

# Based on Google experience, Caldwell officials say Apple will be sweet deal

By [John Dayberry](#) | Hickory Daily Record

A \$1 billion Apple data center would provide Catawba County with a significant boost in marketing power as well as its economy, said Caldwell County officials, who cited numerous benefits from a similar Google facility that opened last year near Lenoir.

They also said having two technology giants with data centers in adjacent counties would be a tremendous marketing tool for the region.

"Having Google and Apple here can absolutely put this region on the world map," said Bobby White, Caldwell County manager.

"I hope the two counties and the involved municipalities will be able to cooperate on some joint marketing ventures."

## BACKGROUND

On Monday, area and state economic development officials outlined California-based Apple Inc.'s plans to build a 500,000-square foot data center on 183 acres off Startown Road near its intersection with U.S. 321.

During a joint meeting of the Catawba County Board of Commissioners and the Maiden Town Council, both boards approved economic incentive packages that could grant Apple \$20.7 million in local tax breaks during the next 10 years.

Last month, the state changed its tax calculations to lure the Apple data center, giving the company a tax break estimated at \$46 million in the next 10 years.

The Apple project, which county and state economic development officials said is proceeding smoothly, would land the Greater Hickory Metro its second major data center.

California-based Google opened a \$600 million data center in Caldwell County in 2008.

Caldwell County and Lenoir gave Google a 100 percent waiver on business property taxes and an 80 percent waiver of real estate property taxes for the next 30 years.

North Carolina also gave the company a variety of incentives.

All told, Google's incentive package was valued at up to \$260 million over 30 years.

## BENEFITS

Lenoir Mayor David Barlow said Google is benefitting Caldwell County in numerous ways, some quantifiable, others not.

So far, the project has created an estimated 50 full-time, permanent jobs. Google would not confirm that estimate.

The state awarded Google a \$4.7 million economic development grant in 2007, in part for agreeing to create 210 jobs. Last fall, Google turned down the grant, saying it did not want to be tied to a specific timeline, although it would continue with its \$600 million investment.

"Google was always leery of guaranteeing a minimum number of jobs," said Barlow, who has been involved with the project since its inception.

He said the jobs Google has created are in the \$48,000-per-year range, fueling sales of houses, cars and other big-ticket items in the community.

During the data center's construction phase, Lenoir and Caldwell County were flooded with workers in need of food, lodging, gasoline and entertainment, said Deborah Ashley, president of the Caldwell County Chamber of Commerce.

While no formal study has been done on the economic impact of the Google construction phase, Ashley said a survey made of Caldwell County businesses at the time showed hotels, restaurants, service stations and a variety of other businesses enjoying a spike in activity.

With Apple's arrival, the same thing would likely happen in Catawba County, she and Barlow said.

Apple said its data center would employ at least 50 people in full-time information technology positions.

Gov. Beverly Perdue's office estimated the data center could generate another 250 jobs for people providing services to the plant and more than 3,000 related jobs for the region. Of those 3,000 related jobs, about 1,800 would be in construction, the state said.

Barlow said that while data centers don't require huge numbers of employees, they provide welcome diversification, especially in Catawba and Caldwell counties, where thousands of manufacturing jobs have disappeared in recent years.

Catawba County's unemployment rate was 15.5 percent in May. Caldwell County's jobless rate was 15.6 percent.

While Google and Apple are getting tax breaks, the counties and municipalities in which they operate get revenue they would not otherwise receive, White said.

Rather than focus on Google's expected annual tax rebates, Caldwell County officials point out what they will collect this year — \$87,222 for Lenoir and \$104,753 for the county. Because Google chose not to activate its incentive package until this year, last year it paid the county \$1.1 million in taxes and Lenoir \$900,000.

Together, Catawba County and Maiden could reap \$9.3 million from the Apple deal in the next decade.

Catawba County and Maiden have committed to reimbursing Apple 50 percent of tax revenue on real estate property — buildings and land — and 85 percent of tax revenue on business property — computers and other equipment — for the next 10 years.

During the 10-year period, it is estimated that Catawba County would reap \$4.18 million in tax revenue from the project while Maiden garnered \$3.13 million. Maiden would also collect about \$2 million in gross receipts taxes on electricity sales.

## **Brand recognition**

If Apple follows Google's lead, Catawba County could expect the company to support a wide range of community projects, the Caldwell officials said.

Google is footing the bill for a \$100,000-plus effort to make downtown Lenoir a wireless Internet hub.

The company is supporting a methane gas recovery program at a Caldwell County landfill, supports arts and recreational programs with donations and volunteer labor, and has helped shape new educational programs at Caldwell Community College and Technical Institute.

"It's a wonderful, positive thing for Lenoir and Caldwell County, and I'm sure Apple will be the same for Maiden and Catawba County," said Lane Bailey, Lenoir city manager.

Caldwell County officials agreed that one of the most valuable benefits Google brought to the area was brand recognition.

White said 65 to 70 percent of the companies Caldwell County recruits mention they are aware that Google is operating in the county.

"It's a great marketing tool," White said.

Caldwell County Board of Commissioners Chairman Ben Griffin agreed.

"We can go to any company in the world and say 'Google chose us,' and we get their respect," Griffin said. "It's a great tool in negotiating."

Caldwell officials can't say for sure that any company has located in or remained in the county because of Google's presence, but said they are sure such will be the case in the future.

They are also hopeful that the addition of Apple will prove irresistible to other technology companies, large and small.

"We're excited about the Apple project in Catawba County," White said. "What benefits Catawba County benefits the whole region."

"I believe that the worst of our economic challenges are behind us, and that once an upswing in the economy kicks in, you're going to be amazed at what happens around here."

Scott Millar hopes having Apple and Google data centers within about 30 miles of each other will help establish an information technology corridor that will transform the Greater Hickory Metro.

President of the Catawba County Economic Development Corp., Millar said the organization will continue a data center initiative it began four years ago.

"We've developed a lot of contacts and a lot of industry insiders over the last four years," Millar said. "We're not going to forget them now."