

# Data Centers & Economic Development

Industry Overview

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Common Concerns

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Questions to Ask

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What to Prepare

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The Economic Case

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# The Evolution of Data Infrastructure

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## Decades of Digital Infrastructure

Data centers have powered the digital economy for decades, evolving alongside advances in computing, telecommunications, and cloud technology to meet growing demands for storage and connectivity.

02

## The Next Generation of Scale

This new generation of hyperscale data centers represents the latest evolution of this infrastructure – purpose-built campuses designed to support massive cloud computing, AI, and enterprise-level digital services at unprecedented scale.

03

## Backbone of Modern Connectivity

While the size and sophistication of facilities has changed dramatically, the core function remains the same: providing the secure, reliable infrastructure that enables modern business operations, internet services, and emerging technologies.

# What's Driving the Hyperscale Data Center Boom?



## AI & Cloud Computing

Explosive growth in artificial intelligence, cloud platforms, and streaming is fueling an unprecedented race for compute capacity across every industry.



## Surging Data Demand

Every organization is expanding its digital footprint. What required one server rack now requires three. Half a building becomes a full building — and growing.



## Consumer-Driven Growth

Data center expansion directly reflects how people use technology daily — streaming, banking, healthcare, AI tools. Demand shows no sign of slowing.

# A Shifting Landscape: Site Selection For Hyperscale Data Centers

## Power Scarcity at Scale

Hyperscale sites, 500+ acres with 500 MW to 1 GW of available power within 2 – 5 years, are in critically short supply. Most traditional markets can no longer meet these requirements.

## Tier 1 Markets Are Saturated

Traditional hubs are largely full. The industry is actively expanding into secondary and rural markets with available land and power.

## The Opportunity for Communities

- Rural and secondary markets now have genuine competitive advantages
- Communities with available power and industrial land are in high demand
- Proactive site preparation and utility partnerships are key differentiators

# Community & Political Dynamics

## 01 Data Centers Are Critical Infrastructure

Data centers are essential to the modern digital economy, enabling services and operations that were once locally situated to function on a global scale.

## 02 The Grid Wasn't Ready

Electric infrastructure planning occurs on decade-long cycles. The rapid acceleration of data center demand caught utility systems across the country off-guard, creating bottlenecks and delays.

## 03 Not All Data Center Projects Are Created Equal

Community-focused data center projects are often being evaluated alongside less beneficial developments, despite significant differences in their local impacts.

## 04 The Industry Is Listening to Communities

As developers adopt innovative technologies to reduce impacts and improve community compatibility, data centers located within city limits are typically subject to the highest levels of local regulatory review.

# Common Community Concerns

*Many concerns stem from outdated information or earlier-generation development practices.*

**"You'll raise our energy prices"**



Data centers don't set utility rates — public utility commissions do. Many developers also commit to covering their own electric infrastructure costs, not passing them to ratepayers.

**"You'll drain our water supply"**



Older evaporative cooling systems did consume significant water. Modern closed-loop systems use water only once to fill — like a radiator — with zero ongoing consumption.

**"You'll be too noisy"**



Generator placement and sound-buffering walls are standard practice. Noise profiles are comparable to other industrial uses and are governed by local ordinance.

**"You'll cause health problems"**



Data centers are regulated facilities. Concerns about cancer, diabetes, and other health effects have no factual basis in peer-reviewed research or regulatory findings.

*Key reminder: Developer practices vary widely. Ask specific questions of any company — don't assume all data centers operate the same way.*

## What Economic Developers Are Asking Data Center Developers (1 of 2)

1

**Are you the owner, developer, and operator — or are you finding a client?**

Economic developers want to know who can commit to terms. Some developers acquire and zone land, then sell to another company, meaning your negotiating partner may not be the final operator.

2

**How much experience do you have building data centers?**

Utility queues are flooded with requests, many from inexperienced developers. Economic developers vet the track record. It protects communities and utility partner capacity.

3

**Who is the utility provider, and how is the power generated?**

Utility partners are economic developers' closest ally on feasibility. Power availability and timeline are the primary drivers of site selection decisions.

4

**Is the data center paying for the electric infrastructure?**

Some developers pass infrastructure costs to communities; others commit to covering them fully. Economic developers get this answer upfront and in writing as it is a top community concern.

## What Economic Developers Are Asking Data Center Developers (2 of 2)

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**What type of cooling system will you use?**

Closed-loop systems use water only once similar to filling a radiator. Evaporative systems consume ongoing water. The right answer depends on a community's resources.

6

**How many jobs will be generated, and what types?**

Economic developers distinguish construction jobs (significant, multi-year), permanent operations positions, and indirect supply chain roles. Hyperscale campuses can sustain thousands of construction jobs over a 5- to 10-year build-out.

7

**What is the total capital expenditure (CapEx)?**

Essential for modeling tax revenue, fiscal return on incentives, and communicating economic impact to stakeholders and elected officials.

8

**Do you have experience with Community Benefit Agreements?**

CBAs can include commitments on local hiring, workforce development, education partnerships, and community investment. Experienced developers have frameworks for these conversations.

# Why Data Centers Deserve Serious Consideration

## High Tax Revenue Density

Exceeding warehouses and logistics

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Non-stop operations mean stable, predictable tax base without labor fluctuations

5–10 yrs

Sustained construction employment for large campuses — not a one-time influx

**Indirect economic multiplier:** Equipment manufacturing, ongoing maintenance, and supply chain development all create additional mappable opportunities.

**Workforce development:** IT cluster growth, AI upskilling programs, and partnerships with local community colleges and schools can be built into the deal.

**Resilient revenue:** Unlike retail or hospitality, data centers don't close in a downturn. They are mission-critical infrastructure that must stay operational.

**Know when to say no:** A site is only suitable for data center development if it can accommodate appropriate setbacks from nearby residential areas and has access to the necessary power infrastructure.