Data Center Impact in Local Communities

The Right Place, the regional economic development organization serving the seven-county Greater Grand Rapids region, is supporting local officials in understanding data center development. To better understand the impacts, a survey was distributed to municipal leaders across the United States whose communities host Microsoft data centers (*see Appendix A for survey questions*). The survey was sent to 13 communities[ii] and 8 responses (69% response rate) were received from mayors, city managers, planning officials, and municipal economic development leaders. Results from the survey were tabulated[iii] in addition to conducting several direct conversations with leaders who provided additional background information (*See Appendix B for survey scale responses*). The goal of this analysis is to provide insights into how data centers affect local finances, infrastructure, quality of life, and community relations.

Overall Experience with Data Centers

Respondents overwhelmingly described their community's overall experience as positive based on the scale question rating their overall experience. Most ratings fall in the upper range of the scale, suggesting that data centers are viewed as valuable economic assets rather than disruptive land uses. Positive perceptions were most strongly associated with significant tax base expansion, major capital investment, and relatively low ongoing municipal service demands. Several communities noted that data centers require few public services compared to residential or commercial developments, while generating substantial recurring revenue. One response rated their experience lower than others. This response suggests more mixed outcome, with benefits tempered by noticeable challenges. Their responses suggest greater concern about infrastructure impacts and neighborhood effects, likely indicating the facility may be closer to residential areas or required more local adjustment. Overall, the rating reflects a balanced view in which the project delivered value but also introduced impacts that were more visible or difficult to manage than in other communities.


Citizen Complaints

While limited, most jurisdictions reported relatively few citizen complaints related to data center operations other than during the construction phase. When complaints occurred, they most often focused on construction impacts such as heavy truck traffic, road conditions, or temporary lighting. Ongoing operational complaints were uncommon. Communities reporting fewer complaints often noted that concerns were driven more by perceptions about water use, energy demand, or generator testing than by documented

impacts, implying that clear information can defuse issues before they escalate. In contrast, jurisdictions experiencing more persistent concerns tended to reference misunderstandings or uncertainty among residents, suggesting that proactive outreach, transparency, and regular updates likely play a role in maintaining lower complaint levels over time.

Noise Pollution

Noise impacts were generally reported as low on the scale question regarding noise pollution. Communities that located facilities in industrial zones or at significant distance from large residential areas experienced minimal concerns. Where noise issues did arise, they were typically linked to construction activity or periodic generator testing rather than continuous operations. Respondents emphasized that modern data center designs incorporate noise mitigation features and that local ordinances governing testing schedules can further reduce potential impacts.
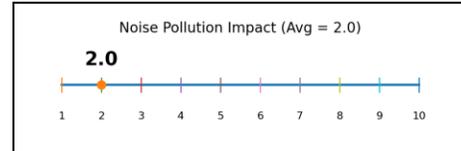

Water Utilization

On water and wastewater, the feedback was more uniform: respondents overwhelmingly reported no significant hardship on their municipal systems. Multiple communities noted that newer facilities often use closed-loop or air-cooled systems that dramatically reduce water usage compared with older designs. Several respondents stressed the importance of confirming capacity up front and monitoring usage over time, but the survey results to date do not suggest that respondents see water or wastewater impacts as a major operational issue. One local leader offered a useful comparison to illustrate the scale of water use: the data center consumes roughly 900,000 gallons annually, while a local car wash business uses approximately 36,000,000 gallons each year. In fact, one respondent noted that data center companies had contributed directly to water infrastructure improvements in their community during the build-out process.

Light Pollution

Light impacts were similarly limited in most communities. Proper site planning, landscaping buffers, directional lighting, and shielding were cited as effective mitigation strategies. Concerns were most pronounced during construction phases when temporary lighting may be required for safety and winter work conditions. Once operational, most facilities were described as visually low profile, particularly when screened by industrial zoning or natural barriers.
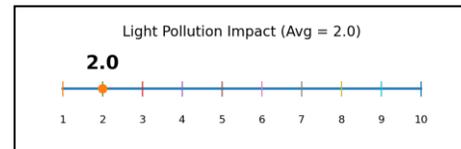
Economic and Fiscal Benefits

Respondents consistently identified substantial economic and fiscal benefits associated with data center development. These include significant increases in property tax base, one-time permit revenues, recurring utility taxes, and direct infrastructure investments. In several cases, projects converted previously low-value agricultural or undeveloped land

into major long-term revenue sources for local governments. Communities with multiple data centers noted that land generating only tens of thousands of dollars in annual property taxes prior to development now produces millions annually, fundamentally strengthening the municipal fiscal position.

Importantly, officials emphasized that these revenues come with relatively low ongoing service demands compared with residential or commercial development, as data centers typically generate minimal traffic, school enrollment impacts, or emergency service calls. Several respondents indicated that the new revenue has supported capital improvements, infrastructure upgrades, debt reduction, and efforts to stabilize or lower property tax rates for residents. In some cases, companies also contributed directly to community amenities, workforce programs, or utility system enhancements, further amplifying the local economic impact beyond tax revenues alone.

