A POLICY PROPOSAL FOR PINAL COUNTY

Building Data Centers That Pay Their Way

The Utility-Stabilized Data Center Model — protecting residents, the aquifer, and the grid in a desert county

Prepared for the Pinal County Board of Supervisors
and candidates seeking county office in 2026

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In one sentence: A high-intensity compute campus should cover the residential electric and water cost its presence creates, replace more water than it draws, steward the basin it operates in, and leave the county measurably better than it found it — all through conditions the County already has the power to attach to a permit.

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1. Purpose and standing

I am a Pinal County resident writing as a constituent, not for any company or advocacy group. I am not asking the County to turn data centers away. The opposite: I want this investment here, and I want it to stop being a fight every time one comes up for a vote.

Opposition to these campuses is rarely about the technology. It is about cost and consequence — the fear that a hyperscale facility will draw down a closed aquifer, push up residential bills, and leave a scar when it goes, while the public carries the risk. Remove that fear, fairly and enforceably, and most of the opposition goes with it. This paper proposes how, on legal ground built to hold in Arizona and at no cost to the County, because it works entirely through conditions the County already attaches to permits.

Within roughly six months the Board has reshaped thousands of acres for energy and compute, and the largest — La Osa, at 3,385 acres and a reported $33 billion — reached a rezoning hearing on May 27, 2026. These decisions will outlast every official who votes on them. The aim here is to make them durable, defensible, and fair to the people who live with the result.

2. Executive summary

The framework has two halves. While a campus operates, it carries obligations in two pillars. When it leaves, it answers a three-layer exit. Every item is a condition of entry — the County does not set utility rates or manage water rights, but it does control whether and on what terms a campus may operate.

Pillar One — Protections (proportioned to the harm). The campus covers residential electric and water cost in its affected service areas, sized to its own load and locked against rate inflation; it replaces more water than it consumes (net-negative draw on the basin); and it pre-funds the interconnection and mitigation costs its presence creates.

Pillar Two — Stewardship (the standard for operating in this basin). Meaningful on-site solar whose arrays double as stormwater catchment feeding on-site infiltration; required, metered closed-loop cooling — no evaporative waste; reclaimed water before potable. Not a balance sheet — the ordinary conduct of a responsible water user, held to the campus the same as to everyone else.

The exit — three layers. A penalty for leaving early; decommissioning with the durable infrastructure reverting to the public; and a “leave-it-better” obligation to work off the impact of having existed here, through public improvements anywhere in the county. Security posted up front converts into those improvements as the operator proves it is staying.

The principle underneath all of it. Take some — we are reasonable about that. Waste none. Put back more than you took. And leave the place better than you found it. Enforced through the permit, not through rates or resources the County does not control.

A note on the numbers. Every specific figure in this paper — the offset floor, the water and power caps, the committed term, the qualifying load threshold — is illustrative and marked “[Board to set].” What is proposed

here is the structure, not the settings. The dials belong to the Board and County staff, informed by the utility districts and ADWR. The architecture is the contribution; the numbers are theirs to negotiate.

3. The Pinal County landscape

The pipeline is not hypothetical. The Board has used the Comprehensive Plan Amendment process to re-designate rural and residential acreage for energy and compute across multiple large projects:

