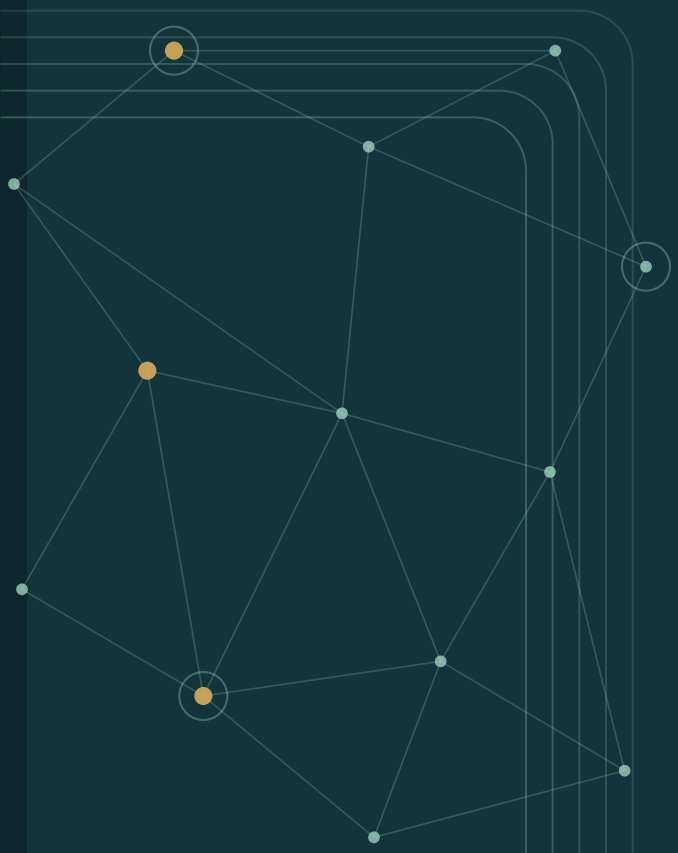
UPPER KITTITAS COUNTY / PUBLIC RESEARCH SERIES

CLE ELUM DATA CENTER

Preliminary Economic & Fiscal Scenario Assessment

Infrastructure. Municipal finance. Public value.
A sourced scenario analysis for Cle Elum.



01 / TAX BASE & PUBLIC COSTS

02 / CITY HEIGHTS & DEBT CAPACITY

03 / FIBER & INFRASTRUCTURE

INDEPENDENT RESEARCH / OCT 2026

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Read companion public brief / PDF

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Illustrative financial scenarios, not a certified appraisal, utility study or legal opinion.

01 / READ THIS FIRST / MATERIAL UNCERTAINTY

This is a preliminary scenario assessment

The public-finance conclusions are conditional and unverified project inputs materially alter the sign of the result.

Finding	Evidence and implication
Developer scale	$200M investment, 20MW and 20-40 jobs are reported claims, not certified project inputs.
Property tax	$100M middle assumed taxable value yields ~$139K at the published 2026 city levy rate; not a tax bill.
Utility tax	$648K of the ~$787K middle gross receipts depends on a city electric-tax treatment not yet verified.
Costs	$350K/year assumed City service costs exclude unverified one-time capital and utility-system exposure.
Decision status	No demonstrated positive *project-specific* net municipal value or lawful debt-service capacity.

The decisive counterfactual

Under the published middle-case assumptions, the citywide annual result is approximately **+$436K**. If the project produces **zero incremental electricity utility-tax receipts**, the same modeled project is **-$211K annually** before fund allocation, one-time costs, tax appeals, and decommissioning. Neither figure is a forecast.

> **What would change the classification?**
> Signed utility tax and PSE treatment evidence; assessor-certified new taxable value; parcel-specific counterfactual; independently costed municipal services and capital obligations; applicable Chapter 9 plan conditions.

Sources: City 2026 budget | County levy report | Municipal tax guidance | JLARC data center audit

02 / EXECUTIVE SUMMARY

The economic case is conditional

Infrastructure can make future growth possible, but only documented public returns belong in a fiscal decision.

$200M
Developer-reported CAPEX

20 MW
Developer-reported load

20–40
Reported ongoing jobs

The Cle Elum proposal is a reported 100,000-square-foot, 20-megawatt data center with about $200 million in development spending and 20–40 permanent positions. These are **developer-reported parameters**, not audited forecasts or committed public benefits. [6]

What the evidence supports

- USDA research associates earlier rural broadband availability with stronger subsequent employment and income growth. That research concerns connectivity, not the effects of hosting a data center. [11]
- Cle Elum already collects property and electrical-utility taxes, providing identifiable fiscal channels. The actual net increase from this proposal remains unverified. [1] [2]
- Quincy demonstrates that data center property values can materially affect a tax base, while its multi-campus experience is not directly transferable. [10]

Central conclusion: Net municipal receipts might contribute to future debt-payment capacity, but cannot be pledged to the City Heights judgment without legal and Chapter 9 plan analysis. Quantify taxes, costs, restrictions, electric utility tax and enforceable public benefits. [25] [27]

03 / DECISION FRAMEWORK

Five findings that matter

The report distinguishes observed records, reported claims, and analyst-defined scenarios.

Finding	Evidence status	Implication
Project scale	Reported, not audited [6]	Confirm scope, location and phasing
Broadband economics	Empirical research [11] [12]	Value depends on actual connectivity
Property tax	County 2026 rate [2]	Citywide collections differ from General Fund [1]
Electricity tax	City budget; historical code [1] [5]	Confirm present rate and situs
Net municipal return	Not yet established	Costs, legal restrictions and debt-plan treatment required

Four questions a skeptical reviewer should ask

- How much of the $200 million investment will the assessor actually put on the local tax roll?
- Does the developer pay the full cost of serving a 20 MW load, including power-supply risks and future upgrades?
- What, exactly, will neighboring businesses receive from any new fiber or utility work?
- How do annual incremental City revenues compare with recurring public costs and contingent liabilities?

A defensible decision is not a vote of confidence in an industry. It is a comparison of project-specific public revenues, legally enforceable benefits, cost exposure, and available alternatives.

04 / METHODS

Evidence tiers and limitations

This report uses independently published inputs where possible, then tests assumptions rather than declaring an outcome.

Tier	Definition	Examples
A | Primary	Official public records	2026 Cle Elum budget; Kittitas levy; DOR taxation [1] [2] [3]
B | Research	Published empirical or technical analysis	USDA, Brookings, DOE, WA JLARC [9] [11] [12] [14]
C | Reported	Attributed project statements	CAPEX, jobs, cooling, PSE position [6]
D | Illustrative	Assumptions for sensitivity tests	Utilization, electricity prices, assessment ratios, city costs

Scope: Municipal fiscal exposure, economic enabling mechanisms, local infrastructure and risk controls. This is not a valuation, power-system impact study, engineering opinion, hydrology report, environmental impact statement, or legal opinion.

Time frame: Publicly available records examined through October 31, 2026. Model assumptions are dated to the same period. Subsequent permits, rates, contracts and regulatory changes could materially change results.

Local versus regional: Cle Elum General Fund receipts are not the same as county, state, school or utility-system revenues. Money paid to a utility does not become City revenue; only applicable taxes or lawful transfers do.

05 / PROJECT PROFILE

What Blue Fern has reportedly proposed

Key figures come from a contemporary news account and should be reconciled to engineering and permit filings.

Parameter	Publicly reported value	Due-diligence status
Facility	100,000 square feet	Final site plan required
Capital cost	$200 million	Hard/soft/equipment schedule needed
Electrical load	20 MW	Metered peak and delivered power agreement needed
Employment	20–40 full-time jobs	Positions, wages, local residence needed
Cooling	Closed-loop; ~80,000 gallons in first year	Engineering balance, makeup and testing needed

The August 5, 2026 reporting also quotes Puget Sound Energy saying it had reviewed this 20 MW load and judged it reliably serviceable with developer-funded infrastructure upgrades intended to protect existing customers. That statement is important but should not substitute for the complete interconnection agreement, tariff and cost-allocation documentation. [6]

No published project-specific financial statements, verified tax assessment, utility-rate commitment or water-engineering report were identified for this assessment.

