

Community Guide to Data Center Negotiations

How to turn scarce sites and infrastructure into lasting public value

A practical guide for residents, local officials, Tribal governments, public utilities and community organizations evaluating a proposed AI or other large data center. Use it to establish your leverage, negotiate a stronger package and check whether the community actually receives what was promised.

The central strategy is to identify what the project genuinely needs from your community, document the public costs and negotiate durable benefits before granting discretionary concessions or committing public assets. A good agreement can support development while preserving the community's ability to require redesign or decline a proposal through the lawful process.

Six outcomes to pursue

- The developer pays the incremental costs it creates, with protection against cancellation, underuse and unpaid infrastructure.
- Residents receive meaningful recurring value, with clear payment dates and protection against inflation and project restructuring.
- Water, power, noise, air quality and public safety have measurable requirements and accountable enforcement.
- Jobs and training promises become funded programs with defined outcomes and public reporting.
- People bearing the greatest impacts help choose benefits and can track complaints, compliance and remedies.
- A financially capable party remains responsible through sale, expansion, default and closure.

Start with the worksheet

The companion fillable worksheet turns this guide into a meeting process. Complete the project facts and authority map first. Unknown facts are action items, not reasons to accept the developer's assumptions.

US edition | September 12 2026

Negotiation guidance and original planning tools. Sample numbers are fictional and are not market rates. Local legal, utility, engineering and tax review is needed before adopting requirements or signing agreements.

How to use this guide

Choose the route that matches the decision in front of you

For an initial community meeting, read pages 3 through 6 and complete worksheet pages 1 through 4. For a live offer, add pages 7 through 20 and complete the financial and terms worksheets. Before a vote or signature, use pages 23 and 24 and the final worksheet page.

Guide topic	Pages
Verify the site advantage and map legal authority	3 to 4
Organize the community and demand usable evidence	5 to 6
Value the offer and compare the money	7 to 9
Negotiate land and infrastructure commitments	10 to 12
Protect neighbors and improve local opportunity	13 to 15
Build enforceable agreements and oversight	16 to 18
Negotiate and prepare for downside scenarios	19 to 20
Learn from examples and run the process	21 to 22
Decide and adapt to local law	23 to 24
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Three people can get the process started

Choose one person to maintain the evidence and deadlines, one to convene affected residents, and one to coordinate the authorized government or utility contact. Then recruit independent expertise where the unresolved decisions justify it.

Use a shared evidence register

Mark each claim **verified**, **developer supplied**, **estimated** or **unknown**. Record the document, date, responsible reviewer and next action. Keep a public version with lawful redactions and a restricted version only for genuinely protected information.

Know what this toolkit does

The tools help your community decide what it wants and prepare a reviewable negotiating position. They do not establish a universal price per acre, per megawatt or per household, and they do not turn public permitting authority into permission to demand unrelated payments.

Verify what makes your site valuable

Scarcity matters only when it creates a credible advantage for this project

A large parcel is one ingredient. The valuable combination may include usable power by a particular date, a suitable building site, redundant fiber, feasible cooling, approved access and a predictable decision process. Berkeley Lab's June 2026 report examines the planning and connection challenges facing large loads. [1]

National demand supports taking proposals seriously, but cannot establish local leverage. Berkeley Lab's 2025 Update puts its central 2030 data center electricity share estimate at 11.8%, with scenarios of 9.5% to 15.3%. Those are forecasts, not commitments to build in your town. [2]

Potential advantage	Evidence to request
Power on a usable schedule	Utility study, scope of upgrades, deposits, service agreement and conditions on the date
Site and access	Title or option, buildable area, geotechnical results, flood and environmental constraints, access rights
Water and cooling feasibility	Provider confirmation, peak demand, drought restrictions and alternatives analysis
Network and workforce	Fiber routes and provider confirmation; contractors, training capacity and likely staffing
A meaningful timing advantage	Comparable alternative sites, each unresolved step and a supported schedule difference

Ask what happens without your site

Who else can deliver the same requirements, at what cost and when? Which project steps remain conditional? Is the speaker the operator, a financed developer or a land speculator? Request evidence of tenant commitment and financing readiness appropriate to the stage. Protect legitimate confidential terms while publishing what the community needs to decide.

Keep three separate judgments

- **Site advantage:** Would relocation materially increase cost, delay service or reduce performance?
- **Community control:** Does an authorized local party control an asset, discretionary agreement or relevant decision the project still needs?
- **Project readiness:** Are the money, operator and utility path credible? A strong site with an unfunded proposal is not a bankable deal.

Use worksheet page 2 to score the evidence. Treat the score as a discussion aid. A zero on authority or readiness cannot be repaired by adding unrelated points.

Map who can actually make the deal

Different participants control different decisions

Participant	Possible role	Limit to confirm
Residents and community groups	Set priorities, comment, organize and negotiate a voluntary agreement through a capable entity	Cannot promise permits, bind all residents or surrender rights for nonsignatories
City or county	Land use review, public property, local incentives and contracts where authorized	State preemption, vested rights, required procedures and limited county powers
Public or private landowner	Negotiate price, lease, option, access and property obligations	Title, lender rights, lawful procurement or public disposal requirements
Utility or cooperative	Study service, price connection and propose contract protections	Regulator oversight, tariffs, service duties and cost allocation rules
State regulator and agencies	Utility rates, water or air approvals, state incentives and other regulated matters	Local agreements cannot replace their approvals
Tribal government	Sovereign governmental and proprietary decisions under applicable law	Treaty rights, jurisdiction and consultation require a distinct analysis

Separate three negotiation lanes

Regulation: Legally supportable requirements that protect public health and address project impacts. **Commercial exchange:** Terms for land, utility service or a discretionary incentive. **Voluntary community benefits:** A separately negotiated agreement with legally sufficient consideration, authorized parties and enforceable obligations. Use the correct lane for each ask.

