



DENVER
ECONOMIC DEVELOPMENT
& OPPORTUNITY

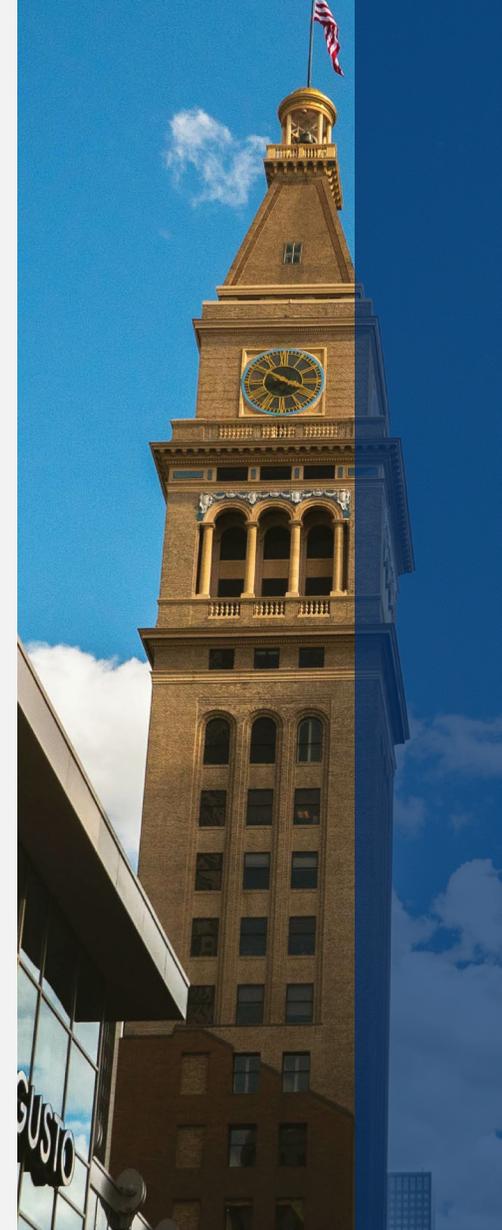
Economic Development Opportunity: CoreSite Data Center & Technology Campus - Project Overview and City Support

Denver Economic Development & Opportunity
August 2024

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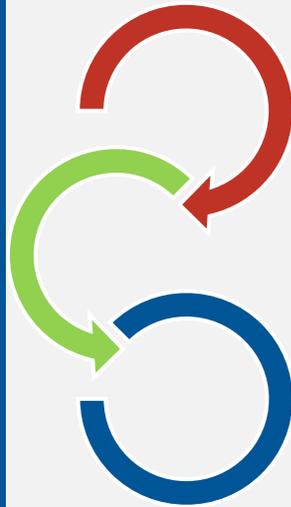
Agenda

- Role of Incentives in Attracting Economic Development Projects
- The Opportunity and Proposed Support
- Project Overview & Description
- Project Team
- About the Industry
- Neighborhood Plan & Community Outreach
- Proposed Incentive



The Role of Incentives in Attracting Economic Development Projects

- ✓ Companies making significant investments in a community seek partnerships and demonstrated support for their projects from the benefitting community
- ✓ Significant capital investments are placed through internal company competitive processes with multiple decision makers including boards, investors and company executives. Typically, several projects compete for the same resources
- ✓ Incentives can make a project more competitive and feasible for the community under consideration



- ✓ Community thoughtfully deploys incentives for projects with significant **net new** tax revenues that fund city services, schools, and other community initiatives and services as applicable
- ✓ Public benefit must be clearly established through job creation and/or retention, expansion of the local tax base, community benefiting improvements, creation of catalytic assets to support/sustain the local economy and other desirable outcomes
- ✓ “But for” the incentive, the project would not occur or would be affected in project scale and economic impact



Incentives for Public Purpose

City ordinances allow for incentive tools that attract companies and their associated economic activity within the City and which *significantly* contribute to:

- Strengthening of Denver's tax base
- Creation of jobs within the City

Incentive tools are used sparingly to support projects with tremendous direct fiscal benefit to the city that create quality jobs, support the growth of key industry sectors, and provide significant tax generation benefits to the city.

