

## **Sample Calculation of Revenue from an Amazon Data Center Based on Louisa County Investment Estimates**

From a Louisa County Board of Supervisors meeting, we know the approximate Amazon investment values that Louisa used for the standard 250,000 SF shell :

\$ 160 mil for the Real Property investment

\$ 450 mil for the Business Personal Property investment

These values are significantly less than the Payne/FRA investment estimates for the standard shell. A good question is “Why are the Louisa estimates lower than the Payne/FRA investment estimates ?”

Louisa is not part of the Fredericksburg Regional Alliance.

Using KG tax rates, the five year revenue projection for a single shell looks like :

<b>Revenue Forecast for 250,000 SF Data Center</b>					
<b>Based on Louisa County Estimates</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Real Property</b> (millions)	<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>
Real Prop tax at 0.68 per 100	<b>1,088,000</b>	<b>1,088,000</b>	<b>1,088,000</b>	<b>1,088,000</b>	<b>1,088,000</b>
<b>BPP</b> (millions)	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>
Assessed %	<b>50</b>	<b>35</b>	<b>20</b>	<b>10</b>	<b>5</b>
Depreciated Value of BPP (millions)	<b>225.0</b>	<b>157.5</b>	<b>90.0</b>	<b>45.0</b>	<b>22.5</b>
BPP Tax at \$1.25/100	<b>2,812,500</b>	<b>1,968,750</b>	<b>1,125,000</b>	<b>562,500</b>	<b>281,250</b>
<b>Total Revenue</b>	<b>3,900,500</b>	<b>3,056,750</b>	<b>2,213,000</b>	<b>1,650,500</b>	<b>1,369,250</b>
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>

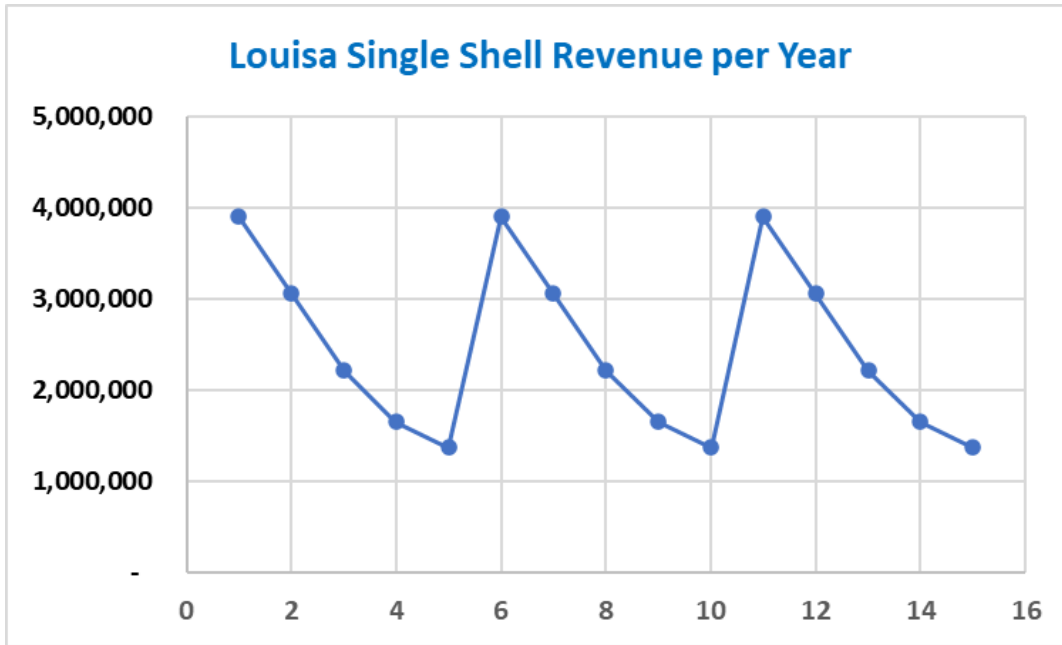
Total yearly revenue is the sum of the Real Property tax and the BPP tax.

The yearly revenue for a single shell varies from about \$ 3.9 mil (year one) to about \$ 1.4 mil (year five).

Louisa assumed every six years the BPP equipment was replaced with new equipment (tech refresh).

So then the new BPP is assessed at 50%, and the cycle starts over again.

The repetitive five-year cycle looks like:



The vertical axis is in dollars.

The horizontal axis in years ( 1 through 15)

This cycle will continue on and on, until the Real Property is eventually reassessed, or the tech refresh strategy for the BPP changes.

Every five years, the average yearly revenue is \$ 2.44 mil.

This is 60% of the Payne/FRA estimate of 4.25 mil.

Note how simple and straight forward the revenue estimates are, for both the Payne/FRA investment numbers, and the Louisa investment numbers.

Once you calculate the 5 year average revenue for the 250,000 SF shell, you can scale that that revenue estimate up to any size of data center.

Example:

If you want to know the revenue for **one million SF data center**,

$1,000,000 \text{ SF} / 250,000 \text{ SF} = 4 \text{ shells}$

Using Payne/FRA estimates the revenue would be

$4 \times \$ 4.25 \text{ mil} = \$ 17 \text{ mil revenue per year}$

Using Louisa estimates the revenue would be

$4 \times \$ 2.44 \text{ mil} = \$ 9.8 \text{ mil revenue per year}$

When you look at the Davenport & Company revenue estimates for King George County, note how complicated and mysterious those revenue estimates are. Why did Davenport make this look so hard ?