06 / SITE AND LEGAL CONTEXT

The location is not a blank slate

The existing Bullfrog Flats development record is material to entitlement, infrastructure allocation and alternatives.

The City describes a 2002 Master Site Plan and Development Agreement covering approximately 1,100 acres near Bullfrog Road, SR 903 and Interstate 90. The plan contemplates up to 1,334 housing units, a 75-acre business park, public amenities and associated infrastructure. It was supported by a 2002 environmental review and amended thereafter. [7]

Several residential phases were approved in 2025, with construction and additional applications continuing in 2026. A proposed data center must therefore be examined within the parcel, zoning, vesting, infrastructure, traffic and environmental context of the larger plan rather than as a standalone greenfield facility. [7] [21]

Required legal and land-use determinations

- Whether the specific parcel and use are permitted under vested or current regulations;
- Whether new or supplemental SEPA review is required, and which impacts are already addressed;
- Whether the 2002 Development Agreement allocates incremental taxes and expenses to a designated UGA fund;
- Whether city, county, state and private-party obligations are correctly assigned. [20]

07 / GROWTH THESIS

Infrastructure is a platform, not a promise

Physical capability can expand the set of businesses a region can support.

The strongest economic argument is that broadband, reliable electricity, transport and communications are **necessary enabling inputs** for modern business activity. They reduce geographic friction, increase reliability and can improve access to customers and markets. Yet infrastructure alone is rarely sufficient. Workforce skills, price, land, financing, permitting and demand determine whether industries actually locate there. [11] [12]

A four-step causal chain

Step	Potential mechanism	Required evidence
1 | Build	Private facility purchases capacity	Scope and developer-paid upgrades
2 | Connect	Fiber routes or power assets expand	Public-access interconnection terms
3 | Adopt	Local firms can use new capability	Price, service level, uptake
4 | Grow	Firms increase jobs and activity	Counterfactual evaluation

A data center with dedicated private fiber and proprietary power infrastructure can succeed while providing no material improvement in community broadband. Public benefit arises only if the new capabilities are accessible, affordable and useful beyond the campus.

08 / RESEARCH REVIEW

What broadband studies do and do not prove

The literature supports connectivity as a regional growth factor, not a project-specific employment multiplier.

USDA Economic Research Service compared rural counties that had broadband by 2000 with otherwise similar counties that did not. Counties with earlier broadband experienced faster subsequent nonfarm employment, proprietor and earnings growth. The authors acknowledge the challenge of separating broadband effects from other economic forces. [11]

Brookings emphasizes that infrastructure must be combined with adoption, affordability, devices and digital skills. A strong fiber footprint does not produce its full economic effect if local employers and residents cannot afford or effectively use it. [12]

Implication for a Cle Elum assessment

- Measure actual new publicly usable fiber capacity, not route-miles serving a private customer.
- Test whether capacity is made available through open access, IRUs, wholesale transport or competitively priced local service.
- Track last-mile connection, subscription, affordability and firm-use outcomes over time.
- Do not multiply an estimated data-center headcount by a generic broadband economic multiplier.

09 / RESEARCH FRAMEWORKS / INTERPRETATIONS

Two books, two decision tests

Conceptual frameworks for fiscal and connectivity analysis, not project-specific numerical forecasts.

Marohn: municipal productivity and fiscal durability

Charles L. Marohn Jr., *Strong Towns: A Bottom-Up Revolution to Rebuild American Prosperity* (Wiley, 2019). Development should be compared on lasting net tax productivity, replacement and operating costs, opportunity cost, and financially viable lifecycle infrastructure.

Apply to Cle Elum: tax receipts per acre, 20-year available municipal cash flow, alternative site uses, and downside resilience. It does not establish that the project will pay a particular amount of City tax.

Sources: Wiley, Strong Towns publisher record

Crawford: shared fiber access and opportunity

Susan Crawford, *Fiber: The Coming Tech Revolution--and Why America Might Miss It* (Yale University Press, 2019). High-capacity fiber enables economic participation, but ownership, availability, competition and last-mile access determine who benefits.

Apply to Cle Elum: independently verify fiber routes, interconnections, accessible capacity and prices. Data-center-only capacity is not evidence of a residential broadband benefit.

Sources: Yale, Fiber publisher record

10 / LOCAL BROADBAND BASELINE

Kittitas is already investing in connectivity

Any data-center benefit should be incremental to work already funded or planned.

$3.3M
County-backed fiber grant

~400
Homes targeted

2 Gbps
Initially advertised symmetric speeds

Kittitas County announced a $3.3 million state-backed partnership with Lightcurve in May 2025 to deploy fiber for approximately 400 homes in the Thorp and Edgemont areas, with stated plans for symmetrical service up to 2,000 Mbps. The County referred to more than $30 million in other broadband awards then pending construction. [13]

Baseline matters

- A data center should not receive credit for broadband gains from independent public grants.
- New dark fiber, redundant routes or shared conduit must be documented as additional to existing contracts.
- Future claims of economic development should use comparisons with an identified no-project baseline.

One credible negotiated benefit would be conduit and fiber access that supports local providers without transferring the developer's private network costs to residents. The value of such access must be specified through route maps, strands, access points and pricing.

11 / POLICY CONTEXT / INDEPENDENT PROGRAM

BEAD and private investment are separate

A federal broadband deployment program may complement private infrastructure, but the grants do not finance this proposed data center.

WA BEAD component	Reported amount
Original federal allocation, 2023	$1,227,742,066

WA BEAD component	Reported amount
Approved federal deployment funding, 2026	$736,319,365
Nonfederal matching / other contributions	$283,671,174
Total approved deployment investment	$1,019,990,539
Homes / businesses targeted	166,503
Approved project areas	238

The original BEAD allocation of approximately $1.228 billion differs from the $736 million approved for federal broadband deployment and the $1.020 billion total investment including other contributions. Awarded deployments include fiber, fixed wireless and satellite.

BEAD does not directly subsidize the proposed Cle Elum data center. Complementarity requires verified overlap of project footprints, rights-of-way, provider engineering and accessible local interconnection, subject to the terms of each award.

What to check geographically

- Do the BEAD-funded routes and locations overlap the proposed private infrastructure?
- Would coordinated construction reduce duplication without violating grant conditions?
- What last-mile service and interconnection can nearby residents or firms actually buy?

Sources: Washington Commerce BEAD approval | WA BEAD funded project map

12 / BROADBAND / GEOGRAPHIC VERIFICATION

BEAD is a separate project track

A public broadband award map is available, but overlap with a private data-center route has not been demonstrated.

Washington State Broadband Office publishes an **interactive BEAD deployment funding map** with award geography and technologies, and the FCC maintains the National Broadband Map for reported location-level availability. These are appropriate starting points for Cle Elum-area verification, not proof of a planned connection between the proposed facility and funded last-mile infrastructure.

Layer / source	What it establishes	What is still missing
WA BEAD funded areas	Program area, technology, award and planned reach	Approved addresses and construction path in Cle Elum
FCC broadband availability	Provider-reported service at eligible addresses	Field-verified pricing and actual service
Kittitas public fiber programs	Publicly reported separate regional deployments	Exact as-built routes, splice points, capacity
Developer / PSE routes	Not yet provided in a public file reviewed here	GIS paths, dark fiber, open access, ownership

Five-step GIS overlay protocol

1. Fix a surveyed development boundary; 2. Export WA BEAD award polygons and funded locations; 3. Overlay existing and permitted fiber and conduit; 4. Identify physical intersections and available handoff points; 5. Obtain providers' signed wholesale/last-mile commitment. Map **potential** separately from **contracted** public access.

