

Economic Impacts of a Data Center

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Definitions

- **Direct Effects:** initial change
- **Indirect Effects:** business-to-business impacts
- **Induced Effects:** consumer-to-business impacts
- **Labor Income:** Employee Compensation + Proprietor Income



Assumptions/Limitations

- These numbers measure the potential impact of the construction and operation of a data center in Goodhue County
- These numbers will vary depending on the number of potential employees who decide to live in Pine Island
- These numbers will vary depending on what percentage of the budget is for mechanical, electrical, and plumbing (MEP)
- These numbers will vary depending on what type of data center is built
- Construction will cost \$700 million over two years
- 100 permanent employees



Important Questions to Ask

- What type of data center is being proposed?
- Does the developer already have an occupant(s) in mind?
- How many employees would the businesses need? Where will they work? Where will they live?



Types of Data Centers

- **Enterprise Data Centers:** dedicated facility that a single large organization owns or leases to house its critical IT infrastructure
- **Colocation Data Centers:** many independent companies all leasing from one data center
- **Cloud Computing Data Centers:** a form of enterprise data centers that focuses on the infrastructure related to cloud services
- **ISP Data Centers:** dedicated facility that contains networking hardware that is the backbone of the internet



Construction

The construction impacts are variable and depend on the type of data center and the percent of budget dedicated to MEP

Table 1: Direct effect of data center construction for each MEP scenario

Scenario	Employment	Wages
MEP = 70 percent	755	\$76,955,000
MEP = 75 percent	700	\$71,350,000
MEP = 80 percent	640	\$65,746,000

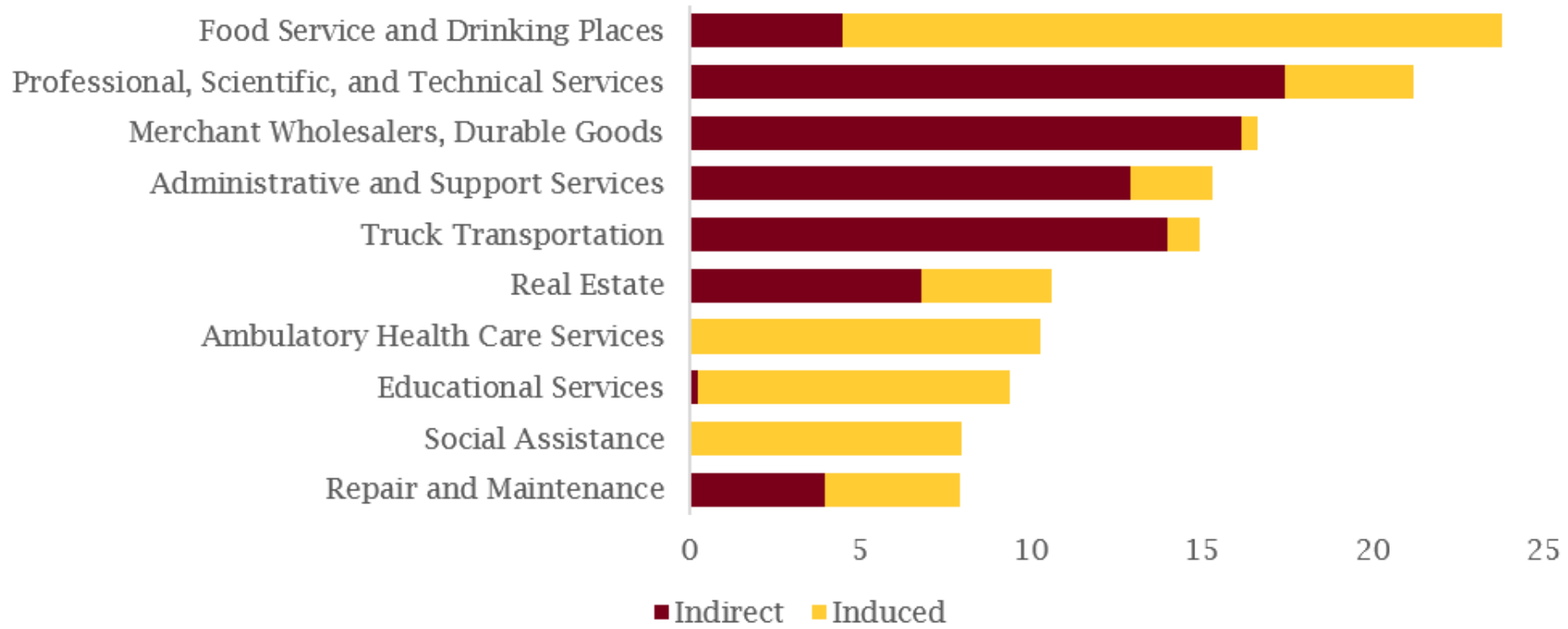
Table 2: Total effect (Direct, Indirect, Induced) of data center construction for each MEP scenario

Scenario	Employment	Wages
MEP = 70 percent	1,120	\$99,513,000
MEP = 75 percent	1,060	\$93,440,000
MEP = 80 percent	990	\$87,368,000



Construction (cont.)