Calling a payment voluntary or putting it in a separate contract does not automatically cure an unlawful permit condition. In **Sheetz v County of El Dorado**, the Supreme Court rejected the claim that legislatively imposed permit exactions are categorically exempt from constitutional scrutiny. The Court left other questions open. Have counsel assess statutory authority, nexus, proportionality and the actual circumstances. [9]

Ask counsel to identify existing approvals, appeal deadlines and who may legally condition what. When local control is limited, focus effort on the utility proceeding, relevant agency, land agreement or voluntary commitments that remain available. NACo's primer is a useful starting resource for county questions. [14]

Create a credible community mandate

Agree on the process before bargaining over benefits

Give affected people a defined role

Include nearby homeowners and renters, downstream water users, small businesses, workers, schools, emergency services and people affected by new utility corridors. Use maps and outreach to identify participants instead of assuming that one association speaks for everyone. Provide accessible meetings, translation and a written participation route.

Adopt a short negotiating charter

- Name the authorized negotiating team, the body that makes the final decision and any matters reserved for a public vote.
- List three to five priority outcomes, the minimum conditions for proceeding and the evidence required to change a position.
- Disclose financial interests, land options, employment relationships and developer-funded organizations. Set recusal rules with counsel.
- Publish meeting summaries, open issues and the next decision date. Record disagreement without treating attendance as consent.
- Set a proposed public review period for the draft package, such as 30 days where the legal schedule allows. State whether it is a local process choice or a legal requirement.

Fund independent review without giving up control

Request a reasonable, documented review budget through a lawful fee or negotiated reimbursement agreement. The public body or community entity selects and directs its advisers. Define the scope, expense approval and replenishment procedure. The developer receives invoices or cost documentation, not editorial control over the findings.

A small team may need counsel, a fiscal analyst and utility or water expertise first. Add acoustics, environmental, fire safety, property valuation and workforce specialists where those issues are material. Avoid contingent adviser fees tied to securing approval or inflating benefit totals.

Keep public benefits separate from private favors

Direct negotiated community money through authorized public accounts or an independently governed entity with documented eligibility, audits and conflict rules. Personal gifts, political contributions and contracts for decision makers do not belong in the package.

Meeting output: a one-page mandate, a contact list, a public issue register and a calendar of real filing and decision deadlines. Complete worksheet pages 1 and 3.

Get the facts before discussing incentives

Send a written information request and track each response

Request	What a useful response contains
Identity and responsibility	Landowner, developer, tenant or operator, guarantor, corporate relationships and authorized signatories
Project scope	Site plan, building area, each phase, expected use, expansion rights and associated substations or generation
Power	IT load and total facility load separately; maximum import, annual energy, ramp, service study and cancellation exposure
Water	Cooling design; annual, peak day and peak hour withdrawals and consumption; source, discharge, drought plan
Environmental and neighborhood effects	Noise baseline and model, generator and turbine inventory, air permit path, drainage, traffic and cumulative impacts
Schedule and readiness	Land control, financing evidence, tenant commitment, utility milestones and every requested public concession
Tax and public costs	Assessed value assumptions by asset class and year, tax recipients, incentives, infrastructure ownership and operating costs
Jobs and procurement	Construction job-years, permanent FTEs, contractor roles, wages, local definition and procurement commitments
Closure and changes	Decommissioning estimate, security, assignment and tenant-change rules, expansion and default obligations

Request raw assumptions and calculations, not only a presentation. Allow protected commercial information to go to independent advisers under lawful confidentiality terms, with a public summary of conclusions and limitations. A refusal should remain visible in the evidence register.

Ask these questions in the first meeting

What specifically do you need from us? By when, and why? Which costs will residents otherwise bear? Who signs if the project company has few assets? Which promises survive if half the campus is built? Which figures would you agree to report publicly every year?

Response discipline: for every item, record the source, reviewer, due date, status and decision affected. Mark approvals that rely on missing evidence as unresolved. Complete worksheet page 4.

Measure public value without double counting

Use separate accounts for government finance and wider community outcomes

Build the local fiscal account

For each city, county, school district, special district and utility, estimate incremental receipts and costs against a defined baseline. A regional total can hide a school losing funds while a city gains revenue. Trace any school funding offsets or revenue sharing with a qualified local analyst.

Include taxes actually collectible after exemptions, lawful contractual payments, public land rent and recoveries of public expenses. Subtract grants and abatements, unreimbursed capital, debt service, operations, administration, monitoring and expected retained liabilities. Show timing, restricted funds and the party that receives each dollar.

Keep other outcomes visible

Track local employment, neighborhood impacts, training, ecological effects and private land-sale proceeds separately. Company capital spending is not public revenue. Utility bills collected are not utility profit. A donation used to reimburse project-caused costs cannot also be counted as an additional community benefit.

Virginia's JLARC found that much of the industry's economic benefit arose during construction and that ongoing employment was lower than in some other industries. Its findings also showed meaningful local tax revenue in some jurisdictions. Request your project's own staffing and tax schedules rather than importing a headline. [\[3\]](#)

Compare the realistic alternatives

- Current land use, including its existing public revenue and service costs.
- A feasible alternative development, with its own probability, timing, costs and resource needs.
- The data center without discretionary subsidies, if it could realistically proceed that way.
- The offered package and your counteroffer, with only the terms that actually change.

Discount consistently

Present value adds each year's net cash flow after dividing it by $(1 + \text{the discount rate})$ raised to that year number, then adds year-zero cash flow. Use nominal cash flows with a nominal rate or constant-dollar cash flows with a real rate. Have the finance team choose and document the horizon, discount rate, inflation and residual value.

The next page provides a deliberately simple comparison. Worksheet pages 5 and 6 provide space for your own baseline and downside cases.