The most recent Sales Tax Sharing Agreement the City entered was in 2020 with DCG West for the development of a retail node anchored by Costco in Far Northeast Denver.



The Opportunity and Proposed Support

- DEDO is seeking approval of a **\$9 Million** tax revenue return agreement to attract a project to our community
- This project would bring up to **\$2.25 Billion** in investments to our community which could subsequently **generate over two hundred million dollars in incremental local tax revenue** by the project and its customers over a 20-year period
- The project will rehabilitate and **activate an abandoned industrial site** and create **neighborhood-benefitting site improvements**
- The city's incentive support is intentionally designed to **limit impacts on the City's current budget** as net new sales and use tax would be generated and collected before partially returned



Project Overview and Description

- The project is a three-building state of the art data & technology center campus development of approximately 600,000 square feet
- The development site identified for the project, 5050 N Race Street, has historically been used for industrial purposes and operated as a concrete manufacturing facility for 70 years, thus the site requires no rezoning
- The data & technology center campus development would bring many welcome community amenities including new sidewalks, landscaping, and lighting features that align with the neighborhood's desire for a safe and appealing bikeable network, new open space, and new water detention facilities that address localized flooding



Project Overview and Description

- Data & technology center campus and data center customers are anticipated to generate a catalytic capital investment in the City and County of Denver which will support city services while being a minimal burden on schools, emergency services, roadways and other city infrastructure
- The project could create as many as 75 new and sustainable trades and technology-oriented jobs and an average of 175 daily on-site construction jobs for a long-term period
- The data & technology center campus would establish critical infrastructure aiding private enterprises, schools, and public sector entities in the digital transformation of IT architecture for a cloud-enabled workforce, remote learning, and other tech applications
- The project will provide services to more than 100 businesses, from start-up to Fortune 500, with their Denver operations and data needs



Project Team: About the Company



- CoreSite was founded and has been headquartered in Denver since 2006 and is a premier carrier-neutral, colocation data center provider
- CoreSite owns and operates 28 data centers across 10 major US markets, including two data centers in Denver
- CoreSite was acquired in 2021 by American Tower, a commercial real estate investment trust that owns and operates wireless and broadband communication infrastructure globally. The company's acquisition of CoreSite is part of a broader corporate strategy to lead in the evolution and convergence of communications infrastructure

Current Denver Data Centers

- DE1 (Denver Data Center 1) – 910 15th Street
- DE2 (Denver Data Center 2) – 639 E 18th Street
- Facilities total 34k sq ft, have 145 customers, offer connection to 85 networks



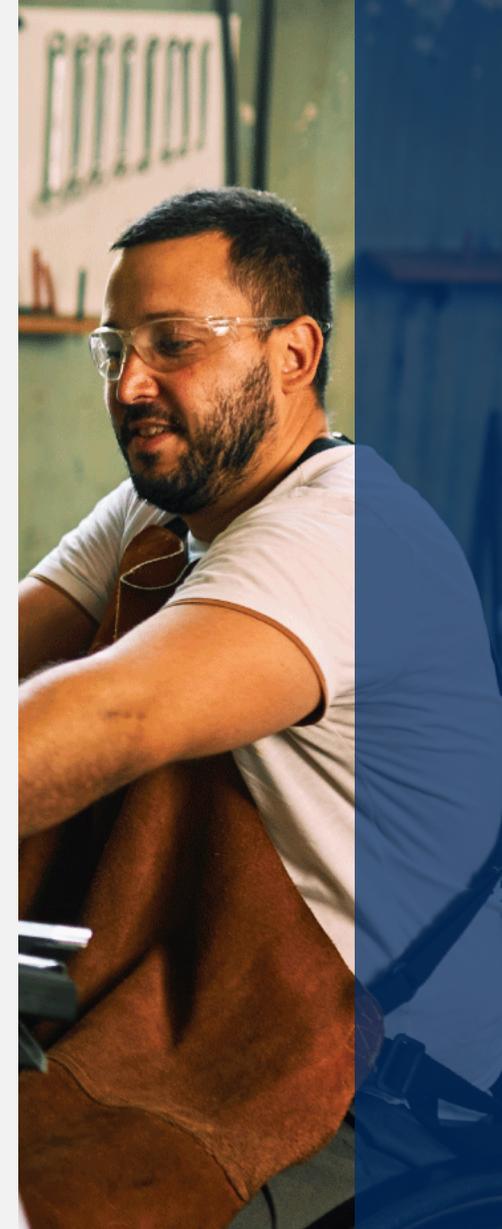
CoreSite's Sustainability Goals and Priorities

