

# Frequently Asked Questions for Destination Medical Center (DMC)

12.17.14

## **Q: What is DMC?**

A: The Destination Medical Center is an innovative economic development initiative to secure Minnesota's status as a global medical destination now and in the future. Today, market forces are driving a small number of select medical institutions to emerge as global leaders in delivering the highest quality medical care and attracting patients and visitors worldwide. Mayo Clinic can be one of these centers. But, Mayo Clinic's success in Minnesota is dependent upon the area's ability to sustain quality access, development, services and the public infrastructure necessary to remain competitive with other destination medical centers in the U.S. and abroad.

## **Q: What is the vision?**

A: The DMC plan has been established to meet five core objectives:

- Sustain Rochester and Minnesota as a global medical destination that offers patients a welcoming, comfortable and engaging environment in which to receive the most advanced medical care in the world.
- Grow Rochester as a magnet community attracting the most sophisticated healthcare professionals, promising students and thinkers and educators from across the globe.
- Leverage Mayo Clinic's presence in Minnesota to ignite institutional and commercial research in an environment that encourages shared knowledge, partnerships, medical advancements and innovation and capturing that economic development in the form of jobs and new businesses here in Minnesota.
- Create unparalleled and meaningful experiences of hope, health and hospitality for every person, every day.
- Provide the ideal patient, companion, visitor and citizen experience to become the world's premier destination medical community.

## **Q: What kinds of projects are involved?**

A: DMC's vision is to transform Rochester into one of America's model destination cities. The downtown will be an epicenter of the growth in development and services to create a vibrant, world-class destination community. This growth will be concentrated around seven core strategies, which will help create a community that will grow as an economic force and a dynamic, urban community that promotes well-being, inspiration and achievement for citizens, patients and visitors, including: Health and Wellness, Commercial Research and Technology, Learning Environment, Hospitality and Convention, Sports and Recreation, Livable City, Transportation, and Retail, Dining and Entertainment

## **Q: Where will public investment be spent?**

A: Public investments will be made in public infrastructure and improvements that support growth of employment, visitation and spending in Rochester. Importantly, the availability of public funding is predicated on increases in private investment and job growth in the market prior to the funding becoming available. The public investment will be directed to investments that support future growth, such as: Community Infrastructure, Economic Development, Land Acquisition and Assembly, Demolish, Repair or Rehabilitate Buildings, Remediate Land, Parking and Transportation Facilities, Site and Infrastructure Improvements, Prep, Sell or Lease Land for Development and Build and Equip Suitable Structures.

## **Q: What is the governance structure for DMC?**

A: DMC is a public-private partnership between Mayo Clinic, the City of Rochester, Olmsted County and the State of Minnesota. The legislation called for two bodies to be created, the primary purpose of which is to plan and execute the DMC strategic vision. The Destination Medical Center Corporation (DMCC) is an oversight body that will approve the development plan and specific funding requests for the DMC along with the City of Rochester. The DMCC Board of Directors is representative of the primary stakeholders on the project. Mayo Trustee Bill George was appointed to represent Mayo Clinic. Others appointed include Lieutenant Governor-Elect Tina Smith, former Minneapolis Mayor R.T. Rybak, former Wells Fargo executive James Campbell, Rani Engineering president Susan Rani, Rochester Mayor Ardell Brede, Rochester City Council Representative Ed Hruska, and Olmsted County Commissioner Jim Bier.

The second body is the DMC Economic Development Agency (EDA), a non-profit agency, that contracts with the DMCC Board to act as its staff, working with the City and other stakeholders, to develop and execute the DMC plans and strategy.

**Q: What is the timeline?**

A: Since approval of the DMC legislation in May 2013, the state, City of Rochester, Olmsted County and Mayo Clinic have been working to set up the governance structure defined by the legislation. The first step was to create the Destination Medical Center Corporation Board and appoint members (see previous question for details on the DMCC Board). Next was the establishment of the DMC Economic Development Agency, a private, non-profit entity responsible for executing the DMC development plan under direction of the DMCC Board.

The DMC Development Plan draft has been presented and is currently under review by the DMCC and the City of Rochester. It is anticipated the DMCC will forward the Development Plan to the City on January 29 and it then moves to a 60-day public review and comment process. Final approval of the plan by the City and DMCC is expected in late March or April.

**Q: Who keeps track of the public money allocated to DMC?**

A: The Minnesota Department of Employment and Economic Development (DEED) is responsible for tracking the \$585 million allocated for the DMC project, as well as certifying the first \$200 million that is required to be raised privately before public dollars will become available.

**Q: How does Minnesota benefit?**

A: The DMC initiative represents the largest economic development opportunity in MN and is one of the largest in the country, creating thousands of new jobs and generating billions in new tax revenue.

