



Google's 100,000-square-foot facility will house computers that power its services. The promise of 210 jobs is luring new businesses to the area.

Charlotte Observer Photo by Jeff Willhelm

## **Google's Lenoir operation grows**

### **First of two buildings rises | Rising taxes are bone of contention**

Jonathan B. Cox, Staff Writer

LENOIR - Change has come to this small city in the North Carolina foothills since Google arrived nine months ago.

Much of it you can't see.

Business owners are more optimistic about Lenoir, which has been devastated by thousands of furniture-factory layoffs in recent years.

And some residents are angrier, worried about who will bear the costs. Caldwell County raised property taxes 22.2 percent this summer, months after commissioners and city leaders slashed Google's tax bill for 30 years.

"We've been sorta aggravated here lately, I tell you," said Mitchell Hughes, general manager of Ekamant South, which sells sandpaper.

Across the street from his office, 200 workers are grading the Internet giant's 220-acre site and putting finishing touches on a 100,000-square-foot building that will house the rows of computers needed to power its services.

Google announced Thursday that those workers soon will begin construction on a second facility on the campus.

The move was expected but is a bit ahead of schedule. It's a welcome development for local leaders, who were criticized for the size of the incentives offered to Google, operator of the most popular Internet search engine.

Google plans to invest about \$600 million in Lenoir and hire 210 people. To win the operation, announced in January, county, city and state leaders promised tax breaks that could save the company as much as \$260 million over three decades.

Leaders said bold action was needed to attract an employer that could help remake the region. Lenoir and Caldwell County lost more than 2,500 manufacturing jobs over the past two years as household-furnishings companies including Broyhill and Bernhardt shut plants or cut their rolls.

Those cuts rippled through the community as suppliers, restaurants and shops laid off workers to account for declining business.

Likewise, Google's decision to come to Lenoir has had ripple effects, drawing attention from across the country and around the world.

"We definitely have a lot more people interested in the city," said Misty Arnold, who owns Our Place Restaurant in downtown Lenoir. "Those who come in ask more pointed questions ... about real estate, the job market and what's up and coming."

The downtown was seeing a resurgence of interest before Google, in part because of the city's location. It's near Boone and Blowing Rock, which have become resort communities; land and home prices have skyrocketed. Areas such as Lenoir, lower in the mountains, have started getting attention for their lower costs.

Entrepreneurs have been refurbishing century-old buildings and opening stores. Since the beginning of the year, an ice cream shop -- owned by Arnold's children -- has opened, and a bookstore/wine cellar/coffee shop opened three weeks ago. Other new shops cater to those who make crafts and collect antiques.

Google didn't prompt the startups, the business owners say, but it has given them more hope for success. Google was "like the nitrous," said Ben Willis, who owns HogWaller Outfitters and whose family helped jump-start downtown redevelopment. "They were like getting a big hit of vitamins."

Workers are going back to school to prepare for Google jobs, which are expected to pay an average wage of \$48,000 a year. At Caldwell Community College, about 200 people are taking the computer curriculum. Another 125 are enrolled or have completed courses in an information-technology institute the school developed with Google.

They are getting training to work with computers and softer skills, such as how to work in teams. They're not, however, getting job guarantees.

"It's too soon to say how many people Google will hire locally for the technical positions," said Lenoir Mayor David Barlow. On its jobs page, Google lists 12 open positions in Lenoir but mentions no preference for those who live in the area.

The site manager that Google hired, Tom Jacobik, came from Texas, where he worked for Oracle, a software developer.

There's an underlying concern about what Google will bring to the community, exacerbated by the county commissioners' decision to increase property taxes. Chairwoman Faye Higgins said that the increase, which took effect in July, had nothing to do with Google.

But the juxtaposition of the tax increase with the tax breaks for Google -- the company is expected to pay only 20 percent of its local and county real-estate taxes for 30 years -- is just too hard for some to accept.

"I don't have anything against Google," Hughes said. "It's the way everything is being handled."

He had a sign outside his shop that read "Google Tax Break; Homeowners 22.2% Hike," until his boss asked him to take it down.

Another local businessman took more aggressive action, posting signs throughout Caldwell County that highlighted the tax increase and asked "Will you vote for these commissioners again?" He ran afoul of the state Board of Elections and had to modify the signs.

Local leaders say Google, even with a reduced tax bill, will be a major contributor to government coffers. Over the 30-year period, the county expects the company to pay about \$8 million in taxes.

Google will be the second- or third-largest taxpayer in the city, City Manager Lane Bailey said, contributing about \$130,000 a year. It also will be Lenoir's second-largest water customer, behind the county, because it will use water to cool its facilities.

Local leaders say residents should not discount the broader effects of getting Google.

A former Winn-Dixie shopping center was about 95 percent empty when developer David Morton of Burlington bought it about eight months ago. Now it's about 90 percent full, with a Fairvalue Foods grocery preparing to go into the Winn-Dixie space.

"We had no interest in Lenoir. We heard about Google going up there; it created excitement for us," said Morton, whose company, Morton & Sharpe Commercial Development, owns 30 shopping centers in North Carolina. "We've got three spaces left to rent. The interest in that area is incredible."

Google expects to begin turning on the computers in its first building this year, Jacobik said. The site manager hopes to have the second building on line by the end of next.

So far, Lenoir has proven a wise investment, he said. And Jacobik hasn't been too bad for Lenoir. He has increased the population, Barlow said.

Jacobik, 41, is a father of seven.

<http://www.newsobserver.com/business/story/711276.html>