Compare a headline offer with a stronger package

Fictional 100 MW project example for one local government

All amounts below are millions of constant dollars. Assume 20 operating years, end-of-year payments, a 4% real discount rate, no terminal value and the same project impacts under each offer. The government has authority to receive the stated payments. These inputs illustrate a method, not a recommended price.

Local fiscal item	Offer A	Offer B
Recurring annual taxes before discretionary abatement	8.00	8.00
Annual discretionary abatement	(5.00)	0.00
Annual unrestricted contractual benefit payment	0.50	1.50
Annual incremental services and monitoring	(1.50)	(1.50)
Annual net recurring cash flow	2.00	8.00
Unreimbursed public capital at year zero	(12.00)	0.00
One-time unrestricted benefit at year zero	5.00	2.00
Twenty-year present value	20.18	110.72

The 20-year annuity factor at 4% is 13.5903. Offer A: $(2.00 \times 13.5903) - 12.00 + 5.00 = \mathbf{20.18}$. Offer B: $(8.00 \times 13.5903) + 2.00 = \mathbf{110.72}$. The difference is **90.54 million dollars** in present value under these assumptions.

Why this matters

Offer A has the larger opening check. Offer B preserves the tax base, increases recurring value and leaves no unreimbursed public capital in this example. The model must still subtract the current-use baseline or compare an alternative project before deciding whether either offer is worthwhile.

Check whether the result survives reality

In practice, equipment assessments depreciate, exemptions expire or change, completion dates move and future phases may never open. Replace the flat tax estimate with the assessor's year-by-year schedule. Model the developer's capital reimbursement as a matched public cost and receipt if it flows through public accounts. Count it once.

Value taxes according to law and the assessment forecast. Count a contractual minimum only after confirming its legal authority, duration, security and interaction with tax payments. **A financially attractive result never overrides an unacceptable impact or a missing legal requirement.**

Build an ambitious but defensible offer

Keep baseline obligations separate from additional public benefits

Priority	Opening position to adapt	Evidence of delivery
Baseline cost protection	Full project-caused cost recovery through lawful instruments, including exit exposure	Cost study, allocation, payer and collectible security
Tax base	Begin with no discretionary local tax abatement; require evidence for any exception	Assessor model, incentive schedule and net benefit test
Recurring community value	A meaningful annual payment with escalation and phase minimums where lawful	Executed formula, dates, eligible uses and guarantor
Immediate neighborhood needs	Fund selected mitigation and a separately identified benefit program	Projects, beneficiaries, delivery dates and maintenance
Long-term capacity	Training, infrastructure or an endowment sized to a locally documented need	Funded operating plan and independent oversight

Set three positions for each negotiable term

Opening ask: ambitious and explainable. **Target:** the package your mandate seeks.

Minimum acceptable: the lowest outcome consistent with costs, impacts and a credible alternative. Keep the internal minimum confidential where lawful; publish the agreed public standard and final deal. Some limits, such as safe water supply, are requirements rather than tradable price points.

Size the ask using needs and alternatives

Start with a costed community program and your independently assessed site advantage. Compare the developer's credible alternatives, the full public concession value and the duration of the resource commitment. Use comparable agreements only after normalizing project size, legal mechanism, tax treatment, term, capacity definition and what is actually enforceable.

For scale only: a fictional annual benefit of \$20,000 per contracted MW on a 100 MW project is \$2 million a year. A \$10,000 or \$30,000 assumption produces \$1 million or \$3 million. These are arithmetic sensitivities, **not established market rates or permit fees**. The lawful basis and negotiated amount need independent support.

Capacity formulas need a defined meter or contract reference, expansion treatment, a payment floor and a rule for unused reservations. Revenue or profit sharing is harder to audit and may be shifted between affiliates. A secured fixed minimum is usually easier to administer as a negotiating design choice.

Negotiate land and milestones carefully

Keep valuable rights tied to performance

If the community owns the land

Obtain independent valuation that considers permitted use, infrastructure readiness and feasible alternatives. Follow public sale, lease, bidding and approval rules. Compare a sale with a ground lease, including rent escalation, taxes, maintenance, lender rights, assignment, environmental responsibility and the cost of administering the lease.

Avoid granting an inexpensive, indefinite option over a scarce site. Consider a paid option with a defined term, staged extensions, documented due diligence and a final outside date. Specify whether option payments credit the purchase price, who restores the land after testing and what rights expire if milestones are missed.

If residents own the land

Each owner should obtain independent advice on price, taxes, easements, representations, options and damage restoration. Private proceeds do not compensate neighbors or substitute for public protections. Any coordinated sale process needs advice on competition law, confidentiality and conflicts.

Build a phase by phase exchange

Project stage	Community exposure to control	Negotiation tool
Site investigation	Land tied up and investigation damage	Paid term, access limits, insurance and restoration
Infrastructure commitment	Public costs before project revenue	Reimbursement, deposit and appropriate security
Construction	Disruption and unfinished work	Bonding where appropriate, milestones and funded mitigation
Operations	Use below forecast or ownership changes	Annual minimums, audit rights and transfer obligations
Expansion or closure	New impacts or abandoned assets	New review where authorized, reserves and restoration duties

Do not sell infrastructure capacity you do not control

A nearby substation is not proof of available capacity. Ask the utility who can reserve, assign or release service rights and what charges apply. Do not speculate in capacity or promise another customer's queue position. Coordinate land, utility and construction deadlines so one contract does not trigger public expense while the others remain optional.

Useful exchange: an agreed review schedule, complete application checklist and coordinated staff meetings in return for complete evidence and funded commitments. Promise a process only within your authority. A schedule is not a guarantee of approval.

