

December 5, 2023



# Worldwide, LLC (Meta Platforms, Inc.) Data Center Project:

## Driving Economic Growth and Community Transformation

Items 30, 31, and 32

Goal 1. Cultivate an environment conducive to strong, sustainable economic development



# Council Action Requested

**Six actions** are a **critical step** to facilitate the future construction and operation of a **hyperscale data center** in Northeast El Paso, fostering innovation, economic diversity and long-term prosperity for El Paso residents.

# Background & Next Steps

## 6 Council Actions

Nov 2nd

- Notice of Chapter 312 Hearing Published

Nov 7th

- First Readings:
  - Down Zoning
  - Condition Release

Nov 16th

- CPC Hearing:
  - Down Zoning
  - Condition Release

Nov 21st

- Adopt Abatement Zone
- First Reading of Contract of Sale

Dec 4th

- Public Hearing for Contract of Sale
- **Chapter 380 Agreement**

Dec 5th

- **Contract of Sale**
- **Chapter 312 Agreement**
- **Down Zoning**
- **Condition Release**
- **Funding Intersection Improvements**



# Overview:

## Hyperscale Data Centers

- Massive computing facilities designed for scalability and efficiency
- Imagine a technological campus covering acres, housing servers to process vast amounts of data
- Physical footprint, often covering the size of large shopping malls or several football fields combined
- Strategically located for efficient global internet connectivity

