

Data Center Development Regulations

Fort Worth City Council Work Session

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City Manager's Office

Presentation Agenda



What Is a Data Center?

Overview and Fort Worth's existing data centers



Economic Impact & Property Tax Revenue



Zoning Amendments



Noise Regulations



Water & Wastewater Requirements



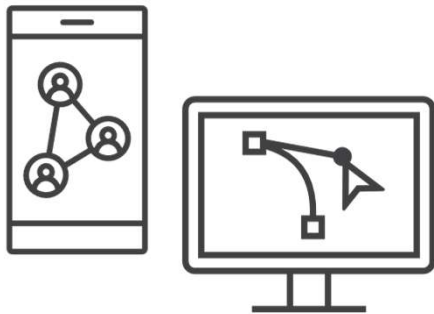
Economic Development Incentives



Next Steps

What is a Data Center?

A data center is a physical facility that houses IT infrastructure—including servers, storage devices, and networking equipment—to store, process, and manage digital operations and data.



Any time you **search on the internet, send an email, stream a video, read a digital book, use GPS, use an app, etc.**, the requests are being fulfilled by a machine in a data center.

Why are Data Centers coming to Texas?

- Business-friendly environment
- Lower-cost energy
- Faster permitting timelines
- State incentives and exemptions
- Available land in proximity to power infrastructure

Goals

1

Protect the **health, safety, welfare, and quality of life of residents potentially impacted** by data center development by effectively leveraging the **City's regulatory authority**.

2

Position Fort Worth to **responsibly capture the economic benefits** of emerging data center opportunities by requiring **best-in-class data center development practices**.

Existing Data Centers

4

4 data centers
(CD 5 – 1; CD 10 – 3)

10

Made up of 10 total
buildings

3M

Totaling approximately 3
million square feet

Smallest

209,000 sq ft

Largest

1.5M sq ft
(campus)

Average

275,000 sq ft

First Build

2000

Newest Build

2025

In Progress Data Centers

In City Limits



1

1 under construction
(CD 7)

4

4 proposed
(CD 3, 6, 7 and 8)

In ETJ



2

2 proposed

City Considerations

Opportunities

Significant private investment, commercial tax base growth

Increased revenues for all local taxing authorities

Long-term, minimal impact to City services and infrastructure

Maintain oversight on inevitable regional data center development

Inside the city limits, development can be shaped through zoning and development standards.

Outside the city limits, development can still occur with the same regional resource impacts, but opportunity for City oversight and revenue generation is lost.

City Considerations

Impacts

Resource considerations: water, wastewater, energy

Neighborhood impacts: noise, air quality, lighting

Potential for over-proliferation and overbuilt infrastructure

Data Centers Property Tax Revenue

\$83,018,299

Last 5 years of City **gross property tax revenue** from data centers

In **2024**,

Data Center Property Tax Revenue equaled revenue of

8,378

average value single-family homes

(FY25, gross revenue)