> **No demonstrated BEAD subsidy**
> BEAD funds qualifying broadband service infrastructure, not ordinary private data-center construction. Shared rights-of-way or trenching may reduce costs only if eligible, approved and contractually documented.

Sources: WA BEAD awards map | FCC map | WA BEAD | Kittitas fiber funding

13 / MUNICIPAL BASELINE

The 2026 City budget sets the scale

New fiscal receipts may be financially material, but the relevant denominator must be defined.

$5.03M
2026 General Fund

$760K
Budgeted property revenue

$351K
Budgeted electrical tax

Cle Elum's adopted 2026 budget displays General Fund revenue and expenses of $5,029,486, including $1.78 million in sales and use tax, $760,000 in property tax and $351,000 in electrical tax. The budget also calls out public-safety and infrastructure cost pressures and a property-levy increase of about $9,301 from its 1% adjustment. [1]

General Fund line	Budget (2026)	Share
Sales and use tax	$1,780,000	35.4%
Property tax	$760,000	15.1%
Electrical tax	$351,000	7.0%
All remaining items	$2,138,486	42.5%

Do not confuse the $760,000 General Fund *budget line* with the County Assessor's approximate $952,815 *total City regular levy*. The Mayor's 2026 budget message states that 20% of property-tax revenue is directed to the Street Fund, which substantially explains that gap. Project-specific allocation remains subject to verification. [1] [2]

14 / TAX RECORDS

What the assessor actually reports

The Kittitas County 2026 levy report provides a dated, jurisdiction-specific benchmark.

$687.8M
City taxable assessed base

$952.8K
City regular levy

$1.3853
City rate per $1,000

The County Assessor's report on 2025 valuations and taxes to be collected in 2026 lists Cle Elum taxable value of $687,811,107, a regular levy of $952,815.10 and a levy rate of $1.385286 per $1,000 of assessed value. These are stronger starting inputs than an unverified "average property tax rate" from another jurisdiction. [2]

The City's rate is only one piece of a property-tax bill. County, school, state and other district rates also apply. Receipts collected for those entities must not be described as City General Fund revenue. [2] [3]

Illustrative scale

If the entire $200 million reported investment were taxable at the published City rate, its arithmetic first-year City share would be approximately $277,057. That is a ceiling-like **illustration only**, not an estimate: land, structures, server equipment, depreciation, ownership and assessment treatment have not been reconciled.

15 / FUND ALLOCATION

Citywide revenue is not General Fund cash

The adopted 2026 budget supplies an unusually useful cross-check for property-tax allocation.

The County reports a City regular levy of $952,815 for 2026. The City budget lists $760,000 as General Fund property-tax revenue and the Mayor's budget message says 20% of property-tax revenue is dedicated to the Street Fund. Eighty percent of the reported levy is about $762,252, close to the budget line. This is a **reconciliation check**, not a statutory finding about future incremental levies. [1] [2]

City tax allocation crosswalk	Illustrative amount	Basis
2026 City regular levy	$952,815	Kittitas County assessor [2]
80% to General Fund, if unchanged	$762,252	Mayor message; arithmetic [1]
20% to Street Fund, if unchanged	$190,563	Mayor message; arithmetic [1]
2026 General Fund property budget	$760,000	City adopted budget [1]

New taxable value: middle case

Under the assumed $100M incremental taxable value, the published City levy rate yields about $138,529 in total City property tax. If the same 80/20 budgetary split applied, roughly **$110,823** would be General Fund-like revenue and **$27,706** would support the Street Fund. This is a scenario, not an authorization to pledge either portion. [1] [2]

How the City itself connects revenue to the judgment

The Mayor's budget message describes proposed dedicated public-safety and transportation sales taxes that could shift police and road funding and free General Fund dollars for the City Heights judgment. This illustrates why **fund availability after commitments**, rather than gross tax collections, is the relevant debt-capacity metric. [1]

Confirm any future street-fund share, legal restrictions, special-district receipts and the Chapter 9 plan with the Finance Director, County Assessor and municipal/bankruptcy counsel.

16 / TAX MECHANICS

Why $200M of spending is not $200M in taxes

Property-tax revenue is governed by taxable assessed value and the state levy framework.

Washington applies property tax to assessed real and taxable personal property, subject to exemptions and valuation rules. A data center's announced development cost can contain land, buildings, electrical infrastructure, equipment, servers, services and financing costs, each with different valuation and ownership outcomes. No reliable taxable-value estimate exists here until the County Assessor reviews the actual asset schedule. [2] [3]

Washington's 1% levy growth limit applies to regular taxing-district revenues, but adds capacity for qualifying new construction, improvements and certain utility-value changes. It does **not** cap each individual taxpayer's bill at 1%, nor imply that a doubling of the assessment base doubles City receipts. [3]

Tax-base diligence

- Obtain a parcel-level before/after assessed-value schedule from the Assessor.
- Distinguish ordinary taxable plant, depreciable business personal property and exempt assets.

- Calculate separate City, county, school and other district shares at their applicable levies.
- Reconcile initial new-construction levy effects with future levy rate resets and 1% limits.

17 / ASSESSABLE VALUE

Taxable-share scenarios are not forecasts

The best sensitivity is the fraction of project spending that becomes incrementally taxable within the City.

Illustrative incremental taxable value

20% taxable	$40M
50% taxable	$100M
80% taxable	$160M

Bars express assumed city-taxable value only. The developer has not supplied an assessor-certified allocation.

These three inputs deliberately span a broad range. They are **analyst-set test cases**, not evidence of actual property-tax treatment. The low scenario assumes $40 million of value, the middle $100 million and the high $160 million, measured as incremental taxable value rather than total construction or equipment purchases. [2] [6]

Local fiscal analysis needs annual values for taxable real estate and server/electrical personal property separately. Equipment turnover, depreciation and ownership structures can materially change the taxes paid over a 20-year period.

18 / PROPERTY-TAX SENSITIVITY

A bounded illustration of City receipts

Hold the 2026 City levy rate constant only to understand the initial sensitivity.

Incremental taxable value	City tax at $1.385286 / $1K	Interpretation
$40 million	$55K	Low assumed taxable share
$100 million	$139K	Middle assumed taxable share
$160 million	$222K	High assumed taxable share
$200 million	$277K	Full project cost taxable, unlikely without verification

Why the actual outcome could differ

- The assessment may not include all investment categories.
- The levy rate in the first operating tax year could differ from the 2026 rate.
- New-construction levy accounting and later rate changes must be calculated by the County.
- Tax-increment, vested development agreement or fund-allocation rules may affect distribution. [20]

Interpretation: The published record makes a property-tax upside plausible; it does not prove a specific annual City receipt. County Assessor certification is a prerequisite to a credible fiscal forecast.

19 / ELECTRIC DEMAND

A 20 MW connection is an energy commitment

A large utility customer can create revenues, infrastructure obligations and system exposure simultaneously.

Illustrative annual delivered electricity

40% average load	70.1 GWh
70% average load	122.6 GWh
90% average load	157.7 GWh

At 20 MW nameplate connection capacity, maximum theoretical annual use is 175.2 GWh (20 MW x 8,760 hours). A facility averaging 40%, 70%, or 90% of that capacity consumes 70.1, 122.6, or 157.7 GWh per year respectively. These are arithmetic sensitivities, not project forecasts.

The latest national laboratory analysis forecasts continued large-scale growth in data-center electricity needs. That national projection underscores the importance of transparent local capacity, procurement and cost-allocation documents; it says nothing by itself about this site's actual grid impact. [14]

20 / UTILITY-TAX ECONOMICS

Electricity could dominate local tax upside

Electricity gross receipts can be a larger fiscal driver than assessed property if the tax legally applies.

