

DESTINATION MEDICAL CENTER CORPORATION

RESOLUTION NO. 109-2020

**Adopting the 2020 Five-Year Update to the Development Plan
(Modification Number 3 to the Development Plan)**

The following Resolution was offered by Pamela Wheelock, seconded by James R. Campbell.

BACKGROUND RECITALS

1. Pursuant to Minnesota Statutes Section 469.43, the Destination Medical Center Corporation (“DMCC”), working with the City of Rochester (the “City”) and the Destination Medical Center Economic Development Agency (the “EDA”), adopted a development plan on April 23, 2015, as amended (the “Development Plan”).

2. The statute requires that the DMCC update the Development Plan not less than every five years. A modification or update must be adopted by the DMCC upon notice and after the public hearing and findings required for the original adoption of the Development Plan, including approval by the City.

3. The EDA presented a draft of the proposed five year update to the Development Plan (the “Five-Year Update”) to the DMCC on August 27, 2020. By Resolution 102-2020, the DMCC submitted the proposed Five-Year Update, the third proposed modification to the Development Plan, to the City for action.

4. The City of Rochester Common Council held a meeting on October 19, 2020 to receive public input and to consider the Five-Year Update. The City Council amended and approved the Five-Year Update in a Resolution passed and adopted on October 19, 2020. A copy of the City Council Resolution is attached hereto as Exhibit A.

5. On September 16, 2020, the DMCC made copies of the Five-Year Update available to the public at the DMCC’s, City’s, and EDA’s offices during normal business hours, and on the DMCC’s and City’s websites. On November 3, 2020, the DMCC published notice of a public hearing scheduled for November 19, 2020 in the *Rochester Post-Bulletin*, the official newspaper of the City and subsequently posted the notice on the DMCC, City, and EDA websites. The DMCC received written comments through November 12, 2020.

6. With the benefit of months of review, multiple public meetings, written comments, public testimony, comments from City, and public officials, the DMCC makes the following findings of fact and resolution.

FINDINGS OF FACT

1. The Five-Year Update, in conjunction with the Development Plan, provides a framework for implementing the mission of the DMCC. The DMCC mission statement is as follows:

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

2. The Five-Year Update comports with the goals and objectives adopted by the DMCC, in Resolution 02- 2013, as detailed in Section 1.1.2 of the Development Plan.

3. The Five-Year Update, in conjunction with the Development Plan, provides an outline for the development of the City as a destination medical center, and the Five-Year Update is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives.

4. The proposed development affords maximum opportunity, consistent with the needs of the City, Olmsted County, and the State, for the development of the City by private enterprise as a destination medical center.

5. The proposed development conforms to the general plan for the development of the City and is consistent with the City Comprehensive Plan. For purposes of this Finding Five, “proposed development” means the conceptual general framework for development outlined in the Five-Year Update and approved by the City in its resolution adopted on October 19, 2020.

6. The Five-Year Update, in conjunction with the Development Plan, includes:

a. 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;

b. Estimates of short- and long-range fiscal and economic impacts;

c. 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;

d. Land use planning;

e. Transportation and transit planning;

f. Operational planning required to support the medical center development district; and

g. Ongoing market research plans.

7. In the Resolution passed and adopted on October 19, 2020, the City amended and approved the Five-Year Update to the Development Plan.

8. In a Resolution passed and adopted on November 5, 2020, the EDA Board of Directors endorsed the Five-Year Update to the Development Plan, as approved by the City, and recommended it to the DMCC for approval.

9. On November 19, 2020 at 9:30 a.m., the DMCC held a meeting and public hearing to receive public input and to consider the Five-Year Update. The DMCC published notice of the hearing at least ten days in advance in the *Rochester Post-Bulletin*. The DMCC also received written comments through November 12, 2020.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED by the Destination Medical Center Corporation Board of Directors that the Five-Year Update, the third modification to the Development Plan, dated and revised as of November 19, 2020, attached as Exhibit B and on file with the DMCC is hereby adopted, in conjunction with the Development Plan, as a conceptual framework to guide implementation of the Destination Medical Center initiative under Minnesota Statutes, Sections 469.40 to 469.47 and the mission of the DMCC.

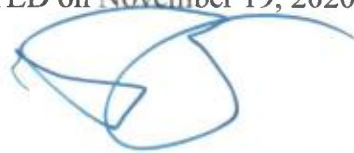
BE IT FURTHER RESOLVED that the DMCC Chair and Vice Chair are authorized to take such other actions as are necessary and appropriate to effectuate the adoption of the Five-Year Update to the Development Plan.

The question was on the adoption of the Resolution and there were 8 YEAS and 0 NAYS, as follows:

BOARD OF DIRECTORS
Destination Medical Center Corporation

	<u>YEA</u>	<u>NAY</u>	<u>OTHER</u>
James V. Bier	<u>X</u>	_____	_____
James R. Campbell	<u>X</u>	_____	_____
Michael E. Dougherty	<u>X</u>	_____	_____
Kim Norton	<u>X</u>	_____	_____
R.T. Rybak	<u>X</u>	_____	_____
Randy Staver	<u>X</u>	_____	_____
Paul D. Williams	<u>X</u>	_____	_____
Pamela Wheelock	<u>X</u>	_____	_____

RESOLUTION ADOPTED on November 19, 2020.



ATTEST: _____
R.T. Rybak, Chair
Destination Medical Center Corporation

EXHIBIT A**RESOLUTION****Five-Year Update to the Destination Medical Center Development Plan.**

WHEREAS, on March 23, 2015, the Common Council of the City of Rochester adopted Resolution No. 133-15 approving the Destination Medical Center (DMC) Development Plan; and,

WHEREAS, Minnesota Statutes, section 469.43, subd. 4 requires that the Destination Medical Center Corporation (DMCC) update the Development Plan not less than every five years; and,

WHEREAS, on August 27, 2020, the DMCC formally submitted the Five-Year Update to the Development Plan (Forward: Creating Rochester's Tomorrow) to the City of Rochester for its review and action within 60 days; and,

WHEREAS, the DMC Economic Development Agency (EDA) has coordinated ongoing community engagement activities; received additional feedback and input from community members, City and County staff, stakeholders, and professional advisory firms; and corrected minor grammatical and editing errors found in the Five-Year Update to the Development Plan; and,

WHEREAS, the DMC EDA has advised the City that the most substantive of these additions include scenario-based forecasts of the economic impact of the global COVID-19 pandemic and updated built program projections for 2020-2024; and,

WHEREAS, the DMC EDA has incorporated these additions into the submission provided by the DMCC and recommends that the Common Council of the City of Rochester adopt this updated version; and,

WHEREAS, the City has reviewed the Five-Year Update to the Development Plan as updated by the DMC EDA;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Rochester that the City approves the Five-Year Update to the Development Plan, including the additions provided by the DMC EDA.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF
ROCHESTER, MINNESOTA, THIS 19th DAY OF October, 2020.

ATTEST: Kelly G. Sciath
CITY CLERK

Randy Staver
PRESIDENT OF SAID COMMON COUNCIL

APPROVED THIS 21st DAY OF October, 2020.



Kim Norton
MAYOR OF SAID CITY

EXHIBIT B

FORWARD

CREATING ROCHESTER'S FUTURE




DMC
Destination
Medical Center
Rochester, MN

DESTINATION MEDICAL CENTER DEVELOPMENT PLAN | 2020 UPDATE

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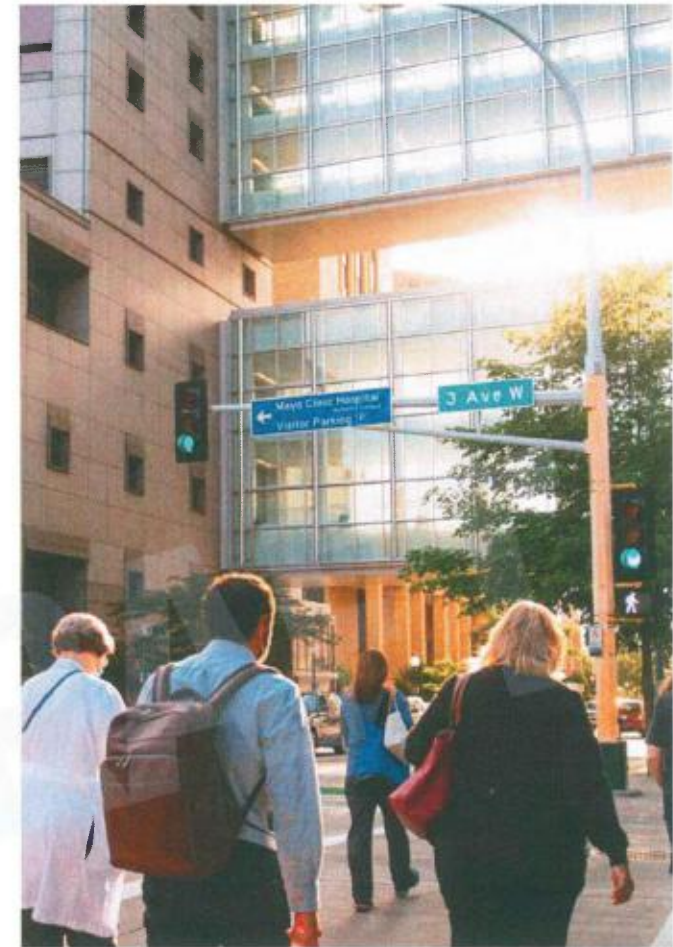
DEAR COLLEAGUES:

Over the past five years, DMC has been setting the table for Rochester's future through planning, investment and infrastructure. Moving into our sixth year, we continue to build toward the vision defined in our 2015 Development Plan – a guide for each phase of development across six integrated sub-districts. But as we begin the Development Plan's next five-year phase, we are reassessing and refining our plans to account for the new challenges posed by the COVID-19 pandemic.

As this report is finalized, the pandemic is still running its course. You will read a summary in this update of the research we commissioned to help us better understand the pandemic's implications and the considerations we are addressing to create safe connections between people and places. Our intent is to emerge as a city that is more resilient and better equipped for tomorrow, a city that as the premier global destination for health and wellness can safely and confidently attract people, investment and jobs.

Despite the pandemic's challenges, the DMC model is working. Today's progress is testimony to the power of collaboration. I want to acknowledge the guidance and contributions of many, including DMCC and DMC EDA board members, our partners at the City of Rochester, Olmsted County and the State of Minnesota, as well as our civic leaders and community partners, and of course, DMC EDA team members. We appreciate the many members of our community who have expressed interest and have taken part in our planning sessions, lending their voices to discussions regarding the creative use of community spaces and shaping our plans.

Our focus remains steadfast as we continue to realize our vision. The health and welfare of our community remains foremost. We want a Rochester that retains authenticity while offering extraordinary opportunities for residents and businesses



to thrive. We are dedicated to creating a welcoming city shared with patients and visitors, a city that works for all, and one we are exceedingly proud to call home.

As you read through the update, keep in mind that it provides a snapshot of today, divided over five Phase One project areas. Each area documents stages of development, project completion and economic impact to our city, county and state. It also addresses areas where our original plans have changed course.

Thank you to all whose encouragement,

questions and, yes, challenges have made and continue to make DMC better and stronger. Together we are moving forward to create Rochester's safe, vibrant and innovative tomorrow.

Sincerely,

Lisa Clarke
Executive Director
DMC EDA

EXECUTIVE SUMMARY

Why is there a 5-year update?

The DMC Development Plan was created as a 20-year vision and framework to guide the development of the heart of downtown Rochester. Over that time period it was anticipated that market conditions would change and evolve, as would the needs of the community and Rochester. Thus the strategy of an update every 5 years was also established as part of the DMC statute. This first update aims to capture:

- + What happened in the first 5 years of DMC?

- + What does DMC have planned for the next 5 years?
- + What additional considerations may impact the 2nd phase of DMC (2020-2024)?

What happened in the first 5 years of DMC?

New Jobs

Rochester added approximately 7,700 positions over the past five years, with growth concentrated in healthcare and additional jobs added in retail, hospitality, research and office segments. More than 80 percent of the new jobs

paid more than Rochester's Area Median Income of approximately \$75,000. More local women and minority owned businesses are needed to fulfill the DMC vision and the project is on track to meet its 2035 jobs goal.

New Investment

Private investment during Phase 1 exceeded goal and totaled \$963 million, which leveraged \$98 million of public investment, including TIF funds. In all sectors except hotels, actual buildouts exceeded planned square footage. Projections indicate strong Phase 2 public funding while the impact of COVID-19 will influence how private investment occurs in 2020-2024.

New Tax Revenue

Phase 1 programs and investments delivered a tax revenue impact equal to roughly 12 percent of the goal, ahead of projections. New job creation has been the main driver of increased tax revenue. The impact of the COVID-19 pandemic on future tax revenue projections is being analyzed. DMC is working with the city and other collaborators to update the relevant economic models and projections.

Plans and Prototypes

To create the DMC Development Plan, 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 energy district planning.

Transforming Experiences

The DMC team forged new partnerships with a range of community stakeholders to advance DMC's core goal of delivering the highest quality patient, visitor and community member experience now and in the future. The "When in Rochester" app and a new RDA Ambassadors program grew out of ongoing efforts to ease stress for visiting patients and their companions and improve their stay experience from arrival through shift from clinical care to free time and end-of-day activities.

What does DMC have planned for the next 5 years?

Mobility

Extensive planning and prototyping developed during Phase 1 will start becoming more visible in Phase 2. Major mobility initiatives include updated pedestrian and bike amenities, links to existing trails, a high-frequency electric bus rapid transit route and a pilot use of autonomous vehicle technology.

Public Realm

Some signature elements of the public realm vision for DMC will complete construction during Phase 2, including

Heart of the City and Discovery Walk. Planning for the Downtown Waterfront public realm space will begin with initial construction completed by the end of Phase 2. Design and construction of key other public realm components will be coordinated with complementary transit initiatives.

Streets and Sewers

A number of projects that moved through the design process in Phase 1 will proceed to construction in Phase 2. The priorities are infrastructure projects that encourage additional downtown development, including the replacement of surface parking lots with development that will increase downtown's vibrancy, support jobs, retail or housing and increase tax revenue. Water, sewer, and stormwater projects continue in varying stages of repair or replacement to support new development in the DMC District.

Transformative Private Development

Building on the success of One Discovery Square, a multi-tenant, life science and technology innovation building in the Discovery Square sub-district, a groundbreaking on a second building occurred in late 2020, with a targeted

opening in 2022. The Discovery Square sub-district is the economic engine for DMC. The bio-med-tech innovation fueled by Mayo Clinic's proximity drives entrepreneurial growth and remains a core focus for DMC. At the same time, more housing options and supporting vibrant local retail will also be a critical focus for DMC.

Community Experience

Collaborating to create a downtown experience that is welcoming and enticing to residents is a core goal of DMC. Sustainability and equity considerations are also central to the future investment strategies of the DMC. The initial targets for MWBE/DBE participation in construction have been raised and data-driven evaluation of projects and investments will guide decision making.

COVID-19 Impacts

This update is being issued in the midst of the COVID-19 global pandemic. DMC EDA worked with an economic advisory firm to analyze the potential economic impacts of this significant event. Further details of this analysis can be found on pp. 22-25 of this document.

Public Investment in the DMC District

	Phase 1 Actual 2015-2019	Phase 2 Proposed 2020-2024
Mobility	\$21.5M (22%)	\$60-75 million (30-37.5%)
Public Realm	\$9.8M (10%)	\$35-50 million (17.5-25%)
Streets / Sewers	\$17.3M (18%)	\$35-50 million (17.5-25%)
Private Development	\$28.9M (29%)	\$20-45 (10-22.5%)
Operations	\$20.7M (21%)	\$15-20 million (7.5-10%)
Total	\$98.5M	\$200 million +/-





DMC's Prototyping Festival in 2016 crowdsourced public realm planning ideas and concepts from the community.

Context

This first section gives an overview of the founding principles of DMC and an update on the current demographics of Rochester, including the outlook for the healthcare industry as of the end of 2019. The concluding pages of this section speak to the COVID-19 context.

WHAT IS DESTINATION MEDICAL CENTER?

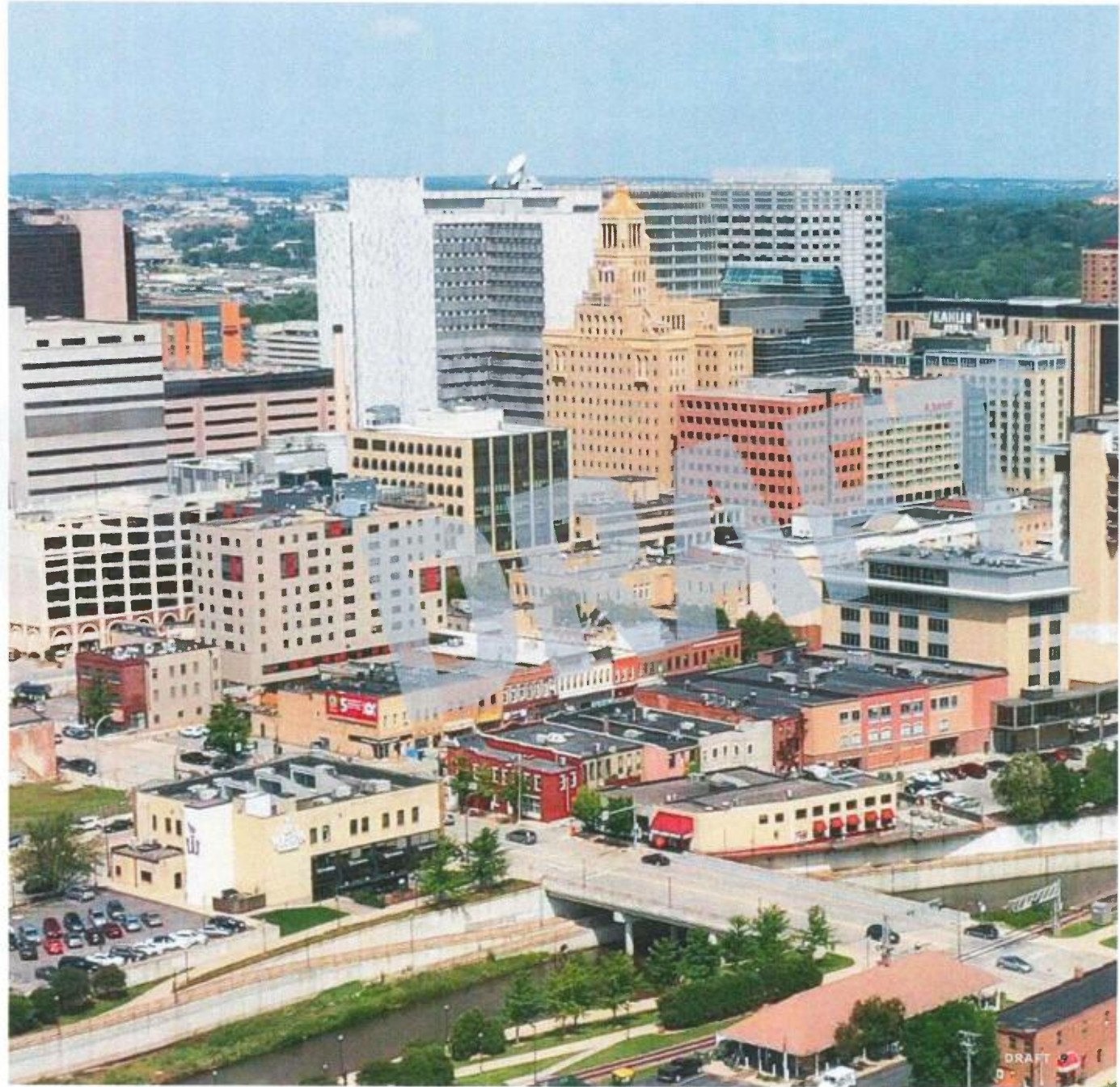
Destination Medical Center (DMC) is a unique, public-private partnership and economic development initiative that began in 2013. The \$5.6 billion plan is the largest in Minnesota's history. The partnership combines Mayo Clinic private development with that of other developers and investors, in addition to public infrastructure investment from the city of Rochester, Olmsted County, and the State of Minnesota.