Employment Effects

Permanent employment levels are typically modest relative to the scale of investment, but positions are highly skilled and well compensated. The largest employment impact occurs during construction, which can generate hundreds or thousands of temporary jobs and significant local economic activity. While most local officials could not specify exact employment numbers for each site, their observations of both construction and on-going operations were used to quantify the impacts. Spillover benefits were reported for contractors, hospitality businesses, and service providers.

Microsoft Partnership

Local officials generally viewed Microsoft as a strong and responsible corporate partner, with most respondents rating the company favorably for its willingness to engage with communities and contribute beyond the core project. Officials noted that Microsoft has provided philanthropic support, workforce initiatives, educational investments, and participation in local events or civic activities, reinforcing its presence as more than simply a large utility user or landowner. At the same time, several respondents indicated that the level of engagement often depends on proactive outreach by local

Microsoft as a Corporate Partner (Avg = 8.0)
8.0
1 2 3 4 5 6 7 8 9 10

governments; communities that clearly articulated their needs and priorities tended to receive more visible support. Overall, officials described Microsoft as professional, responsive, and collaborative, particularly on technical and operational matters, while emphasizing that sustained relationship-building and communication are key to maximizing community benefits over the long term.
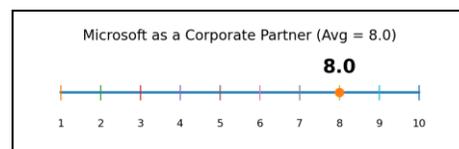
Takeaways and Observations for Local Officials

Across responses, several consistent recommendations emerged that local officials should consider when data centers are emerging. Communities reported the highest satisfaction when these measures were incorporated into their guidelines:

- **Careful site selection away from large residential areas** — Communities that located facilities within industrial zones or buffered areas reported minimal complaints regarding noise, lighting, traffic, or aesthetics, while concerns were more likely when development occurred near large residential developments.
- **Confirmation of adequate utility capacity prior to project approval** — Respondents emphasized that ensuring sufficient electrical, water, and wastewater capacity in advance helped prevent service disruptions, costly upgrades, or public concern about resource competition once facilities became operational.
- **Establishment of clear zoning requirements and performance standards** — Local officials noted that pre-established rules governing noise limits, lighting controls, setbacks, screening, and generator testing reduced uncertainty, strengthened negotiating leverage, and minimized future conflicts with residents.
- **Development of comprehensive construction management plans** — Many communities observed that the majority of complaints occurred during construction rather than operations, particularly related to truck traffic, road conditions, debris, and temporary lighting, making proactive planning essential.
- **Proactive engagement with data center operators as community partners** — Officials found that maintaining ongoing communication and requesting community contributions led to stronger philanthropic support, infrastructure investments, and responsiveness to local concerns.

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[i] DZ Strategy Management works with public agencies and nonprofit organizations to conduct in-depth qualitative analysis through survey and focus group development. dzstrategymanagement.com

[ii] Operational datacenter locations were identified directly through Microsoft's Datacenter platform and Data Center Map, a third-party research tool and matched to the local municipality leader.

[iii] Responses were collected on a 10-point scale, which reflects ordered rankings rather than precise equal intervals. For reporting purposes, we treat the scale as interval to calculate averages, a common practice for surveys of this type. To provide full transparency, distribution of responses are provided in the appendix.

Appendix A – Survey Questions

DZ Strategy Management developed a survey administered online to share with communities where Microsoft data centers exist. Follow-up communications were conducted with all communities to encourage participation. To assist with survey completion, some individuals were interviewed via telephone to answer each question. The following questions were asked in the survey:

1. Name:
2. Title and Municipality:

Community Concerns
3. In your opinion, have your community's electric rates changed due to data center developments? (yes/no/unsure)
4. If so, how?
5. Has the data center caused any hardship on your municipal water/wastewater system? (yes/no/unsure)
6. Comments
7. On a scale of 1 to 10 (1 being no problem, 10 being big problem), how problematic has noise pollution been for the nearby neighbors?
8. On a scale of 1 to 10 (1 being no problem, 10 being big problem), how problematic has light pollution been for the nearby neighbors?
9. Approximately how many citizen complaints do you receive each year regarding the Microsoft data center?
10. Of the complaints, what do they typically entail?
11. Is there any environmental or public health issues that have resulted from the data center? (yes/no/unsure)
12. If yes, what were those problems?

Community Benefits
13. Approximately how many local jobs (on-going) does Microsoft employ in your community?
14. Approximately what is the average salary of those jobs?
15. Approximately how many temporary jobs have been created through construction?
16. Approximately what is the average salary of those jobs?
17. Approximately how much has Microsoft invested in your community to date (additional tax base, other financial contributions, etc.)?
18. If yes, How so?

Summary Questions
19. On a scale of 1 to 10, 10 being the highest/best, how would you rate your community's overall experience with data centers?
20. On a scale of 1 to 10, 10 being the highest, how would you rate Microsoft as a corporate partner (philanthropic support, community and volunteer support)?
21. Is there anything you wish your community would have done differently with the development of the data center (including any planning or zoning issues)?

Appendix B - Data Center Survey Responses for Scale Questions (Anonymized)