- **Jobs:** Mayo growth, combined with DMC, will create an estimated 35,000-45,000 jobs in Minnesota over 20 years, as well as 1,800-2,200 jobs from construction per year.
- **Tax Revenue:** The DMC, combined with Mayo projected growth projected, will generate significant new state and local taxes over a 20-year period:
  - The State of Minnesota is projected to collect an estimated \$2.5-\$3.0 billion in additional tax revenues (personal income, sales, and other state taxes).
  - The City of Rochester is estimated to collect \$195-\$205 million in additional taxes.
  - Olmsted County is estimated to collect \$145 - \$155 million in additional taxes.
  - Other jurisdictions (e.g. school district, etc.) are estimated to collect \$80-\$90 million in additional taxes.
- **Capturing Economic Development:** The commercialization element to DMC creates new business/jobs developed through close collaborations. Minnesota is currently losing almost all of the start-up biotech companies created here to other states. A component of DMC includes a strategy to promote Rochester and the State of Minnesota as a desirable location for start-up businesses, keeping them, and the jobs they bring, here.
- **Elevates Minnesota as a Global Center for Healthcare:** Health care in the United States is at a crossroads. Over the next 10 years, a select group of medical centers across the country will emerge as global leaders in providing the highest quality medical care and attracting patients and visitors worldwide.

**Q: Who is involved with the DMC initiative?**

A: In order for the DMC vision to become a reality, many players must work together toward this common goal. This includes the City of Rochester, Olmsted County and Mayo Clinic, but extends to area residents and various key community organizations, county and regional leaders, and state leaders as well. Only by working together will we realize the significant benefits offered by the DMC. A variety of supportive groups include: Hospitality 1<sup>st</sup>, IBM, Minnesota Chamber of Commerce, Rochester Area Economic Development, Inc. (RAEDI), Rochester Area Foundation, Rochester Area Chamber of Commerce, a variety of arts and cultural organizations, Rochester Convention and Visitors Bureau, Rochester Downtown Alliance, Rochester Downtown Master Planning Group, Rochester International Airport Board, Rochester Sales Tax Committee, the University of Minnesota Rochester, and many more.

**Q: Will the Economic Development Association (EDA) replace other organizations and groups?**

A: The EDA's success will be dependent on partnership and collaboration to achieve success. Community groups such as RAEDI, RDA, the Chamber of Commerce and RCVB will continue to be partners in the DMC initiative, and work closely with the EDA to help implement the DMC vision.

**Q: Will DMC address parking, transportation, commuting and traffic issues?**

A: One of the core principles of DMC is planned, responsible growth. An effective long-term development plan must address infrastructure issues such as parking, transportation and traffic. A positive aspect of DMC is it will not only allow for these issues with development projects, but initiatives such as transportation infrastructure, increased residential housing downtown (which will allow people to walk to work and other activities), livable city (walkable community, trails, green spaces), biking trails, bike share programs and others will help relieve the burden on parking and traffic resources in Rochester.

**Q: Are there other communities pursuing initiatives like DMC?**

A: While the DMC initiative is unique among other economic development efforts, there are other communities across the U.S. working to leverage their "anchors," much in the way Rochester will leverage Mayo Clinic's presence to promote growth. Examples are Boulder, Colorado; Allentown, Pennsylvania; and Madison, Wisconsin. These communities are similar to Rochester in size and their proximity to larger urban cities. They also have been successful in developing products, places and services in areas such as livable city, hospitality, sports and recreation, transportation, and others that are similar to the DMC areas of focus.

**Q: Why is it important to be a global medical destination?**

A: The continued successes and growth of Mayo Clinic and the Minnesota's status as a global medical destination are critical not only to Rochester, but to the economic strength of the State as a whole.

Mayo Clinic's continued growth and investments are affected by the ability of Rochester to sustain its competitive position as a global DMC. The DMC investment has been developed to help secure the continued strength and vitality of Mayo Clinic as a global medical destination. This is not only important to Rochester, it's critical to the economic strength of the entire State of Minnesota.

**Q: Why Minnesota/Why Rochester?**

A: While Mayo Clinic could locate its global Destination Medical Center in many places, it is in the best interest of the State that they do so here, in Rochester. Minnesota is already a net importer of health spending and home to a wide variety of first-class medical institutions, health care and medical device companies and community health organizations. Minnesota's position as a global medical destination is a reality but sustaining this position is not foregone conclusion. Without continued growth and innovation, without private investment and without the public infrastructure necessary to support this growth, Mayo Clinic and Minnesota will lose their competitive as a global medical destination.