In **2030**,

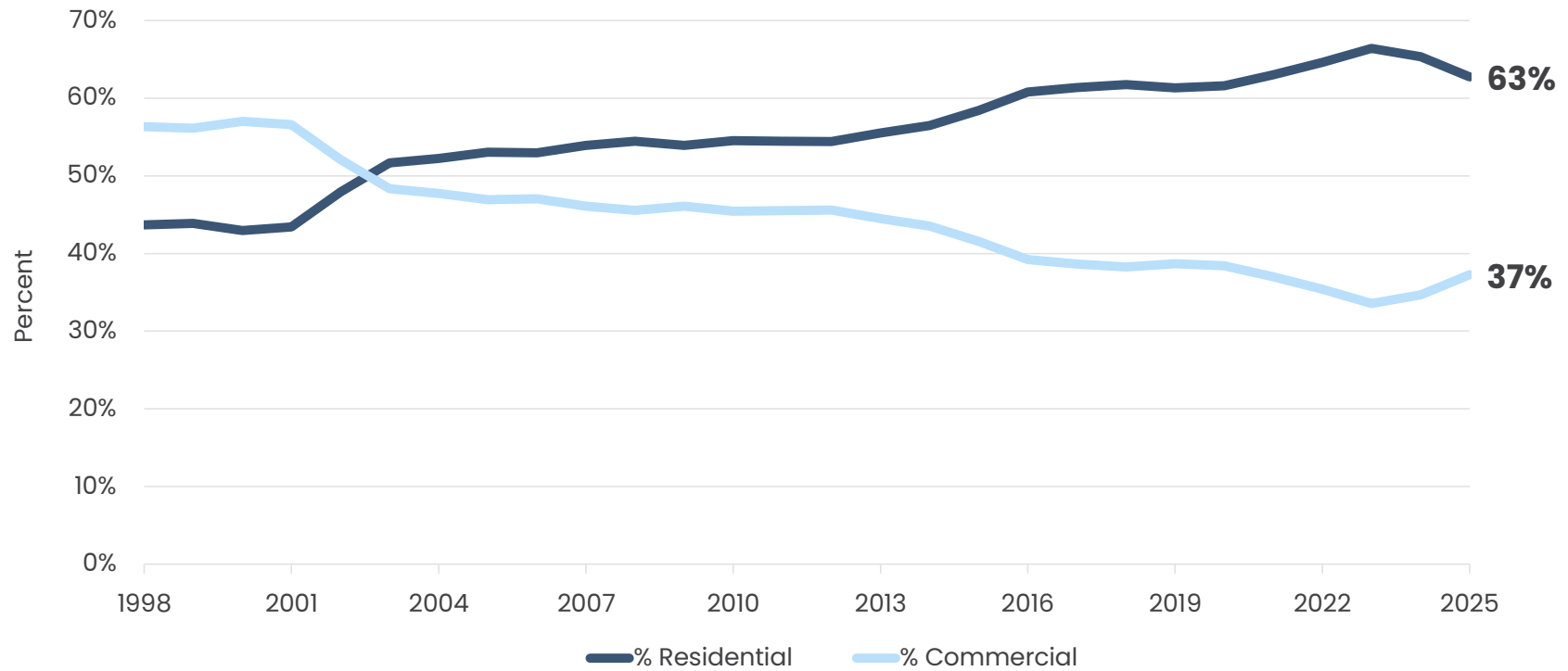
Data Center Property Tax Revenue is projected to equal revenue of

22,718

average value single-family homes

(FY31, gross revenue)

Property Tax Base Composition



Source: Texas State Comptroller's Office City Self Report

State Legislative Activity

89th Legislative Session SB 6 (Effective 6/20/25)

Regulatory framework for **large-load customers (>75MW)** to address **electric grid reliability/emergencies, cost allocation, data transparency**

Public Utility Commission of Texas (PUCT) required to **establish new interconnection standards** for large-load customers

90th Legislative Session (Upcoming 2027)

Additional legislative action related to data centers is **anticipated in the next Legislative Session**

Several **House and Senate Committees** are currently studying data center-related interim charges, including impacts on the **electric grid, water supply, infrastructure, economic development, and regulation**

Who has Authority?

State of Texas

Energy

Public Utility Commission of Texas
Electric Reliability Council of Texas (ERCOT)

Statewide Water Planning

Texas Water Development Board (TWDB)

Air Quality

Texas Commission on Environmental Quality (TCEQ)

State Tax Exemptions & Incentives

Texas Comptroller of Public Accounts
Texas Economic Development & Tourism Office

City of Fort Worth

- Zoning and Development Regulations
- Noise Regulations
- Water Utility Requirements
 - ↳ In cooperation with Tarrant Regional Water District
- City Economic Development Incentives

Zoning and Development Regulations

Current Zoning Regulations:

Defined

Buildings designed to house **computers and support systems** used mainly to provide **data/transaction processing**

Districts Allowed

"I" Light Industrial
"J" Medium Industrial
"K" Heavy Industrial

Examples of Development Allowed in "I", "J", "K"

I: Light Industrial

- All commercial uses, plus:
- Warehouses, distribution
- Light assembly

J: Medium Industrial

- All above uses, plus:
- Industrial processing

K: Heavy Industrial

- All above, plus:
- Concrete plants, lumber yards
- Solid waste processing

Current Zoning Regulations: Industrial Development Standards

No Data Center Specific Standards

Front Setback up to 20 feet if fronting residential

Side Setback of 50 feet adjacent to 1- or 2- family or 5 feet adjacent to other residential

Rear Setback of 50 feet adjacent to 1- or 2- family or 10 feet adjacent to other residential

Max Height of 3 stories/55 feet in Light Ind. or 12 stories/120 feet in Medium & Heavy Ind.

