

May
2017

RDDC Annual Report

Rochester Downtown Development Corporation
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MESSAGE TO MEMBERS



Heidi Zimmer-Meyer
President



Deb Stendardi
Chair

It is clear that downtown Rochester has turned the corner. After decades of decline and disinvestment, the level of upward momentum in the downtown market is palpable. While demographic shifts and pop culture are driving the national “return to cities” movement, RDDC has played a significant role in accelerating our local success.

Housing Remains Big Story

There are 21 residential projects in downtown’s development pipeline, driven by historically low downtown vacancy rates. There are more new construction projects in the pipeline and since 2014, 1.65 million square feet of office space has been or is being converted to housing. The downtown housing market is booming.

Main & Clinton Area on Fire

The center of our city is being completely recast. Nowhere is this more apparent than around Main & Clinton. Tower280 and Branca are a huge success, with a new housing project going in on Parcel 2. The Metropolitan is being completely transformed, with its office space leased and first residents moving in. Datto Inc. leads the charge, expected to grow soon from 150-350.

Morton’s Steakhouse is opening soon in the Hyatt, and 88 Elm’s residential transformation is dramatic. The City announced plans for a Performing Arts Center and housing project on Parcel 5. The town’s emerging new persona is the

Alliance Building is in full swing with its residential conversion. McCrory’s is being rebuilt for the Social Security Administration. Sibley Square’s residential conversion of the tower has begun, and the build-out for High Tech Rochester is in motion.

Where Innovation Thrives

The other big piece to downtown’s emerging new persona is the Downtown Innovation Zone (DIZ).

Now hosting 138 innovation and creative class enterprises, a small entrepreneurial revolution is going on in its core. Four business incubators are open or being developed that will change everything. The RIT Center for Urban Entrepreneurship, UR/HTR Business Accelerator Cooperative, AIM Photonics Incubator, and kitchen incubator “The Commissary” — all within a block of each other.

The city’s center is on the verge of becoming a hotbed of entrepreneurial startups and activity, and this is a huge opportunity in combatting rising office vacancy.

RDDC’s Role Reexamined

Powerful private sector leadership is essential, and we have been working closely with the City on opportunities and barriers to continued growth, and where the private sector can and should step in.

RDDC’s Board of Directors began a Strategic Planning process in April to consider RDDC’s future role, and to reexamine its vision, mission, goals, and strategies. The outcome will be shared this fall.

Our region is anticipating 5,000-10,000 new jobs in the next decade. Leveraging our dynamic urban lifestyle and growing the DIZ will be essential to attracting the talented workforce we need to fuel real regional economic growth.

RDDC BOARD OF DIRECTORS 2016-2017

CHAIR

Deborah M. Stendardi, VP, Government & Community Relations, Rochester Institute of Technology

IMMEDIATE PAST CHAIR

David Beinetti, Pres./Principal, SWBR Architecture, Engineering & Landscape Architecture, P.C.

VICE CHAIRS

John Billone, Jr., President, Flower City Management

Patrick Dutton, President, Dutton & Company

Brian Flanagan, Part. & Gen. Counsel, Nixon Peabody LLP

Dr. Joel Frater, Exec. Dean, MCC Damon City Campus

Andy Gallina, Pres., Gallina Development Corporation

Ken Glazer, Managing Partner, Buckingham Properties

John Holland, Founder & CEO, D4, LLC

Joe Rizzo, Manager of Economic Development & Community Relations, NYSEG & RG&E

Suzanne Seldes, Executive VP & Chief Marketing Officer, The Strong

Pat Tobin, Senior VP & Market Executive, S&T Bank

Dawn Williams-Fuller, Owner, Ambassador Union Street LLC

TREASURER

Michele Gibson, Senior Assoc. Dean for Admin. & Finance, UR/Eastman School of Music

SECRETARY

Kate Karl, Partner, Chair of Real Estate & Banking Law Groups, Underberg & Kessler LLP

ADDITIONAL DIRECTORS

Tara Boggio, Senior Business Manager, Upstate NY, T.Y. Lin International

Jim Brown, Exec. Director, JAF Rochester Riverside Convention Center

Scott Burdett, Vice Pres. - Brokerage Services, Flaum Management Company, Inc.

Craig Burton, CDL Team Leader, Northeast, KeyBank

John Cake, VP/ Dir. of Rochester Office, Hunt Engineers, Architects & Surveyors

Sue Eliazewskyj, Corp. Vice President, Administrative Services, Excellus BCBS

Pete Giovenco, President & COO, Bergmann Associates

Francis L. Gorman III, Sr. Counsel, Harris Beach PLLC

Brie Harrison, Finance Dir., Rochester Public Library

Bob Healy, President, LaBella Associates, P.C.

