

**THE POTENTIAL FISCAL IMPACTS OF THE PROPOSED
KARIS CRITICAL DATA CENTER DEVELOPMENT IN NAPERVILLE**

A Report to

KARIS CRITICAL, LLC

From

GRUEN GRUEN + ASSOCIATES

Urban Economists, Market Strategists & Land Use/Public Policy Analysts

July 2025

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*APPLYING KNOWLEDGE
CREATING RESULTS
ADDING VALUE*

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INTRODUCTION

Karis Critical proposes to develop two buildings - a 145,000-square-foot data center (in a Phase “1A” of building construction) with an anticipated 67,000-square-foot expansion (in Phase “1B”) of the building construction and a 212,000-square-foot data center (in a Phase “2”) of the development at 1960 Lucent Lane in Naperville. The two buildings totaling 424,000 square feet of space are estimated to generate 72 megawatts of capacity at full build-out.

Gruen Gruen + Associates (“GG+A”) was asked to estimate the fiscal impacts that the proposed Karis Critical data center development may generate for the city of Naperville.

This report summarizes the fiscal impact estimates associated with the development and operation of the Karis Critical data center development by construction phase and as complete. The figures presented in this report are expressed in constant 2025 dollars. That is, the possible effects of inflation or deflation on future economic activities are not quantified.

SUMMARY OF FINDINGS

Fiscal Impact Estimate

Table 1 summarizes the annual revenue the proposed Karis Critical data center development by phase and at build-out and operational is estimated to generate for the city of Naperville.

TABLE 1 Estimated Annual Revenue Generated for Naperville by the Proposed Karis Critical Data Center Development by Phase and at Build-Out¹				
	<u>Annual</u>			
	Phase 1A	Phase 1B	Phase 2	Total
Electric Utility Tax	\$622,956 to \$1,019,382	\$311,478 to \$509,691	\$934,434 to \$1,529,073	\$1,868,868 to \$3,058,147
Property Tax	\$30,800	\$14,200	\$45,000	\$90,000
CITY TOTAL	\$653,756 to \$1,050,182	\$325,678 to \$523,891	\$979,434 to \$1,574,073	\$1,958,868 to \$3,148,147
¹ Figures have been rounded.				
Sources: City of Naperville; Karis Critical, LLC; Gruen Gruen + Associates.				

The Karis Critical data center development is forecast to generate approximately \$1,958,800 to \$3,148,100 in annual revenue for the city of Naperville at full build-out and full assessment. Electric Utility Tax revenue is estimated to range from \$1,868,900 to \$3,058,100 annually and comprises about 95 percent of the direct fiscal benefit to the city of Naperville. Property taxes are forecast to generate an additional annual \$90,000 for the city of Naperville. By phase of development, approximately \$653,800 to \$1,050,200 of annual tax revenue is estimated to be generated by Phase 1A; approximately \$325,700 to \$523,900 annually for Phase 1B; and \$979,400 to \$1,574,100 annually for Phase 2.

Upon full build-out, the Karis Critical data center buildings are forecast to generate approximately \$1,298,700 in annual property tax revenues for all other taxing districts, including School District 203.¹

¹ See Appendix A for an estimate of annual property taxes by district.

Karis Critical Naperville Data Center Fiscal Impact Analysis

School District 203 is estimated to receive the largest share of annual property tax revenue at over \$998,000. The Naperville Park District is estimated to receive approximately \$60,000 in annual property tax revenue.

FISCAL IMPACTS ON CITY OF NAPERVILLE

Property Tax Revenue

Table 2 presents an estimate of the city of Naperville property tax revenue by phase of development and at full build-out of the Karis Critical data center development.

