Washtenaw County Resiliency Office

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A Frequently Asked Question Guide to What Local Governments Should Know About Data Center Development in Washtenaw County

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On October 1, 2025 the Washtenaw County Board of Commission passed a resolution, "*directing Washtenaw County staff to develop informational outreach materials on data centers for local municipalities and urging local municipalities to require a set of recommendations for data center approval .*" This document serves as a living resource that captures commonly asked questions and provides factual information about data centers and their potential impact on Washtenaw County communities. This document will be updated on a weekly basis, reflecting new questions and newly available information. It is maintained by the Washtenaw County Resiliency Office with support from the University of Michigan's Center for EmPowering Communities.

Introduction to Data Centers

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What are data centers, and why are so many being built?

- Data centers are facilities that support vital infrastructure for modern digital services. They primarily contain servers (connected computers) and data storage systems that manage extensive calculations and processing tasks. These centers supply the hardware needed for internet connectivity, large-scale software applications, and the computational demands of both traditional and generative artificial intelligence (AI).[1]
- Digitalization and the rise of artificial intelligence have spurred the development of data centers.

What types of data centers are there?

- There are different types of data centers, often shaped by the primary function of the facility. Data centers fall into three main categories based on ownership, scale, and purpose. **Enterprise** and internal data centers are privately owned facilities that manage a company's IT operations, typically housing 2,000 to 5,000 servers across 20,000 to 100,000 square feet and consuming around 100 MW of power. **Colocation centers** are third-party facilities that rent space, power, and cooling infrastructure to multiple organizations, allowing businesses to outsource their data center needs and reduce capital expenses. **Hyperscale data centers** are massive facilities operated by major technology companies to support cloud computing and AI workloads, characterized by at least 5,000 servers, a minimum of 10,000 square feet, and power consumption exceeding 100 MW.[2]

How are data centers different from industrial warehouses or factories?

- Data centers are often taller than single-story warehouses and require more robust underground and above-ground infrastructure, including external electrical and mechanical equipment, surveillance, controlled access points, and redundancies (multiple power feeds and servers). They are also likely to have robust fire detection and suppression systems because of onsite batteries and/or generators.[3]
- Because they require relatively few onsite employees, data centers usually require fewer parking spaces and plumbing fixtures, and have less of a long-term impact on local traffic.[4]
- Data centers benefit from clustering, or "the practice of linking the servers at multiple data centers with high-speed, low-latency connections so they work together as a unified

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[1] https://www.nlc.org/wp-content/uploads/2025/04/Data-Centers-Fact-Sheet.pdf

[2] https://www.nlc.org/wp-content/uploads/2025/04/Data-Centers-Fact-Sheet.pdf

[3] *Local Guidelines for Data Center Development* (p. 11). (2024). ULI Americas Data Center Product Council. https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf?rev=ff41e390b3294adb910c24bb5c4e7186&hash=0A052C1D7FB0F9B3A56EC2D97F1ABD3D

[4] *Local Guidelines for Data Center Development* (p. 11). (2024). ULI Americas Data Center Product Council. https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf?rev=ff41e390b3294adb910c24bb5c4e7186&hash=0A052C1D7FB0F9B3A56EC2D97F1ABD3D

system."[5] Requiring physical proximity, clustering helps reduce latency, improve reliability, balance loads, and reduce the need for long-distance fiber optic connections.

Where are data centers built?

- Data center companies locate sites based on local electricity prices, land and water availability, and climate conditions.[6]
- Data centers also depend on high-tension transmission lines and substations.[7]

What is the role of cities, townships, and villages in data center development?

- Land use approval for data centers in Michigan is done through zoning, which most commonly is done by cities, townships, and villages.
- Any amendments to community master plans will need to follow the procedures of the Michigan Planning Enabling Act, and any amendments to community zoning ordinances will need to follow the procedures of the Michigan Zoning Enabling Act.

What is the role of Washtenaw County in data center development?