- CoreSite, as an existing data center operator in Denver, supports the City's commitment to encourage the highest levels of efficiency in commercial building operations, energy efficiency, and waste management
- CoreSite is focused on reducing overall energy consumption and on reducing impacts to air, water, and noise at the highest standards possible by following Leadership in Energy and Environmental Design principles (LEED) developed by the U.S. Green Building Council
- This facility's design is based on another site in the CoreSite portfolio with a Power Usage Effectiveness (PUE) of 1.223 which is well below the average PUE of 1.8 for data centers
- CoreSite recycles 50% of all waste by volume and 32% of all waste by weight



Data centers are mission-critical infrastructure for the 21st Century

- Data centers play a fundamental role in our society and digital economy. Everything that happens online, is housed in a data center. Data centers provide the essential IT infrastructure needed to store, process, and manage vast amounts of data
- Data centers provide a secure environment for critical applications and support business activities like:
 - Email and file sharing
 - Virtual desktops, communications, and collaboration services
 - Customer relationship management (CRM) and other databases
 - Big data, artificial intelligence, and machine learning
- Recently, the need for data centers has rapidly increased, fueled by changing work habits during the pandemic and the growth of cloud-based technologies



Neighborhood Plan & Community Outreach

Project is aligned with the goals established in the Elyria & Swansea neighborhood plan:

- Create better connectivity and accessibility
- Mitigate nuisance and crime
- Redevelop or actively manage neglected properties

District 9 hosted a community meeting for the project in June

- Event was advertised multiple times across several channels to 5,000+ residents and businesses following District 9
- Project team was in attendance to field community questions and concerns

Ongoing community engagement efforts

- District 9 office has included project information in their monthly district newsletter
- Provided company email to address community questions or comments
- No community members expressed concern in outreach process



Proposed Denver Incentive

Proposed Sales and Use Tax Return Agreement

- 15-year agreement will return 50% of sales and use tax generated by construction and sales activities directly associated with the site development and establishment of the data center campus, up to a maximum of \$9 Million, with the agreement ending once the agreed upon amount has been reached
- Applicable to General Fund portion only; sales tax pledged for specific purposes either via an election question or a bond indenture, such as Preschool, Parks 2A, College Assist, Mental Health, Healthy Food, will not be impacted
- Quarterly payments based upon established performance milestones:
 - Building 1 open and operating as a data and technology center
 - Neighborhood-serving improvements in place
 - Demonstrated job creation at defined thresholds
 - Demonstrated investment at defined thresholds

Limited Impact on Annual Budget

- Net new sales and use tax to be generated and collected before partially returned



