

UPPER KITTITAS COUNTY / INFRASTRUCTURE & ECONOMIC DEVELOPMENT

THE FUTURE IS BUILT ON INFRASTRUCTURE.

An evidence-led perspective on the proposed Cle Elum data center
and the community benefits worth testing.

CLE ELUM, WASHINGTON

PUBLIC CIRCULATION EDITION | OCT 2026

01 / THE QUESTION

Look beyond the building

The project can be assessed as both a private facility and a possible regional infrastructure catalyst.

NARROW LENS

20-40

reported permanent jobs

A legitimate metric, but an incomplete measure of long-term community value.

BROADER LENS

FIBER + POWER
+ TAX BASE
+ BUSINESS READINESS

Potential spillovers must be documented, negotiated, and measured.

Core principle: A data center is not automatically an economic-development strategy. It can be part of one if the infrastructure benefits reach beyond the property line.

02 / PROJECT SNAPSHOT

What has actually been proposed

These are reported developer estimates, not independently validated project outcomes.

\$200M

proposed capital investment

100K

square feet reported

20 MW

planned electrical load

20-40

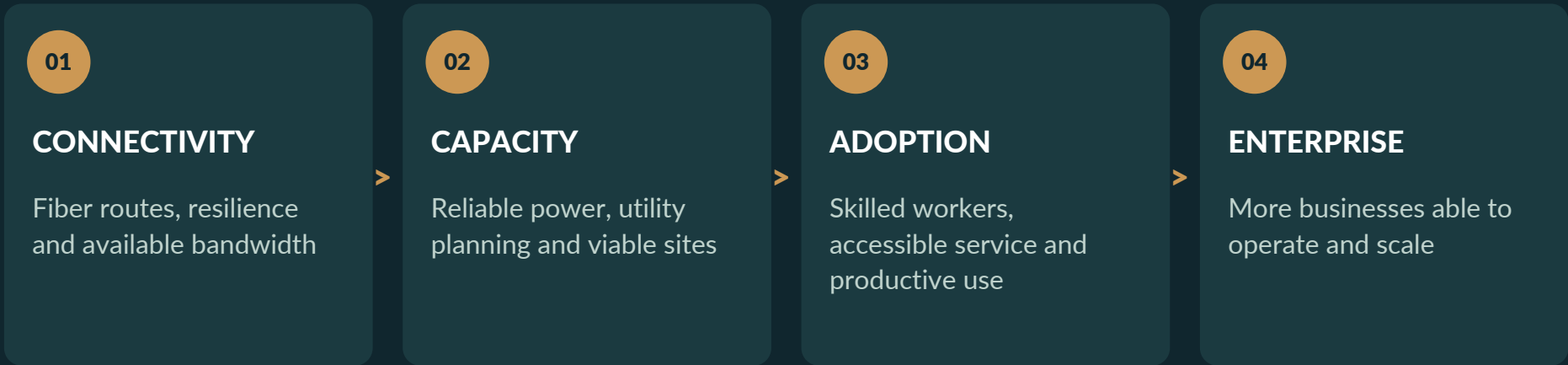
permanent jobs projected

Other reported claims: closed-loop cooling with ~80,000 gallons of first-year water use; PSE said the 20 MW load could be served reliably with developer-funded upgrades. Both require project-specific verification.

03 / ECONOMIC LOGIC

Infrastructure precedes industry

Rail, roads and electricity connected previous generations to markets. Digital capacity is now part of the same economic foundation.



Research supports the value of broadband availability and use. It does **not** prove that one private data center will create this full chain locally.

04 / RESEARCH

The broadband-growth connection

Three different research approaches point to connectivity as an economic enabler.

USDA

Rural competitiveness

Earlier broadband availability was associated with stronger subsequent growth in employment, income and business activity across rural counties.