Project (Case)	Status	Acres	Notable load / interface
La Osa Energy Center (PZ-003-26 / PZ-PD-003-26)	CPA approved Nov 19, 2025; rezone recommended 7–2 by P&Z Apr 16, 2026; Board hearing May 27, 2026	3,385	Up to 3 GW compute; up to 2,000 MW on-site gas; WAPA 115kV + APS 230kV; ED4; Global Water
Griffin Energy (PZ-PA-014-25)	CPA approved Nov 19, 2025; rezone pending	2,685	Up to 550 MW solar / 550 MW BESS / 500 MW gas; supports Maricopa DC campus
Energy Generation & Tech Campus — W Holdings (PZ-PA-015-25)	CPA approved Nov 19, 2025; rezone pending	495 (of 2,495 requested)	Replaces ≈10,600 planned homes; ED3 territory
Project Midway (PZ-PA-013-25)	CPA approved Nov 19, 2025; rezone pending	215	ED3 territory; brings its own power (no firm contract at approval); ≈225 permanent jobs
SRP Marigold Energy Center	Pending; SRP board approval targeted Summer 2026	TBD	600 MW solar / 400 MW BESS / up to 675 MW gas; possible ED3 procurement
Project Bella	Comprehensive Plan approved & rezoned	352	400–440 MW BESS / 480–520 MW gas; high-voltage grid
Frontier East	Comprehensive Plan approved	160	50 MW solar / 300 MW BESS; near City of Maricopa

Statuses reflect the public record as of writing. The May 27, 2026 Board outcome on La Osa should be confirmed against the official minutes before circulation.

4. The core idea: conditions of entry, not rates

The County cannot order Global Water or APS to change a bill, and cannot manage groundwater rights — the Corporation Commission, the utility districts, and ADWR do those things. What the County indisputably controls is the permit. La Osa’s rezoning already carries 33 PAD stipulations; conditions of entry are the County’s ordinary tool. This paper argues only that the condition set should include protection for residents and the basin, and a standard of stewardship, alongside the usual setbacks and dedications.

The through-line. High-intensity compute does not get to operate here on terms that offload its cost and consequence onto residents and the aquifer. That is enforced through the conditions of entry the County already controls — not through rates or resources it does not. Everything below is an instance of that one principle.

5. The two physical constraints

5.1 Water — a closed basin

Pinal County sits within the Pinal Active Management Area under the 1980 Groundwater Code. In June 2021 ADWR projected an unmet demand of more than 8 million acre-feet of groundwater over the following century — a shortfall already visible in failing wells, subsidence, and earth fissures — and stopped approving new groundwater-based Assured Water Supply applications. Farmland demand is flexible; farmers fallow and rotate in a drought. A hyperscale campus is rigid: once built it cannot be fallowed, it locks in a permanent baseline of pumping, and it removes the flexibility water managers rely on. La Osa's filings show the enforceability gap — a flat-rate estimate, then a post-vote pledge of "near-zero" use as an unenforceable adjective, against real-world data from a comparable Microsoft closed-loop campus drawing into the hundreds of thousands of gallons per day at buildout.

5.2 The grid — a multiple of the existing system

Electrical District No. 3 peaked near 280 MW in August 2025. A 3 GW campus is more than ten times that entire district's peak. La Osa sits in Electrical District No. 4, which generates no power and must buy wholesale and resell. If ED4 finances substations for a campus later downscaled or cancelled — against two-to-seven-year waits for transformers and turbines — its small residential ratepayer base absorbs the unrecovered cost. A small district should not be the financial backstop for a multi-billion-dollar private campus.

Both constraints point to the same conclusion: commitments expressed as adjectives are worthless. Protection has to be metered, funded, and written into the permit.

6. Why the County cannot simply take an ownership stake

The intuitive answer to long-term risk — have the County take equity in the campus — is foreclosed in Arizona. Article 9, Section 7, the Gift Clause, bars any county from becoming "a joint owner with" or "a shareholder in" a private corporation, and from donating or subsidizing one. Under the two-part test from Wistuber, sharpened by Turken, Schires v. Carlat (2021), and Gilmore v. Gallego, a public expenditure must serve a public purpose and not be grossly disproportionate to what the public receives — and Schires held that anticipated jobs, growth, and future tax revenue do not count as consideration at all.

Why this proposal is clean. The Gift Clause forbids the County giving value away and co-owning a private business. This proposal does neither. The offsets and obligations are private money flowing to public benefit — the County spends nothing. The reversion (Section 10.2) vests only in the future, so there is no present joint ownership. The clause polices public giveaways; here, value flows to the public.

