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Austin J. Cyganiewicz, Town Manager
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TOWN OF SUTTON
OFFICE OF THE TOWN MANAGER

MEMORANDUM

TO: SELECT BOARD
FROM: AUSTIN J. CYGANIEWICZ, TOWN MANAGER
SUBJECT: UNIFIED PARKWAY DATA CENTER PROJECT PROPOSAL - PRELIMINARY FISCAL AND REGULATORY REVIEW
DATE: NOVEMBER 9, 2026

Unified Global Packaging Group and The Kraft Group have proposed a data center campus on the property located off Boston Road and Providence Road. The first two buildings would open in 2029, with two more each year through 2033. At full build-out the campus would draw roughly 900 megawatts of power and represent more than $16 billion of private investment by the developer's estimate, several times the $2.8 billion in assessed value of all property in Sutton today.

Using deliberately conservative values, staff estimates the first two buildings would pay about $10.4 million a year in property tax once fully assessed in FY2031, rising to about $27.8 million a year with all ten buildings in FY2035. The Town's entire FY2027 tax levy is about $32 million. Because the Town raises only what its budget requires, the main effect would be lower tax bills: about $2,300 less for the average single-family home in FY2031 and about $5,800 less in FY2035. The project would also close the structural budget gap in the Town's Multi-Year Financial Plan beginning in FY2031, and perhaps sooner with estimated building permit revenue.

Under Governor Healey’s Executive Order 658, issued in September, no state permits can be issued for a project like this without local approval and a community benefits agreement. The developer must also pay its own grid costs and contribute to a new Ratepayer Protection Fund if it does not supply its own clean power. The proposal is tentative. No application has been filed, and important details on power, water, equipment and site impacts are still to come.

About the Project

Site and infrastructure - The proposed project is within UGPG's Unified Parkway property. The property is crossed by major electric transmission lines, including a 345-kilovolt line running from Millbury to West Farnum and a 115-kilovolt line. The developer's preliminary Phase 1 plan shows a Phase 1 substation and a Phase 2 substation on Lot 1, and an additional National Grid substation for Phase 2 on Lot 5 near Dudley Road. Access would be from Unified Parkway.
Buildings and Phasing - Phase 1 consists of two buildings, identified on the plan as DC-01 and DC-02, of about 250,000 square feet each and roughly 90 megawatts of power each, opening in 2029. The developer's financial analysis assumes eight more buildings of the same size opening two per year from 2030 through 2033. The site plan describes these layouts as conceptual, with final configuration and locations to be refined based on the operator's program, utility requirements, permitting and site constraints. The configuration of Phase 2 has not been determined at this time.

Investment - The developer values each building at about $675 million of real property, of which $600 million is the electrical, cooling and generator systems, and approximately $1 billion of computer equipment such as racks and servers. That puts Phase 1 at about $3.35 billion and the full campus at roughly $16.75 billion in 2026 dollars. All taxable property in Sutton is currently assessed at about $2.85 billion.

Power and water - The operator has told the Town it is in discussions with ISO New England, the regional grid operator, to secure the necessary power, and that it is exploring the use of reclaimed water for cooling. Detailed information on water volumes, supply, wastewater and the timing of power availability has not yet been provided.

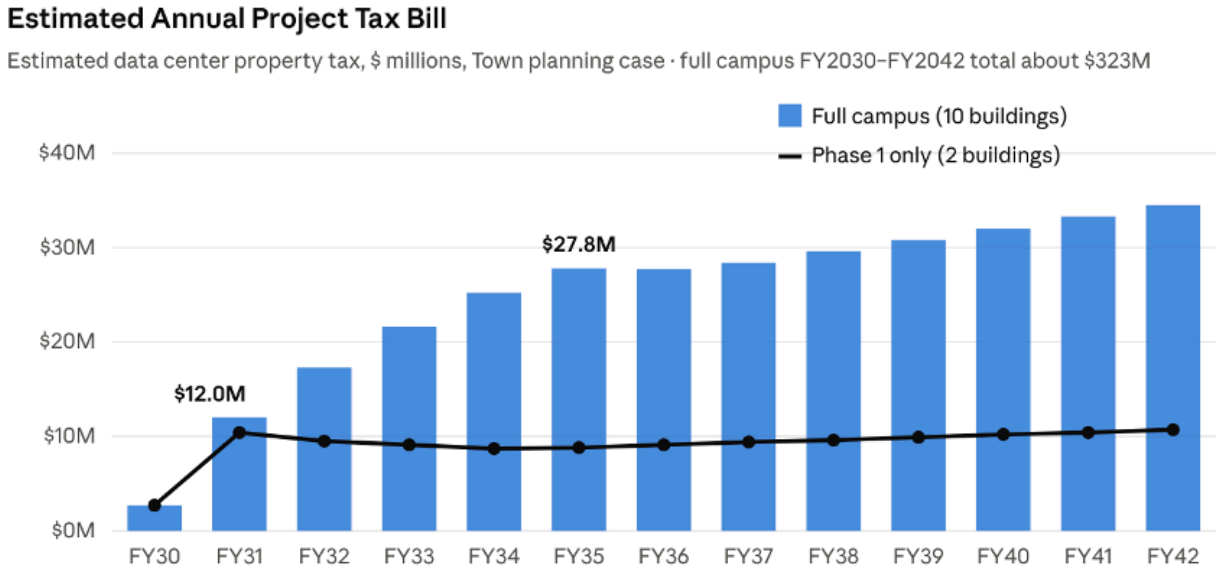
Town Financial Estimates

Staff's estimates are built upon the Town’s Multi-Year Financial Plan. Staff assumed values well below the developer's: about $250 million per building for the building and land, based on industry figures presented at the 2026 national assessors' conference, and about $560 million of standard server equipment that anticipates a rapid depreciation schedule. In the first year, that is about $586 million of taxable value per building, roughly a third of the developer's figure. Massachusetts values property as of January 1 for the following fiscal year, so each pair of buildings is assumed to be partly taxed in the fiscal year that begins after its first January 1 under construction and fully taxed the year after.

The comparison throughout is to a future without the project in which the Town passes Proposition 2 ½ overrides to close the plan's projected gaps. State aid and local receipts are held at the plan's levels, and a single tax rate is used for all property.

Fiscal Impact

Property tax revenue - The data center would begin paying tax in FY2030 on partially built buildings, reach about $10.4 million a year from Phase 1 in FY2031, and grow to about $27.8 million a year once all ten buildings are assessed in FY2035. Over FY2030 through FY2042, that totals about $323 million. Construction would also generate one-time building permit fees, estimated at $31 million for the full campus, which would be best directed to capital needs, reserve contributions, or paying down other liabilities such as our debt service, pension, or other post-employment benefits.

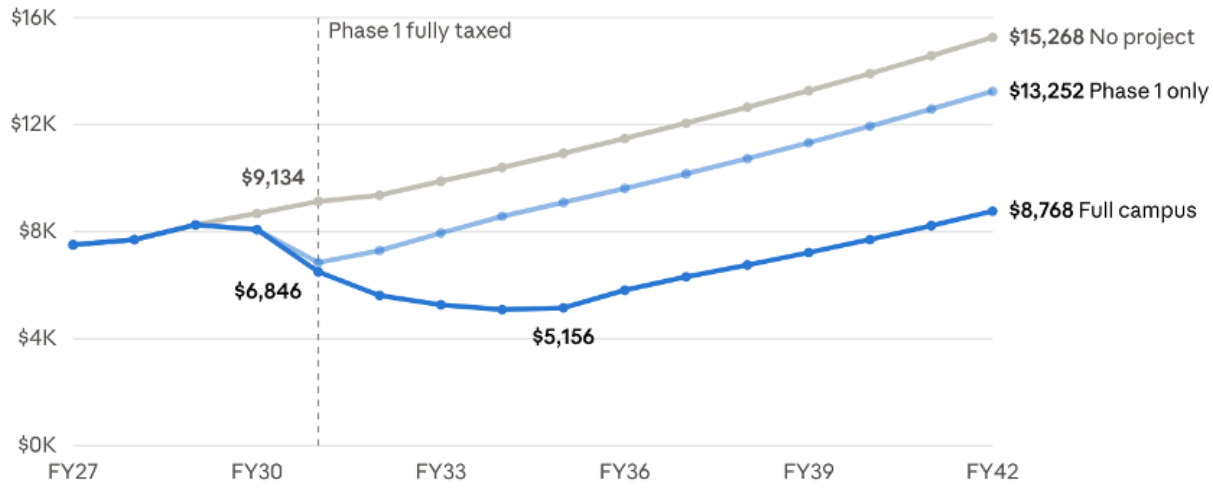


Sutton Data Center Fiscal Impact Model, Town planning case, FY2030–FY2042

Tax rates and tax bills - Under Proposition 2½, new construction permanently raises the Town's levy limit. But the Town raises only what its budget requires, so a much larger tax base spreads the same budget over more value and lowers the tax rate for every property owner. With Phase 1, staff estimates the FY2031 tax rate at $8.83 per $1,000, compared with $11.78 without the project. With the full campus, it could fall to about $5.68 by FY2035, compared with $12.05.

Estimated Impact on Average Single Family Home Tax Bill

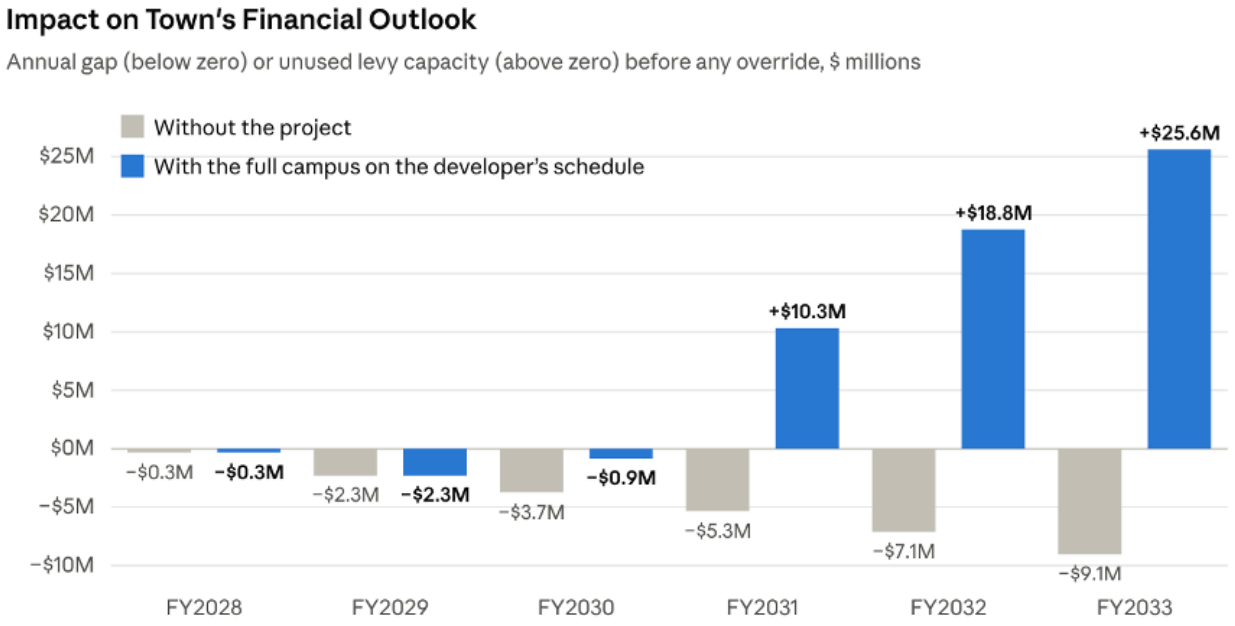
Estimated average single-family tax bill. "No project" assumes overrides close the plan's gaps.



Sutton Single-Family Parcel Impact workbook; average single-family assessed value $662,769; single tax rate

For the average single-family home, now assessed at $662,769, that means a bill of about $6,846 in FY2031 instead of $9,134. A simple rule of thumb is about $350 a year in savings for every $100,000 of assessed value with Phase 1, rising to about $870 per $100,000 with the full campus. The Board's annual classification decision could shift more of the levy to commercial and industrial property, including the data center, which would lower residential bills further but would also impact other commercially assessed properties.

The Town's budget outlook - The Multi-Year Financial Plan projects a structural gap that grows from about $300,000 in FY2028 to $9.1 million in FY2033, driven by education costs rising 5.5 to 8 percent a year and benefits and insurance rising about 10 percent, against revenue growth of about 2 percent. Without new growth, closing that gap would require some combination of overrides, service reductions and reserves.