Protect households from electricity costs

The power agreement may matter more than the land payment

Ask the utility and the applicable regulator to identify how the project changes generation, transmission, distribution, capacity, reserves and financing costs. Separate costs directly attributable to the project from shared system investments and wider market-price effects. A local contract alone cannot control regional wholesale prices.

Seek a written protection package

- An independently reviewable cost-of-service and ratepayer impact analysis for the expected ramp and downside cases.
- Upfront contribution or secured recovery for dedicated infrastructure, plus an approved allocation of shared upgrades.
- Minimum billing or equivalent cost recovery, credit support and cancellation or early-exit obligations under the applicable tariff and contracts.
- A clear rule for delayed load, reduced capacity, self-generation, transfer and phased expansion. Coordinate rights with the utility's actual service rules.
- Periodic reconciliation, public reporting of the cost categories and a process to address demonstrated shortfalls.

Use existing precedent precisely

AEP Ohio's approved data center tariff provides an example of contract duration, minimum demand charges, collateral and exit protections. Its summary describes a ramp of up to four years plus eight years, with minimum-demand rules that include a capacity-based calculation and a historical-demand test. These are demand charges, not a requirement to buy an equivalent share of unused energy. Eligibility and exact calculations matter. [\[4\]](#) [\[5\]](#)

Trade flexibility only when it can be delivered

Ask which load can actually be shifted or curtailed, for how long, with what notice, telemetry and verification. Have the utility evaluate whether a flexible connection changes infrastructure needs. Specify emergency authority and lawful restoration procedures. Avoid replacing grid stress with unreviewed emissions from on-site generators.

Treat an electricity affordability fund as an additional, measurable program with eligibility and administration. It does not prove that structural cost shifting has been prevented. Seek direct support for vulnerable households where that is a community priority and permitted by the governing mechanism.

Decision evidence: signed or approved utility terms, an independent explanation of remaining household exposure and the entity responsible for enforcement. Complete worksheet page 8.

Protect water supply through the worst season

Require absolute use figures and a workable drought plan

Ask for the whole water balance

Require annual, peak-day and peak-hour demand at each phase and at full buildout. Separate potable, reclaimed and other sources; withdrawal from consumption; and discharge from evaporation. Ask about cooling, humidification, sanitation, landscaping, treatment and initial fill. Include the source, destination, temperature and quality of discharge.

A closed loop inside the building does not by itself explain how heat is rejected outside it. Ask the engineer to show every make-up water connection and operating mode. Efficiency ratios can improve while total consumption grows, so pair efficiency targets with absolute limits and metering.

Negotiate operating requirements

- A water provider and independent engineer confirm supply, treatment, sewer and fire-flow capacity under hot weather and drought conditions.
- An enforceable schedule specifies permitted or contracted volumes, meter locations, reporting frequency and what happens when a limit is approached.
- The developer funds attributable upgrades and the applicable ongoing costs through lawful fees, rates or agreements, without counting the same payment twice.
- A drought response matrix defines stages, notice, curtailment priorities, operator actions and enforcement consistent with water rights and utility duties.
- Where wells or local waterways could be affected, use an expert-designed baseline and monitoring plan, investigation process and remedy for attributable harm.

Evaluate cooling choices as a package

Compare dry, evaporative and hybrid approaches for the actual climate and load. Have advisers examine water, electricity, noise, peak performance, cost and reliability together. Do not mandate a fashionable label without verifying the result at the site. County planning resources can help structure the review. [11]

Make restoration claims local and testable

If the company proposes replenishment, define the basin, timing, additional benefit, duration, measurement and independent verification. A project elsewhere or outside the drought season may not repair a local supply problem. Keep replenishment separate from the obligation to comply with supply limits.

Decision evidence: water and sewer capacity confirmation, approved operating limits, a financed upgrade plan and a drought protocol. Complete worksheet page 9.

Protect neighbors and emergency services

Design around actual exposure at homes and public places

Noise and lighting

Commission baseline measurements and modeling for full buildout, nighttime operations, cooling equipment and generator testing. Ask an acoustician to specify relevant broadband, tonal and low-frequency measures, receptor locations, weather conditions and testing methods. Put the selected limits, monitoring, complaint investigation and corrective actions in the legally appropriate instruments. Do not rely only on a property-line average.

Require a lighting plan that addresses glare at homes, roads and habitat; equipment screening; setbacks supported by site analysis; and enforceable maintenance. A generic setback copied from another town may miss the real exposure.

Air quality and on site energy

Obtain the inventory and proposed operating hours for engines, turbines, boilers and fuel systems, including temporary and leased equipment. Ask the air authority to determine applicable permits, operating limits and public participation requirements. EPA maintains current data center air resources; emergency and routine operation must be evaluated under the applicable rules. [12]

For the community's proposed protections, distinguish emergency use, maintenance testing, demand response and routine generation. Request disclosure of total site emissions and relevant nearby sources, a complaint route and clear responsibility for changes. A new energy configuration should trigger review wherever the law or agreement permits.

Construction and roads

Document road condition before work. Specify haul routes, hours, dust and runoff controls, safe access to schools and homes, road repair responsibility and an accessible construction contact. Include utility corridors, substations and off-site works in the discussion of impacts, even when a different authority must approve them.

Fire and emergency response

Ask local responders to review electrical hazards, fuel storage, batteries, cooling chemicals, site access, fire flow and mutual aid. Fund necessary training and attributable equipment and staffing costs through lawful mechanisms. Require updated site plans, drills, emergency contacts and notification procedures before relevant operations begin.

Decision evidence: experts approve the measurement methods, affected locations and response plans; the final instruments identify who can investigate and compel correction. Complete worksheet page 10.

Turn jobs promises into local opportunity

Measure work performed and careers created

Use consistent definitions

Report construction in job-years and labor hours, with peak headcount as a separate figure. Report ongoing work as full-time equivalents, distinguishing employees and contractors. Define the hours in an FTE, the location of work, the meaning of local, wage measures and how shared or remote roles are allocated. Do not add temporary and permanent jobs into one headline.

