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Google not just an employer

Virginia Annable Jun 10, 2018



DAVID PREWITT | NEWS-TOPIC The public ribbon-cutting and community picnic at Google's Lenoir data center in 2008, attended by then-Gov. Mike Easley, was the first time Google let the public behind the gates of one of its data centers

Ten years ago, Lenoir was on the brink of change. A new company opened its doors, and local officials hoped it would be the start of new industry and growth, while residents were wary about what was to come.

Google's Lenoir data center opened in May 2008 after much anticipation. It is the most prominent fruit of efforts to diversify the local economy, and it was a big step for Lenoir and Caldwell County, Lenoir Mayor Joe Gibbons said.

“We were thrilled and excited and honored that Google has selected us and brought diversity in our industry, this was a totally different concept for us to have,” he said.

However, after negotiations shrouded in secrecy, the December 2006 announcement that Google would be the company buying a large amount of land off Harrisburg Drive, there was confusion, Gibbons said. The technology sector was still developing. What exactly a data center was, what kind of jobs it would bring, and how it would benefit Caldwell County were all up for debate.

“It was a new and upcoming, growing industry then. Now, everyone knows about Google and what they do,” Gibbons said.

Enoch Moeller, manager of the Lenoir data center, agreed.

“I think there was a lot of uncertainty about what it would be like to have a Google data center in the community,” he said.

But not only was Google a first for Lenoir, Lenoir was a first for Google: It was the first place where the company planned to participate in the community — to partner with local organizations, and even to have a sign outside the building, Moeller said. For the first time, Google made an effort to reach out and inform people about their data center. There was a public ribbon-cutting and a community picnic — the first time Google let the public behind the gates of a data center.

Google employees volunteer in the community, and the company donated a computer lab to Lenoir’s Martin Luther King Jr. Center, brought free Wi-Fi to downtown Lenoir, and each year awards grants — so far totalling \$5.5 million — to local organizations, said Lilyn Hester, Google’s Southeast head of external affairs.

Caldwell County had an influence on Google, Moeller said. The Lenoir data center hosted many firsts for the company that later spread to other data centers.

Google partnered with Caldwell Community College and Technical Institute to create a training program, the first time the company had partnered with a community college in that way, and it is now common practice at other data centers, Moeller said.

Eight years ago Google started the North Carolina Gravity Games, a soap-box-derby-style competition that has grown into an annual festival, and that has led to similar annual events in towns where other data centers are, Moeller said.

Caldwell County was also the first place where Google put Wi-Fi on school buses, which started in 2016, and just this April the program went national.

Getting Google here involved a large package of incentives.

Lenoir and Caldwell County spent \$3 million to close 5.2 miles of the Caldwell County Railroad so the train vibrations wouldn't affect the data center. Because the railroad served some local industries, that also meant setting up a transload station, with trucks running between there and the industries.

The county also agreed to help the city pay for any water and sewer expansion needed for the site, and the city offered Google its lowest industrial water rate.

The state offered a \$4.7 million Jobs Development Incentive Grant as long as Google invested \$600 million and created 200 jobs, which Google declined.

But the biggest incentives on the part of the county and city involved property taxes. Both agreed that for 30 years, Google would get back 80 percent of the taxes assessed on development on its real estate and 100 percent of the taxes assessed on any new business property, which includes the technology and computers inside the data center.

Since 2008, the county has assessed nearly \$30 million in taxes on Google from 2008 to 2017, but returned all but \$4.7 million, according to records provided by Caldwell County Finance Officer Tony Helton. Lenoir has assessed a little over \$27 million but returned all but about \$3.7 million, according to information from Lenoir Finance Director Donna Bean.

Google pays the equivalent of about 6 cents per \$100 of appraised value on its property to the county, which has a property tax of 63 cents per \$100 of appraised value, and 5 cents per \$100 in the city, which has a property tax of 58 cents per \$100.

Despite that, Google is the top taxpayer in the county and the city, which netted a combined total of about \$1 million in 2017 after the incentives. Before Google came along, the property tax paid to Lenoir for the land Google now has was \$20,000, according to tax records, well behind what the city and county take in each year now.

And as Google has expanded, that has increased its property tax value and the amount of revenue the county and city keep.

While the company doesn't employ as many people as some had hoped — 250 full-time "Googlers," according to a recent study commissioned by Google — it has had a significant economic contribution, Gibbons said. It also gives Lenoir bragging rights to claim itself as the start of the "North Carolina Data Corridor," the name given to what is now a geographic stretch of the state with numerous data centers, including one Apple started in Maiden in 2012 and one Facebook started in Forest City, also in 2012.

"People said 'Google is going to bring this, Google is going to bring that,' but it wasn't about the jobs, it was about the industry," Gibbons said.

In 2013, Google announced a \$600 million expansion, which Gibbons took as a renewal of commitment to the area.

"All we ever knew they were going to do was build one data center. Then in a year or so they started building and expanding — now there's so much up there on the hill," Gibbons said.

Not all of the company's effects here have been positive, though. Some of Google's neighbors say the company has had a negative effect on their property value. Bobby Harmon, who owns land on Overlook Drive behind the data center, said he has been trying to sell his house since Google came along, with no luck. From his property, the view across the street consists of a metal fence next to the road and a 30-foot-tall retaining wall covered in kudzu. Above that, the top of one of Google's buildings peeks into view, as do multiple construction cranes.

"No real estate agent will touch it," Harmon said. "You look at that view and you know why."

It's a similar situation for other property owners in the entire area, he said.

But overall, Google has been a positive addition for the county, said Deborah Murray, director of the Caldwell Economic Development Commission.

In 10 years' time, Google and Caldwell County's relationship has gotten stronger and more transparent, she said. Both sides have helped one another in various ways, and will continue to for another decade, she said.

"They recognize being a part of the community means having more of a two-way relationship," she said. "They participate and are active and are proud of where they are, and we're proud to have them."

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