2009 | [4]

BROOKINGS

Prosperity & adoption

Broadband subscriptions predicted higher county median income, including in rural communities. Adoption mattered beyond infrastructure presence.

2022 | [5]

PEER-REVIEWED

Employment & telework

An evaluation of USDA broadband investment found positive effects on employment and telework in selected sectors, with uneven results across industries.

2025/26 | [6]

Interpretation: economic associations and program effects are not a guarantee of data-center-driven growth in Cle Elum.

05 / EVIDENCE IN FOCUS

Availability is necessary. Adoption unlocks value.

Brookings examined U.S. county data and tested broadband adoption against income and other prosperity measures.

\$40

higher county median household income associated with a 1% increase in broadband subscriptions

WHAT THE FINDING MEANS

Fiber availability creates the option.

Affordable service and actual use turn that option into business productivity, remote work and economic participation.

The \$40 figure is a statistical association across counties, not a predicted gain for Cle Elum households or proof of one project's impact.

06 / LOCAL CONTEXT

Kittitas County is already investing in fiber

The question is whether any data-center-driven infrastructure can extend or strengthen the existing regional strategy.

COUNTY-ANNOUNCED BROADBAND PROJECT

\$3.3M

public funding

~400

homes planned for fiber service in Thorp and Edgemont, through the Lightcurve partnership announced in May 2025.

Opportunity to investigate: Will the proposed data center create fiber routes, access rights or shared infrastructure that local ISPs and employers can actually use?

07 / WASHINGTON PRECEDENT

Quincy shows the fiscal upside is possible

Washington's Data Center Workgroup documented a larger tax base and expanded public infrastructure in Quincy.

REPORTED CITY OF QUINCY PROPERTY-TAX LEVY RATE



STATE WORKGROUP REPORTED

7 / 10

of Grant County's highest-valued taxpayers in 2025 were data centers, six in Quincy.

Limit: Quincy is a multi-campus case with different tax, utility and market conditions. Its experience is evidence of a possible outcome, not a Cle Elum revenue forecast.

08 / VALUE PATHWAYS

Five ways private investment could create public value

Each pathway is conditional. The relevant agreements and numbers must be demonstrated in the public record.

- 01

FIBER

Interconnections and access rights usable by local providers.
- 02

GRID

Customer-funded upgrades with durable cost protections.
- 03

TAX BASE

Net public revenues after incentives and service costs.
- 04

WORKFORCE

Training, apprenticeships and verifiable local hires.
- 05

SUPPLIERS

Procurement opportunities for qualified regional firms.

09 / CAUSALITY CHECK

Avoid the data-center fallacy

A facility's own fiber connection does not mean neighboring businesses gain new internet service.

NOT A VALID ASSUMPTION

Data center is built X community automatically gets better broadband

AN EVIDENCE-BASED PATHWAY TO TEST

Private build → negotiated access → ISP expansion → affordable adoption
Every step requires an owner, economics, documentation and measurement.

10 / RISK REVIEW

The hard questions deserve hard evidence

The state workgroup identified meaningful power-system, environmental and community trade-offs.

ELECTRICITY

Independent cost-of-service and reliability review; no shifting of project-specific costs to other customers.

WATER

Metered consumption, drought resilience and independent review of closed-loop design and backup water.

NOISE + AIR

Boundary noise limits, backup-generator emissions testing and enforceable operating rules.

LAND + SAFETY

Land-use compatibility, emergency response capacity, heat, fire and decommissioning obligations.

FISCAL IMPACT

10-20 year net tax model including exemptions, public costs and the realistic long-term job count.

All assumptions require project-specific independent review before conclusions.

11 / COMMUNITY VALUE

A community-benefit term sheet

Potential commitments to negotiate before relying on projected spillovers.

1 FIBER RIGHTS

Defined conduits, route documentation, capacity or access rights for local ISPs.

2 POWER COSTS

Developer-funded interconnection and protections against cost shifting.