- Inspection:
  - The County Health Department inspects facilities that manufacture, use, or store at least 56 gallons (450 pounds) of toxic, hazardous, or polluting substances.[8]
  - The County Environmental Health Department inspects all lithium batteries present at substations and performs pollution prevention inspections.
  - After a local municipality approves the construction of a data center project, the County Department of Building Inspection ensures the structure abides by state code. Washtenaw County Building Inspection provides enforcement service for the following municipalities: Augusta Township, City of Dexter, Lodi Township, Saline Township, Scio Township, Sharon Township, and Webster Township.
- Permitting:
  - The County Health Department permits onsite sewage disposal when use is less than 10,000 gallons/day.

What is the role of the State of Michigan in data center development?

- In 2020, Michigan enacted Public Acts 29 and 30, which provided sales and use tax exemptions for qualified data centers and their co-located businesses under MCL 205.54ee and 205.94cc. House Bill 4906 and Senate Bill 237 significantly expanded these exemptions in 2024, extending the exemption period through 2050 and through 2065 for data centers located on brownfields or former power plant sites. The laws also introduced a new

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[5] *Local Guidelines for Data Center Development* (p. 10). (2024). ULI Americas Data Center Product Council. https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf?rev=ff41e390b3294adb910c24bb5c4e7186&hash=0A052C1D7FB0F9B3A56EC2D97F1ABD3D

[6] https://stpp.fordschool.umich.edu/sites/stpp/files/2025-07/stpp-data-centers-2025.pdf

[7] https://www.areadevelopment.com/data-centers/data-centers-q1-2015/data-center-location-decision-parameters-46734866.shtml#:~:text=Data%20centers%20utilize%20power%20to,the%20data%20center%20are%20available.

[8] https://content.civicplus.com/api/assets/2a9124d0-9150-4829-9deb-bf817791e31d

category of "enterprise data centers," defined as projects investing at least $250 million and creating 30 or more high-wage jobs. To qualify, developers must meet specific requirements, such as municipal water use, LEED or equivalent green building certification, and sourcing at least 90% of electricity from clean energy.

- Permitting:
    - EGLE's National Pollutant Discharge Elimination System regulates data centers that discharge wastewater directly to surface waters of the state.[9]
    - EGLE's Ground Water Discharge Permit Program regulates data centers that discharge over 10,0000 gallons of wastewater per day directly to land.[10]
    - Publicly Owned Treatment Works (POTW) regulate data centers that discharge water to the POTW. Wastewater discharge to the POTW is regulated by the EGLE Hazardous and Liquid Industrial Waste Transporter Program.[11]
    - EGLE's Geologic Resources Management Division oversees Michigan's regulation of large quantity withdrawals. Michigan landowners must obtain EGLE approval before operating pumps capable of withdrawing at least 70 gallons per minute. This requires using the Water Withdrawal Assessment Tool (WWAT) for wells or surface water intakes from streams, rivers, or ponds under 5 acres. Approval is granted when no Adverse Resource Impact (ARI) is determined, resulting in a Water Withdrawal Registration that becomes void if the withdrawal isn't operational within 18 months.[12]
    - Facilities with the capacity to withdraw an average of more than 100,000 gallons of water per day over a consecutive 30-day period are required to register and annually report their water use to EGLE. Only applies to facilities physically withdrawing water from private wells.[13]

What role do public utilities play in data center development?

- Public utilities like DTE, Great Lakes Water Authority (GLWA), and other municipal electric or water utilities provide and manage the energy and water infrastructure required to support data centers. DTE and Consumers Energy are the energy providers for the majority of Washtenaw County (the City of Chelsea operates a municipal utility and the City of Ann Arbor recently passed a resolution to the establish a Sustainable Energy Utility.
- GLWA is the wholesale provider that supplies water and wastewater services to the southeast portion of Washtenaw County.

