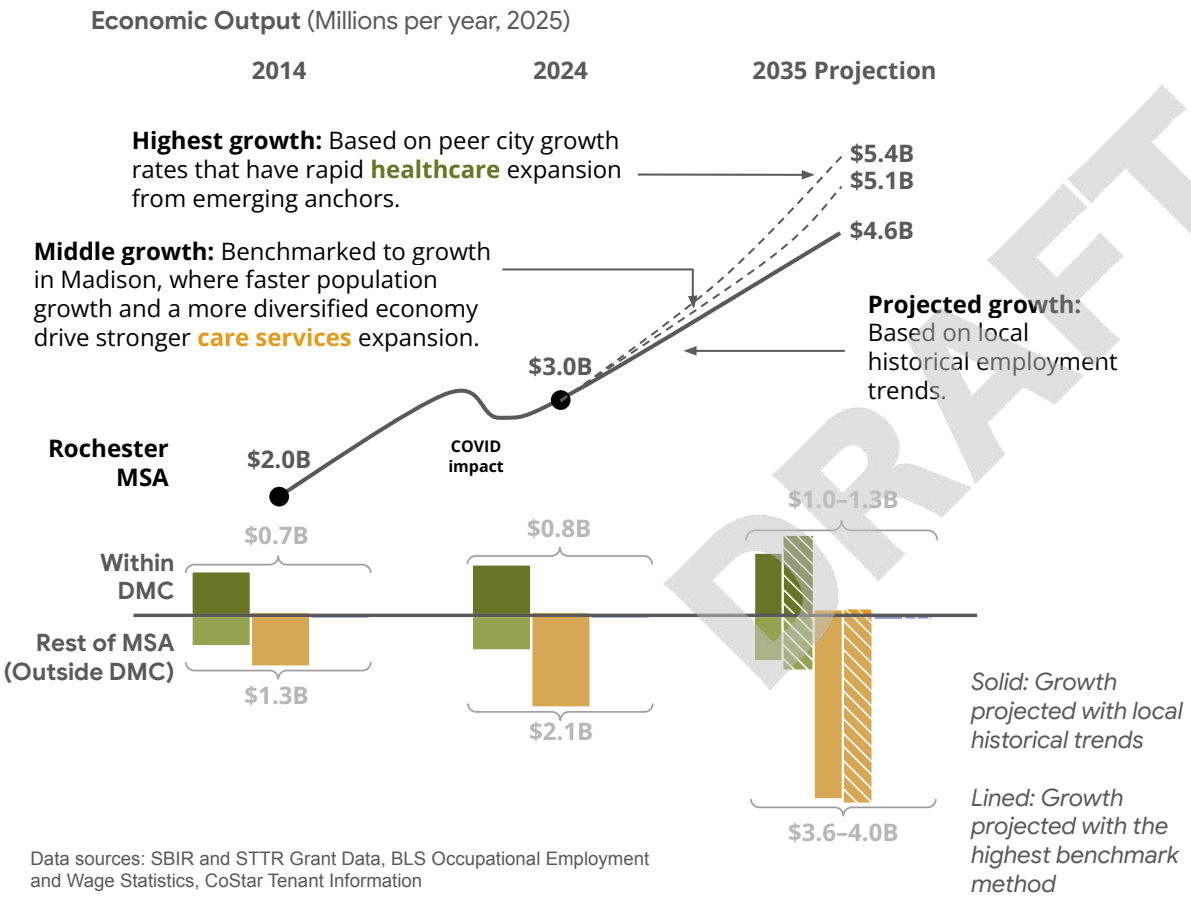
[1] Growth trend projections are based on employment trends to provide a more reliable growth estimate, reflecting that the previous period may stabilized.

[2] Peer and aspirational cities were determined by the "Destination Medical Center 2015-2024 Economic, Fiscal, and Community Impact Analysis" by Econsult Solutions Inc. due to their geographic location, population size, and anchor reliance index.

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Health and Wellness **Market Potential**

# Summary Findings




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**The Health and Wellness industry cluster is anchored by the Mayo Clinic and growing into an interconnected ecosystem of treatment, recovery, and lifestyle.**

**Legend:**

- **Healthcare: steady local growth** with a vast share of the national industry (58% of the regional industry is within DMC)
- **Care Services: rapid local growth** (3% of regional industry is within DMC)
- **Wellness: gradual local emergence** (11% of regional industry is within DMC)

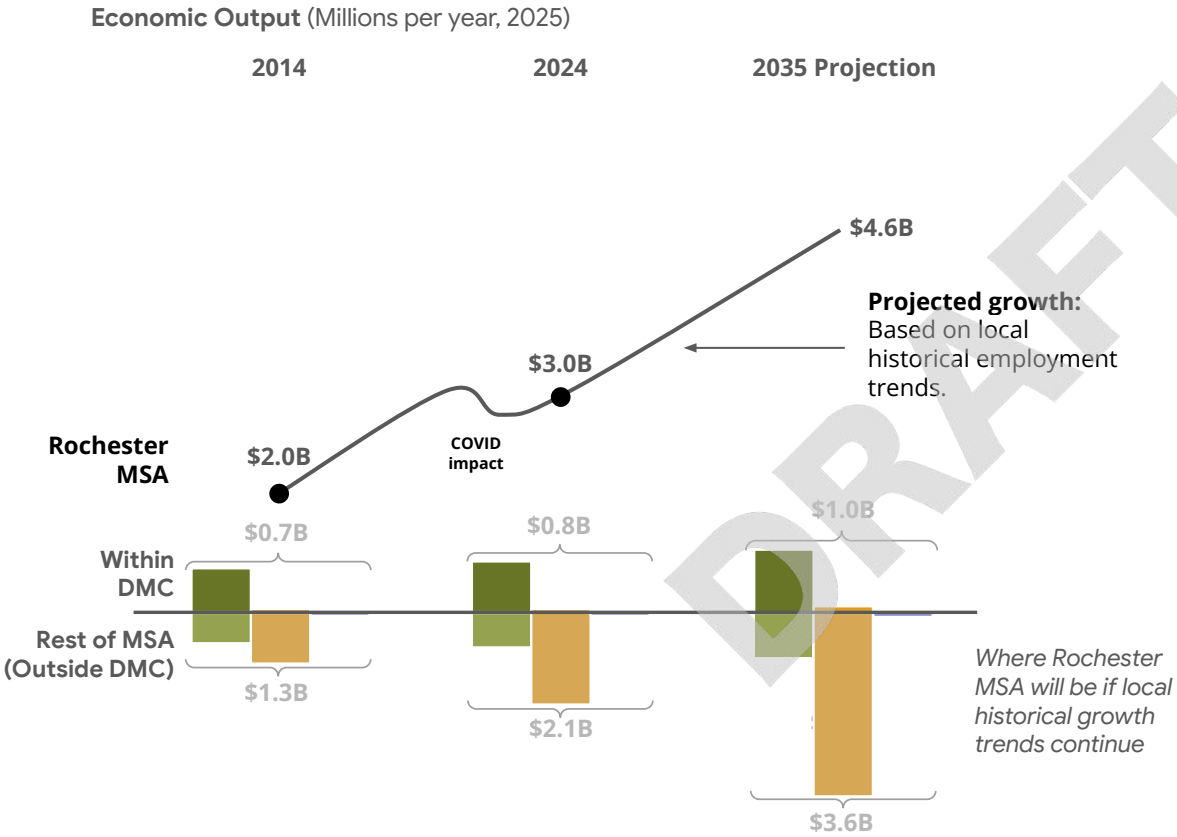
Rochester's industry cluster grew by 50% over the last ten years. If its employment growth rate continues, it will reach $4.6B in 2035. This growth is primarily from the care services industry.

Competitor cities are able to achieve faster growth for the industry cluster because they are less established healthcare centers. In order to achieve elevated growth rates, Rochester and the Mayo Clinic can expand into new avenues for growth in healthcare and care services and enter into an emerging wellness market.

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Health and Wellness **Market Potential**

# Projection Based on Rochester MSA Growth Trend




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

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**Downtown Rochester is a national anchor for Healthcare, but Care Services are larger and growing faster across the MSA.**

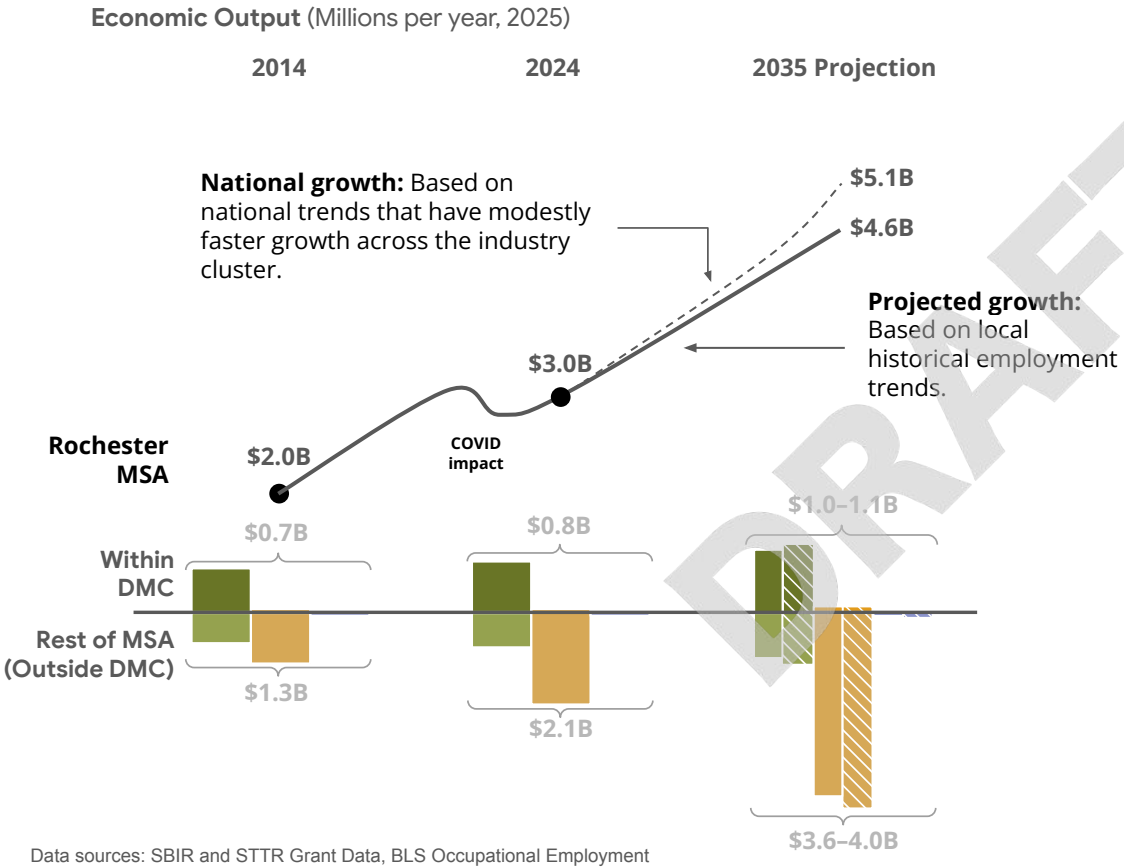
**Legend:**

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- **Care Services: rapid local growth** (3% of regional industry is within DMC)
- **Wellness: gradual local emergence** (11% of regional industry is within DMC)

Within the DMC boundaries the industry cluster is primarily from healthcare based on the Mayo Anchor. However, Care Services and Wellness businesses, such as nursing homes, childcare care centers, and spas, are almost entirely located outside of downtown. If current trends based on where industries locate continues, the Rochester MSA's Health and Wellness growth outside the DMC will be nearly three times the rate outside of the DMC as inside of it.

Health and Wellness **Market Potential**

# Projection Based on National Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If future growth resembles the national growth rate from the past 10 years, then it would grow at an approximately 25% faster rate.**

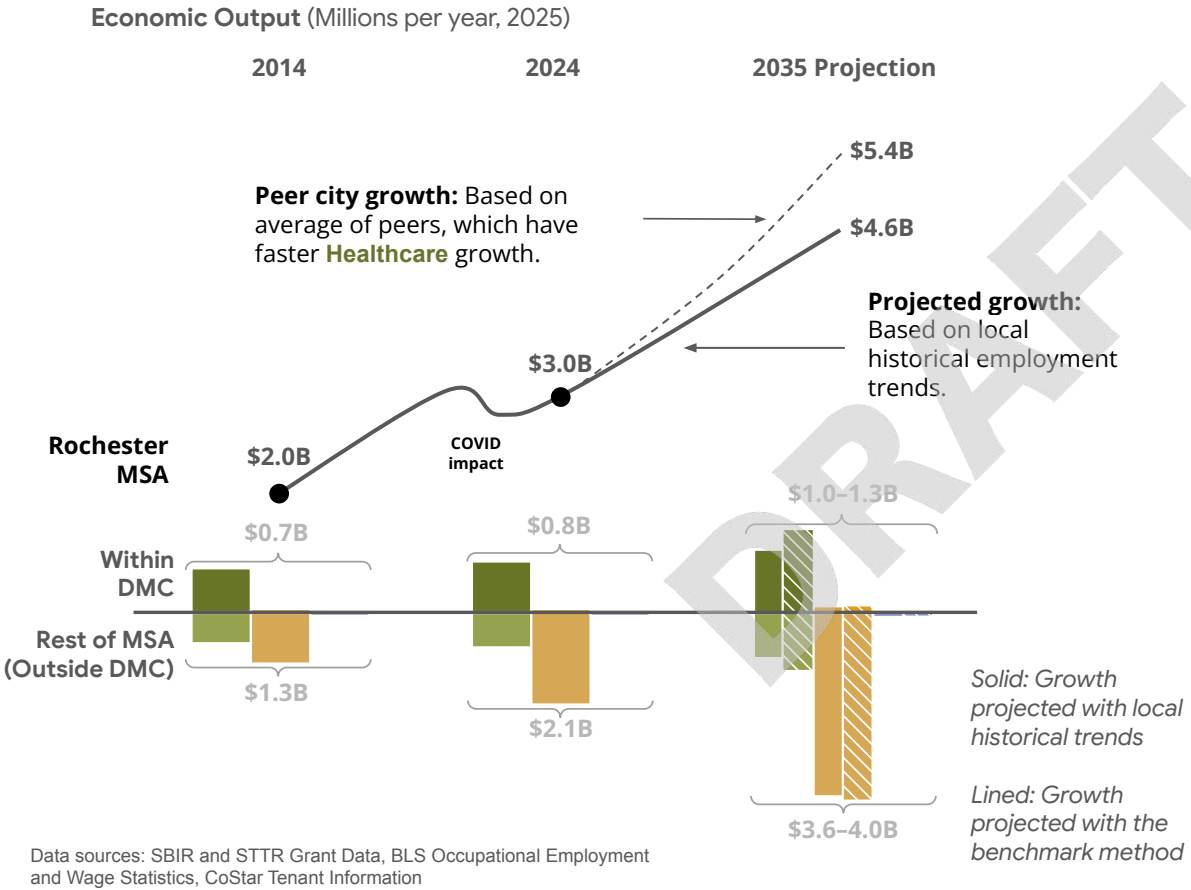
**Legend:**

- **Healthcare: steady national growth** moderately ahead of Rochester
- **Care Services: rapid national growth** modestly ahead of Rochester
- **Wellness: national emergence** with growth focused in the west and south

The national growth rate for Health and Wellness is faster than Rochester's across the industry cluster. Growth in both Rochester and the United States is driven by a growing Care Services industry due to an aging population driving greater demand. Rochester's slower growth rate is a result of a more established overall healthcare industry with more limited opportunities for expansion. Rochester must identify new avenues for Health and Wellness growth through new opportunities within the industry cluster to enhance the growth rate.