Ask for a funded pathway

- An occupation forecast showing the skills, certifications and hiring dates for the project and its contractors.
- Paid apprenticeships or training seats with a named provider, budget, start date, eligibility and support for transport or childcare.
- A recruiting and interview process that connects qualified local participants to actual openings and respects applicable employment law.
- Contractor obligations that flow into subcontracts, with reporting on hours, wages, retention and placements rather than attendance alone.
- A remedy for missed contractual commitments, such as funding additional training or proportionate damages reviewed by counsel. Do not make a job promise the sole reason for a large tax subsidy.

Make procurement usable for smaller businesses

Request advance bid calendars, appropriately sized packages, clear qualification requirements and prompt-payment terms. Identify eligible local spending and exclude pass-through purchases used only to inflate totals. Offer vendor preparation where it helps firms compete. Counsel should review local preference, procurement, labor and nondiscrimination requirements.

Plan for temporary construction demand

Ask the developer and local agencies to examine worker lodging, rental demand, commuting, medical services and temporary facilities. If housing pressure is material, negotiate a lawful, targeted response with a delivery date and administrator. Avoid long-term public spending obligations justified only by a short construction peak.

Outcome dashboard: local labor hours, completions, certifications, interviews, placements, wages and six- or twelve-month retention. Define who receives the data and how personal information is protected. Leave room to revise ineffective programs without reducing the funded obligation.

Complete worksheet page 10 with the measures that matter most to your community.

Choose benefits that keep paying off

Use local priorities to turn negotiating room into useful assets

Potential benefit	What makes it valuable	Condition to resolve
Annual community fund	Flexible recurring support for chosen local priorities	Amount, escalation, governance, audit and duration
Household energy upgrades	Weatherization, efficient cooling and durable bill savings	Eligibility, delivery partner and measured savings
Public water improvements	Useful capacity and reliability for existing residents	Public share of benefit, ownership and operating cost
Broadband and digital access	Actual affordable connections, devices and support	Last-mile delivery, service price and ongoing funding
Skills and business support	Portable qualifications and local supplier capacity	Funded seats, placement process and useful outcomes
Resilience facilities	Shelters or critical public services with dependable backup	Independent access, tested operation and maintenance
Neighborhood improvements	Parks, crossings, housing support or restoration residents select	Lawful mechanism, target area and delivery date
Long-term endowment	Income beyond a single construction cycle	Independent management, payout rule, fees and risk

Be selective about impressive sounding extras

Cloud credits have value only if there is a recipient able to use them, a real avoided cost and funding after the credits expire. Define workload eligibility, account ownership, privacy, support and exit costs. Do not value unused credits at the vendor's retail price.

Waste heat can be useful where a nearby customer can use it, but first require an engineering and business case for temperature, distance, seasonal demand, equipment and backup supply. An unfunded future district heating concept is not a delivered benefit.

Size an endowment honestly

For illustration, a \$10 million endowment with a 4% annual distribution policy targets \$400,000 a year before any additional restrictions. Returns and principal preservation are not guaranteed. Compare that uncertain payout with a secured contractual annual payment and the community's ability to manage investment risk.

A good package: broad public benefit plus dedicated support for the people closest to the impacts, with a published allocation rule. Mitigation and basic cost recovery should remain visible outside the additional-benefit total.

Put each promise in the right document

The name of an agreement does not make it enforceable

Instrument	Best suited to	Who must be able to enforce
Land sale lease or option	Price, rent, access, milestones, restoration and transfer terms	Authorized owner and relevant counterparties
Development or incentive agreement	Authorized commitments, earned incentives and clawbacks	Public body with statutory and contractual authority
Permit or zoning conditions	Legally supportable operating and land-use requirements	Responsible permitting authority
Utility tariff and service contracts	Connection, cost recovery, load commitments and exit costs	Utility and regulator within their powers
Community benefits agreement	Negotiated community programs, payments and reporting	Capable community entity or public party named in the contract
Guarantee and security documents	Collectible support when the project company cannot perform	Precisely named beneficiary with a valid claim process

A community benefits agreement is a contract between specified parties. It should say who owes what and who can enforce it. A community benefits plan or company policy may lack those rights. Columbia's database offers examples, but another project's form must be adapted to your law and circumstances. [\[10\]](#)

Use a single obligations schedule

For every commitment list the obligor, beneficiary, amount or limit, start date, duration, measurement method, report, reviewer, remedy and security. Then identify the controlling document and section. Resolve conflicts among the land agreement, utility contract, incentive agreement and CBA before signing.

Make responsibility survive the business structure

Obtain the correct signatures from owner, developer, operator and guarantor where needed. Ask counsel which obligations can bind successors, require assumption by buyers or tenants, or run with the land. Define assignment, change of control, affiliate transfers and release conditions. A famous tenant's logo does not guarantee the landlord's debt.

Do not rely on an advisory committee alone to enforce the agreement. Give a capable party express rights, access to records and a funded enforcement route. Private agreements cannot silently bind residents who did not authorize them.

Draft terms that can be checked

Use these as instructions to counsel rather than ready to sign clauses

Annual benefit obligation

Specify the payer and recipient; a fixed annual minimum; any additional capacity formula; the first due date; quarterly or annual installments; and the end date. Define escalation using a named index and reference month or an agreed fixed rate. Explain what happens during construction delay, partial occupancy, temporary shutdown and expansion. State whether payments supplement taxes and forbid unintended offsets.

Milestone and incentive obligation

Link each discretionary benefit to a verifiable milestone. Identify who certifies it, the evidence required, the deadline and the review process. Pay incentives after eligible performance where possible. Define clawback amounts, timing, interest and security. Address whether a cured late milestone restores eligibility; avoid automatic restoration without review.

