

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

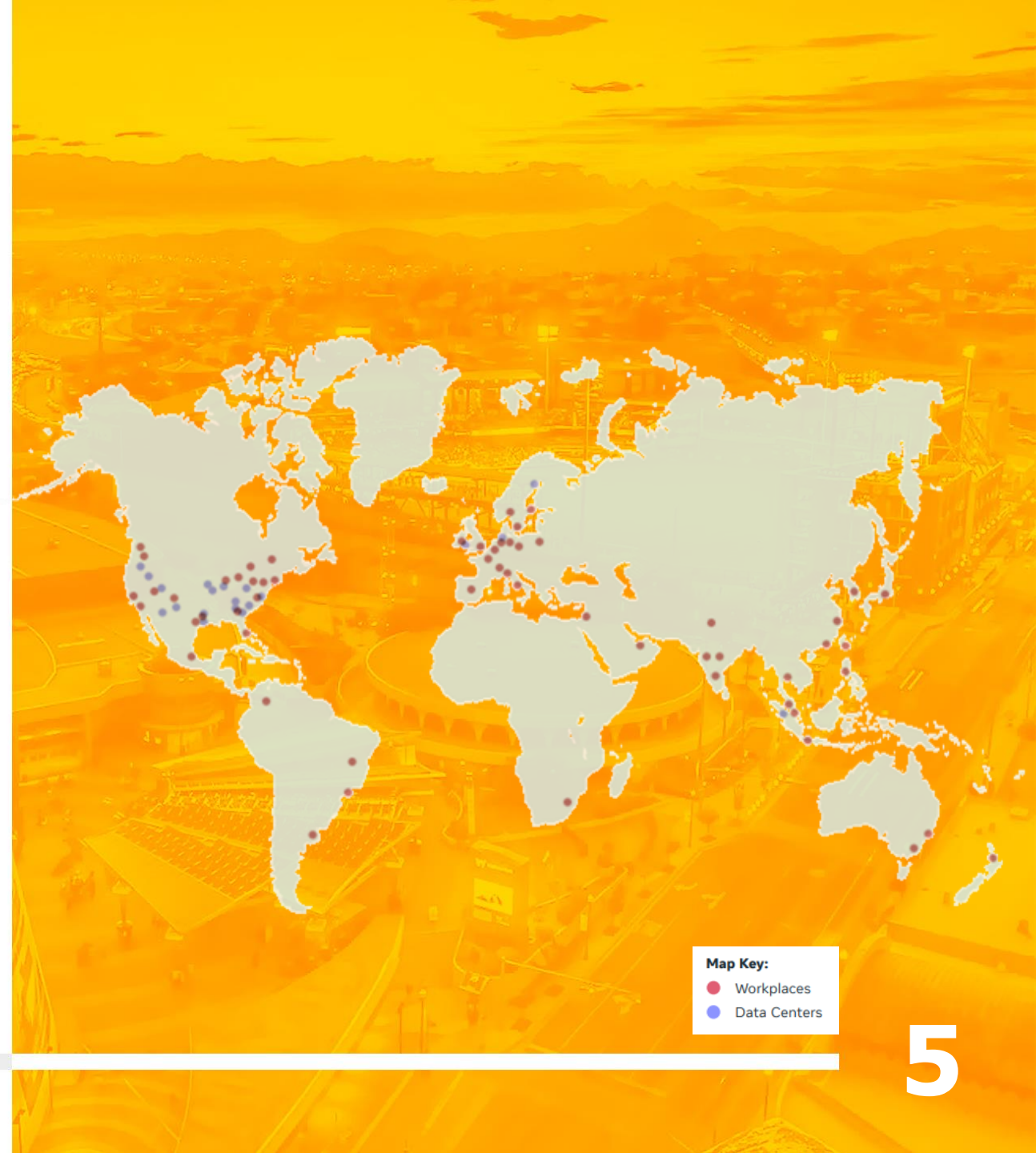
- Massive computing facilities designed for scalability and efficiency
- Imagine a technological campus covering acres, housing servers to process vast amounts of data
- Physical footprint, often covering the size of large shopping malls or several football fields combined
- Strategically located for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