Data Center Campus Fiscal Benefit to Denver

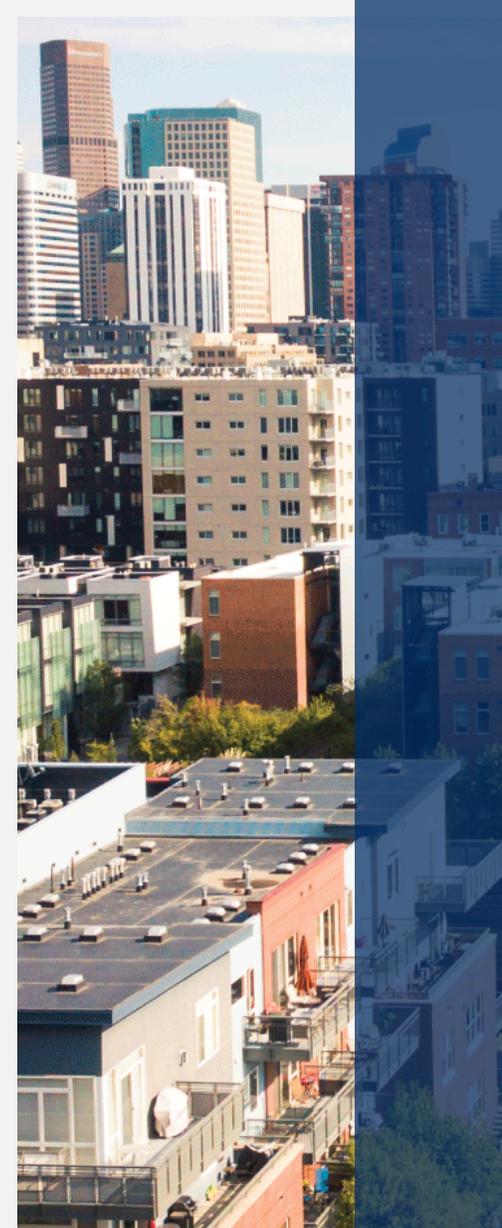
GENERAL FUND – Net New Sales & Use Tax Revenue Campus Construction, Maintenance, and Operations

15 Year estimated net new sales/ use tax	\$16.5M
20 Year estimated net new sales/ use tax	\$21.4M

GENERAL FUND – Net New Sales Tax Revenue Initial Customer Equipment + Anticipated Equipment Refresh

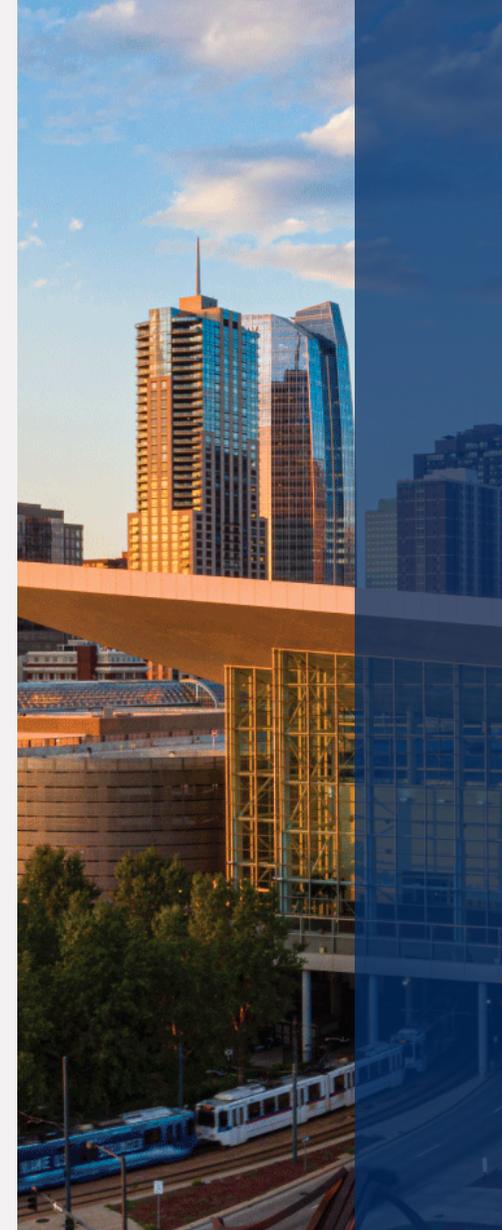
15 Year estimated net new sales tax	\$99.5M
20 Year estimated net new sales tax	\$155.4M

Note: Data provided by developer/operator; DEDO and DoF reviewed the provided data and consider the projected fiscal impact representative and reasonable.



City Support Greatly Matters

- Establishes partnerships that help maximize project benefits to the City
- This request is less than the average public investment in similar projects in other jurisdictions
- The proposed support is an important contributing factor in addressing certain key financial gaps related to project feasibility





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Questions?

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