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

Public infrastructure investments and private development, and Mayo Clinic's reputation for excellence are leveraged to create further economic opportunities for Rochester that are not directly tied to Mayo Clinic. In Phase 1, developers, corporations, small businesses, restaurant groups and hospitality partners contributed not only to Rochester's economic growth but also to that of the region and Minnesota.

The initial DMC Development Plan adopted in 2015 outlines a vision for DMC and provides a roadmap for implementation over the course of 20 years. The plan is divided into four five-year phases. Every five years, DMC is responsible for presenting a progress update. Updates are to include an evaluation of progress in addition to plan changes. Also included in the update are current market conditions and other factors to be considered as DMC moves into its next five-year phase.

Plan modifications are to be presented to the Destination Medical Center Corporation Board (DMCC) during the 20-year implementation period (2015-2035) for its review and vote. The plan is also reviewed and voted on by the Rochester City Council.





Construction to impact and install a sanitary sewer in the Heart of the City sub-district.

WHAT IS PUBLIC INFRASTRUCTURE?

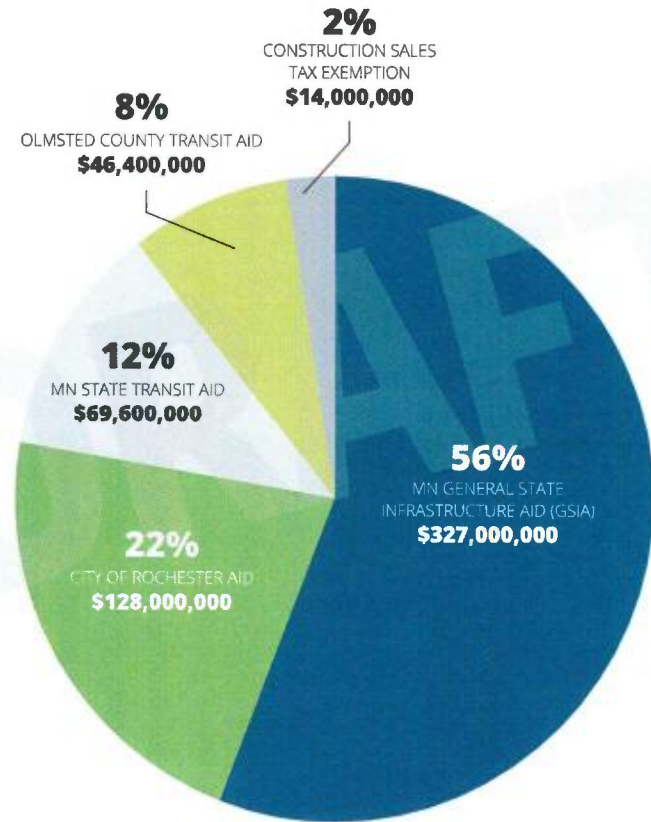
Pursuant to the DMC Act, DMC Funds may be used to support Public Infrastructure Projects to:

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;
4. Install, construct, or reconstruct elements of public infrastructure required to support the overall development of the 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, way finding 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 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.

FIGURE 2.2: PUBLIC INFRASTRUCTURE PROJECTS

Figure from 2015 Development Plan Section 2.0 - DMC Capital Investment Plan (Phase 1), pg. 1

SOURCES OF DMC \$585M PUBLIC INVESTMENT



Values from 2015 Development Plan Section 2.0 - DMC Capital Investment Plan (Phase 1), pg. 1

DMC GOALS

1 Create Comprehensive Strategic Plan

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

2 Attract Private Investment

Leverage public investments to attract more than \$5 billion in private investments to Rochester.

3 Create Jobs

Create more than 30,000 new jobs, with workforce development strategies that support that growth.

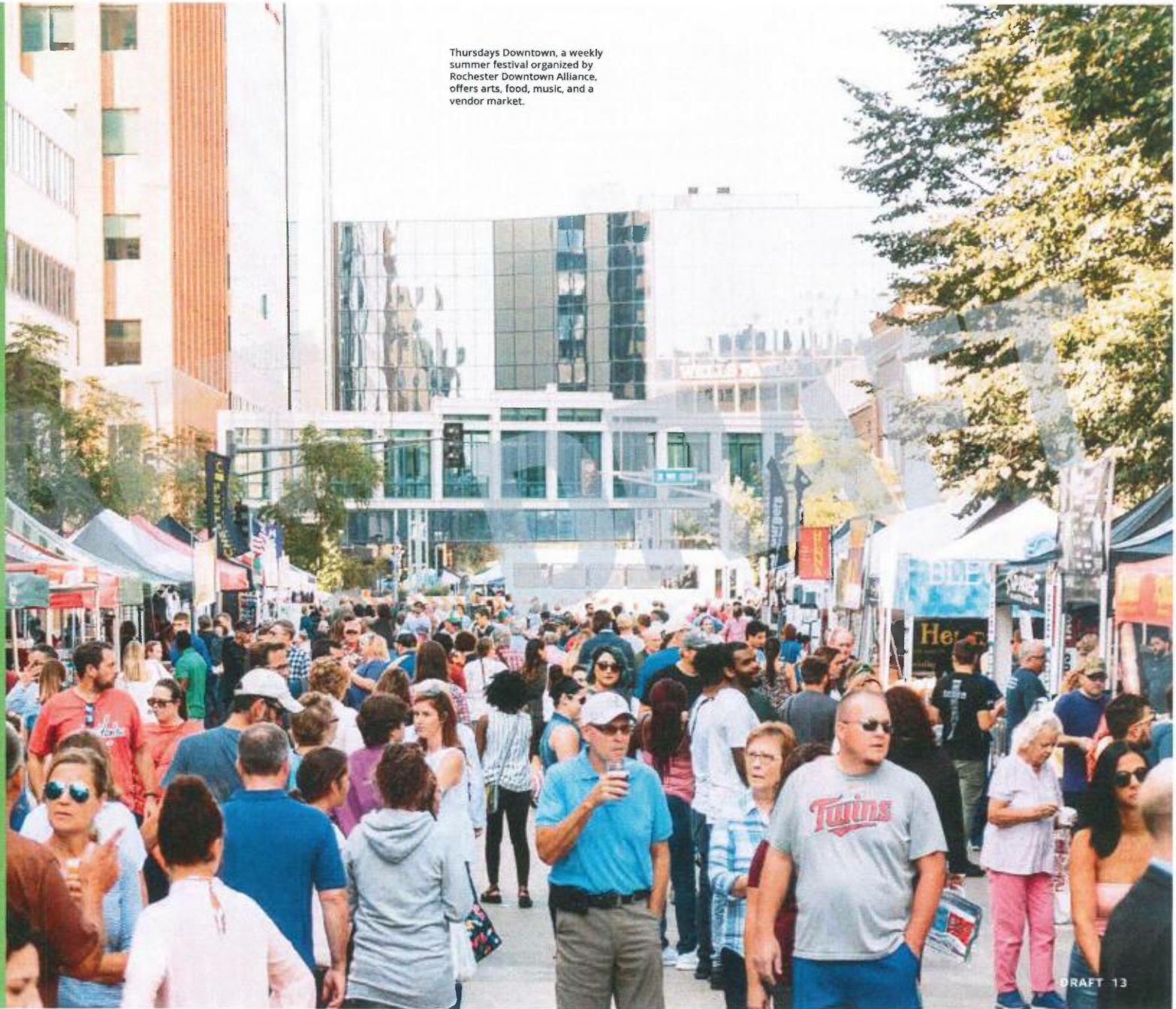
4 Generate Additional Net Tax Revenue

Generate approximately \$7.5–\$8.0 billion in new net tax revenue over 35 years.

5 Become the Destination for Health & Wellness

Achieve the highest quality patient, visitor, and community member experience, now and in the future.

Thursdays Downtown, a weekly summer festival organized by Rochester Downtown Alliance, offers arts, food, music, and a vendor market.





GUIDING PRINCIPLES

DMC's eight Guiding Principles were created after a series of initial discussions were held in 2015 with DMCC board members, community members, civic leaders and Destination Medical Center Economic Development Agency (DMC EDA) staff. Principles were reviewed as part of the five-year update process to ensure continued relevance.

1. Establish a bold and compelling vision for Rochester and the Destination Medical Center

The DMC Initiative plan mapped out a staged transformation of the epicenter of Rochester – its downtown core – from what was perceived to be largely a medical campus into that of a vibrant urban center that would become one of America's model cities.

The plan outlined a vision for an integrated downtown unified by six sub-districts that reflect Mayo Clinic's approach to patient care: integrative, collaborative and holistic. Each district is anchored by unique places designed to create experiences to attract and retain residents, visitors, employees and investors. The plan strives to balance not only public and private sector

development interests, but also considers the health and welfare of the community, region and the thousands of patients who visit Mayo Clinic annually. It was envisioned by Rochester citizens and reflects the principles, ideas, and culture unique to this community.

2. Sustain Rochester and Southeast Minnesota as a destination medical center and economic engine for the state

Rochester and Mayo Clinic, the city's largest employer, are critical components of the region's and state's economy. As such, Rochester's downtown core needs to maintain an economic concentration by expanding its business base in order to enhance economic diversity. The DMC Development Plan promotes strategies that are focused on a broad range of opportunities, giving special consideration to strategies that support and leverage Mayo Clinic's growth to enhance and expand the economy of Rochester and Southeast Minnesota. These strategies promote local and regional growth of new and targeted businesses, investment and entrepreneurship.

3. Implement a comprehensive strategy to drive economic development and investment

The 2015 Development Plan sets DMC's implementation framework and serves as a comprehensive planning document akin to a strategic business plan that addresses land use, transportation, infrastructure, finance, business development, marketing and operations strategies.

Included in the plan is a financial framework and rigorous application process.

Underwriting (evaluation) criteria are incorporated and require investors and developers not only to assess the costs to construct projects, but also to operate and maintain those projects over the long term.

The planning framework and implementation strategies encourage an active and on going public-private partnership between DMCC, City, DMC EDA, Mayo Clinic, developers and other stakeholders to fund and operate projects. As such, it relies on strengths and assets unique to Rochester while borrowing best practices from other cities.

Finally, the implementation plan establishes metrics to measure the

progress relative to DMC objectives over the twenty-year planning period.

4. Align development with market-driven framework and strategies

The Development Plan is based on market-driven strategies that set a strategic framework for implementation and are visionary and flexible in response to changing market conditions. The plan does not dictate specific projects or development/redevelopment parcels, as ultimately, private and public partners will determine the rate at which the vision is realized and investment occurs.

5. Create a dynamic and accessible urban core

The DMC vision promotes inclusivity in its openness and accessibility to residents, employees and visitors through key strategies that include:

- + Create an experience authentic to Rochester;
- + Develop a series of memorable urban experiences that appeal to all of Rochester's residents and visitors;
- + Establish iconic places and attractions where people want to be;
- + Provide programmatic offerings and venues that are unique to Rochester;

- + Establish a compact, walkable, series of streets and public spaces that are connected in the heart of downtown;
- + Embrace seasonality; and
- + Develop strategies that recognize the unique needs and demands of patients and their companions that drive visitation in the City.

6. Develop mobility and transit solutions to support growth

The DMC Transportation Implementation Plan was developed with a focus on mobility to reduce dependency on automobiles while creating connections to the surrounding area and region. The plan calls for convenient access to and around downtown by having more high-frequency transit, an enhanced network of bike trails, safe walkable streets, a downtown transit circulator, and high-frequency shuttles from remote parking.

7. Create a model for sustainability

Principles of sustainable planning and development are found throughout the Development Plan. The plan strives to implement sustainable urban design and building practices to improve

and enhance the environment and quality of life, including stormwater, and transportation/transit and parking systems.

It recognizes the interrelationship of uses and builds from these strategies to position Rochester and DMC as a leader in sustainable urban environments.

8. Deploy technology and innovation to promote a globally competitive destination

Technology and innovation are core to the DMC economic strategy. Therefore, the plan provides for the flexibility to adapt to increasing demands and emerging technologies over time. DMC investments foster the advancement and growth of Rochester's medical, research, innovation, education, entrepreneurial and general business environment. In addition to business strategies, ongoing planning and development efforts integrate technology strategies into land use, transportation and infrastructure plans to support a connected, collaborative community for businesses, residents and visitors.

Context

GEOGRAPHIC AND DEMOGRAPHIC CONTEXT

As the third largest city in Minnesota and the Olmsted County seat, Rochester has a dynamic and growing economy. The county's estimated 2020 population (167,500) and employment (128,400) are projected to increase by approximately 36,000 people and 22,000 jobs over the next 20 years.¹ Much of this growth will be driven by Mayo Clinic. As a globally-renowned center for high-quality healthcare, pioneering research and medical education, Mayo Clinic is the engine of the local economy, as well as the largest private employer in Minnesota.

Mayo Clinic policy changes in 2013 enabled researchers and physicians to form their own start-up companies, a shift from its previous policy, which required clinicians to license medical inventions to existing companies.

This employee entrepreneurship program led to a boost in Mayo Clinic employee-founded start-up companies within DMC. Additionally, Mayo Clinic partnered with large technology and healthcare companies such as Google and Boston Scientific to further improve patient and clinician experiences through cutting-edge enhancements and innovations. These partnerships have resulted in a burgeoning entrepreneurial ecosystem, especially among new and

The county's estimated 2020 population (167,500) and employment (128,400) are projected to increase by approximately 36,000 people and 22,000 jobs over the next 20 years.

growing industries in the region, such as medical technology and biosciences. The emergence of these industries has begun to diversify the local economy, a critical step toward long-term economic success of the region.

The ability to attract and retain a highly qualified workforce is critical to the success of DMC.

Therefore, diversification of the local economy beyond healthcare is key. Also important are cultural and entertainment opportunities that enrich quality of life. The city and DMC are actively working to enhance the vibrancy of downtown Rochester with two of its cultural anchors: the historic and newly renovated Chateau Theatre and the expanded Mayo Civic Center. Infill mixed-use development is transforming underutilized land downtown, creating a denser core and live/work/play environment.



Colorful traffic barriers help downtown Rochester restaurants expand their outdoor dining area to serve more customers during the COVID-19 pandemic.

¹New Rapid Transit for a Growing, Equitable Rochester - Market analysis, August 2020

HEALTHCARE CONTEXT

The first of the required five-year updates to Rochester's Destination Medical Center development plan coincides with a period of unprecedented turmoil in global health. The COVID-19 pandemic persists across the country at the time of this update. In a recent interview with Medical Alley, Gianrico Farrugia, M.D., Mayo Clinic's president and CEO, characterized the pandemic as a "stress test for health care."

Fortunately, Mayo Clinic was prepared financially, operationally and strategically to respond to the test. Thanks to a strong 2019 financial performance and generous benefactors, Mayo Clinic was able to tap into its reserves to address some of the pandemic's initial financial impacts. In addition, significant cost reductions mitigated greater adverse financial consequences, which, so far, have proven less severe than initially projected. As the outpatient practice reopened, patient visits and procedural and surgical volumes have steadily risen and are on track to exceed revised 2020 targets.

Importantly, the COVID-19 pandemic has brought the importance of supporting health care to the forefront. It has identified where the health system soars and where it fails. During the pandemic, Mayo Clinic has demonstrated leadership

on a national level, heading up important efforts to improve and expand testing capabilities while conducting research for treatments and vaccines to stop the virus.

+ Research: At the onset of the pandemic, Mayo Clinic immediately formed a COVID-19 Research Task Force to coordinate Mayo Clinic COVID-19-related research activities, including cataloging all COVID-19 research; vetting, prioritizing and implementing clinical trials; and facilitating review and approvals to ensure efficient and smooth initiation of studies.

+ Expanded Access Program for Convalescent Plasma: Launched April 3, the Expanded Access Program for Convalescent Plasma is a federally-sponsored national study of the safety and potential effectiveness of this investigational therapy. At its inception, the study's goal was to focus on safety and access for 5,000 patients hospitalized with COVID-19. Today, patient enrollment at uscovidplasma.org has topped 103,000 from 14,000 physicians in more than 2,700 acute care facilities in every state and

territory of the nation. Enrollment was discontinued on August 28, 2020 following the FDA's announcement on Emergency Use Authorization.

+ Testing: Mayo Clinic has completed more than 1.27 million PCR molecular tests and 215,000 serology tests. Its goal is a 24-hour turnaround. Mayo Clinic Laboratories is part of a Minnesota testing collaboration that includes the Minnesota Department of Health, the University of Minnesota and other health systems.

+ In-person and Virtual Care: The pandemic provided opportunities to transform Mayo Clinic's practice to quickly deliver in-person care safely as well as spur virtual visits to ensure continuity of patient care.

The pandemic has accelerated Mayo Clinic's path toward a model of care that is more digital, consumer-friendly and responsive — elements set forth in its strategic plan to cure, connect and transform health care by the year 2030. The vision is bold and ambitious, building on Mayo Clinic's ability to revolutionize medicine to meet the changing needs of patients.



2030 STRATEGIC PLAN

Mayo Clinic is pursuing three overarching strategies to leverage its existing strengths and build new capabilities. These strategies are summarized below:

CURE

Mayo Clinic will remain the global authority for patients seeking the best solutions for serious or complex health challenges. Mayo will differentiate itself through the discovery, delivery and diffusion of the next generation of diagnoses, treatments and cures. This includes new medical therapies, surgeries and procedures, delivered through physical, digital and virtual methods.

Identifying solutions and ultimately preventing disease will provide hope and healing to people. This means that Mayo will:

- + Invest in its core activities to focus on these challenges
- + Deliver care in unique ways
- + Focus on solutions

CONNECT

Mayo Clinic will leverage data and technology to advance medicine and better align a fragmented health care marketplace. This means that Mayo will:

- + Create digital care delivery capabilities with a human touch
- + Integrate its virtual and in-person care to create a system that is more accessible, scalable and sustainable while focusing on consumer needs
- + This capability will touch every aspect of the organization, transforming practice, research, education and administration through new digital connectivity, allowing Mayo Clinic to create and act upon powerful new insights.

TRANSFORM

Platform business models have transformed many industries. Platforms focused on health care offer the ability to scale knowledge, human and physical capacity and services in ways not currently possible to transform health

care:

- + Through platforms, leverage data and technology to redefine health care delivery and create a Mayo Clinic that brings together global providers, producers and consumers with the sole purpose of making health care better

The Mayo Clinic Platform will orchestrate knowledge and services, while generating revenue to sustain core capabilities and reinvest in its nonprofit mission.

Through the implementation of its 2030 Strategic Plan, Mayo Clinic will remain a global leader in a category of one, uniquely capable of curing serious or complex medical conditions through its innovative and personalized approaches to medicine and through its emerging platform.





Transit Village and Station Areas

As a result of the extensive mobility planning that occurred in Phase 1, the DMC district was modified to include a west transit village and the corridor along 2nd Street that connects to the Saint Marys sub-district. More details can be found in the appendix.

Saint Marys Place

Located along 2nd Street, Saint Marys Place establishes a civic square and monumental gateway at one of the primary entry points to Rochester. The mobility plan incorporates a circulator that connects Saint Marys campus to downtown. It also embraces its relationship to surrounding neighborhoods by creating a town square that connects Kutzky Park to Saint Marys Park and the historic Pill Hill neighborhood.

Heart of the City

At the heart of downtown is a sub-district that forms the true center of the city. It is where Mayo Clinic, commercial, hospitality, retail and residential meet. The Heart of the City is connected by a central public space, which extends and enhances Peace Plaza to create active experiences and engaging gateways to the other sub-districts.

