

Google Data Center Project

FACT SHEET

Project Details

Google is considering a minimum investment of \$576 million to construct one or more data centers along Edgewood Road SW and 76th Avenue in the Big Cedar Industrial Center. This project is eligible for City incentives under the City's Local Match Economic Development Program. The program allows the City to sponsor Google's application for State financial incentives under the State High-Quality Jobs program.

Timeline

Google is working through due diligence for the project. In February, the Cedar Rapids City Council authorized terms within the development agreement, in support of Google's application to the Iowa Economic Development Authority's (IEDA) High Quality Jobs Program (HQJP). This application will be considered at the IEDA board meeting on March 22, 2024. More information will become available as due diligence for the project continues.

The recent Council action focused on establishing terms for a development agreement. The terms of the agreement are necessary for the company to complete its due diligence for the project, proposed location, and HQJP application. Project design details will be determined in a subsequent phase should Google choose to move forward with the project.

Construction would commence within three years of the development agreement's effective date, otherwise a new agreement would need to be reached or the project may be canceled.

Development Agreement Terms

The development agreement includes key terms to establish incentives for the project. The following is a summary of the initial project:

- **Minimum Investment:** \$576 million capital investment
- **Project Construction:** One or more data centers
- **Construction Timeline:** Commencement within three years of agreement effective date
- **Employment:** Creation of at least 31 new full-time employees at or above the State's High-Quality Wage Rate
- **Financial Incentives, subject to terms and conditions set out in the Development Agreement:**
 - 20-year, 70% tax exemption (available through State HQJ Program) subject to meeting employment thresholds and approved HQJ application
 - If HQJ application is not approved, City agrees to work in good faith to provide comparable Tax Increment Financing (TIF) rebates in lieu of the tax exemption
 - 20-year, 75% economic development rebate of franchise fees collected by City through the electrical provider for each data center constructed
 - City to provide a monthly credit for Gray Water Discharge
 - Per unit credit escalate annually at 2.5% up to maximum of 57% of per unit sewer discharge rate
- **Community Betterment Fund:**
 - Company to provide annual community betterment payments to the City to increase economic development activities, including growth of amenities and infrastructure
 - Annual payments of \$400,000 per data center for a period of 15 years with a maximum of \$6 million per data center (\$36 million total maximum)

Impacts on the City's Water and Wastewater Treatment Capacity

One of the City's strengths in economic development is available capacity in our water and wastewater systems to serve future residential and industrial growth while offering competitive, affordable utilities and enterprise-area rates.

To that end, the City Utilities Department is laser focused on managing service levels related to our community's continued growth. The Department has a Capital Improvements Plan that projects infrastructure needs into the future. It is currently in the process of making necessary improvements to expand water treatment capacity at the Northwest Water Treatment Plant on Ellis Road, constructed in 1995 with this kind of expansion in mind. Both Water and WPC already are working on plans to meet future redundancy and capacity needs that are independent of this project.



We are constantly working to monitor various portions of the water system as the time comes to upgrade and replenish equipment. At this time, we anticipate this project will not exceed our treatment capacity. We are not forecasting rate impacts associated with this project, however, the City's Utilities rates in general will likely continue to target a base annual adjustment unrelated to this project.

Cedar Rapids benefits from several large industrial companies that are significant water consumers. Their high demand for water can decrease water treatment costs for residential customers through economies of scale. Additionally, their presence in the community fosters economic growth by creating a competitive business environment that attracts further similar investments.

Cedar Rapids water supply comes from wells drilled into the alluvial sand and gravel deposits along the Cedar River. The USGS has extensively studied the Cedar River alluvial system and we are fortunate to have an ample supply of water to meet our current and future needs.

Community Betterment Fund and Economic Impacts

In larger development projects across the country, it is not uncommon for Community Betterment Funds to be established. These funds can benefit both the developer and the local community. This would be the first such fund in Cedar Rapids' economic development portfolio.

Community Betterment Funds can be used to enhance infrastructure such as roads and public transportation, which supports project growth and encourages nearby land development. Investments in workforce development can attract skilled workers to newly created jobs. Additionally, enhancements like parks and community centers can improve quality of life, making a community more appealing to potential residents. Supporting affordable housing, education, environmental conservation, small businesses, and cultural enrichment also fosters community vibrancy and contributes to the long-term sustainability of projects.

Overall, Community Betterment Funds serve as a mechanism for equitable sharing of development benefits and fostering the project and developer's long-term commitment to a community.

A document published in 2017 by the U.S. Chamber Technology Engagement Center (C_TEC) stated, "While being built, a typical data center employs 1,688 local workers, provides \$77.7 million in wages for those workers, produces \$243.5 million in output along the local economy's supply chain, and generates \$9.9 million in revenue for state and local governments." The report goes on to state, "Every year thereafter, that same data center supports 157 local jobs paying \$7.8 million in wages, injecting \$32.5 million into the local economy, and generating \$1.1 million in revenue to state and local governments."

The report, published by the U.S. Chamber of Commerce, can be accessed online [here](#).