Landscaping and Buffers of 4% net site area or 30-foot depth along roadways

Urban Forestry retained and planted canopy coverage of 20%

Outdoor Lighting limited to zero-foot candles within 150 feet of residential district and max height of 20 feet, including wall fixtures

Proposed Zoning Amendments

Prohibit

Crypto Currency Mining as primary use

Establish

Data Center Development Standards



Building setback of 250 feet from residential district and use

Parking and driveways allowed within supplemental building setback

Standby generators not within 300 feet of residential and fully screened

Rooftop cooling equipment behind acoustic barrier 1.5 times the height

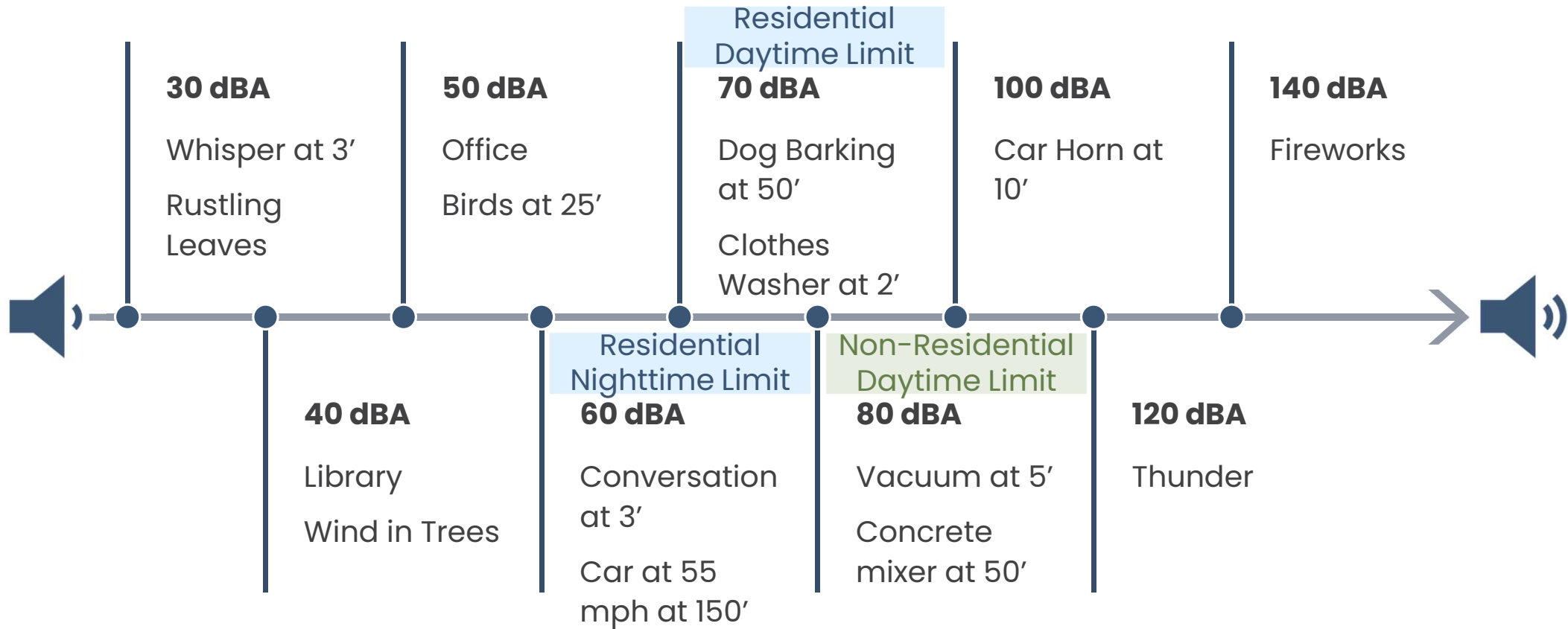
Extend **outdoor lighting** regulations to residential use in addition to district