Cle Elum's 2026 budget projects $351,000 of electrical tax. An archived Municipal Code section specifies a 6% tax on electric utility gross operating revenues, but the current operative rate, utility billing situs, exclusions and treatment of any negotiated large-load tariff require confirmation. [1] [5]

Assumed case	Delivered energy	Energy spend at assumed rate	6% x recognition
Low: 40%, $0.09, 50%	70.1 GWh	$6.31M	$189K
Mid: 70%, $0.11, 80%	122.6 GWh	$13.49M	$648K
High: 90%, $0.13, 95%	157.7 GWh	$20.50M	$1,168K

The "recognition" factor is an analyst haircut for situs, exemptions, billing composition and collection uncertainty. It is not a statutory exemption estimate. Electricity prices shown are **hypothetical retail all-in effective prices**, not PSE quotes. [17] [18]

21 / UTILITY RISK

Who pays for the upgrades matters

Developer-funded connection upgrades must be defined in an enforceable tariff or contract.

Published coverage quotes PSE as stating it had reviewed the 20 MW connection and believed the project could be served reliably, with required infrastructure upgrades paid by the customer. It does not provide the full engineering, power-supply, financial security or stranded-asset terms. [6]

Required ratepayer protection tests

- Document peak and ramp timing, network upgrades, generation procurement, capacity costs and contingency.
- Require deposits, collateral, minimum-volume or termination provisions for unrecovered upgrades.

- Test whether other ratepayers can be exposed to generation-price changes, shared-system investments or early exit.
- Disclose backup-generator operating hours, outage protocols, fire-system reliability and interconnection milestones.

PSE itself identifies broad industry competition for power supply as one contributor to regional cost pressure. This is a material distinction: a project can pay its direct local upgrade costs and still interact with wider power markets. [17]

22 / MUNICIPAL COST LEDGER

Revenue must be net of public obligations

The City needs a line-item incremental cost schedule, not an industry-average cost-per-job estimate.

City or public-service exposure	Potential cost driver	Best verification
Fire / emergency	Equipment, mutual aid, training, hazard	Fire chief costed service plan
Planning / code	Permits, inspections, compliance	Full-cost fee reconciliation
Road / traffic	Construction and heavy haul, road life	Traffic and pavement study
Water / sewer	Metering, peak flow, treatment reserves	Utility engineering plan
Monitoring / legal	Audits, counsel, reporting	Executed agreement and budget
Ratepayer exposure	Power upgrades, supply, exit risk	PSE/UTC contracts and tariff

The scenario model assumes $250,000–$350,000 per year of **municipal** incremental costs only to test break-even conditions. No public project-specific cost estimate was available; these values must not be represented as an official City forecast. Power-system exposures are separate and are not included as City General Fund costs.

23 / RECURRING FISCAL SCENARIOS

Illustrative annual City net operating effect

Three transparent cases show the model is sensitive to a small number of unverified assumptions.

Case	City property	Utility tax	City costs	Indicative net
Low	$55K	$189K	$300K	$-55K
Illustrative mid	$139K	$648K	$350K	$436K
High	$222K	$1,168K	$250K	$1,140K

Illustrative City recurring gross receipts

Low	$245K
Middle	$786K
High	$1,390K

The model excludes construction-phase taxes, school/county receipts, land sale proceeds and incremental development fees. It also excludes power-system costs not borne by the City. No probability is assigned to any scenario. All three cases require independent verification before public budgeting.

Boundary: This is a decision sensitivity, not a statement that Cle Elum will gain these amounts.

24 / TWENTY-YEAR LENS

Long-term value depends on durability

A positive first year is not the same as a positive economic agreement over two decades.

Illustration	Year-1 net City receipts	20-year nominally evolving NPV*
Low	$-55K	$-1.14M
Illustrative mid	$436K	$5.31M
High	$1,140K	$14.78M

*Illustrative model: annual City property-tax revenues increase 1%, electrical-tax revenues 2%, and incremental City costs 3%; cash flows discounted 6% annually from the first full operating year. These escalation rates, initial City costs and rate realizations are analyst assumptions, not verified agreements or project forecasts.

What the discounted model omits

- Pre-operating years, construction-phase peaks, revenue timing, and abatements.
- Large one-time capital demands, bonding, annexation or ratepayer stranded costs.
- Equipment replacement, shutdown, bankruptcy, tax appeals and eventual site remediation.
- Changes in municipal law, tax allocation and inflation-adjusted public-service costs.

25 / BREAK-EVEN TESTS

The utility-tax channel is decisive

The same project can appear beneficial or unfavorable depending on situs and cost allocation.

In the middle illustration, the property-tax component is about $139K annually, below the assumed $350K in incremental City costs. The $648K electric-tax component is therefore responsible for most of the modeled positive net result.

Middle-case change	Indicative annual net
As modeled	$436K
If utility tax recognized at 0%	$-211K
If City costs rise to $650K	$136K
If assessed value only $40M	$353K

Before taking a position on fiscal benefit, obtain written confirmation from the city finance director, PSE and municipal tax counsel regarding what gross receipts are taxable, where service is sourced and whether billing or exemptions alter the City share. [1] [5] [17] [18]

26 / ELECTRICITY UTILITY TAX / LEGAL TREATMENT

A 6% rate is not 6% of every power bill

A published city budget, an older municipal ordinance and state tax law establish a potential tax mechanism, not this site's net receipts.

RCW 35.21.870 generally limits the city's electricity-utility tax to 6% absent a voter-approved higher rate. An archived Cle Elum code provision describes a 6% tax on electric gross operating revenues, and the 2026 budget budgets electrical-tax revenue. Washington DOR explains how third-party utility providers may collect and remit municipal tax. **None establishes whether all of this facility's purchased electricity is taxable to Cle Elum.**

Same 20MW, 70% load assumption	Annual city electric tax	Citywide net after $139K property tax and $350K City cost
$0.11/kWh, 0% tax recognition	$0	-$211K
$0.11/kWh, 25% recognition	$202K	-$9K
$0.11/kWh, 50% recognition	$405K	+$193K
$0.11/kWh, 80% recognition	$648K	+$436K
$0.125/kWh, 80% recognition	$736K	+$524K

The $0.125/kWh comparator is the JLARC report's **2024 average PSE industrial rate**, not an offered tariff or contracted rate for the proposed site. Recognition factors are analyst sensitivity devices, not statutory tax rules.

Documents required for confirmation

Obtain the **operative city ordinance**, PSE large-load service rate and bill components, point of sale/situs, any direct-power or self-generation terms, city tax remittance methodology, exclusions, and an independent municipal tax opinion. Cross-check actual remitted receipts after first operations.

> **Break-even signal**
> At $0.11/kWh and the modeled 70% utilization, the citywide case needs approximately **26%** of modeled 6%-taxable gross energy receipts to cover the assumed $350K in City costs. For General Fund-like headroom after a 20% street property allocation, the threshold is about **30%**.

Sources: RCW 35.21.870 | Cle Elum archived code | DOR municipal tax | JLARC 2026 report

27 / LAND PRODUCTIVITY / STRONG TOWNS

Per-acre yield depends on unverified site size

Do not treat the 75-acre Bullfrog Flats business park as the proposed parcel acreage.

Blue Fern and City planning materials describe a **75-acre light industrial/business park** within a much larger planned development. That is an area-wide planning designation, **not** a verified survey of the proposed data center footprint. No parcel-specific data center acreage was established for this analysis.

Site acreage: analyst hypothetical	City tax per acre at $100M assumed assessed value	Citywide net per acre, modeled middle
10 acres	$13,853	+$43,607
20 acres	$6,926	+$21,803
40 acres	$3,463	+$10,902

Competing taxable-value density

Alternative assessed value / acre	City property tax / acre / year	Read correctly
$2.5M / acre	$3,463	Tax component only
$5M / acre	$6,926	Tax component only
$10M / acre	$13,853	Tax component only

These are **dimensional comparisons**, not evidence that commercial or industrial alternatives will reach those values. A certified productivity comparison also requires infrastructure cost per acre, utility and sales-tax receipts, new employment, service needs, tax exemptions, development timing and net present value.