TABLE 2				
Estimated Annual Property Tax Revenue for Naperville by Phase and at Build-out¹				
	Proposed Karis Critical Data Center			
	Phase 1A	Phase 1B	Phase 2	Total
Building Space in Square Feet	145,000	67,000	212,000	424,000
Market Value Per Square Foot ²	\$150.00	\$150.00	\$150.00	\$150.00
Estimated Market Value	\$21,750,000	\$10,050,000	\$31,800,000	\$63,600,000
Equalized Assessed Value ³	\$7,250,000	\$3,350,000	\$10,600,000	\$21,200,000
2024 City Tax Rate	\$0.4246	\$0.4246	\$0.4246	\$0.4246
Annual City Property Tax Revenue⁴	\$30,800	\$14,200	\$45,000	\$90,000
¹ Figures are rounded. ² Recently built NTT Global Data Center in Itasca consisting of two completed buildings with 252,000 square feet of building space is assessed at a building market value of \$166 per square foot. ³ Equalized assessed value is calculated at 33.33% of market value. Adjusted equalized assessed value factor of 1.0000. ⁴ Property taxes per \$100 of equalized assessed value.				
Sources: DuPage County Clerk Property Tax Rate & Reports; DuPage County Assessor; Gruen Gruen + Associates.				

The completed data center buildings are assumed to be valued at \$150 per square foot for a total market value of \$63,600,000 upon a full assessment. This assumption is close to the valuation of NTT Global Data Center in Itasca with two recently completed buildings in 2021 and 2024. The NTT data center development is valued at \$166 per square foot of building space.

The total Equalized Assessed Value upon build-out of the Karis Critical data center development is estimated at nearly \$21,200,000. Based on the current city of Naperville property tax rate applicable to the tax parcel comprising the development, annual property tax revenues for Naperville are estimated at approximately \$90,000 upon full build-out of both buildings. The annual property tax revenue for Naperville associated with the completion of the Phase 1A development of 145,000 square feet of building space is estimated at \$30,800. The annual property tax revenue for Naperville associated with the completion of the Phase 1B expansion of the first building by 67,000 square feet is estimated at \$14,200. Phase 2 development of the second building of 212,000 square feet of space is estimated to generate annual property tax revenue for Naperville of \$45,000.

Karis Critical Naperville Data Center Fiscal Impact Analysis

Electric Utility Tax Revenue

The city of Naperville's municipally owned electric utility imposes an electric utility tax based on gross receipts. Table 3 presents the annual electric utility tax revenue the Karis Critical data center development is estimated to generate for Naperville.

TABLE 3				
Estimated Annual Electric Tax Revenue for Naperville by Phase and at Build-out¹				
	Proposed Karis Critical Data Center			
	Phase 1A	Phase 1B	Phase 2	Total
Building Space in Square Feet	145,000	67,000	212,000	424,000
Electric Capacity (Megawatts)	24 MW	12 MW	36 MW	72 MW
Annual Electric Expenditures ²	\$12,459,117 to \$20,387,646	\$6,229,558 to \$10,193,823	\$18,688,675 to \$30,581,468	\$37,377,350 to \$61,162,937
Annual City Electric Tax Revenue ³	\$622,956 to \$1,019,382	\$311,478 to \$509,691	\$934,434 to \$1,529,073	\$1,868,868 to \$3,058,147
¹ Figures are rounded.				
² Based on estimates by Karis Critical. An effective rate of \$0.0876 per kilowatt-hour is estimated. Range in annual expenditure reflects a load factor ranging from 0.55 to 0.90.				
³ Based on city electric tax rate of five percent of gross receipts.				
Sources: Karis Critical, LLC; City of Naperville, Gruen Gruen + Associates.				

Estimates provided by Karis Critical (attached in Appendix B) indicate that it anticipates paying an effective electric rate of \$0.0876 per kilowatt hour. Based on an estimated load factor ranging from approximately 0.55 to 0.90, all three phases of the development (in full operational capacity) are estimated to consume approximately 427 million to 698 million kilowatt hours per year. This equates to annual electric expenditures of approximately \$37,377,350 to \$61,163,000.

The city imposes a five percent electric utility tax based on the gross receipts of electric usage. This results in an annual tax revenue estimate of approximately \$1,869,000 to \$3,058,000 for the city of Naperville upon build-out.