Performance and remedy obligation

For a water, noise or job term, identify the exact metric, baseline, method, frequency and responsible reviewer. Define notice, cure periods, urgent protective action and consequences for repeated failure. Counsel should distinguish enforceable liquidated damages from penalties and preserve appropriate regulatory and contractual remedies.

Financial backing obligation

State the guarantor, scope, duration and beneficiary of any guarantee. Set appropriate collateral, replenishment and replacement requirements, expiration notice and draw conditions. Review whether the instrument can be collected during default, sale or insolvency. A bond, letter of credit and parent guarantee serve different purposes; choose with financial and legal advisers.

Expansion and transfer obligation

Define a material change in capacity, buildings, cooling, power generation, tenants or use. Specify the lawful notification and review process and when benefit payments increase. Prevent artificial project splitting from avoiding negotiated thresholds, without claiming powers the community does not have.

Survival and closure obligation

Identify obligations that continue after shutdown, termination or transfer: unpaid amounts, audit rights, environmental responsibility, monitoring, restoration and security. Specify a closure trigger and required actions. Narrow force majeure language so routine business setbacks are not automatically excused; evaluate the consequences of genuine uncontrollable events.

Drafting test: could a new staff member, five years from now, determine whether the obligation was met and what to do if it was not? Complete worksheet page 11 for every material term.

Make oversight public and affordable

Build the operating system for the agreement before approval

Publish the information residents need

Maintain a public project page with the final agreements, plain-language summary, approved plans, milestone schedule, benefits received, monitoring results, complaints and enforcement actions. Publish timely revisions with a change log. Use lawful redactions for genuine security or commercial information, with reasons and a review process.

Fund a permanent compliance role

Name the government staff member or independent administrator who owns the obligations register. Budget for technical monitoring, financial review, records retention and enforcement. The developer can fund reasonable agreed costs without selecting the findings or controlling publication.

Cadence to negotiate	Deliverable	Purpose
Before operations	Baseline, permits, security and emergency plan verification	Confirm readiness before exposure begins
Monthly or quarterly as relevant	Water and power metrics, complaints and benefit receipts	Identify problems while they can be corrected
Annually	Independent compliance and financial review	Check obligations, allocations and security adequacy
On material change	Updated scope, impact review and responsibility documents	Keep the agreement matched to the real project

Give complaints a real route

Set accessible phone and online channels, a tracking number, acknowledgement and investigation targets, an escalation contact and public aggregate reporting. Use an illustrative target such as acknowledgement within two business days only after staffing and legal review. Emergencies require an immediate response route.

Govern community money transparently

Adopt published priorities, eligible recipients, conflict rules, application criteria, independent accounting and reporting. Include residents from affected areas in governance. Decide how funds are allocated across neighborhoods and neighboring jurisdictions; avoid assuming that a large town-wide payment reaches the nearest households.

Define authority to revise a program, amend the agreement, waive a default or release security. Material changes should receive the required public process. Keep a reserve for enforcement and long-term maintenance rather than spending every first-year dollar.

Negotiate packages and exchange concessions

Use evidence and reciprocal commitments

Establish the sequence

First agree on scope, authority and the evidence needed. Next price the public costs and identify unacceptable impacts. Then exchange complete packages containing money, operating protections, delivery dates and security. Record each concession, its value and the specific commitment received in return.

Developer position	Useful response
We can build somewhere else	Please show the relevant alternatives and their service dates. We will evaluate this site on its verified merits.
We need an immediate answer	Identify the actual external deadline and dependencies. We can agree on a complete submission and review schedule.
The investment is worth billions	Show the collectible local receipts, permanent work, public costs and obligations that survive partial buildout.
We cannot change our standard contract	Identify the specific financing or operational constraint. We can examine an equivalent protection.
The parent will not guarantee it	Propose acceptable collateral or another creditworthy obligor, or reduce the public exposure.
We will work out benefits after approval	Resolve the essential package and required approvals before discretionary concessions become irreversible.

Make a useful reciprocal offer

A community can offer an organized process, clear requirements, coordinated reviews where lawful, a site lease or a narrowly justified incentive. In return, require complete information, funded protections and binding performance. Do not promise a particular vote, unlawfully restrict public participation or create artificial delays to extract concessions.

Protect against the final hour

Keep a written version comparison. Ask for a full restated package when terms change, including side letters and exhibits. Recalculate the financial effect of each concession. A small change to an offset, start date, guarantee or assignment clause can matter more than an increase to the headline payment.

Do not bluff about competing buyers or legal authority. Keep a credible alternative: defer a discretionary transaction, seek a redesign, use a different site or decline through the applicable process if the proposal does not meet the community's requirements.

Test the deal when things go wrong

Allocate risk before the community has sunk costs

Scenario	What to test	Protection to negotiate
Two-year delay	Debt, staff and infrastructure costs before revenue	Deposits, outside dates, carrying-cost recovery and limited extensions
Only the first phase opens	Taxes, benefits and jobs at a smaller scale	Phase minimums and public spending tied to completed phases
Low use or vacant building	Cost recovery when load and employment fall	Contract minimums, exit obligations and release of unused rights
Ownership or tenant change	Collectibility and changes in use or operations	Assumption, consent where lawful and replacement credit support
Tax value below forecast	Depreciation, appeals, exemptions and actual receipts	Conservative model and lawful payment protection if available
Drought or power shortage	Priority, curtailment and temporary generation impacts	Approved emergency and resource protocols
Default or permanent closure	Restoration cost, unpaid bills and worthless security	Independent cost estimate and collectible closure security

Make decommissioning a funded obligation

Define what must be removed, what can remain for reuse and the required final condition. Address electrical disconnection, fuels, chemicals, batteries, electronic waste, stormwater structures, monitoring and off-site liabilities. Do not assume that a generic demolition estimate covers the real task.

