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Apple is latest tech giant drawn to Iowa

Kevin Hardy, Aug. 23, 2017

Apple Inc. will become the fourth tech giant to put down roots in Iowa as it unveils plans Thursday for a new data center in Waukee.

The Cupertino, Calif.-based maker of iPhones, computers and iPads joins Google, Facebook and Microsoft, all of which have built expansive data center operations in the state.

"It's a really positive thing for Iowa that these companies are putting their prized possessions in the hands of Iowa ..." said Brian Waller, president of the Technology Association of Iowa. "I just think to have a fourth titan of the tech industry, and one you visibly hold in your hand or the majority of people hold in their hands, it's just a great thing."

Apple's project became public after state officials published an agenda for a specially called meeting of the Iowa Economic Development Authority board. The board will consider an undisclosed amount of incentives for Apple on Thursday morning.

Details about projects and state incentives are generally released to the public before IEDA board meetings. But spokeswoman Tina Hoffman said that information about Apple's project was not yet ready for public release.

The agenda refers to Apple's business only as a "review of application for investment." But sources tell The Des Moines Register that Apple will build a data center on newly annexed land in Waukee.

On Wednesday, several Waukee city officials declined interview requests, saying they could not yet discuss particulars of the project.

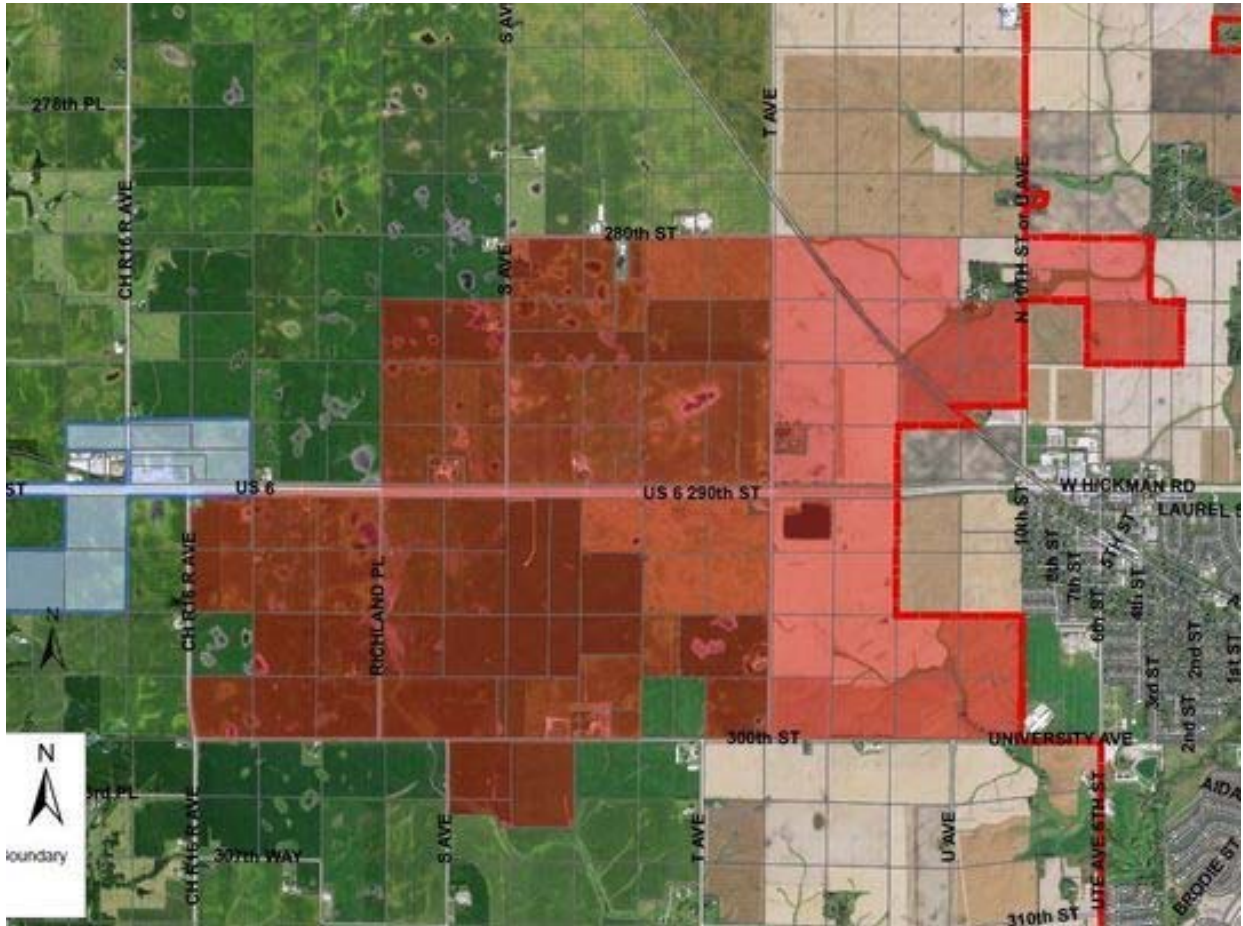
"I think any time a company like Apple comes calling it's a good thing for the community," Waukee City Council member Larry Lyon said, but declined to comment further.