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[9] https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Programs/WRD/NPDES/faq-permit-type.pdf?rev=f43e26742419468dabd0e8d7f3004bab&hash=1F73528282B57A29F472E323749E7ED6

[10] https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Programs/WRD/NPDES/faq-permit-type.pdf?rev=f43e26742419468dabd0e8d7f3004bab&hash=1F73528282B57A29F472E323749E7ED6

[11] https://www.michigan.gov/egle/-/media/Project/Websites/egle/Documents/Programs/WRD/NPDES/faq-permit-type.pdf?rev=f43e26742419468dabd0e8d7f3004bab&hash=1F73528282B57A29F472E323749E7ED6

[12] *Wwat*. (n.d.). Retrieved October 7, 2025, from https://www.egle.state.mi.us/wwat/home

[13] Volzer, H. (2025). *A Finite Resource* (p. 38). Alliance for the Great Lakes.,

- Data centers seeking to benefit from Michigan's tax incentive must use municipal water from a municipal water system with available capacity to serve the facility.[14]
- Some public utilities, such as DTE, offer incentives to attract data center developers to the region. For example, DTE offers a Cost in Aid Construction (CIAC) Credit Program, with special benefits for businesses with an electric demand of 1,000 kW+.[15]

What role do economic development organizations play in data center development?

- In some cases, economic development organizations encourage and facilitate data center development.
- SPARK: Ann Arbor SPARK is a non-profit economic development agency based in Ann Arbor. They support data center development in Washtenaw County and publicize their ability to help data centers identify local sites, coordinate with governments and utilities, and support "confidential and strategic business expansion." They are involved with Saline's data center developer[16] and are supportive of the UM/LANL data center.[17] They also support local incentives for data centers "based on zoning and site readiness."[18]

How do data centers use water and energy?

- Most of the energy consumed by data centers supports the facilities' information technology equipment (servers, storage arrays, etc.) and infrastructure equipment (cooling systems).[19] Data centers use water for direct cooling needs and/or indirect energy needs. Data centers and typically use more water in areas with higher temperatures.[20]
- There is a lack of direct energy use data from data centers. This limited reporting significantly limits the quality of current energy benchmarking and forecasting. Current models rely on assumptions developed from limited publicly available data, proprietary market analyst data, and review by industry representatives and stakeholders."[21]
- On average, a single data center can consume up to 2 megawatt hours (MWh) of electricity, which is roughly the equivalent power consumption of a small town.
- In 2023 data centers consumed approximately 3% of all energy in the U.S.. Forecasts indicate that data centers will consume up to 12% of all energy in the U.S.. by 2028. That is equivalent to all residential energy use in 2024.(*Ngyun and Green, 2025 What happens when a data center comes to town*).

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[14] https://legislature.mi.gov/documents/2023-2024/publicact/pdf/2024-PA-0207.pdf

[15] *Powering the Digital World*. (n.d.). DTE. https://www.dteenergy.com/content/dam/dteenergy/deg/website/business/service-and-price/community-development/economic-development/PoweringDigitalWorld.pdf

[16] https://annarborusa.org/event/open-house-for-saline-township-residents/

[17] https://www.michiganbusiness.org/globalassets/documents/msf-board/msf-board-packets/december-2024-msf-board-packet_final_web-upload.pdf

[18] SPARK, A. A. (2025, July 3). *The role of data centers in our region's economic future*. Ann Arbor SPARK. https://annarborusa.org/role-of-data-centers/

[19] https://www.icef.go.jp/wp-content/themes/icef_new/pdf/roadmap/icef2025_roadmap.pdf

[20] Volzer, H. (2025). *A Finite Resource* (p. 18). Alliance for the Great Lakes. https://greatlakes.org/wp-content/uploads/2025/08/AGL_WaterUse_Report_Aug2025_Final.pdf

[21] https://escholarship.org/content/qt32d6m0d1/qt32d6m0d1.pdf

- There are different types of cooling systems, air-based or liquid-based, that use varying amounts of water and energy. Climate considerations often determine the type of cooling system. Many facilities adopt hybrid approaches that combine liquid cooling for high-heat components like CPUs and GPUs with air cooling for bulk heat removal. Generally speaking, there's a trade-off between electricity and water use in data center cooling. Cooling technologies that use more water (e.g., through evaporative cooling) tend to use less electricity, while those with closed-loop or air-based cooling systems tend to use less water but more electricity."

Will data centers increase local utility rates?