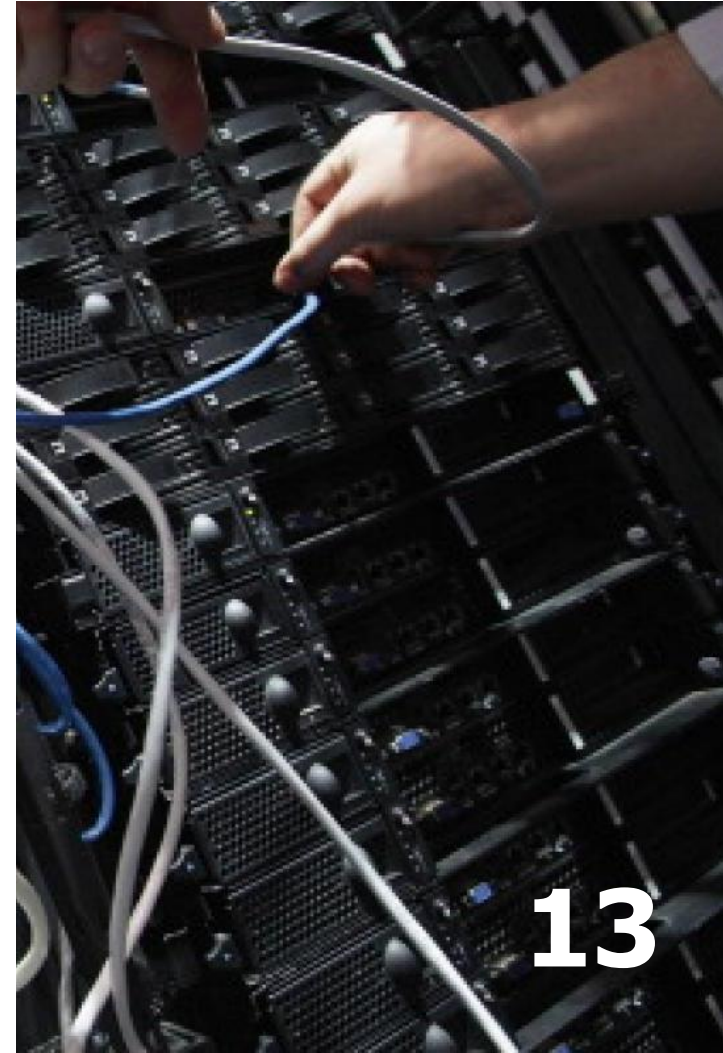
- **Tax Burden Impact:** The agreement aims to shift the tax burden away from residential taxpayers by encouraging commercial development and diversifying the tax base.
- **Phased Development:** The Company has the option to develop additional phases, each requiring a minimum \$800M expenditure. If so, 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

