



**EAGLE MOUNTAIN CITY
CITY COUNCIL MEETING
JULY 18, 2023**

TITLE:	RESOLUTION - A Resolution of Eagle Mountain City, Utah, Approving the QTS Eagle Mountain I, LLC Development Agreement.		
ITEM TYPE:	Resolution		
FISCAL IMPACT:			
APPLICANT:			
GENERAL PLAN DESIGNATION	CURRENT ZONE	ACREAGE	COMMUNITY

PUBLIC HEARING:

No

PREPARED BY:

Evan Berrett, Admin

PRESENTED BY:

Evan Berrett

RECOMMENDATION:

Staff recommends approval of the Development Agreement with QTS for tax incentives to support the development of a collocation datacenter in Eagle Mountain.

BACKGROUND:

QTS is a datacenter developer/operator with locations both nationwide and internationally. In 2022, the company approached The Ritchie Group who owns lands immediately west of the Meta property, for the purpose of purchasing up to 200 acres of land to construct at least 2.5 million square feet of collocation datacenter space. QTS was attracted to Eagle Mountain City due to its site readiness, the RTI overlay zone, and a positive relationship that developed with The Ritchie Group.

The City was approached for incentives through tax increment financing due to the nature of this datacenter product. QTS plans to build a collocation datacenter which means that data from multiple users will pass through this datacenter. In contrast from an enterprise level single-user datacenter such as the Meta datacenter, QTS must be able to offer leases at affordable rates otherwise potential

customers will look elsewhere. City staff negotiated with QTS for some time and landed at a TIF participation rate of 61% of Real Property and 74% of Personal Property tax revenues. Per State law, 10% of any increment owed to the company would be pulled out and retained for affordable housing. 2.5% would also be retained for administrative costs.

There are several reasons why the QTS datacenter campus would be a good addition to Eagle Mountain City. QTS has drawn up designs for 6 buildings of varying sizes but similar configurations per each 100 acres. This datacenter campus would be unique among datacenters under construction or planned for Eagle Mountain City in that it would use no water for cooling. Overall, the campus would require about 500 on-site temporary workers daily throughout construction. Permanent jobs would equate to about 150-200 jobs.

Completion of the first 6 buildings of the QTS datacenter campus will result in approximately \$2 billion in investment, approximately \$100,000/year/building toward affordable housing, \$35,000/year/building in property tax revenues during incentive periods, and \$1 million/year in Municipal Energy Tax revenue. At the end of the incentive period, Eagle Mountain City will see on average \$90,000/year/building in property tax revenue.

ITEMS FOR CONSIDERATION:

The QTS development agreement is largely consistent with previous development agreements with approved datacenter operators in Eagle Mountain. There are a couple of unique characteristics of this development agreement.

- Company anticipates construction to start no later than the third quarter of 2024, with the first Phase completed in the final quarter of 2025. They commit to beginning the first phase within three years of the agreement. If they cannot begin construction in that time, notification will be given to the City and the company and City will need to revisit the development agreement.

- Infrastructure improvements will be required, but The Ritchie Group will be making the improvements. Because the City currently does not have a development agreement with The Ritchie Group, QTS will be assuming responsibility (holding The Ritchie Group accountable through an agreement they have between them), until a development agreement between the City and The Ritchie Group is completed. At that time, the City will amend its Development Agreement with QTS to remove responsibility from QTS.

REQUIRED FINDINGS:

PLANNING COMMISSION ACTION/RECOMMENDATION:

ATTACHMENTS:

[RES--QTS Eagle Mountain Development Agreement](#)

[QTS Development Agreement](#)

[City_QTSDAStaffReport.docx](#)

[QTS Development Agreement - Exhibits](#)