Multi-Year Financial Plan (October 29, 2026) and Sutton Data Center Fiscal Impact Model, Town planning case

The project's tax revenue would not arrive in time for FY2028 and FY2029, so the Town would need to identify a potential revenue source to close this interim gap. Beginning in FY2031, the gap would close, and the Town would have about $10 million of unused levy capacity after funding the full budget, growing to about $26 million by FY2033.

State Data Center Framework

Executive Order 658, signed by Governor Healey on September 8, 2026, applies to any new data center that draws more than 25 megawatts. State agencies will not advance permits without local approval and a community benefits agreement that meets the standards of the state's Office of Environmental Justice and Equity.

The order is designed to keep the costs of these facilities from falling on other electric customers. The developer must pay the full cost of the grid infrastructure the project requires, and the Department of Public Utilities is finalizing large-load rate schedules for that purpose. Data centers must also buy enough new clean electricity to cover their annual use, or make payments into a new Ratepayer Protection Fund that will reduce electricity supply costs for all ratepayers. MassDEP is developing protocols for water supply, wastewater and stormwater. The order bars state agencies from entering into non-disclosure agreements with developers and requires annual

public reporting once a facility operates. Several of these pieces, including the Ratepayer Protection Fund mechanism and a guidance document for municipalities, are due by December 31, 2026.

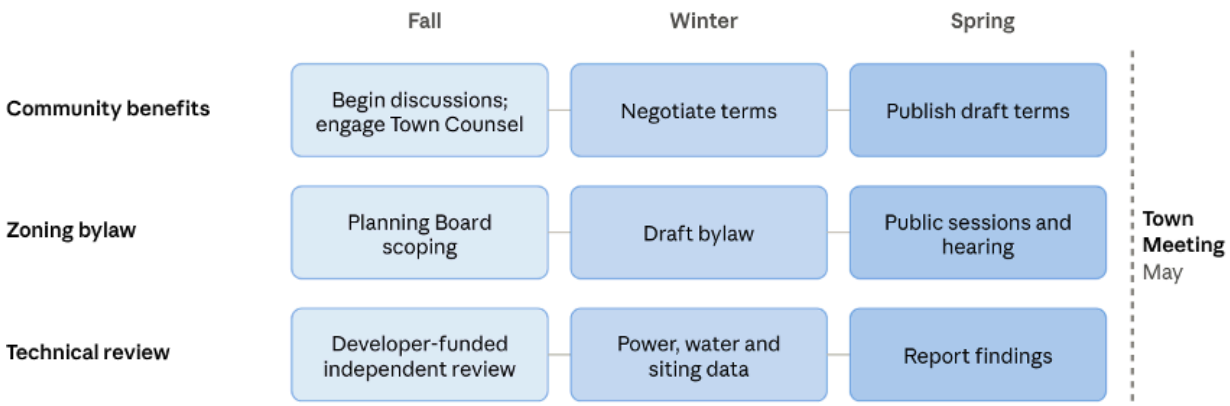
Next Steps

The Town's two main tools would be a community benefits agreement and a zoning bylaw. Because an agreement is now a condition of state permits, the Town would have meaningful leverage. Other host communities have secured guaranteed minimum assessed values, community funds, new public safety facilities and equipment, protections for nearby homeowners such as noise and lighting limits, and local hiring commitments. Strong agreements also include enforcement: minimum payments, decommissioning plans backed by financial security, and obligations that stay with the property if it is sold. Any terms would be made public before the Town Meeting acted.

Sutton's Zoning Bylaws do not currently address data centers. A bylaw amendment would define the use, allow it only by special permit in a suitable district or overlay, and set standards for noise, lighting, setbacks, water, emergency response, traffic and decommissioning. It would require a Planning Board hearing and a two-thirds Town Meeting vote, and it would apply to any future proposal, not only this one.

If the Town pursues the proposal, the agreement, the bylaw and an independent technical review would proceed in parallel over the next six months.

Three parallel tracks would lead to a Town Meeting vote in May



Any agreement would be contingent on Town Meeting approval. The Board would receive updates at each step.

Staff outline of a typical process; dates are approximate

DOCUMENTS PROVIDED BY UGPG



DOCUMENTS PROVIDED BY UGPG

Sutton Data Center Opportunity
Estimated Tax Revenue Study
rev. 2026.10.25

Typical Building Size	250,000	square feet
Tax Rate (FY 2026 rate)	$11.55	per $1,000 assessed value (same rate for RE and PP)
Annual Inflation Rate	3.0%	
Base Year for Dollar Values	2026	

Typical Data Center Building - 2029 Opening

			Projected Tax Revenue [a]		
			50%	90%	
Building Property Value	2026 Value	2029 Value [a]	Assessed Value	Assessed Value	Comments
Land	$ -	$ -	$ -	$ -	Excluded (Base Condition)
Sitework	$ -	$ -	$ -	$ -	Assume Excluded from Tax Assessment
Core & Shell	$ 75,000,000	$ 81,954,525	$ 473,287	$ 851,917	
Data Center Fitout (elec., HVAC, generators, etc.)	$ 600,000,000	$ 655,636,200	$ 3,786,299	$ 6,815,338	
Total - Building Property	*$ 675,000,000*	*$ 737,590,725*	*$ 4,259,586*	*$ 7,667,256*	

			Projected Tax Revenue [a]	
			50%	90%
Personal Property Value	2026 Value	2029 Value [a]	Assessed Value	Assessed Value
Data Center Equipment (racks, servers, GPU's, etc.)	$ 1,000,000,000	$1,092,727,000	$6,310,498	$11,358,897
Total	*$ 1,000,000,000*	*$1,092,727,000*	*$6,310,498*	*$11,358,897*

Estimated Total Tax Per Building	**$1,675,000,000**	**$1,830,317,725**	**$10,570,085**	**$19,026,153**

[a] Inflation adjusted to 2029 dollars

DOCUMENTS PROVIDED BY UGPG

Sutton Data Center Opportunity
Estimated Tax Revenue Study
rev. 2026.10.25

Estimated Personal Property Depreciation Schedule - One Data Center Building

Annual Depreciation Rate (straight-line, % of original value)	15%	per year, years 1-5
Full Replacement in Year 6 (full value)		
Annual Inflation Rate	3.0%	per year, compounded
Base Year for Dollar Values	2029	

			Projected Tax Revenue [a]		
			50%	90%	
Year	% of Original Value	Depreciated Value	Assessed Value	Assessed Value	Comments
2029	100%	$ 1,092,727,000	$ 6,310,498	$ 11,358,897	Full value
2030	85%	$ 928,817,950	$ 5,524,841	$ 9,944,714	15% of original value
2031	70%	$ 764,908,900	$ 4,686,365	$ 8,435,458	30% of original value
2032	55%	$ 600,999,850	$ 3,792,609	$ 6,826,695	45% of original value
2033	40%	$ 437,090,800	$ 2,841,009	$ 5,113,816	60% of original value
2034	100%	$ 1,092,727,000	$ 7,315,597	$ 13,168,075	Full replacement value

[a] Inflation adjusted to 2029 dollars

DOCUMENTS PROVIDED BY UGPG

Sutton Data Center Opportunity
Estimated Tax Revenue Study
rev. 2026.10.25

Estimated Phase I & Phase II Tax Revenue - Thru 2033

50% Assessment

		Phase I (Assume Two DC's Open in 2029)			Phase II (Assume Two DC's Open Per Year)				
		Projected Tax Revenue - 50% Assessment							
Year		2026	2027	2028	2029	2030	2031	2032	2033
2029	DC-01	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952	$ 8,052,195	$ 7,100,595
2029	DC-02	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952	$ 8,052,195	$ 7,100,595
2030	DC-03	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952	$ 8,052,195
2030	DC-04	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952	$ 8,052,195
2031	DC-05	$ -	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952
2031	DC-06	$ -	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428	$ 8,945,952
2032	DC-07	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428
2032	DC-08	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,570,085	$ 9,784,428
2033	DC-09	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,570,085
2033	DC-10	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,570,085
Total		**$ -**	**$ -**	**$ -**	**$ 21,140,170**	**$ 40,709,025**	**$ 58,600,929**	**$ 74,705,319**	**$ 88,906,509**
Annual Budget (inflation adj.)		$ 41,900,000	$ 43,157,000	$ 44,451,710	$ 45,785,261	$ 47,158,819	$ 48,573,584	$ 50,030,791	$ 51,531,715
DC Tax Rev. as % of Total Budget					46%	86%	**121%**	**149%**	**173%**

90% Assessment

		Phase I (Assume Two DC's Open in 2029)			Phase II (Assume Two DC's Open Per Year)				
		Projected Tax Revenue - 90% Assessment							
Year		2026	2027	2028	2029	2030	2031	2032	2033
2029	DC-01	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713	$ 14,493,951	$ 12,781,071
2029	DC-02	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713	$ 14,493,951	$ 12,781,071
2030	DC-03	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713	$ 14,493,951
2030	DC-04	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713	$ 14,493,951
2031	DC-05	$ -	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713
2031	DC-06	$ -	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970	$ 16,102,713
2032	DC-07	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970
2032	DC-08	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,026,153	$ 17,611,970
2033	DC-09	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,026,153
2033	DC-10	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,026,153
Total		**$ -**	**$ -**	**$ -**	**$ 38,052,306**	**$ 73,276,246**	**$ 105,481,672**	**$ 134,469,575**	**$ 160,031,717**
Annual Budget (inflation adj.)		$ 41,900,000	$ 43,157,000	$ 44,451,710	$ 45,785,261	$ 47,158,819	$ 48,573,584	$ 50,030,791	$ 51,531,715
DC Tax Rev. as % of Total Budget					83%	**155%**	**217%**	**269%**	**311%**

Assumptions:
Real Estate Property (RE) based on 2029 dollars, not inflation adjusted.
Personal Property (PP) based on 2029 dollars, straight line depreciated at 15% annually, inflation adjusted
Inflation rate 3%

Data Center Project - Financial Analysis

Fiscal year	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040	FY2041	FY2042
Data center buildings fully on the rolls (Phase 1 + 2)	-	-	-	1	2	4	6	8	10	10	10	10	10	10	10	10
Total amount to be raised (budget)	$48,771,392	$51,697,676	$54,799,536	$58,087,508	$61,572,759	$65,267,124	$69,183,152	$73,334,141	$77,734,189	$82,398,241	$87,342,135	$92,582,663	$98,137,623	$104,025,880	$110,267,433	$116,883,479
BASELINE - residential tax rate	$11.33	$11.18	$11.52	$11.65	$11.78	$11.61	$11.79	$11.93	$12.05	$12.18	$12.29	$12.40	$12.51	$12.61	$12.70	$12.79
BASELINE - average single-family bill	$7,512	$7,704	$8,258	$8,683	$9,134	$9,364	$9,887	$10,401	$10,933	$11,486	$12,060	$12,655	$13,272	$13,913	$14,577	$15,268
BASELINE - override / gap above max levy	-	$322,530	$2,295,177	$3,743,524	$5,343,758	$7,109,133	$9,054,066	$10,987,453	$13,063,061	$15,289,610	$17,676,321	$20,232,946	$22,969,796	$25,897,773	$29,028,406	$32,373,879
FULL CAMPUS - total data center assessed value	-	-	-	$250,000,000	$1,427,000,000	$2,479,700,000	$3,435,182,000	$4,315,156,040	$4,887,035,481	$4,487,797,246	$4,414,213,108	$4,468,897,370	$4,524,675,318	$4,581,568,824	$4,639,600,201	$4,698,792,205
FULL CAMPUS - residential tax rate	$11.33	$11.18	$11.52	$10.84	$8.38	$6.97	$6.28	$5.83	$5.68	$6.16	$6.44	$6.62	$6.80	$6.99	$7.17	$7.35
FULL CAMPUS - CIP tax rate	$11.33	$11.18	$11.52	$10.84	$8.38	$6.97	$6.28	$5.83	$5.68	$6.16	$6.44	$6.62	$6.80	$6.99	$7.17	$7.35
FULL CAMPUS - average single-family bill	$7,512	$7,704	$8,258	$8,078	$6,500	$5,616	$5,269	$5,089	$5,156	$5,814	$6,315	$6,756	$7,221	$7,710	$8,226	$8,768
FULL CAMPUS - override / gap above max levy	-	$322,530	$2,295,177	$863,665	-	-	-	-	-	-	-	-	-	-	-	-
FULL CAMPUS - excess levy capacity	$37,647	-	-	-	$10,307,002	$18,758,938	$25,623,749	$31,920,927	$36,297,852	$35,305,326	$34,183,489	$32,923,359	$31,515,416	$29,949,570	$28,215,120	$26,300,735
FULL CAMPUS - single-family bill change vs. baseline ($)	-	-	-	($605)	($2,633)	($3,748)	($4,618)	($5,312)	($5,778)	($5,672)	($5,745)	($5,899)	($6,051)	($6,202)	($6,352)	($6,500)
FULL CAMPUS - single-family bill change vs. baseline (%)	-	-	-	(7.0%)	(28.8%)	(40.0%)	(46.7%)	(51.1%)	(52.8%)	(49.4%)	(47.6%)	(46.6%)	(45.6%)	(44.6%)	(43.6%)	(42.6%)
FULL CAMPUS - property tax paid by data center	-	-	-	$2,708,811	$11,963,960	$17,271,242	$21,583,084	$25,178,718	$27,778,422	$27,659,758	$28,413,411	$29,591,059	$30,790,155	$32,010,595	$33,252,282	$34,515,114
FULL CAMPUS - data center share of levy	-	-	-	7.0%	28.8%	40.0%	46.7%	51.1%	52.8%	49.4%	47.6%	46.6%	45.6%	44.6%	43.6%	42.6%
PHASE 1 ONLY - total data center assessed value	-	-	-	$250,000,000	$1,177,000,000	$1,052,700,000	$955,482,000	$879,974,040	$882,628,241	$893,560,806	$904,712,022	$916,086,262	$927,687,987	$939,521,747	$951,592,182	$963,904,026
PHASE 1 ONLY - single tax rate	$11.33	$11.18	$11.52	$10.84	$8.83	$9.05	$9.48	$9.83	$10.02	$10.20	$10.36	$10.52	$10.67	$10.82	$10.96	$11.10
PHASE 1 ONLY - average single-family bill	$7,512	$7,704	$8,258	$8,078	$6,846	$7,297	$7,949	$8,575	$9,093	$9,618	$10,164	$10,734	$11,326	$11,943	$12,584	$13,252
PHASE 1 ONLY - single-family bill change vs. baseline ($)	-	-	-	($605)	($2,287)	($2,067)	($1,938)	($1,825)	($1,840)	($1,868)	($1,895)	($1,921)	($1,946)	($1,970)	($1,993)	($2,015)
PHASE 1 ONLY - property tax paid by data center	-	-	-	$2,708,811	$10,392,857	$9,526,224	$9,056,833	$8,652,205	$8,848,289	$9,110,500	$9,373,434	$9,637,171	$9,901,794	$10,167,389	$10,434,048	$10,701,863
PHASE 1 ONLY - override / gap above max levy	-	$322,530	$2,295,177	$863,665	-	-	-	-	-	$646,982	$2,667,628	$4,849,035	$7,201,288	$9,735,052	$12,461,617	$15,392,920
PHASE 1 ONLY - excess levy capacity	$37,647	-	-	-	$7,598,191	$6,156,365	$4,543,069	$2,949,611	$1,222,429	-	-	-	-	-	-	-