Central Station

Central Station was initially envisioned as a cornerstone of the plan for future regional growth in Rochester with the creation of a new regional transit hub connecting Rochester with the surrounding region – including the Twin Cities. However, further refinement of the mobility program through the work of the Integrated Transit Studies (ITS, 2018) resulted in the concept of two mobility hubs located at the Northwest and Southeast edges of downtown, rather than a single centralized location. Presently, the Central Station sub-district is witnessing considerable investment in housing, hotel, and entertainment. With this market-based transformation underway, revisiting of this sub-district is now a goal for Phase 2 (2020-2024) of the DMC plan.

Downtown Waterfront

The downtown waterfront transforms the perception of Rochester as a medical campus to that of an entertaining and vibrant destination city. The strategy creates a town square utilizing the asset of the river and waterfront to create a year-round destination for residents and visitors alike. By creating this type of space, the plan enhances the viability of the Mayo Civic Center as a regional convention center and amplifies the feasibility of spurring mixed-use development in and around the downtown area.

Discovery Square

As the new address for the future of bio-medical research and technology innovation, Discovery Square is a keystone to the DMC economic development strategy. The sub-district borrows from Mayo Clinic's integrated care model to create an integrated district founded on the principles of translational medicine. Mayo Clinic, private partners and institutions are brought together in the sub-district to foster communication and the sharing of ideas.

UMR and Recreation

This sub-district integrates an urban college campus and recreational uses into the district, thereby creating another catalyst for the growth of downtown retail, entertainment and residential space. It was anticipated that UMR would have its first building built in this area before the end of the first phase of the DMC implementation process. While UMR has expanded its presence in downtown Rochester, both through land acquisition and its leased space in One Discovery Square, its first newly constructed building is currently in pre-development.

2017 DMC Boundary Change

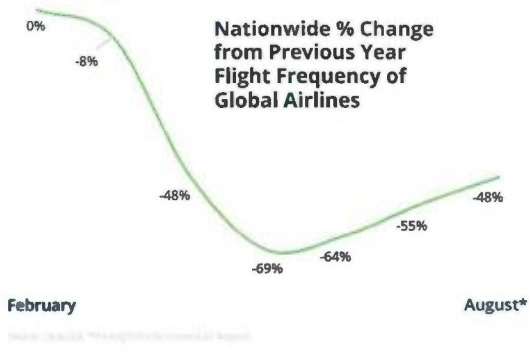
Addition to Saint Marys Place district

DMC AREA SUB-DISTRICTS

DMC is centered around six neighborhood sub-districts. Together, these sub-districts are activating downtown Rochester as a global medical destination. Each space is designed for innovation and collaboration.

COVID-19 IMPACT ANALYSIS

THE U.S. IS FACING A DUAL CRISIS — AN **UNPRECEDENTED GLOBAL HEALTH EMERGENCY**, COUPLED WITH THE **STEEPEST JOB LOSS ON RECORD**.



Travel bans have led to **dramatic decreases in air travel and international visitors to the U.S.**

31% Visitor spending in the US
42% Hotel occupancy compared to 66.5% this time last year

MINNESOTA IMPACTS

As of July 2020, Minnesotans lost jobs in nearly every sector, bringing the statewide unemployment rate to 7.9% compared to 3.2% in 2019.

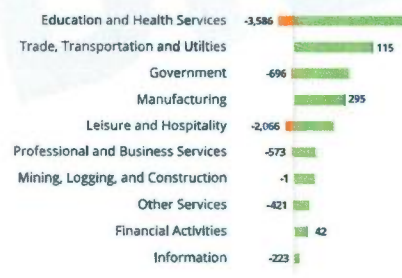
Change in Employment Jan. - July 2020



ROCHESTER IMPACTS

Health services — the leading employment sector — and hospitality have been hit the hardest in the Rochester MSA. The city's unemployment rate rose to 5.9% in July, up from 3% in 2019.

Rochester MSA Change in Employment Jan. - July, 2020

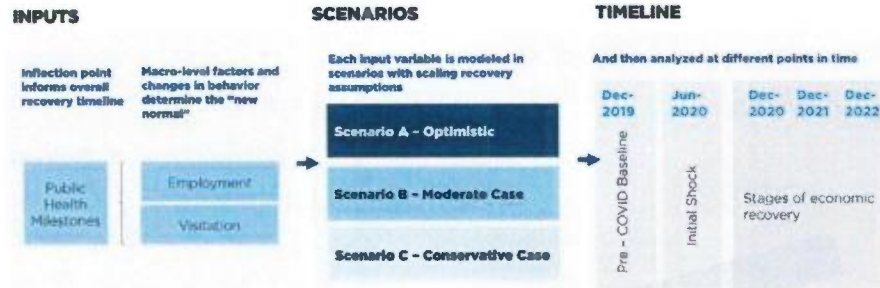


Mayo Clinic is central to Rochester's economy as a driver of downtown vitality, accounting for nearly 40 percent of jobs and bringing 2 million visitors annually, two-thirds of total Rochester visitation.

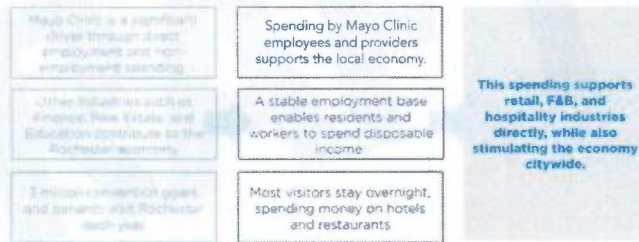


METHODOLOGY

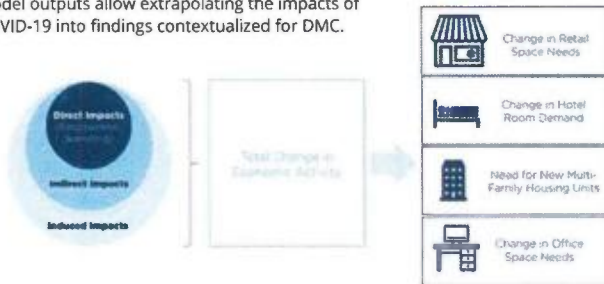
The effect of changes in employment and economic activity were modeled across low, moderate, and severe impact scenarios



The primary drivers of Rochester's economy are its employment and visitors, which are interrelated:



Model outputs allow extrapolating the impacts of COVID-19 into findings contextualized for DMC.

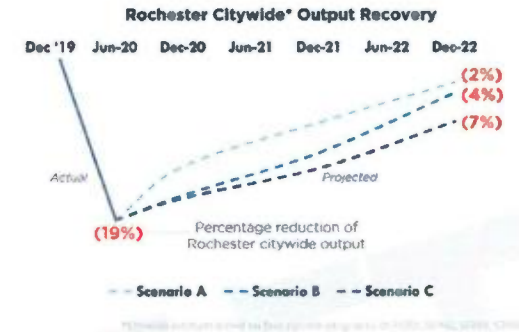


COVID-19 Impact Analysis and graphics provided by HR&A Advisors

PRELIMINARY FINDINGS

Following a significant drop in economic activity in June 2020, HR&A projects a gradual recovery in the Rochester economy over the next 2+ years.

- + Output reflects annual production value of Rochester industries, including sales and compensation.
- + Projections include:
 - **Direct** impacts: loss in visitor and employee spending
 - **Indirect** impacts: loss in business-to-business purchases
 - **Induced** impacts: loss in spending of labor income
- + Spending losses include Rochester residents who are **working from home** and **furloughs**. These individuals are still spending money, but this spending is significantly reduced.



COVID-19 will significantly diminish the near-term need for new retail, hotel, research, and office space in downtown, though residential development may be supported in the coming years.

- + The full impact of the COVID-19 global pandemic is not fully understood as case rates continue to rise nationally and vaccines/therapeutics are still in the experimental phase.
- + Pre-COVID-19, Rochester had a stable and growing economy. Development of various real estate asset classes was largely aligned with demand.
- + HR&A anticipates Rochester will have excess capacity in downtown commercial office space due to changes in employment and growth in remote work.
- + Downtown retail and restaurants, which are primarily dependent on employees and visitors, will be disproportionately affected when compared to counterparts with a broader customer base.
- + Hotels have experienced a precipitous drop in occupancy rates, though the

rebound in Rochester appears to be better than the state and national markets. However, with Rochester's hotel pipeline in 2020-2021, the market will likely continue to experience occupancy rates below historical averages.

Housing demand appears to be remaining relatively strong throughout the region, including in Rochester's urban core. Growth in downtown residential will help to support the core's retail businesses.

PATH FORWARD: NEED TO REMAIN NIMBLE

Unlike natural disasters, this pandemic hit every city in the country. However, not all are developing recovery strategies. Despite significant losses, Rochester has fared better than other cities. Rochester is starting its recovery from a place of strength. Rochester had a robust and growing economy, the healthcare industry and Mayo Clinic provide stability during weak economies, and the city has the tools from the DMC to support growth. Future economic development strategies should:

- Support existing local businesses
- Prioritize public infrastructure
- Reuse excess real estate capacity creatively
- Diversify the economy
- Support development proactively

COVID-19 Impact Analysis and graphics provided by HR&A Advisors

Construction of the Hyatt House, an extended stay hotel in DMC's Central Station sub-district.



Progress

This section of the 2020 update is framed around the five major goals established for the DMC Initiative. The outcomes from Phase 1 of the DMC Development Plan (2015-2019) are compared against the projections in the original plan.

GOAL 1:

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

What is the goal?

To achieve a shared vision and guide future investments and are stronger and more effective if they harness the energy and creativity of everyone whose lives are impacted by aspects of the plan. A comprehensive strategic development plan should include market research, master plans for land use, infrastructure, transportation, finance, marketing and communications, economic and fiscal impacts and implementation tools. Essentially, a strategy that addresses all facets of building and sustaining the destination.

Why does it matter?

To transform vision into real change requires extensive planning that is recalibrated as required through the years. By harnessing the energy and creativity of the entire region, the plan maintains an essential connection to the very people who are going to be directly impacted, immersing them in the shared vision and inviting them to have a stake in shaping its evolution.

The DMC Initiative set forth a vision to transform the epicenter of Rochester from what was perceived to be largely a downtown medical campus, into a vibrant urban center and one of America's model cities.

Phase 1 results (2015 - 2019)

To create the 2015 DMC Development Plan (i.e. the comprehensive strategic plan for the 20-year DMC Initiative), 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, Rochester-Olmsted Council of Governments (ROCOG) and Mayo Clinic. They also engaged with community stakeholders.

The Plan laid out a strategic direction for an integrated downtown, unified by six sub-districts, each anchored by unique places designed to create equally unique experiences to attract and retain residents, visitors, employees and investors to the community.

Subsequent to the adoption of the DMC Development Plan in April 2015, and as a direct result of the DMC Plan's framework, numerous and more detailed planning exercises with numerous organizations have occurred. A summary of relationships between these planning initiatives is depicted in the diagram on the following page.

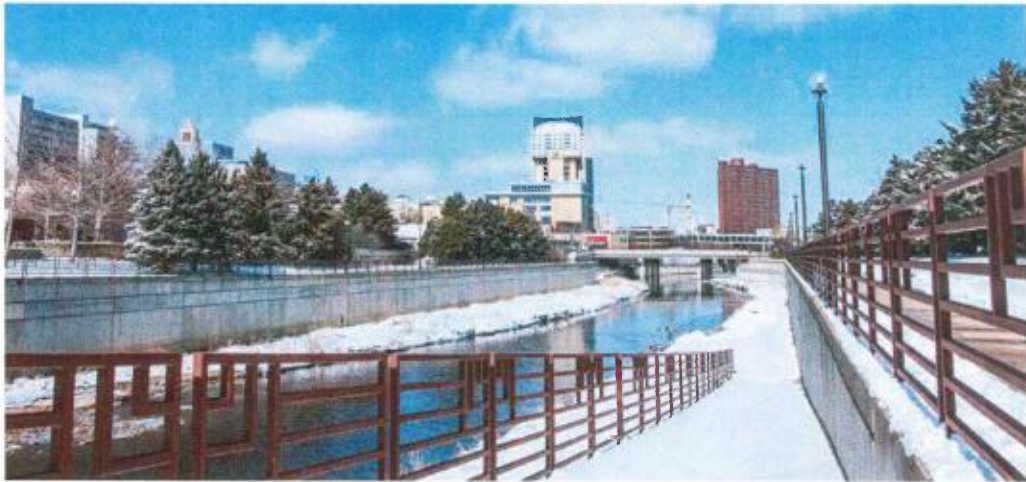
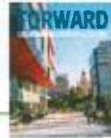
DMC GUIDING DOCUMENTS



DMC Development Plan



2020 DMC Development Plan Update



What was learned?

- + Plans are iterative and evolving; they need to be flexible enough to move with the market.
- + Building relationships between various stakeholders is a key component in the development of strategic plans.
- + Pilots are a good tool to test new community collaboration models, particularly in the design of public spaces.

What's next?

In Phase 2 (2020-2024) several new planning initiatives will be underway that will impact the DMC Districts. DMC is working closely with the City of Rochester on several planning efforts that impact the downtown core. These plans are focused on public realm planning, mobility options, housing needs, and downtown district energy planning.

- + **Downtown Waterfront Small Area Plan:** Planning efforts focus on designing public realm opportunities for the areas south of the downtown area, particularly along the riverfront. <https://downtownwaterfrontsmallareaplan.com/>
- + **City Pedestrian and Bike Master Plan:** Aligning multiple bike and pedestrian plans and creating a single updated vision for pedestrian and bicycle infrastructure across the City.
- + **Downtown District Energy Planning:** Assessing and determining how downtown government buildings as well as adjacent private buildings could be heated and cooled.
- + **Soldier's Field Master Plan:** An update to the master plan that will connect Discovery Walk to the Zumbro River.

- + **Central Station Sub-district Re-visioning:** Developing a concept for public realm in the Central Station sub-district. The Rapid Transit Project requires this sub-district be re-imagined as it will no longer serve as the transit hub for downtown.
- + **UMR/Recreation Sub-district Re-visioning:** Developing a new vision for the UMR/Recreation sub-district while the Discovery Square sub-district continues to take shape.
- + **Rapid Transit Corridor Planning:** Outlining the West Transit Village vision for development and transit services, public realm, operations, economic development opportunities, in addition to street design strategy for the downtown Rapid Transit project.

- + **Olmsted County**
 - + **Graham Park Master Planning Update:** Updating the County's current master plan for possible future transit opportunities.
 - + **Affordable Housing Study and Policy Development:** In progress
- + **Mayo Clinic**
 - + **Five-year Facility Plan:** Updating five-year plans focused on upgrading existing buildings and new construction projects. The plan outlines future Medical District Zone projects supportive of Mayo Clinic's downtown operations.

GOAL 2:

Leverage public investments of \$585 million to attract more than \$5 billion in private investments to Rochester.

What is the goal?

Leveraging public investment is a quantitative goal for delivering a “return on investment” for public spending authorized by the DMC Act. In exchange for \$585 million in public funds, the goal is to bring more than \$5 billion in private investments to Rochester in order to realize the DMC vision.

The DMC Plan established a viable economic development strategy (see Goal 1 and the DMC Development Plan) grounded by market research. It defined extraordinary costs and set priorities for public investment in order to meet DMC’s mission and goals.

Why does it matter?

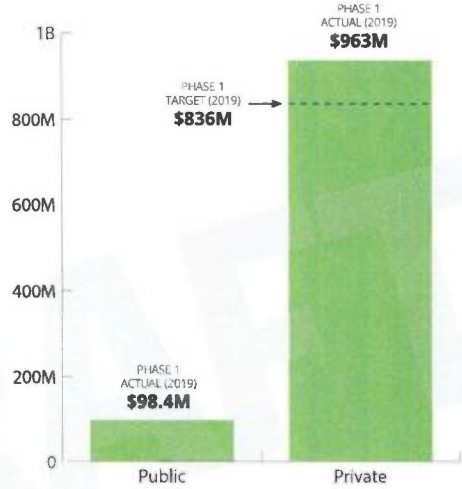
The Development Plan is based on market-driven strategies that set a strategic framework for the DMC Initiative. Public investment will catalyze further private investment. Over the 20-year timeframe of the DMC, the targeted ratio between private and public investment is roughly 10:1. This means that for every dollar of public money spent, nearly ten dollars of private investment should occur. This 10:1 ratio is derived from the goal itself where approximately \$585 million of public dollars are meant to realize \$5.6 billion of private investment. These combined investments will support a transformation of downtown into a vibrant, welcoming place by leveraging public funds to create the strongest civic return on investment.

The DMC Development Plan does not dictate specific projects or development/redevelopment parcels. Ultimately, private and public partners will determine the rate at which the vision is realized and investment occurs. The Development Plan strategy establishes a framework that is visionary, flexible and responsive to changing market conditions.

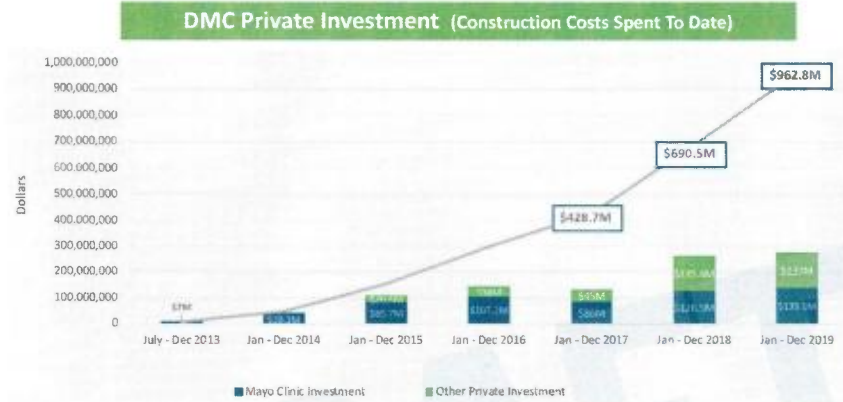
TOTAL INVESTMENT COMMITTED IN PHASE 1

Phase 1 results (2015-2019)

The DMC Model is working as intended. The private investment during Phase 1 totaled roughly \$963M and public investment, including committed TIF funds, were approximately \$98M.

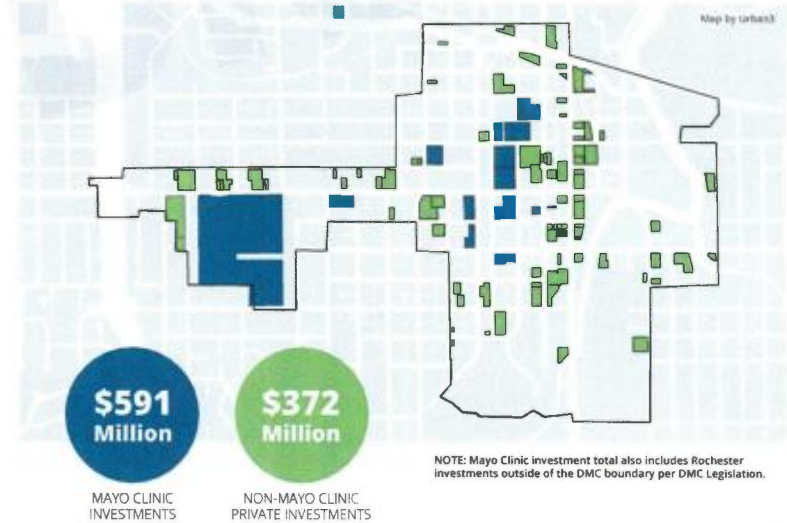


TOTAL PRIVATE INVESTMENT IN DMC: \$963M



WHERE DID THE PRIVATE INVESTMENT HAPPEN?

DMC District in Downtown Rochester



NOTE: Mayo Clinic investment total also includes Rochester investments outside of the DMC boundary per DMC Legislation.



WHAT WAS BUILT?

In nearly all sectors, DMC exceeded planned square footage in Phase 1, with the exception of hotels. In 2020, 605 hotel rooms and 505 residential units are already completed or under construction.

What was learned?

