ALLAI CONSULTING, LLC

Questions to ask when your city is building a data center

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The Data Center Playbook - Decoded

Community Protection Toolkit

The data center industry deploys incredible amounts of money, lawyers, lobbyists, and marketing experts in service of the world's largest tech companies. They utilize a blend of political lobbying, media spin, and grassroots mobilization. Yet the playbook is always the same when it comes to shaping policy and opinion with elected officials and the public at large. Here's how to spot it—and what it really means for your community:

1. Regulatory Push: Aggressive engagement at local, state, and federal levels on tax incentives, zoning, and permitting —advocating streamlined approvals, limited legal review, and reduced transparency about project specifics, such as energy or water use—often shielded by non-disclosure agreements.
2. Media Influence: Leveraging mainstream coverage, publishing op-eds in local outlets, and delivering presentations at your planning commissions and water board meetings touting economic benefits.
3. Grassroots Arm: Establishing 501(c)(4) organizations to run ads, social media campaigns, mail, and texts to sway communities.
4. Political Clout: Using Political Action Committees (PACs) to raise and spend money in support of candidates likely to back industry interests—or against those who won't.

Discerning marketing and propaganda from reality is no easy feat. The industry leans on two psychological tricks:

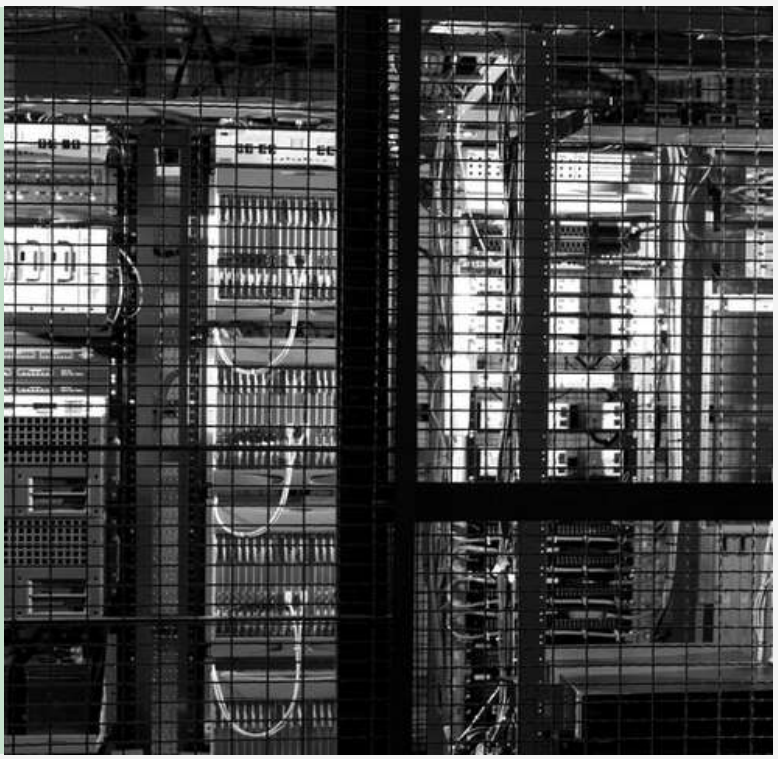
1. Mere Exposure Effect: Saturating your daily life with AI tools to make them feel normal and unavoidable.
2. Desensitization: Convincing you through media influence that AI/data centers are the inevitable future.

All of this is misleading. Which is why we've developed this toolkit. Regardless if you are an expert or not, by law you have a right to civically participate in both the development and the protection of your city—your neighborhood. This toolkit will help you build both an understanding of data centers and the confidence to engage with your local government agencies. It can be deployed within any level of your local government: city, county, and special districts. You can email the questions to your leaders, ask them in public forums - where they'll become public record, or use them to evaluate experts.

It is not too late. There is still time and plenty of clean water and air worth protecting, not only for us but for generations to come. Use this toolkit as a foundation to form the change you want to see.

KNOWLEDGE IS POWER

Which is why data center operators actively hide it. Requiring municipal leaders to sign NDAs at the earliest stages of discussion. Zealously enforcing those NDAs through armies of lawyers. Suing to block legitimate public records requests. Entering into agreements with local authorities without any public oversight. Engaging in local disinformation campaigns. Sharing marketing drivel as if it's scientific fact. Tech companies have a highly successful, well-practiced toolkit for denying leaders and residents the information they need to make informed decisions about data center approvals.