Chart 1: Economic contribution of the construction of a data center: top industries affected sorted by employment Source: IMPLAN





Operation

The operation impacts are variable and depend on the type of data center and the number of new people who will move to Pine Island

Table 3: Direct effect of data center operation for each work scenario

Scenario	Employment	Wages
Living in PI = 100 percent	100	\$9,650,000
Living in PI = 75 percent	75	\$6,535,000
Living in PI = 50 percent	50	\$3,324,000
Living in PI = 25 percent	25	\$1,650,000

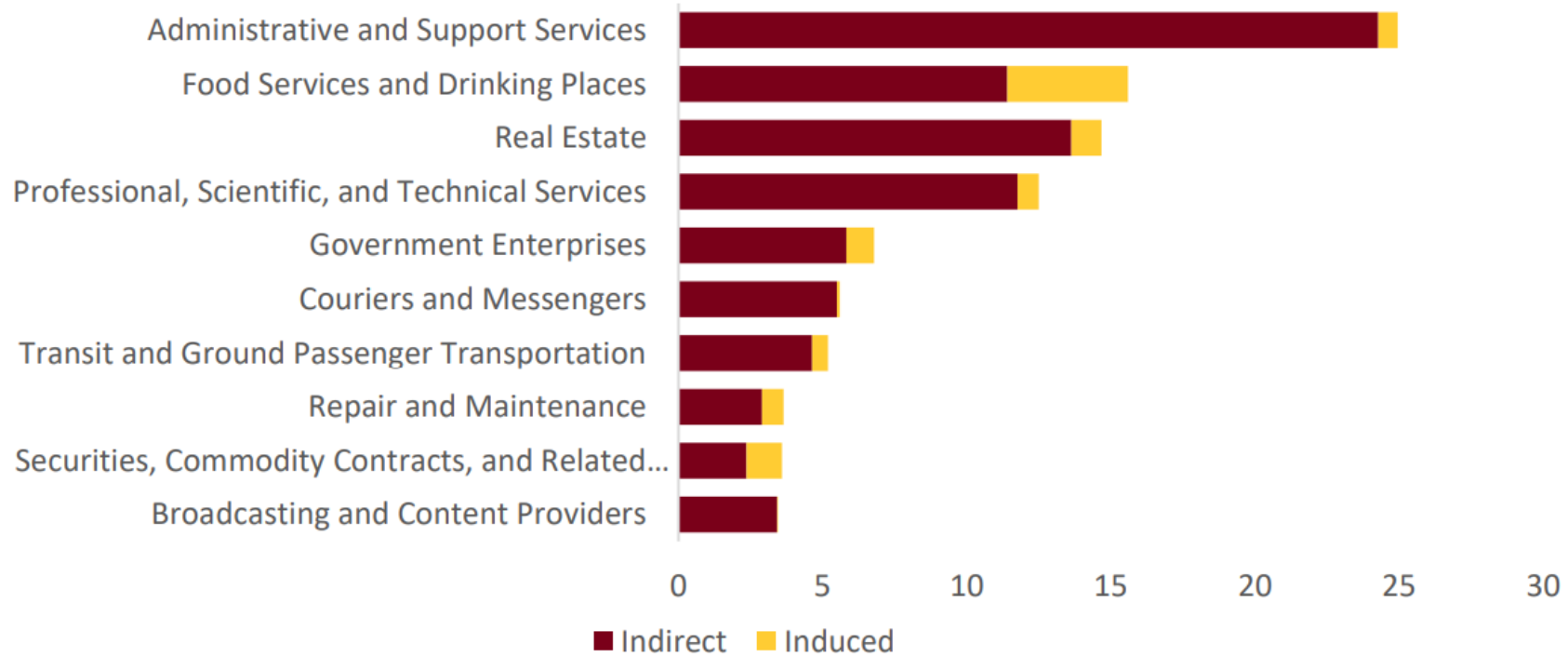
Table 4: Total effect (Direct, Indirect, Induced) of data center operation for each work scenario

Scenario	Employment	Wages
Living in PI = 100 percent	235	\$15,711,000
Living in PI = 75 percent	160	\$10,316,000
Living in PI = 50 percent	85	\$4,805,000
Living in PI = 25 percent	40	\$2,339,000



Operation (cont.)

Chart 2: Economic impact of the operation of a data center: top industries affected sorted by employment Source: IMPLAN





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Questions?
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