Current settings:

DC timing scenario (1 = each pair 50% built on 1/1 of opening year, full nex	1		
CIP shift selected (1.00 = single rate; Phase 1 only rows always single rate	1.00		
Annual budget growth	6.0%		
Strategic allocation from DC capacity (FY2030)	-		
Phase 2: total buildings / first FY fully on rolls / buildings per year	8	2032	2

TOWN ANALYSIS

Data Center Project - 10 Year Fiscal Projection Model

Fiscal year	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040	FY2041	FY2042
Fiscal year (numeric)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
A. Budget and non-property-tax sources (common to both scenarios)																
Total amount to be raised	$48,771,392	$51,697,676	$54,799,536	$58,087,508	$61,572,759	$65,267,124	$69,183,152	$73,334,141	$77,734,189	$82,398,241	$87,342,135	$92,582,663	$98,137,623	$104,025,880	$110,267,433	$116,883,479
Cherry sheet state receipts (before DC aid effect)	$7,957,225	$8,036,797	$8,117,165	$8,198,337	$8,280,320	$8,363,123	$8,446,755	$8,531,222	$8,616,534	$8,702,700	$8,789,727	$8,877,624	$8,966,400	$9,056,064	$9,146,625	$9,238,091
Local receipts (base)	$2,893,975	$2,922,915	$2,952,144	$2,981,665	$3,011,482	$3,041,597	$3,072,013	$3,102,733	$3,133,760	$3,165,098	$3,196,749	$3,228,716	$3,261,003	$3,293,614	$3,326,550	$3,359,815
Enterprise fund receipts	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839	$1,261,839
Free cash + other available funds	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688	$4,393,688
Total non-property-tax sources (baseline)	**$16,506,727**	**$16,615,239**	**$16,724,836**	**$16,835,529**	**$16,947,329**	**$17,060,247**	**$17,174,294**	**$17,289,482**	**$17,405,822**	**$17,523,325**	**$17,642,003**	**$17,761,867**	**$17,882,931**	**$18,005,205**	**$18,128,702**	**$18,253,433**
Levy required to fund budget - BASELINE	**$32,264,665**	**$33,556,769**	**$36,478,510**	**$38,899,171**	**$41,500,483**	**$43,152,931**	**$46,209,282**	**$49,302,295**	**$52,566,520**	**$56,011,401**	**$59,646,902**	**$63,483,537**	**$67,532,397**	**$71,805,185**	**$76,314,249**	**$81,072,614**
B. BASELINE - no data center																
Residential value	$2,380,612,053	$2,511,545,716	$2,649,680,730	$2,795,413,170	$2,949,160,895	$3,111,364,744	$3,282,489,805	$3,463,026,744	$3,653,493,215	$3,854,435,342	$4,066,429,286	$4,290,082,897	$4,526,037,456	$4,774,969,516	$5,037,592,839	$5,314,660,445
Commercial + industrial value	$309,477,081	$328,045,706	$347,728,448	$368,592,155	$390,707,684	$414,150,145	$438,999,154	$465,339,103	$493,259,450	$522,855,017	$554,226,318	$587,479,897	$622,728,691	$660,092,412	$699,697,957	$741,679,834
Personal property value	$156,511,866	$162,772,341	$169,283,234	$176,054,564	$183,096,746	$190,420,616	$198,037,441	$205,958,938	$214,197,296	$222,765,188	$231,675,795	$240,942,827	$250,580,540	$260,603,762	$271,027,912	$281,869,029
Total assessed value	**$2,846,601,000**	**$3,002,363,762**	**$3,166,692,413**	**$3,340,059,889**	**$3,522,965,325**	**$3,715,935,506**	**$3,919,526,400**	**$4,134,324,786**	**$4,360,949,961**	**$4,600,055,546**	**$4,852,331,399**	**$5,118,505,620**	**$5,399,346,686**	**$5,695,665,690**	**$6,008,318,708**	**$6,338,209,308**
Residential share of value	83.6%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.8%	83.8%	83.8%	83.8%	83.8%	83.8%	83.8%	83.8%	83.9%
CIP share of value	16.4%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.1%
New growth (levy $) = new value x prior-year class rate	$980,983	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Levy limit (prior x 1.025 + new growth)	$29,238,315	$30,219,273	$31,224,755	$32,255,374	$33,311,758	$34,394,552	$35,504,416	$36,642,026	$37,808,077	$39,003,279	$40,228,361	$41,484,070	$42,771,171	$44,090,451	$45,442,712	$46,828,780
Debt exclusions + stabilization override	$3,063,997	$3,014,966	$2,958,578	$2,900,273	$2,844,967	$1,649,246	$1,650,800	$1,672,816	$1,695,382	$1,718,512	$1,742,220	$1,766,521	$1,791,430	$1,816,961	$1,843,131	$1,869,955
Maximum allowable levy	**$32,302,312**	**$33,234,239**	**$34,183,333**	**$35,155,647**	**$36,156,725**	**$36,043,798**	**$37,155,216**	**$38,314,842**	**$39,503,459**	**$40,721,791**	**$41,970,581**	**$43,250,591**	**$44,562,601**	**$45,907,412**	**$47,285,843**	**$48,698,735**
Levy ceiling (2.5% of total value)	$71,165,025	$75,059,094	$79,167,310	$83,501,497	$88,074,133	$92,898,388	$97,988,160	$103,358,120	$109,023,749	$115,001,389	$121,308,285	$127,962,641	$134,983,667	$142,391,642	$150,207,968	$158,455,233
Levy (budget-driven; assumes any gap closed by override)	**$32,264,665**	**$33,556,769**	**$36,478,510**	**$38,899,171**	**$41,500,483**	**$43,152,931**	**$46,209,282**	**$49,302,295**	**$52,566,520**	**$56,011,401**	**$59,646,902**	**$63,483,537**	**$67,532,397**	**$71,805,185**	**$76,314,249**	**$81,072,614**
Override / gap needed above maximum levy	-	$322,530	$2,295,177	$3,743,524	$5,343,758	$7,109,133	$9,054,066	$10,987,453	$13,063,061	$15,289,610	$17,676,321	$20,232,946	$22,969,796	$25,897,773	$29,028,406	$32,373,879
Excess levy capacity	$37,647	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single tax rate (per $1,000)	**$11.33**	**$11.18**	**$11.52**	**$11.65**	**$11.78**	**$11.61**	**$11.79**	**$11.93**	**$12.05**	**$12.18**	**$12.29**	**$12.40**	**$12.51**	**$12.61**	**$12.70**	**$12.79**
Residential factor (min 0.65)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Effective CIP shift	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Residential tax rate	**$11.33**	**$11.18**	**$11.52**	**$11.65**	**$11.78**	**$11.61**	**$11.79**	**$11.93**	**$12.05**	**$12.18**	**$12.29**	**$12.40**	**$12.51**	**$12.61**	**$12.70**	**$12.79**
Commercial / industrial / personal property tax rate	$11.33	$11.18	$11.52	$11.65	$11.78	$11.61	$11.79	$11.93	$12.05	$12.18	$12.29	$12.40	$12.51	$12.61	$12.70	$12.79
Average single-family value	$662,769	$689,280	$716,851	$745,525	$775,346	$806,360	$838,614	$872,159	$907,045	$943,327	$981,060	$1,020,302	$1,061,115	$1,103,559	$1,147,701	$1,193,610
Average single-family tax bill - BASELINE	**$7,512**	**$7,704**	**$8,258**	**$8,683**	**$9,134**	**$9,364**	**$9,887**	**$10,401**	**$10,933**	**$11,486**	**$12,060**	**$12,655**	**$13,272**	**$13,913**	**$14,577**	**$15,268**
C. WITH DATA CENTER																
Phase 1 real property in place (cumulative %)	-	-	-	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Phase 1 personal property in place (cumulative %)	-	-	-	-	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Phase 2 buildings fully on rolls (cumulative)	-	-	-	-	-	2	4	6	8	8	8	8	8	8	8	8
Phase 2 real property in place (building-equivalents; next year's buildings ~50% bu	0.0	0.0	0.0	0.0	1.0	3.0	5.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total data center buildings on rolls	0.0	0.0	0.0	1.0	2.0	4.0	6.0	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
DC real property added this year (new growth basis)	-	-	-	$250,000,000	$500,000,000	$500,000,000	$500,000,000	$500,000,000	$250,000,000	-	-	-	-	-	-	-
DC personal property added this year (new growth basis)	-	-	-	-	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	-	-	-	-	-	-	-
Cumulative DC personal property installed (original cost)	-	-	-	-	$672,000,000	$1,344,000,000	$2,016,000,000	$2,688,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000	$3,360,000,000
DC real property assessed value	-	-	-	$250,000,000	$755,000,000	$1,270,100,000	$1,795,502,000	$2,331,412,040	$2,628,040,281	$2,680,601,086	$2,734,213,108	$2,788,897,370	$2,844,675,318	$2,901,568,824	$2,959,600,201	$3,018,792,205
DC personal property assessed value	-	-	-	-	$672,000,000	$1,209,600,000	$1,639,680,000	$1,983,744,000	$2,258,995,200	$1,807,196,160	$1,680,000,000	$1,680,000,000	$1,680,000,000	$1,680,000,000	$1,680,000,000	$1,680,000,000
Total DC assessed value	**-**	**-**	**-**	**$250,000,000**	**$1,427,000,000**	**$2,479,700,000**	**$3,435,182,000**	**$4,315,156,040**	**$4,887,035,481**	**$4,487,797,246**	**$4,414,213,108**	**$4,468,897,370**	**$4,524,675,318**	**$4,581,568,824**	**$4,639,600,201**	**$4,698,792,205**
Total CIP value (existing C/I/PP + DC)	$465,988,947	$490,818,047	$517,011,682	$794,646,719	$2,000,804,431	$3,084,270,762	$4,072,218,595	$4,986,454,082	$5,594,492,226	$5,233,417,451	$5,200,115,221	$5,297,320,094	$5,397,984,548	$5,502,264,998	$5,610,326,069	$5,722,341,067
Total assessed value	**$2,846,601,000**	**$3,002,363,762**	**$3,166,692,413**	**$3,590,059,889**	**$4,949,965,325**	**$6,195,635,506**	**$7,354,708,400**	**$8,449,480,826**	**$9,247,985,441**	**$9,087,852,793**	**$9,266,544,507**	**$9,587,402,991**	**$9,924,022,004**	**$10,277,234,514**	**$10,647,918,909**	**$11,037,001,513**
Residential share of value	83.6%	83.7%	83.7%	77.9%	59.6%	50.2%	44.6%	41.0%	39.5%	42.4%	43.9%	44.7%	45.6%	46.5%	47.3%	48.2%
CIP share of value	16.4%	16.3%	16.3%	22.1%	40.4%	49.8%	55.4%	59.0%	60.5%	57.6%	56.1%	55.3%	54.4%	53.5%	52.7%	51.8%
New growth - existing base (at this scenario's prior rates)	$980,983	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
New growth - data center (added value x prior CIP rate) 0	-	-	-	$2,879,859	$12,698,905	$9,826,042	$8,163,042	$7,363,620	$5,379,824	-	-	-	-	-	-	-
Levy limit (prior x 1.025 + new growth)	$29,238,315	$30,219,273	$31,224,755	$35,135,232	$48,962,518	$60,262,623	$70,182,230	$79,550,406	$87,168,990	$89,598,215	$92,088,170	$94,640,374	$97,256,384	$99,937,793	$102,686,238	$105,503,394
Debt exclusions + stabilization override	$3,063,997	$3,014,966	$2,958,578	$2,900,273	$2,844,967	$1,649,246	$1,650,800	$1,672,816	$1,695,382	$1,718,512	$1,742,220	$1,766,521	$1,791,430	$1,816,961	$1,843,131	$1,869,955
Maximum allowable levy	**$32,302,312**	**$33,234,239**	**$34,183,333**	**$38,035,505**	**$51,807,485**	**$61,911,869**	**$71,833,030**	**$81,223,222**	**$88,864,372**	**$91,316,727**	**$93,830,390**	**$96,406,895**	**$99,047,814**	**$101,754,754**	**$104,529,369**	**$107,373,349**
Levy ceiling (2.5% of total value)	$71,165,025	$75,059,094	$79,167,310	$89,751,497	$123,749,133	$154,890,888	$183,867,710	$211,237,021	$231,199,636	$227,196,320	$231,663,613	$239,685,075	$248,100,550	$256,930,863	$266,197,973	$275,925,038
DC host / community impact payment (local receipt)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State aid change attributable to higher EQV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Strategic allocation levied from DC capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Levy required - WITH DC (budget - sources - host pmt - aid change + strategic)	**$32,264,665**	**$33,556,769**	**$36,478,510**	**$38,899,171**	**$41,500,483**	**$43,152,931**	**$46,209,282**	**$49,302,295**	**$52,566,520**	**$56,011,401**	**$59,646,902**	**$63,483,537**	**$67,532,397**	**$71,805,185**	**$76,314,249**	**$81,072,614**
Levy (budget-driven; assumes any gap closed by override)	**$32,264,665**	**$33,556,769**	**$36,478,510**	**$38,899,171**	**$41,500,483**	**$43,152,931**	**$46,209,282**	**$49,302,295**	**$52,566,520**	**$56,011,401**	**$59,646,902**	**$63,483,537**	**$67,532,397**	**$71,805,185**	**$76,314,249**	**$81,072,614**
Override / gap needed above maximum levy	-	$322,530	$2,295,177	$863,665	-	-	-	-	-	-	-	-	-	-	-	-
Excess levy capacity (unused, available in future years)	$37,647	-	-	-	$10,307,002	$18,758,938	$25,623,749	$31,920,927	$36,297,852	$35,305,326	$34,183,489	$32,923,359	$31,515,416	$29,949,570	$28,215,120	$26,300,735
Single tax rate (per $1,000)	**$11.33**	**$11.18**	**$11.52**	**$10.84**	**$8.38**	**$6.97**	**$6.28**	**$5.83**	**$5.68**	**$6.16**	**$6.44**	**$6.62**	**$6.80**	**$6.99**	**$7.17**	**$7.35**
Residential factor (min 0.65)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Effective CIP shift	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Residential tax rate	**$11.33**	**$11.18**	**$11.52**	**$10.84**	**$8.38**	**$6.97**	**$6.28**	**$5.83**	**$5.68**	**$6.16**	**$6.44**	**$6.62**	**$6.80**	**$6.99**	**$7.17**	**$7.35**
Commercial / industrial / personal property tax rate	$11.33	$11.18	$11.52	$10.84	$8.38	$6.97	$6.28	$5.83	$5.68	$6.16	$6.44	$6.62	$6.80	$6.99	$7.17	$7.35
Average single-family tax bill - WITH DC	**$7,512**	**$7,704**	**$8,258**	**$8,078**	**$6,500**	**$5,616**	**$5,269**	**$5,089**	**$5,156**	**$5,814**	**$6,315**	**$6,756**	**$7,221**	**$7,710**	**$8,226**	**$8,768**