7. The unit of obligation: load, not labels

Before the pillars, one rule governs all of them, because it is where a clever applicant will look for the seam. Every obligation that scales — the electric offset, the water replacement — is measured by the campus's actual load and consumption, not by what the project is called or how it is parcelled.

- The obligation follows the load, not the label. One campus or three, one data center or three buildings called one — the kilowatts and the acre-feet add up the same, and that total is the obligation. Naming and parcelling change nothing.
- Aggregated across common ownership and control. All load and consumption under common ownership, common control, a shared parent, or any affiliation aggregates regardless of how many LLCs file or how the parcels are drawn. Common ownership is expressly not a basis to merge, pool, net, or discount any obligation.
- No merging down, no slicing down. Separately permitted campuses each carry their own full obligation and cannot be aggregated into "one project" to pay once; contiguous or functionally integrated development under common control is treated as one campus so it cannot be sliced into "phases" to duck a floor. Which case applies is the County's determination from the permit and the footprint — not the applicant's org chart.
- Measured on permitted capacity. Obligations are sized to permitted (contracted) capacity, fixed at signing, so they cannot be under-reported by running partial loads or phased in slowly while the footprint is full.

For County counsel. Draft "affiliation" broadly enough to capture shells, joint ventures, and lessees — not only parent-subsidiary; lock the denominator to permitted capacity; address time-phasing and any load parked just under a "qualifying" threshold. These are the predictable avoidance routes.

8. Pillar One — Protections

Each protection is proportioned to the harm it answers, so the nexus and proportionality an exaction requires are structural, not asserted.

8.1 The residential electric offset

The campus covers the residential electric cost in its affected service areas. To a resident the benefit is simple, recurring, and visible — the cost is covered — which is what makes the underlying project politically durable. It is funded entirely by the operator as a condition of the permit, so the County spends nothing and the Gift Clause expenditure analysis does not bite. Because the County cannot direct a regulated utility to zero an account, it runs as an operator-funded pool paying the utility or crediting accounts — the structure host-community agreements already use.

Sized to load, with a floor. The offset equals the greater of (a) a fixed minimum [Board to set] — for example, two cities' residential-equivalent — or (b) the campus's total load, grid and self-generated alike, expressed in residential-equivalents. The floor guarantees residents a real, knowable benefit from day one and keeps the obligation from being gamed to zero; the load measure keeps it proportional and rising with the footprint. Counting self-generation means a campus cannot go off-grid to escape the obligation while remaining a gigawatt-scale presence.

Rate stabilization — the lock. The covered residential rate is fixed or capped for the affected service areas as a condition of entry. Without it, a utility could inflate a bill a deep-pocketed operator is paying. Cost internalization and rate stabilization work only as a pair.

Bounded to a baseline customer base, the residential accounts existing at permit issuance, so ordinary population growth — which the campus did not cause — cannot inflate the obligation over time.

8.2 Water — cover the cost, and replace more than you take

Water gets a second obligation electricity does not need, because electricity is expandable and water in a closed basin is not. Covering a water bill does not put water back in the ground; if the basin draws down and a well fails, there is nothing to bill for. So water carries two parts.

The cost side mirrors electricity: cover the residential water cost in the affected service areas, rate-stabilized, sized and bounded the same way.

The resource side — the teeth. For every acre-foot the campus consumes, it must secure and dedicate at least an equivalent acre-foot back to the basin — by retiring and fallowing grandfathered groundwater rights in the same sub-basin, funding recharge, or bringing in imported or reclaimed water — for a verified net-negative draw, measured on total consumption regardless of source, and demonstrated before the permit issues rather than promised after the vote. If a campus physically cannot secure enough offsetting water in a basin this stressed, that is the basin saying the campus is too large for this place — surfaced before the concrete pours, not after the wells fail.

Tone on water, stated plainly. We understand you have to take some water, and we are reasonable about that. In exchange you run the efficient design the industry is already adopting, you prove it with meters, and you put back more than you draw. Take some, waste none, return more.