01 GAIN AN UNDERSTANDING OF THE KEY WAYS DATA CENTERS IMPACT YOUR COMMUNITY DAILY

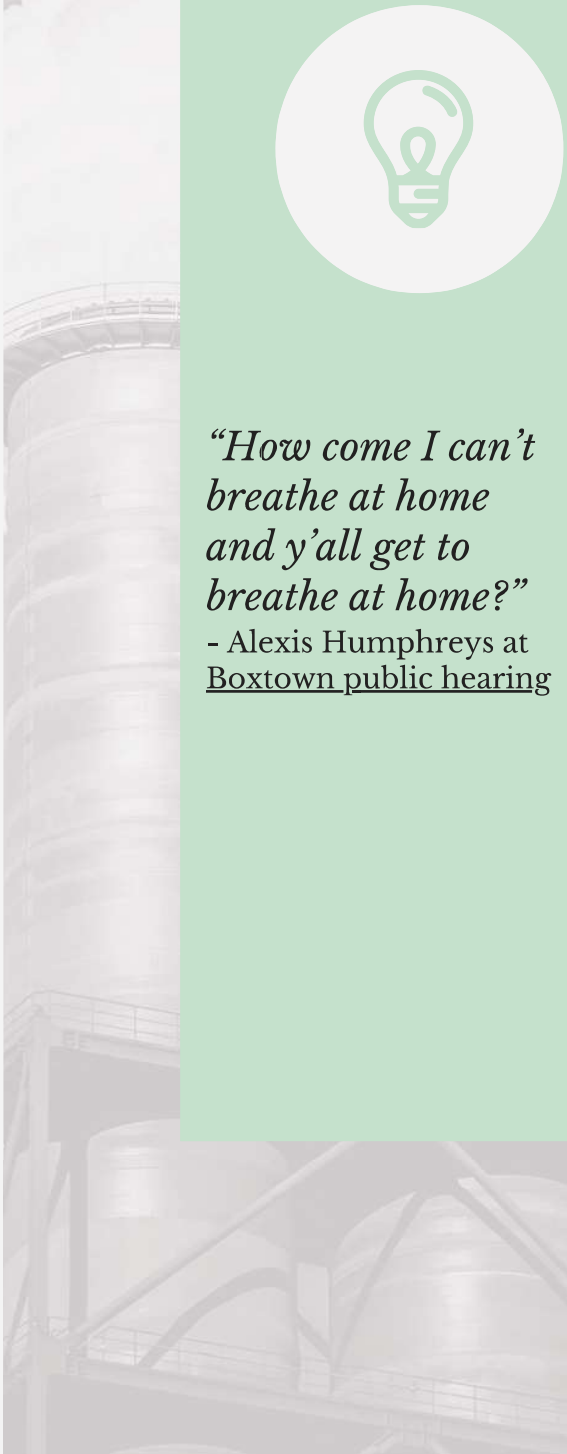
Most of the dialogue around data centers is focused on the benefits. But as more hyperscale data centers come online, we're starting to gain a holistic view of their impacts, which we explore in section 1.

02 FORM A BASIC UNDERSTAND OF HOW DATA CENTERS OPERATE

Data centers are massive, complex operations. The technology that powers them is largely unfamiliar to most people. However, at it's core, a data center is powered by water and electricity. We explore there two mechanisms in section 2.

03 ASK THE RIGHT QUESTIONS, REPEATEDLY, AND WITH CONFIDENCE

Municipal leaders and their constituents are not data center experts. And it's hard to ask the right questions when you don't know what you don't know. Section 3 provides expert-generated questions that you can ask with confidence.



“How come I can’t breathe at home and y’all get to breathe at home?”
- Alexis Humphreys at Boxtown public hearing

Impact of data centers in our communities

We’ve been living with traditional data centers for decades. Those are the data centers that host our cloud data - email, pictures, music, videos, etc. They also power digital services - banking, online retail, video calling, etc. But these new, hyperscale data centers are different. Their physical footprint, water, power, and hardware requirements are exponentially greater than traditional data centers. So their impact on our communities is massively different.

