



AGENDA ITEM COMMENTARY

MEETING NAME:	City Council
MEETING DATE:	June 1, 2026
ITEM TITLE:	Consider and take appropriate action on discussion pertaining to Data Centers.
STAFF INITIATOR:	Randy Criswell, City Manager

BACKGROUND:

A conversation about data centers was requested for tonight's meeting, and the timing was very good. A handful of City of Wolfforth representatives attended a Data Center panel discussion last Friday. Here are my takeaways from that panel discussion.

- Why? National Security. China currently has far more AI capability than the US does, and we need to catch up. Why?
 - The internet is driven by data centers. If the internet is controlled by Chinese-owned data centers, this isn't good for the US.
- Why Texas? Power grid is independent, renewables are plentiful. Texas is easy for business.
- Can use the brackish water beneath Texas and have a very small impact on water supply
- For every data center job, there can be up to 9 others in the community
- According to Elon Musk, not even 1% of the data generation we need has been built.
- Cooling must be done either with water or with electricity. Without one, they will use the other.

Texas is experiencing rapid growth in data center development due to increased demand for cloud computing, artificial intelligence ("AI"), cryptocurrency operations, and large-scale digital infrastructure. Communities across Texas are now evaluating whether data centers are beneficial long-term economic assets or whether they impose infrastructure, utility, and land-use burdens that outweigh their benefits.

What Is a Data Center? A data center is a highly specialized industrial facility that houses computer servers and networking equipment used to process, store, and transmit digital information. Data centers support internet services, artificial intelligence systems, financial transactions, cloud storage, streaming platforms, healthcare systems, and government operations. Modern hyperscale data centers can occupy hundreds of acres and consume significant amounts of electricity and water depending on cooling technology.

Texas has become one of the nation's leading destinations for data center construction because of large available land tracts, comparatively low taxes, access to power generation, existing fiber infrastructure, and business-friendly regulatory policies. AI-focused data centers require substantially more electricity than traditional cloud-based facilities.

Potential Benefits to a City

- Increased Property Tax Base. Large data centers can represent investments ranging from tens of millions to billions of dollars.
- Infrastructure Improvements. Developers frequently finance or contribute to roads, power, fiber, and water system extensions or expansions.
- Economic Development Signaling. Landing a major technology investment can increase a city's profile and attract technology suppliers, engineering firms, and additional investment.
- Construction Employment. Large projects can create temporary skilled trade employment and local vendor activity during construction.

Potential drawbacks and concerns

- Very high electricity demand
- Evaporative cooling systems (if used) require substantial water use. However, many systems now are closed-loop, recirculating water many times with no significant usage.
- Limited permanent employment. Completed facilities generally employ relatively few workers compared to manufacturing or industry.
- Land use compatibility. (Concerns about industrialization, noise, traffic, and visual impacts)
- Tax incentive concerns. Cities should carefully evaluate long-term fiscal impacts before approving incentives.

Several Texas communities have recently debated restrictions or temporary pauses on data center development because of water concerns, grid reliability concerns, lack of local economic return, and insufficient zoning controls. Hill County recently approved a temporary moratorium in unincorporated areas to allow time for study and regulatory planning. It's unclear whether they actually have the authority to enforce it.

I've included a short informational paper on Abilene and the current Stargate AI campus.

After talking to other cities experiencing the construction of data centers, there seem to be several common concerns.

- Workforce. Lots of workers come for construction of these centers.
 - Permanent jobs are a question. Some say the data centers leave small numbers of permanent jobs, yet the panel last week said there can be as many as 9 other jobs in the community per 1 data center job.
 - Trades workers chasing data centers leave vacancies in other construction areas
- Housing. Typically there isn't adequate housing available.
 - Hotels are full (good for HOT)
 - High demand for housing during construction but what happens afterward?
- Water must be considered – what type of cooling method will be used?
- Incentives must be carefully considered and cautiously offered.

Policy considerations?

- Infrastructure capacity
- Zoning
- Water usage
- Economic impact including property taxes
- Long-term compatibility with our growth objectives

EXHIBITS:

Abilene analysis short paper

COUNCIL ACTION/STAFF RECOMMENDATION:

Council direction