TOWN ANALYSIS

Fiscal year	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040	FY2041	FY2042
D. COMPARISON																
Residential tax rate change vs. baseline	-	-	-	($0.81)	($3.40)	($4.65)	($5.51)	($6.09)	($6.37)	($6.01)	($5.86)	($5.78)	($5.70)	($5.62)	($5.53)	($5.45)
Average single-family bill change vs. baseline ($)	**-**	**-**	**-**	**($605)**	**($2,633)**	**($3,748)**	**($4,618)**	**($5,312)**	**($5,778)**	**($5,672)**	**($5,745)**	**($5,899)**	**($6,051)**	**($6,202)**	**($6,352)**	**($6,500)**
Average single-family bill change vs. baseline (%)	-	-	-	(7.0%)	(28.8%)	(40.0%)	(46.7%)	(51.1%)	(52.8%)	(49.4%)	(47.6%)	(46.6%)	(45.6%)	(44.6%)	(43.6%)	(42.6%)
Cumulative single-family savings since FY2027 ($)	-	-	-	$605	$3,238	$6,986	$11,603	$16,915	$22,693	$28,365	$34,110	$40,008	$46,059	$52,261	$58,613	$65,113
Property tax paid by data center	**-**	**-**	**-**	**$2,708,811**	**$11,963,960**	**$17,271,242**	**$21,583,084**	**$25,178,718**	**$27,778,422**	**$27,659,758**	**$28,413,411**	**$29,591,059**	**$30,790,155**	**$32,010,595**	**$33,252,282**	**$34,515,114**
Data center share of total levy	-	-	-	7.0%	28.8%	40.0%	46.7%	51.1%	52.8%	49.4%	47.6%	46.6%	45.6%	44.6%	43.6%	42.6%
Override avoided (baseline gap less DC gap)	-	-	-	$2,879,859	$5,343,758	$7,109,133	$9,054,066	$10,987,453	$13,063,061	$15,289,610	$17,676,321	$20,232,946	$22,969,796	$25,897,773	$29,028,406	$32,373,879
Tax on $1M existing commercial property: change vs. baseline	-	-	-	($811)	($3,396)	($4,648)	($5,507)	($6,090)	($6,370)	($6,013)	($5,856)	($5,781)	($5,703)	($5,620)	($5,534)	($5,446)
Check: DC-scenario levy within 2.5% ceiling? (1 = OK)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
E. PHASE 1 ONLY (2 buildings, no Phase 2) - same budget and baseline																
Phase 1 real property added this year	-	-	-	$250,000,000	$250,000,000	-	-	-	-	-	-	-	-	-	-	-
Phase 1 personal property added this year	-	-	-	-	$672,000,000	-	-	-	-	-	-	-	-	-	-	-
Cumulative Phase 1 personal property installed	-	-	-	-	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000	$672,000,000
Phase 1 real property assessed value	-	-	-	$250,000,000	$505,000,000	$515,100,000	$525,402,000	$535,910,040	$546,628,241	$557,560,806	$568,712,022	$580,086,262	$591,687,987	$603,521,747	$615,592,182	$627,904,026
Phase 1 personal property assessed value	-	-	-	-	$672,000,000	$537,600,000	$430,080,000	$344,064,000	$336,000,000	$336,000,000	$336,000,000	$336,000,000	$336,000,000	$336,000,000	$336,000,000	$336,000,000
Phase 1 total assessed value	**-**	**-**	**-**	**$250,000,000**	**$1,177,000,000**	**$1,052,700,000**	**$955,482,000**	**$879,974,040**	**$882,628,241**	**$893,560,806**	**$904,712,022**	**$916,086,262**	**$927,687,987**	**$939,521,747**	**$951,592,182**	**$963,904,026**
Total assessed value - Phase 1 only	$2,846,601,000	$3,002,363,762	$3,166,692,413	$3,590,059,889	$4,699,965,325	$4,768,635,506	$4,875,008,400	$5,014,298,826	$5,243,578,201	$5,493,616,352	$5,757,043,420	$6,034,591,882	$6,327,034,674	$6,635,187,437	$6,959,910,890	$7,302,113,334
Single tax rate - Phase 1 only (per $1,000)	**$11.33**	**$11.18**	**$11.52**	**$10.84**	**$8.83**	**$9.05**	**$9.48**	**$9.83**	**$10.02**	**$10.20**	**$10.36**	**$10.52**	**$10.67**	**$10.82**	**$10.96**	**$11.10**
New growth - Phase 1 (added value x prior rate)	0	-	-	$2,879,859	$9,990,094	-	-	-	-	-	-	-	-	-	-	-
Levy limit - Phase 1 only	$29,238,315	$30,219,273	$31,224,755	$35,135,232	$46,253,707	$47,660,050	$49,101,551	$50,579,090	$52,093,567	$53,645,906	$55,237,054	$56,867,980	$58,539,680	$60,253,172	$62,009,501	$63,809,739
Maximum allowable levy - Phase 1 only	$32,302,312	$33,234,239	$34,183,333	$38,035,505	$49,098,674	$49,309,296	$50,752,351	$52,251,906	$53,788,949	$55,364,418	$56,979,274	$58,634,501	$60,331,110	$62,070,133	$63,852,632	$65,679,694
Override / gap needed - Phase 1 only	-	$322,530	$2,295,177	$863,665	-	-	-	-	-	$646,982	$2,667,628	$4,849,035	$7,201,288	$9,735,052	$12,461,617	$15,392,920
Excess levy capacity - Phase 1 only	$37,647	-	-	-	$7,598,191	$6,156,365	$4,543,069	$2,949,611	$1,222,429	-	-	-	-	-	-	-
Average single-family tax bill - Phase 1 only	**$7,512**	**$7,704**	**$8,258**	**$8,078**	**$6,846**	**$7,297**	**$7,949**	**$8,575**	**$9,093**	**$9,618**	**$10,164**	**$10,734**	**$11,326**	**$11,943**	**$12,584**	**$13,252**
Average single-family bill change vs. baseline - Phase 1 only ($)	**-**	**-**	**-**	**($605)**	**($2,287)**	**($2,067)**	**($1,938)**	**($1,825)**	**($1,840)**	**($1,868)**	**($1,895)**	**($1,921)**	**($1,946)**	**($1,970)**	**($1,993)**	**($2,015)**
Property tax paid by data center - Phase 1 only	**-**	**-**	**-**	**$2,708,811**	**$10,392,857**	**$9,526,224**	**$9,056,833**	**$8,652,205**	**$8,848,289**	**$9,110,500**	**$9,373,434**	**$9,637,171**	**$9,901,794**	**$10,167,389**	**$10,434,048**	**$10,701,863**

Other Revenue - One-Time and Recurring (Data Center)

Fiscal year	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040	FY2041	FY2042
ONE-TIME																
Building permit fees (Phase 1)	-	$2,500,000	$2,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Building permit fees (Phase 2, at construction start: two years before each building is fully on the rolls)	-	-	-	$5,000,000	$5,000,000	$5,000,000	$5,000,000	-	-	-	-	-	-	-	-	-
Electrical / plumbing / other trade permits	-	$625,000	$625,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	-	-	-	-	-	-	-	-	-
Total one-time permit revenue	**-**	**$3,125,000**	**$3,125,000**	**$6,250,000**	**$6,250,000**	**$6,250,000**	**$6,250,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RECURRING																
Host / community impact payment (from Projection)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State aid change (from Projection)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data center property tax (from Projection)	-	-	-	$2,708,811	$11,963,960	$17,271,242	$21,583,084	$25,178,718	$27,778,422	$27,659,758	$28,413,411	$29,591,059	$30,790,155	$32,010,595	$33,252,282	$34,515,114
Net recurring fiscal effect of DC to Town	**-**	**-**	**-**	**$2,708,811**	**$11,963,960**	**$17,271,242**	**$21,583,084**	**$25,178,718**	**$27,778,422**	**$27,659,758**	**$28,413,411**	**$29,591,059**	**$30,790,155**	**$32,010,595**	**$33,252,282**	**$34,515,114**

Other items to evaluate (not quantified):

- Motor vehicle and meals excise from construction workforce (modest, temporary).