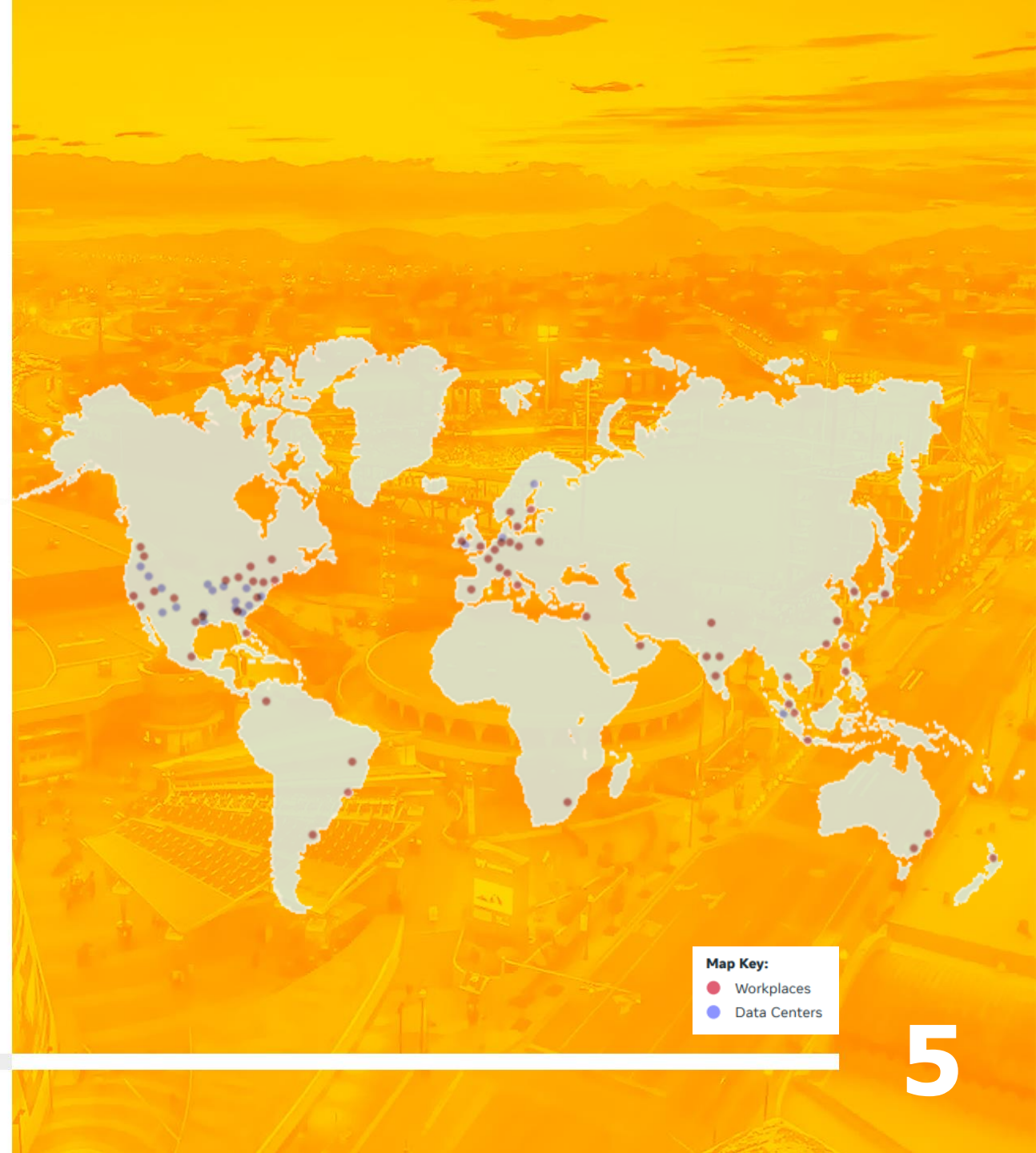




# Overview:

## Meta Platforms, Inc.

- Owns and operates Facebook, Instagram, Threads, WhatsApp, among others
- One of **Big Five** American information technology companies
- **Top 40** Fortune 500 company
- **3.96 billion people** using at least one core product monthly
- Workplace in 80+ cities worldwide
- **18 data center campuses** worldwide



# Overview:

## Meta's Data Center Campuses

- Serve as the **backbone** for Meta services
- Handle a **vast number of user requests** generated by Meta's platforms
- Employ **advanced technologies** to **ensure energy efficiency** through state-of-the-art cooling systems
- **Maintain net-zero emissions** by fully offsetting energy consumption with renewable energy sources
- **Strategically located worldwide** to ensure optimal global connectivity allowing for low-latency across different regions and efficient data transfer





# Overview: Meta's Data Center Campuses

Company's **18 campuses** include 85 data center buildings

- On average, **2.2 million** square feet under roof per campus
- **\$1.1 billion** average capital investment per campus (not including equipment refreshes)
- On average, **196 FTEs** on-site at each data center campus

## Meta's Largest U.S. Data Centers



### Altoona, IA

- \$2.5 billion+ investment
- Est. 2013
- 400+ jobs
- 10 buildings
- 5 million+ sf
- 7 expansions



### Prineville, OR

- \$2.0 billion+ investment
- Est. 2010
- 350+ jobs
- 11 buildings
- 4.6 million sf



### Los Lunas, NM

- \$2.0 billion investment
- Est. 2016
- 400+ jobs
- 8 buildings
- 3.8 million sf
- 750 acres

# Overview:

## Economic Benefits for El Paso

### 1 Property Tax Contributions:

- **Substantial Revenue:** The data center's assessed value **yields millions in annual property tax revenues for all local entities**, even after incentives
- **Increased Tax Base:** This additional revenue means more resources for essential services, reducing reliance on residential taxes

### 2 Job Creation and Income Effects:

- **Employment Opportunities:** Construction generates hundreds of temporary jobs; operational roles offer steady employment for residents as technicians and engineers
- **New Tax Revenue Generation:** Income generated by these jobs becomes a new tax revenue source for local taxing entities through spending on goods and services



# Overview:

## Economic Benefits for El Paso

3

### Economic Ripple Effects

- **Local Business Impact:** Increased data center demand boosts local businesses, leading to higher sales tax revenue
- **Hub for Innovation:** Creates a broader ecosystem of technological initiatives, research and development activities, and collaborations with local businesses and educational institutions

4

### Infrastructure Improvements

- **Collaboration with Local Governments:** Collaboration results in upgrades to roads and utilities, enhancing the data center's efficiency and community infrastructure
- **Enhanced Economic Environment:** Improved infrastructure enhances shovel-readiness for surrounding properties, facilitating future development

# Project Proposal: Summary

- **Project Description:** Worldwide, LLC (Meta) plans to construct one or more data center buildings and accessory uses on 1,039 acres of City-owned land.
- **Investment Magnitude:** The Company is committed to a minimum investment of \$800M in construction and personal equipment costs. Additional phases with similar investments may follow.
- **Economic Impact:** The City anticipates positive economic development resulting from the project, with the potential for substantial capital injection into the community.