Chris Hill, Vice President, I. Gordon Corporation

Chris Mannelli, Executive Director, Geva Theatre Center

Roosevelt Mareus, Dean/Executive Director, Rochester Educational Opportunity Center

Tom Masaschi, Co-Founder/Managing Part., DHD Ventures

Stuart Mitchell, Pres. & CEO, PathStone Corporation

Kevin Morgan, Vice President, Morgan Management

Richard Mueller, Group Vice President, M&T Bank

Dr. Art Papier, Co-Founder & CEO, VisualDx

David Riedman, Founder & Pres., Riedman Companies

Patrick Rogers, VP/Project Exec., The Pike Company

Kevin Ryan, Exec. Dir., Monroe County Bar Association

Mark Stevens, Pres., Ashley Management Corporation

Christine Vargas, Founder & Owner, Vargas Associates

Heidi Zimmer-Meyer, President, RDDC

2017 RDDC Workplan & Budget

2017 WORKPLAN

GOAL: Maximize the impact of Downtown as a marketable economic asset to advance the competitive advantage of the Greater Rochester region.

STRATEGIC ELEMENTS

Market Tracking & Improving Commercial Tenancy

- ◆ Continue to raise funding to build the Downtown Kitchen Incubator
- ◆ Grow the value and power of the Downtown Innovation Zone, build stronger connections, expand partnerships, maximize its growth and to increase downtown's commercial occupancy
- ◆ Continue convening the public/private partnership working to solve downtown's growing parking issues
- ◆ Track and share multi-year data and trending regarding downtown's office and residential markets, investment levels, and development activity
- ◆ Use market report findings to identify advocacy targets as appropriate
- ◆ Highlight downtown office towers, non-traditional office buildings and space, and street-level spaces
- ◆ Collaborate with business incubators, building owners, and the City of Rochester to accelerate the growth of downtown retail and other street-level tenancy

Advocacy & Engagement

- ◆ Use convening role to target downtown issues, advocate for emerging neighborhood-specific issues, and create stronger linkages with downtown's neighborhoods
- ◆ Work with investors and developers to share market information, provide block & tackle problem-solving assistance, and advocate directly where necessary and appropriate
- ◆ Support RDDC stakeholders by aggressively advocating for infrastructure, services, and programs that positively impact downtown (e.g., parking)
- ◆ Continue to explore new ways to collaborate and partner with the City, and to assure good urban planning and forward momentum throughout downtown
- ◆ Actively engage on statewide downtown issues with other downtown organizations through the NYS Urban Council (e.g., Uber & Lyft)

Promote Downtown

- ◆ Complete phase one and continue to raise funds needed to activate the Downtown Marketing Initiative
- ◆ Continue to develop and execute an annual program of events that generates net revenue, higher visibility for RDDC, and features downtown development, lifestyles, business, and commercial space options
- ◆ Continue to work closely and productively with media
- ◆ Maximize the quality and value of RDDC's social media vehicles – two downtown websites, Facebook page, "@around downtown" e-newsletter, and Twitter account

2017 BUDGET

	2016	2017
	ACTUALS	BUDGET
REVENUE		
Membership Dues	\$192,325	\$212,883
Events, Event Sponsorships	99,486	100,000
Downtown Special Services	3,376	0
Downtown Innovation Zone	13,587	7,000
Marketing & Comm. Program	9,828	12,473
Downtown Kitchen Incubator	0	5,000
Other Grants & Contract Income	10,000	0
Miscellaneous Income	2,062	3
TOTAL REVENUE	\$330,664	\$337,359
EXPENSES		
Staff Payroll	\$193,075	198,890
Payroll Taxes	14,957	15,712
Employee Benefits	26,559	28,636
Technical Services	6,985	5,300
Rent & Utilities	0	0
Equipment & Machines	6,751	7,488
Telephone, I-Net, Cloud, E-Mail	4,917	4,467
Office Expenses	1,386	1,297
Printing & Copying	440	500
Postage	940	1,000
Business & Meetings	846	1,000
Dues & Subscriptions	387	400
Insurance	2,776	2,800
Accounting Services	7,117	7,200
Miscellaneous Expenses	484	500
SUBTOTAL, OVERHEAD	\$267,621	\$275,190
RDDC Events	\$37,820	35,270
Downtown Innovation Zone	10,601	3,030
Marketing & Comm. Program	10,860	14,218
Downtown Kitchen Incubator	0	5,000
Grants & Contract Expense	0	0
TOTAL EXPENSES	\$326,903	\$327,708
OPERATING INCOME (LOSS)	\$3,761	\$9,651