Require an independent estimate and periodic updates that reflect inflation and changes in equipment. Evaluate gross removal cost and conservative salvage value separately. Specify who can claim the security, when, and how it is replenished. Public land agreements should address possession and lender rights as well as cleanup.

Budget for uncertainty

Run base, downside and severe downside cases without automatically assigning probabilities. If a probability-weighted case is used, explain the evidence for each probability. A guarantee reduces exposure only to the extent that it remains valid and collectible when needed.

Set a reserve policy for volatile tax receipts and avoid financing permanent public obligations on speculative future phases. Complete worksheet page 6 before accepting any fiscal forecast.

Use real examples without copying their price

Documented terms show possibilities rather than universal entitlements

AEP Ohio utility cost protection

Status: regulator-approved tariff, effective July 23 2025, with subsequent utility updates. AEP Ohio describes minimum demand charges, a load ramp, collateral and exit obligations. Its process also addresses reimbursement of buildout costs when a customer cancels or delays under specified conditions. **Lesson:** protect the infrastructure commitment even if the load fails to arrive. Obtain the applicable filed tariff and order for your own territory. [4] [5]

Microsoft public commitments

Status: company announcement dated January 13 2026. Microsoft committed to covering the electricity costs of serving its data centers, reducing water use, supporting workers and communities, and not asking municipalities to reduce local property tax rates for its proposed presence. **Lesson:** use a company's own position as a starting question, then ask for site-specific obligations, measures and responsible parties. A corporate policy is not a municipal contract. [6]

Google community energy investment

Status: company announcement dated October 2 2025. Google announced a \$25 million Energy Impact Fund for residents of Crittenden County and the surrounding area alongside its Arkansas investment. **Lesson:** household energy efficiency and affordability are concrete benefit categories. Ask how much is funded, who qualifies, when it will be spent and how results are measured. An announced fund is not proof of money received. [7]

St Louis permit and benefit framework

Status: city announcement dated April 21 2026 of a conditional use permit and negotiated CBA terms. The city described a \$30-per-square-foot contribution, estimated at \$15 million, no local tax abatements, job and tax-performance remedies, and operating and decommissioning provisions. **Lesson:** connect benefits to measurable obligations and consequences. This guide does not certify a fully executed CBA or completed payments; request those documents before treating the framework as an executed comparable. [8]

Compare like with like

Record project capacity, approved area, phase, term, tax treatment, impact mitigation, additional benefits, escalation and security. A one-time construction payment and a 20-year annual payment are different products. A ratepayer protection in a tariff is different from money available for a community park.

Run a focused ninety day process

Illustrative schedule to adapt to legal deadlines and project readiness

Period	Main work	Deliverable
Days 1 to 15	Identify affected people, authority, deadlines, existing rights and immediate information gaps	Mandate, authority map and first information request
Days 16 to 30	Commission priority reviews and test project readiness and site alternatives	Evidence register and initial impact and fiscal findings
Days 31 to 45	Cost community priorities and establish opening, target and minimum positions	Negotiating package and downside scenarios
Days 46 to 60	Exchange terms; coordinate legal, utility and technical review	Draft agreements and obligation schedule
Days 61 to 75	Publish the reviewable package where allowed; hold accessible meetings and resolve comments	Public comparison and revised draft
Days 76 to 90	Confirm authority, funding, security and monitoring; complete the required decision process	Decision record and implementation calendar

This schedule is a planning example, not a promise to approve in 90 days. Extend or resequence it when a required study or legal process needs more time. Track permit, appeal and public-comment deadlines separately so a planning calendar does not cause a missed right.

A ninety minute community workshop

First 15 minutes: explain the project, who controls the decision and what remains unknown.

Next 20: map affected people and rank outcomes. **Next 20:** review costs and leverage evidence. **Next 20:** choose priority asks and unacceptable outcomes. **Final 15:** assign reviewers, deadlines and the next meeting. Use the worksheet to capture the outputs.

Opening statement for the negotiating team

Our community is prepared to evaluate a project that pays its attributable costs, protects residents and delivers lasting local value. We will review a complete package with measurable obligations, credible financial backing and a clear public process. Please identify what you need from us, the evidence supporting your schedule and the commitments you can make before we decide on discretionary concessions.

Record the answer and follow it with an itemized information request. Keep the discussion focused on a complete, reviewable proposal.

Make the decision and keep the promises visible

A strong deal needs both a sound vote and sustained follow through

Require a complete decision packet

- Project scope and phase map; authority and existing-rights review; outstanding approvals and conditions.
- Independent fiscal comparison showing recipients, baseline, incentives, public exposure and downside cases.
- Power and water confirmations, impact studies, operating requirements and emergency procedures.
- Final agreements, exhibits, side letters, obligation schedule, signatures and closing conditions.
- Guarantees, deposits or other security, with beneficiary, expiry and renewal procedure verified.
- Public comments, responses, unresolved objections and the reasons for the recommendation.
- Administrator, monitoring budget, reporting calendar and enforcement responsibility.

Use decision gates before a score

Any non-negotiable unresolved issue, such as inadequate authority, unacceptable water risk or an unprotected public infrastructure commitment, keeps the package from meeting the community's standard. Do not average it away with a large benefit payment. For remaining choices, compare options using published criteria and record the reasoning.

Close only when the conditions are satisfied

Have counsel coordinate the closing sequence so the correct documents are executed, required approvals obtained and security effective before discretionary assets, incentives or public funds are released. Do not assume a promise to deliver a guarantee later is equivalent to having it in place.