Landscape bufferyard of 50 feet and screening fence along residential

A **continuous row of evergreen trees** at site perimeter adjoining residential

Noise Regulations

Noise Considerations



Noise Regulations

Current Noise Regulations

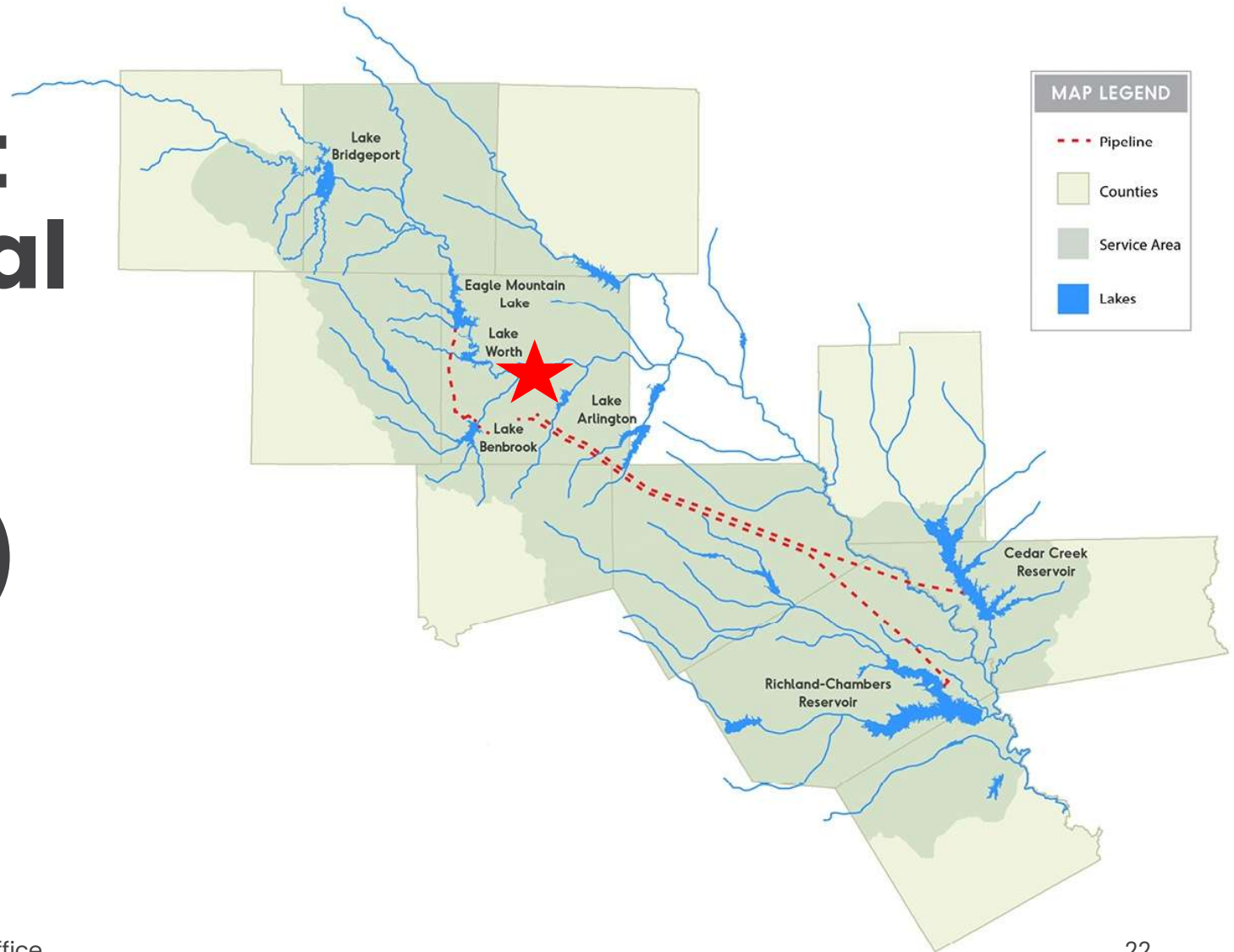
Industrial Zoning Districts are exempt from Maximum Sound Levels