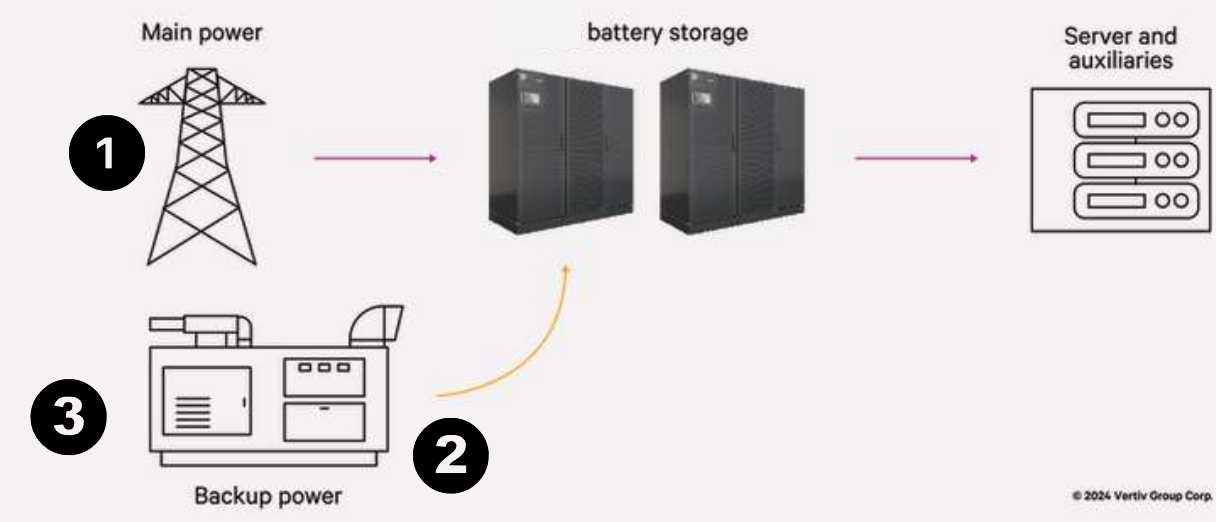
Hyperscale data centers are built specifically for hosting generative AI workloads. Unlike traditional workloads where the hardware works when something needs to happen, AI workloads run the hardware full throttle 24/7.

This intensity not only strains the electric grid and municipal water system, it produces noise and air pollution, The construction process damages private wells. Property values around the facility diminish due to this undesirable neighbor. And often the tax incentives that brought the data center to the area outweigh the tax revenue the facility is supposed to generate.

How data centers work - Power

Diesel generators are the default data center backup system

Traditional data centers largely store and move data. Hyperscale data centers are designed to run AI calculations. Tens of thousands of AI chips running high-powered calculations 24/7. The amount of power required to keep these chips running at full speed at all times is thousands of times more than what is required to store your financial data, stream your videos, or host your website.