Health and Wellness **Market Potential**

# Projection Based on Peer City Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If Rochester's future growth resembles the growth of its peer cities over the past 10 years, the it would grow significantly faster.**

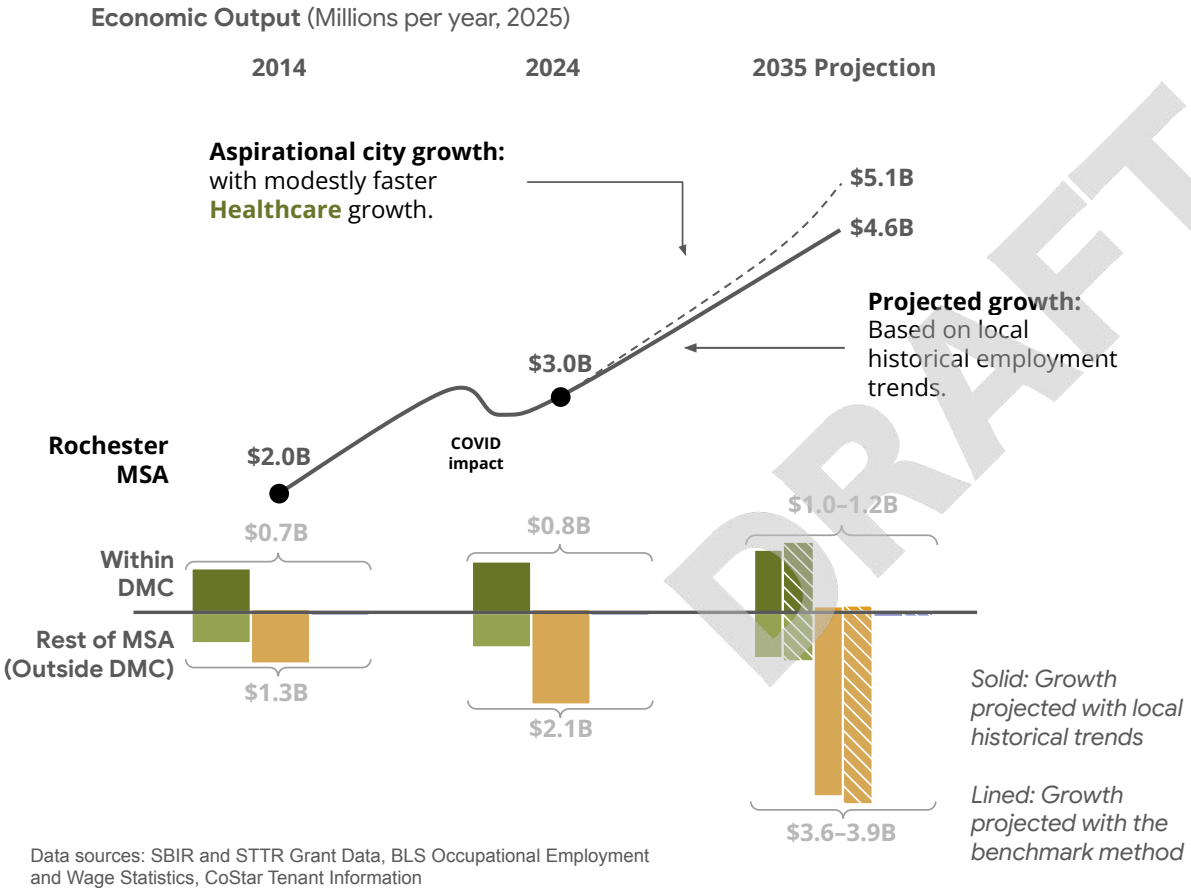
**Legend:**

- **Healthcare: moderate peer growth** ahead of Rochester's established industry
- **Care Services: rapid peer growth growth** just ahead of Rochester
- **Wellness: gradual peer emergence** on par with Rochester

The peer city growth rate for Health and Wellness is faster than Rochester's across the industry cluster, particularly for Healthcare. Peers are able to expand their healthcare industry at a faster rate because they are less established with more opportunity for growth. Acting like a newer, growth-minded healthcare center will enhance Rochester's growth rate.

Health and Wellness **Market Potential**

# Projection Based on Aspirational City Growth Trend




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**If Rochester's future growth resembles the growth of Madison over the past 10 years, the it would grow moderately faster.**

**Legend:**

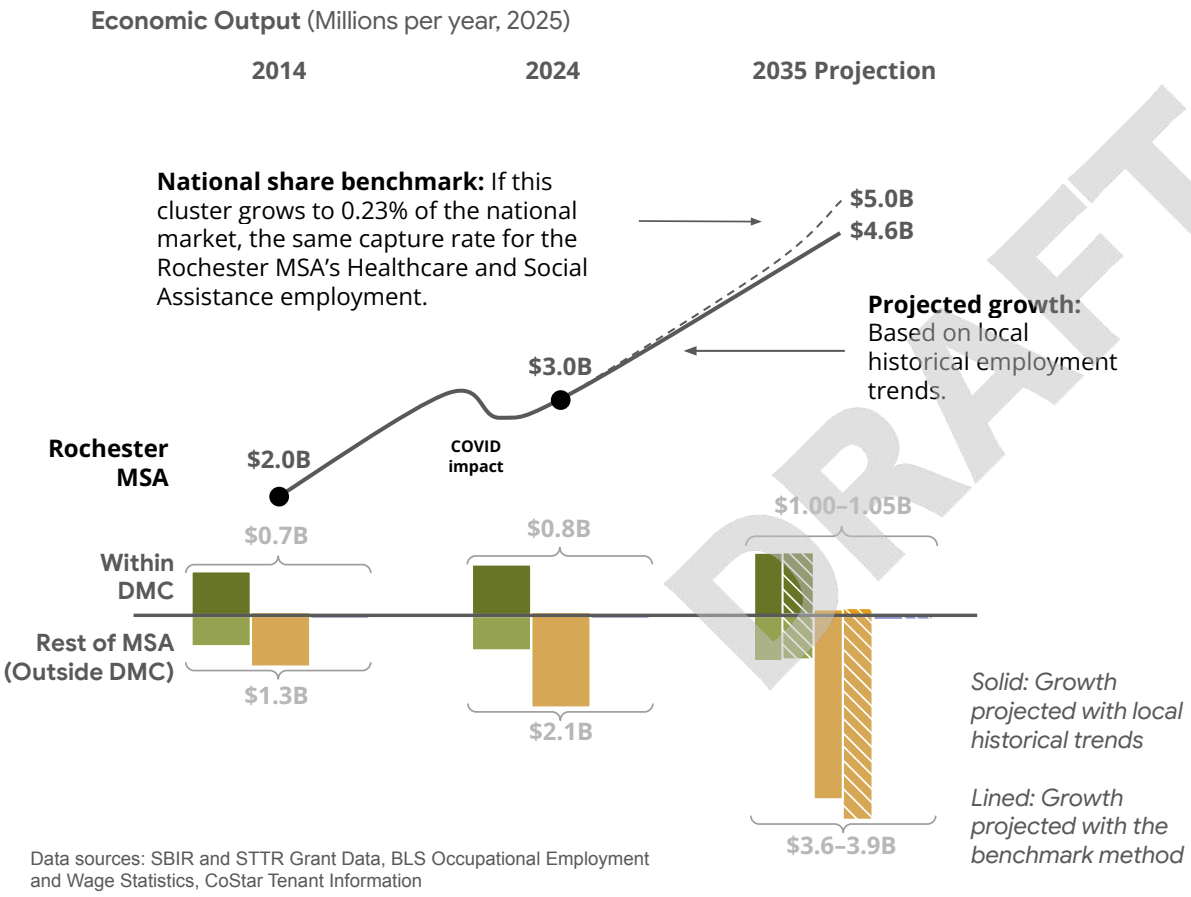
- **Healthcare: steady growth in Madison** just ahead of Rochester
- **Care Services: strong aspirational city growth** as a significant existing industry
- **Wellness: gradual aspirational city emergence** remaining a small portion of the overall economy

Madison's Health and Wellness industry cluster is growing modestly faster than Rochester's overall. This difference is driven primarily by stronger growth in Madison's healthcare industry, which outpaces Rochester's healthcare growth. In contrast, growth in Care Services is similar in both regions. This is because Rochester has more limited potential in Healthcare growth (and Madison has more limited potential for additional Care Services growth) because this industry already represents a relatively large share of its existing economy.

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Health and Wellness **Market Potential**

# Projection Based on Market Share Benchmark




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Rochester has strong capture of the national Health & Wellness industry cluster, leaving more limited opportunities to outperform the national growth.**

**Legend:**

- **Healthcare: very strong local capture** and moderate growth
- **Care Services: strong local share** with continued growth opportunity
- **Wellness: moderate local capture** of emerging industry

Rochester currently captures a 0.23% of national Healthcare and Social Assistance employment, despite being only 0.07% of the nation's population. Applying this across the Health & Wellness industry cluster shows Rochester's strong overall performance, with some opportunity to leverage Healthcare for Care Services. With a large share of the national industry, growth will be derived primarily for innovation and identifying new market opportunities within Health & Wellness and connected industries.

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# A Note on HealthTech in Health and Wellness

**HealthTech can unlock growing components of the Health and Wellness industry and vice versa.**

**HealthTech is enhancing Healthcare delivery.**

- Adoption of AI, automation, and predictive analytics is accelerating across diagnostics, operations, and care navigation.
- Virtual health models like hospital-at-home and remote monitoring are becoming more mainstream.

**HealthTech is enabling new types of care services.**

- Tech-enabled aging in place integrates technologies, such as remote monitoring, smart home systems, telehealth, and wearable devices, to help older adults live independently longer.
- Rochester can leverage Mayo to grow an aging-tech workforce and startup base, expand independent living options for seniors, and ease pressure care systems.

**Accessible Healthcare institutions are the basis HealthTech growth**

- HealthTech relies on access to healthcare research to commercialize innovation and relies on access to healthcare data sets. Data access and transparency is key to this growth.

**AI & digital health regulations continue to shift the relationship between HealthTech and Health and Wellness.**

- New federal rules from HHS and FDA are emerging around AI in diagnostics and clinical decision support tools. There is a push for algorithm transparency, real-world validation, and restrictions on automated care models.Therefore, the Mayo Clinic Platform and other AI-related ventures could face slower deployment timelines, higher compliance costs, and limits on scalability—reducing the transition to artificial intelligence in healthcare.



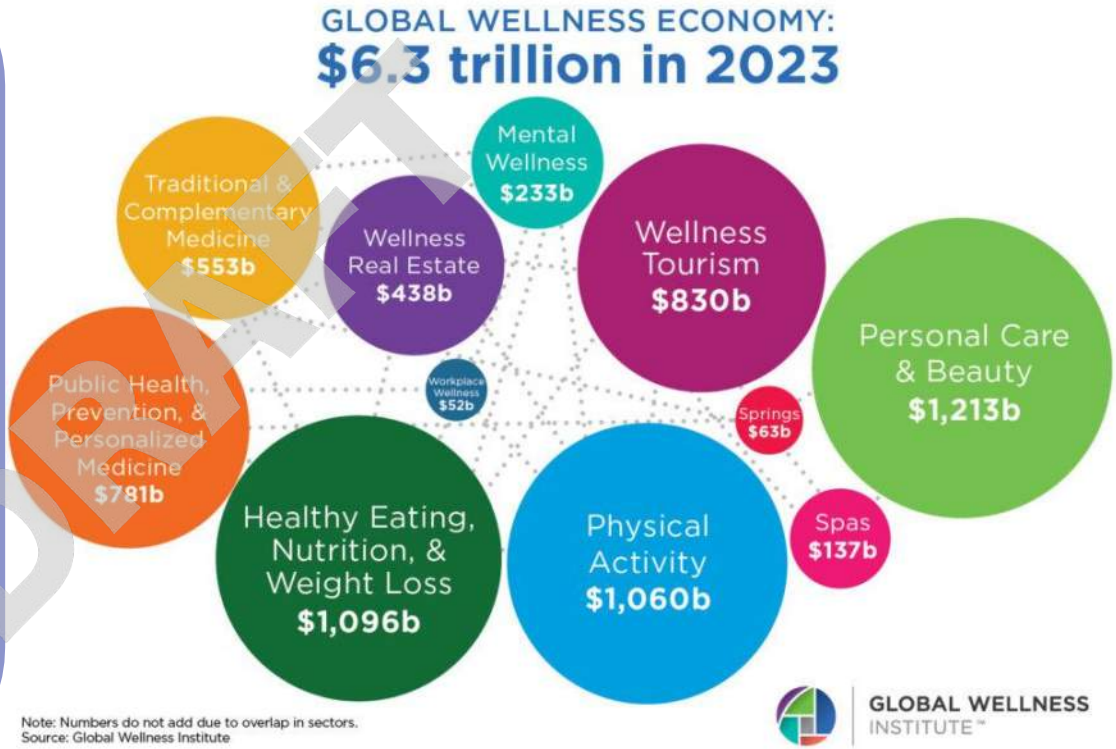
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# Current Health & Wellness Space: Wellness Industry

Wellness is the active pursuit of holistic health, and the wellness economy is the set of industries that enable people to build that healthier lifestyle into everyday life across 11 sub-industries. This wellness economy **reached $6.3 trillion in 2023** and is projected to **hit $9 trillion by 2028**.

**Projected growth leaders through 2028 are:**

- Wellness real estate (15.8%), with a projected market size of $1.1 trillion by 2029
- Mental wellness (12.2%)
- Wellness tourism (10.2%)
- Thermal & mineral springs (9.2%)
- Healthy eating, nutrition & weight loss (6.4%)




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*Source: Global Wellness Institute*

# External Case Study: Therme Manchester

**Therme Manchester is a large-scale, urban wellness destination** that is expected to open in 2028. It will include climate-controlled indoor thermal bathing and wellness campus.

- It is designed to be a “third space” for **year-round local use in a cold climate**.
- The project is expected to generate approximately 1.7 million visits in its first year, acting as a **catalyst for downtown Manchester**.
- The development **focus Manchester’s brand as a center for livability and wellbeing**, building on the city’s existing reputation as a hub for elite sports.
- By supporting quality of life, Therme Manchester helps **make the city a more attractive place to live, work, and retain talent**, reinforcing long-term economic competitiveness.



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# A Note on Integrating Health and Wellness Downtown

Rochester's niche is is **leveraging its strengths in healthcare innovation for best-in-class wellness and care services**. Eldercare, childcare, mental health, and wellness innovation benefits most from close proximity to the Mayo Clinic and HealthTech innovators they collaborate with. **Co-locating these industries downtown with shared facilities provides to greatest agglomeration benefits.**

Downtown real estate may be cost prohibitive for care services and wellness providers. While not all providers benefit from locating downtown, **wellness and care services downtown acts as an attractor**. Providing additional childcare downtown can make downtown Rochester attractive for families to live, work, and play Providing additional wellness downtown can help bring visitors and extend patient stays, increasing downtown spending.

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# The Experience Economy

1.1 Market Potential

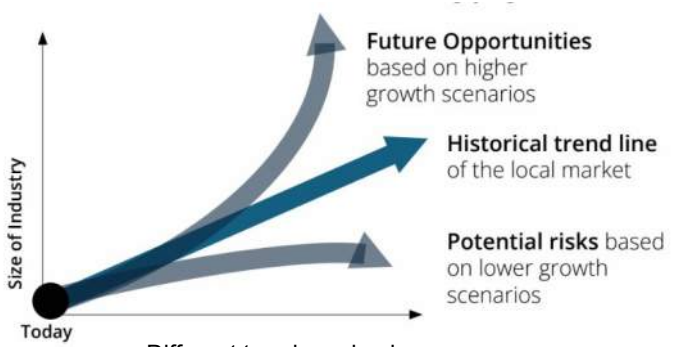
1.2 Enabling Growth

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# Analytic Process

## Step 1:

### Understanding industry clusters' market potential in Rochester




Different trends and unique local **growth drivers** (industries **A**, **B**, and **C**)

## Step 2:

### Understanding the current context

| **Existing conditions** that enable or prevent growth | **Rochester's current strategies** for the industry cluster | **What's proven to work** in Rochester and elsewhere |
|---|---|---|

## Step 3:

### Strategies to unlock higher growth

**Vertical development** to meet market demand and enable strategic growth

**Horizontal development** to support vertical development and improve overall district experience

**Policies** to incentivize new development and foster targeted industry growth

**Programs** to strengthen partnerships, broaden the appeal, and smooth implementation

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# Experience Economy Industry Cluster

**The Experience Economy makes places into creating a vibrant destination for residents and visitors.** Across the U.S., it drives economic growth by increasing visitation and spending, as well as supporting talent attraction and retention. Three specific components within the cluster are of particular interest to the DMC that are enabled by workforce, vertical development, capital, and ecosystem anchors:

**Hospitality and Convention Infrastructure** drive economic growth by increasing visitation and spending, and supports industry events that drive talent attraction and innovation.

- Direct workforce includes hotel and lodging staff, event planners, and venue managers, technicians, and convention operations staff.
- Includes hotels, conference, and training venues.
- Supported by private events and ticketing, with government infrastructure support and industry incentives.
- Industry conventions benefits from proximity to industry anchors, universities, and professional associations.

**Arts, Culture & Entertainment** activate creative industries, cultural, and experiences that attract residents and visitors.

- Workforce includes artists, performers, producers, technicians, curators, designers, and cultural program staff.
- Requires access to performance venues, rehearsal and exhibition space, creative studios, and visitor-serving amenities.
- Supported by private funding, philanthropy, institutional partnerships, and public support.
- Benefits from proximity to universities, cultural organizations, tourism assets, and audiences.

**Sports**, including youth and amateure sports, fuel weekend visitation, recreation spending, and community health and wellbeing

- Workforce includes coaches, event staff, and program and recreation management professionals.
- Requires access to athletic facilities, event venues, parks, and supportive visitor infrastructure.
- Supported by membership and ticket revenue, sponsorships, league and tournament partnerships, and youth and adult recreation programs.
- Benefits from proximity to professional sports anchors, and visitor hospitality amenities, and cultural districts.