Apple officials declined to comment on the project Wednesday.

The Waukee City Council will hold a special meeting at 9:30 a.m. Thursday related to the Apple project.

Under the code name Project Morgan, the City Council agenda shows plans for a development agreement with Apple, the sale of city-owned property and rezoning of properties from agricultural use to light industrial.

When awarding economic development incentives, the state usually requires a match from local governments.



The city of Waukee annexed 3,500 acres of land outside its western city limits in June. A portion of the property will house a new Apple Inc. data center. (Photo: City of Waukee/Special to the Register)

Brad Deets, Waukee's development services director, said the data center will sit on part of a 3,500-acre site the city annexed in June, extending its western border to the edge of Adel.

Owned by 28 property owners, the annexed land spans about one mile north and one mile south of Hickman Road. Waukee's border now extends about 3½ miles west of 10th Street to R Avenue, where it touches Adel's far eastern city limits.

Prior to the voluntary annexation, property owners had been approached by private developers interested in their land, he said.

That land had long been part of the city's plan for western expansion, Deets said. But the Apple development made the need for annexation more immediate.

"Did it perhaps speed up the process in terms of prioritizing working with those property owners to get a voluntary annexation? Absolutely," he said. "But it was something we were intending to do."

The city will connect its water mains to the Apple project, Deets said. And it has already begun efforts to connect the area to sanitary sewer systems. Waukee will soon transition away from a city-owned sewage system and begin sending its waste to the Des Moines Metropolitan Wastewater Reclamation Authority, which provides sewer service for 17 metro-area communities.

"When you're working on a project like this, to secure the ground within the city limits is important," Deets said. "If we're going to invest in infrastructure, we want to make sure we're able to secure those areas."

City officials also plan to purchase Xenia Rural Water District infrastructure in the annexed area. Xenia provides water to rural customers in 14 towns and 11 counties in central Iowa, including Dallas, Polk and Boone.

In addition to other properties, Apple will use a 200-acre parcel within the annexed territory that is owned by Waukee, Deets said. He was unsure of the sale price of that land. Thursday's meeting agenda shows the City Council will consider selling property to Bravo Real Estate LLC.

Iowa's growing data center cluster

In recent years, tech companies have invested billions in new Iowa data centers.

There are a few reasons they love coming here: The state offers plenty of available crop land, access to high-speed fiber optics and a low risk for natural disasters.

Plus, Iowa is known for its relatively cheap energy and a large and growing portfolio of power derived from wind energy, a favorite selling point among Silicon Valley executives.

Google has invested some \$2.5 billion in its Council Bluffs data center.

Facebook announced in May that it was breaking ground on its largest building yet in Altoona, ballooning the price tag of its Iowa data center to about \$1.5 billion.

And last year, Microsoft announced a third phase of its West Des Moines data centers, bringing the company's investments in the suburb to about \$4 billion.

"You're becoming a more mature destination for the data center industry," John Boyd, principal at New Jersey-based site-selection firm The Boyd Co. told the Register last year. "That speaks to something that we look for in our reports, and that's precedent."

Apple's Iowa footprint

Apple owns and operates one Apple Store at Jordan Creek Town Center.

The company employs 129 people here, and does business with 30 suppliers, according to its website. In Knoxville, 3M produces materials that help form the display modules of iPhones and iPads

Reporter Kim Norvell contributed to this story.