> **Strong Towns principle**
> Growth should be evaluated on durable net tax productivity and lifecycle obligations, not only construction spending or one-year gross taxes. The appropriate unit is the same legally developable land under credible alternatives.

Sources: City Bullfrog Flats record | Developer plan | Assessor report | Marohn book

28 / COUNTERFACTUAL / LAND-USE DISCIPLINE

Compare what is actually permissible

Opportunity cost is assessed against feasible alternative development of the same site, not a fictitious competing project.

Use case	Verify before comparing	Fiscal dimensions
Data center	Specific parcel, legal authority, capital phasing, ownership	Property/utility taxes; costs; decommissioning
Light industrial / commercial	Permitted uses, market demand, building area, timing	Value/acre; payroll; infrastructure; service costs
Mixed-use (only if permissible)	Vested agreement, zoning changes and approvals	Infrastructure life; property tax; recurring services
No-build / delayed-build	Holding costs, current valuation and credible timing	Revenue forgone; fewer public obligations

The City's adopted Bullfrog Flats master plan describes a broader mixed-use program including residential phases and a business park. It does not prove that residential or retail uses are legally substitutable on the proposed data-center lot. The developer should identify the parcel ID, survey acreage, site-boundary map and the vested land-use conditions.

Reproducible comparison

For each *feasible* alternative, estimate: annual City property tax + utility tax + local sales tax (after allocations) + fees - operating services - replacement/capital expenditures - incentives or abatements. Discount 20 years on consistent terms and report net present value *and* per-acre productivity.

> **No invented comparator**
> Until the parcel and land-use permissions are confirmed, present this as a structured alternatives study, not as a ranking between development types.

Sources: Approved master plan | State SEPA record | Levy reference | Strong Towns

29 / CHAPTER 9 AND CITY HEIGHTS

A judgment larger than the municipal budget

The project should be evaluated against Cle Elum's real financial constraints, not just the broader infrastructure thesis.

~$26M	$5.03M	12%
Judgment debt, May 2025	2026 General Fund	Rate on original award

In a July 14, 2026 published opinion, the U.S. Bankruptcy Court described an original **$22.23 million arbitration award** entered in November 2024 bearing 12% annual interest, and approximately **$26 million** of liquidated judgment debt by May 2025. The court stated that the City's annual General Fund budget was slightly more than $5 million. [25]

Cle Elum filed Chapter 9 on June 24, 2025 after settlement talks failed and the developer garnished approximately $465,000 of City bank deposits. The court ruled in July 2026 that the City was eligible for municipal bankruptcy relief and had filed in good faith. [25] [26]

Status as of the public record reviewed

- A proposed plan and disclosure materials were under consideration during 2026.
- September 30, 2026 court-docket summaries record appointment of a settlement judge; that appointment does not itself approve a plan or settle the judgment. [28]
- Any actual payment schedule, allowed claims, interest treatment and dedicated revenue sources must come from the final settlement or court-confirmed plan. [27]

Important: The ~$26M amount is a historical court-stated balance, not a verified current payoff quote. Do not treat projected project receipts as restricted or pledged until the governing documents establish legal availability.

30 / JUDGMENT ECONOMICS

The project could help, not solve, the debt

Use debt capacity and timing to avoid overstating fiscal benefits.

At the 12% rate described in the court opinion, the **original $22.23M award** would add approximately **$2.668M per year** before any subsequent adjustment. That is the court's historical illustration, not a forecast of postpetition interest or an approved repayment obligation. [25]

Comparison	Annual amount	Interpretation
Court-described original-award interest	$2.668M	Historical annual run rate [25]
Modeled low City net	-$55K	No positive incremental debt capacity
Modeled middle City net	$436K	~16% of that historic interest run rate
Modeled high City net	$1.140M	~43% of that historic interest run rate

Pure amortization benchmark: $26M over 20 years

Hypothetical financing cost	Annual payment	Compared with middle net
0% interest	$1.30M	~3.0x
6% interest	$2.27M	~5.2x
12% interest	$3.48M	~8.0x

These payment amounts are simple annuity mathematics, **not** Chapter 9 plan terms. Claims could be compromised; payments might be backloaded; interest and funding rights must be established by counsel and a confirmed plan. No probability is assigned. [27]

31 / DEBT SERVICE CAPACITY

Cash available for a plan is the key metric

Gross tax receipts are not an available-for-creditors balance.

The middle case projects $786K in gross incremental City property and electric-related taxes, less $350K in assumed costs, or **$436K citywide net**. If the 2026 budget's 20% street allocation also applied to new property-tax receipts, that could reduce General Fund-like headroom by about $28K to **$408K**, before reserves and legal tests. [1] [2] [25] [27]

Middle-case cash waterfall	Annual amount	Status
Illustrative City property tax	$139K	Unverified taxable values
Illustrative electric-related City tax	$648K	Rate, situs and tariff unverified
Gross annual receipts	$786K	Illustrative, not budgeted
Incremental City services and oversight	-$350K	Analyst assumption
Estimated Citywide annual net	$436K	Before fund allocation
Street share, if 2026 split persists	-$28K	Illustrative 20% of property [1]
Remaining General Fund-like capacity	~$408K	Before other restrictions
Legally distributable funds	Unknown	Court plan + municipal counsel

Illustrative share of remaining $408K

If lawful available share is	Annual amount	20-year nominal total*
25%	$102K	$2.04M
50%	$204K	$4.08M
100%	$408K	$8.16M

*20 equal annual payments, ignoring escalation, discounting, taxes changing and settlement provisions. These values are not amounts Cle Elum has agreed to pay, amounts legally collectible, or promises of unrestricted City funds.

32 / LONG-TERM DEBT PERSPECTIVE

Even an upside case is not a debt payoff

The 20-year discounted fiscal analysis is a capacity bound, not a repayment schedule.

Modeled case	Year-1 net City effect	20-year NPV at 6%
Low	-$55K	-$1.14M
Illustrative middle	$436K	$5.31M
High	$1.14M	$14.78M

NPV assumptions: City property tax +1% yearly, electric tax +2% and City service costs +3%, nominal 6% discount rate, full operating years beginning immediately. See calculation appendix. Negative modeled results cannot support debt repayment.

What the comparison does and does not mean

- The historic approximately $26M judgment is a face amount on a past date; present-value modeled future tax receipts are a different financial measure. They cannot be directly subtracted to calculate a settlement balance.
- The 20-year model assumes no legal restrictions, up-front capital costs, tax appeals, contract termination or new service demands; cash available for a confirmed plan could be materially lower.
- A favorable data center project might strengthen future fiscal options or reduce the amount of new taxes needed, but it is not demonstrated as a stand-alone solution to Chapter 9. [25] [27]

Analytic guardrail: Never present the upper fiscal scenario as a credible repayment commitment. It is a scenario built from unverified inputs, including the current electric utility tax treatment.

33 / BANKRUPTCY TREATMENT

No automatic transfer of project taxes to City Heights

A specific court-approved debt-adjustment framework must determine payment rights.

Chapter 9 adjusts municipal debts through a plan; ordinary municipal operations, revenue restrictions, the powers of state and local government, and the roles of different creditors remain legally material. The federal courts' public Chapter 9 guide explains that adjustment occurs through the bankruptcy process, not through an automatic assignment of receipts from later developments. [27]

Three separate questions

Question	Required verification
1 | Is the money City money?	City vs county, district and state tax allocation; public utility billing situs and exemptions. [1] [2] [5]
2 | Is the money available?	Restricted funds, public services, reserve policy, development-agreement allocations and debt covenants. [7] [20]
3 | Can it be committed?	Confirmed Chapter 9 plan or settlement, appropriation law, creditor rights and municipal counsel review. [25] [27]

Financially useful agreement language

- City receives independent estimates and annual verified cash taxes, not promises tied to project CAPEX.
- Developer pays documented incremental public capital/service costs, with credit support for early exit.
- City publishes, when legally permissible, the share of incremental unrestricted receipts that actually becomes available for its adopted debt plan.

