

# The Des Moines Register

Mar. 22, 2014

## West Des Moines appears poised to land another data center

Multimillion-dollar project would add 84 jobs and \$255M to city tax base

A data center project is zeroing in on West Des Moines, furthering a trend that is bringing billions of technology investment dollars to Iowa.

The West Des Moines City Council on Monday is expected to approve an application headed to the Iowa Economic Development Authority asking for state assistance for the proposed development, dubbed "Project Alluvion."

The unnamed company plans an investment that would add at least \$255 million to the city tax base, according to city documents. The project would also create 84 jobs.

Support from the council for the application gives the company a green light to ask for tax and other incentives from the state. Those incentives have been handed out in recent years by the tens of millions of dollars to data center sites in West Des Moines, Altoona and Council Bluffs.



What economic benefits come with datacenters: Principal Financial Group CIO Gary Scholten talks about the benefits that come with a \$1.5 billion data center in Altoona.

City officials will reveal little about the sensitive details surrounding Project Alluvion — much like the Facebook and Microsoft projects that also operated under code names before being unveiled.

“If the project comes to fruition and if we’re able to get it done, I think we’re very excited about it,” City Councilman John Mickelson said Friday, declining to share the name of the company or proposed location.

“It will add to our property tax base in West Des Moines and it will add some new jobs and it will open up infrastructure in a new part of town.”

The project would be built in four phases and carry a minimum taxable valuation of \$255 million, according to information released Friday. That amount does not indicate the final costs for the project.

By comparison, Microsoft’s data center site in West Des Moines was given a taxable valuation just under \$146 million in 2013, according to the Dallas County Assessor’s office. That site, now in its third phase of construction, brings Microsoft’s total investment to about \$864 million.



In this undated photo made available by Google, Denise Harwood diagnoses an overheated computer processor at Google's data center in The Dalles, Ore. Google uses these data centers to store email, photos, video, calendar entries and other information shared by its users. These centers also process the hundreds of millions of searches that Internet users make on Google each day.

The city plans to provide up to \$18 million in tax increment financing to help Project Alluvion pay for infrastructure improvements and development costs, according to city documents. The company is asking for completion of several streets, water and sewer extensions, relocation of power lines, construction of fiber optics and an economic development grant.

Those local incentives are required for the state's economic development agency to consider giving out state money to aid the project. For example, the city offered a five-year tax rebate valued at more than \$6 million for Microsoft's third expansion.

Once approved by the city, Project Alluvion can go before the Iowa Economic Development Authority to seek state incentives. The authority's next meeting is Friday.

City documents say Project Alluvion is seeking state incentives under the High Quality Jobs Program, which provides state money to projects that create a certain number of jobs.

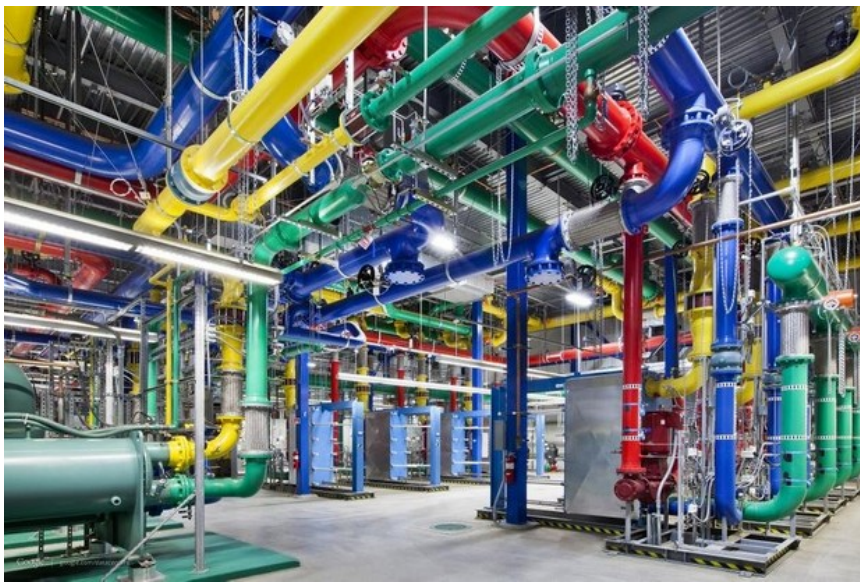
Debi Durham, the authority's director, said Friday neither she nor the authority could comment on a potential project.

"We can't talk about any project that we may or may not be working on at this point," Durham said.

The proposed data center would continue to infuse a significant investment in West Des Moines, which already touts a major data center project with Microsoft.

Microsoft first came to Iowa in 2008, with initial plans to bring an almost \$600 million data center to West Des Moines. The Redmond, Wash.-based company had to pare back those plans because of the economic downturn.

With the uptick in the economy, however, Microsoft has begun to expand the facility, once in 2011 with an additional \$84.8 million and again last year with a planned \$679.1 million expansion. Those two expansions and the pared-back initial investment bring the company's total investment to \$864 million.



This undated photo made available by Google shows colorful pipes sending and receiving water for cooling Google's data center in The Dalles, Ore. The blue pipes supply cold water and the red pipes return the warm water back to be cooled. (AP Photo/Google, Connie Zhou)

Iowa has become a hot bed for data centers in recent years.

Google came to the state in 2007, bringing a multimillion-dollar data center to Council Bluffs. At last count, the Mountain View, Calif.-based company is planning to invest about \$1.5 billion at the 1,000-acre site.

Facebook arrived in Altoona last year, and construction is underway on a \$300 million data center facility. The site is expected to expand, with a value of more than \$1 billion.

That investment, however, has come with a price tag for the state and local communities.

In prior years, the state has approved more than \$18 million in tax incentives for Google's data center, \$18 million for Facebook and more than \$20.7 million for Microsoft.

John Boyd Jr., the principal at the Boyd Co., said Iowa's tax incentive structure is a major reason the nation's top technology companies have moved to the state. Based in New Jersey, the Boyd Co. is a consultant and site-selection firm for data centers and other types of projects.

Boyd also said the state's low risk for natural disasters and "low profile" — meaning there are large swaths of land available and room to expand — also are attractive characteristics.

Access to a fiber optic network is also a necessity for data centers.

With these resources in mind, West Des Moines recently established a Grand Technology Gateway in the city. The corridor is expected to stimulate development along an L-shaped loop, east-west along Grand Avenue near Microsoft and Des Moines Area Community College West, and ultimately north-south on 105th Street when the road is extended to serve a new Interstate Highway 80 interchange near Alice's Road.

Boyd said many of his data center clients "don't like to be pioneers," meaning they will locate in a state that already has data centers.

It is not unusual for the developers behind a major project to operate under a codename while company, local and state officials iron out the details. For instance, Microsoft operated under the codename “Project Mountain” for the third phase of its West Des Moines data center, and Facebook used the code names “Project Catapult” and “Siculus” for its Altoona site.

Public records recently provided to The Des Moines Register show elected city officials in West Des Moines have been anticipating Project Alluvion.

“I am looking forward to all of us serving together in 2014! Bring on Project Alluvion!!!” Mayor Steve Gaer wrote to council members in a group email Jan. 15.