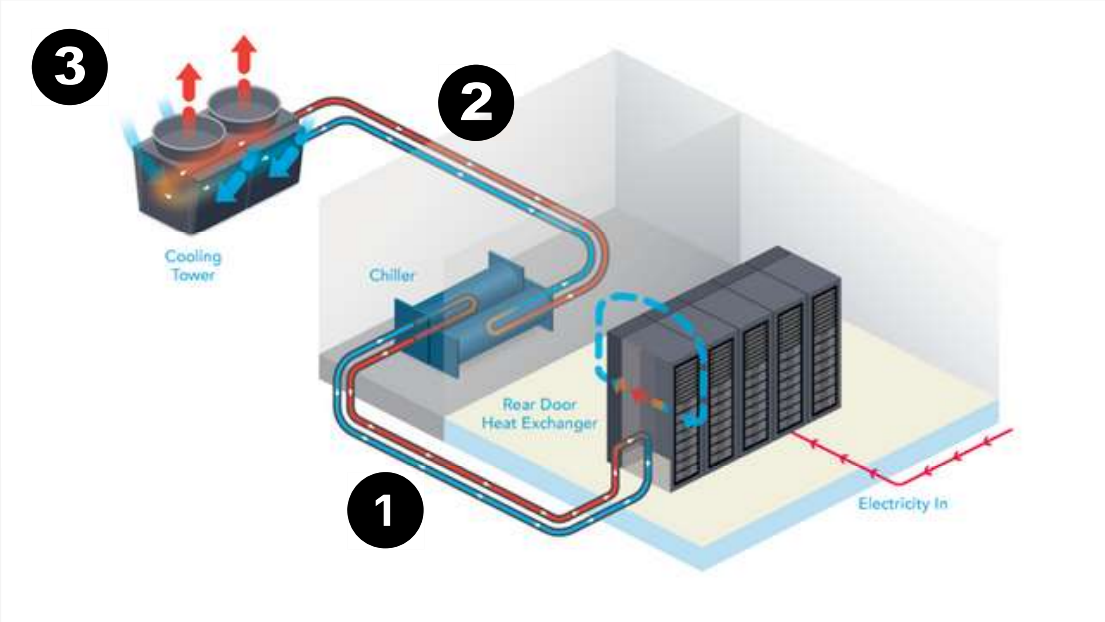


1. AI data centers require staggering amounts of power, often orders of magnitude more capacity than energy companies can readily provide. Power companies must make staggering investments in power generation and transmission to support forecasted capacity.
2. Backup power has to be sustained and reliable. Renewal energy systems don't meet the required level of reliability at scale at this time. Diesel generators are the default due to their reliability.
3. Backup installations are made up of dozens of industrial-sized generators that need to be run monthly, even if there is no power outage. Diesel generators produce noise and fine particle diesel air pollution.

How data centers work - Cooling

The vast majority of cooling systems rely on evaporative cooling

Traditional data centers have used evaporative cooling for decades with little community impact. But AI chips run much hotter than traditional computer chips, so hyperscale data centers utilize millions of gallons of water a day. They take drinking water from a local water source (withdraw), evaporate or pollute some (consume), and treat the rest and send it back to the water source (discharge). All data centers incorporate evaporative cooling systems for initial or backup cooling.



1. In a closed loop system, liquid is pumped into a loop. The cold liquid is pumped through the server, or directly onto the chips themselves, to pull the heat off of the chips. The heated liquid is run through a chiller that cools the liquid and sends it back through the loop.
2. The chiller has its own loop where it pumps cold liquid through the chiller to pull the heat off of the closed loop. The heated liquid is then pumped through a cooling tower which typically uses evaporation to cool the liquid before sending it back through the chiller.
3. Major components of the heat exchange system must be located on the roof of the facility. These components produce constant, high decibel noise in the 85 to 100 dbA range. This noise pollution occurs whether the facility uses liquid or air-based cooling systems.

Asking the Right Questions

Clearly data center proposals raise a lot of concerning issues. But that knowledge alone isn't enough to drive change. You need real answers. Which are difficult to get if you don't ask the right questions. It's hard to formulate questions when you don't know what you don't know. So we're dedicating the remainder of the toolkit to providing you with some foundational questions to help guide your efforts. Use these to formulate your own line of questioning for municipal leaders, developers, and data center operators

Municipal Concerns

Property

- How can the property be reused if the data center fails? What is the average per square foot resale value of decommissioned data centers in the state?
- What kind of business is the property currently suited for? What's the estimated construction time to make it suitable for a data center?
- If the property isn't used for a data center, what's the most likely use?
- What state or local studies have been conducted on the impact of hyperscale data centers on the value of surrounding properties?

Tax Revenue

- What state subsidies or tax exemptions are applicable to this facility and how would state certification impact the city's tax share? Are there municipal use or sales taxes exemptions that can be applied to this facility's start-up or maintenance expenses?

Governance

- What happens if the facility runs out of their allotted water or over-withdraws their water grant?
- Can we legally require and enforce water rationing in times of drought or severe heat?
- Are there any laws requiring the facility operator to meter their water usage?
- Do we have a process for addressing data centers suddenly dropping off or rejoining the grid en masse?
- Do we have defined fine particle pollution limits that are applicable to data center backup generation facilities? If so, how would we enforce them if they were breached?

Electricity Questions

Demand - Why do we need additional capacity?

- What is the heaviest non-data center electricity user we currently have? How much electricity do they demand?
- How many households could the increased level of capacity support in a year? What's the forecast of our town's population growth?
- What % of this added capacity is currently earmarked for data centers? What is the demand forecast for our city if we leave data center demand out of the analysis?

Operations - How will the capacity be met?