- + Focused and targeted marketing is needed to build non-Mayo Clinic private investment interest in the DMC, especially in the early phases.
- + Phase 1 building is a mix of renovated space and new construction.
- + Phase 1 was biased toward catalytic private development.
- + A constrained definition of transit aid required unanticipated use of City sales tax dollars.

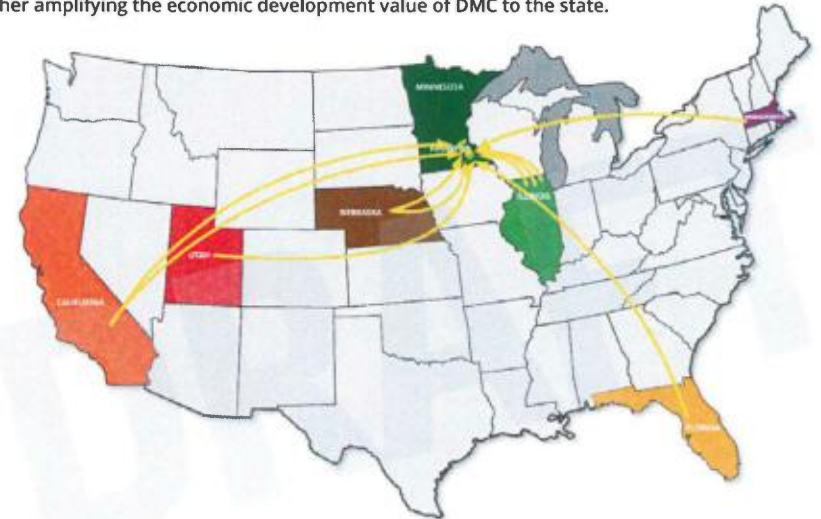
What's next?

- + Projections indicate strong Phase 2 public funding. The impact of COVID-19 and strategies for recovery will be a significant consideration for how private investment occurs in 2020-2024.
- + Details regarding public and private investments planned for Phase 2 in addition to potential COVID-19 related impacts are found later in this document.

Program Comparison Mayo Clinic Investments + DMC Major Projects		Phase 1 Original Plan	Phase 1 Actual	Phase 1 Difference	20-Year Plan Remaining	% of Total Plan Completed Phase 1
Property Type	Unit					
Practice (Mayo Clinic)	SF	1,200,000	2,381,000	+1,818,000	4,419,000	35%
Research (Mayo Clinic + Non-Mayo Clinic)	SF	180,000	497,000	+317,000	523,000	49%
Research (Mayo Clinic)	SF	-	417,000	-	-	-
Research (Non-Mayo Clinic)	SF	-	80,000	-	-	-
Education (Mayo + Non-Mayo)	SF	0	4,000	+4,000	350,000	1%
Hotel	Rooms	760	260	-500	1,120	19%
Office	SF	0	80,000	+80,000	230,000	26%
Retail	SF	50,000	82,000	+32,000	238,000	26%
Residential	Units	450	460	+10	2,390	16%

DMC IS ATTRACTING OUT OF STATE PRIVATE INVESTMENT

As an example, for just seven of the private developments built in the DMC in Phase 1 (2015-2019), the majority of private investment money came from outside Minnesota – further amplifying the economic development value of DMC to the state.



HOW WERE PUBLIC FUNDS INVESTED **IN PHASE 1?**

The 2015 DMC Development Plan provided a Capital Investment Plan (DMC-CIP) to be realized by four specific priorities guiding funding decisions.

Priority #1: Create a Catalyst

Identify and support the development of a concentrated and dynamic "city center" (Heart of the City) and other early phase Public Infrastructure Projects that can effect change; be a catalyst for development throughout the DMC Development District; and create reserves to provide the funding resources necessary to catalyze large-scale investments over time.

Phase 1 Results:

The downtown sub-district forms the true center of the city where at its crossroads, Mayo Clinic, commercial, hospitality, retail and residential meet. The Heart of the City is connected by a central public space, which extends and enhances Peace Plaza to create active experiences and engaging gateways to the other sub-districts.

Priority #2: Drive Investment in Biomedical Technology Sector

Identify projects and reserve funds to support the initiation of strategies to attract and retain biomedical technology investments, business, and educational partners to the DMC Development District.

Phase 1 Results:

Discovery Square: The Economic Engine: Discovery Square is the cornerstone of DMC's economic development strategy in biomedical and technology sectors. The sub-district borrows from Mayo Clinic's integrated care model, which is founded on the principles of translational medicine. Mayo Clinic, private partners, companies and institutions will be located along the district's centralized green corridor, Discovery Walk.

Priority #3: Early Phase Improvements Supporting Strategic Growth and Enhanced Quality of Life

Engage the City, County, Rochester-Olmsted Council of Governments (ROCOG) and Mayo Clinic to identify projects that leverage DMC Funds as gap financing to support the extraordinary costs associated with creating a global destination medical center.

Phase 1 Results:

Approximately \$98 million of public funds were committed in Phase 1. The chart to the right shows the way in which the funds were spent.

Priority #4: Initiate Detailed Planning, Strategic Investments for Long-Lead Phase 2 Strategies

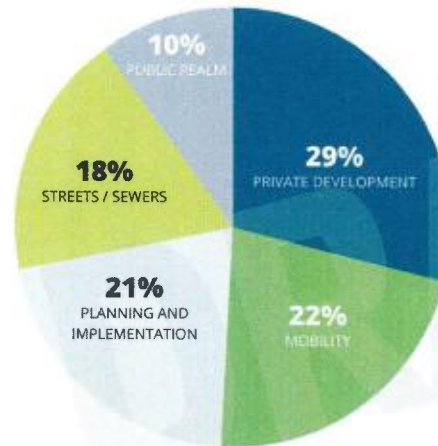
The prime long-lead strategic planning needs are in the area of transportation planning.

Phase 1 Results:

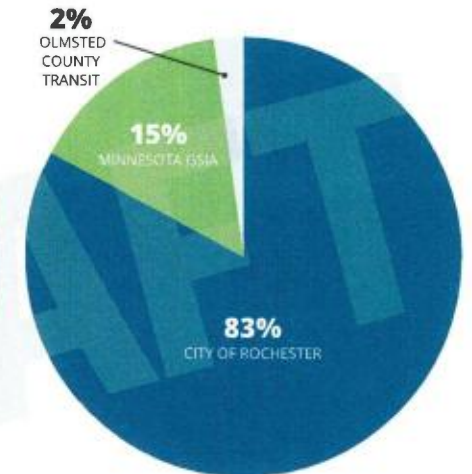
The Integrated Transit Studies (ITS) were completed in 2018, followed by the City Loop plan and Transit Oriented Development Planning Study for the Circulator Route. The Rochester Rapid Transit project has been submitted for Federal Funding. These detailed mobility planning documents can be found in the appendices.

\$98M WAS COMMITTED TO DMC PROJECTS IN 2015-2019

USES
Public money in 2015-2019 was committed to these five areas



DMC SOURCE
Sources of public funding for 2015-2019



GOAL 3:

Create more than 30,000 new jobs, with workforce development strategies that support growth.

What is the goal?

The goal is to create more than 30,000 new jobs with a strategic focus on attracting new businesses that will include small and minority business enterprise, and women-owned business participation. The goal focuses on the number of jobs, and seeks to foster and retain a highly-skilled workforce.

Why does it matter?

Without developing, retaining, and recruiting new workers, the economic development initiative and its associated goals are not possible. DMC economic benefits are largely driven by the workforce and their broad economic impact on the region. Specifically, the impact of new positions has direct local economic benefits as earned wages from new positions are spent on local goods and services. Additional local, regional, and statewide benefits from a tax growth perspective are also realized. The economic impact from job creation is explained under Goal 4, which highlights DMC project-related net tax revenue growth.

The DMC Development Plan required the City to establish a targeted business participation goal and workforce participation targets for women and minorities. Doing so ensures that the entire community, specifically persons of color and women, have an opportunity to participate in the design and construction processes associated with DMC development. Since 2015, there has been substantial growth in participation of targeted business and workforce participation. In 2020, new targets were approved to build momentum and realize further wide-scale change in Rochester.

Phase 1 results (2015-2019)

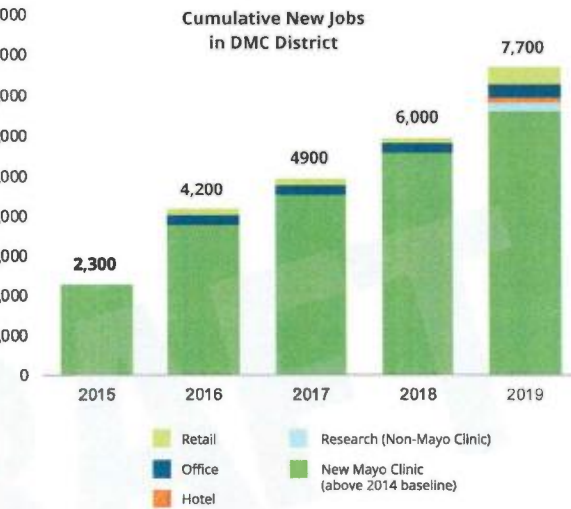
The City of Rochester added approximately 7,700 positions over the past five years, which represents 25 percent of the 30,000 goal. The table that follows shares new jobs, which are the result of Mayo Clinic's and other major projects that are underway in the DMC District. It should be noted that Mayo Clinic reports its job figures annually. Non-Mayo Clinic employment figures have been estimated by using multipliers based on the amount of yearly renovated and new construction in the DMC District.

The greatest percentage of job growth occurred in the healthcare sector; additional jobs were added in retail, hospitality, research and office segments. The chart demonstrates cumulative job growth since 2015.

For comparison purposes, data was also collected from the Department of Employment and Economic Development (DEED) and its Quarterly Census of Employment and Wages (QCEW).

In the City of Rochester between 2015-2019:

- + A total of 5,803 net jobs were added, which accounted for positions lost in key industries during this period; and
- + 8,323 gross jobs were created, predominantly in the following sectors:



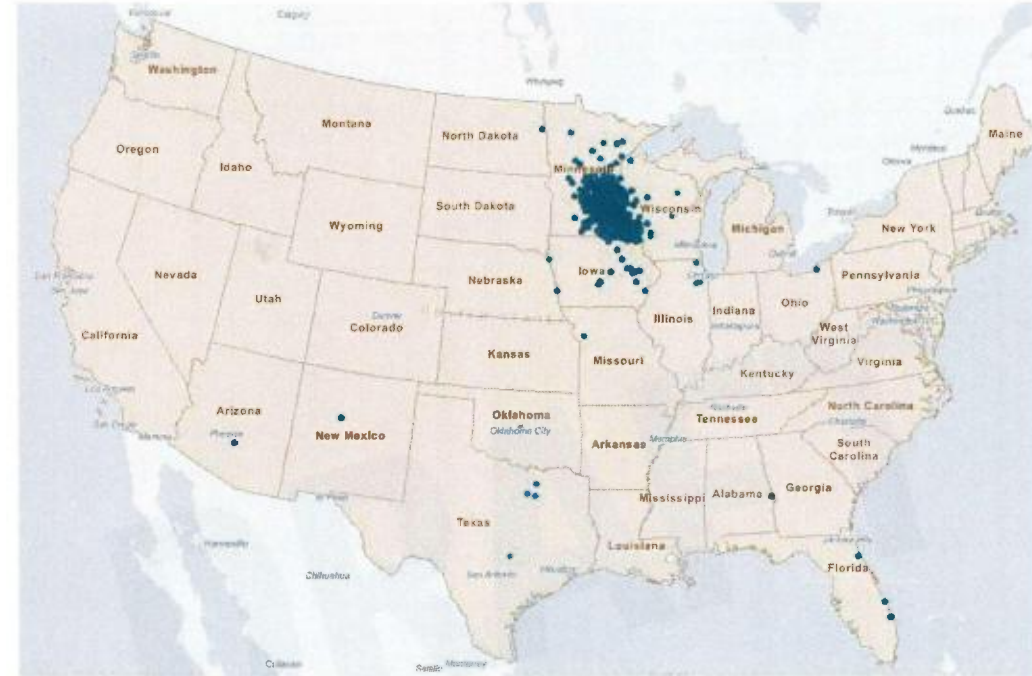
- Education and health services (5,432 jobs);
- Leisure and hospitality (1,333 jobs);
- Construction (861 jobs); and
- Nominal increases were realized in public administration and other services.

While the reported number of positions from development activity and QCEW differ, there was considerable job growth in key sectors, as the chart indicates.

In addition to the total number of jobs, wages paid were also an important consideration. Job sectors with the strongest growth are also included.

Job Sector	Total Jobs Added (2015-2019)	Avg Weekly Wage	Total Annual Wage (2019)	2018 Rochester Area Median Income (AMI)	Wage Comparison to AMI
Education and Health Services	5,432 (71%)	\$1,548	\$80,496	\$74,880	108%
Leisure and Hospitality	1,333 (18%)	\$423	\$21,996	\$74,880	29%
Construction	861 (11%)	\$1,241	\$64,532*	\$74,880	86%

*The average based hourly pay rate for construction workers on DMC construction projects was \$39.11/hour plus fringe benefits. This is an average annual salary of \$80,000 a year, plus benefits. (April 2017 - June 2019)



Construction workers residing in zip codes starting in 559 (around Rochester) earned \$13,268,719 (59%) of wages paid on DMC projects (April 2017 - June 2019). A majority of the remaining construction workers still reside in greater Minnesota.

The greatest percentage of added positions is found in education and health services sectors (71 percent). The average wage across 5,432 positions is \$80,496 a year, which is above Rochester's 2018 area median income, an indication of quality jobs and income to entice families to the region.

While an increased number of positions were added at Mayo Clinic, the education sector also realized growth. The growing presence of higher-education institutions like Rochester Community and Technical College (RCTC), Winona State University, and University of Minnesota Rochester (UMR) are preparing workers for healthcare and construction jobs. Rochester Public Schools created INCubatoredu aimed at cultivating entrepreneurial interests and skills in high school students in preparation for job opportunities in the burgeoning local biomed tech sector.

Similar results were found in the construction industry. The construction sector realized 861 new positions (11 percent)

across the region, with an average annual wage of \$64,532. These wages are slightly below the area median income yet remain competitive.

DMC tracked wages paid by construction location. The map illustrates that 54 percent of construction wages totaling \$13.2 million have been paid within an approximate 50-mile radius of Rochester, and the large number of those wages outside the 50-mile radius were still within the state. As a Minnesota investment in Rochester, most of the construction jobs are going to workers from Minnesota.

The leisure and hospitality sector grew by 1,333 positions (18 percent). Of concern are average wages in this sector, which are well below the area median income (AMI), averaging 29 percent of AMI. If a service sector position is the primary source of household income, it will be cost-burdened due to rent levels and Rochester's cost of living.



What was learned?

- + More local women and minority-owned businesses are needed to fulfill the DMC vision.
- + Current data indicate a shortage of women in construction.
- + Support of local educational programs is needed.
- + The need to address cost of living concerns, particularly the need for housing options in close proximity to transit routes, grocery and childcare are needed for those in service positions.
- + The need for continued planning in the areas of housing, transit and community services in order to improve outcomes for low-income populations as well as for all citizens in Rochester and the region.
- + Internships and partnerships for higher-education students are critical for future local job growth.
- + High-quality jobs offered by companies located in Discovery Square should continue in order to be a magnet for sought-after jobs.
- + DMC-related construction jobs are supporting – and will need to continue to support – a significant number of jobs relative to Rochester’s size.

What’s next?

Data indicate that the DMC initiative is on solid footing to meet its 2035 jobs goal. At present, the project has attained 25 percent of the goal. Moving forward, efforts will continue to be placed on job growth in key sectors, including healthcare, life sciences, med-tech, education, construction and hospitality.

To create a livable, affordable community, additional focus will need to be given to key infrastructure areas including workforce housing, reliable and high-amenity transit, and to additional grocery stores and childcare services.

Economic studies are currently underway to identify Phase 2 DMC District housing needs, and housing needed throughout the City and region. The data collected will also inform next steps for the Rapid Transit Project, in addition to economic development investment required to realize pressing downtown housing and retail needs.

GOAL 4:

Generate approximately \$7.5–\$8.0 billion in new net tax revenue over 35 years.

What is the goal?

This goal is a product of the two previously listed goals. If DMC successfully leverages public investments to attract private investment and 30,000 new jobs are created within DMC, the result should be large increases in new net tax revenue to Rochester, Olmsted County and the State of Minnesota by 2050. These taxes result primarily from income taxes from new jobs created, and also include sales taxes, hotel taxes and property taxes.

Why does it matter?

The DMC Development Plan promotes strategies that are focused on a broad range of opportunities. It gives special consideration to strategies that support and leverage Mayo Clinic's growth to enhance and expand the economy of Rochester and Southeast Minnesota. These strategies will promote the growth of new businesses, investment, entrepreneurship, and targeted businesses locally and regionally. In turn, economic growth will provide more tax revenue. Of current benefit due to the downtown core's level of development, City services are already in place servicing the DMC district, thus affording cost-efficiencies.

Phase 1 results (2015-2019)

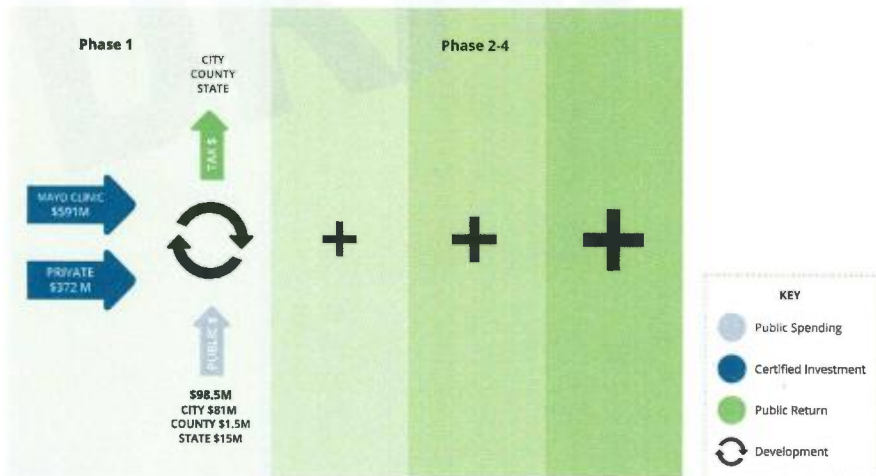
- + Phase 1 outperformed projections (original plan's Phase 1 was estimated to be 5 percent of the total 20-year plan).
- + Actual Phase 1 programs and investments resulted in realizing a fiscal impact that is roughly 12 percent of the DMC 20-year plan total.
- + Performance in the areas of job creation and employment was attributed to increased net new Mayo Clinic employment and investments.

Estimated Tax Revenues, Phase 1

	Phase 1					TOTAL PHASE 1
	2015	2016	2017	2018	2019	
City						
Taxes from Construction	\$36,000	\$61,000	\$47,000	\$108,000	\$122,000	\$374,000
Taxes from Operations	\$150,000	\$317,000	\$380,000	\$461,000	\$1,684,000	\$2,992,000
Property Tax Capacity			in progress			
County						
Taxes from Construction	\$17,000	\$19,000	\$22,000	\$68,000	\$78,000	\$204,000
Taxes from Operations	\$47,000	\$98,000	\$176,000	\$284,000	\$458,000	\$1,063,000
Property Tax Capacity			in progress			
State						
Taxes from Construction	\$5,231,000	\$5,078,000	\$4,514,000	\$9,145,000	\$9,591,000	\$33,559,000
Taxes from Operations	\$10,785,000	\$20,153,000	\$24,233,000	\$29,638,000	\$39,210,000	\$124,019,000
Property Tax Capacity			in progress			

Notes:

1. Estimated taxes from Construction impacts are from DMC DEED-certified investment.
2. Estimated taxes from Construction and Operations impacts include tax revenues from Corporate income, personal income, sales tax, hotel tax.
3. Property tax capacity calculations are still underway due to a proposed change in methodology.



