

# CITY OF HIGH POINT

## AGENDA ITEM



**Title:** Public hearing for DC Blox data center project

**From:** President Loren Hill and Exec. V.P. Sandy Dunbeck  
High Point Economic Development Corporation

**Meeting Date:** Oct. 5, 2020

**Public hearing:** yes

**Advertising Date:** Sept. 23, 2020

**Attachments:** legal notice that appeared in  
The High Point Enterprise

**Advertised by:** High Point EDC

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### **PURPOSE:**

The High Point City Council has received a request from DC Blox to authorize performance-based incentives for the company to build and operate a data center on the 14-acre tract at 4131 Sheraton Court in High Point.

### **PROJECT & BACKGROUND:**

DC Blox – headquartered in Atlanta, GA –operates multi-tenant data centers.

- The company’s data centers have all the infrastructure needed (such as wiring, uninterruptible power supply systems, climate control systems, staffing, and security measures) for data processing equipment (such as servers and affiliated equipment). Multiple businesses will have their equipment in the DC Blox data center. The equipment is owned and installed by the client businesses that DC Blox serve.
- When six “data halls” are completed in the building, capital investment could be more than \$305 million [more than \$40 million in real property; more than \$9.6 million the company’s personal property; and more than \$255.4 million “induced customer investment” from the equipment of the client businesses of DC Blox.
- Job creation is minimal – up to nine employees, making wages exceeding the Guilford County average wage (plus contracted security).
- High Point is being asked to consider authorizing performance-based incentives equal to up to 50% of the property taxes paid each year by DC Blox and its client businesses.
  - The initial grant year will be as designated by DC Blox to be no later than 2024.
  - Grants shall be paid to DC Blox for a ten-year period for each property taxpayer in the building which receives an initial grant payment in any year within the first seven years of incentive grants being paid.
  - Guilford County will be considering authorizing incentives similar to what is being asked for High Point.
  - State of North Carolina incentives are based on job creation, so the state will not be involved in this project.
- Other locations in competition for this project are in other Southeastern states.

### **BUDGET IMPACT:**

If the company meets the benchmarks outlined in its performance agreement, it could receive in a year a grant equal to up to 50% of the property taxes already paid that year, for a period from 10 to 17 years. The source of that funding would be the City’s Economic Development Incentive Fund, which is funded by general and electric revenues.

### **RECOMMENDATION / ACTION REQUESTED:**

The High Point EDC staff recommends that the City Council:

- authorize performance-based incentives for the DC Blox data center project equal to up to 50% of the property taxes already paid in a year – for a period of from 10 to 17 years; and
- authorize the City Manager to execute a performance agreement with the company containing benchmarks for the company to achieve and a schedule for the payment of such financial incentives.

## PUBLIC HEARING

Pursuant to N.C. General Statute 158-7.1, notice is hereby given that a public hearing will be held before the High Point City Council on Monday, October 5, 2020 at 5:30 pm in the City Council Chambers, 3rd Floor, High Point Municipal Building, 211 S. Hamilton St., High Point, NC.

The purpose of the hearing is to receive public input on a respective funding request for local incentives. The company expects to build and operate a facility at 4131 Sheraton Court, High Point, NC, and proposes to invest up to \$305,000,000 that would be added to the tax base.

The High Point City Council will consider authorizing an amount not to exceed 50% of the property tax revenue paid by company and its clients for a specified number of years.

The source of funding would be the Economic Development Incentive Fund, which is funded by general and electric revenues. The City would be authorized to provide this incentive to the company upon the company meeting specified performance measures.

In order to maintain the health, safety, and well-being of our residents, staff, and the City Council, this meeting will be conducted electronically. As part of the city of High Point's COVID-19 mitigation efforts, in-person attendance will not be allowed at this meeting. Instead, the meeting will be live-streamed. Once the City Council is in session on October 5 at 5:30 p.m., please visit <https://www.highpointnc.gov/270/Virtual-Public-Meeting> to listen to the meeting. Public comments can be submitted by:

- Calling 336-883-3522 and leaving a message, or by
- Emailing written comments to [publiccomment@highpointnc.gov](mailto:publiccomment@highpointnc.gov), or by
- Dropping written comments off in the City of High Point's utility payment drop-boxes located in the Green Drive and the Commerce Avenue parking on both sides of the Municipal Building located at 211 S. Hamilton Street.
- Please identify the topic/public hearing.

In accordance with recently adopted legislation regarding public hearings at remote meetings, after the public hearing is held, the required 24-hour waiting period will be open before a vote can be taken on this matter. During that time, the public can submit any additional comments on the subject matter for the public hearing.

Please note that the deadline for submitting comments for public hearings will be 24 hours after the public hearing is held by the City Council. Questions? Please contact the City Clerk's Office at 336-883-3536 or 336-883-3690.

**September 23, 2020**