3 PUBLIC REVENUE

Audited forecast, disclosure of tax preferences and annual reporting.

4 WATER + AIR

Verified water budget, monitoring, noise rules and emissions compliance.

5 LOCAL ECONOMY

Workforce training, local procurement reporting and defined targets.

6 END-OF-LIFE

Site restoration, emergency reserves and decommissioning security.

12 / DECISION FRAMEWORK

Three gates before treating the benefits as real

Move from attractive projections to documented, enforceable public value.

1

GATE 1

VALIDATE

Independent engineering, water, power and fiscal reviews. Separate developer claims from verified capacity.

2

GATE 2

COMMIT

Written public-benefit obligations, utility safeguards and measurable infrastructure access.

3

GATE 3

DISCLOSE

Publish assumptions, counterfactuals, annual performance metrics and enforcement terms.

The key comparison: projected public value versus verified public cost, risk and alternatives.

13 / MUNICIPAL FISCAL CONTEXT

The City Heights judgment changes the stakes

Cle Elum faces a documented debt challenge far larger than its annual operating fund.

~\$26M

CITY HEIGHTS JUDGMENT

Approximate liquidated judgment as of May 2025, per the bankruptcy court.

\$5.03M

2026 GENERAL FUND

Budgeted annual revenue and spending, not cash available for judgment payments.

JUN 2025

Chapter 9 filed

JUL 2026

Eligibility upheld

OCT 2026 STATUS

Plan / settlement unresolved

Why it matters: verifiable new revenue may improve the City's long-term fiscal flexibility and ability to fund a negotiated debt adjustment, after essential services and legal restrictions.

14 / REVENUE AND DEBT CAPACITY

Potential tax receipts are not debt payments

Start with taxable value, then subtract public costs and test legal availability.

ILLUSTRATIVE CITY PROPERTY LEVY ONLY	
Assumed incremental taxable value	Annual City gross tax
\$40M	~\$55K
\$100M	~\$139K
\$160M	~\$222K

WHAT MUST BE TRUE

- 1 Assessor verifies taxable value
- 2 City costs and tax limits are netted
- 3 Funds are legally usable under plan

THE FINANCIAL TEST

Using the 2026 City levy of \$1.385286 per \$1,000, these are arithmetic sensitivities, not forecasts. New construction, exemptions, levy mechanics, public costs and Chapter 9 terms can change what becomes available for creditors.

THE CENTRAL TAKEAWAY

THE OPPORTUNITY IS NOT JUST A BUILDING.

It is whether a private investment can leave Cle Elum with stronger infrastructure, a broader tax base and more options for the next generation.

Demand verified benefits. Protect existing residents. Measure the result.

Small towns show several fiscal pathways

The revenue mechanism matters more than the headline project cost. These examples are not directly comparable.

PRINEVILLE, OR

Nearly \$11M

annual electricity-related franchise fees, reported by officials in 2026.

Boundary: Large, established cluster; fee arrangements and property-tax abatements differ from Cle Elum.

Open source / Prineville

HERMISTON, OR

\$2.65M

enterprise-zone payment made in Nov 2025, plus \$542,386 in regular property taxes to local districts.

Boundary: Payments are allocated among city, county and other taxing districts; not all City revenue.

Open source / Hermiston

NEW ALBANY, OH

\$10M

in community development charges attributable to data centers for tax year 2024.

Boundary: Ohio-specific negotiated charges and abatements; not transferable tax rates.

Open source / New Albany

QUINCY, WA

\$3.12 → \$0.88

change in city property-tax levy rate per \$1,000 from 2006 to 2025, reported by state workgroup.

Boundary: A long-term multi-campus comparison, not a forecast or single-project causal estimate.

Open source / Quincy

Note: Results span different municipalities, years and revenue mechanisms. They are not a Cle Elum forecast.

The other half of the ledger

Water demand, project forecasts and municipal concentration must also be tested.