The chart above shows the relationship between public investment, private investment and resultant tax generation for the City of Rochester, Olmsted County and State of Minnesota.

What was learned?

Investment in downtown infrastructure fuels growth of the tax base and helps to fund needed repair as infrastructure ages while supporting Rochester's less dense land uses.

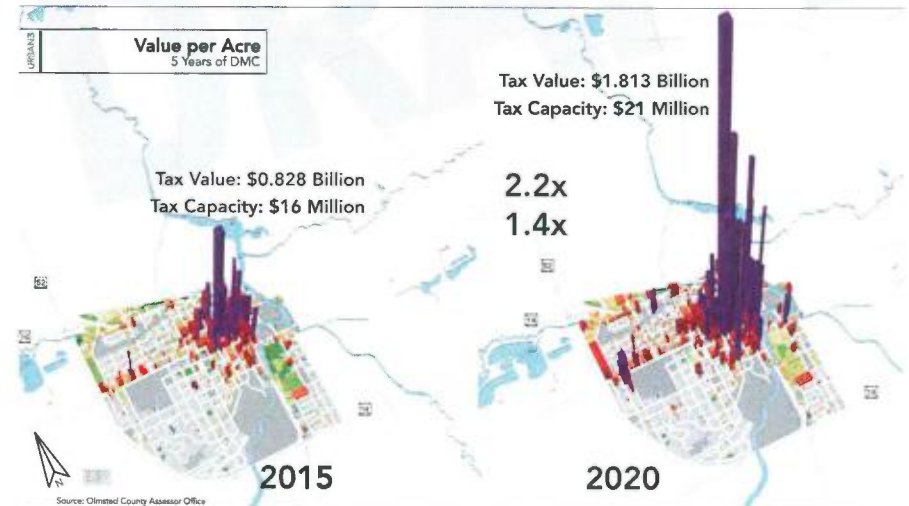
- Additionally:
- + New job creation is the main driver of tax revenue to the State;
 - + Newly developed surface parking lots leverage pre-existing community investment in street, sewer and utility infrastructure;
 - + Downtown developments provide a higher share of taxes; and
 - + The cost burden of downtown development doesn't escalate as much as revenue.

The progress to date for this goal was developed and calculated based on the original methodology included in the DMC Development Plan, which was adopted in 2015. See the following section for details on how DMC EDA will revise this methodology as noted.

What's next?

DMC entered 2020 in a strong position ahead of the tax projections included in the 2015 Development Plan. At this writing, the economic impact of the COVID-19 pandemic is yet to be fully understood, and DMC is in the midst of working through scenario planning and will have new projections to report related to how tax revenues will be impacted.

Based on the lived experience of the past 5 years, there are a few updates to the economic model that should be made to more accurately reflect performance against goals. At this time, the DMC EDA would like to recommend the use of tax capacity as a metric to quantify property value appreciation over time in the DMC District. Over 2020 and 2021, the DMC EDA team will work with City and other collaborators to recommend updates to additional economic model components: including job tracking methodology in a post-pandemic Rochester and appropriate methodology to distinguish between new construction and renovation to existing buildings.



Investment in the downtown DMC district has increased the tax capacity of downtown parcels during Phase 1 (2015-2019).

BEFORE + AFTER TAX CAPACITY OF SAMPLE DMC PROJECTS

BEFORE

AFTER

JOBS ON SITE: 0

ANNUAL PROPERTY TAXES: \$68,000

One Discovery Square

JOBS ON SITE: 325

ANNUAL PROPERTY TAXES: \$485,000

One Discovery Square

JOBS ON SITE: <25

ANNUAL PROPERTY TAXES: \$17,000

Hilton

JOBS ON SITE: 200-250

ANNUAL PROPERTY TAXES: \$1,356,000

Hilton

RESIDENTIAL UNITS: <10

ANNUAL PROPERTY TAXES: \$135,000

Berkman Apartments

RESIDENTIAL UNITS: 277

ANNUAL PROPERTY TAXES: \$1,250,000

Berkman Apartments

GOAL 5:

Achieve the highest quality patient, visitor, and community member experience, now and in the future.

What is the goal?

This goal is the most qualitative of the five goals established in the DMC Development Plan. It is at the heart of the entire DMC initiative as it pertains to how downtown Rochester will become a world-class destination that also remains true to its own community. This goal is closely tied to the previous four goals of sound planning that attracts investment, create jobs and generates tax revenue for the City, County and State and place the DMC project in good standing to create a destination experience. However, the goal's fulfillment will require development of future strategies and programs.

Why does it matter?

Initial research conducted before the DMC initiative launch revealed an opportunity gap that necessitated improving the quality of the downtown experience for visitors and community members. In 2011, DMC learned that community members were willing to venture downtown for activities and events, although, they viewed downtown primarily as a work and medical environment that shut down at night. Additionally, research revealed that community members were traveling just as often to the Twin Cities for activities and entertainment. It was apparent that visitors and community members were seeking greater energy, vibrancy and offerings in the downtown core.

Research also showed that patients spent approximately 30 percent of their time inside Mayo Clinic and 70 percent in the community during their visits. Patients did not differentiate time spent between clinic visits and their downtown experiences. Patients and their companions desired social interaction. Research also showed that patients wanted recommendations for where to eat or purchase necessities.

Additional key findings:

- + Only 42 percent of residents said Rochester is a fun place to live.
- + Only 36 percent said they had confidence finding something fun and entertaining downtown.
- + Overall, perceptions of Mayo Clinic and Rochester are positive; however, only 45 percent of patients, companions, and visitors said they were "very satisfied" with Rochester in terms of the variety of activities offered.
- + Roughly 54 percent of patients and companions and 45 percent of other visitors said they had confidence in finding something enjoyable to do downtown.

From an economic perspective, improving the diversity of retail and entertainment options, coupled with places to live downtown and a vibrant streetscape will pay dividends by capturing additional spending from visitors and community members. Both audience segments indicated a preference for spending more time downtown.

[Source: DMC Qualitative Research/Northwestern University - 5/2011 and Directions Research, Inc 2011]

Phase 1 results (2015-2019)

There were three key areas of focus for DMC EDA's work around achieving the highest quality patient, visitor, and community member experience in Phase 1:

1. Experience framework;
2. Physical design of public spaces; and
3. Developing new tools in collaboration with other community partners.

Experience Framework:

A series of workshops hosted with community partners including the Rochester Downtown Alliance, Experience Rochester, Mayo Clinic Patient Experience, and the City of Rochester were conducted to develop the DMC Experience Framework.

The group created a new tool to map emotional targets with the aim of connecting to the hearts and minds of patients, visitors and community members either living, working or visiting downtown. The framework served as a tool for DMC and community stakeholders to use when anticipating and responding to experiential needs in the DMC District.

Additional work during Phase 1 also included development of a strategy to target patients and their companions. The research was conducted through a process methodology called Journey Mapping, which aimed to better understand the stresses that patients and companions experience while in Rochester for medical visits. Previous research (as mentioned above) showed that patients and their companions spend approximately 70 percent of their time in the community while visiting Mayo Clinic.

Based on understanding the patient's lived experience, three key areas of focus were prioritized:

- + Arrival to Rochester;
- + The shift from clinical care to free time; and
- + End of day decisions around evening activities.

Community partners working with DMC EDA are piloting experience strategies by first applying the Experience Framework across the three parts of visitor and companion journeys. The goal is to ease stress and improve the stay experience.

Physical Design

- + Heart of the City public realm
- + Bike lanes
- + Discovery Walk public realm
- + Mobility planning

Tools/Programs

When in Rochester App

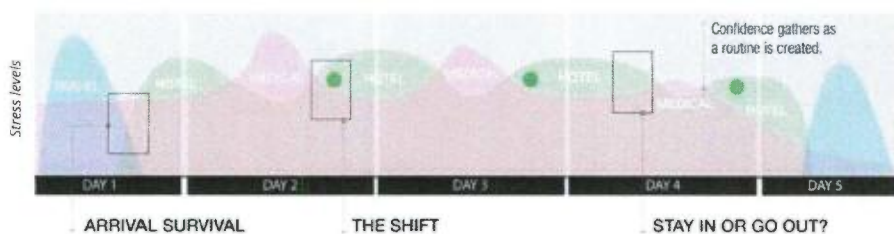
The App was developed in collaboration with DMC EDA, Experience Rochester and Mayo Clinic in response to patient, visitor and community member research. Building self-confidence and easy to access digital tools were identified as priority needs. A calendar of activities, map function, access to Mayo Clinic, patient concierge and travel services, in addition to food, dining, and shopping are included.

RDAs Ambassador Program

A team of ambassadors, each with their own focus on cleaning, safety and hospitality, is creating a downtown environment that is clean, safe and welcoming every day of the year.



Example of journey map for a patient visiting Mayo Clinic



What was learned?

- + Additional research contributes to a better understanding of community member experiences in the DMC District.
- + Research has been conducted by several partner agencies; research needs will be combined with partners to improve understanding of community experience.
- + A framework needs to be established for evaluating experience over the remaining 15 years of DMC Plan implementation.

What's next?

Research has been conducted by several partner agencies, primarily by the Rochester Downtown Alliance as part of the programming it offers throughout the year. DMC EDA will continue to collaborate to identify needs in public realm design and programming to improve resident and downtown workforce experiences.

Looking ahead, the opportunity is to better understand key experience areas shared by visitors and residents. Identifying and building programming that addresses key needs will result in their satisfaction and DMC's success.

Another factor impacting the experience goal is that while there was impressive private development in Phase 1, there also was significant planning for new public realm areas and new mobility systems. Now in Phase 2, construction and implementation are well underway and of significant community benefit to the downtown experience. When completed, assessing both projects from the perspective of excitement and impact on the user experience will need to be conducted. Evaluating these projects to better understand and inform future project planning will be essential.

To complete research and its application requires collaboration across public and private agencies. To date, strong partnerships have been developed among the City of Rochester, Mayo Clinic, the Rochester Downtown Alliance and Experience Rochester for the purpose of data sharing. During Phase 2, data will again inform and improve the downtown user experience. Partnerships will continue to be leveraged and enhanced with the addition of new members in order to realize the project's ambitious goals.



The City of Rochester welcomed rentable, electric Lime scooters to the area in 2019, providing another transportation alternative for the community.

Looking Forward

DMC work is organized around four implementation areas: private development, mobility, public realm and streets and sewers. The following section is a roadmap to the many projects underway in each of these areas.

DMC Structure

The DMC Initiative is structured as a public-private partnership with balanced responsibilities and powers between the primary stakeholders. This is an overview of the roles and responsibilities of the various entities and discussion of the framework guiding DMC into Phase 2.

Destination Medical Center Corporation (DMCC)

- + **Governance and Finance:** A public non-profit corporation established to oversee the implementation of the DMC Initiative. Governed by an 8-person board, the DMCC includes representation from the State, Olmsted County, City of Rochester, and Mayo Clinic. The DMCC has review and approval authority over the DMC Development Plan, projects and funding requests within the DMC Development District.
- + **Implementation:** Project oversight for compliance with intent of the DMC Act and goals and objectives of the DMC Initiative. Implements, reviews and facilitates projects in accordance with the DMC Act. Establishes strategies and funding priorities. Approves annual operating budgets, capital improvements plans, project and funding requests. With the City, provides reporting to State agencies.

State of Minnesota

- + **Governance and Finance:** Provides funding to Public Infrastructure Projects (including General State Infrastructure Aid and State Transit Aid) in accordance with the terms and conditions of the DMC Act. The State also provides oversight to the DMC Initiative through reporting which is made to the Governor, State Legislature, Department of Employment and Economic Development (DEED) and other state agencies on an annual basis. The State

participates in decisions of the DMC through its representation on the DMCC Board (4 of 8 seats, appointed by the Governor following approval by the State Senate).

- + **Implementation:** Oversight through reporting and certification of private investments. Ongoing funding of Public Infrastructure Projects in accordance with the DMC Act.

Mayo Clinic

- + **Governance and Finance:** A primary driver of private investment, employment and visitation in the market. Mayo Clinic participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats). Mayo Clinic also appoints the Board of Directors of the Economic Development Agency.
- + **Implementation:** A primary driver of ongoing investment and growth.

City of Rochester

- + **Governance and Finance:** Provides local matching funds to Public Infrastructure Projects in accordance with the DMC Act and Project Agreements. The City acts as fiscal agent for the DMC Initiative. The City participates in decisions of the DMC through its representation on the DMCC Board (2 of 8 seats, one each appointed by the Mayor and City Council). The City Council also has separate approval rights over the DMC Development Plan, projects and funding requests.
- + **Implementation:** Identifies City public works projects in Development District for consideration/approval of the DMCC Board and City Council. With the DMC EDA, identifies/facilitates local tax increment financing and tax abatement requests by private developers for consideration/approval. Approves projects and funding requests. Oversees construction of City public

works projects. Ongoing operations and maintenance of City projects.

Olmsted County

- + **Governance and Finance:** Provides local matching funds to transit-related Public Infrastructure Projects in accordance with the DMC Act. The County participates in decisions of the DMC through its representation on the DMCC Board (1 of 8 seats, appointed by County Board of Commissioners).
- + **Implementation:** Identifies County public works projects in Development District for consideration/approval of the DMCC Board and City Council. Oversees construction of County public works projects. Ongoing operations and maintenance of County projects.

DMC Economic Development Agency (DMC EDA)

- + **Governance and Finance:** A private non-profit economic development corporation, responsible for managing the Development Plan process and implementing the approved strategies over time. The EDA does not have approval rights over the Development Plan, projects or funding requests.
- + **Implementation:** Recommends strategic priorities and facilitates economic development projects in each phase. With the City administrative staff, identifies/facilitates local tax increment financing and tax abatement requests by private developers for consideration/approval. Facilitates the development, implementation and marketing of the DMC Initiative, all in accordance with the strategies incorporated in the approved Development Plan, the DMC Act, Project Agreements and the annual operating budget as approved by the DMCC Board and City.

KEY RESPONSIBILITIES OF THE DMC EDA

The DMC legislation identified several key responsibilities of the DMC EDA in addition to its role as an advisory agency to the DMCC and City:

+ Development Planning and Promotion, including:

- Drafting and implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the DMCC and the City regarding those proposals
- Seeking financial support for the DMCC, the City, and projects
- 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
- Supporting and administering the planning and development activities required to implement the development plan

and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development

+ Marketing, Outreach, and Communications, including:

- Facilitating private investment through development of a comprehensive marketing program to global interests
- Developing patient, visitor, and community outreach programs
- Preparing and supporting the marketing and promotion of DMC
- Preparing and implementing a program for community and public relations



+ Development Services, including:

- Developing and updating the criteria for evaluating and underwriting development proposals
- Providing transactional services in connection with approved projects
- Working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property
- Assisting the DMCC or City



CITY OF ROCHESTER AND DMC EDA COLLABORATION

In order to operationalize necessary collaboration among City of Rochester and DMC EDA teammates, the following collaboration teams were created. The structure of these teams and relationships are outlined in the graphic below. These teams focus on seven key priority areas of the DMC initiative including:



In cooperation with the City of Rochester, the positions outlined below were added in 2018 to specifically support the implementation and oversight of DMC projects period and are funded using DMC dollars that are credited toward the \$128 million that the City of Rochester will be contributing to the overall DMC initiative.

A Project Assistant role was created in addition to the following Project Manager positions:

- + **Women and Minority-owned Business Program and Legislative Compliance Project Manager:** This position focuses on the targeted business and workforce participation goals of the DMC project and works to improve outcomes and build capacity in the City of Rochester.
- + **Transportation, Infrastructure and Planning Project Managers (2):** These two positions focus on the

implementation of key objectives of the DMC project, for example public realm projects, key development opportunities and opportunities to build out the Rapid Transit system.

- + **Special Initiatives Project Manager:** This position focuses on the implementation, grant applications, and other priorities associated with the creation of a Rapid Transit system.

Looking Ahead

Public and private sector investment in the DMC District are transforming downtown Rochester. Private sector expansion anchored by growth at Mayo Clinic and changing roles for the City of Rochester (the City), Olmsted County, and the University of Minnesota are reshaping the marketplace and experience of downtown. The public and private partners of DMC are in a process of realizing this significant opportunity. As described, the needs of the DMC initiative change over time. DMC EDA and its partners require an operational model that can adapt to evolving goals in a nimble fashion. This is especially important as the work of the DMC EDA and the DMC Initiative evolves from a focus on planning in Phase 1 to implementation of public realm and mobility projects in Phase 2.

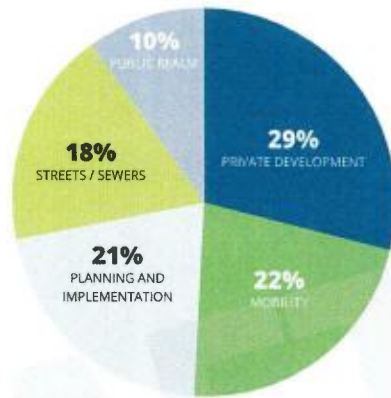
Policy Framework for Phase 2: Anticipated Use of DMC Funds

Destination Medical Center Corporation (DMCC) is responsible for directing the use of \$585 million in state, county, and city resources, in accordance with state law. As a steward of these funds, it is guided by goals reflected in the 2015 DMC Development Plan, evolving market conditions, and community values and priorities.

During the first phase, the DMCC authorized the use of \$98 million. A significant portion of those funds went toward supporting the public infrastructure associated with private development and the costs associated with creating the development plan itself.

Entering Phase 2, DMCC remains committed to stimulating continued private development, emphasizing investment that supports diversification of the economy. Additionally, during this phase, there will be an emphasis on executing on public infrastructure that was conceptualized and designed in Phase 1, specifically in the areas of Mobility and Public Realm.

ACTUAL USES 2015-2019 \$98M in public money was committed to these five areas



Flats on 4th, a residential and commercial building in the Downtown Waterfront sub-district.

PHASE 2 (2020-2024) PRIORITIES:

- ✦ **Transformative Private Development:** Focus on developments that diversify or support diversification of economy (e.g., Discovery Square, Food Economy, Main Street Retail, Housing Affordability);
- ✦ **Mobility Program:** Accelerate transportation program consistent with adopted Integrated Transit Studies;
- ✦ **Public Realm:** Create extraordinary public space at the heart of every sub-district, that forms the connective tissue of people oriented, walkable, accessible green space.

Based on the formula in state legislation, it is anticipated that \$200 million +/-, will be available in Phase 2. The table below sets out a framework for the use of DMC funds during Phase 2. When compared to Phase 1, significant increases in mobility and public realm expenses are offset by a reduction in program and operations. This framework will serve as a guide to assist in the annual CIP budgeting process and in decision-making surrounding private development proposals.



Illustration of Discovery Walk, a five-block, linear parkway extending from Heart of the City to Soldiers Field Park.

Public Investment in the DMC District

	Phase 1 Actual 2015-2019	Phase 2 Proposed 2020-2024
Mobility	\$21.5M (22%)	\$60-75 million (30-37.5%)
Public Realm	\$9.8M (10%)	\$35-50 million (17.5-25%)
Streets / Sewers	\$17.3M (18%)	\$35-50 million (17.5-25%)
Private Development	\$28.9M (29%)	\$20-45 (10-22.5%)
Operations	\$20.7M (21%)	\$15-20 million (7.5-10%)
Total	\$98.5M	\$200 million +/-



Transformative Private Development



The Berkman, a 13-story mixed-use development in the Saint Marys sub-district.

CONTEXT AND BACKGROUND

In the U.S., almost all homes, offices, hotels, restaurants, retail and entertainment venues are built by private developers. In the context of the DMC Development Plan, private development falls into two main categories:

1. Investments by Mayo Clinic for renovating or building new facilities in Rochester; and
2. Investments by other private investors and developers to build apartments, offices, hotels and RD&E (Retail, Dining and Entertainment) places, often within a mixed-use project. This means a single building may contain two or more of the aforementioned uses — such as an apartment building with retail on the ground floor.

