



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 07/18/05
Agenda Item Type: Resolution

Communication No.: 05-402
Roll Call No.:

Submitted by: Richard A. Clark, Acting City Manager

SUBJECT—

Resolution Approving Statement of Intent Regarding Support for the Proposed Federal Courthouse Campus Expansion along the Principal Riverwalk.

SYNOPSIS—

Authorizes the City Manager and staff to work with the U.S. General Services Administration, the Administrative Office of the Courts, the U.S. Attorney's Office, the U.S. Marshals, the Principal Financial Group Foundation and others to study the proposed Federal Courthouse Expansion in-depth and to bring a formal proposal, similar to the 1992 City process for private development of the Courthouse Annex, to the Council for consideration and action. It is proposed that a private developer construct a new building on an existing federally owned parking lot located between the older Federal Courthouse and the Courthouse Annex, which is privately owned and leased to the Federal government.

FISCAL IMPACT—

None

RECOMMENDATION—

Approval

BACKGROUND—

Since 2001, the City has been working to revitalize the Eastern Gateway in the downtown, which includes several successful new housing, office and retail projects and the Principal Riverwalk that connects the new developments along the riverfront. The Federal Courts, adjacent to the Principal Riverwalk, at E. First Street between E. Walnut Street and E. Court Avenue, critically need additional

office and courtroom space as well as need to meet more stringent, state-of-the-art security requirements in today's post-9/11 world. The most effective and efficient way to meet this need is for the City to work with the U.S. General Services Administration and, ultimately, a private developer, to construct a new building between the older Federal Courthouse and the Courthouse Annex along the riverfront.

The City has been involved in successfully expanding the Federal Courts. In 1992, the City worked with its Congressional representatives and the U.S. General Services Administration to develop the Federal Courthouse Annex in the Eastern Gateway at E. First Street and E. Court Avenue.

A private developer constructed the Courthouse Annex and leased it to the Federal government for use by the Federal Courts and related agencies, such as the U.S. Attorney, the U.S. Probation Office and the U.S. Marshals. The Courthouse Annex generates local property taxes and is an attractive addition to the civic and cultural district along the Des Moines River.

Expansion of the Federal Courthouse Campus will serve as a catalyst to integrate and accelerate new housing, commercial and other development in the Eastern Gateway. Project benefits will include increasing the local property tax base, maintaining the focal point of the civic and cultural district along the riverfront by retaining the Courthouse downtown, reusing infrastructure effectively and creating synergy to generate further economic development by enhancing the entry into the Eastern Gateway. Furthermore, the project will engender the development of a security system that will become a national model based in part by its proximity to the public open space associated with the Principal Riverwalk at the proposed new entrance to the Federal Courthouse Campus, which will be oriented to the riverfront.

Attached is additional information that describes this significant economic development opportunity.

Proposed Expansion of the Federal Courthouse Campus along the Principal Riverwalk in Des Moines, Iowa:

An Economic Development Opportunity for the Eastside Downtown

In 1992, the City of Des Moines, working with our Congressional representatives and the U.S. General Services Administration, played an active role in the development of the Federal Courthouse Annex on the eastside of downtown Des Moines (E. First Street and E. Court Avenue). The Courthouse Annex was constructed by a private developer and is now leased to the Federal government for use by the Federal Courts and related agencies, such as the U.S. Attorney, the U.S. Probation Office, and U.S. Marshals. The Courthouse Annex pays property taxes, and is an attractive and vital part of the eastside downtown community.

When completed in 1994, the Annex met critical space needs of the Federal Courts (Southern District of Iowa). However, it has come to our attention that there are significant space needs that remain. In addition, there are new, more stringent security requirements due to changes in the U.S. Marshals' design guidelines, reflecting how courts operate in a post-9/11 world. Following the Courthouse Annex pattern, an expansion of the existing Courthouse facilities is needed in order to adequately address present and future space needs. At the same time, the expansion of the Federal Courthouse Campus will support and strengthen major development initiatives currently proposed on the eastside downtown including the **Principal Riverwalk**, which is located adjacent to the site to the west, and the **Eastern Gateway** which includes rehabilitation and new construction of housing, office, and retail in the surrounding neighborhood. ***We now have an opportunity to address the critical space needs of the Federal courts and agencies, and to simultaneously support significant and far reaching development initiatives in downtown Des Moines.***

The proposed Federal Courthouse Expansion would be constructed on land which is now part of the existing Federal Courthouse campus located between E. Walnut Street and E. Court Avenue, and E. 1st and E. 2nd Streets. The federally owned site is currently used as a parking lot and is located between the older Federal Courthouse and the Courthouse Annex. The proposed building expansion would have about 88,000 square feet of office space, with some parking spaces below grade. The new building would accommodate 3 additional courtrooms and 4 additional judge's chambers. Attached is a conceptual site plan and building elevation of the proposed project.

There are several aspects of the proposal that are important to and affect the City. It is proposed that the following objectives be met:

1. The City would take the lead role in selecting a private developer of the site on which the Federal Courthouse Expansion would be built in collaboration with the U.S. General Services Administration (GSA). The City would work closely with the GSA to develop a flexible selection process. The City would define the

criteria for developer selection that would allow for open bidding by both Des Moines area and national developers. Criteria would include GSA's specifications, interface with the Principal Riverwalk and other information.

2. The Federal Courthouse Expansion would generate property taxes. It is envisioned that a private developer would construct and own the Federal Courthouse Expansion and lease it to the GSA for use by the Federal Courts and related agencies. The developer would enter into a 20-year, fixed rate lease and pay the initial property taxes on the land. GSA would pay property tax increases on the land and all taxes on the building. As a result, the building would be sized appropriately and construction costs covered based on the lease, and the property taxes would be budgeted adequately.
3. The City would make parking available for the project that would not involve a subsidy. This may require the City to acquire property in close proximity to the Federal Courthouse Campus.

The ever-expanding **Principal Riverwalk** is an approximate \$55 million project (Phase 1) which includes a 1.2 mile pedestrian promenade along both sides of the Des Moines River, a converted rail bridge and a new bridge that are part of the 1.2 mile promenade, a bike trail that connects to a system of regional trails, a new ice skating rink, pedestrian plazas, public art, lighting, walkway security system, a civic garden, and extensive landscaping. The Federal Courthouse expansion would complement and support the Riverwalk project, and likewise the Riverwalk would significantly enhance the entire Federal Courthouse campus for both employees and the general public. By cooperating in the design phase, the Riverwalk and Federal Courthouse campus would model integration of design features required by court facilities adjacent to public gathering spaces, and would efficiently address security issues while also allowing public access to the Riverwalk.

The downtown area around the Courthouse is known as the Eastern Gateway. The Eastern Gateway was started by the City in 2001 to create a desirable urban neighborhood with residential, commercial and cultural vitality. There are visible signs of success in the Eastern Gateway today. The City recently completed its 8 block, \$2.8 million streetscape along E. Locust Street. Within the past 3 years, over \$22 million in private sector development has been completed with an additional \$40 million in new private projects proceeding this summer. These projects include almost 200 new housing units, unique retail lining E. Locust Street, several new dining spots and over 140,000 square feet of new and renovated office buildings that house professional services and high tech companies. In addition, the State of Iowa recently opened its new \$30 million Judicial Building (125,000 square foot) at 1200 E. Court Avenue that serves the State of Iowa courts system. The proposed Federal Courthouse project would complement and significantly expand the momentum created by the Eastern Gateway project.