8.3 Two place-bound escrows

A Utility Stabilization Escrow, funded before any building permit issues, holds the full capital cost of the interconnections, sub-transmission, and pipeline extensions the load requires, so ED4 recovers its costs if the project stalls and residents are never exposed. An Environmental Escrow takes a recurring, load-proportional fee restricted to aquifer recharge and subsidence mitigation within the Pinal AMA. Both are tied to the land under A.R.S. § 11-1101 and survive any sale or bankruptcy.

8.4 Resource caps that run with the land

Volume triggers in the PAD overlay bind every future owner. A water trigger pauses later-phase permits automatically if combined draw exceeds a hard cap [Board to set]; a power trigger bars continuous operation without a firm (not interruptible) gas contract, requiring the campus to scale down or draw from on-site storage rather than dumping uncommitted load onto ED4’s grid at peak.

9. Pillar Two — Stewardship

These are not offsets and are not proportioned to harm. They are the baseline conduct of operating in a water-stressed desert basin — ordinary land-use and building standards the County is entitled to set, held to the campus the same as the ethic the whole basin lives under. We ask residents and cities to conserve, harvest, and not waste; a facility that consumes more than a town is not exempt.

9.1 Solar that doubles as water catchment

Meaningful on-site solar is required — not because the math must close, but because occupying acres of Arizona sun with giant buildings carries an obligation to draw some power from that sun. The same arrays serve double duty as the stormwater catchment surface: water shed off the panels is channelled to on-site infiltration and reuse, so a single structure generates power, captures rain, shades the roof and ground, and cuts evaporation and heat-island effect. One install, several desert-appropriate goods. The harvested volume is modest — it is stewardship, not the water solution; the replacement mandate in 8.2 carries the gallons.

9.2 Required, metered closed-loop cooling

Evaporative wet-cooling that drinks the aquifer is the design a water-stressed county refuses to host, and the industry is already moving away from it. Closed-loop or air-cooled cooling is required, specified before approval, metered, and reported annually against the design — turning “near-zero” from a press-release adjective into an enforceable permit condition. Holding consumption down at the source is also what makes the net-negative replacement mandate physically reachable.

9.3 Reclaimed before potable

Where reclaimed water or treated effluent can serve the load, it must, before any potable or fresh groundwater is drawn — every gallon doing maximum work before it is gone.

10. The exit — three layers

During operation the campus pays its way and stewards the basin. The exit is where today’s risk inverts — from the public inheriting a derelict, scarred site to the public coming out ahead. Three distinct layers, each secured by money posted up front.

10.1 Don’t leave early

Abandoning a community that was promised a campus, infrastructure, and a recurring benefit is a breach, not a routine decommissioning, and it should hurt. An early-exit penalty scales inversely to time served — brutal in the early years when leaving harms the county most, tapering toward the end of the committed term — and is pre-funded in escrow so it is real money, not a lawsuit.

10.2 Don’t leave a mess — reversion by asset type

The operator owns and runs everything throughout; the public interest is a future, contingent one that vests only at exit, so there is no present co-ownership the Gift Clause would forbid. What reverts is routed by asset type,

because a county should hold public facilities, not run a merchant power plant:

Asset Reverts to Why

Powered, cooled, fiber-connected building shell County Reusable public facility; servers leave with the operator, the hardened shell does not

Water reclamation plant, recharge facilities, pipelines County Direct public-utility and environmental value

Public-safety facility, dedicated land, roads County Standard public infrastructure dedications

Generation, transmission, substations, interconnection Electrical District No. 4 ED4 is the utility in this lane; a county should not run a power plant

Obsolete or hazardous components Removed, not inherited Cleared and the site restored using the decommissioning escrow

The election is the safeguard. At exit the receiving public entity elects to take an asset if useful or to have the operator remove it and restore the site using a pre-funded decommissioning escrow — never a forced inheritance, never a dumped ruin.