The decision of what is allowed to be built in the DMC District is governed by Rochester's zoning code, which controls the land use map for the DMC District. The timing and amount of development that occurs is shaped by the infrastructural investments made by the State, County, City and DMC and is driven by market demand. Without demand from the market (i.e. people who want to live/work/learn/play/shop/invest in a given area), no private development occurs. Infrastructural investments like sewer capacity, bike lanes, roads, parks, etc. lay the groundwork for private investments to follow, as explained in the previous section. This relationship between infrastructural investments and private development is at the foundation of the DMC Act.

A best practices benchmark for public spending and private investment in a given area is approximately 10:1, which is captured in one of the goals of the DMC

project. For this goal, the \$585 million of public money is meant to attract approximately \$5.6 billion of private investment over 20 years. Mayo Clinic has committed \$3.5 billion of investment over 20 years, and DMC in collaboration with its partners is meant to attract \$2.1 billion in additional private investment.



Renovation to the Wells Fargo Center includes a glass addition to the lobby and an expansive interior connecting the subway, street and skyway levels.



DMC PLAN PRIVATE DEVELOPMENT PROJECTIONS

In the DMC Development Plan, space type and area projections are included that establish five-year milestones for the project. These targets were based on market demand studies conducted during development of the plan in 2013-15. Based on the studies for Phase 1 development, targets for healthcare practice, research, education, hotel rooms, retail, and residential units were created.

Market studies predicted significant activity in the development of additional healthcare space in the DMC District. This development is primarily focused on the renovation and construction of new space to support Mayo Clinic's practice and is captured in the Investment figures Mayo Clinic reports annually. Further, market studies forecasted the development of research space in the area of biomedical technology, which is embodied by the vision for Discovery Square, a sub-district for innovation of healthcare that diversifies Rochester's economy while building on the success of its biggest asset, Mayo Clinic.

Another primary need for a destination medical center is the development of additional hotel space. In the market demand studies, 760 hotel rooms were identified to be developed between 2015-2020. The original plan identified hotels as a key element of infrastructure needed for long-term success of the DMC District.

Finally, the market studies identified demand opportunities for 450 units of residential and accompanying retail. The new park plans, transit system, trailways, redesigned streets, and new or renovated buildings with street level retail and entertainment options would improve the

downtown experience. This establishes a sought-after living experience, furthers the recruitment and retention of Mayo Clinic employees and supports nearby housing options for new employees in the burgeoning biomedical technology sector in Discovery Square.



PHASE 1 PROGRESS

(2015-2019)

The table demonstrates private development progress toward the market demand projections outlined in the previous section.

Program Comparison Mayo Clinic Investments + DMC Major Projects		Phase 1 Original Plan	Phase 1 Actual	Phase 1 Difference	20-Year Plan Remaining	% of Total Plan Completed Phase 1
Property Type	Unit					
Practice (Mayo Clinic)	SF	1,200,000	2,381,000	+1,181,000	4,419,000	35%
Research (Mayo Clinic + Non-Mayo Clinic)	SF	180,000	497,000	+317,000	523,000	49%
Research (Mayo Clinic)	SF	-	417,000	-	-	-
Research (Non-Mayo Clinic)	SF	-	80,000	-	-	-
Education (Mayo Clinic + Non-Mayo Clinic)	SF	0	4,000	+4,000	350,000	1%
Hotel	Rooms	760	260	-500	1,120	19%
Office	SF	0	80,000	+80,000	230,000	26%
Retail	SF	50,000	82,000	+32,000	238,000	26%
Residential	Units	450	460	+10	2,390	16%

As shown in the table, the DMC initiative outperformed its Phase 1, five-year projections in most categories. The Phase 1 category highlights the difference between the actual performance in the first five years to plan projections. Significant activity occurred in the areas of healthcare, research, office, retail and residential.

DMC Development Plan market studies show that the first phase identified the opportunity to develop 760 hotel rooms; only 280 were completed during Phase 1. Additional hotel development (605 hotel

rooms) is currently under construction and slated to open in 2020 and 2021. In addition, another 505 residential units are currently under construction and so will be complete in 2022.

As outlined previously in this document, actual Phase 1 construction investments were nearly \$1 billion; \$127 million (15%) greater than plan for Phase 1, and 17% of the 20-year DMC Plan investment goals (\$5.68B).

Overall, based on the first five years of private development, the DMC District is well-positioned for the next five years. Mayo Clinic demonstrated its commitment, and DMC EDA and its partners were able to attract and secure private development to meet and surpass original project targets.

It is anticipated that the COVID-19 pandemic will impact the private development market. These impacts are discussed later in this section.

SUSTAINABILITY AND EQUITY CONSIDERATIONS

Given the sustainability goals stated in the DMC Development Plan, many of which focus on reducing resource consumption across the district over the course of 20 years, it is critical to identify and implement strategies to reduce the impact of new development in the downtown core. To accomplish this, DMC created two strategies.

1. DMC District Design Guidelines document

This planning framework identified strategies for private development projects that would establish a coordinated and sustainable design approach for buildings, streetscape, neighborhood adjacencies, public realm concepts and other building design considerations.

These strategies were used throughout Phase 1 to evaluate private development project applications and to ensure that similar project approaches and standards applied to development projects across the District. This holistic guide set a baseline for sustainability concepts that aligned with the vision for the DMC Initiative.

2. DMC Sustainability Requirements

Projects receiving DMC infrastructure funding are required to incorporate key sustainability goals as follows:

- + Energy Use Index target from project's inception
 - Must be 20% below energy code
- + 75% diversion rate for construction waste
- + 35% water reduction from baseline
- + 50% irrigation reduction from baseline
- + Alternative Transportation elements like bike parking, EV readiness
- + Third-Party Certification
- + Energy Benchmarking after project completion

In order to achieve DMC's sustainability targets, the building

goals are focused on energy and water efficiency, waste minimization, sustainable transportation approaches, design certification and operational performance. Collectively, these goals ensure a holistic approach for sustainable design, construction and operation that ensure new development aligns with the 20-year environmental targets of the DMC project. Another priority establishes equitable workforce outcomes for projects receiving DMC funds. To achieve this priority, the City of Rochester set targeted business goals and workforce participation goals for minorities and women. The targets established at the beginning of Phase 1, combined with current results, are included in the table to the right.



High-efficiency HVAC system in the Berkman in downtown Rochester, one of many sustainability features that earned the building Silver LEED certification from the U.S. Green Building Council.



Workforce and Targeted Business Categories	2015 Goal	Performance (2017 - 2020)
Women Construction Participation	6%	3.6%
Women Professional Services Participation	6%	32.8%
Minority Construction Participation	4%	15.2%
Minority Professional Services Participation	4%	6.5%
Targeted Business: Construction	4%	7.2%
Targeted Business: Professional Services	4%	5.12%

Targeted business and workforce participation goals used either reported employee hours or contract amounts as measurement. The DMC initiative through its first phase outperformed most targets except for the participation of women construction workers on projects underway in 2015-2019. As a result of this performance, the City of Rochester and DMC EDA updated the minority and women enterprise and workforce

participation goals in 2020. One lesson learned during Phase 1 is the small amount of local Rochester firms that are women or minority-owned as an additional consideration in addition to contractors that employ people of color and women. Looking ahead, staff leading this effort will continue to focus on building capacity and workforce pipelines in Rochester to promote the use of local firms whenever possible.



A flexible pedestrian walkway accommodates foot traffic through the Heart of the City construction project.

MAJOR PROJECTS FOR PHASE 2

(2020-2024)

Major projects are in the pipeline for Phase 2 of the DMC Development Plan (2020-2024). As a result of the transit-oriented development work to advance the rapid transit circulator, significant market demand projection work was conducted to establish updated private development metrics for the remainder of the DMC initiative from 2020 – 2035.

Also, in 2018 and 2020 DMC EDA and City of Rochester commissioned market demand studies to inform and refine their approach to recruiting private development. Both analyses underscored the importance of doubling down on efforts in Discovery Square and the development of a biomedical technology sector.

In 2020-2024, work will continue to build a second privately-developed research facility in Discovery Square, building off the success of One Discovery Square, which opened in 2019. This

second facility is projected to be 120,000 square feet and will continue to recruit medical technology firms of varying sizes to work alongside Mayo Clinic researchers to develop the next century's medical innovations.

A second opportunity for private development is workforce housing. Housing development in Phase 1 occurred in two primary rent ranges – market rate and units that are rented at 60% area median income (60% AMI). While the Rochester market created nearly one thousand affordable housing units in five years, the activity only served a portion of the community, leaving significant unmet gaps in other income ranges. Looking ahead to Phase 2, noteworthy opportunities include establishing residential units at varying income levels and bringing ownership opportunities to the downtown in the form of condominiums and townhomes.

A third opportunity for the private development in Phase 2 concerns the public realm and conceptual development planning for the Downtown Waterfront and Saint Marys public realm projects. This approach is aligned with the DMC vision of creating a signature public realm for each sub-district. Looking ahead, similar to the success realized in Heart of the City and Discovery Square, this conceptual public realm planning will help to establish a vision for these districts that private investment can rally around.

Finally, economic market demand projections were established in order to prepare an application for federal transit support of the rapid transit solution in downtown. As a result of this work, updated market demand projections for the next 15 years were established. These development targets are captured in the table.

Project Name	Completion Date	Total SF	Total Project Cost	Construction Type	Primary Use
Hotel Indigo (former Holiday Inn)	2020	86,000 (180 rooms)	\$10,500,000	Full building reno - retain use	Hotel
Urban on First (The Maven)	2020	239,000 (155 units)	\$30,810,000	New Construction	Residential
Berkman (Alatus)	2020	524,000 (350 units)	\$85,000,000	New Construction	Residential
Eleven02	2021	170,000 (250 rooms)	\$4,160,000	New Construction	Hotel
Hyatt House	2021	179,000 (175 rooms)	\$6,940,000	New Construction	Hotel

	Total DMC Planned (2015-2035)	Phase 1 Buildout 2015-2019 (Actual)	Phase 2 Under Construction	Phase 2 Additional Projected Real Estate Growth	Remaining Phases 2025-2035
Practice (Mayo Clinic)	6,800,000 SF	2,381,000 SF	TBD	TBD	4,419,000
Research (Mayo Clinic)	340,000 SF	417,000 SF	TBD	TBD	0
Research (Non-Mayo)	680,000 SF	82,000 SF	125,000 SF	0 SF	475,000 SF
Office	310,000 SF	80,000 SF	0 SF	0 SF	230,000 SF
Hotel	1,380 Rooms	260 Rooms	605 Rooms	0 Rooms	515 Rooms
Residential	2,850 Units	460 Units	505 Units	160-360 Units	1,625 Units
Retail-Dining-Entertainment	320,000 SF	82,000 SF	36,884 SF	0 SF	201,116 SF

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

There are several ways that the COVID-19 pandemic could impact private development activity within the DMC District over the next five years:

- + Willingness or ability of investors to advance projects in an uncertain economy;
- + The impact of the pandemic on specific sectors;
- + Societal inequities exposed or exacerbated by the pandemic; and
- + Construction worker safety.

Private Market

Thus far, private developer interest remains strong in Rochester. Current projects under construction are expected to be completed, and DMC EDA and City of Rochester are working through approvals for potential new projects for the district.

There are sectors of the Rochester community that include hotels, Mayo Civic Center and the Rochester International Airport that have been severely impacted by the pandemic and resultant travel restrictions. The long-term impact on the hotel sector remains to be seen and will likely be dictated by travel to Rochester and the ability to conduct conventions and sporting events. At the direction of the DMCC

board, DMC EDA commissioned an economic analysis scenario study to better understand the current and possible future impacts of the COVID-19 pandemic on Rochester's economy.

Changing Cities

As a result of the stay-at-home order and social distancing requirements associated with limiting the transmission of COVID-19, work has shifted from the workplace to remote work where possible. This has changed the vibrancy of downtowns across the country, and Rochester is no different.

Looking ahead, private development targets may need to adapt to changes in the existing building stock. Further, living preferences of community members and new community members could shift over the long-term as a result of the pandemic and its impact on civic life, community events, and availability of downtown retail and entertainment options.

Community Impact

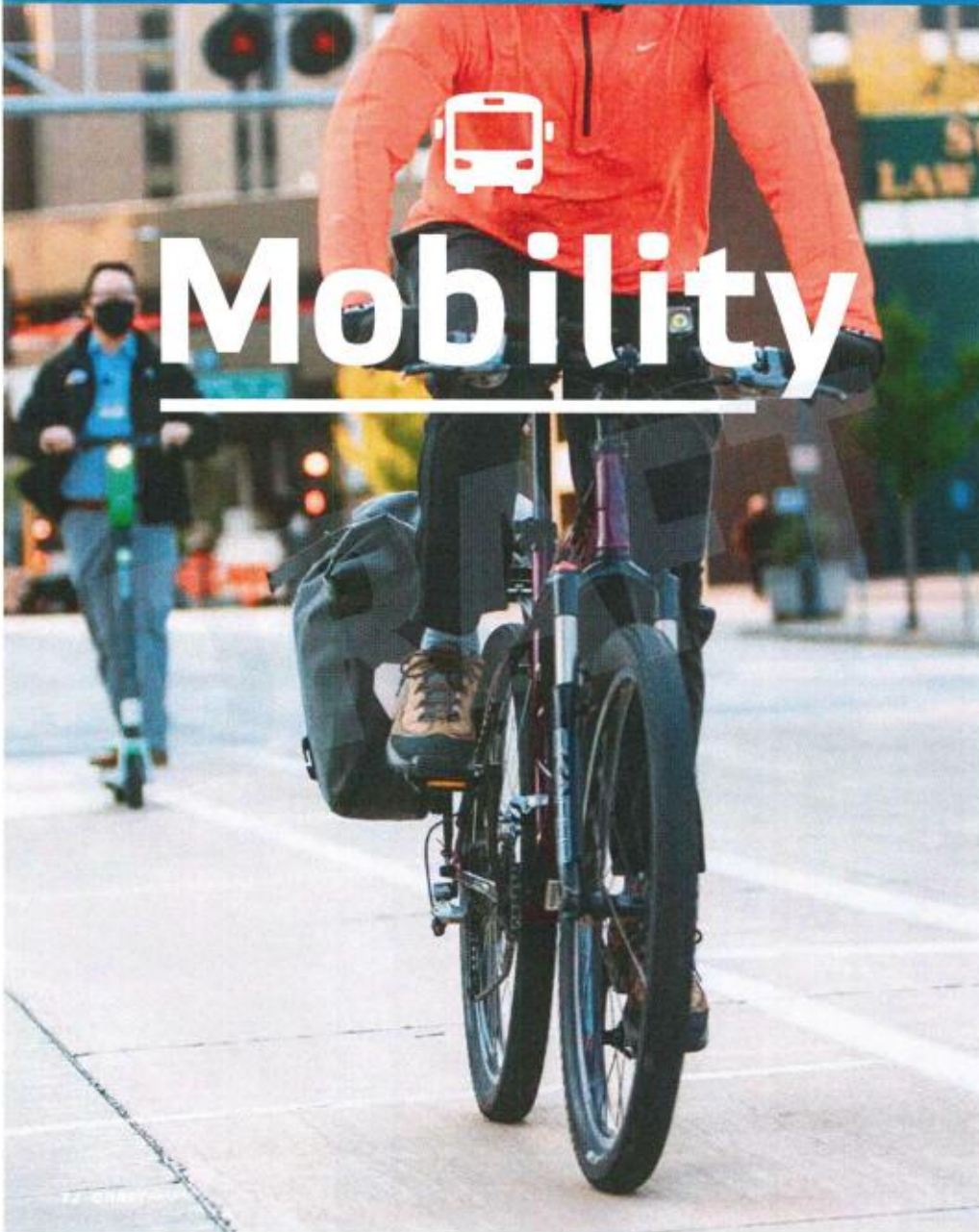
COVID-19 stymied activity in the service industry, impacting its workers and its ties to affordable housing, reliable

transit and opportunity. The federal government responded with several directives including a temporary worker stipend and eviction moratorium. While these measures helped lessen the blow to vulnerable communities, these measures were initially set up to be temporary in nature. Communities continue to struggle with limited transit service; opportunities for other employment are scarce. Looking ahead, a focus on developing workforce housing and reliable transit service will serve the DMC initiative and City of Rochester well as solutions to build resiliency in the community and enhance its ability to weather significant shocks to its environment.

Construction Industry

Finally, as outlined in other sections, the pandemic could impact the availability of construction workers and project schedules. Moving forward, protocols established by contractors and the broader construction industry need to be followed in order to minimize the pandemic's impact to construction worker health and continue progress on current and future development projects.

Refer to pages 22-25 for further discussion of COVID-19 economic impact.



CONTEXT AND BACKGROUND

What do we mean when we say mobility? In the 2015 DMC Development Plan, nearly one-third of its content was devoted to transportation, demonstrating how critical this element is to the overall DMC initiative. This five-year update reflects on today's understanding of the plan's goals, which means a shift in language as we enter into Phase 2 to better align with the DMC Development Plan goals.

DMC's approach to transportation continues to evolve. Mobility encompasses the gamut of transportation options — increasingly including newer options like shared cars, bikes, scooters, and autonomous vehicles. But the larger objective is to guarantee that people can get to jobs, health appointments, parks or shopping whenever they want or need to go — and that they are not deterred by transportation reliability, affordability or safety concerns.

Mobility equates to access. Simply put, transportation is something we do; mobility is something we have.

Peer studies show that the catalyst for economic and community activity is found in quality urban streets that are walkable, connected, and served by high-quality transit. Downtown districts in cities rated as having a high quality of life have in common a high-quality downtown that functions as the city's cultural and economic heart.



PHASE 1 PROGRESS

(2015-2019)

Transportation elements of the 2015 DMC Development Plan outline investment concepts to improve access to downtown Rochester and improve circulation within downtown for residents, workers, and visitors on transit, foot, and bicycle. These transportation principles were first identified in the Rochester Downtown Master Plan and reinforced by the DMC Development Plan, and serve to inform improvements to parking, transit, streets, active transportation, wayfinding, and regional commuter service. These principles were developed into detailed studies in the DMC Transportation & Infrastructure Program Integrated Transit Studies (ITS) prepared for DMCC and the City of Rochester and issued on June 20, 2018.

The principles established to guide future DMC mobility actions and investment are:

- + Making it easy, affordable, and convenient for people to get to downtown Rochester, whether they are from Southeast Minnesota or journeying from across the globe;
- + Bringing 30 percent of the workforce to downtown Rochester on transit by 2035;
- + Creating a “park once” downtown environment connected by a frequent downtown circulator;
- + Prioritizing and building shared parking for economic development;
- + Creating world-class streets designed for people;
- + Creating an exceptional place for healthy, human-powered transportation;
- + Forming a downtown Rochester Access Authority;
- + Investing in sustainable transportation

infrastructure and programs that reduce the city’s ecological footprint;

- + Deploying DMC funding to leverage public and private transportation infrastructure funding; and
- + Establishing and maintaining a transportation network that is accessible and inclusive to people of all ages, abilities, and states of wellness.

The DMC Development Plan projected that by 2040, downtown Rochester will grow with significant increases in the number of workers, visitors (including medical patients and convention/event traffic), and residents moving about the district. With this growth in activity will come significant growth in travel. If

current travel choices remain unchanged, the level of downtown vehicle traffic is expected to grow by over 60 percent, resulting in significant peak period traffic congestion and demand for over 16,000 additional parking spaces, which is over 50 percent above current parking supply:

While the COVID-19 pandemic may impact projections, especially in terms of the number of workers that will come downtown, at this juncture too much remains uncertain to issue a re-calculation. The principles that shape our mobility strategy remain in place, as they established a flexible framework for implementation that can adapt to evolving conditions over time.

▼ Demonstration of the Easy Mile 12-passenger autonomous vehicle on Peace Plaza in downtown Rochester.