- Data center-related energy cost increases in states like Virginia and Ohio[22] do not necessarily translate to Michigan. Under the Michigan Public Service Commission, Michigan abides by cost-of-service ratemaking, which means that utility rates allocate "costs to customer classes based on usage patterns."[23]
- That data centers must pay their fair share of costs was made even more explicit in recent legislation which said that data centers that claim Michigan's use/sales tax exemptions must be in an electric service rate that does not cause residential customers to subsidize their facilities' electric service costs.[24]
- That does not mean, though, that electric rates will not increase. U.S. average retail electricity prices from 2019 to 2023 grew faster than inflation for residential consumers. [25] This is due to both expanding capacity for new infrastructure, but also for replacing infrastructure in an aging electrical system.
- To support future data centers, public utilities like DTE will need to build new infrastructure to expand their service capacity.[26] This new infrastructure, coupled with deferred maintenance projects, will likely increase local utility rates.

Do data centers create local jobs?

- Job creation from data centers in Michigan primarily involves temporary construction jobs and fewer permanent operational positions.[27]
- To take advantage of Michigan's tax exemption opportunities, data centers must provide at least 30 qualified new jobs with an annual wage of at least 150% of the prosperity region median wage. Washtenaw County is in Prosperity Region 9. The median hourly wage is $23.17. Those jobs must be maintained through 2050 (and through 2065 for facilities built on brownfield sites or former power plant sites).[28]

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[22] **https://www.washingtonpost.com/business/2024/11/01/ai-data-centers-electricity-bills-google-amazon/**

[23] https://pubs.naruc.org/pub.cfm?id=53889A44-2354-D714-5158-979D43EA47CF

[24] https://www.michiganbusiness.org/globalassets/documents/data-center/enterprise-data-center-guidelines.pdf

[25] https://emp.lbl.gov/news/new-berkeley-lab-report-summarizes-trends-retail-electricity-prices-and-price-drivers

[26] https://www.datacenterdynamics.com/en/news/dte-energy-in-talks-for-7gw-of-new-data-center-capacity/

[27] https://stpp.fordschool.umich.edu/sites/stpp/files/2025-07/stpp-data-centers-2025.pdf

[28] https://www.michiganbusiness.org/services/data-center/

Are data centers good for the local economy?

- Frequently cited reports on economic impact highlight national labor income growth, and do not discuss the spread of that growth across labor categories.[29]
- In 2023, the data center industry contributed $860 million in taxes to Michigan's state and local governments ($1,214 million if including cross-state spillover effects). This was an 11% increase from 2022 tax contributions ($772 million, $1,115 with spill-over effects).[30]

Data Centers in Washtenaw County

Updates on Washtenaw County Data Center

Where are data centers planned?	Who are the businesses developing data centers in Washtenaw County	What is the development stage of Washtenaw County data centers
Augusta Township	**Thor Equities** **Form8tion**	Zoning code amended; petition for zone code amendment to go onto the 2026 ballot pending.
Saline Township	**Related Digital** **Michigan — RELATED DIGITAL**	Township Board voted against rezoning; Landowner and Related Digital sued the Township. The Township reversed its ruling on the zoning, creating a pathway for the development to move forward. On Oct 30, the State of Michigan, DTE, Related Digital, and OpenAI announced that a deal was signed to build a hyperscaler data center at Related Digitals property. The center will be part of an agreement between Oracle and OpenAI that will invest $500 billion into AI infrastructure across the US by 2030.
Ypsilanti Township	**University of Michigan*** **LANL - U-M Research**	Investigating potential move to ACM site. Final decision on move pending.

**University of Michigan calls this project a High-performance computing facility. According to University of Michigan, "A high-performance computing facility is built for scientific research and innovation. It supports projects that benefit the public, from medicine and climate science to energy and national security. Commercial data centers store and deliver online content, supporting websites, apps, streaming, and private-sector platforms like social media, cloud storage, and e-commerce." (LANL - U-M Research)*

[29] Economic, Environmental, and Social Impacts of Data Centers in the United States (p. 16). (2023). PwC. https://www.datacentercoalition.org/reports-and-publications

[30] Economic Contributions of Data Centers in the United States: 2017—2023 (p. 56). (2025). PwC. https://www.datacentercoalition.org/reports-and-publications

This document is produced and maintained by the Washtenaw County Resiliency Office, with research assistance provided by Ann Wilkinson, University Michigan's Center for EmPowering Communities.

Have a question about data centers you want to see answered here?
Email the Resiliency Office at: WCResiliency@washtenaw.org