Two seams for County counsel. Because the Gift Clause bars the County ever "becoming" a joint owner, draft the reversion as a contractual transfer-on-trigger or future possessory interest, not present co-ownership; and because Arizona bars perpetuities (A.R.S. § 33-261), use a fixed term or a decommissioning trigger with a hard outer date. No Arizona case squarely addresses a public reversion in private compute infrastructure; the structure is the inverse of a GPLET sale-leaseback, with value flowing to the public, but counsel should pressure-test the drafting.

10.3 Leave it better — the impact-deficit ledger

Even a perfectly run campus changes the place for the length of its life — the heat, the draw, the acres under building. Net-neutral is not whole; the county wore the impact. So existing here runs up an impact deficit, quantified against a day-one baseline, that the operator works off through public improvement — and crucially, not necessarily on the parcel it sits on. Restoring remote dirt south of Eloy helps few; a park, paved roads in the county seat, recharge basins, habitat, or other public works residents actually use pay the same debt where it is felt. This is local benefit over abstract offset, made enforceable.

Rather than a fixed list, the menu is open and governed by a test. A project credits against the deficit if it is: (1) genuine public benefit the County recognizes and accepts; (2) additional — not an obligation already owed, so the offset, the water replacement, and required dedications cannot double-count; (3) lasting — built or endowed to keep serving after the operator is gone; and (4) independently valued, so the credit is a real appraised number. The County holds the yes/no and the valuation on each project; the operator gets latitude in how it leaves the county better, never in whether. A restoration bond, built over the term, releases only on verified improvement against the baseline — or funds the work if it falls short.

10.4 Security that becomes contribution

The money posted up front need not sit idle for a decade against a betrayal that will probably never come. As the operator clears milestones and the early-exit risk burns down, the capital that was securing against abandonment

converts — milestone by milestone — into credits against the public-improvement obligations it already owes. Protection becomes pre-paid contribution: the security walks down the risk ladder and turns into roads, parks, and recharge as trust is earned. The County is never under-protected, because a tranche releases only after the milestone that retires its slice of risk; and to the operator the capital is never lost — it was parked, and now pays a bill that was coming due. A converted dollar is credited once, never twice.

11. Why everyone can say yes

The design lets opposite constituencies each find their reason to support it, without those reasons fighting. A candidate can run hard on water and resident protection — bills covered, every gallon replaced, the county left better — and it is real. The pro-growth supervisor can cut the ribbon and run on investment, because nothing here turns a project away. The developer's accountant accepts it because the offsets are priceable on day one and the security is parked capital, not lost capital. The resident accepts it because the cost fear is answered. A protection strong enough to matter usually is strong enough to kill a deal, forcing a choice; this decouples them, so the projects get built and the protections are real. The recurring, visible public benefit — every recharge basin and paved road a genuine good and a milestone at once — is also what makes the framework survive the next election instead of being quietly repealed.

12. What the Board can do now

None of this requires new state legislation. The County's authority over zoning, PAD overlays, and § 11-1101 agreements is sufficient to adopt these conditions immediately:

1. Adopt a standardized USDC condition set for high-intensity compute above a defined load threshold [Board to set], applied as a consistent formula rather than a project-by-project negotiation.

2. Require both pillars (the offsets with their rate-stabilization lock and load-based floors; the net-negative water replacement; the stewardship standards) and the three-layer exit (early-leave penalty, reversion, and the impact-deficit ledger

with its converting security) as conditions of any qualifying rezoning or PAD overlay.

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3. Apply the load-not-labels and common-ownership aggregation rules to every qualifying campus, with an anti-avoidance clause for counsel.

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4. Commission independent appraisals of dedicated, reverting, and deficit-credited assets, as Schires requires — not staff or applicant estimates.

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5. Publish an annual report: offsets paid, actual versus permitted load and water draw, escrow and bond balances, deficit-ledger status, and the condition of every reverting asset.