Phase 1A development of 145,000 square feet of building space is estimated to generate annual electric tax revenue of \$623,000 to \$1,019,400. Phase 1B of the expansion of the first building by 67,000 square feet of space is estimated to generate \$311,500 to \$509,700 in annual electric tax revenue. Phase 2 development of 212,000 square feet of building space is estimated to generate \$934,400 to \$1,529,100 in annual electric tax revenue for Naperville's electric utility.

APPENDIX A: ESTIMATE OF ANNUAL PROPERTY TAX BY DISTRICT

Table A-1 summarizes the estimate of annual property tax by taxing entity following full build-out of both data center buildings.

TABLE A-1		
Estimate of Annual Property Tax Revenue by District		
	Tax Rate¹	Annual Revenue²
City of Naperville Library	\$0.1745	\$36,994
City of Naperville	\$0.4246	\$90,015
College of DuPage 502	\$0.1794	\$38,033
County of DuPage	\$0.1361	\$28,853
DuPage Airport Authority	\$0.0122	\$2,586
Forest Preserve District	\$0.131	\$27,772
Lisle Township	\$0.0376	\$7,971
Lisle Township Mental Health	\$0.0161	\$3,413
Lisle Township Road	\$0.0219	\$4,643
Naperville Park District	\$0.2835	\$60,102
Unit School District 203	\$4.7092	\$998,350
TOTAL	\$6.1261	\$1,298,733
¹ Current property tax rates, per \$100 of Equalized Assessed Value, for taxes payable 2024.		
² Based on Equalized Assessed Value of \$21.2 million for the completed data center project.		
Sources: DuPage County Assessor; Gruen Gruen + Associates.		

School District 203 is estimated to receive the largest share of annual property tax revenue at over \$998,000. Naperville is estimated to receive approximately \$90,000 in annual property tax revenue. The Naperville Park District is estimated to receive approximately \$60,000 in annual property tax revenue.

APPENDIX B: ESTIMATE OF ELECTRICITY CONSUMPTION

Table B-1 summarizes the estimate of electricity consumption using arrange of steady state utilization factors.

TABLE B-1

Estimated Electricity Consumption

	Low	Base	High
<i>Annualized Utilization Factor will be largely driven by tenant specific workloads run in the facility. As such we are providing estimates across a range of steady state utilization factors.</i>			
Facility Capacity (kw)	72,000	72,000	72,000
Days/Yr	365	365	365
Hours/Day	24	24	24
Nameplate Critical IT KWH/Yr	630,720,000	630,720,000	630,720,000
Annualized PUE	1.23	1.23	1.23
Utilization Factor/Load Factor	0.55	0.7	0.9
Total Annual KWH	426,682,080	543,049,920	698,207,040
Effective Rate (\$/kwh)	\$0.08760	\$0.08760	\$0.08760
	\$37,377,350	\$47,571,173	\$61,162,937

Source: Karis Critical, LLC



Gruen Gruen + Associates (GG+A) is a firm of economists, sociologists, statisticians and market, financial and fiscal analysts. Developers, public agencies, attorneys and others involved in real estate asset management utilize GG+A research and consulting to make and implement investment, marketing, product, pricing and legal support decisions. The firm's staff has extensive experience and special training in the use of demographic analysis, survey research, econometrics, psychometrics and financial analysis to describe and forecast markets for a wide variety of real estate projects and economic activities.

Since its founding in 1970, GG+A has pioneered the integration of behavioral research and economic analysis to provide a sound foundation for successful land use policy and economic development actions. GG+A has also pioneered the use of economic, social and fiscal impact analysis. GG+A impact studies accurately and comprehensively portray the effects of public and private real estate developments, land use plans, regulations, annexations and assessments on the affected treasuries, taxpayers, consumers, other residents and property owners.

San Francisco:
(415)433-7598

Denver:
(720) 583-2056

Chicago:
(847) 317-0634

www.ggassoc.com

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