

COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	22-400	Meeting:	September 12, 2022
	Agenda Item:	54	Roll Call:	22-1434
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution terminating the High Quality Jobs (HQJ) program agreement between the Iowa Economic Authority (IEDA), City of Des Moines (City), and Meredith Operations Corporation (fka as Meredith Corporation).

SYNOPSIS:

On September 10, 2018, the City Council approved a 3-party agreement between IEDA, Meredith Corporation, and the City regarding financial assistance under the IEDA HQJ program on behalf of Meredith Corporation (1716 and 1615 Locust Street, Steve Gatton, State Tax Manager). Meredith had recently acquired Time, Inc. and planned to relocate positions from Time, Inc.'s New York City headquarters to Des Moines and hire new staff to fill these positions. Meredith indicated they would be investing \$20.6 million in their existing office and be creating 41 jobs at \$30 per hour, with a wage of \$33 per hour in three (3) years. The contract specified that the jobs needed to be created by March 31, 2021 and maintained until March 31, 2023.

At that time, the Polk County Assessor's office determined that the remodeling project would not result in an increase in tax valuation. No local match was required due to the fact that IEDA was not offering any direct financial assistance and that the proposed improvements were not expected to increase the assessed value of the property.

On August 10, 2022, the Senior Vice President of Meredith Operations Corporation requested that the contract be terminated by IEDA and the City. None of the incentives have been claimed.

FISCAL IMPACT:

There was no required local match for this contract.

ADDITIONAL INFORMATION:

- Meredith Corporation is a 119-year-old multi-faceted media company, with platforms in broadcast television, print, digital, mobile, and video.
- The space at 1615 Locust was built in 1997, with little updating done since then. As part of the contract, over a period of three (3) years, Meredith indicated they would spend \$5 million on remodeling their existing space, which included:

- Paint
 - Heating, ventilation and air conditioning (HVAC)
 - Furniture (including work stations)
 - Electrical feed to new work stations
 - Low voltage network cabling
 - Window shades for four (4) floors on west and south sides
- In addition, Meredith planned to spend:
 - \$600,000 in computer hardware
 - \$10,000,000 in computer software
 - \$3,000,000 in furniture and fixtures
 - \$2,000,000 in research & development
 - The incentive package included:
 - \$280,000 in investment tax credits from IEDA
 - \$150,000 in sales tax refund on construction materials for the remodeling project from IEDA
 - \$30,000 in research activities credit from IEDA
 - \$385,176 in job training funds from Des Moines Area Community College
 - On December 20, 2021, City Council approved an assignment of the 3-party agreement from Meredith Corporation to Meredith Operations Corporation.
 - Meredith Operations Corporation indicated to IEDA that the project investment was made, and at one point all of the required jobs had been created. Since the contract is being terminated and no incentives have been claimed, no closeout figures were verified by IEDA to determine contractual compliance.

PREVIOUS COUNCIL ACTION(S):

Date: December 20, 2021

Roll Call Number: [21-1928](#)

Action: [Contract](#) amendment to Economic Development Assistance Contract between Meredith Corporation and the Iowa Economic Development Authority. Moved by Boesen to adopt. Motion Carried 7-0.

Date: September 10, 2018

Roll Call Number: [18-1518](#)

Action: [Economic](#) Development Assistance Contract between Meredith Corporation and the Iowa Economic Development Authority (IEDA). ([Council Communication No. 18-442](#)) Moved by Mandelbaum to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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