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The Experience Economy **Industry Cluster**

# Experience Economy NAICS Codes

Experience Economy industries are measured through NAICS (North American Industry Classification System) codes, a standardized system used to classify businesses based on their primary economic activity.

| Hospitality and Convention Infrastructure | |
|---|---|
| 561920 | Convention and Trade Show Organizers |
| 531120 | Lessors of Nonresidential Buildings (except Mini-warehouses) |
| 813920 | Professional Organizations |
| 813910 | Business Associations |
| 611430 | Professional and Management Development Training |
| 561591 | Convention and Visitors Bureaus |
| 72111002 | Hotels & Motels (Sub-sector of 721110: Hotels (except Casino Hotels) and Motels) |

*Weekday Economy Expansion*

| Arts, Culture & Entertainment | |
|---|---|
| 712110 | Museums |
| 712120 | Historical Sites |
| 711110 | Theater Companies and Dinner Theaters |
| 711130 | Musical Groups and Artists |
| 487110 | Scenic and Sightseeing Transportation, Land |
| 487990 | Scenic and Sightseeing Transportation, Other |
| 561520 | Tour Operators |
| 713990 | All Other Amusement and Recreation Industries |
| 71151004 | Independent Artists (subset) - Standard NAICS 711510: Independent Artists, Writers, & Performers |
| 71219007 | Cultural/Heritage Institutions (subset) - Standard NAICS 712190: Nature Parks & Other Similar Institutions |
| 71131005 | Promoters of Performing Arts (w/ facilities) - Standard NAICS 711310 |
| 71131004 | Promoters of Performing Arts (w/o facilities) - Standard NAICS 711320 |
| 71119008 | Other Performing Arts Companies - Standard NAICS 711190 |

| Sports | |
|---|---|
| 713940 | Fitness and Recreational Sports Centers |
| 71399006 | Esports / Digital Recreation (subset) - Standard NAICS 713990 |
| 71399002 | Sports Management / Consulting (subset) - Standard NAICS 713990 |
| 71394020 | Sports Facilities + Data / Hosting - closest NAICS 518210: Data Processing, Hosting, and Related Services |
| 71394015 | Recreational Sports Clubs (subset) - Standard NAICS 713940 |
| 71394012 | Sports Event Organizers / Hosts (subset) - Standard NAICS 711320 / 711310 depending on facility status |
| 71131003 | Promoters of Sports Events (no facilities) - Standard NAICS 711320 |

*Weekend Economy Growth Opportunity*

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## Experience Economy

# Market Potential

# Methodology: Industry Cluster Growth Projections

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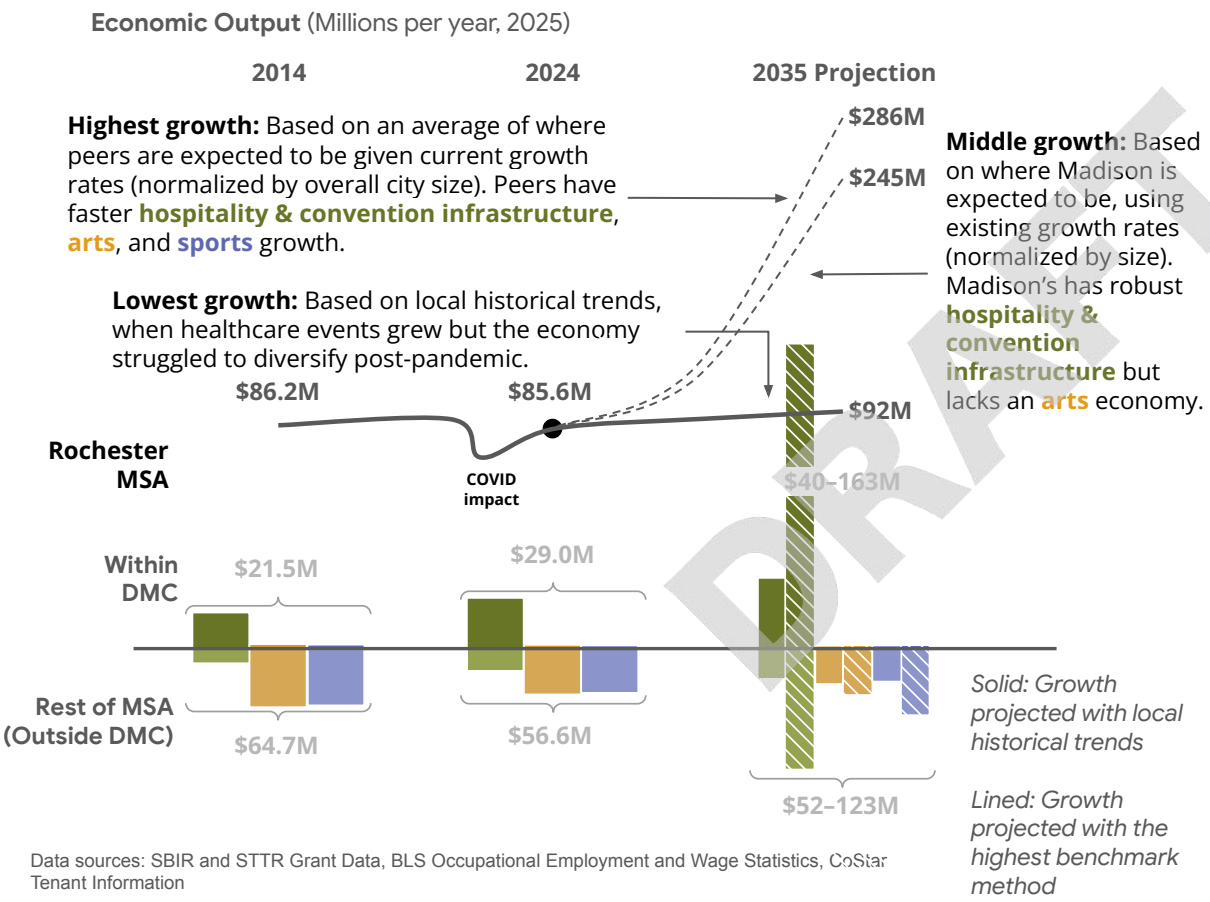
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Experience Economy **Market Potential**

# Summary Findings




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**The Experience Economy in Rochester has lagged. But, there is large potential to catch up with competitors and national trends.**

**Legend:**

- **Hospitality and Convention Infrastructure: Moderate local infrastructure growth** with a strong capture of the national medical events market
- **Arts, Culture, and Entertainment: significant COVID impact downtown** while competitors have made modest gains
- **Sports: modest local decline**, not capturing national growth

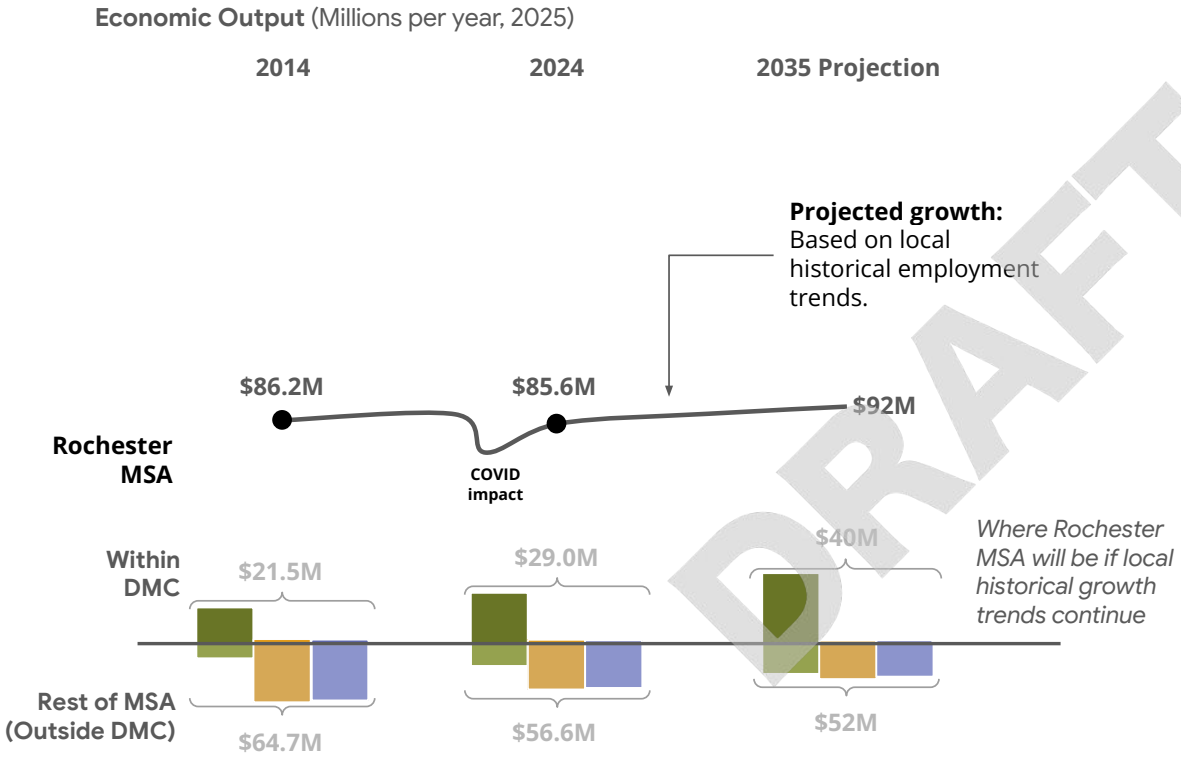
Rochester's sport has stayed stagnant over the past decade due to pandemic contractions and fewer cultural anchors beyond its strength in health-related conferences and events. Competitors—and the country as a whole—have grown during this time.

Rochester can leverage its existing strengths, including the Mayo Clinic, downtown dining, and a high-earning workforce to develop a greater Experience Economy. Enhancing the Rochester's local experience will make it a more attractive place to live, work, and play. This is key to sustaining long-term growth moving forward.

DRAFT

The Experience Economy **Market Potential**

# Projection Based on Rochester MSA Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Rochester's downtown Experience Economy was hard hit by the pandemic. Greater investment is needed to sustain broader economic and population growth.**

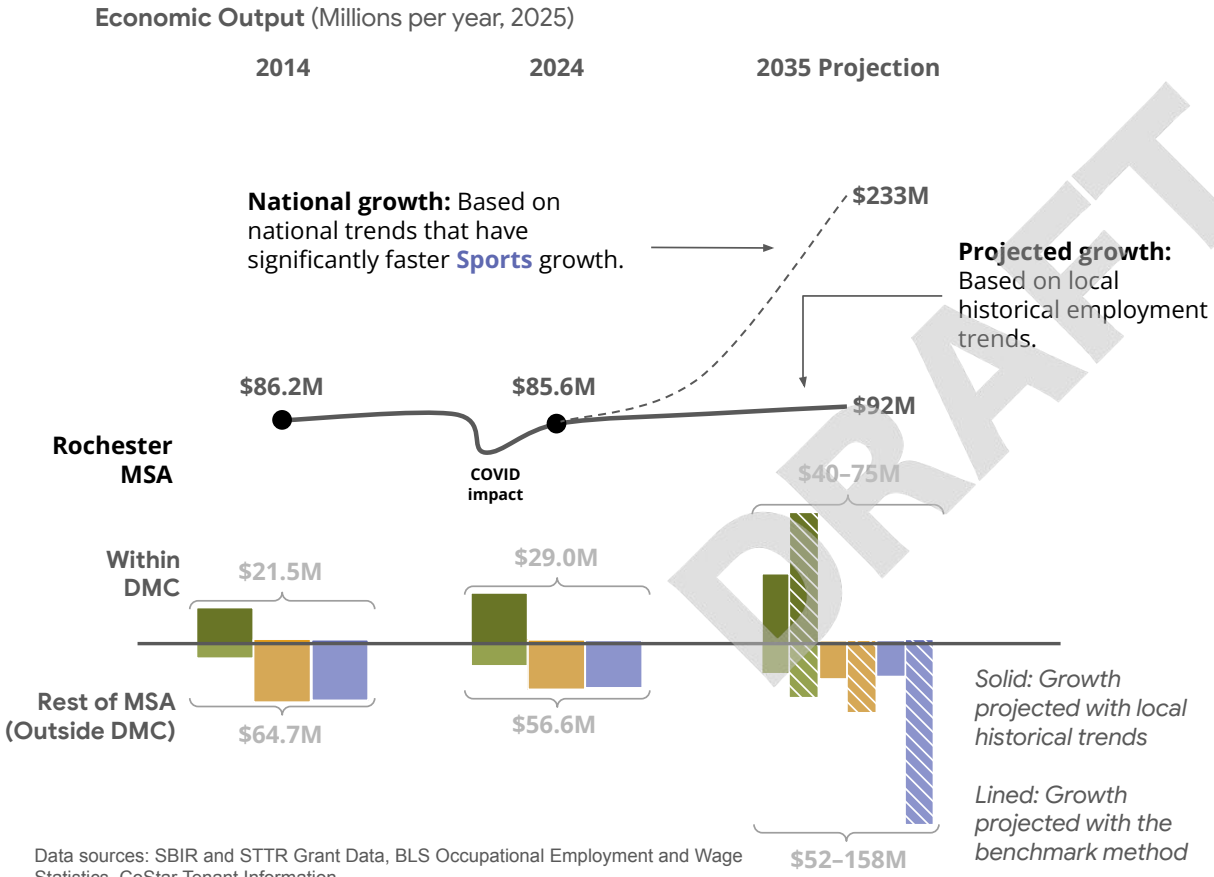
**Legend:**

- **Hospitality and Convention Infrastructure: Moderate infrastructure growth** supporting Rochester's national medical events market (71% of regional infrastructure is within DMC)
- **Arts, Culture, and Entertainment: significant COVID impact downtown** (5% of the regional industry within DMC)
- **Sports: modest local decline** while new development occurs outside of it (3% of regional industry is within DMC)

Rochester's Experience Economy is bifurcated. An outstanding medical event market, leveraging the Mayo Clinic as an anchor is supported by strong hospitality and convention infrastructure downtown. However, few other destination experiences, such as entertainment venues and sports venues, exist, Making the types of experiences limited. Concentrating cultural experiences downtown will build critical mass and make Rochester more dynamic.

The Experience Economy **Market Potential**

# Projection Based on National Growth Trend




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

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**The national Experience Economy is growing, building desirable destinations for residents and visitors.**

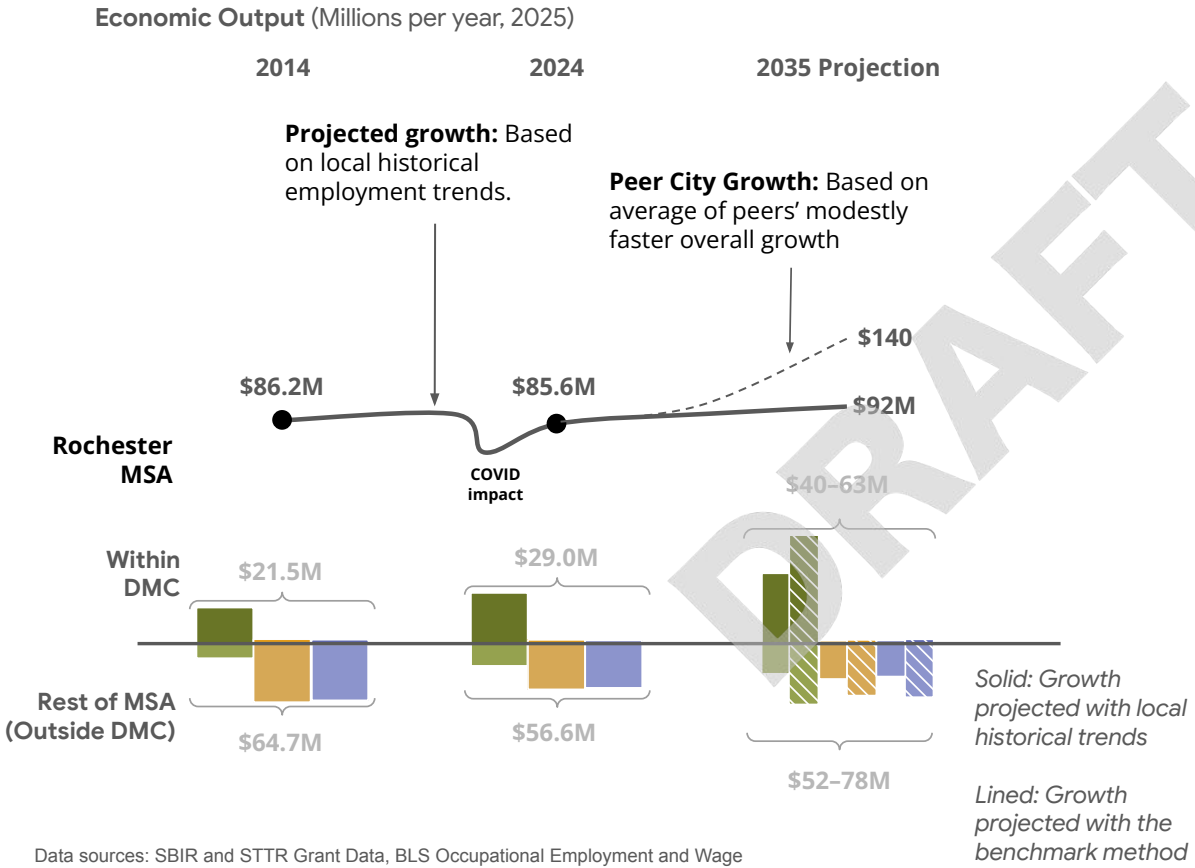
**Legend:**

- **Hospitality and Convention Infrastructure: faster national growth** driven by big cities
- **Arts, Culture, and Entertainment: moderate national growth** while making some cities highly desirable for residents and visitors
- **Sports: exponential growth nationally** based on high profile teams and a growing local sports market

National trends show strong Experience Economy growth in the past decade that is driven by fast growth in the Sport Industry from both major league teams and local sporting events, along with more new Hospitality and Convention Infrastructure. This is creating destinations for people see sporting events, as well as the infrastructure for visitors.

