

# DESTINATION MEDICAL CENTER CORPORATION

## RESOLUTION NO. 135-2023

### Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Riverfront Redevelopment Project

The following Resolution was offered by Brooke Carlson, seconded by Mark Thein.

#### BACKGROUND RECITALS

A. The Development Plan adopted by the DMCC on April 23, 2015, as amended (the “Development Plan”) recognized the waterfront along the Zumbro River as a significant opportunity for development and public space.

B. Significant planning and preparation has focused on two central waterfront properties totaling 5.5 acres for redevelopment: the western site, approximately 2.5 acres owned by the City, is located between Second Street and Fourth Street and between Broadway and the Zumbro River, and the eastern site is bounded by Fourth Street, Third Avenue, and the Zumbro River (collectively, the “Riverfront Project”). This redevelopment project, led by the City of Rochester (the “City”) and its consultants and staff, with significant community engagement and input, culminated in the Riverfront Small Area Plan for these two sites. The City adopted the Riverfront Small Area Plan in the City’s Comprehensive Plan on July 18, 2022.

C. The Riverfront Project is located in the development district boundaries as adopted in the Development Plan (the “Development District”) and in the Waterfront subdistrict as described in the Development Plan.

D. In the 2023 Five Year Capital Improvements Plan, (the “2023 CIP”) approved by the DMCC on September 22, 2022, the DMCC preliminarily approved riverfront planning and design in the amount of \$1,000,000, and found that the projects described in the 2023 CIP were public infrastructure projects, consistent with the Development Plan. The DMCC reserved the right to grant final approval of funding upon final determination of scope, costs, and availability of funds.

E. Minnesota Statutes, Section 469.40, subdivision 11, defines “public infrastructure project” as “a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan” and expressly includes, among other items, the ability to:

(1) acquire real property . . . (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 destination medical center development district including, but not limited to, utilities systems and related facilities, utility relocations and replacements . . .

streetscape improvements, drainage systems, sewer and water systems, . . . landscaping, . . . and other components of community infrastructure. . . (6) install, construct, or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality [and] (7) make related site improvements including, without limitation . . . site improvements to support the destination medical center development district . . .” Minn. Stat. § 469.400, subd. 11 (2022).

F. Staff for the City and Destination Medical Center Economic Development Agency (“EDA”) now request that the DMCC give final approval of an amount not to exceed \$800,000 from the 2023 CIP budget for advanced site design and planning, including modifications to the river channel wall managed by the Army Corps of Engineers, structural analysis of the Red Owl/Time Theater building, studying skyway connectivity, floodwall integration, landscape and architectural design and public realm development, and acquiring the property owned by Olmsted County and located at 322 and 330 3<sup>rd</sup> Ave SE in accordance with a fair market value appraisal, and continued study and analyses with respect to design and development. This request is attached as Exhibit A.

#### RESOLUTION

**NOW THEREFORE, BE IT RESOLVED**, by the Destination Medical Center Corporation Board of Directors that:

(1) the Riverfront Project is located within the Development District;

(2) the site acquisition, ongoing site design and planning, structural analysis, public realm analysis, river channel wall evaluation, and other studies related to the next phase of work on the redevelopment of the Riverfront Project is a public infrastructure project within the meaning of Minnesota Statutes, Section 469.40, subdivision 11, which includes acquiring real property, preparing property for acquisition or development, installing, constructing, or reconstructing elements of public infrastructure to support the overall development of the Development District; and

(3) funding is hereby approved for these purposes in an amount not to exceed \$800,000.

**BE IT FURTHER RESOLVED**, that the Board requests the City and EDA staff provide regular updates with respect to this next phase of work on the Riverfront Project.

**BE IT FURTHER RESOLVED**, that the Board reserves the discretion to grant final approval for the balance of the funds remaining in the 2023 CIP budget upon completion of this phase of the work and upon recommendation of the City and EDA staff.

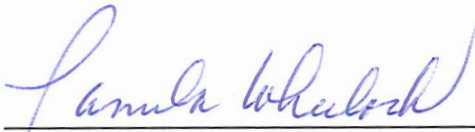
The question was on the adoption of the Resolution and there were 8 YEAS and 0 NAYS, as follows:

**BOARD OF DIRECTORS**  
Destination Medical Center Corporation

	<u>YEA</u>	<u>NAY</u>	<u>OTHER</u>
Douglas M. Baker, Jr.	<u>X</u>	_____	_____
James R. Campbell	<u>X</u>	_____	_____
Brooke Carlson	<u>X</u>	_____	_____
Kim Norton	<u>X</u>	_____	_____
R.T. Rybak	<u>X</u>	_____	_____
Mark Thein	<u>X</u>	_____	_____
Pamela Wheelock	<u>X</u>	_____	_____
Paul D. Williams	<u>X</u>	_____	_____

RESOLUTION ADOPTED on February 9, 2023.