THE DALLES, OR

434.4M gallons

Open source evidence

Google 2024 withdrawals from city records; a 2021 agreement involved water infrastructure transfer.

Cle Elum test: Require full water balance, capacity and signed utility obligations.

LA PINE, OR

20 MW rejected

Open source evidence

Council did not proceed with the 2026 land sale after staff challenged jobs and franchise-fee forecasts.

Cle Elum test: Developer claims need independent verification before approval.

FOREST CITY, NC

14% of county revenue

Open source evidence

State DEQ describes a Meta redevelopment as a major county tax source.

Cle Elum test: County revenue is not town revenue; test concentration risk.

WHAT CHANGES THE PUBLIC DECISION?

Require assessor-certified value, verified electricity-tax treatment, independently priced water and power capacity, enforceable local-access terms, and a 20-year public-cost comparison against feasible alternatives.

Revision history

CURRENT PUBLIC EDITION

Rev 1.01

Oct 2026 · Seven comparator communities summarized, source boundaries disclosed, and print-page revision identifiers standardized.

Each case has an independently labeled outcome, timeframe, jurisdiction and limiting assumption. Use the detailed fiscal assessment for underwriting implications and alternative-use sensitivity.

Clickable source ledger

Washington Data Center Workgroup, Quincy

Prineville city officials / The Source (2026)

City of Hermiston, enterprise zone FAQ

City of New Albany, finances

Oregon Public Broadcasting, city water reco...

City of La Pine, June 10 council packet (Ma...

North Carolina DEQ, brownfields success stories

Reference rule: the linked source documents a reported outcome or government position; it does not establish how Cle Elum would be taxed, what the proposed project will consume, or whether benefits are enforceable.

Latest edition: <https://www.karlohlemann.com/cle-elum-data-center-brief.pdf>

SOURCES / 01

Public records and project reporting

Source numbers in the deck correspond to these links. Click any entry in the PDF to open its source.

- [1]

Blue Fern proposal: reporting and project parameters
Spokesman-Review, Aug. 5, 2026
- [7]

Kittitas County Partners with Lightcurve to Bring High-Speed Internet
Kittitas County, May 22, 2025
- [2]

Project footprint and reported specifications
Data Center Dynamics, Aug. 6, 2026
- [8]

Washington Data Center Workgroup Preliminary Report
WA Department of Revenue, Dec. 1, 2025; tribal consultation ongoing
- [3]

Bullfrog Flats Master Site Plan and development record
City of Cle Elum, accessed Oct 2026
- [9]

Modification to Rural Data Center Sales & Use Tax Exemption
WA Department of Revenue, June 3, 2026

SOURCES / 02

Economic research and context

The evidence supports digital connectivity as an economic enabler, not any specific local revenue or job outcome.

[4]

Broadband Internet Service Helping Create a Rural Digital Economy
USDA Economic Research Service, 2009

[10]

2026 Tax Preference Review: Data Centers in Urban Counties
WA Joint Legislative Audit & Review Committee, July 2026

[5]

Why Digital Human Capital Is Important in Community Building
Brookings Institution, 2022

[11]

Data Center Workgroup: preliminary status and findings
WA Department of Revenue, accessed Oct 2026

[6]

Impacts of the USDA Broadband Initiatives Program on Employment and Telework
Telecommunications Policy, 2025/2026 online

[12]

Data Center Advisory Committee meeting record, Nov. 4, 2026
Public agenda record, Oct 2026

SOURCES / 03

Municipal debt, budget and tax records

Direct links support the City Heights and revenue discussion added in this edition.