The Experience Economy **Market Potential**

# Projection Based on Peer City Growth Trend




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

## Peers have sustained continued moderate Experience Economy growth despite similar circumstances

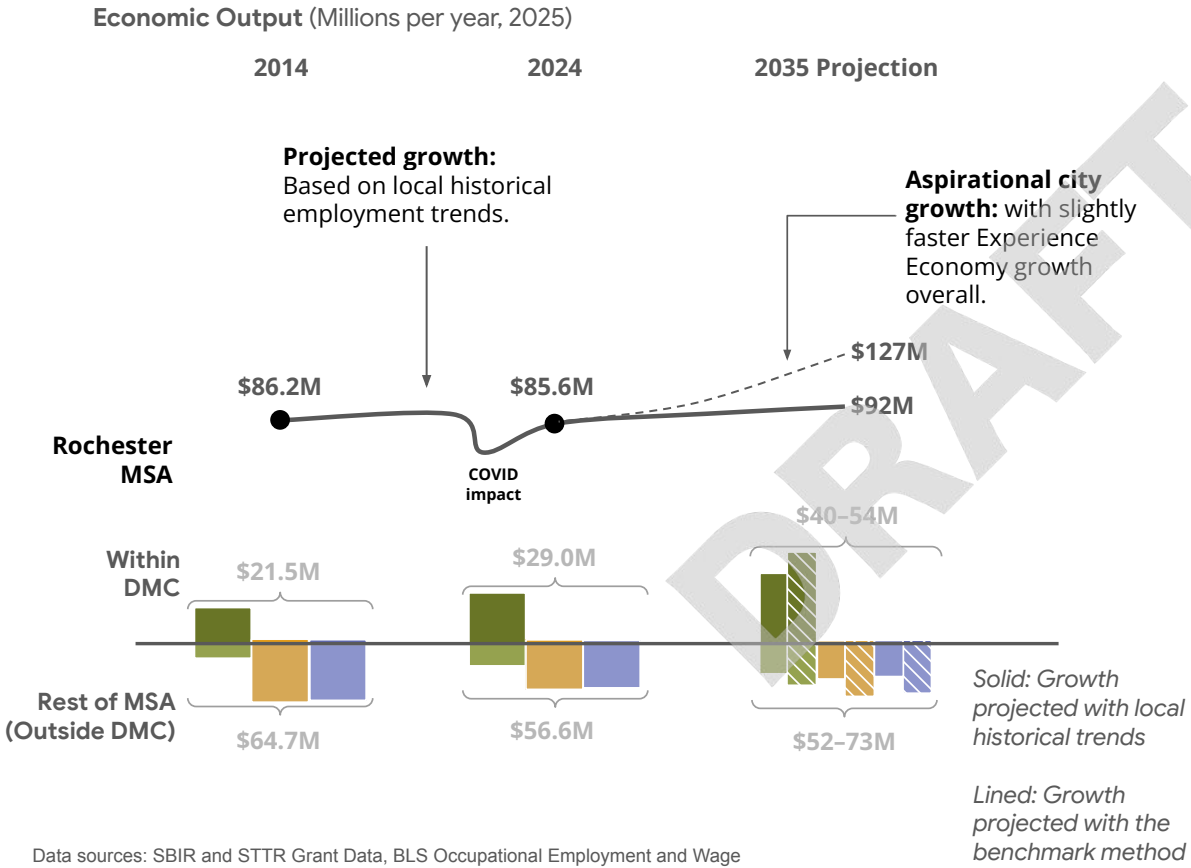
**Legend:**

- **Hospitality and Convention Infrastructure: faster peer city infrastructure growth** for more diversified needs
- **Arts, Culture, and Entertainment: Moderate peer growth** while Rochester declined
- **Sports: Moderate peer growth** by building local anchors

Peer cities have grown the overall Experience Economy faster than Rochester despite similar mid-sized, knowledge-driven midwestern cities. They have invested earlier and more deliberately in experience-based assets that extend activity beyond core institutional anchors, such as minor league and college sports teams. They also benefit from younger populations supported by their larger universities.

The Experience Economy **Market Potential**

# Projection Based on Aspirational City Growth Trend




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

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## Madison has a similar Experience Economy trends to Rochester, showing the challenges of upper- midwest cities

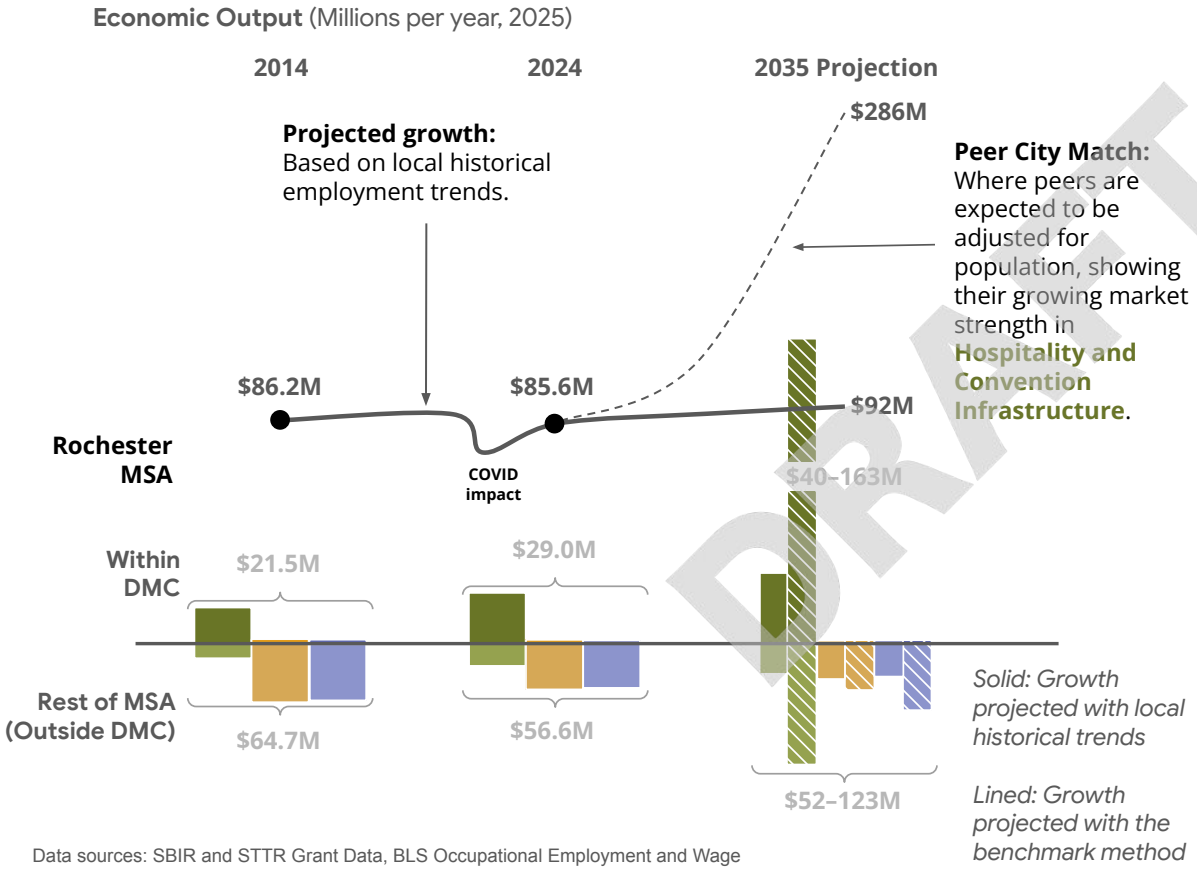
**Legend:**

- **Hospitality and Convention Infrastructure: moderate growth based on existing anchors in both cities**
- **Arts, Culture, and Entertainment: slow growth** due to the regional and local challenges
- **Sports: slow growth** as Rochester slowly contracts

Madison shows a similar Experience Economy stagnation to Rochester. Upper-Midwest cities face cold weather, slower population growth, and local branding challenges. Additionally, Madison and Rochester are both cities heavily established in their niches. However, Madison grew in sports and culture while Rochester shrunk, despite already being larger and more established. Therefore, identifying new, high opportunity experiences that rebrand the cities are key for growth.

The Experience Economy **Market Potential**

# Projection Based on Peer City Benchmark




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Peer cities are expected to become larger cultural and sports hubs than Rochester this decade.**

**Legend:**

- **Hospitality and Convention Infrastructure**: **Large existing infrastructure with rapid growth** outpacing Rochester
- **Arts, Culture, and Entertainment: Small existing industry moderate growth** surpassing Rochester
- **Sports: Small industries** that are going from peer city anchors

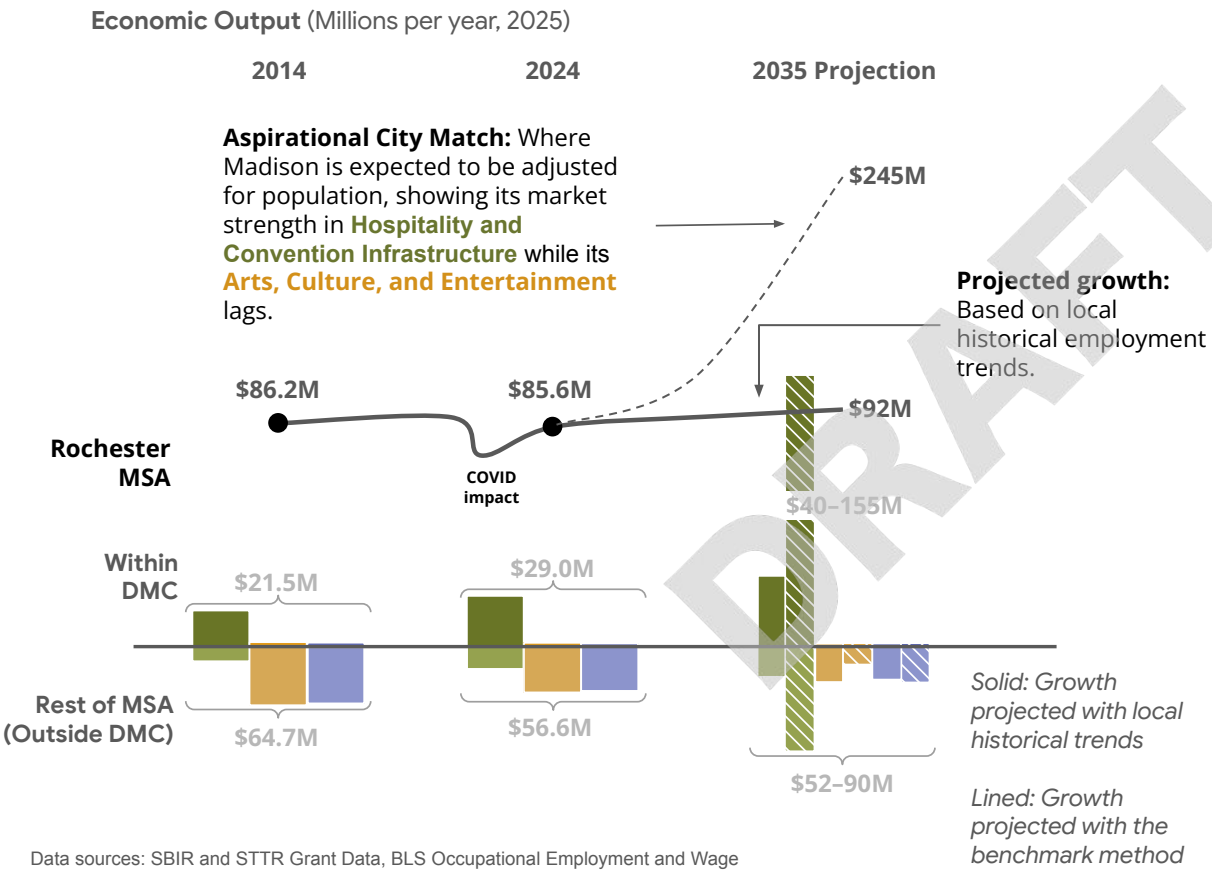
Peer cities are expected to be ahead of Rochester Experience Economy in 10 years. Their cultural and sports industries are growing from smaller bases as they diversify their economy.

Peer cities' Hospitality and Convention Infrastructure is larger than Rochester's and growing due to sustained investment tied to universities, major events, and destination branding in addition to industry conventions. Larger hotel inventories, convention facilities, and entertainment districts create scale and interconnectivity advantages that continue to reinforce growth and attract additional events and visitors.

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The Experience Economy **Market Potential**

# Projection Based on Aspirational City Benchmark




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Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Madison has strong convening anchors that sustain the city, while it struggles as a cultural hub.**

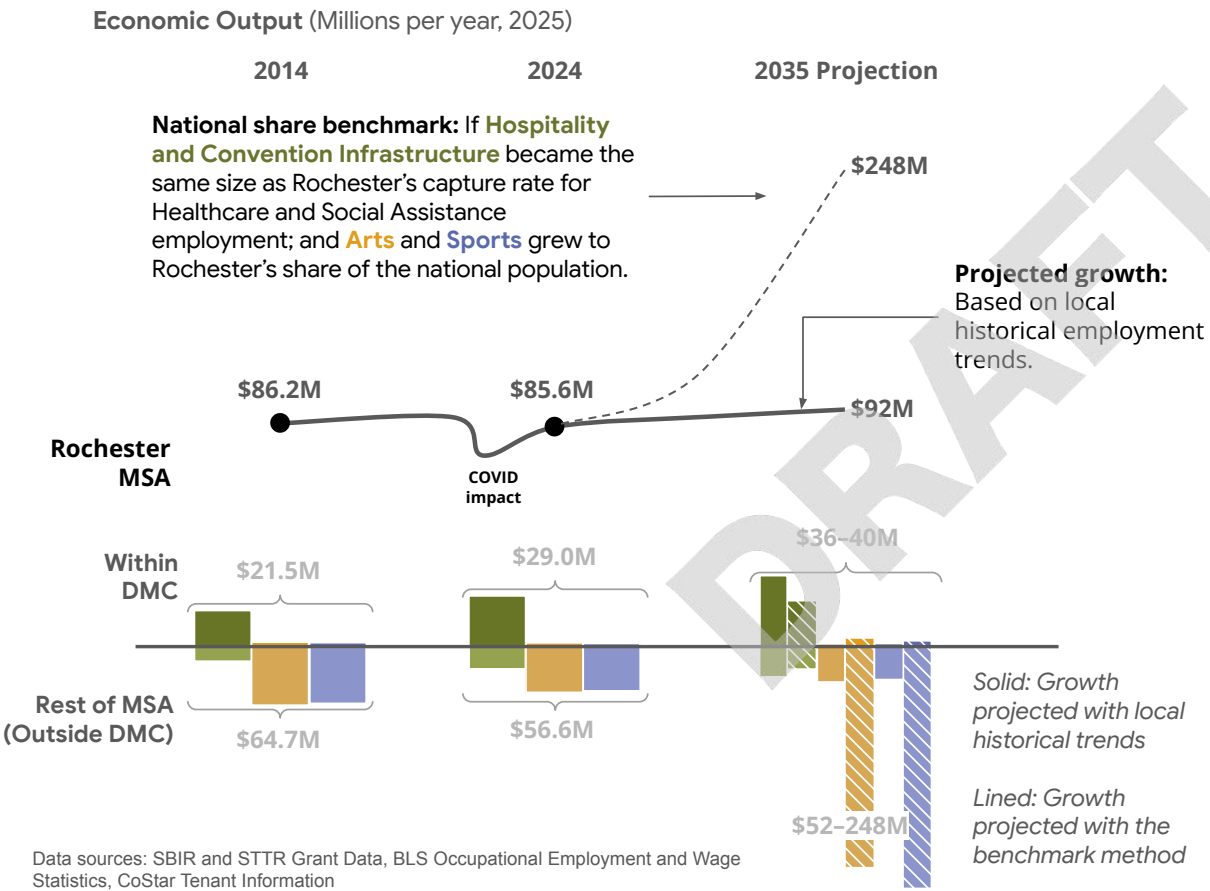
**Legend:**

- **Hospitality and Convention Infrastructure: strong existing economy** that sustains current infrastructure
- **Arts, Culture, and Entertainment: small industry** relative to Madison's population size
- **Sports: smaller industry with slow growth** in both geographies

Rochester and Madison both saw slow Experience Economy growth that is focused on Hospitality and Convention Infrastructure. However, Madison has University of Madison that anchors its economy as a hub for convening that it can continue to rely on. Both cities show weakness is sports and culture, reflecting regional challenges and local characteristics that must be navigated to enhance growth.

The Experience Economy **Market Potential**

# Projection Based on Market Share Benchmark




Data sources: SBIR and STTR Grant Data, BLS Occupational Employment and Wage Statistics, CoStar Tenant Information

**Rochester has a strong share of national Hospitality and Convention Infrastructure, but lacks a sports and culture industries.**

**Legend:**

- **Hospitality and Convention Infrastructure: strong local capture of national infrastructure** based on its Healthcare anchor
- **Arts, Culture, and Entertainment: small local capture** with Rochester significantly below its population share, requiring greater local ecosystem downtown
- **Sports: small local capture**, reflecting Rochester's need for anchor institution

Rochester has a tremendous strength in healthcare-related events, with an estimated 0.75% share of estimated healthcare events in the next 12 months. This reflects its ability to leverage to leverage the Mayo Clinic and develop the infrastructure to support it.

However, it lacks a significant share of arts, culture, entertainment, and sports, where it has a small existing share and had small levels of industry decline during the past ten years. Diversifying Rochester's economy to better include this is key to sustaining growth.