- Investment income on higher cash balances (one-time permit receipts; tax receipts timing).

- Sewer / water connection or capacity fees, if the site connects to Town systems (enterprise funds).

- Developer-funded consultant review accounts (c.44 s.53G) - offsets Town staff/consultant costs, not general revenue.

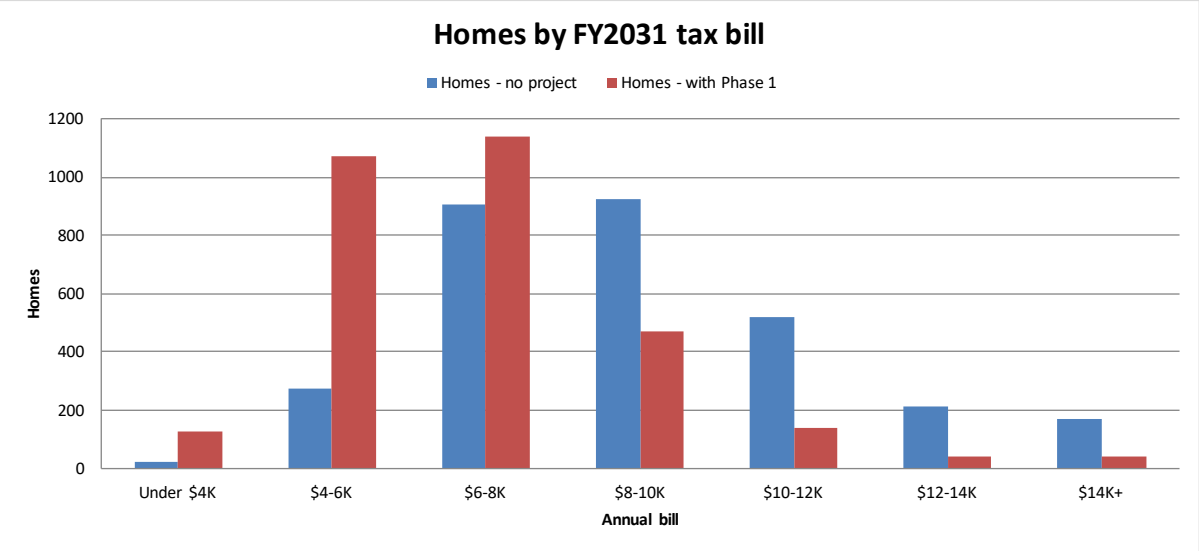
- Costs to weigh against revenue: public safety training/equipment, assessing (specialized appraisal), building inspection capacity, road wear during construction.

FY2031 tax bill distribution - 3,024 single-family homes

Bill range	Low	High	Homes - no project	Homes - with Phase
Under $4K	-	$4,000	21	126
$4-6K	$4,000	$6,000	273	1074
$6-8K	$6,000	$8,000	905	1137
$8-10K	$8,000	$10,000	922	468
$10-12K	$10,000	$12,000	517	139
$12-14K	$12,000	$14,000	214	41
$14K+	$14,000	$1,000,000,000	172	39
Total			3024	3024

Savings summary (FY2031, Phase 1)

Median home - FY2027 value	$634,250
Median savings	$2,189
10th percentile savings	$1,507
90th percentile savings	$3,169
Average savings	$2,287
Median savings, FY2035 full build-out	$5,529



June 25, 2026

HEALEY-DRISCOLL ADMINISTRATION STATEMENT OF EXPECTATIONS FOR RESPONSIBLE DATA CENTER DEVELOPMENT AND OPERATIONS IN MASSACHUSETTS

Guidance for data centers seeking sales and use tax exemptions and expectations for broader data center development

OVERVIEW

Data centers present significant economic development opportunities for Massachusetts, including the creation of construction jobs, increased local property tax revenue, and investments in supporting infrastructure. They can also strengthen the Commonwealth's innovation economy by improving digital infrastructure and reducing latency for industries such as biotechnology, finance, defense, and advanced computing. In addition, New England's climate can provide natural efficiency advantages for these energy-intensive facilities.

At the same time, experience from across the country demonstrates that large-scale data center development can create challenges if not carefully planned and managed. Data centers require substantial investments in electric grid infrastructure and power generation resources, which can affect energy affordability and reliability for all energy consumers. Their development also raises climate, environmental, public health, and community concerns, including potential impacts on air quality, water resources, noise levels, and local land use.

Governor Healey's framework establishes principles and expectations for responsible data center development in Massachusetts that balances economic growth and innovation with protections for Massachusetts residents, businesses, and communities.

The framework is intended to provide clarity for data center developers considering projects in Massachusetts on responsible practices, and explicit expectations for those seeking the sales and use tax exemption under Massachusetts law (M.G.L. c. 64H, § 6(zz)). The framework will also be used to guide: (1) executive agencies and municipalities evaluating data center proposals; (2) discussions of executive agencies with the Legislature, municipalities, and others on data center policy; and (3) actions by the Department of Public Utilities (DPU) within its existing authority, including implementation of Executive Order 654.

This framework also supplements, and does not replace, existing state and local siting, permitting, and regulatory requirements. These include, among others: Energy Facilities Siting Board requirements for onsite generation facilities exceeding 25 MW (M.G.L. c.

164, § 69G); Massachusetts Environmental Policy Act (MEPA) review, where applicable; Massachusetts Water Management Act requirements (M.G.L c. 21G); and local zoning, building, traffic, and noise requirements. This framework will also be used as a tool for state agencies to evaluate existing regulations and permitting processes to identify opportunities for additional clarity and alignment with the framework's objectives, recognizing that, in some areas, additional legislative authority is needed.

GUIDANCE AND EXPECTATIONS FOR RESPONSIBLE DEVELOPMENT

Massachusetts energy consumers, communities and residents should not bear the costs or burdens of data center development, operations, or energy and water needs. Instead, they should realize benefits associated with expanded economic opportunity and competitiveness, job creation, strengthened grid and infrastructure reliability, and additional tax revenues at the local level. This means:

- The full cost of energy supply, infrastructure, system upgrades, and interconnection required to serve the facility's total energy is borne by the project and is not shifted to other energy consumers.
- Energy supplies to meet demand come from clean energy sources.
- Development does not result in degraded local grid reliability, increased grid congestion and related prices, or stranded infrastructure cost risks for other customers.
- Host and neighboring communities are not burdened with unfunded infrastructure, or environmental and public health impacts, especially where this may exacerbate the cumulative impact of existing burdens.
- Data center operations do not compromise water supply, availability, or quality for host or neighboring communities, particularly during drought conditions.
- Local businesses and residents will benefit from expanded employment, good paying jobs, commerce, and improvements to their communities.
- Transparency in dealings with communities and reporting.

Additionally, data centers receiving public incentives from the sales and use tax exemption should provide demonstrable public benefits and avoid potential public harms, particularly in the key areas outlined below. The sections below provide examples of pathways to achieving outcomes.

1. Energy Supply ("Bring Your Own Clean Energy")

New data centers should not exacerbate energy supply availability, wholesale energy prices, or greenhouse gas emissions; instead, their development should help accelerate clean energy deployment. Data centers should, therefore, supply or directly procure the energy required to serve their load in a manner consistent with maintaining energy affordability and reliability for all energy consumers and aligned with Massachusetts' climate laws and clean energy requirements. This includes, for example, actions to:

- Bring or fund clean energy generation sufficient to meet 100% of the data center's demand, with it being on-site, or connected or able to deliver into ISO-New England and aligned with the eligibility requirements to qualify under the Clean Energy Standard (310 CMR 7.75).
- Participate, as applicable and allowed, in statewide clean energy procurement mechanisms in coordination with the Department of Energy Resources (DOER).
- Prioritize on-site deployment of clean energy resources.
- Recognizing the potential timing gaps between the deployment of new clean energy generation resources and data center load growth, address ratepayer impacts (e.g., establish a ratepayer protection fund).

2. Energy Efficiency, Flexibility, and System Optimization

New data centers should coordinate with ISO-NE and utilities to ensure that they do not exacerbate transmission and distribution system stress. They should take steps to avoid unnecessary infrastructure expansion and promote overall grid efficiency. Data centers should take steps to operate as grid-supportive resources, including, for example:

- Follow best practices for energy efficient data center design and operations as established by, for example, EPA Energy Star, the International Organization for Standardization, and LEED for Data Centers.
- Participate in available and applicable demand response and load flexibility programs.
- Deploy solar, storage, and advanced energy management systems to mitigate the need for grid capacity expansion.

- Partner, where feasible, with neighboring communities and utilities to form or support networked geothermal systems, microgrids, and Virtual Power Plants (VPPs) or similar distributed energy aggregations that help reduce peak demand, avoid infrastructure expansion, and provide local grid and energy customer benefits.

3. Local Air Quality and Public Health

Host and neighboring communities should not experience increased exposure to harmful air pollutants. Data centers should minimize or mitigate air and noise pollution impacts including, for example:

- Use alternatives to diesel-based backup generation, where technically feasible, including solar and storage, and the use of cleaner alternatives, such as fuel cells.
- Minimize noise and localized air pollution impacts and mitigate cumulative impacts.
- Leverage the MassEnviroScreen to identify and mitigate potential impacts to cumulative burdens.

4. Water Use and Infrastructure Protection

Communities should not face water scarcity and added system or infrastructure costs due to data center operations. Similarly, data center development, siting, and operations should not strain or threaten local or regional water systems or supplies, wastewater systems, or negatively impact water quality or aquatic species and habitat. For example, they should ensure that all operational and related infrastructure costs necessary to serve the facility are borne by the project developer and do not result in increased costs, reduced reliability, or diminished water quality or service levels for existing customers. Project developers should take actions to, for example:

- Demonstrate sufficient water availability and infrastructure capacity without adversely impacting existing users or development plans, and how they will be responsive to drought-related measures.
- Fund or provide water infrastructure upgrades, hazard mitigation investments, or alternative solutions to address the facility's incremental water usage or water quality impacts.
- Implement water-efficient cooling technologies and reuse strategies, including, for example, closed-loop systems that use Best Available Control Technology and wastewater/greywater reuse, where feasible.
- Demonstrate consistency with all applicable Massachusetts water withdrawal requirements, including, for example, the Water Management Act (MGL Chapter 21G), and its mitigation requirements, and Interbasin Transfer Act (MGL Chapter 21, §§ 8B-8D), local water supply permits, and local water resource protection zoning.

- Prevent the introduction of contaminants to drinking water sources and ensure practices do not contribute to the pollutant load to receiving waters or create additional treatment burdens to existing systems.
- Ensure sufficient wastewater treatment capacity and pre-treatment capacity, where needed, so as not to adversely affect the temperature or quality of receiving waters.

5. Responsible Labor Practices and Job Creation

Receiving public incentives should translate into good employment opportunities and workforce benefits for Massachusetts residents. Data center projects should support high-quality jobs, training, and workforce opportunities, including, for example:

- Utilize project labor agreements (PLAs) and/or labor peace agreements.
- Support local hiring, workforce training, and registered apprenticeship programs.
- Ensure safe working conditions and long-term employment opportunities that provide fair wages and benefits for residents of host and surrounding communities.

6. Community Benefit and Engagement

Communities should share in the value created and have a meaningful role in project development, specifically communities hosting data centers. Data centers should be developed and sited in ways that do not exacerbate existing inequities and ensure that community benefits are aligned with host community needs and future plans. Data centers should, for example:

- Ensure early, transparent and ongoing community engagement and communications with residents, neighboring municipalities, regional planning agencies, and similar stakeholders.
- Develop and implement community benefit plans and agreements in collaboration with local stakeholders and aligned with the Standards and Guidelines for Community Benefits Plans and Agreements, as established by the Office of Environmental Justice and Equity within the Executive Office of Energy and Environmental Affairs.
- Utilize tools like MassEnviroScreen to ensure communities living in neighborhoods with historic and current disproportionate social and public health burdens are not further impacted.
- Deliver tangible benefits that exceed required mitigations. This could include local investments, additional infrastructure improvements, and/or community services.

7. Local Economic Development and Innovation Leadership

Economic benefits for communities hosting data centers should extend beyond construction to sustained, broad-based economic development. In some cases, land that is used for data center development could have had other high value use cases. Data center development should also strengthen the Massachusetts economy and enhance the state's innovation leadership including, for example:

- Support local and in-state businesses, such as those that benefit from low-latency computing.
- Contribute to local tax bases and long-term regional economic activity.
- Prioritize partnerships with Massachusetts-based suppliers and industries.
- Attempt to avoid areas designated for other priorities, if feasible, or make investments to mitigate potential economic opportunity costs.