34 / INDEPENDENT WASHINGTON EVIDENCE

Tax benefits exist, but estimates need caveats

Washington's 2026 JLARC review provides a useful empirical cross-check outside Cle Elum.

$111M	+$1.2M	$2.5M
Added assessed values	Property taxes, 2022–25	Est. local utility taxes

The Washington Legislature's Joint Legislative Audit & Review Committee (JLARC) examined a small set of urban data-center tax-benefit recipients. It attributed at least $111M in additional combined assessed value since 2022 to investment in those properties, with annual property taxes paid increasing by about $1.2M between 2022 and 2025. It estimated $2.5M in local public-utility taxes for three beneficiaries. [9]

These results are **not** forecasts for Cle Elum: they concern different jurisdictions, existing operating facilities and a tax preference that applied mainly to refurbishments. JLARC also noted gaps in employment, electricity and preference-attribution data. [9]

A check on the electricity price sensitivity

JLARC used U.S. Energy Information Administration data showing **PSE's 2024 average industrial electricity rate near $0.125 per kWh** for its own utility-tax estimation. This supports treating the model's $0.09–$0.13 assumptions as an order-of-magnitude sensitivity, not as a utility rate quote for Blue Fern. [9]

Implication: There is observed evidence for sizable tax payments in Washington data-center markets, while project-level taxable value, consumption, electricity rate, exemptions and local municipal tax attribution remain the decisive Cle Elum-specific uncertainties.

35 / CONSTRUCTION ACTIVITY

Local economic impact is not total project spend

Construction may create a substantial but temporary employment cycle, with uncertain local retention.

Developer-reported $200 million capital investment is not a measure of local payroll or sales. Hardware, imported equipment, specialized contractors and engineering bought elsewhere may account for substantial portions. An honest local impact analysis requires a sources-and-uses schedule that identifies local labor, taxable goods, procurement and project timing. [6]

Avoid three common counting errors

- Counting all CAPEX as local value added or local sales-tax receipts.
- Counting temporary construction roles as permanent positions or treating headcount as FTE-years.
- Applying multipliers to gross equipment purchases without estimating in-state and in-county leakages.

A Washington legislative audit of urban data-center tax beneficiaries reported 296 construction and trade jobs related to refurbishments, but not employment duration, wages or labor hours, making those figures unsuitable for direct project-specific job-year estimates. [9]

36 / JOBS AND WORKFORCE

20–40 jobs is a claim to verify, not a multiplier

The direct employment case is modest relative to the investment; wages and career pathways matter.

The developer has reportedly projected 20–40 ongoing jobs. Those positions might be valuable in a small regional labor market, but the economic effect depends on actual compensation, household residence, occupational profile and local recruitment. Counting every job as new Kittitas County employment without a counterfactual would overstate impact. [6]

Minimum workforce reporting

Measure	Required disclosure
Permanent jobs	FTEs at 12, 24 and 60 months; direct vs contractor
Compensation	Median base, overtime, benefits and wage bands
Local reach	Share residing in Kittitas; internships; apprenticeships
Construction	Labor hours by trade, contractor origin and spending
Retention	Annual turnover, vacancies and apprenticeship completion

The 2026 Washington JLARC review reported 53 permanent jobs attributed by data-center tax-preference beneficiaries across multiple existing sites, but the agency specifically noted those job counts had not yet been verified. [9]

37 / COMPARABLE PRECEDENT

Quincy is evidence of possibility, not causation

The state workgroup reports large tax-base growth and lower City levy rates in a multi-campus market.

2006
$3.12 / $1K Quincy rate

2025
$0.878 / $1K Quincy rate

7 of 10
County leading taxpayers: data centers

Washington's 2025 Data Center Workgroup preliminary report cites the City of Quincy's regular property-tax levy-rate decline from approximately $3.12 per $1,000 in 2006 to $0.878 in 2025, alongside a large expansion of taxable data-center values. It also reports seven of Grant County's ten largest taxpayers were data centers, six located in Quincy. [10]

Crucial limitations: Quincy hosts multiple large facilities, uses different utility economics and has a different development trajectory. Falling levy rates reflect Washington's tax framework and changes to the valuation base; they do not establish that one Cle Elum project would reduce every homeowner's tax bill by the same proportion. [3] [10]

38 / TAX INCENTIVES

Do not count exempt purchases as tax receipts

Washington changed rural data-center sales and use tax rules in 2026.

Washington Department of Revenue states that from July 1, 2026, the rural data-center exemption no longer permits new certificates for refurbishments and replacement servers no longer qualify as eligible server equipment. New construction treatment must be reviewed under the operative statute and specific certificate status. [8] [23]

Cle Elum's published combined sales-tax rate for October–December 2026 is 8.5% (6.5% state plus 2.0% local), but the 2.0% local component is not all unrestricted City General Fund revenue. Construction and server purchases may be sourced, taxed, exempted or allocated differently. [4] [24]

Required project tax schedule

- Identify every material asset and purchase category, seller, purchaser, use location and exemption certificate.
- Calculate state, city and special-purpose distribution separately.
- Obtain sales-tax timing by construction year and recurring equipment-refresh plan.
- Do not credit temporary construction tax receipts against perpetual operating costs without a reserve policy.

39 / COOLING AND WATER

Water use needs an engineer's balance

Closed-loop systems can have lower on-site consumption, but "closed-loop" is not proof of zero withdrawals.

The public account attributes to the developer a closed-loop cooling design requiring about 80,000 gallons in the first year and less thereafter. A cooling claim must state source, fill, evaporation, leakage, treatment, blowdown, emergency operation, peak-day demand and the effect of changing IT loads. [6]

DOE and LBNL technical guidance describes meaningful tradeoffs between water and energy performance. Dry coolers may substantially reduce site water consumption but may increase electricity use in some conditions. Both site and upstream source-water impacts deserve consideration. [15] [16] [22]

Verification outputs

- Design drawings, heat-balance and water-balance tables at peak summer and full IT load.
- Metered annual, monthly and peak-day water and wastewater estimates, including drought operations.
- Water source, rights, utility connection conditions and any costed capacity expansion.
- Third-party verification and annual public reporting with corrective triggers.

40 / ENVIRONMENTAL AND EMERGENCY

Public cost is wider than a utility bill

Noise, generators, wildfire exposure and emergency response can create real offsite impacts.

A 20 MW facility requires robust heat rejection and backup power. Relevant site impacts include mechanical noise at the nearest receptors, emergency generator testing and emissions, hazardous materials, wildfire-related interruptions, stormwater, traffic and protection of adjacent residential plans. The existing Bullfrog Flats EIS record must be matched to the actual proposed use. [7] [15] [21]

Minimum independent reviews

Review	Required standard
Acoustics	Receptor measurements for day/night full-load operation
Air / backup	Generator specifications, permits, run-hour scenarios
Fire / response	Hazard and response plan approved by the fire authority
Traffic / roads	Heavy haul routes and road-restoration security
Environmental	SEPA/permit determination and updated mitigation conditions

The report assigns no dollar value to these exposures without a site-specific study; subtracting a generic cost could be as misleading as ignoring risk entirely.

41 / POWER, WATER AND MUNICIPAL COST

Developer-paid upgrades do not close the risk ledger

Evaluate PSE cost security, water operations, municipal services, and public exposures under the same lifecycle horizon.