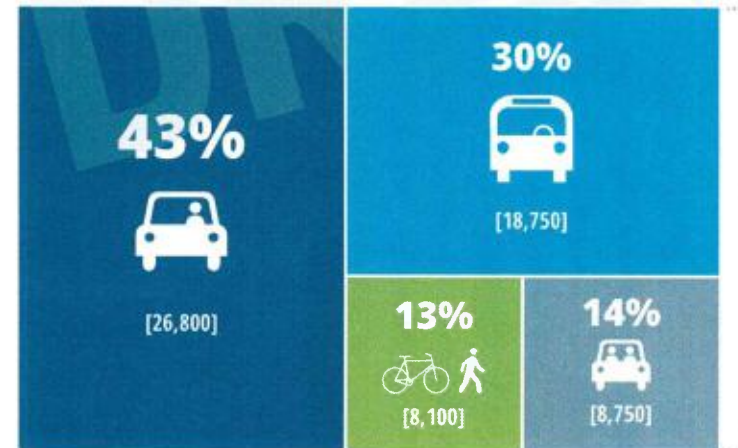


COMMUTER MODE OF TRAVEL TODAY



35,250
Current total number of employee commuters

COMMUTER MODE OF TRAVEL: 2035 TARGET



62,400
Total projected number of employee commuters

FROM VISION TO PROJECT IMPLEMENTATION

The purpose of each study was to refine work completed in the 2015 DMC Development Plan visioning process at a level of detail needed to generate public acceptance of proposed solutions and support of project funding. Each study examined the feasibility of proposed improvements in the context of limited right of way availability, cost-effectiveness of the proposed approach to delivering improvements, and the degree of public acceptance for improvements.

The studies were conducted in an integrated framework in order to assess how infrastructure improvements in each area

would contribute to an overarching cohesive transportation network. That network is planned with a variety of modes of travel – car, transit, bike and on foot – that would accomplish the goals identified in the DMC Development Plan.

Findings from the 2018 Integrated Transit Studies were jointly considered across four areas of focus:

- + Transit Circulator Study
- + Street Use and Operations Study
- + Parking and Travel Demand Management Study
- + City Loop Study

PREFERRED SOLUTIONS AND STRATEGIES

The ITS transportation investment framework reflects major changes transpiring in Rochester over the next 20 years, including:

- + Intense land use development in the downtown area, with concentrated employment growth particularly in districts influenced by the presence of Mayo Clinic;
- + Rise of downtown as a dense residential neighborhood;
- + Increased demand for downtown access; and
- + Changing travel behavior, consumption preferences, and essential living infrastructure.

The ITS transportation investment framework builds on and refines these key tenants of the DMC Development Plan:

- + A greater emphasis on land use patterns that encourage short trips;
- + An effort to make walking and bicycling safe, comfortable, and enjoyable;
- + The opportunity for street networks to be developed that effectively balance the use of modes to optimize movement of people over cars and facilitate movement of goods;
- + The expansion of transit systems that link people to jobs, provide high quality service throughout the day, and are accessible to users of all ages and abilities; and
- + Accommodation for all users, including those with mobility impairments, disabilities, and other special needs, and which enables residents and visitors to be active, recreate, and exercise outdoors while being part of a vibrant neighborhood.



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MAJOR PROJECTS FROM PHASE 1 (2015-2019)

The ITS proceeds to outline preferred solutions and strategies in much greater detail and are included in the Appendix. Following is the summary table of other planning and implementation initiatives that occurred from 2015-2019 to advance DMC's mobility goals:

Mobility Project	Type	Date Issued	Description	Link
DMC 2015 Plan	Vision and Framework	2015	High-level vision for transportation in the DMC District	dmc.mn/press-room/#devPlan
RPT Transit Development Plan	Master Plan	May 2015	Five-year planning document outlining services and routes	www.rochestermn.gov/departments/public-transportation/transit-planning/tdp-background
ITS	Framework for Implementation	2018	Integrated transit plan for downtown	www.rochestermn.gov/departments/public-works/dmc-related-transit-studies
Parking Ramp 6	Built Project	Completed in 2019	New parking ramp to accommodate downtown parking needs	www.rochestermn.gov/Home/Components/FacilityDirectory/FacilityDirectory/379/1540
4th Street Reconstruction	Street Improvement	Completed in 2019	Street reconfiguration to include protected bike lanes	www.rochestermn.gov/departments/public-works/construction-projects/4th-street-sw
TOD Zoning / R2x zoning	Zoning Policy Change	Completed in 2019	Allowing for denser development along transit corridors and adjacent neighborhoods	www.rochestermn.gov/departments/community-development/planning-zoning/transit-oriented-development-tod-and-infill-redevelopment-r2x
Micro-Mobility	Pilot Project	2016-Present	Bike share pilot program and electric scooter pilot program	https://www.rochestermn.gov/departments/community-development/sustainability/micro-mobility



DRAFT 77

MAJOR PROJECTS FOR PHASE 2

(2020-2024)

From Concept to Implementation

During Phase 2 of the DMC Development Plan, several initiatives will move forward. Below is a snapshot of major mobility initiatives currently underway, in addition to the anticipated timeframe for their implementation.

Mobility Project	Type	Description	Link
Rapid Transit Circulator	Electric bus rapid transit route	4-mile route, high-frequency bus rapid transit amenity	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route
West Transit Village	Master Planning + Development	13-acre transit-oriented development	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route/rapid-transit
St. Marys Transit Center	Upgrade/reconstruction	As part of the Rapid Transit project, St. Marys transit infrastructure will be upgraded	-
North Broadway Construction	Street Reconstruction	Street project to update lanes, pedestrian and bike amenities	www.rochestermn.gov/home/showdocument?id=9317
City Loop	Protected bike lane network	Connected and protected bike lane network through downtown core. Link between existing trailways	www.rochestermn.gov/home/showdocument?id=27639
Arrive Rochester	Transportation Management Association	Program to develop and encourage alternative commuting habits	https://arrive.agilemile.com/
Unified Development Code	Building code update	Update to land use and development code that translates Comprehensive Plan (2018) to actionable approach	www.rochestermn.gov/departments/community-development/unified-development-code-project
City Pedestrian and Bike Master Plan	Master Planning Effort	Update and coordinate pedestrian and bike infrastructure across City (including downtown)	-
Micro-Mobility	Pilot Project	E-bike share program and Hour Car vehicle sharing program pilots planned	https://www.rochestermn.gov/departments/community-development/sustainability/micro-mobility
MNDOT CAV prototyping	Pilot Project	Year-round collaboration with the State of Minnesota to test autonomous vehicle technology	www.dot.state.mn.us/automated/docs/rochester-av-shuttle.pdf
Electric Vehicle Infrastructure	Vehicle charging Network	Planning document for visitor and resident vehicle charging	-

SUSTAINABILITY AND EQUITY CONSIDERATIONS

During the first five years of project planning, DMC and its collaborators made sustainability a priority. DMC took a triple bottom-line approach to sustainability planning in order to balance decision-making across three key areas: natural environment, financial returns, and social equity improvement.

The integrated transit planning approach highlights ways to create a resilient and equitable downtown by

encouraging a range of modes of travel. These choices help address the different needs of downtown workers, residents, and visitors, ensuring that with more options, the approach will be more adaptive. With seasonal weather changes, or as the traffic congestion accelerates throughout the day, the plan recognizes the importance of providing mobility options that accommodate user needs. The range of options is important,

as are their prevalence, placement and cost. Going forward, sustainability and equity must continue to be part of the planning process in order to ensure the transportation planning and mobility options conserve natural resources and are equitably distributed.

Planning efforts will carefully consider how both Naturally Occurring Affordable Housing (NOAH) and new affordable housing will tie into mobility investments.

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

The COVID-19 pandemic has impacted mobility planning, approach and implementation considerations. Three current observations pertaining to potential long-term impacts for the health and well-being of commuters include:

1. Commuter Habits

In March 2020, many employees working in downtown Rochester transitioned from office-based to remote work (typically from home) in order to comply with social distancing guidelines. As a result, a portion of the existing downtown workforce no longer needed to rely on mobility options for work commutes.

As the pandemic continues, a significant percentage of the downtown workforce continues to work from home or to work with a staggered in-office schedule. Therefore, projections pertaining to commuters will need to be updated to reflect the changing paradigm of the modern workplace and the safety of its workforce.

2. Cleanliness of Mobility Options

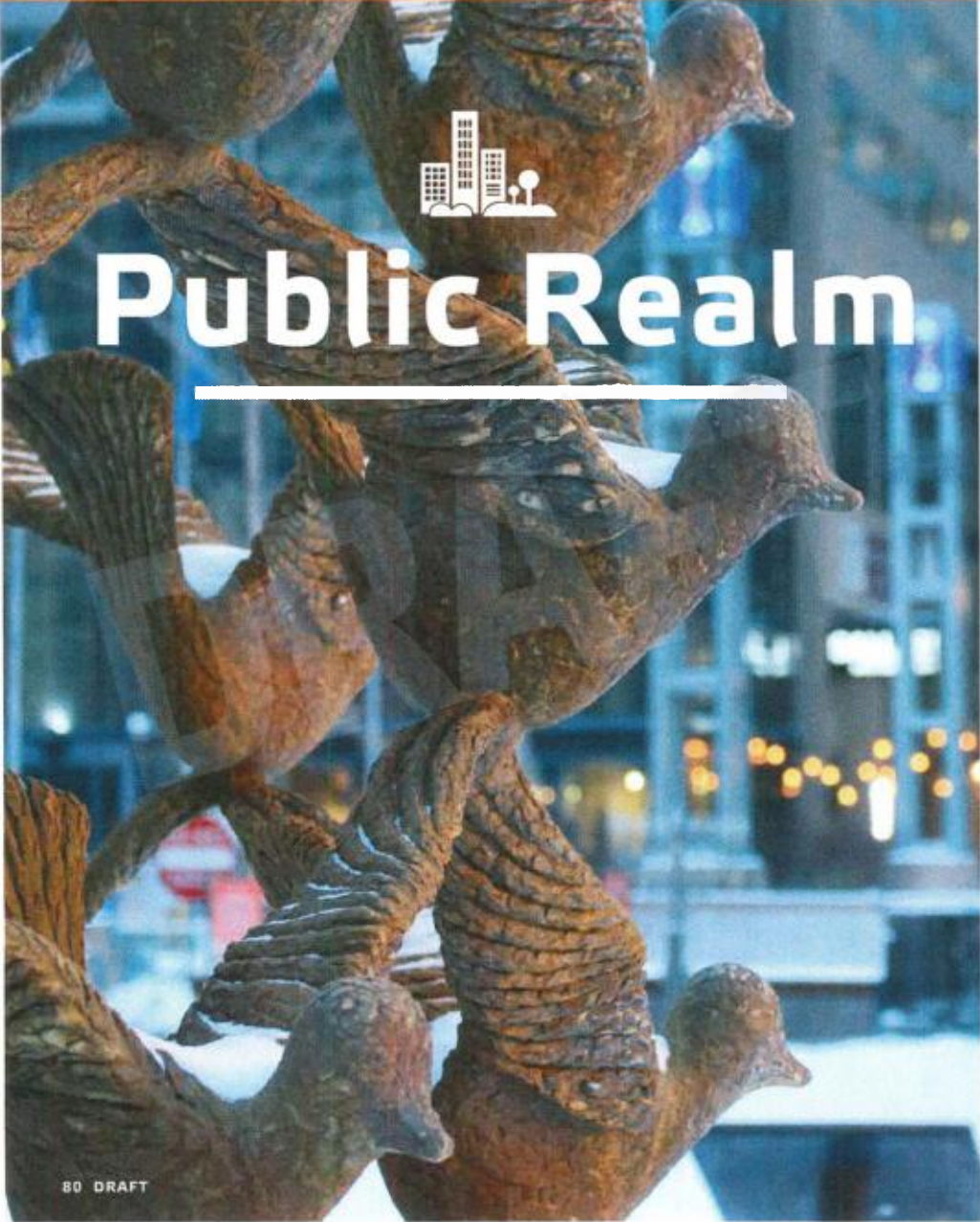
The pandemic highlighted the necessity for cleanliness of transit and other mobility options. The public is keenly aware of the importance of clean surfaces and equipment. Ultimately, the success of shared mobility options will be predicated on the community's trust that public transport options are safe.

Currently, technologies that include UV lights are being used in public transportation vehicles to kill germs and ensure the safety of riders. Practical approaches to ensure commuter safety and technological advancements will need to be routinely reviewed and employed for ongoing success.

3. Community Outdoor Infrastructure Use

As a result of the pandemic and social distancing protocols, more community members are home-based and have been exploring the outdoors to relax, exercise, or simply get some fresh air. Several months into the pandemic, use of Rochester's trailways has increased dramatically.

As cases of COVID-19 subside, the trend for outdoor activity, and specifically the usage of pedestrian and bike infrastructure in downtown and throughout the rest of the city will need monitoring to inform future planning efforts.



Public Realm

CONTEXT AND BACKGROUND

Public realm is our civic commons. Generally, it means outdoor space within cities and towns that is accessible to the general public – that includes sidewalks, streets, parks, plazas and other shared places. It is the connective tissue of a city. The DMC District public realm aims to be walkable, green, people-oriented and accessible.

Public space, public realm, and placemaking are interrelated; their development, use and ultimate success is largely tied to input from the community as it relates to design and program elements that invite activity and use.

The first Guiding Principle of the 2015 DMC Development Plan emphasizes the central role that public realm plays in the vision for the DMC District (DMC Development Plan, Section 1, p 6):

“The DMC Initiative sets forth a plan to transform the epicenter of Rochester...into a vibrant urban center and one of America’s model cities. This is accomplished by creating a vision for an integrated downtown, unified by six sub-districts that are [each] anchored by unique places designed to create experiences to attract and retain residents, visitors, employees and investors to the community. This is a place for Rochester; it is envisioned by its citizens. It reflects the principles, ideas and culture unique to this community.”

To fulfill this direction, compelling visions for public space were developed. Further detail on their progress and next steps are outlined in the following sections.



Testing winter activities in underused public spaces at the annual SocialICE event.

Agile Digital

PHASE 1 PROGRESS

(2015-2019)

Since adoption of the DMC Development Plan, the DMCC Board reinforced strategic priority areas to be developed by the Project. For Phase 1 of the project (2015-2019) the Heart of the City and Discovery Square sub-districts were among the first set of priority public realm projects, though progress has been made on additional projects as well.



CHATEAU THEATRE

During this same period, and with the understanding that a robust arts presence in downtown will further enhance its vibrance, DMCC in partnership with the City and Mayo Clinic purchased, renovated and re-opened the historic Chateau Theatre that is located in the Heart of the City adjacent to the planned public realm project. The community has expressed considerable interest in the revitalization of this building to further leverage the public realm investment and as an opportunity to amplify programming offered by a range of organizations.



DISCOVERY SQUARE

In the Discovery Square sub-district, DMC EDA, City of Rochester, and a range of community partners completed a schematic design for Discovery Walk, the signature public realm space for the sub-district. Discovery Walk is a five-block linear parkway meant to connect the Heart of the City public realm space to another downtown park adjacent to the City's Soldiers Field Park, a multipurpose space that houses a veteran's memorial public golf course, playground, playing fields and community gathering space.

DMC EDA partnered with a range of stakeholders, including the City of Rochester, business community, non-profits, Mayo Clinic and a group of community co-designers (connectors to under-represented communities) to inform the conceptual approach for the park. The success of the community co-design process will continue to inform the project through completion of its design development. Additionally, regional artists will assist with art integration within Discovery Walk.

The DMCC Board approved the advancement of the Discovery Walk project into Design Development in the very beginning of Phase 2 (2020).



HEART OF THE CITY

In the Heart of the City sub-district, public realm planning began early in Phase 1. To help inform early design concepts, DMC Economic Development Agency (EDA) partnered with several organizations to lead a Prototyping Festival (September 2016) that crowd-sourced public realm planning ideas and concepts from the community. Several of the concepts have been incorporated into the project's final design. Beyond the prototyping festival, City and DMC partners led community working groups to collaborate through conceptual and schematic design processes. In 2018 and 2019, design documents and construction documents were finalized with participation once again from the community and construction commenced early in Phase 2 (April 2020).



SAINT MARYS PLACE

In the Saint Marys sub-district, DMC EDA and City of Rochester, in concert with community partners, developed a schematic design for the area surrounding 2nd Street SW and Mayo Clinic Saint Marys Campus. This signature public space is meant to transform the West Second Street downtown experience from a work environment to one that also cultivates live and play opportunities for employees, visitors, and community residents. Community engagement was critically important during the development of this sub-district's conceptual plans.

Public Realm Project	Description	Work done in Phase 1	Link
Heart of the City - Phase 1	Signature public space project located in the center of downtown. This project will be completed in two phases, with the first phase entering construction in 2020.	Design and financing	https://heartofthecity-dmc.com/hoc-phase-1/
Discovery Walk	Signature five-block linear park extending from Heart of the City to Soldiers Field Park. This project will enter construction in 2021.	Concept and schematic design	https://dmc.mn/discovery-walk-a-place-of-connection/
Saint Marys Public Realm	Schematic design concepts for signature public realm space in the Saint Marys sub-district.	Concept design	https://dmc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Chateau Theatre	Restoration of beloved community venue.	City, with support from DMC and Mayo Clinic, purchased, did interim renovation and activation	http://www.rochester.mn.gov/departments/administration/chateau-theatre

SUSTAINABILITY AND EQUITY CONSIDERATIONS

In the development of conceptual plans for public realm projects, the design team comprised of members from DMC EDA and City of Rochester placed sustainability at the core of its planning. For each design, the team focused on opportunities to reduce consumption of resources, such as water and energy. Additionally, the team worked to reduce waste impacts, identify materials comprised of recycled or rapidly renewable materials that are produced locally, prioritize native fauna, and ensure that each project reflected the visions put forth by the community.

Regarding equity, DMC EDA and the City of Rochester have piloted several new ways to incorporate more equitable practices into the project development process.

In the Heart of the City Public Realm design development, DMC EDA commissioned a study to better understand its community engagement

approach through an equity lens, which identified several areas of opportunity for improvement. This study informs the team's future direction.

Building on the Heart of the City findings, an innovative new approach was taken during the concept design of Discovery Walk to ensure the project reflected the diversity of the community, inspired by first hearing from a range of voices. This approach is called a community co-design process. Community members from several historically under-represented communities in Rochester were hired to participate as members of the design team, and were compensated for their time and expertise, just as the architects, planners and other hired professionals are in the typical design process.

The outcome at the end of concept design was an explanation of the design elements, programmatic changes and policy considerations that the City, DMC

and others project partners will use to inform Discovery Walk's design going forward. The outcome of this process will be to produce public spaces that should better fulfill the DMC Development Plan's goal to create "a place for Rochester... envisioned by its citizens. It reflects the principles, ideas and culture unique to this community." Several of the community co-designers will continue to participate as part of the design team throughout the entire design and construction process in Phase 2.

The success of this initial approach to planning will be replicated for future projects and initiatives. Honoring and financially compensating community co-designers will continue to ensure initiatives reflect the community's vision for highlighting and celebrating its diversity while providing a pathway to breaking down systems of structural oppression and racial bias.

MAJOR PROJECTS FOR PHASE 2

(2020-2024)

From Concept to Implementation

Planning and construction initiatives in Phase 2 are underway that will be developed over the course of the next four years, from 2020 to 2024. The first phase of Heart of the City construction began in spring 2020 with completion expected in 2021 of the eastern portion of its public space. After renovation, the historic Chateau Theatre has already reopened as a multi-use venue.