8. Project Transparency

To uphold public trust and demonstrate compliance with these expectations, data center developers should provide the information necessary for state agencies, municipalities, and communities to make informed decisions about development and operations. Regardless of whether a project receives the tax exemption, state agencies, municipalities, and communities should avoid signing non-disclosure agreements. Data centers should publicly disclose information upon permitting and continue reporting on a regular basis, such as:

- Data center location, size, physical footprint, and any reasonably expected expansion of physical footprint or equipment.
- Expected annual and peak energy demand (electric and gas), on-site fossil fuel use, energy and water efficiency measures, annual and peak water consumption, water sourcing, and develop and publicly disclose toxic use reduction and wastewater management plans, including inventories of hazardous substances used, stored, discharged, or transferred off-site.
- Whether a data center has more than one electric grid interconnection request -- either at the distribution or transmission level.
- Anticipated construction and post-construction employment and wages, and supply chain needs and opportunities.
- Independently verify disclosures and include attestations.

EQUITY IN LARGE LOADS AND ENERGY USE

Data centers, regardless of whether they receive the sales and use tax exemption, and other large load customers should be held to similar standards related to DPU regulatory processes and utility tariffs. All large loads should be developed responsibly and in compliance with state climate, clean energy, land use, environmental, equity, and economic opportunity requirements. With regard to energy, specifically, as the DPU implements Executive Order 654's directive to promote the safe and reliable operation of the electric grid with the growth of large commercial customers it should ensure that:

- Regulatory frameworks, tariffs, and cost allocation mechanisms advance reliability and protect ratepayers from costs associated with large load interconnection, stranded investments, and infrastructure, including data centers, generally.
- Regulatory and policy frameworks apply consistently to large load customers, while recognizing differences in scale, operational characteristics, and system impacts.

EXPECTATIONS AND GUIDANCE IN PRACTICE

These projects are expected to bring their own clean energy, avoid shifting or increasing costs to other energy consumers, protect environmental and community health, avoid placing additional environmental and social burdens on already Burdened Areas, and contribute meaningfully to the local and state economy and clean energy goals.

The Executive Offices of Economic Development and Energy and Environmental Affairs will develop and disseminate a resource guide to support municipalities in the potential siting of these data centers in their communities.

All executive agencies will work to implement this guidance as authorized by and consistent with current state law. State agencies will also use this guidance to evaluate existing regulations and permitting processes to identify opportunities for alignment with the framework's objectives, recognizing that, for some areas, additional legislative authority is required.

By establishing these expectations and implementing this guidance, Massachusetts can enable data center growth and continue to advance its innovation leadership, while safeguarding energy affordability and reliability, public and environmental health, and equity and economic opportunity for residents.

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MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

By Her Excellency

MAURA T. HEALEY

GOVERNOR

EXECUTIVE ORDER NO. 658

ESTABLISHING REQUIREMENTS FOR RESPONSIBLE DATA CENTER DEVELOPMENT AND OPERATIONS IN MASSACHUSETTS TO PROTECT AND SUPPORT RATEPAYERS, COMMUNITIES, AND THE ENVIRONMENT

WHEREAS, demand for data storage, processing capabilities, and computational tasks is increasing and is leading to the expansion of data centers across the country and development proposals in Massachusetts;

WHEREAS, data centers are energy- and resource-intensive facilities which can require substantial investments in electric grid infrastructure and power generation resources and can affect energy affordability and reliability, air quality, water resources, noise levels, land use, public health, and the environment, if not appropriately planned and regulated;

WHEREAS, the Commonwealth has a responsibility to ensure that Massachusetts residents, businesses, and communities do not bear the costs or burdens of data center development, operations, or incremental energy and water needs and, instead, share in the benefits of economic opportunity, job creation, strengthened infrastructure, and additional local tax revenues;

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WHEREAS, on June 25, 2026, Governor Maura Healey released a *Statement of Expectations for Responsible Data Center Development and Operations in Massachusetts* ("Framework") to establish principles and expectations for data center development in Massachusetts that balance economic growth and innovation with protections for residents, businesses, and communities;

WHEREAS, on June 25, 2026, Governor Healey paused the acceptance of applications for data center sales and use tax exemptions, as established by Section 6(zz) of Chapter 64H of the General Laws, to protect Massachusetts ratepayers and the environment;

WHEREAS, the Framework establishes that data centers should be developed and operated responsibly by bearing the costs associated with their energy needs, supporting clean and reliable energy systems, protecting communities and natural resources, providing meaningful economic and workforce benefits, and ensuring appropriate transparency and accountability;

NOW, THEREFORE, I, Maura T. Healey, Governor of the Commonwealth of Massachusetts, by virtue of the authority vested in me by the Constitution, Part 2, c. 2, § I, Art. I, do hereby order as follows:

SECTION 1.

The Department of Environmental Protection ("MassDEP"), the Energy Facilities Siting Board ("EFSB"), the Massachusetts Environmental Policy Act Office ("MEPA"), and other relevant permitting-related agencies shall not issue any permits or authorizations associated with any data center project with peak electricity demand exceeding twenty-five megawatts to any data center applicant unless that applicant has: (1) demonstrated conformance with the *Statement of Expectations for Responsible Data Center Development and Operations in Massachusetts*, published June 25, 2026 ("Framework") including those related to air quality and public health, water use, and community engagement; and (2) submitted a community benefits agreement with key stakeholders as identified in and aligned with the Standards and Guidelines for Community Benefits Plans and Agreements established by the Office of Environmental Justice and Equity ("OEJE") within the Executive Office of Energy and Environmental Affairs ("EEA"). Prior to filing a community benefit agreement, any data center applicant shall consult with OEJE to confirm alignment with principles of meaningful engagement and community benefit plans outlined in the standards and guidance. Prior to submitting a community benefits agreement to agencies, a data center applicant shall provide said agreement to OEJE for review and comment. The data center applicant shall submit OEJE's written feedback and comment alongside the community benefits agreement. The OEJE shall serve as the state entity to determine conformance with the standards and guidance; data center applicants shall not be required to submit community benefit agreements for feedback or comment to any other permitting agencies.

For all permitting-related agencies, the use of non-disclosure agreements with a data center project is prohibited, except as otherwise provided by law.

SECTION 2.

MassDEP, EFSB, MEPA, and other relevant agencies shall review all permits or authorizations that may be required by a data center project with peak electricity demand exceeding twenty-five megawatts and, consistent with existing authorities, amend all relevant regulations to align with standards included in the Framework.

SECTION 3.

The Department of Public Utilities ("DPU") should continue to prioritize completion of its work to develop large load rate schedules, as per Executive Order 654 and aligned with the Framework. These rate schedules should ensure that other ratepayers do not pay distribution grid upgrades or any associated infrastructure needed to support data center demand.

SECTION 4.

Further, the DPU should direct the Electric Distribution Companies ("EDCs") to take measures to eliminate speculative data center projects from interconnection queues. Through the establishment of fees, deposits, or other requirements, the DPU should direct the EDCs to ensure that any data center projects with electricity demand greater than twenty-five megawatts are legitimate projects that do not lead to the inefficient use of EDC study and interconnection resources, and protect the viability of other projects, such as housing, other businesses, or distributed energy resources.

SECTION 5.

MassDEP shall develop protocols ensuring that data center projects with peak electricity demand exceeding twenty-five megawatts have procured sufficient incremental new clean electricity generation to meet their annual electric consumption and that such electricity procured meets the eligibility requirements to qualify under the Clean Energy Standard, 310 CMR 7.75. MassDEP shall determine whether it is necessary to amend its Clean Energy Standard regulation and/or establish regulations pursuant to Chapter 21N, Section 3(c), of the General Laws to adopt such protocols. By December 31, 2026, MassDEP shall take action to establish an alternative compliance payment ("ACP") mechanism for data centers that do not procure sufficient incremental clean electricity to meet their annual electric consumption. Funds collected via the ACP mechanism shall be credited to a Ratepayer Protection Fund, with said funds used to mitigate electricity supply costs for all ratepayers.

SECTION 6.

EEA and MassDEP shall also evaluate greenhouse gas emissions from data center projects with peak electricity demand exceeding twenty-five megawatts as part of the Clean Energy and Climate Plan ("CECP") pursuant to Chapter 21N, Section 3(c), promulgate regulations pursuant to Chapter 21N, of the General Laws, or institute other programs necessary to achieve reductions in greenhouse gas emissions from data centers.

SECTION 7.

MassDEP shall develop protocols requiring data center projects with peak electricity demand exceeding twenty-five megawatts to protect water quality and quantity, including by demonstrating compliance with all applicable Massachusetts water, wastewater, and stormwater requirements.

SECTION 8.

EEA shall work with all relevant agencies and departments to establish guidance for annual reporting and disclosures by operating data center projects with peak electricity demand exceeding twenty-five megawatts consistent with the information identified in the Framework. All data center projects

seeking permits shall submit to relevant agencies with their applications attestations that they will submit annual reporting disclosures established by this guidance.

SECTION 9.

EEA, in coordination with the Executive Office of Economic Development ("EOED") and consistent with the Framework, shall publish, by December 31, 2026, a Municipal Guidance Document for Data Center Development ("Guide"). The Guide shall support municipal leaders and staff, community-based organizations, residents, and other local stakeholders as they evaluate proposed data center projects and engage with developers. In developing the Guide, EEA and EOED shall together engage a broad range of stakeholders, including municipalities and organizations representing municipal leaders and staff, regional planning agencies, utilities, water resource agencies, organized labor, environmental justice and community-based organizations, businesses, the Attorney General's Office ("AGO"), and the public to seek input on the Guide's content.

SECTION 10.

All departments and agencies of the Commonwealth shall cooperate, assist, and support in the implementation of this Executive Order, including by assisting with requests for information and guidance from municipal governments that are actively evaluating a proposed data center project.

SECTION 11.

All departments and agencies of the Commonwealth shall encourage any entity seeking to develop a data center project with peak electricity demand exceeding twenty-five megawatts to use responsible labor practices, including but not limited to, utilization of project labor agreements ("PLAs") and/or labor peace agreements, support of local hiring, workforce training, and registered apprenticeship programs; and insurance of safe working conditions and long-term employment opportunities that provide fair wages and benefits for residents of host and surrounding communities.

SECTION 12.

EEA, in coordination with EOED and Executive Office of Technology, Service and Security ("EOTSS") shall provide a report annually, starting in September 2027, to the Governor on ongoing policy, regulatory, and legislative changes that support responsible data center development and that protect ratepayers, workers, water resources, air quality, and public health, energy supply and affordability, electric grid security and resilience, and the state's continued economic growth, competitiveness, and development. The report should also identify opportunities to improve coordination among state agencies, municipalities, regional entities, communities, and industry. In the development of this report, EEA, EOED, and EOTSS shall engage external stakeholders from across Massachusetts to seek feedback.

SECTION 13.

For the purposes of this Executive Order, a data center is "a building or series of buildings that houses and supports the high-performance servers, storage systems, networking equipment, and related computing infrastructure and equipment necessary for storing, processing, and distributing data and applications," as defined in 400 CMR 9.00, and that is built or expanded after the effective date of this Executive Order, and exceeds a peak electric demand of twenty-five megawatts, or in the case of a data

center expansion, an addition of twenty-five megawatts of peak electric demand. The Secretaries of EEA and EOED may jointly approve an exemption to the twenty-five megawatt threshold for a data center that is directly tied to an accredited college or university engaging in academic research, the provision of medical care, or a state-sponsored program.

SECTION 14.

Nothing in this Executive Order shall be construed to require action inconsistent with any applicable state or federal law.

SECTION 15.

This Executive Order shall be effective upon the date signed and shall continue in force until amended, superseded, or revoked by subsequent Executive Order.

Given in Boston this eighth day of September in the year two thousand and twenty-six, and of the Independence of the United States of America two hundred and fifty.

MAURA T. HEALEY
Governor
Commonwealth of Massachusetts

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth



Data Center Costing

Real Property, Equipment, and Professional Judgement

Topics of Presentation

- Introduction, Session Objectives
- Overview of data center construction and valuation challenges
- Building costs versus IT/process equipment classification
- Electrical systems, redundancy, backup power, and infrastructure considerations
- Cooling systems, HVAC adjustments, and specialized components
- Market adjustments, benchmarking, and professional judgment
- Emerging trends: hyperscale facilities and AI-focused data centers
- Key takeaways, audience questions, and closing discussion



Edward Martinez

Industry Solutions Director, Cotality 33yrs

Worked with Joe Marshall and Frank Swift in 1993



Session Objectives

1. Differentiate between structural building costs and specialized IT-related equipment within data center valuations.
2. Identify key electrical, mechanical, and cooling systems that may require separate analysis or cost adjustments.
3. Apply professional judgment when evaluating redundancy, fault tolerance, and specialized infrastructure requirements.
4. Recognize situations where benchmarking against market and construction data can strengthen valuation conclusions.
5. Better understand emerging valuation considerations associated with hyperscale and AI-driven data center facilities.