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# External Case Study: The Health Museum (Houston, TX)

**The Health Museum strengthens Houston's health brand by providing a related experience for families, students, conference attendees, and visitors.** The museum drives educational tourism, supports youth career pathways, and contributes to the vibrancy of the Texas Medical Center district, with over **96,000 visitors** in 2020 with key demos including:

- **Educational and family audiences**, including 282 schools and 58 STEM camps, expanding access to learning
- **Conference-goers** to nearby Baylor College of Medicine and MD Anderson
- **Health careers pipelines**, hosting youth programs such as the Global Teen Medical Summit

This brings a diverse range of visitors to the medical district, and provides programming and partnership that enhances identity and experience.



Source: Visit Houston

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*Source: The Health Museum, 2024 Annual Report*

# Medical Conference Mobility Infrastructure Assessment

Meeting industry requirements for conferences also includes **smooth connections between Mayo Clinic, lodging, and downtown amenities**. Strong mobility access is essential. Frequent air service, reliable shuttles, improved transit, and walkable streets help make conferences seamless and enhance everyday access to the medical campus and downtown. This level of infrastructure supports not only events but also daily patient, visitor, and workforce needs.

| Airport Requirements | Rochester |
|---|---|
| **Essential:** Major hub airport within 45 minutes | Rochester International (RST): 15 minutes away lacks major destinations. |
| **Preferred:** International gateway with multiple airlines | Minneapolis–St. Paul International (MSP): major hub 75–90 minutes away |

| Ground Transportation Requirements | Rochester |
|---|---|
| **Shuttle services** | No unified conference-focused shuttle system |
| **Public transit** | Link Bus Rapid Transit will significantly expand public transit access to Mayo Civic Center. |
| **Taxi/Rideshare access** | Uber, Lyft, and local taxi companies operate widely |

| Parking Requirements | Mayo Civic Center |
|---|---|
| **Convention center parking:** 5,000-20,000+ vehicles | Access to 4,700 parking stalls within a 2-block radius |

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*Requirements Based on a review of 20 major medical conferences in the United States*

# Existing Conditions: Population Growth in Rochester

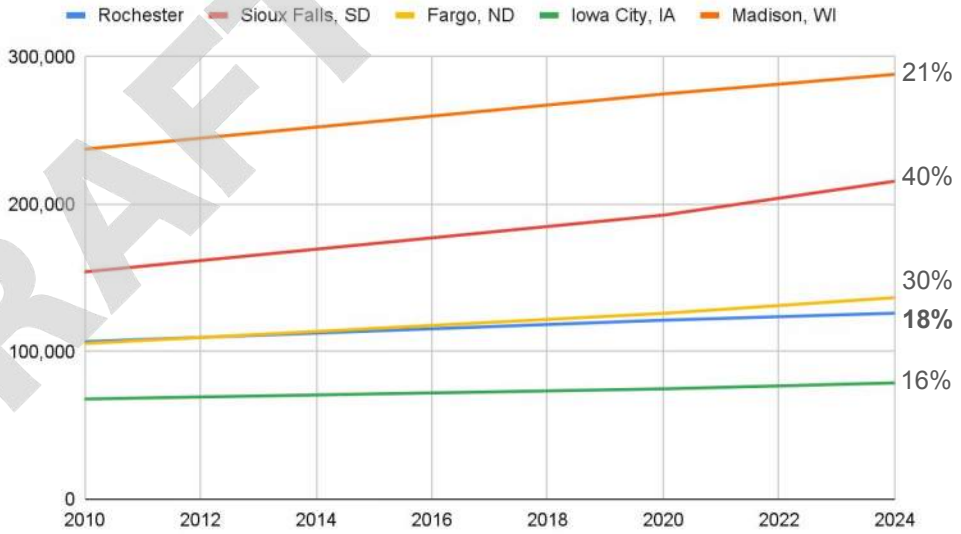
**Improving the experience of place to attracting new residents and talent to Rochester.** The City of Rochester's population is growing but at a slow rate. It has experienced the **second weakest growth rate among its peers**.

Rochester has not seen major demographic shifts in age or racial composition. The City has expressed a goal of increasing its international population. The foreign-born share has increased by 15% from 2015 to 2023, now making up approximately 14% of the population.

**Drawing new residents regionally and globally with skills relevant to the HealthTech industry, will support a greater growth rate for economic for the industry.**

## Rochester's Slow Population Growth

Total Population (2010–2024)




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***Source:*** *ESRI*

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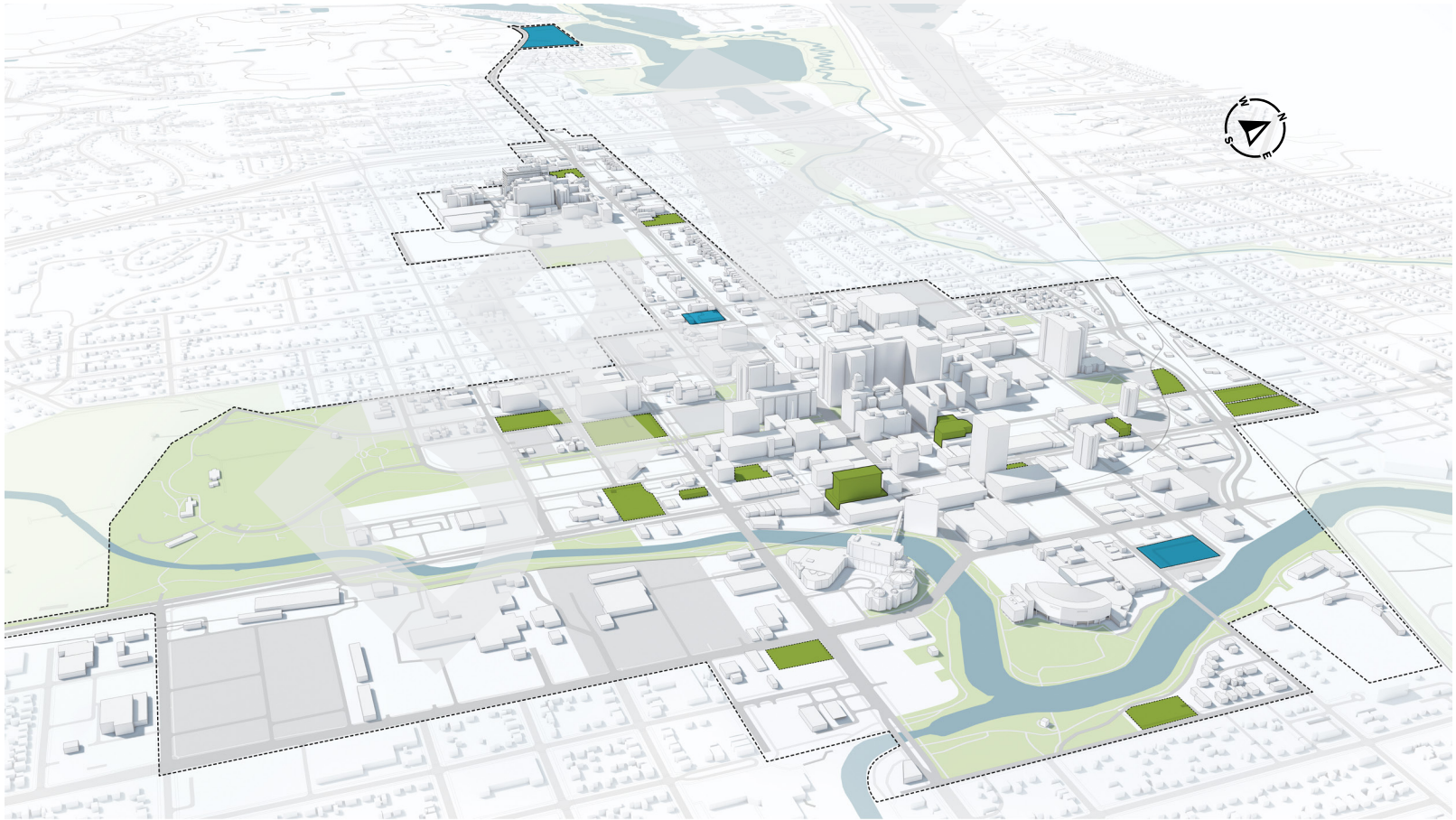
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# A3.

## Additional Economic Impact and Market Analyses

# 2015-2025 TIF SUMMARY

From 2015-2025, the City of Rochester has established 20 TIF districts within the DMC District. **Prior to establishing the TIF districts, the aggregate estimated market value of these properties was $58.7M.**

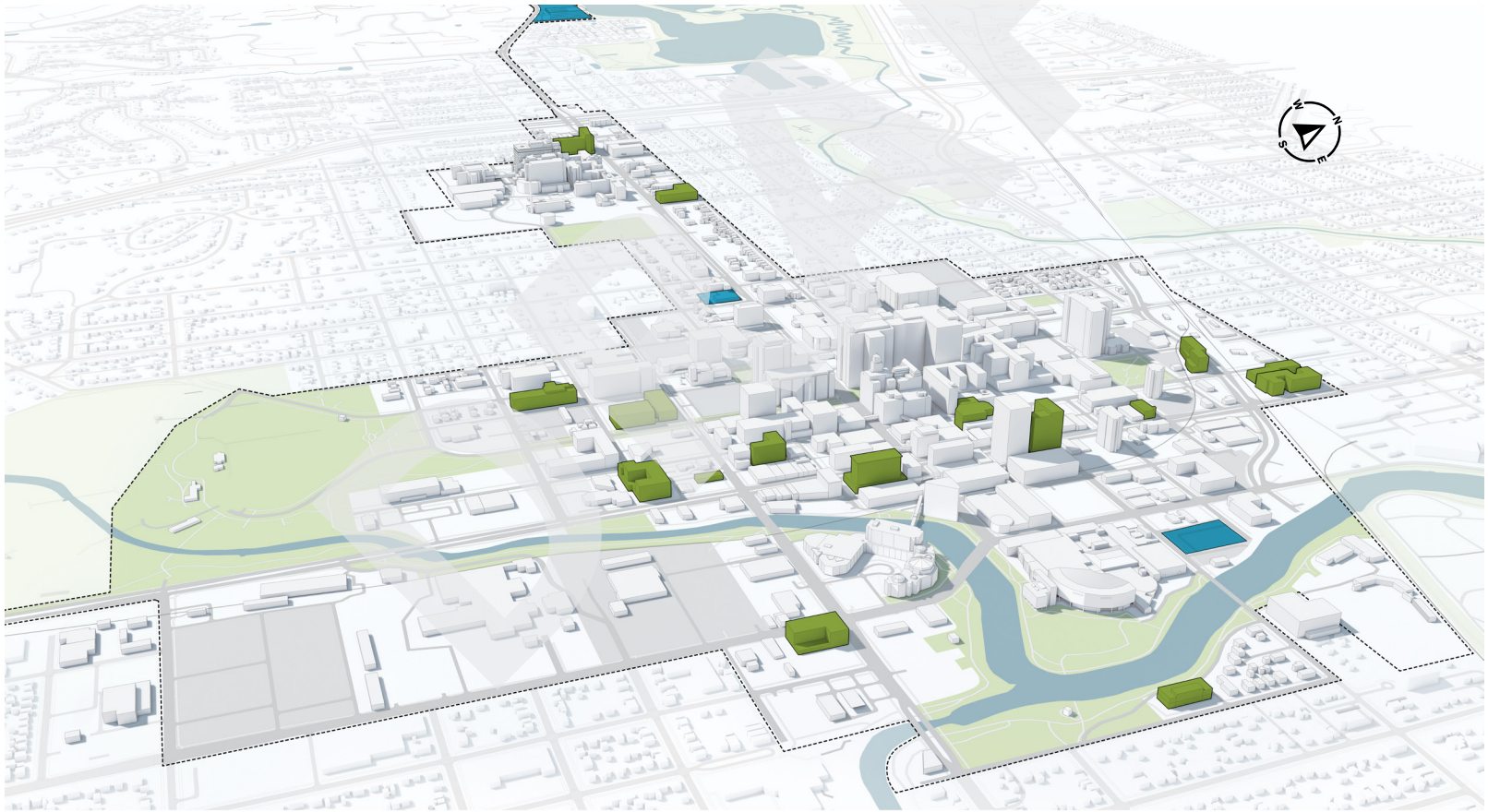


TIF Districts with completed improvements  Established as a TIF District, construction yet to start

**By 2025:**

- 1,093 new units of housing completed, plus 734 poised to start construction in 2026
- 686 new hotel keys and 178 refurbished hotel keys completed
- Two new med-tech innovation buildings as well as several new retail and restaurant spaces

**For tax year 2025, the estimated market value of these same properties is $470M, an increase of 700%.**



TIF Districts with completed improvements  Established as a TIF District, construction yet to start

# COMPREHENSIVE HOUSING NEEDS ANALYSIS FOR OLMSTED COUNTY, MINNESOTA (MAXFIELD)

As the 10-year lookback analysis captures, housing growth in the downtown is largely on track with the trajectory outlined in the original DMC Development Plan. In addition to the growth happening in the downtown, the Rochester housing market is also impacted by National trends, and the full range of housing needs for the community and to support the economic growth of downtown expands far beyond the geography of downtown.

The Coalition for Rochester Area Housing was established in 2017 to address the need for housing for people at a range of income levels, and the Coalition's partners include the Rochester Area Foundation, the City of Rochester, Olmsted County, Mayo Clinic, and Destination Medical Center.

DMC is a founding member and active participant in the Coalition, aligning its own economic development goals with the need for a stable and affordable housing market. The Olmsted County Comprehensive Housing Study predicts the housing demand from 2025 to 2035 and suggests the type of housing that could be constructed in Olmsted County to meet the needs of current and future residents in the next ten years. The study forecasts the demand for approximately 18,000 new housing units until 2035. This data forms the common basis upon which DMC can align strategic priorities and can be found in full at: https://www.rochestermn.gov/departments/community-development/plans-studies-reports

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# URBAN3 FISCAL ANALYSIS

In partnership with the City of Rochester, the firm Urban3 has been retained to do an economic analysis of the Rochester area economy, including both a value per acre analysis as well as a fiscal review to illuminate the ongoing operational costs across different land use patterns within Rochester and the DMC District. The highest-level data summary of the past ten years is shown on page 74 of this document. The more detailed analysis work is actively underway, and will be completed in the second quarter of 2026 and will be presented to City Council and DMCC and made publicly available at that time.

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# B. COMMUNITY ENGAGEMENT

**This section reflects input gathered through a range of community engagement activities conducted during the Development Plan update. These efforts were designed to capture a broad range of voices and perspectives, with an emphasis on meaningful engagement with key partners, stakeholders, and community organizations.**

**The engagement summarized here prioritizes breadth over depth. While the total number of participants may appear limited, the process focused on building relationships, listening carefully, and engaging individuals and groups with direct experience and relevance to the DMC mission. The insights shared in this section are intended to inform themes, values, and direction, rather than serve as a statistically representative survey of the community.**

**Community engagement is a critical and ongoing component of the DMC's work. As this framework and the new strategic priorities move into implementation, continued engagement will be essential to shaping actions, refining approaches, and ensuring the Development Plan remains responsive to community needs, partnerships, and opportunities over time.**

# DMC 2025 PLAN UPDATE ENGAGEMENT SUMMARY

## Who did we reach?

**653 community members**

individuals that speak 13 languages and live across all four quadrants in Rochester (NE, NW, SE, SW)

## How did we reach them?

**3 surveys, pop up at Thursdays Downtown, stakeholder meetings, DMC Annual Meeting, 1:1 calls**



Thursdays Downtown Pop Up

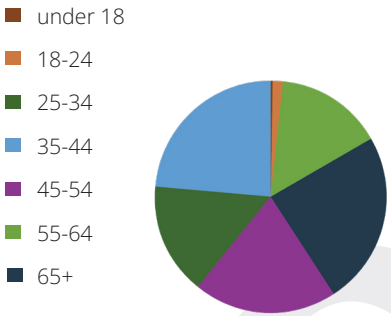

DMC Annual Meeting



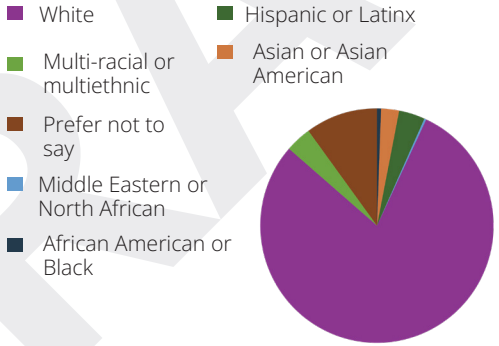
Stakeholder Meeting

## Survey Demographics

### Age Groups Engaged




### Cultural or Ethnic Background




### Housing

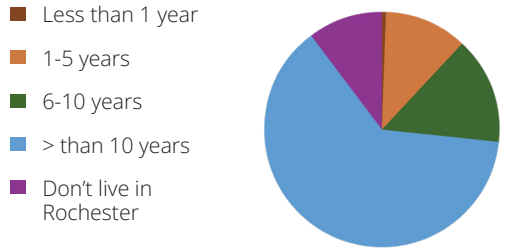
**87%** owned

**10%** rented

**2%** living with family

**1%** other

### Length of Time in Rochester




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## Key Themes from DMC 2025 Plan Update

**Leadership (City, County, DMCC, DMC EDA)**
During the May 2025 DMC Joint Collaborative Meeting, leading representatives of the City of Rochester, Olmsted County and DMCC emphasized a vision for DMC centered on health, equity, infrastructure, innovation, and sustainability. Their priorities reflect a commitment to creating livable communities, fostering inclusivity, and preparing for future challenges while maintaining transparency and collaboration.

