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### **Effort to bring Facebook data center to Sarpy County took 6 years of swinging and missing**

By Hailey Konnath / World-Herald staff writer   Apr 25, 2017

Randy Thelen, senior vice president for economic development for the Greater Omaha Chamber Economic Development Partnership.

Mark Norman, senior director of client services at the Greater Omaha Partnership.

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Andrew Rainbolt, executive director of the Sarpy County Economic Development Corp.





Omaha-area economic development leaders will tell you it's been a long road to land Facebook's newest data center.

"We swung and missed and swung and missed," said Randy Thelen, senior vice president for economic development for the Greater Omaha Chamber Economic Development Partnership. "And hit the grand slam."

A grand slam, indeed. Lured at least in part by millions in state tax incentives, Facebook will pour at least \$200 million, likely much more, into building a 970,000-square-foot data center campus south of Papillion. That's comparable, square footage-wise, to the approximately 1 million-square-foot First National Bank Tower in downtown Omaha. The data center at Nebraska Highway 50 and Capehart Road will be the social media giant's sixth in the United States and its ninth worldwide.

It's expected to create about 1,000 temporary construction jobs and at least 100 permanent jobs. It'll pave the way for future development along the Highway 50 corridor, including a possible expansion of its own across the highway. And it's anticipated to provide a "significant" boost to property tax revenue.

But the project "did not fall from the sky," Thelen said on a recent afternoon in a conference room at the Greater Omaha Chamber of Commerce's building downtown. After six years of keeping their work off the public's radar, Thelen and some of the others involved in the project met with The World-Herald to talk about the puzzle pieces that needed to come together, at the right time, to make the Facebook data center a reality.

"This was a long haul," Thelen said. "This was a targeted effort."

Unbeknown to many, Facebook came knocking on the Omaha area's door two times before. Sealing the eventual deal required a multipronged approach, which was spearheaded by the Greater Omaha Partnership, a chamber-led collaboration among development organizations from eight counties. The project's scope was so far-reaching, it relied on teamwork from multiple entities and leaders around the state. And that called for patience — a lot of it.

Back in 2011, Facebook gave Nebraska its first shot. Site selectors visited some sites in Sarpy County, but weren't impressed. The site was expensive and it wasn't ready to build on. There were too many unknowns.

"They kind of gave us a pat on the head and said 'You guys are really nice,'" said Andrew Rainbolt, executive director of the Sarpy County Economic Development Corp. The development corporation is a part of the Greater Omaha Partnership.

At the same time, Facebook was seriously considering a site in Kearney, Nebraska.

As rumors emerged that Kearney was a front-runner, state lawmakers scrambled to pass beefed-up tax incentives targeting large data centers. At that time, senators touted the project as potentially bringing more than \$1 billion in investment.

During the 2012 spring legislative session, Legislative Bill 1118 passed with few roadblocks. The law added extra incentives for companies building data centers that invest at least \$200 million in the state and hire at least 30 employees.

The incentives didn't sway Facebook: The social media giant ended up setting up shop in Altoona, Iowa, in 2013. But they were nonetheless an integral piece of the larger puzzle, organizers said.

"That was key to making Nebraska much more competitive in the national market," said Mark Norman, senior director of client services at the Greater Omaha Partnership.

The "Tier 2 Large Data Center" component of the state's incentive package offers a 10 percent credit on investments. That will translate to at least \$20 million in state tax credits for Facebook. Most likely it will earn much more. While Facebook hasn't offered an estimate for its Papillion data center, its data centers elsewhere have price tags of more than \$500 million.

In Forest City, North Carolina, Facebook invested more than \$525 million statewide in the first few years of construction, said Lindsay Amos, a Facebook spokeswoman. In Prineville, Oregon, Facebook spent nearly \$575 million during the first few years of construction, she said.

Other incentives based on employees' salaries and property at the site will add to the total.

All of those incentives helped economic officials make a stronger case in 2014. That year, Facebook came knocking on Nebraska's door again. The Greater Omaha Partnership showed company leaders a 70-acre site at Highway 50 and Capehart Road. Site selectors gave it more consideration than in 2011 but still found issues. It wasn't big enough, they said. And how would the site get sewer service?

"We'll figure it out," development leaders assured them. But uncertainty is a major deterrent to a big company with a slew of other options to choose from. Facebook selected Fort Worth, Texas, for its next data center. It was another tough loss.