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13. Traditional incentives vs. the USDC model

Dimension Traditional incentives USDC model

Resident experience Higher bills; opposition each cycle Electric and water cost covered by the operator

The aquifer Rigid new draw on a closed basin Net-negative — more water returned than taken

What the County gives Tax abatement / public subsidy Nothing — it attaches conditions to a permit

Exit / abandonment Stranded cost; derelict, scarred site Penalty, reversion, and county left better than baseline

Legal durability Vulnerable to Gift Clause challenge Private funds to public benefit; no county giveaway

Political outcome Recurring fights, stalled permits Everyone can say yes; durable across elections

14. Risks and mitigations

- “This scares off capital.” Serious operators prize permitting certainty; a predictable, published condition set is an asset to them and a filter against speculative entrants who would leave ED4 holding the bill. Offsets are priceable on day one; security is parked, not lost.
- Off-grid or rename avoidance. Obligations track total load and consumption, aggregated across commonly-controlled facilities by any name, so neither self-generation nor relabelling shrinks them.
- Population growth or utility rate inflation. The beneficiary pool is fixed at a baseline date and the rate is capped, so neither in-migration nor the utility can balloon the cost.

- “Near-zero water” that is not real. Closed-loop is required, metered, and reported, and the net-negative replacement must be demonstrated before the permit issues — enforceable, not aspirational.
- Inheriting a liability on exit. Elect-to-take-or-remove, backed by a decommissioning escrow, means the public takes only what is useful and never the teardown bill.
- Gift Clause challenge. The model uses only approved pathways — fee-title dedications, proportional exactions, restricted mitigation funds, privately funded benefits, and a future-vesting reversion — and avoids the equity stakes and below-market leases the courts have struck down.

15. Conclusion

Data centers are structural infrastructure, and structural infrastructure calls for structural responsibility. Pinal County does not have to choose between courting this investment and protecting its aquifer, its grid, and its residents. A campus that covers the utility cost it creates, returns more water than it draws, stewards the basin while it operates, and leaves the county verifiably better when it goes turns the usual fight into a durable yes — delivered through conditions the County already controls, on legal ground built to hold.

These decisions will define the county for a generation. This framework is offered to make them durable, defensible, and fair to the people who live here.

Respectfully submitted,

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Pinal County resident

Sources and verification

Factual claims are drawn from the public record. Key sources for independent verification:

- Pinal County Board of Supervisors agendas and case packets (La Osa PZ-PA-011-25 / PZ-003-26 / PZ-PD-003-26; Midway PZ-PA-013-25; Griffin PZ-PA-014-25; W Holdings PZ-PA-015-25) — public.destinyhosted.com; pinal.novusagenda.com.
- Pinal Post, La Osa reporting series (power, water, tax analyses), pinalpost.com.
- Rose Law Group Reporter and AZBEX, April 16, 2026 P&Z 7–2 rezoning recommendation.
- Arizona Department of Water Resources, Pinal AMA overview and 2021 groundwater projection, azwater.gov.
- InMaricopa, Global Water Resources rate-case settlement (April 28, 2026; ~$2.68/month; effective Nov 1, 2026).
- Electrical District No. 3 rate and service guidelines; August 2025 peak-demand figure, ed3online.org.
- Schires v. Carlat, 250 Ariz. 371 (2021); Turken v. Gordon (2010); Gilmore v. Gallego (2024); Wistuber v. Paradise Valley USD (1984).

- A.R.S. § 11-1101 (development agreements); A.R.S. § 33-261 (perpetuities); Ariz. Const. art. 9 § 7 (Gift Clause); art. 2 § 29 (perpetuities).
- Microsoft Racine, Wisconsin campus — reported closed-loop operational water draw, as the real-world comparison for La Osa cooling claims.

One item to confirm before sending: the outcome of the May 27, 2026 Board hearing on La Osa was not yet in the public record at the time of writing. Verify it against the official minutes and update Section 3.