**Community and Equity**
Ensure affordable housing and jobs for low-income residents, engage directly with affected communities, consider regional impacts, and share information transparently so no one is left behind.

**Growth & Innovation**
Embrace growth despite challenges, adopt forward-thinking strategies for generational issues like AI, and encourage business investment and economic returns.

**Health and Well-being**
Make health a guiding principle in decision-making, promote walkable and livable communities, and deliver exceptional patient care with a focus on understanding patient experiences.

**Planning and Infrastructure**
Rethink and expand the definition of "downtown," enhance street-level connectivity, and support walkable, inclusive neighborhoods.

**Sustainability**
Reduce greenhouse gas emissions, promote collaboration, and manage disruptions

**General Population**
The Rochester community's vision centers on affordability, inclusivity, and quality of life. Residents seek economic opportunity, accessible housing, vibrant public spaces, and a welcoming environment for all ages and backgrounds. They emphasize the need for diverse amenities, robust infrastructure, and a balance between world-class healthcare and local identity.

**Affordability and Accessible Housing**
Affordable, quality housing is a top concern. Residents want mixed-income options, lower living costs, and support for both new and existing community members to ensure Rochester remains livable for all.

**Economic Opportunity and Job Creation**
Health innovation should drive broad job creation, diversify the economy beyond Mayo Clinic, and provide equitable opportunities for residents in various sectors, not just healthcare or high-income roles.

**Vibrant, Inclusive Public Spaces**
The community values walkable neighborhoods, green spaces, parks, and gathering places that foster social connection, recreation, and cultural richness, supporting both physical and mental well-being for all ages.

**Robust, Reliable Infrastructure and Transportation**
Residents call for improved public transit, safe pedestrian and bike routes, and better connectivity across neighborhoods, making it easier for everyone to access jobs, amenities, and healthcare.

**Community Identity and Quality of Life**
There's a strong desire to balance Rochester's global reputation for healthcare with local identity, supporting arts, entertainment, education, and a welcoming, safe environment that attracts, supports, and retains diverse residents.

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# C. PROJECTS UNDERWAY

**This section provides a snapshot of major projects currently underway within the DMC area. These projects illustrate how the Development Plan is being advanced through ongoing investment, collaboration, and implementation.**

**This inventory is intended to offer context and visibility, not a comprehensive or static accounting of all activity. Projects will continue to evolve over time as conditions change, partnerships grow, and new opportunities emerge.**

# PROJECTS UNDERWAY

The DMC initiative is entering a pivotal phase as several major projects transition from planning to physical construction. The following pages highlight the developments that are fully funded and set to break ground in 2025 or early 2026. These projects represent the tangible momentum of DMC's long-term vision, bringing strategic investments to life and signaling a new era of visible transformation across the district.

**The major projects that are funded and commenced in 2025 or are commencing construction in early 2026 are:**

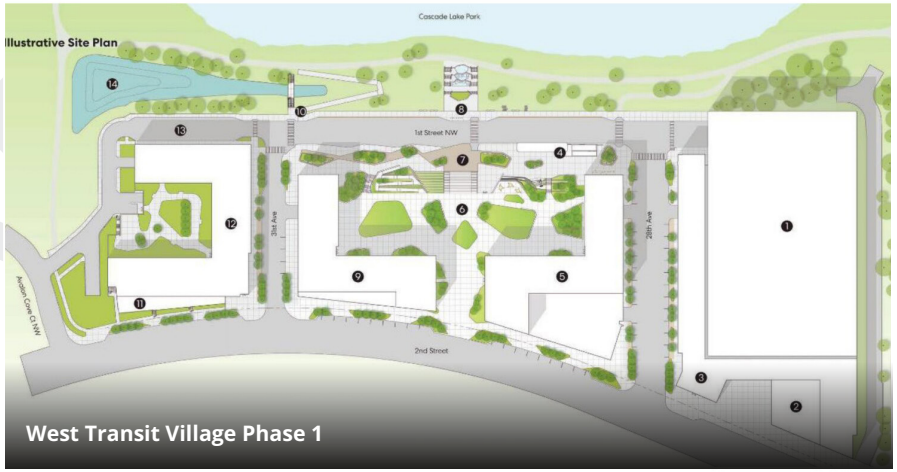
- Mayo Clinic's Bold.Forward.Unbound in Rochester (BFUiR) and the associated surrounding public infrastructure (touches almost 30 blocks of downtown)
- The LINK BRT corridor project (2.8 mile, high-frequency, fare-free to ride)
- The 6th Street Bridge (creating a new connection across and to the River)



Link BRT Construction 2025

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- 6 strategic development projects:
  - » West Transit Village Phase 1 (Senior Affordable Housing)
  - » Civic Center North (mixed market rate and senior affordable housing)
  - » 2nd Street mid-block infrastructure (workforce condo prototype + market rate housing)
  - » Loom Apartments (50% AMI housing with public realm)
  - » Citywalk Apartments (400 units of new housing and preservation of Naturally Occuring Affordable Housing)
  - » BioLabs Rochester, MN (shared lab facility in partnership with Mayo Clinic)



West Transit Village Phase 1



BioLabs

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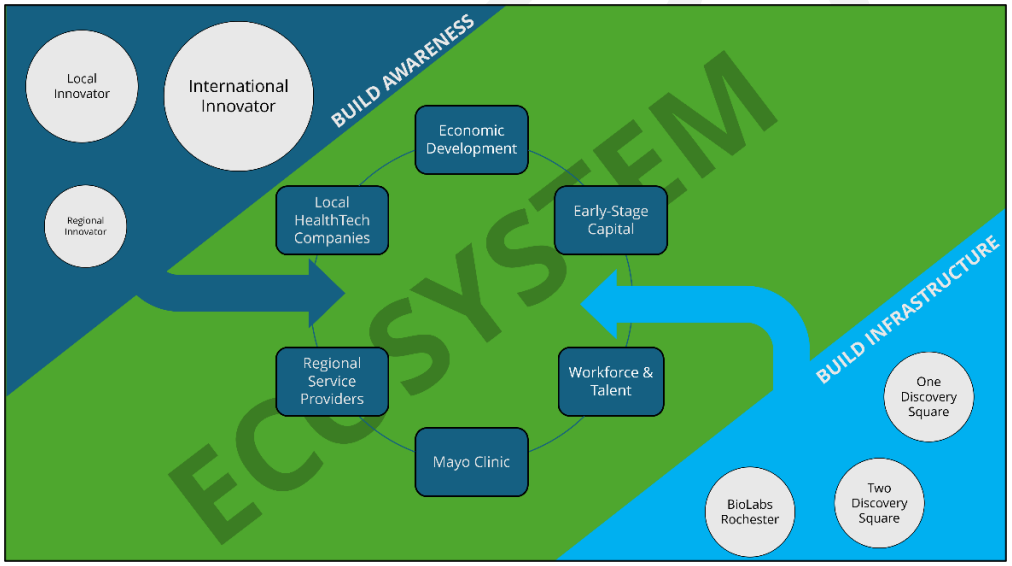
# D. DMC PLAN UPDATE
# KEY PERFORMANCE INDICATORS (KPIs)

**This section outlines preliminary considerations related to potential Key Performance Indicators for the DMC initiative. These metrics reflect initial thinking and early feedback on how progress and impact might be measured over time.**

# KEY PERFORMANCE INDICATORS
## ACCELERATE HEALTH INNOVATION

We will expand Rochester's leadership in health discovery, technology, and entrepreneurship to fuel economic growth. By connecting research, startups, and investment, we'll cultivate new ideas, businesses, and careers that improve lives and strengthen Minnesota's economy.

## How?











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This page outlines potential Key Performance Indicators for Accelerating Health Innovation. These metrics reflect initial thinking and early feedback on how progress and impact might be measured over time.

# Success Metrics and KPIs

| Accelerate Health Innovation | | | | |
|---|---|---|---|---|
| **Generate New Intellectual Property** | **Launch New Innovation Companies** | **Attract New Capital** | **Scale Companies** | **Achieve Exits** |
| # of invention disclosures (not public) | # of new company formations | Non-dilutive $ | Increase in # of clinical trials | Aquisitions |
| # of patents filed (from our zip codes) | # of imported companies | Dilutive $ | Job creation | IPOS |
| # of imported patents | # of tenants in shared lab | New first-time investors in Rochester companies | New leases/innovation space | Closures |
| | | | New capital investment Equipment investment (capx on prop tax?) | |

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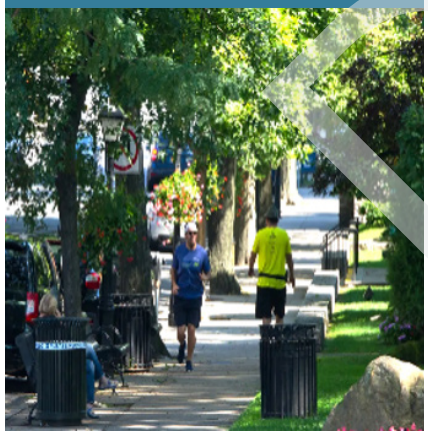
# KEY PERFORMANCE INDICATORS
## DESIGN FOR WELL-BEING

We will design and invest in a city where health and wellness are embedded in the built environment, from housing and mobility to public spaces and climate resilience. Each project will enhance livability, sustainability, and inclusion, ensuring that health is reflected in the daily experience of residents and visitors alike.

## How? Partnership with the City of Rochester

**Vision: Downtown Rochester's infrastructure embodies health at every scale**
By 2035, wellbeing is an effortless part of daily life for all residents, workers, and visitors. Through community-informed planning centering health and human experience in:

**STREETS**



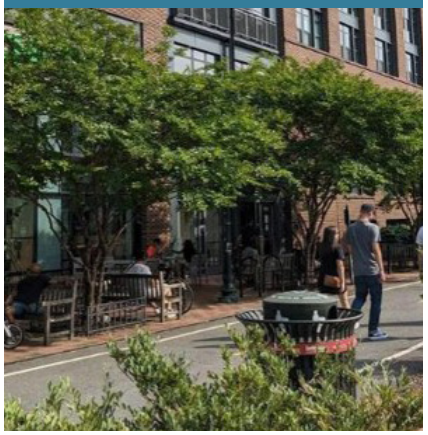
**PUBLIC SPACES**



**BUILDINGS**



**MOBILITY**



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This page outlines potential Key Performance Indicators for Designing for Well-Being. These metrics reflect initial thinking and early feedback on how progress and impact might be measured over time.

# Success Metrics and KPIs

| Design for Well-Being | | | | |
|---|---|---|---|---|
| **Improve Quality of Life** | **Increase Infrastructure for Mobility** | **Improve Environmental Health** | **Strengthen Social Cohesion** | **Lead in Climate Resilience** |
| Increased access to health-promoting amenities (parks & recreation, fresh food, connectivity) | Total # of miles of sidewalks improvements, or trail development/improvement within the district. | # of air quality monitors within the district | Increased # of public gatherings hosted | Overall GHG emissions reduction within the district (80% by 2050) |
| Improved land-use matrix | Decreased traffic incidents involving pedestrians and bicyclists | Acres/city blocks/sq miles of new development on vacant or underutilized land | Increased civic & community engagement | % reduction in energy use of buildings |
| Reduced noise pollution | Progress towards DMC target commute mode breakdown (reduce SOV trips to 43% and increase transit to 30%, biking/walking to 13% and carpool to 14%) | Total sq ft of concrete converted to green infrastructure (% of impervious surfaces reduced) | SF of public gathering space within DMC district | # of renewable energy projects installed |
| Stable or increased socioeconomic and demographic representation | | Increase tree canopy to 35% coverage by 2035 | # and diversity of active storefronts and small businesses | Solid waste diverted from landfill during construction |

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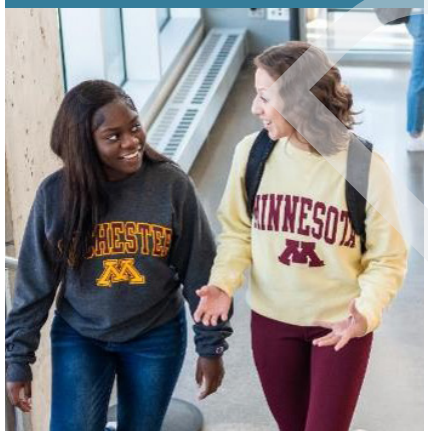
# KEY PERFORMANCE INDICATORS
## DRIVE PURPOSEFUL GROWTH

We will use Rochester's distinct health identity and partnerships to attract people, investment, and services that align with our vision for a thriving, values-driven community. Growth will be intentional, rooted in health, opportunity, and quality of life, so that prosperity benefits both residents and the state.

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## How? Supporting Partners that Make it Happen

### HIGHER EDUCATION



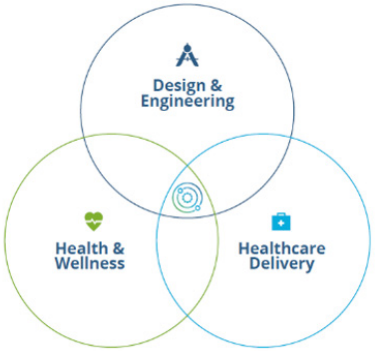
### HEALTH RELATED CONVENINGS




### ONE OF A KIND EXPERIENCES


Spark Children's Museum

### HOUSING INNOVATION




Tech-Enabled, Age in Place Living

This page outlines potential Key Performance Indicators for Driving Purposeful Growth. These metrics reflect initial thinking and early feedback on how progress and impact might be measured over time.

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# Success Metrics and KPIs

| Drive Purposeful Growth | | | | |
|---|---|---|---|---|
| **Improve Housing Ecosystem** | **Enhance Rochester's Authentic Culture** | **Drive New Health Tourism** | **Support Health Education Opportunities** | **Contribute to Health Workforce** |
| # of new housing units within downtown | # of public art installations or cultural events themed around health | # of annual visitors | Increase in enrollment in health-related programs in Rochester | % healthcare workforce in Rochester |
| Decrease in % experiencing housing cost burden | % and composition of residents who participate in cultural or environmental programs | Increase in total tourism spending | # of internships in health workforce | # of culturally competent care programs or multi-lingual services offered |
| Resident satisfaction with housing quality and affordability | | # of social media mentions or travel articles | # of health education workshops or events | |
| | | # of partnerships with travel agencies or wellness influencers | | |

# E. LESSONS LEARNED

**This section summarizes key lessons identified through the DMC's work to date. These reflections underscore the importance of continuous learning, adaptation, and improvement as the initiative evolves.**

**Capturing lessons learned is an intentional practice that aligns with the organization's values and commitment to being responsive, reflective, and forward-looking. These insights are not meant as critiques of past decisions, but as guidance to inform future action and strengthen the DMC's impact over time.**

# LESSONS LEARNED

**Over time, DMC's experience reinforced that while infrastructure investment was catalytic, it was never sufficient on its own to deliver lasting outcomes related to experience, workforce, or vitality.**

### Infrastructure Investment Is a Powerful but Limited Tool

**Context**

- Infrastructure funding enabled development but was insufficient on its own to deliver experience, vitality, or sustained workforce growth.
- Early expectations sometimes exceeded what infrastructure tools could realistically accomplish.
- Infrastructure is limited when applied to challenges requiring operations, programming, policy, or ongoing management.

**What we learned**

- Infrastructure sets conditions for success but does not guarantee outcomes.
- Many desired outcomes require complementary systems beyond capital investment.

**How this changed practice**

- Greater emphasis on pairing investment with partners and programs.
- Continued focus on ever clearer articulation of what DMC funding can and cannot do

**Early project experience highlighted the importance of discipline and sequencing, particularly the need to clarify ownership, operations, and long-term responsibility before committing public capital.**

### Capital Investment Should Follow Clarity on Operations and Ownership

**Context**

- Some early investments advanced without full clarity on operations, ownership, or business model.
- Examples included early investments such as the Chateau Theater, where long-term operations and maintenance responsibilities were unclear at the time of acquisition.
- Later projects, such as the BioLabs partnership and shared lab space, conditioned capital commitments on identifying an operator, business model, and long-term viability.

**What we learned**

- Capital investment without identified operators, governance, and operations and maintenance funding creates long-term fiscal and operational risk.
- Early discipline around operations improves project outcomes and sustainability.

**How this changed practice**

- Stronger expectations for operations and maintenance planning prior to capital approval.
- Clearer internal standards for project readiness before public dollars are committed.

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**As implementation matured, it became increasingly important to clarify DMC's role as an enabler and convener rather than a project owner to support accountability, partnership, and trust.**

### DMC's Role Evolved from Project List to Enabler and Convener

**Context**

- Early implementation was often perceived as a set of DMC projects, which blurred ownership and accountability.
- This created confusion internally and externally, particularly where City-owned assets were involved.

**What we learned**

- DMC is most effective as a catalytic funder and convener, not a project owner.
- Ambiguity about roles undermines trust and complicates delivery.

**How this changed practice**

- Shift in language and practice to emphasize City or partner projects enabled by DMC, not owned by DMC.
- Greater emphasis on shared delivery, partner leadership, and ownership.

**As investment accelerated, it became clear that delivery depended on more than capital, requiring sustained attention to people, processes, and long-term operations to support a small but capable organization and the assets it enabled.**

### Capacity and Operations Did Not Scale Automatically with Physical Investment

**Context**

- Operations and maintenance demands increased with new public assets.
- Downtown management, perceived safety, and activation required ongoing operational focus.
- Experience management and mitigation during prolonged construction required sustained capacity.

