



## Background and Current State

- Zumbro Lutheran has owned the “North Lot” property on the north side of 6th Street SW, immediately north of Zumbro Lutheran, since 2004. The property is approximately 32,000 square foot parking lot – rented to Mayo Clinic weekdays and available for use by Zumbro Lutheran evenings and weekends.
- The property generates approximately \$43,000 annually in revenue from Mayo Clinic’s use for employee parking, and Zumbro Lutheran pays about \$3,200 annually in property taxes.
- Starting in 2016, developers started to inquire about the lot. At the time the Church Council determined that we wanted to be deliberate about potential sale and future mission opportunities for that property.
- As master planning for our building began, Council and the Building Leadership Team determined any revenue from the property should not be directly tied to capital improvements of the building and empowered a separate team to explore potential uses for the property.
- The North Lot Development Team was formed in June 2019 to explore options for development of the property in alignment with the mission and objectives of Zumbro Lutheran.

## North Lot Development Team Members

- Joe Ahrens
- Pastor Jason Bryan-Wegner
- Marne Gade
- Bob Jenkins
- Dave Kinneberg
- Jeff Leland
- Sarah Lichty
- Meredith Pritchard
- Jonathan Schmidt
- Steve Sperling

## North Lot Development Team | Guiding Principles

Based on the Mission Assessment Profile completed in May 2018 and conversations with various groups to date, the team has established guiding principles to consider for potential development of the property:

- Any development should have:
  - Components that align with the mission priorities of Zumbro Lutheran
  - Potential revenue source that can enhance mission and ministry of Zumbro Lutheran for years to come
- Access to parking for Zumbro Lutheran worship and other events
- Development should align with downtown Rochester development and be value added to the neighborhood



## **North Lot Development Team Update**

The North Lot Development Team has met with a number of groups to collect information and gather ideas.

### ***Community Stakeholders***

- Steve Borchardt, Rochester Area Foundation
- Kevin Bright, Destination Medical Center
- Tom Leimer, Knutson Construction, current general contractor and project manager for our building renovation

### ***Key takeaways from these conversations***

- **Parking** – the city needs 8,600 more parking spaces in the DMC Zone to accommodate an anticipated increased volume of visitors.
- **Affordable Housing** – DMC is very committed to affordable housing at this phase of the project. The need for affordable, subsidized and workforce housing is still in great need. Rochester Area Foundation is a key partner in navigating financing structures and subsidies through government housing agencies.
- **Discovery Walk** - Construction will begin on a pedestrian-centered plaza from 2nd Street SW to Soldiers Field along 2nd Avenue SW. This will activate the area around Zumbro further, and likely will have a long-term effect on street parking along our property to the east.

### ***Churches/Organizations with Property Developments***

- **Luther Seminary (St. Paul):** Partnered with Ecumen (senior housing development firm associated with the ELCA) for a senior housing facility
- **Our Savior's Lutheran, Stillwater:** Partnered with Ecumen for a senior housing facility
- **St. Andrew's Lutheran, Mahtomedi:** Partnered with Presbyterian Homes for a senior housing facility
- **Westminster Presbyterian, Minneapolis:** Partnered with James Dayton Design on meeting/event space
- **Shepherd of the Lake Lutheran, Prior Lake:** Partnered with Presbyterian Homes for a senior housing facility

### ***Key takeaways from these conversations***

- Engage church members, the neighborhood, and community early in the process
- Be prepared to do an environmental worksheet and/or environmental impact statement
- Selecting a developer is important and requires a thorough and disciplined process
- Mission opportunities abound when partnered with senior housing
- Annual revenue isn't a guarantee
- Anticipate a long process and timeline

## ***Developers***

- **Lifestyle Communities:** Twin-Cities based developer who has partnered with Ecumen.
- **CommonBond:** non-profit affordable housing developer. They are doing a project on top of the new parking ramp behind the Hilton Hotel in downtown Rochester. (Interview to be scheduled)

## ***Key takeaways from these conversations***

- Zumbro Lutheran will have only one opportunity to “get this right,” so a decision needs to be based on a complete review and evaluation of all viable options.
- Speed to market matters. Optimize the opportunity for development when Rochester is growing and developing as well.
- It’s important for a developer to understand the congregation’s needs and objectives
- Depending on the project approved, a developer may be willing to acquire additional property if the project scope benefits from including more property

## **Next Steps**

- Continue conversations with community stakeholders, churches, developers and property management companies
- Gather input and feedback from Zumbro Lutheran members. In March a survey will be sent to all Zumbro members. In anticipation of receiving the survey, consider these two questions among others that will be asked:
  - How much does it matter who the church’s neighbor is to you?
  - How important is it for the property to be developed with our mission and values in mind?