Greater Omaha Partnership leaders decided to use it as fuel.

"Every time we didn't make it to the final round with the company, to that final site selection, we learned from that," Norman said. "We adjusted what we needed to do."

The following year the Omaha Public Power District developed new energy rates to serve big electricity users seeking to power their operations with 100 percent renewable energy.

The Sewer Service Agreement among Omaha, Sarpy County and Gretna was amended to include the Highway 50 corridor. Now wastewater from the proposed Facebook site could be pumped north to the existing sewer.

A new two-year option was secured with Catholic Cemeteries, which owned the original 70-acre parcel of land. That gave the Sarpy County Economic Development Corp. control over all 134 acres on the northwest corner of Highway 50 and Capehart.

In November 2015, leaders decided to do their own door-knocking. Armed with a shiny new packet of information boasting the development partnership's progress, Rainbolt and OPPD economic development director Tim O'Brien flew to Facebook's headquarters in Menlo Park, California. "The site is ready," they told Facebook's site selectors. "And it's perfect for your next data center."

Facebook was intrigued enough to travel to Sarpy County in February 2016 to see the bigger site.

The energy rate, in particular, proved key. Paul Clements, data center energy manager at Facebook, praised the OPPD rate as "very innovative and forward-thinking" at a recent OPPD board meeting. Clements said even though his company will be the first to benefit, the new rate won't be exclusive to Facebook.

"We feel like that (rate) will help continue economic development for OPPD and the State of Nebraska," Clements said.

Facebook offered a letter of intent in March 2016.

Still, nothing is a done deal in economic development until the dirt starts moving, Thelen said. And local officials did their best to keep the company's name secret as they ironed out details. The data center was referred to only by its code name, Project Raven.

Facebook representatives made several trips to visit Sarpy County in 2016. The Greater Omaha Partnership and OPPD also went back to Facebook's headquarters in September, this time with Gov. Pete Ricketts in tow. Nebraska Department of Economic Development Director Courtney Dentlinger made the trip, too.

Then, during the fall of 2016, an ongoing legal battle between Springfield and Papillion threatened to derail the project.

“Every project has a dark day when things are going south,” said Sarpy County Board member Don Kelly. “We had those days.”

The two cities were fighting over a key boundary that determined whose zoning jurisdiction the data center would fall under. Without the boundary settled, the project was in peril.

Initially the data center site was in both Papillion and Sarpy County’s zoning. Papillion rushed to annex some land south of Nebraska Highway 370 that would extend its zoning to fully encompass the site. But the move threatened Springfield’s future growth.

Tensions had already been simmering between the two cities over a previous Papillion annexation. A year before, Springfield had filed a lawsuit against Papillion over zoning jurisdiction issues. Springfield filed a second in 2016. Economic development and local leaders were alarmed.

Eager to settle the dispute, Rainbolt and County Board members stepped in to help broker a development boundary agreement between Papillion and Springfield. After a long meeting and a lot of scribbling on maps, Springfield agreed to withdraw its lawsuits. Everyone breathed a sigh of relief.

“There was a lot of compromising going on and a lot of decisions being made that are not only going to impact this data center, they’re going to impact everything in the future,” Kelly said. “It gave us a path forward that goes way beyond this project.”

With issues resolved, the deal was sealed. On April 4, Facebook representatives flew to Nebraska to join Papillion, Sarpy County and state leaders for the big announcement at a packed Papillion City Hall.

The data center should bring a bump in Sarpy County property tax revenues, although no estimates are available yet.

“It’ll be significant property tax,” said Mark Wayne, the county’s administrator. “But an exact number — we can’t put our fingers on that yet.”

The 183,000-square-foot Travelers data center nearby pays about \$250,000 annually in property taxes, Wayne said. Facebook’s data center will be about five times that size.

And Sarpy County documents indicate Facebook’s initial plans could be followed by an expansion.

Facebook’s plans involve a 134-acre, three-building campus on the northwest corner of Highway 50 and Capehart Road. However, plans submitted to Papillion indicate the data center will likely one day expand to 140 acres on the east side of the highway.

Thelen, Norman, Rainbolt and company aren’t resting on their laurels. They have more sites ready to shop around to companies. And they plan to see the Facebook project through.

“Even though we’ve been saying this story goes back six years,” Thelen said, “it’s just starting.”

**World-Herald staff writer Cole Epley contributed to this report.**

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