**What we learned**

- New assets require proportional growth in operating and fiscal capacity.
- Capital without operations risks diminishing long-term value.

**How this changed practice**

- Increased attention to operations and maintenance implications during project planning.
- Recognition that experience management and operations are core functions, not add-ons.

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# LESSONS LEARNED

**Experience demonstrated that the pace of change itself must be actively managed, as cumulative impacts shape public trust, tolerance, and the credibility of delivery over time.**

### Pace, Sequencing, and Cumulative Impact Matter

**Context**
- Multiple simultaneous projects strained systems and tested community tolerance.
- Construction impacts and business disruption affected public perception, trust, and economic activity.

**What we learned**
- The pace of change is a variable that must be managed.
- Sequencing and mitigation are as important as delivery.

**How this changed practice**
- Greater sensitivity to timing, overlap, and mitigation strategies such as Business Forward and the Downtown Task Force.
- Recognition that implementation success includes managing disruption, not only completing projects.

**Over time, stronger results emerged when investments were planned and evaluated as part of an interconnected system rather than as isolated projects.**

### Systems Thinking Improves Outcomes

**Context**
- DMC and City practice matured from supporting discrete projects to considering how investments function together.
- Later work increasingly considered connections across infrastructure, public space, mobility, adjacent development, and nearby neighborhoods.

**What we learned**
- DMC goals can be advanced by systems of investment and development, not only individual projects.
- Intentional alignment across partners, projects, and geographies improves effectiveness and reduces unintended consequences.

**How this changed practice**
- Greater emphasis on evaluating how proposed investments fit within a broader public-realm and neighborhood system.
- Adoption of shared guiding principles to coordinate City, DMC, and Mayo decision-making for downtown investments.

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**Durable outcomes consistently emerged when DMC investments aligned with City leadership, municipal governance, and community values, reinforcing shared responsibility and legitimacy.**

### DMC Works Best With the City and Community

#### Context

- DMC's dual-approval governance structure, requiring alignment between the State DMC Board and the City Council, was not always fully appreciated early in implementation.
- Projects advanced most effectively when DMC-supported investments aligned with City-led priorities and were informed by community values.

#### What we learned

- City Council approval is a core feature that anchors DMC investments in local priorities and accountability.
- Community advocacy and input strengthen legitimacy and improve outcomes.

#### How this changed practice

- Greater emphasis on early alignment with City leadership priorities.
- Clearer framing of DMC-supported projects as City initiatives enabled by DMC tools.

**Experience showed that when complexity is not clearly and consistently explained, misunderstandings can undermine trust and implementation even when engagement has occurred.**

### Communication Gaps Amplify Friction

#### Context

- When complexity is not explained, others fill the gap, often inaccurately.
- Peace Plaza involved extensive prototyping and engagement that were not widely understood or remembered over time.

#### What we learned

- Communication is an implementation function, not a secondary task.
- Transparency and explanation must scale with complexity and project duration.

#### How this changed practice

- Increased emphasis on transparency and ongoing explanation during delivery.
- Recognition that communication must scale with complexity and duration of projects.

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# LESSONS LEARNED

**As momentum increased, housing availability and workforce capacity became increasingly visible as practical constraints on sustained economic growth.**

### Housing and Workforce Are Economic Constraints

**Context**
- Housing stock availability and affordability became more visible constraints over time.
- Workforce growth and access were increasingly recognized as limiting conditions for development momentum.

**What we learned**
- Economic growth cannot be achieved and sustained if housing and workforce systems are misaligned.
- Housing and workforce function as economic infrastructure.

**How this changed practice**
- Clearer acknowledgment of housing and workforce as limiting conditions.
- More intentional coordination with partners that influence these systems, while recognizing that DMC does not directly control outcomes.

**Several of DMC's most effective tools and practices emerged through adaptation and response to real-world challenges rather than initial design.**

### Learning Improves Outcomes

**Context**
- Tools and practices such as Business Forward, the Downtown Task Force, and shared lab models emerged in response to friction points, not from the original plan.
- Learning occurred, but often informally.

**What we learned**
- Many improvements came from adaptation rather than foresight.
- Learning is strongest when it is intentional and shared.

**How this changed practice**
- Growing interest in formalizing lessons learned and post-project reflection.
- Greater focus on documenting what changed and why.

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**The scale and complexity of DMC-era development exposed the need to modernize policy, process, and coordination to support timely and effective delivery.**

### Transformational Growth Required Modernization

#### Context

- Transformational growth stressed established processes and review structures.
- Siloed review and unclear expectations could become barriers to desired outcomes.

#### What we learned

- Transformational economic development requires modern, flexible policy frameworks and coordinated internal processes.
- Clear and coordinated engagement with developers reduces risk and delay.

#### How this changed practice

- The City's updated Unified Development Code more closely aligned zoning and development with DMC goals.
- Creation of standing, cross-department development teams to support early coordination and problem-solving.

**Pursuing a differentiated identity required persistence, experimentation, and a willingness to adjust as conditions evolved over time.**

### Innovation and Identity Require Iteration and Institutional Grit

#### Context

- DMC pursued a standard above routine public-sector playbooks, particularly around experience, activation, innovation, and Rochester's identity as America's City for Health.
- Several strengths, such as community co-design and coordinated downtown operations, emerged through iteration rather than initial specification.

#### What we learned

- Differentiation requires more than compliant infrastructure delivery; it often requires prototyping and learning.
- Iteration is inherent to innovation-oriented economic development, and institutional grit is a necessary complement to ambition.

#### How this changed practice

- Greater acceptance that some initiatives will evolve through testing and refinement rather than linear delivery.
- Stronger emphasis on learning loops and change management where DMC is intentionally pushing beyond ordinary outcomes.

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# LESSONS LEARNED

**Rochester's service-based economy elevated experience as a core economic condition, increasing the importance of alignment across infrastructure, operations, and communication.**

### Rochester's Economic Engine Is an Experience

**Context**

- Patients, learners, researchers, collaborators, and visitors are physically present users of downtown, the public realm, mobility systems, and shared civic spaces.
- Experience issues such as access, clarity, safety perception, activation, and construction disruption have direct economic consequences.

**What we learned**

- The public realm is part of the economic product, not merely its setting.
- Experience failures function as economic failures, not only quality-of-life concerns.

**How this changed practice**

- Greater emphasis on experience management, downtown operations, and impact mitigation as core economic development functions.
- Clearer recognition that infrastructure, operations, and communication must be aligned to support in-person economic activity.

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# F. LEGISLATIVE LANGUAGE

**This section includes legislative language that provides statutory context for the DMC initiative. It help explain the legal framework, authorities, and responsibilities under which the DMC operates.**

**The inclusion of this material is intended to support transparency and understanding. It serves as reference information rather than narrative policy guidance and is provided to clarify how the Development Plan aligns with existing legislative intent.**

**469.40 DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of sections 469.40 to 469.47, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means the city of Rochester.

Subd. 3. **County.** "County" means Olmsted County.

Subd. 4. **Destination Medical Center Corporation, corporation, DMCC.** "Destination Medical Center Corporation," "corporation," or "DMCC" means the nonprofit corporation created by the city as provided in section 469.41, and organized under chapter 317A.

Subd. 5. **Destination medical center development district.** "Destination medical center development district" or "development district" means a geographic area in the city identified in the DMCC development plan in which public infrastructure projects are implemented.

Subd. 6. **Development plan.** "Development plan" means the plan adopted by the DMCC under section 469.43.

Subd. 7. **Financial interest.** "Financial interest" means a person's direct or indirect ownership or investment interest or compensation arrangement, whether through business, investment, or family, including spouse, children and stepchildren, and other relatives living with the person, as follows:

(1) ownership or investment interest in the development, acquisition, or construction of a project in the development district;

(2) compensation arrangement with respect to the development, acquisition, or construction of a project in the development district; or

(3) potential ownership or investment interest in, or compensation arrangement with respect to, the development, acquisition, or construction of a project in the development district.

Subd. 8. **Medical business entity.** "Medical business entity" means a medical business entity with its principal place of business in the city that, as of June 22, 2013, together with all business entities of which it is the sole member or sole shareholder, collectively employs more than 30,000 persons in the state.

Subd. 9. **Nonprofit economic development agency, agency.** "Nonprofit economic development agency" or "agency" means the nonprofit agency required under section 469.43 to provide experience and expertise to the DMCC for purposes of developing and marketing the destination medical center.

Subd. 10. **Project.** "Project" means a project to implement the development plan, whether public or private.

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

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

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

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

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

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

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

***[See Note.]***

Subd. 12. **Year.** "Year" means a calendar year, except where otherwise provided.

**History:** *2013 c 143 art 10 s 3; 2015 c 1 s 6; 1Sp2015 c 1 art 8 s 1*

**NOTE:** The amendment to subdivision 11 by Laws 2015, chapter 1, section 6, as amended by Laws 2015, First Special Session chapter 1, article 8, section 1, is effective after the governing body of the city of Rochester and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the provisions of law that are amended. Laws 2015, chapter 1, section 13; Laws 2015, First Special Session chapter 1, article 8, section 1, the effective date.

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**469.41 DESTINATION MEDICAL CENTER CORPORATION ESTABLISHED.**

Subdivision 1. **DMCC created.** The city must establish a destination medical center corporation as a nonprofit corporation under chapter 317A to provide the city with expertise in preparing and implementing the development plan to establish the city as a destination medical center. Except as provided in sections 469.40 to 469.47, the nonprofit corporation is not subject to laws governing the city.

Subd. 2. **Membership; quorum.** (a) The corporation's governing board consists of eight members appointed as follows:

(1) the mayor of the city, or the mayor's designee, subject to approval by the city council;

(2) the city council president, or the city council president's designee, subject to approval by the city council;

(3) the chair or a member of the county board, appointed by the county board;

(4) a representative of the medical business entity, appointed by and serving at the pleasure of the medical business entity; and

(5) four members appointed by the governor, subject to confirmation by the senate.

(b) Appointing authorities must make their respective appointments as soon as practicable after June 22, 2013, but no later than July 22, 2013.

(c) A quorum of the board is six members.

Subd. 3. **Terms.** (a) A member first appointed after June 22, 2013, under subdivision 2, paragraph (a), clauses (1), (2), and (3), serves for a term coterminous with the term of the elected office, but may be reappointed.

(b) Two members first appointed after June 22, 2013, under subdivision 2, paragraph (a), clause (5), serve from the date of appointment until the first Tuesday after the first Monday in January 2017, and two members first appointed after June 22, 2013, under subdivision 2, paragraph (a), clause (5), serve from the date of appointment until the first Tuesday after the first Monday in January 2020. Thereafter, members appointed by the governor serve six-year terms.

Subd. 4. **Vacancies.** A vacancy occurs as provided in section 351.02 or upon a member's removal under subdivision 7. A vacancy on the board must be filled by the appointing authority for the balance of the term in the same manner as a regular appointment.

Subd. 5. **Chair.** The board must elect a chair from among the governor's appointees. The governor must convene the first meeting within 30 days of completion of all appointments to the board.

Subd. 6. **Pay.** Members must be compensated as provided in section 15.0575, subdivision 3. For the purposes of this subdivision, the member representing the medical business entity shall be treated as if an employee of a political subdivision. All money paid for compensation or reimbursement must be paid out of the corporation's budget.

Subd. 7. **Removal for cause.** A member may be removed by the board for inefficiency, neglect of duty, or misconduct in office. A member may be removed only after a hearing of the board. A copy of the charges must be given to the board member at least ten days before the hearing. The board member must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been

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submitted against a board member, the board may temporarily suspend the member. If the board finds that those charges have not been substantiated, the board member must be immediately reinstated. If a board member is removed, a record of the proceedings, together with the charges and findings, must be filed with the office of the appointing authority.

Subd. 8. **Open meeting law; data practices.** Meetings of the corporation and any committee or subcommittee of the corporation are subject to the open meeting law in chapter 13D. The corporation is a government entity for purposes of chapter 13.

Subd. 9. **Conflicts of interest.** Except for the member appointed by the medical business entity, a member must not be a director, officer, or employee of the medical business entity. A member must not participate in or vote on a decision of the corporation relating to any project authorized by or under consideration by the corporation in which the member has either a direct or indirect financial interest. No member may serve as a lobbyist, as defined under section 10A.01, subdivision 21.

Subd. 10. **Public official.** A member of the corporation is a public official, as defined in section 10A.01, subdivision 35.

Subd. 11. **Powers.** The corporation may exercise any other powers that are granted by its articles of incorporation and bylaws to the extent that those powers are not inconsistent with the provisions of sections 469.40 to 469.47.

Subd. 12. **Contract for services.** (a) The corporation may contract for the services of the nonprofit economic development agency, financial advisors, other consultants, agents, public accountants, legal counsel, and other persons needed to perform its duties and exercise its powers. The corporation may contract with the city or county to provide administrative, clerical, and accounting services to the corporation.

(b) The corporation must contract with the nonprofit agency for the services enumerated in section 469.43, subdivision 6, paragraph (a). The requirement to contract with the nonprofit agency does not limit the corporation's authority to contract with other providers for the services.

Subd. 13. **DMCC approval of projects.** A project must be approved by the corporation before it is proposed to the city. The corporation must review the project proposed for consistency with the adopted development plan.

Subd. 14. **Dissolution.** The city must provide for the terms for dissolution of the corporation in the articles of incorporation.

**History:** *2013 c 143 art 10 s 4*

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**469.42 OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

Subdivision 1. **Bylaws, rules, seal.** The corporation may adopt bylaws and rules of procedure and may adopt an official seal.

Subd. 2. **Officers.** The corporation must annually elect a treasurer. The chair must appoint a secretary and assistant treasurer. The secretary and assistant treasurer need not, but may, be members of the board.

Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their offices. They may be given other duties and powers by the corporation. The corporation must establish and maintain a Web site.

Subd. 4. **Treasurer's duties.** The treasurer:

(1) must receive and is responsible for corporation money;

(2) is responsible for the acts of the assistant treasurer;

(3) must disburse corporation money by check or electronic procedures;

(4) must keep an account of the source of all receipts, and of the nature, purpose, and authority of all disbursements; and

(5) must file the corporation's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. **Secretary.** The secretary must perform duties as required by the board.

Subd. 6. **Assistant treasurer.** The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

**History:** *2013 c 143 art 10 s 5*

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**469.43 DEVELOPMENT PLAN.**

Subdivision 1. **Development plan; adoption by DMCC; notice; findings.** (a) The corporation, working with the city and the nonprofit economic development agency, must prepare and adopt a development plan. The corporation must hold a public hearing before adopting a development plan. At least 60 days before the hearing, the corporation must make copies of the proposed plan available to the public at the corporation and city offices during normal business hours, on the corporation's and city's Web site, and as otherwise determined appropriate by the corporation. At least ten days before the hearing, the corporation must publish notice of the hearing in the official newspaper of the city. The development plan may not be adopted unless the corporation finds, by resolution, that:

(1) the 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;

(2) the proposed development 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;

(3) the proposed development conforms to the general plan for the development of the city and is consistent with the city comprehensive plan;

(4) the plan includes:

(i) 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, and health and wellness;

(ii) estimates of short- and long-range fiscal and economic impacts;

(iii) 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;

(iv) land use planning;

(v) transportation and transit planning;

(vi) operational planning required to support the medical center development district; and

(vii) ongoing market research plans; and

(5) the city has approved the plan.

(b) The identification of planned and anticipated projects under paragraph (a), clause (1), must give priority to projects that will pay wages at least equal to the basic cost of living wage as calculated by the commissioner of employment and economic development for the county in which the project is located. The calculation of the basic cost of living wage must be done as provided for under section 116J.013.

Subd. 2. **Development plan approval by city.** Section 15.99 does not apply to review and approval of the development plan. The city shall act on the development plan within 60 days following its submission by the corporation. The city may incorporate the development plan into the city's comprehensive plan.

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Subd. 3. **Subject to city requirements.** All projects are subject to the planning, zoning, sanitary, and building laws; ordinances; regulations; and land use plans that apply to the city.

Subd. 4. **Modification of development plan.** The corporation may modify the development plan at any time. The corporation must update the development plan not less than every five years. A modification or update under this subdivision must be adopted by the corporation upon the notice and after the public hearing and findings required for the original adoption of the development plan, including approval by the city.

Subd. 5. **Medical center development districts; creation; notice; findings.** As part of the development plan, the corporation may create and define the boundaries of medical center development districts and subdistricts at any place or places within the city. Projects may be undertaken within defined medical center development districts consistent with the development plan.

Subd. 6. **Nonprofit economic development agency.** (a) The medical business entity must establish a nonprofit economic development agency organized under chapter 317A to provide experience and expertise in developing and marketing the destination medical center. The corporation must engage the agency to assist the corporation in preparing the development plan. The governing board of the agency must be comprised of members of the medical community, city, and county. The agency must collaborate with city, county, and other community representatives. The nonprofit agency must provide services to assist the corporation and city in implementing the goals, objectives, and strategies in the development plan including, but not limited to:

(1) facilitating private investment through development of a comprehensive marketing program to global interests;

(2) developing and updating the criteria for evaluating and underwriting development proposals;

(3) drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the authority and the city regarding those proposals;

(4) providing transactional services in connection with approved projects;

(5) developing patient, visitor, and community outreach programs for a destination medical center development district;

(6) working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property;

(7) seeking financial support for the corporation, the city, and a project;

(8) partnering with other development agencies and organizations, the city, and the county in joint efforts to promote economic development and establish a destination medical center;

(9) supporting and administering the planning and development activities required to implement the development plan;

(10) preparing and supporting the marketing and promotion of the medical center development district;

(11) preparing and implementing a program for community and public relations in support of the medical center development district;

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(12) assisting the corporation or city and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development; and

(13) making other general advisory recommendations to the corporation and the city, as requested.