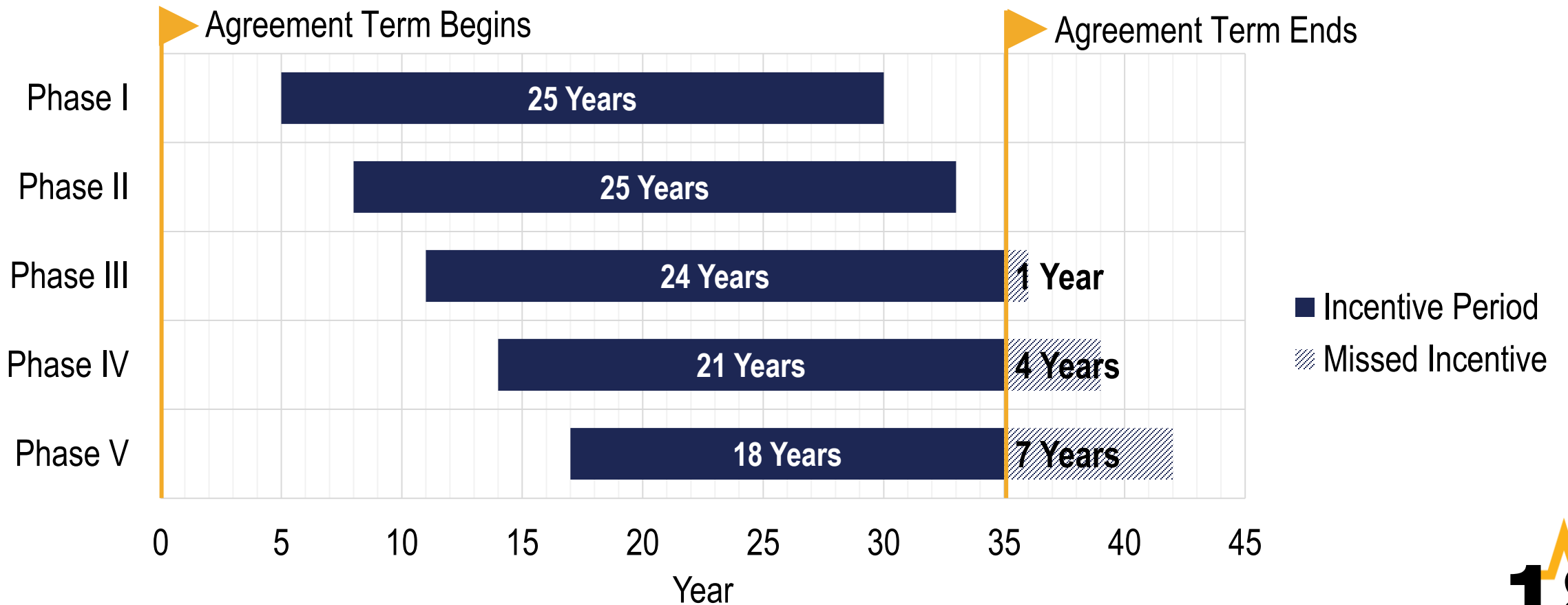
Building Permit Fee Waiver
(100%)
\$350,000

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 16th
- 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

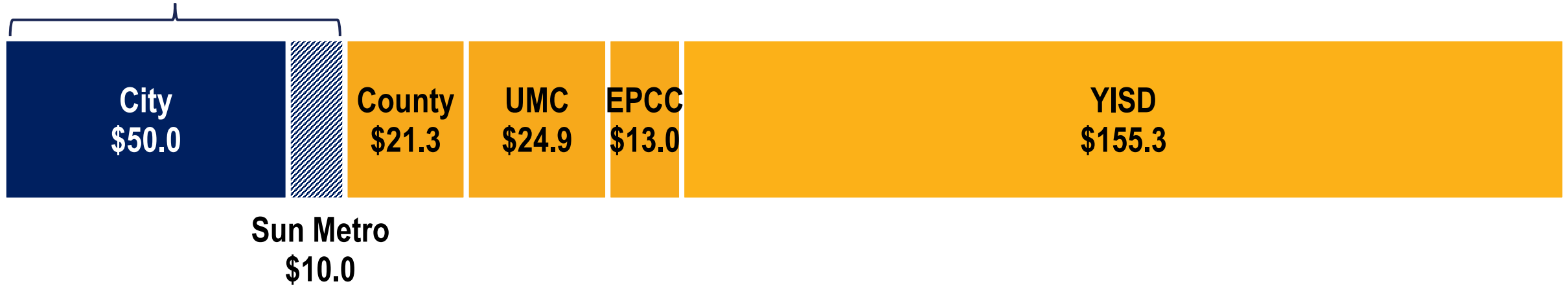
*Direct jobs assume an average annual salary of **\$86,500**

**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 4th

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

Dec 5th

- Contract of Sale
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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,
Accountability, **P**eople