Set the first year calendar immediately

Create reminders for payment dates, construction milestones, monitoring reports, policy renewals and security expiry. Keep the evidence register and obligations schedule with a named backup administrator. Require a handover when elected officials, staff, owners or operators change.

Report the outcome people can understand

Publish what was promised, what was delivered, who benefited, what remains unresolved and what corrective action is underway. Show both total community funding and the allocation to the most affected neighborhoods. Make material amendments and waivers visible through the required public process.

Final worksheet output: proceed, seek revisions, defer a discretionary commitment or decline through the lawful process, with a reason, responsible decision maker and next date.

Adapt the toolkit to your jurisdiction

Confirm these questions with the people responsible for local law and infrastructure

Legal and governance review

Confirm zoning and permit authority; vested rights; lawful development agreements and fees; constitutional exaction limits; public property disposal; incentives and tax powers; public records and meeting rules; procurement and labor requirements; litigation standing; damages and remedies; and authority to bind successors or future administrations. Do not assume a CBA can override a statute, tariff, tax rule or constitutional protection. [9] [10]

For Tribal communities, identify the governing sovereigns, land status, treaty or reserved rights, applicable consent and consultation requirements, and the Tribe's own law and institutions. Consultation with a Tribe is not interchangeable with neighborhood outreach.

Texas application

Texas SB 6 in 2025 directed rules for large-load interconnection in ERCOT, including a statutory 75 MW threshold unless the commission adopts a lower one, disclosures about competing service requests and provisions addressing costs and reliability. Treat it as a starting point: confirm current PUCT rules, ERCOT protocols, utility territory and project eligibility. It does not itself create general county zoning power or a local entitlement to a host payment. [13]

Plain language glossary

Term	Meaning for your negotiation
MW and MWh	MW measures power at a point in time; MWh measures energy over time. Define IT load, facility load and utility import separately.
PUE and WUE	Efficiency ratios for power and water. Identify numerator, denominator, scope and period; pair them with total use.
FTE and job-year	Work expressed as full-time equivalent staffing or one full-time year of work. Definitions must be explicit.
NPV	Net present value: future net cash flows translated into today's value using a stated discount rate.
PILOT and abatement	Payment in lieu of taxes and a tax reduction. Availability and effect depend on local law and the exact agreement.
Clawback and security	Recovery of a previously granted benefit; and financial backing that helps make an obligation collectible.
Stranded cost	Infrastructure or other committed cost that remains when expected project use or payments do not materialize.

Sources and further reading

References 1 through 7

Sources reviewed September 12 2026. Numbered citations in the guide link to the supporting source. Company and government announcements are labeled by status and are not treated as proof of completed performance. The planning methods, sample positions and fictional calculations are original guidance.

[1] Lawrence Berkeley National Laboratory | June 2026

Speed to Power Solutions for Accelerating Large Load Connections

Large load connection barriers, planning, flexibility, cost allocation and tariffs. A technical report, not a promise of capacity at a particular site.

[2] Lawrence Berkeley National Laboratory | 2025 Update summarized in 2026

US Data Center Energy and Water Modeling and Forecasting

National demand scenarios. Projections describe possible demand, not signed local projects.

[3] Virginia Joint Legislative Audit and Review Commission | December 2024

Data Centers in Virginia

State research on jobs, local revenues, power, water and noise. Findings are specific to Virginia and the study period.

[4] AEP Ohio | Effective July 23 2025 with 2026 updates

Data Center Tariff

Utility summary and links to the tariff, orders and updates. Read the filed schedule for exact eligibility, ramp, collateral and exit provisions.

[5] Public Utilities Commission of Ohio | July 9 2025

PUCO orders AEP Ohio to create data center specific tariff

Regulator announcement of the AEP Ohio order. Its protections do not automatically apply in another utility territory.

[6] Microsoft | January 13 2026

Building Community First AI Infrastructure

Company commitments on electricity costs, water, local property taxes, workforce and community investment. This is a public commitment, not a project contract.

[7] Google | October 2 2025

Google is investing in Arkansas with a new data center energy efficiency programs and more

Company announcement of Arkansas investment and a 25 million dollar Energy Impact Fund. It is not evidence that all announced funding has been disbursed.

Sources and further reading

References 8 through 14

Sources reviewed September 12 2026. Numbered citations in the guide link to the supporting source. Company and government announcements are labeled by status and are not treated as proof of completed performance. The planning methods, sample positions and fictional calculations are original guidance.

[8] City of St Louis | April 21 2026

City approves data center permit and announces community benefit framework

City account of permit conditions and negotiated CBA terms. This guide treats those terms as an announced framework and does not certify a final executed agreement or collections.

[9] Supreme Court of the United States | April 12 2024

Sheetz v County of El Dorado

Opinion rejecting a categorical legislative exemption from constitutional review of permit exactions. Counsel must analyze the actual demand and subsequent applicable law.

[10] Columbia Law School Sabin Center | Living resource

Community Benefits Agreements Database

Examples of public CBAs and related research. Agreement texts from other industries are useful drafting references, not proof that identical terms are lawful locally.

[11] Chester and Montgomery County Planning Commissions | April 2026 version 1

Data Center Ordinance Guide

County planning resource with information and model language. The linked guide is Pennsylvania oriented and is not adopted law everywhere.

[12] US Environmental Protection Agency | Live guidance reviewed September 12 2026

Clean Air Act Resources for Data Centers

Federal air permitting resources, updates and links. The relevant permitting authority must determine the rules for each equipment configuration.

[13] Texas Legislature | 2025

Senate Bill 6 enrolled text from the 89th Legislature

Large load interconnection, cost and reliability provisions for ERCOT. Check current PUCT rules, ERCOT protocols and applicability before relying on a threshold or procedure.

[14] National Association of Counties | 2026

Informational Primer and County Considerations for Data Centers

County planning considerations and useful questions. County powers depend on state law and existing project rights.