- [13]

U.S. Bankruptcy Court, Eastern District of Washington
In re City of Cle Elum, Case 25-01128-WLH9, July 14, 2026 opinion
- [14]

Cle Elum Chapter 9 procedural record
ElevenFlo docket review, Oct. 13, 2026
- [15]

Kittitas County Assessor, 2026 levy report
2025 assessed valuations / taxes collected in 2026
- [16]

Washington Department of Revenue
How the 1% property-tax levy limit works
- [17]

City of Cle Elum, adopted 2026 budget
City budget and mayoral financial statement

Sources describe historical amounts and October 2026 case status; no confirmed repayment outcome is implied.

NOTES / LIMITATIONS

How to interpret this deck

This is a community discussion brief, not an environmental impact statement, permit analysis or fiscal forecast.

Developer estimates	Capital investment, floor area, load, jobs and claimed cooling-water use are publicly reported proposal figures; they require independent verification.
Research interpretation	Broadband research concerns connectivity and adoption. It cannot be used to predict a single data center's job creation, household-income effect or future industrial clustering.
Quincy comparison	The reported tax-base and levy outcomes reflect a different city with multiple facilities; they are illustrative, not a forecast or evidence of sole causation.
Public costs and legal	No project-specific analysis of incentives, rates, water rights, land-use entitlements or development-agreement constraints is supplied here; all require primary records and review.

Status reviewed Oct 2026. The state workgroup report remains preliminary during tribal consultation.

RESEARCH FRAMEWORKS / BOOKS

Two tests for lasting community value

These books inform the evaluation framework; neither estimates financial benefits from the proposed Cle Elum facility.

CHARLES L. MAROHN

Strong Towns (2019)

Measure long-term public return, not headline capital investment. Analyze municipal revenue per acre, lifecycle infrastructure costs, and fiscal resilience.

For Cle Elum: prove new revenue exceeds public obligations over decades, including any debt-service commitments.

SUSAN CRAWFORD

Fiber (2019)

High-capacity connectivity can enable new industries and services. Private fiber serving a facility does not equal affordable, useful access for local businesses.

For Cle Elum: identify actual fiber access, interconnection terms, providers, and the benefit to residents.

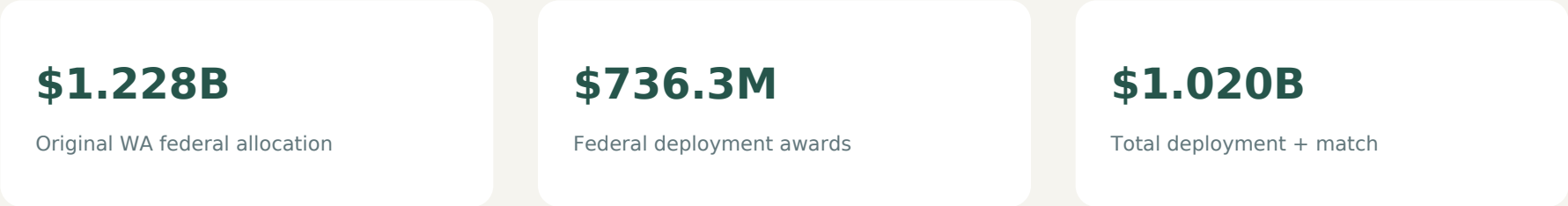
RESEARCH LENS, NOT A PROJECT FORECAST

Click a book title for the publisher record. The full assessment develops these tests in detail.

FEDERAL CONTEXT / BEAD

Separate program. Complementary goal.

Washington's BEAD deployment funding is not a grant to the proposed Cle Elum data center.



WHY THE DISTINCTION MATTERS

BEAD is a federal broadband-access program serving eligible unserved and underserved locations through provider-led projects. The funding and scope are separate from a privately financed data center.

POTENTIAL COMPLEMENT

Compare proposed private fiber routes and interconnection plans with approved regional broadband projects. Seek coordinated construction, access, competition, and public benefits where feasible. Do not assume any Cle Elum project is BEAD-funded or that new capacity is available to residents.

WA Department of Commerce: NTIA approval and BEAD funding, Feb. 2026

NTIA: Washington allocation and approved program milestones