# Project Proposal: Summary

## Incentive Proposal:

- To offset the cost associated with establishing and operating in El Paso and to **increase El Paso's competitiveness** as a future location for investment, the City proposes providing annual performance-based incentives to the Company.
- The incentives amount to **80 percent** of the City's portion of property tax revenue generated by the project **over a 25-year period** per phase, up to 5 phases, where each phase represents an \$800M investment.



# Project Proposal: Summary

- **Tax Burden Impact:** The agreement aims to shift the tax burden away from residential taxpayers by encouraging commercial development and diversifying the tax base.
- **Phased Development:** The Company has the option to develop additional phases, each requiring a minimum \$800M expenditure. If so, the company may be eligible for separate 25-year property tax incentives for each phase, for up to five phases during the agreement's term.

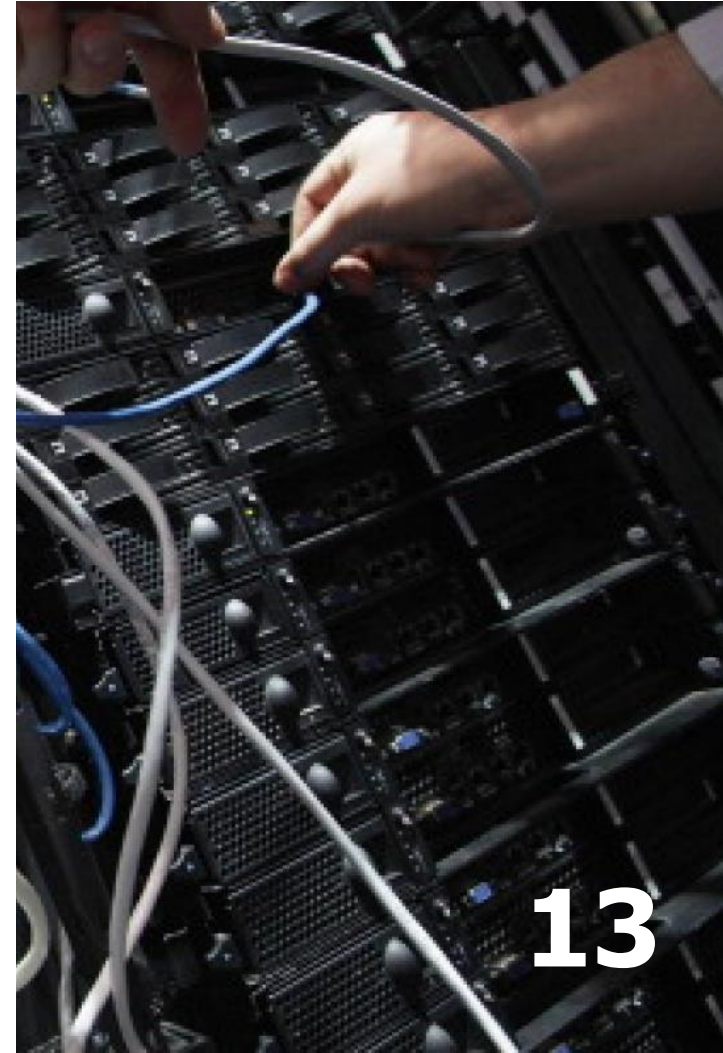




# Project Proposal: Summary

## Job Creation Impact:

- The project will result in the creation of at least 50 quality full-time jobs, although existing data center campuses suggest approximately 200 full-time positions, including contractors.
- In addition, the project is expected to generate hundreds of temporary jobs during the construction phases(s), supporting the local construction industry and providing income for residents engaged in that construction.