Risk category	Minimum defensible independent evidence
Electrical capacity	PSE load-flow study, generation procurement, shared-system cost allocation, ratepayer protection terms
Construction / exit	Customer collateral, minimum commitment, early termination and stranded-asset provisions
Water and wastewater	Peak-day and annual stamped water balance, drought and cooling mode, rights and connection costs
Noise / air / wildfire	Acoustic study, generator run hours/emissions, fuel storage, incident-response and wildfire plan
City operating services	Itemized fire, inspection, road, legal/compliance and monitoring costed by departments
Decommissioning	Bonded site/equipment restoration and cleanup responsibility

Municipal-cost sensitivity

Holding modeled middle property and electric tax constant at ~$786K gross, net City cash would be **+$436K** if recurring City costs total $350K, **+$236K** if $550K, and **-$14K** if $800K. These are arithmetic tests, **not** a credible City cost estimate.

Utility ratepayer exposure may fall outside the City General Fund. It should be evaluated **separately** to avoid presenting a low municipal cost as proof of a low regional cost.

> **Required output**
> An independently reviewed full-life cost schedule with one-time obligations, operating budgets, capital replacements, and specific entity responsible for each payment and risk.

Sources: PSE rates | JLARC report | SEPA project record

42 / COMMUNITY BENEFIT

Convert private infrastructure into public capability

The value proposition should contain measurable local-access terms, not aspirational statements.

A negotiable connectivity schedule

- Mapped spare conduit and dark-fiber strands with defined access points and maintenance ownership.

- Indefeasible rights of use or wholesale transport capacity for qualifying local providers.
- Published, nondiscriminatory wholesale pricing and service-level targets where legally feasible.
- Milestone-based construction acceptance, backup routes and annual performance reporting.

Other local-value terms

- Documented developer payment for incremental utility and emergency infrastructure.
- Local procurement and paid apprentice pathways, with auditable reporting.
- A decommissioning bond or security for site restoration if operations cease.
- Public dashboard for community obligations without disclosing security-sensitive facility details.

Each term requires counsel review of authority, vesting, private-property rights, procurement constraints and possible public-record obligations.

43 / AGREEMENT ARCHITECTURE

Three gates before counting public benefits

Every claimed advantage should pass validation, enforceability and disclosure.

Gate	Proof before approval	Post-operation evidence
1 | VALIDATE	Independent engineering, tax, finance and water work	Certified metering and assessed values
2 | COMMIT	Executed allocation of costs and public-access terms	Performance bond, audit, cure rights
3 | DISCLOSE	Assumptions, alternatives and counterfactual	Annual tax, jobs, power and water scorecard

An agreement should include a change-of-use or scale clause. A 20 MW research-oriented facility may evolve into a materially different IT or AI workload. The public protections should respond to measured load, cooling approach, project expansion and changes of ownership rather than the initial marketing description.

Evaluation principle

No transfer of uncovered risks to the public; no attribution of benefits without a demonstrated mechanism; no unbounded exemption assumptions; and no claim of a net financial surplus until revenues and obligations have been reconciled.

44 / TRANSPARENCY REGISTER

What is known, modeled and still missing

This is the central audit trail that a detailed public fiscal review should maintain.

Issue	Current evidence	Next required instrument
CAPEX / facility	Developer-reported [6]	Cost breakdown, site plan
City tax base	2026 levy baseline [2]	Assessor-certified taxable asset roll
City utility tax	Budget / archived code [1] [5]	Current code, PSE billing tax opinion
Power upgrade costs	PSE quoted by press [6]	Approved interconnection and tariff
Water	Developer estimate [6]	Stamped design and peak/day meters
Jobs	Developer estimate [6]	Employment contract and reporting

Issue	Current evidence	Next required instrument
Fiber	Regional program baseline [13]	Mapped incremental accessible assets
Fiscal net	Analyst test cases only	Citywide and fund-level 20-year model
City Heights / Chapter 9	Judgment + case records [25] [28]	Confirmed plan, allowed claims, lawful funds

Items should be indexed by document ID, date, owner, responsible reviewer, status and unresolved issue, with public and security-sensitive versions if necessary.

45 / DATA ROOM REQUEST

The practical request list for public officials

A formal diligence package would materially improve the reliability of any public finding.

Developer

- Hard/soft cost schedule, server and equipment ownership, construction schedule, jobs and procurement assumptions.
- Stamped civil, electrical, thermal, acoustic and water designs; all proposed permits and exemptions.
- Project financial security, shutdown and decommissioning provisions.

Public utility and regulator

- PSE load study, tariffs, network cost allocation, customer deposit and minimum-volume commitments.
- Power procurement and contingency documents sufficient to test ratepayer protections.
- City water/sewer availability, capacity and net present-value utility service cost.

Local government

- Assessor valuation scenarios, all taxing district rates and timing; verified utility-tax situs and current rate.
- Planning and SEPA decisions, vested agreement analysis, service-level budgets and special funds.
- Alternative-use fiscal impacts, Chapter 9 plan terms, unrestricted-fund capacity and publishable independent 20-year fiscal forecast.

46 / CITY HEIGHTS / BANKRUPTCY WATER-FALL

More revenue is not the same as creditor cash

Chapter 9 plan treatment, fund restrictions and municipal cost controls must be reconciled before attributing revenue to the judgment.

Illustrative cash bridge	Middle (with electric tax)	No-electric-tax case
Incremental City property tax	+$139K	+$139K
Incremental City electrical tax	+$648K	$0
City incremental costs	-$350K	-$350K
Citywide annual net	+$436K	-$211K
Illustrative 20% street property allocation	-$28K	-$28K
GF-like annual amount before other restrictions	~+$408K	~-$239K

Illustrative cash bridge	Middle (with electric tax)	No-electric-tax case
Legally allocable for debt	**UNVERIFIED**	**UNVERIFIED**

The roughly $26M historical City Heights judgment and accrued interest are not directly comparable with a nominal year-one tax scenario or with 20-year present value. A legally operative settlement, allowed claims, reserves, restricted revenues and timing are all required before forecasting any contribution to Chapter 9 payments.

> **Decision boundary**
> No annual tax dollar should be called “available for City Heights” unless the City and bankruptcy counsel confirm its legal availability under the operative debt-adjustment framework.

Sources: Court opinion | City budget | Utility cap | County levy

47 / INVESTMENT-LEVEL DECISION STANDARD

What evidence would change the finding?

Use the same transparent thresholds for favorable, unfavorable, and indeterminate outcomes.

Finding threshold	Interpretation
Assessor and tax counsel verify receipts; independently costed 20-year City NPV is positive	Potentially favorable fiscal case if alternatives and service protections also pass
Utility tax is unavailable and documented City costs exceed other cash revenue	Unfavorable City fiscal case under that project structure
A feasible competing use provides more net value on the same parcel	Data center has an adverse public opportunity cost
Provider access and publicly usable fiber are signed, priced and monitored	Count documented connectivity benefits in addition to fiscal effects
PSE costs or water/emergency obligations are not demonstrably contained	Require mitigation/security or treat liabilities as unresolved
One or more key conditions remain unverified	Indeterminate; do not quote middle-case net as a project forecast

Diligence assignment register

City finance/tax counsel: operative electric-tax treatment, fund allocation, Chapter 9. **Assessor:** certified site/value roll. **PSE/UTC:** tariffs, grid costs and securities. **Developer:** parcel, land use, fiber, water, jobs and decommissioning. **Independent reviewer:** 20-year public cash flow and permitted-use counterfactual.

> **Public disclosure rule**
> Publish the assumption, source, document date, responsible reviewer, expected verification date, and actual finding. Where documents are confidential or security sensitive, publish a non-sensitive summary and rationale.

Sources: State tax audit | Developer plan | Utility taxation | Broadband map

48 / CALCULATION APPENDIX

Equations and model assumptions

Reproducibility matters more than precision where actual project inputs are unavailable.

What operating communities actually collect

Annual payments, utility fees, and property taxes cannot be converted into a Cle Elum forecast without a comparable legal and billing framework.