Proposed Noise Regulations

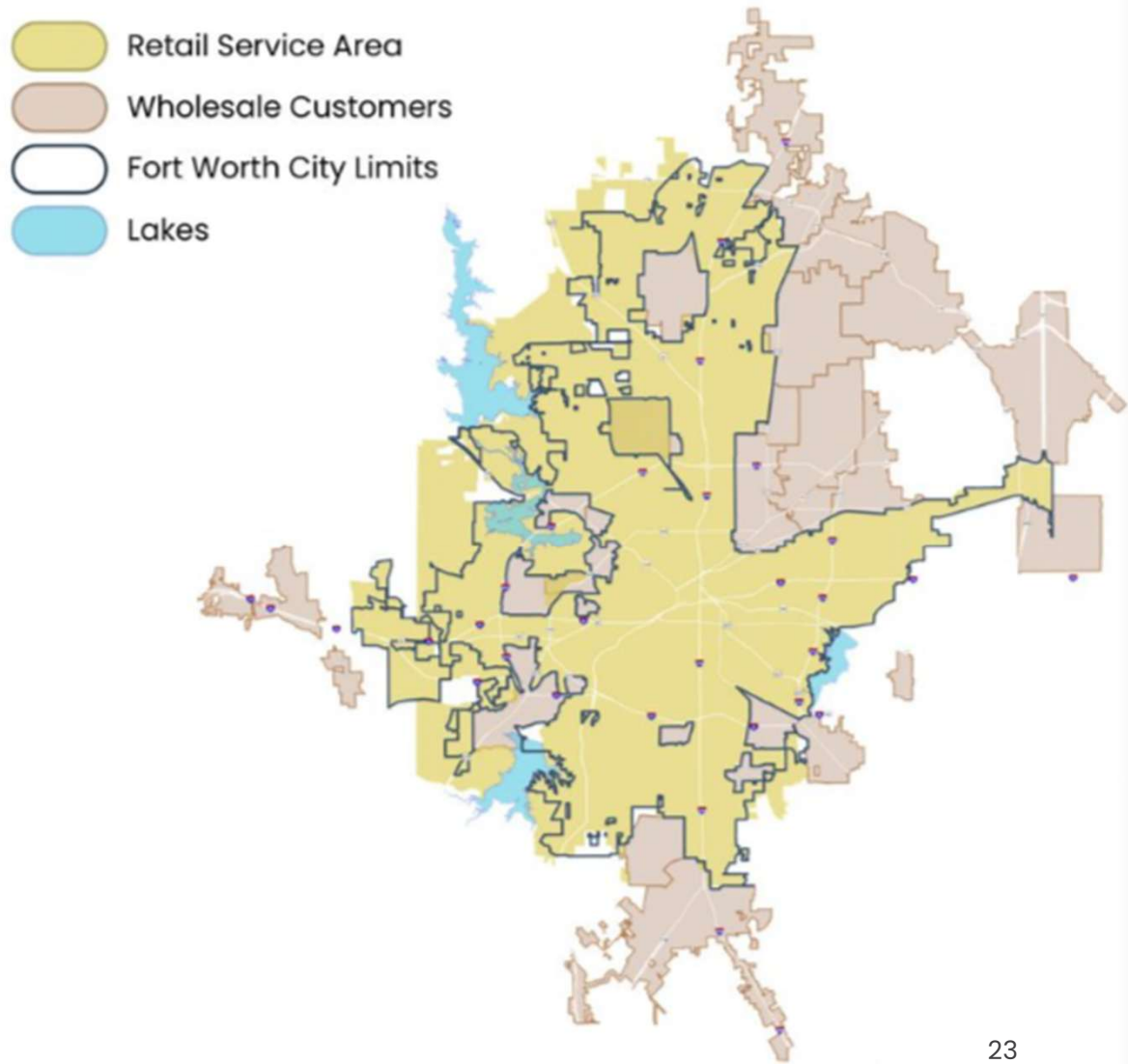
1. Within 250 feet of residential, require a 72-hour pre-development ambient noise study, measured at property line
2. Establish Maximum Sound Levels not to exceed 5 dBA above the pre-development ambient noise
3. Require mitigation measures if Maximum Sound Levels are exceeded, at owner/operator expense
4. Restrict standby generator testing schedules to weekdays between 8 a.m. and 5 p.m.
5. Exempt emergency operations (TCEQ regulated)

Water Utility Requirements

Tarrant Regional Water District (TRWD) Service Area



City Water Service Obligation



Water Supply Long-Term

TRWD Prioritization

- TRWD is sole and exclusive provider of **raw water** to Fort Worth
- Contract with TRWD **prioritizes supply needs of Fort Worth**, Arlington, Mansfield, and Trinity River Authority (TRA)

State Water Plan Forecast

- State Water Plan **forecasts additional water supply** needed by TRWD to provide service to existing and proposed customers over next 50 years
- Identifies actionable strategies and financing sources