# Project Proposal:

## Site Overview

- Approximately **1,039 acres**
- City Owned and managed
- Zoned M-2 with conditions
- Purchase price is appraised value of **~\$8.5 million** (or \$8,156.25 per acre)
- Access to existing electric utility infrastructure
- Offers opportunity to **scale + expand** operations over time





# Project Proposal:

## Initial Phase

### Minimum Investment

- Minimum **\$800M** capital investment\*
  - \$400M in construction
  - \$400M in equipment
- Approximately **800k** square foot building(s)

### Equipment Refresh

- Equipment refreshed every **3.5 to 5 years**
- Estimated value of each refresh is at least **\$400M**

### Job Creation

- Minimum **50 FTEs** on-site\*
- Expect **200+ FTEs** at full ramp-up
- Expect **1,000+** skilled trade workers at peak construction

**Over a 25-year period, each phase represents \$2.8 billion capital investment**

# Project Details: Party Obligations

## Company

- Minimum \$800 million in real and personal property investment
- Minimum of 50 FTEs following completion
- Purchase 1,039 acres at market value (~\$8.5 million)
- Within 5 years of closing, minimum \$5 million infrastructure improvements + Stan Roberts improvements
- City may repurchase the land if minimum infrastructure improvements are not made within 5 years of closing

## City

- Provide performance-based incentives as described on following slide for up to 5 phases, each phase representing a minimum \$800 million investment
- Incentives limited to a 35-year agreement term, encouraging Company to develop quickly to maximize incentive
- Cooperate in down-zoning to C-4, including condition release
- City to reimburse up to \$7.5M for its proportionate share of Stan Roberts (Texas Economic Development Fund is funding source)



# Project Details: Incentive Proposal

Over 25-Year Incentive Period per Phase (capped at 5 phases)

**City Property Tax Abatement / Rebate**  
(80% over 25 Years)  
**\$73.0M**

**County Property Tax Abatement / Rebate**  
(80% over 25 years)  
**\$36.0M**

**Park Fee Waiver**  
(one-time at 100%)  
**\$1.0M**

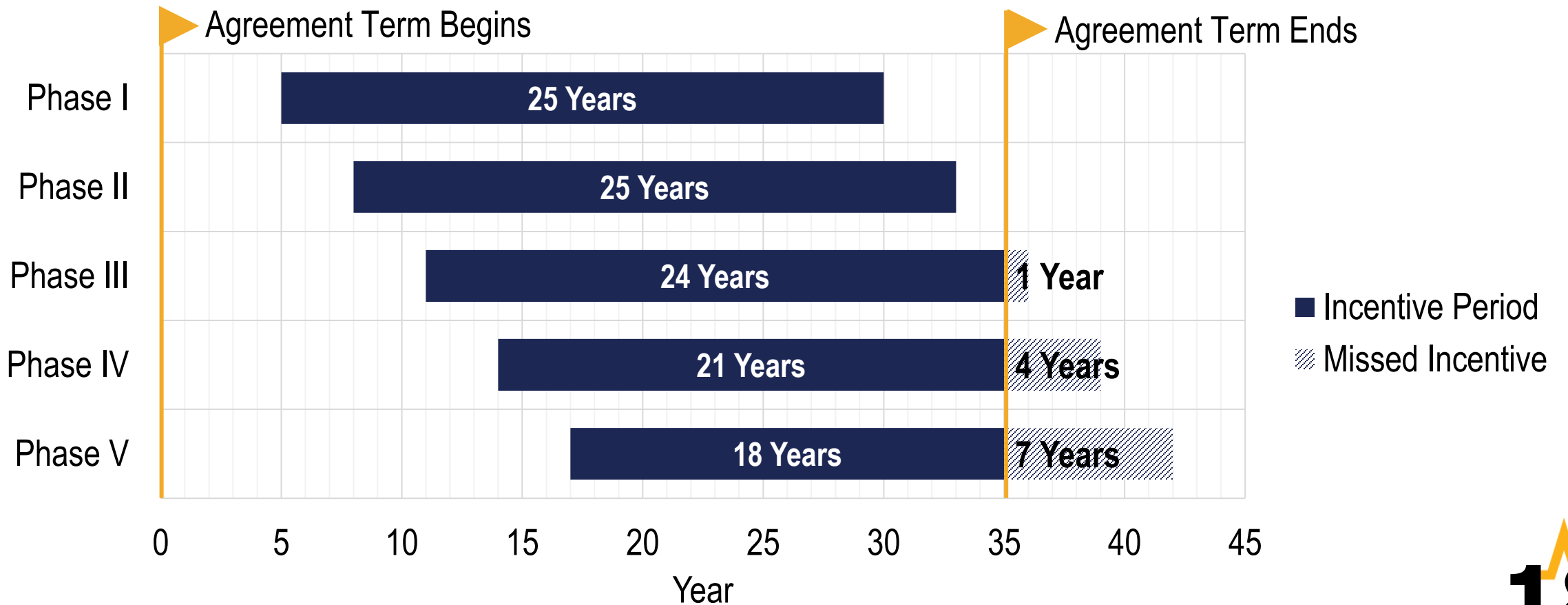
**Building Permit Fee Waiver**  
(100%)  
**\$350,000**