Discovery Square plans are set to carry the schematic level of design of Discovery Walk through design development and construction documents with construction start planned in 2021. Community residents from underserved and historically underrepresented communities will continue to be engaged on the design

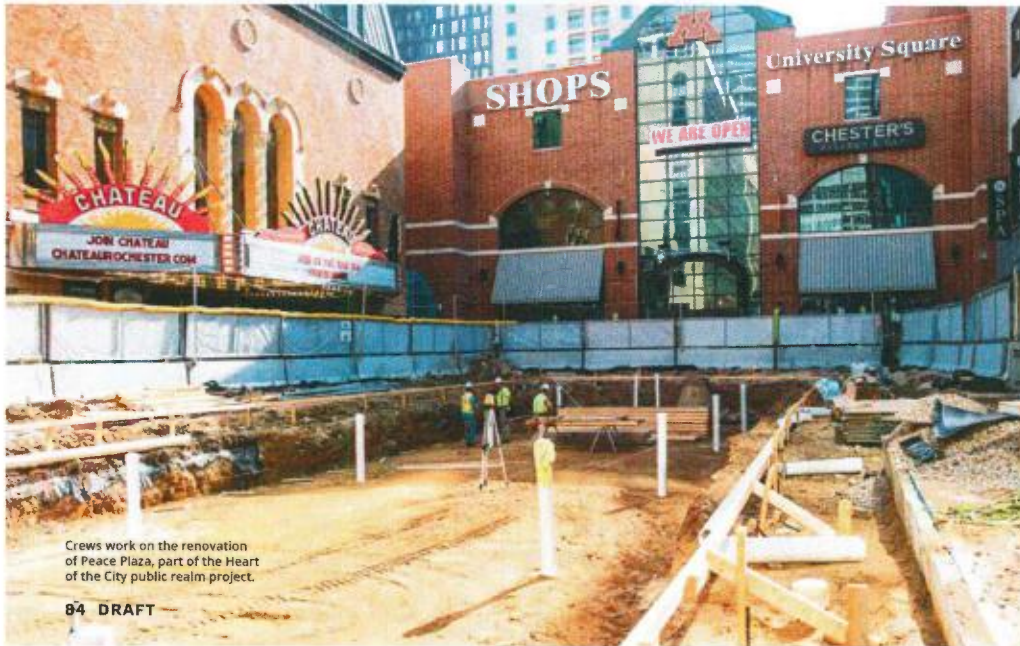
of the public space; stipends to cover the cost of transportation and childcare will be provided.

Tentative plans are in place for Saint Marys sub-district toward the end of Phase 2 to carry the conceptual work through its later stages of design. This work will likely be completed in concert with the development of the Rapid Transit Project, which is outlined further in the Mobility section. Plans for this transportation corridor will include public realm space, thus ensuring that the connective tissue of the station areas located adjacent to neighborhoods will contribute to design and recognition as quality public realm.

Also in Phase 2, initial planning for the Downtown Waterfront sub-district public

realm space will commence. Conceptual plans will be developed to realize the vision for creating a signature public space that connects to other downtown public spaces. The possibility exists to connect development to historic 3rd Street, a popular destination for visitors and community residents, in addition to connecting to other large private property parcels within the sub-district along the Zumbro River.

Since a signature public realm component is called for within each of the sub-districts, a strategic plan and timeline for visioning the remaining two sub-districts (Central Station and UMR and Recreation Area) will also be developed in Phase 2.



Crews work on the renovation of Peace Plaza, part of the Heart of the City public realm project.

Public Realm Project	Description	Phase 2 Anticipated Work	Link
Heart of the City - Phase 1	Signature public space project located in the center of downtown completed in two phases, with the first phase entering construction in 2020.	Construction start April 2020; anticipated completion summer 2021	https://heartofthecity-dmrc.com/hoc-phase-1/
Discovery Walk	Signature five-block linear park extending from Heart of the City to Soldiers Field Park. This project will enter construction in 2021.	Construction start in 2021	https://dmrc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Saint Marys Public Realm	Schematic design concepts for signature public realm space in Saint Marys sub-district.	Design to be coordinated with Rapid Transit project	https://dmrc.mn/wp-content/uploads/2018/07/DRAFT-St-Marys-Plan.pdf
Waterfront Public Realm Planning	Signature public realm space within the Downtown Waterfront sub-district. Aims to increase activity around the river flowing through downtown.	Design and Phase 1 construction by 2024	https://downtownwaterfrontsmallareaplan.com
Central Station Public Realm	Initiate re-visioning for this sub-district and potential public realm concepts.	Kick off concept design	-
UMR / Recreation Public Realm	Update overall sub-district plan and potential public realm concepts.	Kick off concept design	-
Rapid Transit Public Realm	Rapid transit public realm planning to delineate station areas and transit route.	Station area design and construction start	www.rochestermn.gov/departments/administration/downtown-rochester-high-amenity-circulator-rapid-transit-route

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

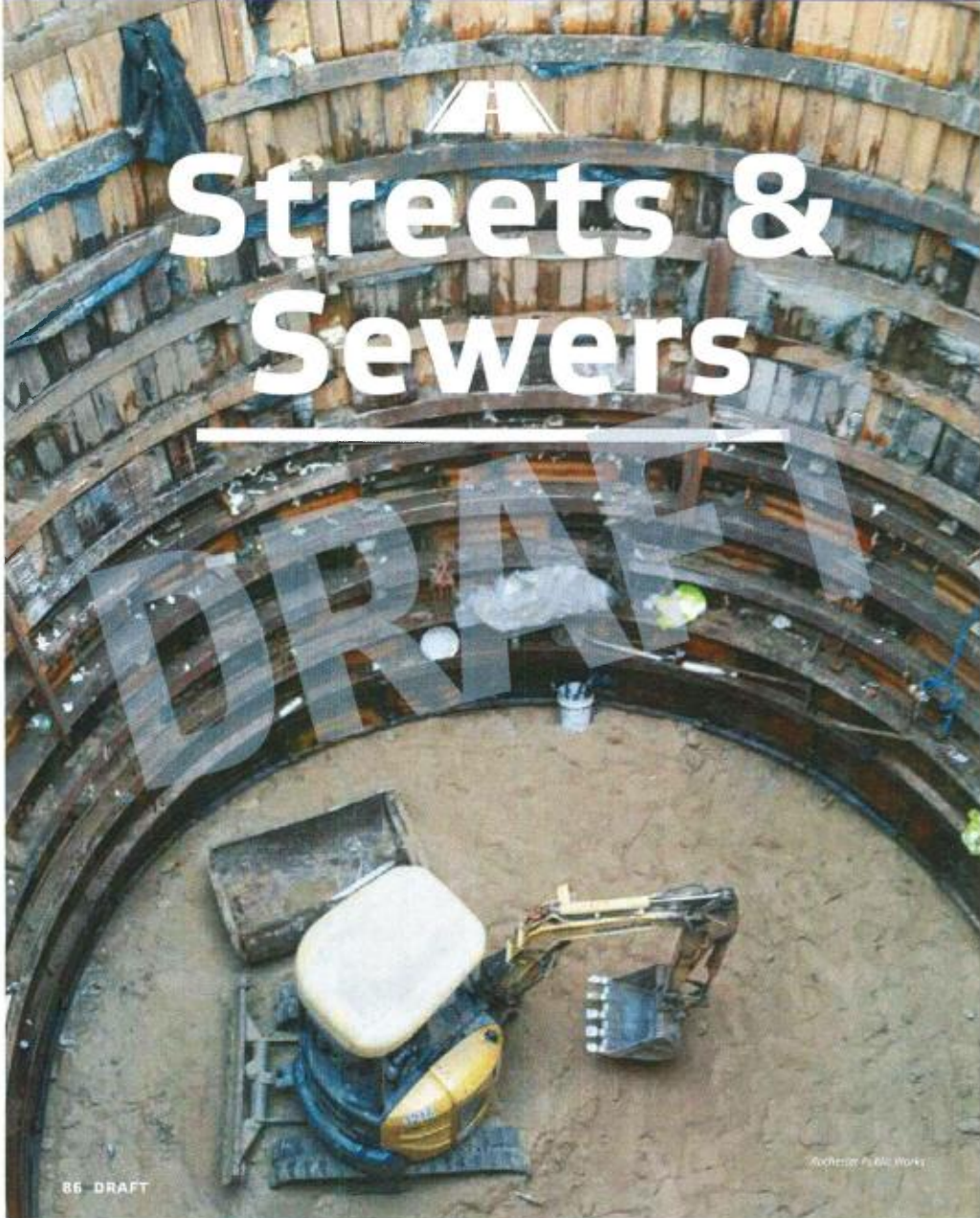
The COVID-19 pandemic has impacted the role and elevated the importance of outdoor public space in urban environments. Historically, public realm spaces have offered inviting places for a range of community activities - a place of respite, a place to access nature while in an urban environment, or a place that welcomes community gathering and activity. Public spaces have been recognized for helping to address social isolation and mental health, even though people may not be interacting, seeing others contributes to stress reduction.

Places of respite and access to nature will grow in importance in a post-pandemic world. As discussed in the mobility section of this document, the Rochester community continues to assess the value and importance of trailways and natural spaces as essential and therapeutic. The design of Rochester's public spaces will need to adapt to changing circumstances in order to provide places with convenient access to nature or to safely congregate in large or small groups.

Considerations given for the use of

public space will largely be predicated on perceived safety. Outdoor spaces must address cleanliness. Additionally, the space must provide for safe distancing and the disinfection of surfaces in order to provide for and ensure community adoption and use. The Clean and Safe Program created by the Rochester Downtown Alliance is currently underway, carried out by full-time employees following safety protocols in cleaning high touch point spaces and places in downtown.

Streets & Sewers



CONTEXT AND BACKGROUND

Critical infrastructure investments like street improvements, stormwater, and sewer projects facilitate subsequent vertical building development. These public investments in infrastructure are generational investments, and in the case of the DMC they support denser downtown private development. This relationship between public investments that fuel greater private investment is at the core of the DMC Development Plan financial model.

Streets and sewers are two different project types that share a similar purpose: to improve access and use. Within the street typology section of the 2018 Integrated Transit Studies, there is an approach to designing downtown streets to better accommodate multiple mobility modes.

In 2021, the results of this plan will be integrated into a city-wide plan as the City updates its Bicycle and Pedestrian Master Plan. More details about street improvements can also be found in the documents referenced in the Mobility section.

Most of the street and sewer projects outlined in the 2015 DMC Development Plan are early phase improvement projects to support strategic growth and advance quality of life. Within the Development Plan, these projects fall into four primary areas:

1. Stormwater mitigation
2. Sewer infrastructure upgrades
3. Water main infrastructure projects
4. Downtown street and parking improvements

The water, sewer, and stormwater projects are a combination of repair or replacement of aging infrastructure (that would be needed even without the DMC Initiative) and expanding capacity to support new development in the DMC District. It is worth noting that the fiscal efficiency of infrastructure investments in

downtown development is much higher than lower density development patterns, and therefore downtown development helps support the variety of lower density neighborhood types that are found within Rochester. Further details on this can be found in Appendix.



PHASE 1 PROGRESS

(2015-2019)

In the first five years of the DMC initiative, considerable progress was made on several infrastructure projects to enable further downtown development. Projects that began planning and/or construction between 2015-2019, are listed below.

Storm and Sewer Projects	Description	Link
Sanitary Sewer Upgrade – 3rd Ave SE	Upgrade sanitary sewer capacity to meet future development needs. This project is nearing completion.	https://www.rochestermn.gov/home/showdocument?id=27635
Sanitary Sewer Bypass – 2nd St SE	Upgrade to sewer utility along 2nd Street SE. Project is currently under construction.	https://www.rochestermn.gov/home/showdocument?id=27635
Sanitary Sewer Upgrade – Cooke Park	Upgrade to sanitary sewer to meet future downtown development needs. This project is in design.	-
Street and Utility Upgrades – 4th St SW	Upgrade to storm and sewer utilities and street redesign, including bike lane. This project is complete.	https://www.rochestermn.gov/home/showdocument?id=27617
Sanitary, Sewer and Street Upgrade – 6th and 7th Ave	Upgrade to sanitary and sewer utilities and street redesign. This project is under construction.	https://www.rochestermn.gov/home/showdocument?id=27627



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Collectively, these key infrastructure upgrades are focused in areas that are prime for redevelopment. Historically, these downtown areas hosted surface parking lots, which did not greatly impact the sewer or water main systems, but also did not generate much in tax revenue, or support jobs, retail or housing, critical to creating downtown vibrancy. As new building projects are brought forward, these upgrades are necessary to ensure the new building's water and sewer needs are met to make the development possible.

A map highlighting the areas of downtown that are currently under construction:
<https://rpu.maps.arcgis.com/apps/webappviewer/index.html?id=27e34d05eb514c9cac702b2b5c515613>

SUSTAINABILITY AND EQUITY CONSIDERATIONS

While the link between sustainability and equity to underground infrastructure projects is not explicitly made clear in the DMC Development Plan, in Phase 1 DMC has implemented methods to advance sustainability and equity initiatives through these projects as well.

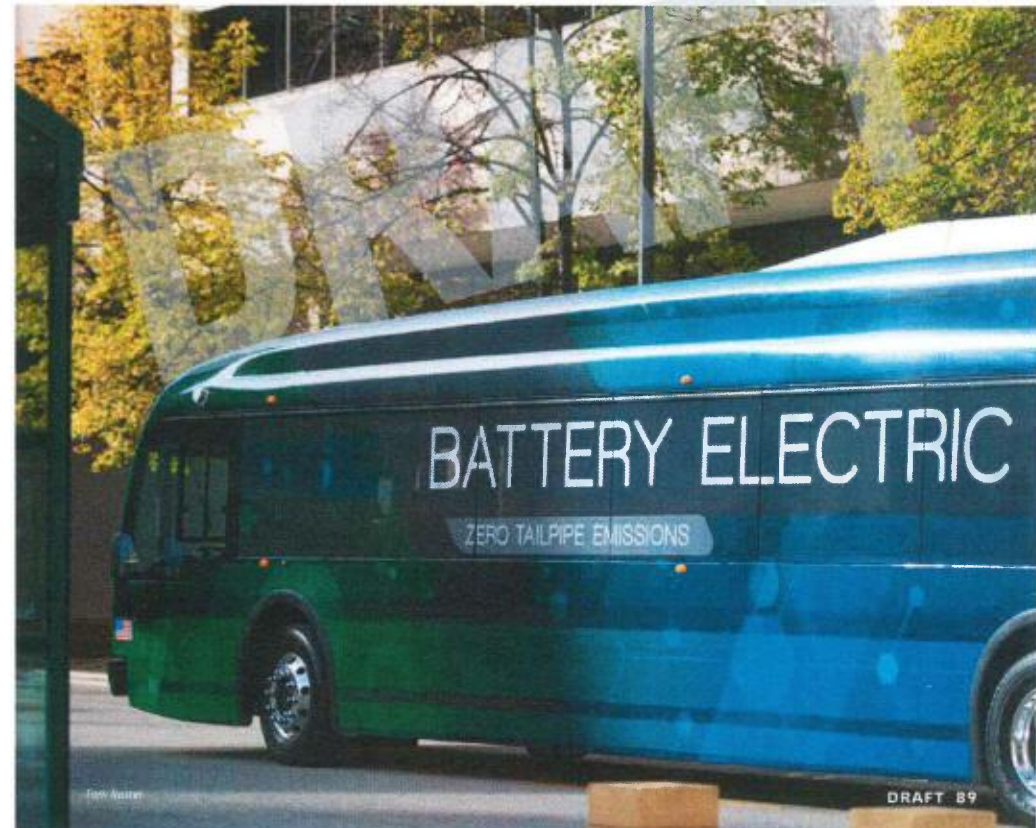
First and foremost, these infrastructure upgrades are tied to subsequent private development. In some cases, these private developments help advance goals tied to sustainability and equity because they offer workforce housing or reduced rent commercial office space that is affordable for start-ups. So, while not directly tied to

sustainability and equity initiatives, these infrastructure investments are a critical first step towards meeting these goals.

Considering the street improvement projects, the ties to sustainability and equity are clearer. The promotion of multiple mobility modes along downtown streets will provide a safe and connected means of travel for the community. For community residents who cannot afford a vehicle, or those who rely on public transit, these street upgrades dignify travel and ensure the safety of Rochester residents and downtown employees.

Further, these accommodations for

different mobility modes also help advance DMC's goals tied to greenhouse gas reduction. As more of the community elects alternative modes of travel, due to the street upgrades that make these personal choices possible, fewer will travel in their individual vehicles. As a result, fewer emissions will come from the travel sector. Secondly, as outlined in the mobility section, infrastructure upgrades that electrify the transportation sector will further facilitate this transition from fossil fuel-based travel to other options, both of which will help realize DMC's sustainability targets.



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MAJOR PROJECTS FOR PHASE 2

(2020-2024)

Looking ahead, there are additional street and sewer projects planned. A portion of the projects that moved through the design process highlighted in the Phase 1 table will continue into construction. As indicated in the DMC Development Plan Priority 3, early infrastructure projects are needed to encourage downtown development activity. Thus, the number of new street and sewer projects may decrease in future years. Below are some additional projects that are currently finalizing design or are planned to begin construction in 2020 or later in Phase 2 (2020-2024).

Storm and Sewer Projects	Description	Link
North Broadway Construction	Street project to update car travel lanes, pedestrian and bike amenities	https://www.rochestermn.gov/home/showdocument?id=9317
Sanitary and Sewer Upgrade 12 and 13th Ave	Upgrade sanitary and sewer capacity along 12 and 13th Avenue to meet future development needs. This project is in design.	-
2nd to 4th St SW Utility Upgrades	Upgrade to underground utilities from 2nd Street to 4th Street SW. This work will be coordinated with the construction of Discovery Walk.	-
Rapid Transit Project	Referenced in the mobility section, this project will provide rapid transit lanes for electric buses. As part of this project, utilities and travel lanes will be upgraded along the Transit Corridor.	www.rochestermn.gov/departments/administration/downtown-rochester-high-omenity-circulator-rapid-transit-route
South Broadway Upgrades	Planning for street project to update infrastructure.	-
City Loop	Street improvements will be a component of the overall City Loop plan, as described in the mobility section.	https://www.rochestermn.gov/home/showdocument?id=27639

COVID-19 CONSIDERATION AND POTENTIAL IMPACTS

The streets and sewer projects are not immune to the impacts of the COVID-19 pandemic affecting their construction, community use and adoption, and community mobility choice. In terms of construction, the pandemic has changed construction methods to ensure worker safety and prevent project disruption. In some cases, the pandemic could impact construction workers, and if that were the case, construction progress would be halted, which would impact the project

schedule and perhaps the construction schedules of interrelated private development.

During the pandemic, changes have occurred in community mobility choices. As a way to get outside of the house, community members have increasingly utilized the City's trail systems and pedestrian pathways. The street upgrades in Phase 1 and Phase 2 will further facilitate choices for community members. Further, it appears that during

the pandemic, individual and small group travel choices are proving more comfortable for community members versus mass transit.

The health of construction workers and community transit choices will be closely monitored to ensure that the DMC initiative can properly adapt to continually changing and evolving work and commuting landscapes.

An illustration of what a Rapid Transit station could look like.



APPENDIX

All referenced documents will be made available at DMC.mn

GUIDING DOCUMENTS

DMC Development Plan
DMC Development Resource Guide
DMC Joint Application for Funding

REGIONAL + CITY STRATEGIES

Planning 2 Succeed, the City of Rochester's Comprehensive Plan
Rochester-Olmsted Council of Government's Long-Range Transportation Plan
DMC District Design Guidelines
DMC Integrated Transportation Studies

CEE Strategic Energy Options Report
Downtown Master Plan
Mayo Clinic Five-Year Plan
New Rapid Transit for a Growing, Equitable Rochester, Transit-Oriented Development Planning Study

AREA PLANS

Saint Marys Place Public Space Schematic Design
Heart of the City Public Realm Schematic Design
Discovery Walk Public Space Design
Discovery Square Plan
The University of Minnesota Rochester's Campus Master Plan

MARKET STUDIES

2019 DMC Market Studies
Olmsted County Housing Needs Assessment ("Maxfield Study")
New Rapid Transit for a Growing, Equitable Rochester, Market Analysis
HR&A COVID-19 Economic Impact Analysis



ACKNOWLEDGEMENTS

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