Overview of data center construction and valuation challenges

Overview of data center construction and valuation challenges

Modern data centers are no longer just industrial buildings. They are highly integrated systems combining:

- Building structure
- Electrical infrastructure
- Cooling systems
- Backup power generation
- Network connectivity
- IT equipment
- Resiliency and redundancy systems



Building costs versus IT/process equipment classification

The valuation problem has changed

Modern data centers blur the boundary between building and process equipment.





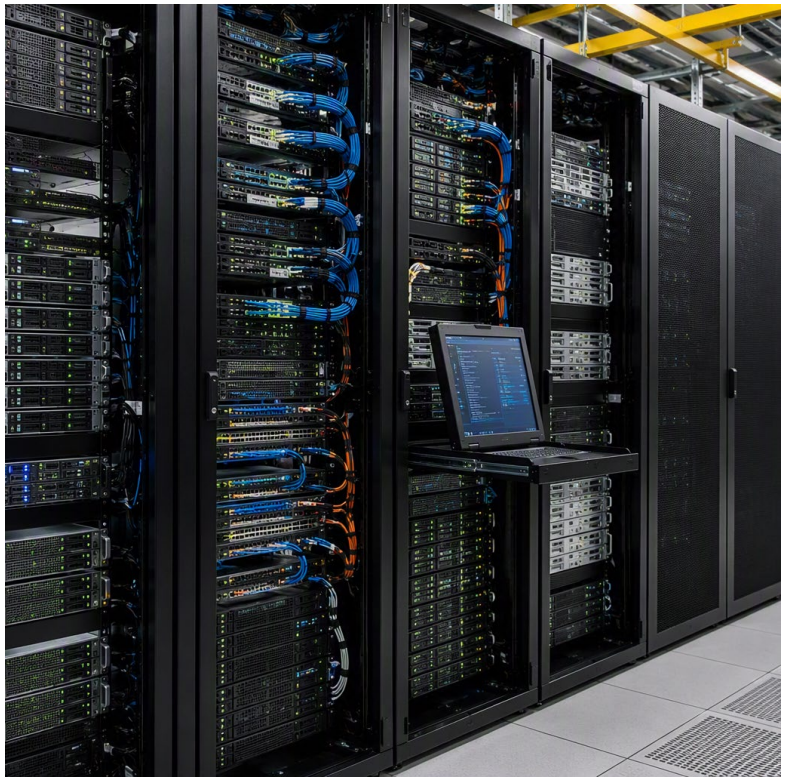
Building costs versus IT/process equipment classification – con't

Powered Shell Cost – Marshall and Swift

COMPUTER (DATA) CENTERS (497)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST Sq. M.	COST Cu. Ft.	COST Sq. Ft.
A-B	Excellent	Good curtain walls, good brick and metal, with ornamentation	Plaster, acoustic ceilings, raised floor, much office space	Fluorescent lighting, many outlets, good plumbing, UPS & EPS	Hot and chilled water (zoned)	4413.20	29.27	410.00
	Good	Face brick, metal panels, good concrete panels, ornamentation	Drywall or plaster, raised floors, good support rooms and offices	Good lighting, many outlets, adequate plumbing, UPS, EPS	Hot and chilled water (zoned)	3595.14	23.85	334.00
	Average	Brick, block, concrete panels, low-cost metal panels	Painted walls and ceilings, raised floors, office and support rooms	Fluorescent lighting, adequate restrooms and plumbing, UPS	Hot and chilled water (zoned)	2938.54	19.49	273.00
	Low cost	Low-cost brick, structural tile, block, concrete panels	Painted walls, large open areas, offices and support rooms	Fluorescent lighting, minimum plumbing, back-up power	Warm and cool air (zoned)	2271.18	15.07	211.00
C	Good	Masonry or concrete, some ornamentation, steel frame	Plaster, raised floors, good support rooms and detail	Fluorescent lighting, adequate restrooms, plumbing, UPS & EPS	Warm and cool air (zoned)	2658.68	17.64	247.00
	Average	Brick, block, concrete, load-bearing walls or frame	Gypsum board, raised floors, adequate office and support areas	Adequate lighting and plumbing, back-up power supply	Warm and cool air (zoned)	2185.07	14.49	203.00
	Low cost	Low-cost brick, concrete, block, tilt-up, very plain	Minimum finish and detail, small office and support areas	Minimum lighting, plumbing and uninterrupted power supply	Package A.C.	1754.52	11.64	163.00

Building costs versus **IT/process equipment classification** – con’t



For today's facilities, the cost of IT/process equipment varies dramatically by facility type:

Typical IT / Process Equipment

These assets perform the actual computing function:

Server racks, Servers, GPUs and AI chips, Storage arrays, Network switches and routers, Network fabric, Computing hardware, Many PDUs used directly for IT loads (depending on jurisdiction and ownership)

Gray Area Requiring Professional Judgment

- UPS systems
- Bus duct systems
- Rack power distribution
- Specialized cooling serving only computing equipment



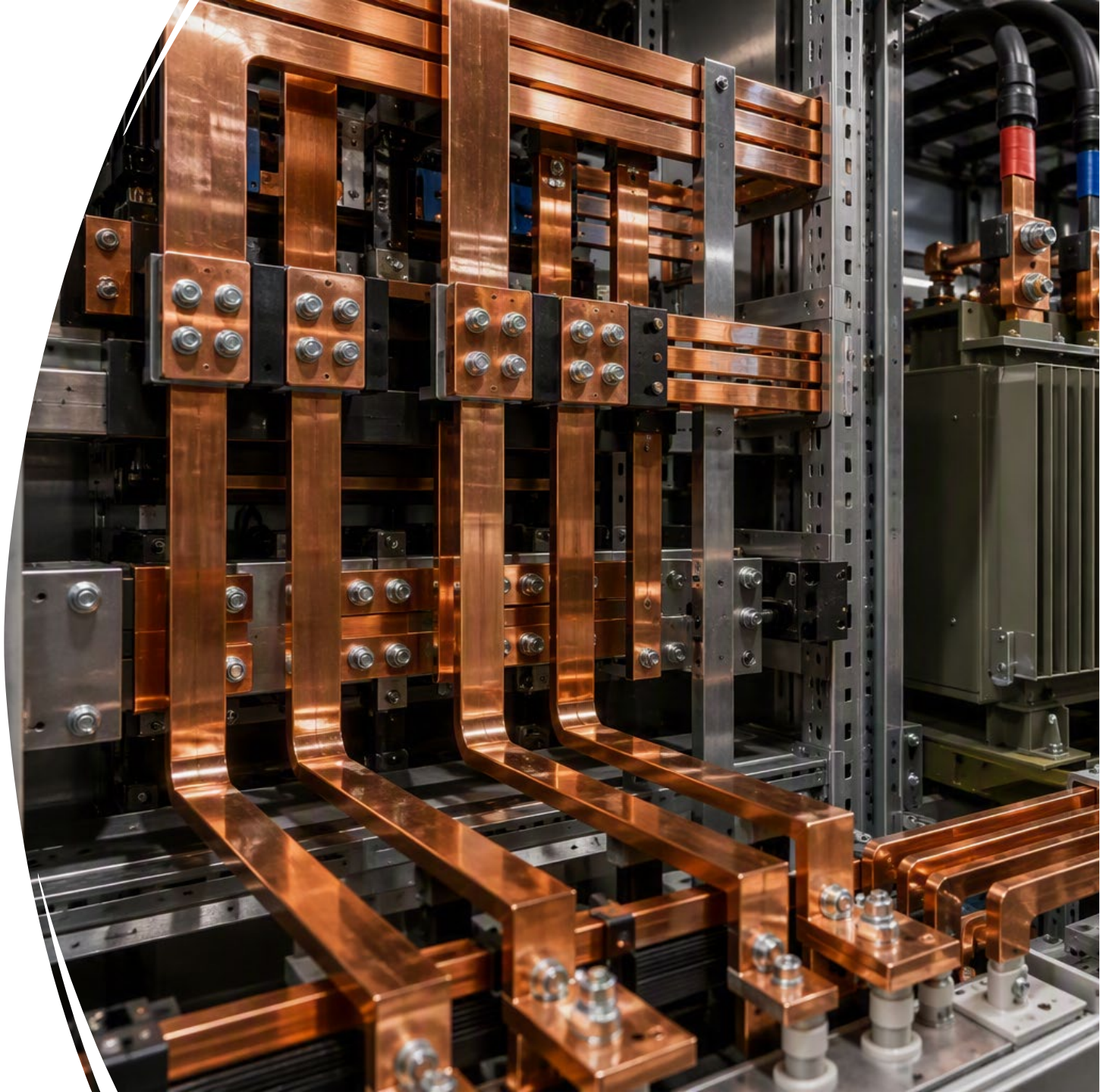
Electrical systems, redundancy, backup power, and infrastructure considerations

Electrical systems, redundancy, backup power, and infrastructure considerations

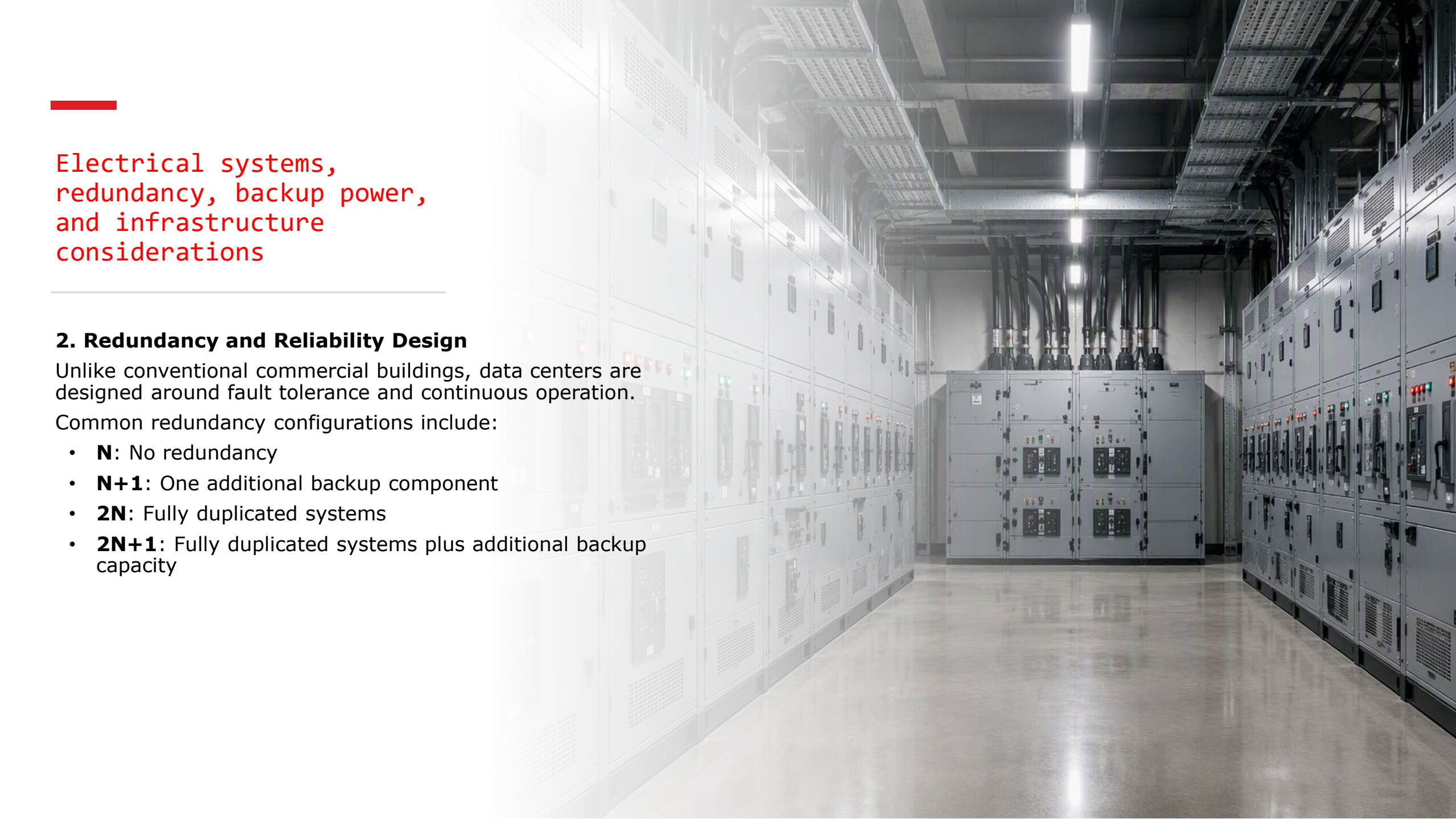
1. Electrical Systems Overview

Modern data centers require an extensive electrical distribution network to deliver continuous power from the utility source to the IT load. Key components include:

- Utility service entrance
- Substations and transformers
- Medium- and low-voltage switchgear
- Power distribution units (PDUs)
- Busway systems
- Uninterruptible Power Supply (UPS) systems
- Monitoring and control systems



Electrical systems, redundancy, backup power, and infrastructure considerations



2. Redundancy and Reliability Design

Unlike conventional commercial buildings, data centers are designed around fault tolerance and continuous operation.