Ensure RDDC's Long-Term Sustainability

- ◆ Continue and accelerate RDDC's aggressive new member campaign
- ◆ Explore and secure additional sources of funding (e.g., grants, sponsorships, contracts for services)
- ◆ Leverage RDDC's communications program to increase organizational visibility and impact
- ◆ Engage RDDC leadership voice to maximize community influence and increase value of strategic work elements
- ◆ Expand number and value of member briefings and explore new ways to engage RDDC members
- ◆ Continue to use the Economic Growth Series and other public events to position RDDC as a significant and high impact regional economic development and leadership entity

2016-17 RDDC Highlights

Key Accomplishments

THE COMMISSARY — RDDC's latest project is a new downtown kitchen incubator to be located in the concourse of The Metropolitan. Gaining considerable momentum, it's designed to incubate food businesses like food trucks, startup restaurants, caterers, bakers, and food production startups.

DOWNTOWN MARKETING INITIATIVE — Leading a privately-funded effort to rebrand downtown and spark a new program of events to increase street vitality.

DOWNTOWN INNOVATION ZONE (DIZ) — Launched in the Fall of 2014 in a partnership with the City of Rochester and High Tech Rochester, RDDC is now tracking 138 innovation and creative class enterprises representing the best new market to increase downtown's office tenancy.

ADVOCACY — RDDC is leading a new public/private initiative to solve downtown's growing parking shortage as development escalates. RDDC continues to aggressively engage in additional issues ranging from infrastructure improvements, major public project design, and public safety, to the growth of the Downtown Innovation Zone.

Downtown Office Space Survey May 2016

Total Space Surveyed = 111 buildings, 9.95 M. s.f.,
(84.5 % occupied)

Competitive Space = 83 buildings, 6.8 M. s.f.,
(77.5 % occupied)

- ◆ Class "A" — 11 buildings, 2.9 M. s.f.,
(75.9 % occupied)
- ◆ Class "A/R" — 12 buildings, 571,502 s.f.,
(80.1% occupied)
- ◆ Class "B" — 33 buildings, 2.6 M. s.f.,
(75.3 % occupied)
- ◆ Non-traditional — 23 buildings, 572,568 s.f.,
(87.6 % occupied)
- ◆ Medical — 4 buildings, 150,292 s.f.,
(100 % occupied)

Non-Competitive Space = 28 buildings, 3.1 M. s.f.,
(100 % occupied)

Primary Downtown Websites

Downtown's premier website:
www.rochesterdowntown.com

Downtown Innovation Zone portal:
www.RocDIZ.com

Corporate Structure

RDDC is a private, membership-based, not-for-profit, 501(c)(3) corporation formed by the downtown business community in 1977.

BOARD OF DIRECTORS

- ◆ Responsible for annual corporate management decisions (e.g., budget, annual workplan, election of officers), setting corporate priorities and direction.
- ◆ *Ad hoc* "task forces" are formed as needed to develop recommendations on particular corporate and policy issues for action by the Board of Directors.

EXECUTIVE COMMITTEE

- ◆ Executive Committee includes the officers of the corporation and the President — makes decisions and provides guidance on internal corporate management issues and interim policy matters.

NOMINATING COMMITTEE

- ◆ Develops the annual slate of Officers and Directors.

GOVERNANCE & COMPENSATION COMMITTEE

- ◆ Recommends corporate policies and executive compensation level. Executes annual CEO review.

2015 Housing Market Survey (2016 Survey underway)

Existing

- ◆ Total downtown housing units (2016 estimate): **4,075**
- ◆ Estimated residents: **7,000** (up 116%, 2000-16)
- ◆ Total owner-occupied units: **136**
- ◆ Total rental units: **3,581**
 - ◆ Market-rate rental units: **2,651**
 - ◆ Subsidized rental units: **930**
- ◆ Vacancy rate, all rental units: **2.3%**
 - ◆ Market-rate units: **2.1 %**
 - ◆ Subsidized units: **2.9 %**
- ◆ Number of loft & loft-style units: **621**
- ◆ Rent range, all units: **\$400 - \$3,268**

Under Development (as of May 2017)

- ⇒ **21 projects in pipeline** — 15 loft-style, 12 commercial space conversions, 9 new construction, and 2 rehabs of an existing residential property
- ⇒ Total # of new rental & for sale housing units planned or under construction = **1,693**

2016-17 RDDC Highlights, *cont'd*

2017 RDDC MEMBERS *(as of 5/24/17)*

PREMIER MEMBERS:

- ◆ **Ambassador Union Street LLC**
- ◆ **Ashley Management Corporation**
- ◆ **Excellus BCBS Rochester Region**
- ◆ **Hyatt Regency Rochester**
- ◆ **Nixon Peabody LLP**
- ◆ **Pyramid Brokerage Company**
- ◆ **Thomson Reuters**

AIA — Rochester
 Ajay Glass
 Allpro Parking LLC
 BOMA of Greater Rochester
 Bergmann Associates
 Broadstone Real Estate, LLC
 Bruckner, Tillett, Rossi,
 Cahill & Associates
 Buckingham Properties
 CB Richard Ellis
 CGI Communications
 C&P Equities
 C&S Companies
 The Cabot Group
 Canandaigua National Bank
 & Trust
 Catholic Family Center
 Chaintreuil/Jensen/
 Stark Architects LLP
 Christa Construction *
 City Newspaper

Clark Patterson Lee
 CloudSmartz, Inc.
 The College at Brockport
 The Community Foundation
 Community Preservation
 Corporation
 Costanza Enterprises
 D4, LLC
 DHD Ventures *
 Democrat and Chronicle
 DiMarco Constructors, LLC
 Dryvit Thermal Foams
 Dutton & Company
 ESL Federal Credit Union
 Eastman School of Music/UR
 Ferrara Jerum International *
 Flaum Management Company, Inc.
 Flower City Management, Inc.
 Foundation Design, P.C.
 Gallina Development
 Corporation
 Galvin Realty Group
 Gar Lowenguth, Inc.
 Genesee Regional Bank
 Geva Theatre Center
 Greater Rochester Association
 of REALTORS®, Inc.
 Greater Rochester Chamber of
 Commerce
 Greater Rochester Enterprise
 Hamilton Stern Construction
 Hanlon Architects
 Harris Beach PLLC
 Harter Secrest & Emery, LLP
 Hart's Local Grocers
 Hilton Garden Inn
 David Hochstein Memorial
 Music School

Home Leasing
 Hunt Engineers, Architects
 & Land Surveyors, P.C.
 ID Signsystems
 I. Gordon Corporation
 Johnson Controls
 Joseph A. Floreano Rochester
 Riverside Convention Center
 KeyBank
 LaBella Associates
 Landers Management *
 Landmark Society of
 Western New York
 LeChase Construction
 Services LLC
 Lifetime Financial Group
 MCC-Damon City Campus
 M/E Engineering P.C.
 M&T Bank
 Manning Squires & Hennig Inc.
 Mark IV Enterprises
 Mission Commercial Realty
 Monroe County Bar
 Association
 Morgan Management
 Norry Management Corp.
 NorthMarq Capital *
 Nothnagle Realtors
 Passero Associates, P.C.
 PathStone Corporation
 Philippone Associates
 Phillips Lytle LLP
 The Pike Company, Inc.
 Radisson Hotel
 Riverside Rochester
 Riedman Companies
 Rochester Building
 Trades Council

Rochester District
 Heating Coop., Inc.
 Rochester Educational
 Opportunity Center (REOC)
 Rochester Gas & Electric Corp.
 Rochester Institute of Technology
 Rochester Management, Inc. *
 Rochester Philharmonic
 Orchestra
 Rochester Public Library
 Rochester Red Wings
 Rynne, Murphy & Associates, Inc.
 S&T Bank
 SEI Design Group
 SVN Realty Performance Group *
 SWBR Architects & Engineers, P.C.
 Spoleta Development
 Stantec
 Stern Properties
 Stewart Title Insurance Company
 The Strong
 T.Y. Lin International
 Times Square Building
 UDN Construction, Inc. *
 U.S. Employee Benefits Group
 Underberg & Kessler, LLC
 Updegraff Group, LLC *
 The Upstate Bank *
 Vargas Associates, Inc.
 VisitRochester
 VisualDx
 Webster Properties, LLC
 West Edge Restaurant
 WinnCompanies
 YMCA of Greater
 Rochester

* *(New member)*

Community Impact

REPRESENTATION — Finger Lakes Regional Economic Development Council (DIZ Sub-Team, Next Manuf. & Technology Workgroup, Entrepreneurship & Innovation Workgroup); High Falls EcoDistrict Critical Team; RIT Center for Urban Entrepreneurship Advisory Board; The Community Foundation; Rochester Riverside Convention Center Management Board; NYS Urban Council; Rochester Improvement Society; MAG IDEA Committee

MEDIA COVERAGE — Frequent & substantive

PUBLIC SPEAKING — To groups throughout the region

2017 RDDC MEMBERSHIP