Water Supply Strategies

- \$2.3B **Integrated Pipeline** project
- TRWD designing **indirect reuse projects at Mary's Creek and Cedar Creek Reservoir**, with construction anticipated to start in next 5 years
- Additional supply strategies incorporated into State Water Plan and TRWD Integrated Water Supply Plan

Water Development Review

- **Water Loading Study** required
 - Identifies water demand for development
 - Shows impact on water system
 - Specifies needed off-site infrastructure improvements
 - **Developer pays full cost** of extending infrastructure
 - City may contribute if oversizing to serve additional area
 - Determines meter and tap size – effectively caps water usage
- **Water and Wastewater Impact Fees** assessed based on meter size
- **Connection Charges** assessed based on Water Loading Study
 - Council-adopted Per MGD (Million Gallons Per Day) charge for the water allocation to the specific development

Water Usage Comparison

Developing
100 Acres of Land

If Developed as
Data Center



Closed Loop Cooling

300K - 1 M gallons
of average monthly water use

Evaporative Cooling

4 - 6 M gallons
of average monthly water use



If Developed as
Single-Family Residential

2 M gallons
of average monthly water use

Water Utility Average Total Monthly Water Consumption = **6.5B gallons**

Wastewater Requirements

Required wastewater studies determine impacts, needed improvements, and permit requirements.

Most closed-loop data centers are expected to require **Non-Significant Industrial User (NSIU)** permits, establishing a “**control document**” that clarifies **responsibilities** and **enforceable conditions**.

The permitting process provides:	NSIU permits may require:
<ul style="list-style-type: none">• protection of the sewer collection system,• protection of wastewater treatment operations,• protection of utility workers and public health,• prevention of unauthorized chemical discharges,• enforceable accountability measures,• ongoing monitoring and oversight,• and verification/certification requirements that can be investigated and validated by City staff.	<ul style="list-style-type: none">• chemical disclosure and Safety Data Sheets (SDS) submission,• spill prevention and slug control plans,• secondary containment,• monitoring and inspection access,• discharge limitations,• annual certifications,• employee/operator training,• reporting requirements,• and emergency notification procedures.

Water Recommendations

Adopt

Installation Policy and Design Criteria for Water, Wastewater, and Reclaimed Water Infrastructure

For Data Centers



Require

Closed loop cooling system

Require

Wastewater pretreatment permits as Non-Significant Industrial User

Economic Development Incentives

Economic Development Considerations

- Site appropriateness (zoning, land use, infrastructure capacity, etc.)
- Site alternatives (competitive sites in other locations)
- Company track record/financial capacity
- Project scale (investment minimum)
- ERCOT approval status and Oncor support
- Necessity of incentives to address site-specific issue or competitive disadvantage with alternative sites

Economic Development Incentives

Incentives are considered on a **case-by-case basis** and projects must be fully compliant with adopted City **ordinances, policies and plans**.

Recommended Policy Changes

- Demonstrate **multiple viable sites** under consideration, significant local value in site consideration (i.e. annexation), and clear **project improvements** tied directly to incentives
- Demonstrate **substantial progress through ERCOT interconnection process** before final consideration
- Significantly exceed policy investment minimum
 - **\$500 million** minimum initial investment and **identified end user**
 - Requirements for **minimum BPP** value throughout life of agreement
 - Limit of grants/abatements to **no more than 50%** of tax revenue

Summary of Recommendations

	Recommendation
Zoning Ordinances	<ul style="list-style-type: none"> • Adopt Data Center Specific Development Standards • Prohibit Crypto Currency Mining Operations (i.e. bit coin mining) as primary use
Noise Ordinance	<ul style="list-style-type: none"> • Establish Maximum Sound Levels • Restrict standby generator testing times
Water Utility Requirements	<ul style="list-style-type: none"> • Require closed loop cooling system • Require wastewater non-significant industrial user permit
Economic Development Incentives	<ul style="list-style-type: none"> • Require competing sites • Require known end user and ERCOT approval • Require higher minimum investment and cap incentive

Next steps

July 8

Zoning Commission Action

Zoning and Development Standards Amendments

August 11

City Council Action

Zoning and Development Standards Amendments

Noise Ordinance Amendments

Water and Wastewater Policy Amendments

Economic Development Policy Amendments

Community information resource:
[fortworthtexas.gov/datacenters](https://www.fortworthtexas.gov/datacenters)