Common redundancy configurations include:

- **N**: No redundancy
- **N+1**: One additional backup component
- **2N**: Fully duplicated systems
- **2N+1**: Fully duplicated systems plus additional backup capacity

Electrical systems, redundancy, backup power, and infrastructure considerations

3. Backup Power Systems

Backup power protects against utility interruptions and is a defining characteristic of mission-critical facilities.

Typical components include:

- UPS systems
- Battery energy storage systems
- Diesel or natural gas generators
- Automatic transfer switches (ATS)
- Fuel storage and delivery infrastructure

Power typically flows through multiple layers:

Utility → Switchgear → UPS → PDU → Rack → Server



Electrical systems, redundancy, backup power, and infrastructure considerations

4. Infrastructure Cost Considerations

A critical valuation challenge is determining what belongs to:

- **Building/real property**
- **IT or process equipment**

Electrical infrastructure generally includes:

✅ Service entrances
✅ Switchgear
✅ Transformers
✅ Generator systems
✅ Electrical distribution systems





Cooling systems, HVAC adjustments, and specialized components

Cooling Systems, HVAC Adjustments, and Specialized Components for Data Centers

Standard HVAC vs. Data Center Cooling

Standard Building HVAC

Typically included in the building baseline:

Office areas

Conference rooms

Support spaces

General occupant comfort

Standard chilled-water or packaged air conditioning systems

Specialized IT Cooling

Usually requires separate consideration

CRAC (Computer Room Air Conditioning) units

CRAH (Computer Room Air Handler) units

In-row cooling systems

Liquid cooling systems

Rear-door heat exchangers

Direct-to-chip cooling

Immersion cooling systems

Cooling Systems, HVAC Adjustments, and Specialized Components for Data Centers

HVAC Adjustments in Valuation

Included in Base Cost

Standard commercial HVAC

Normal building climate control systems

Often Excluded

CRAC units

CRAH units

In-row cooling

Liquid cooling equipment

Equipment-specific cooling systems

MVS Guidance

When high heat-producing equipment is present, guidance suggests:

Adjusting to higher HVAC cost ranges

Evaluating laboratory-grade HVAC costs

Avoiding overlap between HVAC adjustments and separately added equipment costs

Professional judgment is required to avoid double counting.

Cooling Systems, HVAC Adjustments, and Specialized Components for Data Centers



Specialized Components Driving Cost

Some of the largest cost drivers in modern AI and hyperscale facilities include:

- Chiller plants
- Cooling towers
- Pumping systems
- Heat exchangers
- CRAH units
- CRAC units
- In-row cooling systems
- Liquid cooling distribution units (CDUs)
- Intelligent building controls
- Environmental monitoring systems

Higher-density computing environments often require significantly more cooling capacity per square foot than traditional enterprise data centers.

Market adjustments, benchmarking, and professional judgment

Market adjustments, benchmarking, and professional judgment

Special Local Conditions:

Market Dynamics vs. Actual Costs

Abnormal Contractor's Profit (Add 5% to 25%)

Abnormal Shortages (Add 2% to 10%)

Remote Areas (Add 5% to 15%)

Hillside Construction (Add 5% to 20%)

Market adjustments, **benchmarking**, and **professional judgment**

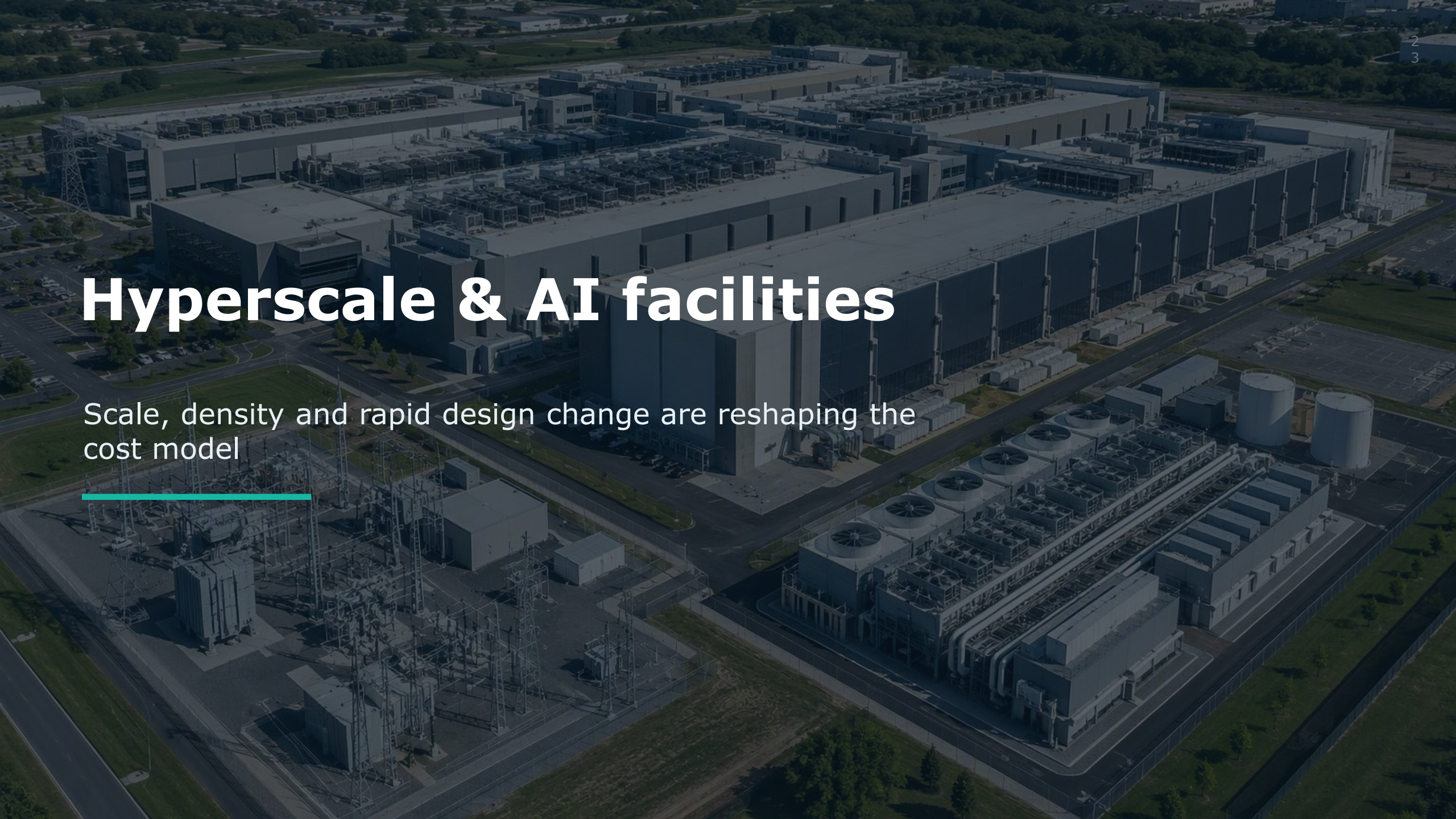
The Necessity of Benchmarking:

Provides the logical reasoning required to confidently apply redundancy multipliers and accurately delineate between the building structure and the specialized process equipment.

Good judgment is backed by experience and tempered by logical reasoning

User alone is finally responsible for the finished opinion of value

Emerging trends: hyperscale facilities and AI-focused data centers



Hyperscale & AI facilities

Scale, density and rapid design change are reshaping the cost model

Emerging trends: hyperscale facilities and AI-focused data centers

Higher-density compute

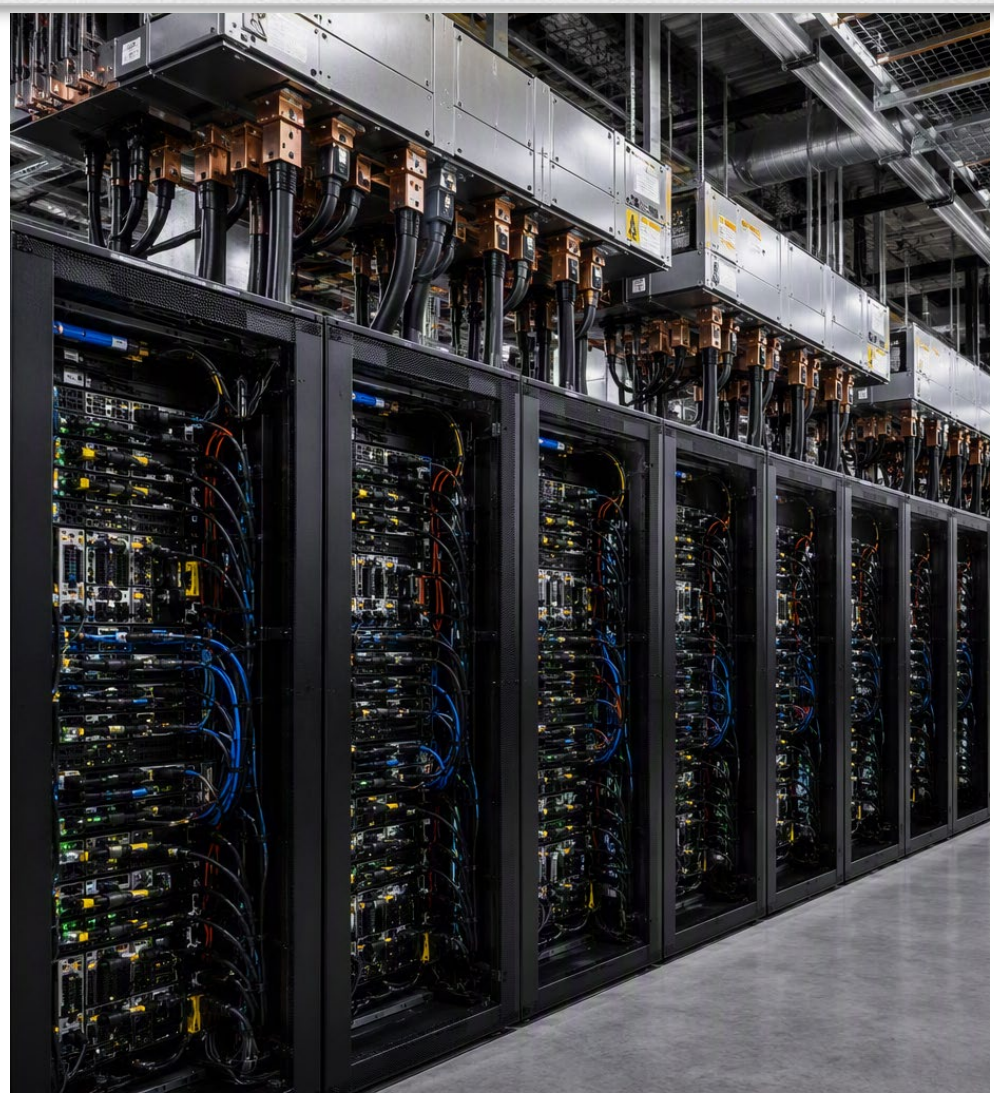
AI accelerator deployments increase electrical and thermal demands per rack.

Liquid cooling adoption

Direct-to-chip and hybrid systems introduce new distribution and maintenance scope.

Campus-scale delivery

Phased buildings, substations and shared central plants complicate allocation.



Emerging trends: hyperscale facilities and AI-focused data centers

For a **computer data center powered shell**, the cost per square foot varies significantly by market, power availability, redundancy requirements, and whether the facility is designed for traditional cloud workloads or AI compute.

Typical Powered Shell Cost Range (2026)

Facility Type	Powered Shell Cost/SF
Enterprise Data Center	$250 - $450/SF
Colocation Data Center	$350 - $700/SF
Hyperscale Data Center	$500 - $1,000+/SF
AI-Ready Data Center	$800 - $1,500+/SF