- How much does the developer need v. what can currently be supported? How long will it take to build the requested capacity?
- How much will the build-up cost? How will the project be financed? How much will the city, county, and state government contribute?
- What is the procurement model for the project and will public agencies have any ownership or responsibilities for the new assets?
- How will the facility operator power their operations until the requested capacity is met?

Price - How will this impact other rate-payers?

- How will the costs be allocated between rate-payers?
- In the last 6 months have electricity rates gone up or down in the communities that host the developer's data centers? Over the last year?
- Can the developer name a community whose electricity rates have gone down since they built a data center?

Property - How will this impact property owners?

- Is the easement for the new high transmission poles larger than for traditional transmission poles?
- Given the required right of way, where is imminent domain most likely?
- How long will each construction phase take and which properties will be fully or partially inaccessible during each phase?

Water Questions

Data center operators use drinking water in their cooling systems because it is a reliable source of cheap, purified water. Impure water can corrode cooling equipment and purification systems can be complex and expensive. Most data center operators do not maintain records on the amount of water they withdraw from each aquifer, or how much they discharge back to those water sources.

Demand - How are tradeoffs being made?

- What is the highest intensity water use we currently have? How much water does it use per year? How much of that is consumed v. discharged?
- How many households could this level of capacity support in a year? What's the forecast of our town's population growth?
- Are there key industry or agricultural uses that are requesting increased water allotment? What factors are being used to determine which uses get priority?
- What % of this added capacity is currently earmarked for data centers? What is the demand forecast for our city if we leave data center demand out of the analysis?

Cooling - How water consumptive will the facility be?

- What kind of heat exchange system is being designed or built for the facility?
- At what temperature/humidity do facilities typically have to transition to evaporative cooling in this region?
- On average, what percentage of the water that the developer's local facilities withdraw is discharged back to the water source?

Electricity generation - How much indirect consumption should be anticipated?

- What types of electricity generation are available to data center facilities?
- What is the forecasted electricity source mix for the facility? What percentage will be generated by coal or nuclear?
- How much water is required to generate the required amount of electricity given the currently available sources?

Additional Critical Areas

AIR QUALITY

How many of the air quality sensors that are located near the facility monitor fine particle pollution? What are the state and municipal rules that govern diesel generator use? When evaluating the facility's fine particulate matter diesel pollution, is there an assessment of the comprehensive impact of adding this facility?

NOVEL TECHNOLOGY

When was this novel technology first placed into full operation in a facility? How many of the facilities that they own/operate utilize this novel technology at scale? Do they own/operate any facilities of the size/power capacity of this planned one that operate this novel technology at scale? What is the backup system in case of failure?

REGULATORY COMPLIANCE

Which municipal bodies are charged with enforcing data center-specific building codes and permit requirements and what enforcement tools do they have at their disposal? Were fire, safety, and natural hazard regulations considered in the site feasibility study and which municipal bodies are responsible for ensuring compliance?

Additional Critical Areas

NOISE POLLUTION

What state and local laws are applicable to industrial facilities or data centers? Do local laws and regulations require noise estimates be included in environmental impact reports? What local agency regulates noise pollution and do they have access to sensors near the proposed facility? Can local leaders mandate mitigations?

TRAFFIC

Do local rules and regulations require data centers complete Traffic Impact Analysis as part of the site access study or as a standalone analysis? What is the scope off-site road and bridge upgrades that will be required and how much will need to be completed before the commencement of facility construction?

EMPLOYMENT

How many full-time on-site employees are forecast for year 2 of operations, in what roles? Do local colleges have specific training programs for the facility's long-term roles? What percentage of year 2 staff tend to be local hires in other facilities they own or operate?

Professionals Matter

You don't have to go it alone

Yes, there is a power imbalance between the big data center operators and municipal governments. Data center operators have more money, fancier presentations, and sophisticated marketing. But you do not have to go into these discussions short-handed. There are professionals who have put in the time and effort to develop expertise in the environmental impacts of data centers.

AllAI Consulting, LLC has worked to gather expertise in a wide range of data center environmental impacts. While we directly specialize in the impacts on local water and air pollution, we have access to experts who specialize in a variety of other impacts - electricity, noise pollution, property valuation, etc. Contact us to learn more about how we can help you perform an objective evaluation of the data centers that are being planned for your city.

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In service of the Taps Run Dry Initiative

Have you used the Toolkit in your activism or education? If so, tell us about it:
Product Feedback Form

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