PRINEVILLE, OR

Electric utility franchise fees

Reported result: Nearly $11M annually, per city officials reporting in 2026. Earlier data centers benefited from property-tax abatements.

Underwriting implication: Verify whether Cle Elum's electricity tax applies to the full load, the billing situs, legal exclusions and any ratepayer pass-through.

Primary / local case source

HERMISTON, OR

Enterprise-zone negotiated payments

Reported result: $2.65M paid in November 2025 and $542,386 in regular property taxes to local taxing districts. City and county share certain payments.

Underwriting implication: Do not place the entire amount in the municipal General Fund; reconcile public entity, fund and contractual ownership.

Primary / local case source

NEW ALBANY, OH

Community development charge

Reported result: $10M in community development charges for tax year 2024 across its data center projects. The city describes negotiated payments and abatements.

Underwriting implication: Require written, lawfully authorized payment terms rather than assuming Ohio's NCA/PILOT structure exists in Washington.

Primary / local case source

QUINCY, WA

Multi-campus tax-base experience

Reported result: State workgroup reported city levy rate declining from $3.12 to about $0.88 per $1,000 between 2006 and 2025.

Underwriting implication: Do not confuse a levy-rate trend with cash income, a single-project effect, or a reduction in every taxpayer's total bill.

Primary / local case source

Measurement boundary: the cases use different currencies of public value (franchise fees, local payments, county taxes and levy-rate changes). Do not sum or directly average them.

Three counterweights to headline revenue

Project value changes when water infrastructure, approval evidence and fiscal concentration are included.

THE DALLES, OR

Water is measurable and contested

Reported outcome: City-provided records show Google used about 434.4 million gallons in 2024. OPB describes a 2021 city-company arrangement involving approximately $28.5M of transferred water infrastructure. Local officials disputed aspects of the reporting; OPB issued one correction.

Cle Elum due diligence: Cle Elum requires independent water balance, seasonal peak demand, drought resilience, signed capacity obligations and clear separation of source and cooling-water claims.

Open source evidence

LA PINE, OR

Disputed projections can stop a proposal

Reported outcome: In a May 27, 2026 decision reported in the June council packet, La Pine did not proceed with a proposed 20 MW data center land sale. Staff questioned the developer's claimed jobs and projected franchise-fee economics.

Cle Elum due diligence: Cle Elum's approximately 20 MW proposed demand makes this a strong procedural comparison, not proof the projects are otherwise equivalent.

Open source evidence

FOREST CITY, NC

Concentration is a risk as well as revenue

Reported outcome: North Carolina DEQ says Meta's former industrial-site redevelopment became Rutherford County's largest single tax-revenue source, roughly 14% of county revenue in its case summary.

Cle Elum due diligence: A county-wide metric must not be presented as a town budget benefit. Test closure, reassessment, abatement and single-taxpayer exposure.

Open source evidence

What comparables actually change in the model

Every comparable should lead to a project-specific document request and a quantified outcome or a clearly unresolved gap.

Exposure	Relevant example	Required proof	Decision rule
Electric revenue	Prineville / Hermiston	Tax counsel opinion, PSE billing and tariff, sourcing, exclusions, effective City receipts.	Zero-electric-tax downside stays in model.
Public payments	Hermiston / New Albany	Signed agreement, revenue recipient, fund restrictions and payment security.	No unsupported PILOT or fee assumption.
Assessed value	Quincy / Forest City	County asset roll; equipment ownership; real versus personal property and exemptions.	Property-tax per acre and concentration stress.
Water & utilities	The Dalles	Stamped peak/annual water balance, utility rights, capital obligations and testing.	Annual public net benefit after all utility costs.
Forecast credibility	La Pine	Independent jobs validation, future load, utility rates, and land-use counterfactual.	Treat claims as unverified until documented.
Shared connectivity	All cases: not proven	Map fiber routes, spare capacity, access points, wholesale terms and public beneficiaries.	No automatic broadband spillover counted.

INTERPRETIVE RULE

Positive public return requires **verified recurring receipts minus independently costed full-life public obligations**, evaluated against a feasible alternative use. Environmental and ratepayer exposures are not erased by a city-only positive cash flow.

These cases supply scenarios and diligence questions, not causal estimates of the Blue Fern development.

Revision and source integrity

CURRENT FISCAL RESEARCH EDITION

Rev 1.01

Oct 2026 · Added seven comparable community cases, source-bound financial outcomes, diligence crosswalk and permanent print identification. Prior scenarios remain illustrative.

Source ledger: open each primary or local record

Prineville city officials / The Source (2026)

City of Hermiston, enterprise zone FAQ

City of New Albany, finances

Washington Data Center Workgroup, Quincy

Oregon Public Broadcasting, city water records (2026)

City of La Pine, June 10 council packet (May 27 minutes)

North Carolina DEQ, brownfields success stories

RESEARCH INTEGRITY AND LIMITATIONS

Figures are not normalized for facility MW, assessed value, incentive term, taxing jurisdiction, or year. Prineville and Hermiston utility or zone payments are not substitutes for Cle Elum's verified electricity-tax calculation. The Dalles water use is not a cooling estimate for this proposal. La Pine is a non-operating counterexample.

The PDF URL stays constant; printed copies identify the edition by Rev 1.01 and Oct 2026.

Line item	Definition
Annual energy (MWh)	20 MW x 8,760 hours x assumed utilization
Electricity bill	$ / kWh x annual MWh x 1,000
Illustrative City utility tax	Electricity bill x 6% x recognition factor
Illustrative City property tax	Incremental assessed $ / 1,000 x $1.385286
Gross recurring City receipts	Property plus recognized electrical utility tax
Net recurring Citywide benefit	Gross recurring receipts minus annual City cost
General Fund-like headroom	Citywide net less illustrative street allocation on City property tax
20-year present value	Sum of annual modeled net flows / (1.06)^year
Available for debt plan	Net City cash less restricted allocations, reserves and other lawful commitments
20-year debt annuity	$26M x hypothetical interest rate / [1 - (1+r)^(-20)]

Assumed escalation after first full year: assessed-value City property component +1% annually; utility tax +2%; City public-service cost +3%; nominal discount rate 6%. Not adjusted for construction years, rate schedules or equipment obsolescence.

A $200 million capital figure is not included in the tax formula unless independently established as assessed value. The municipal electric-tax calculation uses a historical 6% rate as an assumption pending current ordinance and tax counsel confirmation.

49 / SOURCES AND CITATIONS

Primary local records and fiscal law

Numbered references in the text and this appendix are clickable.

[1] **City of Cle Elum** - 2026 Budget, final document.

[2] **Kittitas County Assessor** - 2025 valuations, levies and 2026 taxes.

[3] **Washington Department of Revenue** - How the 1% property-tax levy limit works.

[4] **Washington Department of Revenue** - Q4 2026 local sales and use tax table.

[5] **City of Cle Elum** - Municipal Code 5.04.040, vested-code archive (historical).

[6] **Seattle Times / Spokesman-Review** - Blue Fern project report, August 5, 2026.

[7] **City of Cle Elum** - Bullfrog Flats master plan and project record.

[8] **Washington Department of Revenue** - 2026 modification of rural data-center sales tax exemption.

[9] **Washington JLARC** - 2026 Data Centers in Urban Counties tax preference review.

[10] **Washington Department of Revenue** - Data Center Workgroup preliminary report, December 2025.

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[27] **United States Courts** - Chapter 9 bankruptcy basics and debt adjustment overview.

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[29] **City of Cle Elum** - 2024 audited annual financial report with subsequent City Heights event note.

Reference integrity

All numbered citations are clickable in the body and source ledger. A link confirms where a statement was documented; it does not establish that projected future payments, approvals or debt settlements have occurred. Court records take priority over commentary when descriptions conflict.

Prepared in Oct 2026. Project, tax and bankruptcy conditions may change. Verify the latest ordinances, filed plan and approved interconnection terms before relying on any estimate.