(b) The nonprofit economic development agency must disclose to the city and to the corporation the existence, nature, and all material facts regarding any financial interest its employees or contractors have in any public infrastructure project submitted to the city for approval and any financial interest its employees or contractors have in the destination medical center development. "Contractors" includes affiliates of the contractors or members or shareholders with an ownership interest of more than 20 percent in the contractor.

Subd. 6a. **Restriction on city funds to support nonprofit economic development agency.** The nonprofit economic development agency shall not require the city to pay any amounts to the nonprofit economic development agency that are unrelated to public infrastructure project costs.

***[See Note.]***

Subd. 7. **Audit of nonprofit economic development agency contract.** Any contract for services between the corporation and the nonprofit economic development agency paid, in whole or in part, with public money provides the corporation, the city, and the state auditor the right to audit the books and records of the agency that are necessary to certify:

(1) the nature and extent of the services furnished pursuant to the contract; and

(2) that the payment for services and related disbursements complies with all state laws, regulations, and the terms of the contract.

Any contract for services between the corporation and the agency paid, in whole or in part, with public money must require the corporation to maintain for the life of the corporation accurate and complete books and records directly relating to the contract.

Subd. 8. **Report.** By February 15 of each year, the corporation and city must jointly submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over local and state government operations, economic development, and taxes, and to the commissioners of revenue and employment and economic development, and the county. The corporation and city must also submit the report as provided in section 3.195. The report must include:

(1) the development plan and any proposed changes to the development plan;

(2) progress of projects identified in the development plan;

(3) actual costs and financing sources, including the amount paid with state aid under section 469.47, and required local contributions of projects completed in the previous two years by the corporation, city, county, and medical business entity;

(4) estimated costs and financing sources for projects to be started in the next two years by the corporation, city, county, and medical business entity; and

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(5) debt service schedules for all outstanding obligations of the city for debt issued for projects identified in the plan.

**History:** *2013 c 143 art 10 s 6; 1Sp2015 c 1 art 8 s 2*

**NOTE:** Subdivision 6a, as added by Laws 2015, First Special Session chapter 1, article 8, section 2, is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively from June 22, 2013. Laws 2015, First Special Session chapter 1, article 8, section 2, the effective date.

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**469.44 CITY POWERS, DUTIES; AUTHORITY TO ISSUE BONDS.**

Subdivision 1. **Port authority powers.** The city may exercise the powers of a port authority under sections 469.048 to 469.068 for the purposes of implementing the destination medical center development plan.

Subd. 2. **Support to the corporation.** The city must provide financial and administrative support, and office and other space, to the corporation. The city may appropriate city funds to the corporation for its work.

Subd. 3. **City to issue debt.** The city may issue general obligation bonds, revenue bonds, or other obligations, as it determines appropriate, to finance public infrastructure projects, as provided by chapter 475. Notwithstanding section 475.53, obligations issued under this section are not subject to the limits on net debt, regardless of their source of security or payment. Notwithstanding section 475.58 or any other law or charter provision to the contrary, issuance of obligations under the provisions of this section are not subject to approval of the electors. The city may pledge any of its revenues, including property taxes, the taxes authorized by sections 469.45 and 469.46, and state aid under section 469.47, as security for and to pay the obligations. The city must not issue obligations that are only payable from or secured by state aid under section 469.47.

Subd. 4. **Local government tax base not reduced.** Nothing in sections 469.40 to 469.47 reduces the tax base or affects the taxes due and payable to the city, the county, or any school district within the boundaries of the city, including without limitation, the city's general local sales tax.

Subd. 5. **Project implementation before plan adoption.** The city may exercise the powers under subdivision 3 with respect to any public infrastructure project commenced within the area that will be in the destination medical center development district after June 22, 2013, but before the development plan is adopted subject to approval by the corporation. Actions taken under this authority must be approved by the corporation to be credited against the local contribution required under section 469.47, subdivision 4, or to qualify for reimbursement of the city out of state aid paid under section 469.47, subdivision 3 or 5.

***[See Note.]***

Subd. 6. **American made steel.** The city must require that a public infrastructure project use American steel products to the extent practicable. In determining whether it is practicable, the city may consider the exceptions to the requirement in Public Law 111-5, section 1605.

Subd. 7. **City contracts; construction requirements.** For all public infrastructure projects, the city must make every effort to hire and cause the construction manager and any subcontractors to employ women and members of minority communities. Goals for construction contracts must be established in the manner required under the city's minority and women-owned business enterprises utilization plan.

Subd. 8. **Conduit bond issuance.** (a) Upon the request of the corporation or the nonprofit agency, the city or its economic development authority shall issue revenue bonds or other similar obligations for a qualifying project. "Revenue bonds or other obligations" as used in this subdivision means bonds or other obligations issued under sections 469.152 to 469.165 or under chapter 462C, the interest on which is tax exempt. The city or its development authority shall use its best efforts to issue the bonds or other obligations as promptly and efficiently as possible following the request and the provision of the information and completion of the actions by the corporation or the nonprofit agency that are necessary for the issuance. Upon request of the corporation or nonprofit agency, the city or its economic development authority shall adopt methods and procedures that preserve the confidentiality of private donors or other private participants in the qualifying project, including structures and methods that do not require disclosing information on

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the donors or participants to the city or its economic development authority, and shall segregate in separate accounts all funds related to a qualifying project from other city and authority funds.

(b) For purposes of this section, a "qualifying project" means a project, as that term is defined in section 469.153, or a project that would qualify for financing under chapter 462C, that:

(1) the corporation finds is consistent with and will further the goals of the development plan;

(2) is located in a medical development district; and

(3) has a commitment of private funding sources such as donations of money or in-kind contributions, other than revenues generated by the project, equal to at least ten percent of the total capital cost of the project.

Subd. 9. **Public bidding exemption.** (a) Notwithstanding section 469.068 or any other law to the contrary, the city need not require competitive bidding with respect to a parking facility or other public improvements constructed in conjunction with, and directly above or below, or adjacent and integrally related to, a private development financed or developed under the development plan.

(b) For purposes of this section, "city" includes the development authority established by the city.

**History:** *2013 c 143 art 10 s 7; 2015 c 1 s 7*

**NOTE:** The amendment to subdivision 5 by Laws 2015, chapter 1, section 7, is effective after the governing body of the city of Rochester and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the provisions of law that are amended. Laws 2015, chapter 1, section 13.

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**469.45 CITY TAX AUTHORITY.**

Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding section 477A.016 or any other contrary provision of law, ordinance, or city charter, and in addition to any taxes the city may impose on these transactions under another statute or law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the city, any of the following taxes:

(1) a tax on the gross receipts from the furnishing for consideration of lodging and related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the city may choose to impose a differential tax based on the number of rooms in the facility;

(2) a tax on the gross receipts of food and beverages sold primarily for consumption on the premises by restaurants and places of refreshment that occur in the city of Rochester; the city may elect to impose the tax in a defined district of the city; and

(3) a tax on the admission receipts to entertainment and recreational facilities, as defined by ordinance, in the city of Rochester.

(b) The provisions of section 297A.99, subdivisions 4 to 13, govern the administration, collection, and enforcement of any tax imposed by the city under paragraph (a).

(c) The proceeds of any taxes imposed under this subdivision, less refunds and costs of collection, must be used by the city only to meet its share of obligations for public infrastructure projects contained in the development plan and approved by the corporation, including any associated financing costs or to pay any other costs qualifying as a local matching contribution under section 469.47, subdivision 4. Any tax imposed under paragraph (a) expires at the earlier of December 31, 2049, or when the city council determines that sufficient funds have been raised from the tax plus all other local funding sources authorized in Laws 2013, chapter 143, article 10, to meet the city obligation for financing public infrastructure projects contained in the development plan and approved by the corporation, including any associated financing costs.

***[See Note.]***

Subd. 2. **General sales tax authority.** The city may elect to extend the existing local sales and use tax under Laws 2013, chapter 143, article 10, section 13, or to impose an additional rate of up to one quarter of one percent tax on sales and use under Laws 2013, chapter 143, article 10, section 11. The proceeds of any extended or additional taxes imposed under this subdivision, less refunds and costs of collection, must be used by the city only to meet its share of obligations for public infrastructure projects contained in the development plan and approved by the corporation, including all financing costs. Revenues collected in any year to meet the obligations must be used for payment of obligations or expenses for public infrastructure projects approved by the corporation or of any other costs qualifying as a local matching contribution under section 469.47, subdivision 4.

***[See Note.]***

Subd. 3. **Special abatement rules.** (a) If the city or the county elects to use tax abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure projects, including all financing costs, the special rules under this subdivision apply. Taxes abated for public infrastructure projects must be used only for obligations or other infrastructure projects approved by the corporation.

(b) The limitations under section 469.1813, subdivision 6, do not apply to the city or the county.

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(c) The limitations under section 469.1813, subdivision 8, do not apply and property taxes abated by the city or the county to finance costs of public infrastructure projects are not included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement for other purposes of the city or the county; however, the total amount of property taxes abated by the city and the county under this authority must not exceed $87,750,000.

Subd. 4. **Special tax increment financing rules.** If the city elects to establish one or more redevelopment tax increment financing districts within the area of the destination medical center development district to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2); 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions of this subdivision expire effective for tax increments expended after December 31, 2049. After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increments.

**History:** *2013 c 143 art 10 s 8; 1Sp2015 c 1 art 8 s 3,4*

**NOTE:** The amendments to subdivisions 1 and 2 by Laws 2015, First Special Session chapter 1, article 8, sections 3 and 4, are effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and apply retroactively to the original effective dates of the laws that are amended. Laws 2015, First Special Session chapter 1, article 8, sections 3 and 4, the effective dates.

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**469.46 COUNTY TAX AUTHORITY.**

(a) Notwithstanding sections 297A.99, 297A.993, and 477A.016, or any other contrary provision of law, ordinance, or charter, and in addition to any taxes the county may impose under another law or statute, the Board of Commissioners of Olmsted County may, by resolution, impose a transit tax of up to one quarter of one percent on retail sales and uses taxable under chapter 297A. The provisions of section 297A.99, subdivisions 4 to 13, govern the imposition, administration, collection, and enforcement of the tax authorized under this paragraph.

(b) The Board of Commissioners of Olmsted County may, by resolution, levy an annual wheelage tax of up to $10 on each motor vehicle kept in the county when not in operation which is subject to annual registration and taxation under chapter 168, for transportation projects within the county. The wheelage tax must not be imposed on the vehicles exempt from wheelage tax under section 163.051, subdivision 1. The board, by resolution, may provide for collection of the wheelage tax by county officials, or it may request that the tax be collected by the state registrar on behalf of the county. The provisions of section 163.051, subdivisions 2, 2a, 3, and 7, must govern the administration, collection, and enforcement of the tax authorized under this paragraph. The tax authorized under this section is in addition to any tax the county may be authorized to impose under section 163.051, but until January 1, 2018, the county tax imposed under this paragraph, in combination with any tax imposed under section 163.051, must equal the specified rate under section 163.051.

(c) The proceeds of any taxes imposed under paragraph (a), less refunds and costs of collection, must be first used by the county to meet its local matching contributions under section 469.47, subdivision 6, for financing transit infrastructure related to the public infrastructure projects contained in the development plan and approved by the corporation, including any financing costs. Revenues collected in any calendar year in excess of the county obligation to pay for projects contained in the development plan may be retained by the county and used for funding other transportation projects, including roads and bridges, airports, and transportation improvements.

(d) Any taxes imposed under paragraph (a) expire December 31, 2049, or at an earlier time if approved by resolution of the county board of commissioners. The taxes must not terminate before the county board of commissioners determines that revenues from these taxes and any other revenue source the county dedicates are sufficient to pay the county share of transit project costs and financing costs under the development plan.

**History:** *2013 c 143 art 10 s 9*

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**469.47 STATE INFRASTRUCTURE AID.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including, but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus $200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, such as transit stations, equipment, rights-of-way, and similar costs.

***[See Note.]***

Subd. 2. **Certification of expenditures.** By April 1 of each year, the medical business entity must certify to the commissioner the amount of expenditures made by the medical business entity in the preceding year. For expenditures made by an individual or entity other than the medical business entity, the corporation shall compile the information on the expenditures and may certify the amount to the commissioner. The certification must be made in the form that the commissioner prescribes and include any documentation of and supporting information regarding the expenditures that the commissioner requires. By August 1 of each year, the commissioner must determine the amount of the expenditures for the preceding year.

Subd. 3. **General state infrastructure aid.** (a) The amount of the general state infrastructure aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 2.75 percent. The maximum amount of state aid payable in any year is limited to no more than $30,000,000. If the commissioner determines that the city has made the required matching local contribution under subdivision 4, the commissioner must pay to the city the amount of general state infrastructure aid for the year by September 1. If the commissioner determines that the city has not made the full required matching local

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contribution for the year, the commissioner must pay only the aid permitted under the agreement for the matching contribution made and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(b) The city must use general state infrastructure aid it receives under this subdivision for improvements and other capital costs related to the public infrastructure projects approved or adopted by the corporation, other than transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, $455,000,000 of general public infrastructure projects.

***[See Note.]***

Subd. 4. **General aid; local matching contribution.** In order to qualify for general state infrastructure aid, the city must enter a written agreement with the commissioner that requires the city to make a qualifying local matching contribution to pay for $128,000,000 of the cost of public infrastructure projects approved by the corporation, including financing costs, using funds other than state aid received under this section. The required local matching contribution is reduced by any amounts the city pays out of funds other than state aid received under this section for the support, administration, or operations of the corporation and the economic development agency up to a maximum amount agreed to by the board and the city. These amounts include any costs the city incurs in providing services, goods, or other support to the corporation or agency. The agreement must provide for the manner, timing, and amounts of the city contributions, including the city's commitment for each year. Notwithstanding any law to the contrary, the agreement may provide that the city contributions for public infrastructure project principal costs may be made over a 20-year period at a rate not greater than $1 from the city for each $2.55 from the state. The local match contribution may be provided by the city from any source identified in section 469.45 and any other local tax proceeds or other funds from the city and may include providing funds to prepare the development plan, to assist developers undertaking projects in accordance with the development plan, or by the city directly undertaking public infrastructure projects in accordance with the development plan, provided the projects have been approved by the corporation. City contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The commissioner and city may agree to amend the agreement at any time in light of new information or other appropriate factors. The city may enter into arrangements with the county to pay for or otherwise meet the local matching contribution requirement. Any public infrastructure project within the area that will be in the destination medical center development district whose implementation is started or funded by the city after June 22, 2013, but before the development plan is adopted, as provided by section 469.43, subdivision 1, will be included for the purposes of determining the amount the city has contributed as required by this section and the agreement with the commissioner, subject to approval by the corporation.

***[See Note.]***

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Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, reduced by the amount of the local contribution under subdivision 6. The maximum amount of state transit aid payable in any year is limited to no more than $7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state aid only in proportion to the amount of the matching contribution made for the year and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution for that prior year is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, $116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

***[See Note.]***

Subd. 6. **Transit aid; local matching contribution.** (a) The required local matching contribution for state transit aid equals the lesser of:

(1) 40 percent of the state transit aid under subdivision 5; or

(2) the amount that would be raised by a 0.15 percent sales tax imposed by the county in the preceding year.

The county may impose the sales tax or the wheelage tax under section 469.46 to meet this obligation.

(b) If the county elects not to impose any of the taxes authorized under section 469.46, the county, or city, or both, may agree to make the local contribution out of other available funds, other than state aid payable under this section. The commissioner of revenue must estimate the required amount and certify it to the commissioner, city, and county.

Subd. 7. **Prevailing wage requirement.** During the construction, installation, remodelling, and repairs of any public infrastructure project funded by state aid or a local matching contribution under this section, laborers and mechanics at the site must be paid the prevailing wage rate as defined in section 177.42, subdivision 6, and the project is subject to the requirements of sections 177.30 and 177.41 to 177.44.

Subd. 8. **Termination.** No aid may be paid under this section after fiscal year 2049.

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Subd. 9. **Appropriation.** An amount sufficient to pay the state general infrastructure and state transit aid authorized under this section is appropriated to the commissioner from the general fund.

**History:** *2013 c 143 art 10 s 10; 2015 c 1 s 8-11; 1Sp2015 c 1 art 8 s 5*

**NOTE:** The amendments to subdivisions 1, 3, and 5 by Laws 2015, chapter 1, sections 8, 9, and 11, are effective after the governing body of the city of Rochester and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and apply retroactively to the original effective dates of the provisions of law that are amended. Laws 2015, chapter 1, section 13.

**NOTE:** The amendment to subdivision 4 by Laws 2015, chapter 1, section 10, as amended by Laws 2015, First Special Session chapter 1, article 8, section 5, is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of the provisions of laws that are amended. Laws 2015, chapter 1, section 13; Laws 2015, First Special Session chapter 1, article 8, section 5, the effective date.

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