**Total Local Incentive = \$110M**

*(3.9% of total on an estimated \$2.8B investment including equipment refreshes)*

# Project Details:

## Illustration of “Shot Clock Approach”





# Project Details: **Contract of Sale**

- Company to purchase **1,039 acres** of City-owned land in Northeast El Paso
- Purchase price set at market value of \$8,156.25 per acre (or **~\$8.5M**)
- Closing to occur on or before **April 18, 2024, subject to contingencies** to closing being satisfied; company retains discretion to waive contingencies
- Following closing, within 5 years, Company is obligated to:
  - Make minimum investment of \$5M in infrastructure improvements
  - Improve full width of Stan Roberts located adjacent to property

# Project Details: Rezoning & Condition Release

- Two actions recommended:
  - **Downzone** from M-2 (Heavy Manufacturing) to C-4 (Commercial); and
  - **Release all conditions**
- **Less intense use** than what would be permitted in an M-2 zoning district, aligning with surrounding land uses and zoning classifications
- **City Plan Commission recommended unanimous approval** on November 16<sup>th</sup>
- Staff has not received communications in support or opposition of the request



# Project Details: **Intersection Improvements**

- Resolution allocating **funding for intersection improvements** at US-54 and Stan Roberts Sr. Ave. in an amount **capped at \$5M**
- Improvements provide for improved connection to the future data center site and surrounding 3,000+ acres of undeveloped City land to the north and south of Stan Roberts, further **improving shovel-readiness of surrounding sites**
- Funding source is the **Texas Economic Development Fund**, established by the City's franchise agreement with El Paso Electric

# Project Impact: *Initial Phase Economic Impact* (Operations + Construction)

## Summary of Initial Phase Economic Impact Over 25 Years

Impact	Direct	Indirect	Total
Jobs (FTEs On-Site)*	50.0	131.3	181.3
Annual Salaries/Wages	\$4.3M	\$5.2M	\$9.6M
Salaries/Wages over 25 Years	\$138.5M	\$167.9M	\$306.4M
Taxable Sales/Purchases over 25 Years**	\$2,060M	\$31.5M	\$2,091M

\*Direct jobs assume an average annual salary of **\$86,500**

\*\*Taxable Sales/Purchases includes sales resulting from temporary construction jobs (~1,000 at peak construction)



# Project Impact:

## Initial Phase Community Tax Benefit

**\$60M new revenue to the City**  
 (including \$10M in EPE Franchise Fees)



**Tax Benefit after Incentives Over 25-Year Term = \$275M**

# Project Impact: Project Benefits

## Property Tax Contributions

Substantial annual property tax revenues

Increased tax base, reducing reliance on residential taxes

## Job Creation and Income Effects

Hundreds of jobs during construction

Steady roles for technicians and engineers

Income from jobs boosts local tax revenue

## Economic Ripple Effects

Boosts local businesses, leading to higher sales tax revenue

Fosters technological innovation and collaboration

## Infrastructure Improvements

Upgrades to roads and utilities enhance efficiency

Improved infrastructure accelerates future development



# Council Action Requested

**Six actions** are a **critical step** to facilitate the future construction and operation of a **hyperscale data center** in Northeast El Paso, fostering innovation, economic diversity and long-term prosperity for El Paso residents.

## Dec 4<sup>th</sup>

- Contract of Sale  
Public Hearing
- **Chapter 380 Agreement**

## Dec 5<sup>th</sup>

- Contract of Sale
- Chapter 312 Agreement
- Down Zoning
- Condition Release
- Funding Intersection Improvements

## MISSION



Deliver exceptional services to support a high quality of life and place for our community.

## VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



## VALUES

Integrity, **R**espect, **E**xcellence,  
**A**ccountability, **P**eople