ATTEST:

  
\_\_\_\_\_  
Pamela Wheelock, Chair  
Destination Medical Center Corporation



## **EXHIBIT A**



February 3, 2023

**TO:** Destination Medical Center Corporation

**From:** Patrick Seeb, Executive Director, DMC Economic Development Agency  
Cindy Steinhauser, Deputy Administrator, City of Rochester

**RE:** Recommendation to Provide Final Approval of Expenditure of Funds for  
Redevelopment of the Downtown Riverfront

### **Background**

In July 2021, the City of Rochester, in partnership with the DMC EDA, issued a request for proposals to create a Small Area Plan for the redevelopment of two sites along a portion of the Zumbro River downtown riverfront. Gamble Associates, an architecture, urban design, and planning firm, was selected to create the small area plan.

The preparation of this plan included significant community engagement and input:

1. Co-design committee sessions
2. Five "Riverfront Talks" public meetings
3. Seven listening sessions
4. Four site walk-throughs
5. Twelve focus groups
6. More than twenty presentations to the public and stakeholder groups
7. More than fifty coordination meetings
8. More than 345 comments from virtual meetings and the plan website

On July 18, 2022 the Rochester City Council unanimously approved adoption of the Riverfront Small Area Plan into the City's Planning 2 Succeed (P2S) Comprehensive plan. The redevelopment site is located in the Waterfront Sub-District of the DMC Development District described in the DMC Development Plan. Currently, the use of these riverfront sites is primarily public parking, including surface lots and a four-story parking garage. In contrast, the City-approved plan includes approximately two-and-a-half acres of public space and sites for 500,000-700,000 square feet of potential in-fill development.

The plan identified a series of next steps:

1. Conduct Interim Activation in partnership with the Rochester Downtown Alliance
2. Advance flood wall work with the Army Corps of Engineers
3. Complete due diligence analysis of Red Owl/Time Theater building
4. Site acquisition from Olmsted County (Mr. Muffler site)
5. Site preparation
6. RFQ/RFP preparation



On September 22, 2022, DMC EDA and City of Rochester staff presented the proposed 2023 DMC Funding Request to the DMC Corporation at its regular public meeting. The presentation included two elements related to the riverfront development:

- 1) An overview of the Riverfront small area plan, including an outline of next steps
- 2) 2023 Capital Improvement Program (“DMC CIP”) allocation for riverfront planning and design (up to \$1,000,000)

The funding request, including the budgets noted above, was approved by the DMC Corp. board.

Illustration of Riverfront area:



## Recommendation

DMC EDA and City staff now recommend that the DMC Corporation receive and file the City-approved Riverfront small area plan.

Staff further recommend that the DMC Corporation and Rochester City Council provide final approval of up to \$800,000 in DMC General State Infrastructure Aid (GSIA) sourced from the approved \$1,000,000 “riverfront planning and design” DMC CIP budget for the following 2023 DMC CIP expenditures:

1. Riverfront site activation, design and engineering: Up to \$350,000 of this amount will be used to advance the next steps presented at the September 2022 DMC Corp. board meeting, including:
  - a. Working with appropriate State and Federal agencies to discuss necessary modifications to the river channel wall managed by the Army Corps of Engineers.
  - b. Red Owl/Time Theater property analysis:
    - i. affirming existing building conditions
    - ii. development of redevelopment design alternatives, including conceptual building floor plans, material concepts, architectural character, circulation and floodwall and landscape integration



- iii. assessment of potential skyway connectivity
- c. Site design and development preparation:
  - i. advance public realm programming
  - ii. Coordinate civil, architectural and landscape design, including the use of community co-design, in preparation for developer solicitation
  - iii. Produce materials for developer solicitation of the site
- 2. Olmsted County property acquisition: Up to \$450,000 in DMC GSIA to provide for the City of Rochester's purchase the Olmsted-County-owned "Mr. Muffler" site at 322 and 330 Third Avenue Southeast at an amount determined by an appraisal of the property's fair market value. If approved, it is expected that this purchase will close by the end of the March 2023. This purchase is being completed to advance the goals of the DMC development plan, the recently approved Riverfront small area plan, and is in conformity with the eligible uses of DMC funding under State statute (namely, to "acquire real property..." and "prepare land for private development...").

Also, the City of Rochester is preparing a Brownfield Program application for submission to the Minnesota Pollution Control Agency to potentially secure additional site preparation funding.

### **Next Steps**

It is expected that the advanced site design and engineering work will be completed in 2023 and that developer solicitation will follow.

### **Financial Considerations**

No new or additional funding is being recommended at this time. The City staff and DMC EDA recommendation described above provides for the expenditure of previously-budgeted 2023 DMC CIP funds.

### **Requested DMCC Action**

Approve the attached resolution: "Providing Final Approval for the Expenditure of Funds from the 2023 CIP Budget for the Riverfront Redevelopment Project"