

Project Blue: Developing Sustainable Digital Infrastructure in Tucson

FACT SHEET

Updated July 2025

Executive Summary: *Project Blue is a proposed data center project under current development. It represents an opportunity for more than \$3.6B in economic development for the City of Tucson. Project Blue includes a major reclaimed water infrastructure expansion that is funded, designed, and constructed by the Project in partnership with Tucson Water. Project Blue will be water positive and match 100% of all water consumed with additional water replenishment projects. Project Blue models how public-private partnerships can support responsible development of critical digital infrastructure by prioritizing community needs.*

Data Centers

- A data center is a specialized facility designed to house computer systems, servers and related hardware that store, process and manage digital information.
- Data centers support technological advancement, driving economic growth and securing national leadership in innovation. Through cloud computing, they support online education, strengthen community connectivity, and enhance the network resiliency of surrounding areas. Cloud infrastructure remains the primary application of data centers, and requires proximity to population centers to benefit customers.
- Data centers are high quality infrastructure assets, generating significant recurring revenue for communities with minimal impacts to local traffic, noise, and air quality relative to other industrial projects.

Project Blue

- Project Blue identified Tucson as a potential location for a data center due to its location near major markets such as Phoenix, Los Angeles and Las Vegas which makes it a prime hub for interconnectivity between major population centers. The region also features low natural disaster risks, strong availability of long-haul transport, and a strong and diversified pool of skilled labor.
- Project Blue's Primary Project site is located within the Pima County Southeast Employment and Logistics Center (SELC), North of the Pima County Fairgrounds. The Initial Phase of the Primary Project could be operational as soon as 2027.
- A Secondary Project is under exploration within the Tucson City limits and would also utilize the reclaimed water infrastructure outlined below. Exact location is still being determined.
- Feasibility studies are under way for a third site in the metro area, but outside of Tucson city limits. Only the Primary and Secondary Projects are contemplated in this Fact Sheet and in the Development Agreement with the City of Tucson.

Water Stewardship

- Project Blue will not deplete any Tucson Water resources available to the City today, and will therefore not result in deductions to Tucson Water's current assured Water Supply portfolio. Since Project Blue is replenishing all water losses and will be providing water in excess of consumption, it will be a Water Positive customer. Water positivity will be achieved through two correlating mechanisms which in sum are Water Positive:
 - Tucson Water will charge a rate for all water used at the Project to include the Tucson Water cost to increase Tucson's water portfolio; and
 - Project Blue will fund local water projects within the region or bring new water supplies to the region to augment and supplement Tucson's replenishment efforts.
- This commitment towards water positivity is a contractual obligation, outlined specifically in the Development Agreement with the City. All potable water consumed will also be replenished via the Water Positivity requirements in the Development Agreement. The Development Agreement also includes punitive language that does not allow for long term use of potable water for industrial purposes.

- Selected projects need to be located within watersheds that connect to Tucson Water's supply portfolio, must demonstrate measurable benefits to water quality, quantity, or availability and contribute to Tucson Water's Assured Water Supply as regulated by ADWR.
- Potential projects may include bringing additional water supply and long-term storage credits into the basin, supporting potable reuse through funding advanced treatment technologies or public education; implementing PFAS removal treatment at wellheads or treatment plants; restoring rivers and wetlands to enhance infiltration; developing green stormwater capture infrastructure; or advancing water conservation through initiatives like Advanced Metering Infrastructure for early leak detection or funding efficient toilet replacement programs.
- Project Blue has aligned its approach to water stewardship with Guiding Principles from [Tucson Water's One Water 2100 Plan](#), including delivering reliability, reinforcing resiliency, enhancing the community's quality of life and achieving accessibility.

Reclaimed Water Infrastructure

- Project Blue includes a \$100M+ investment to expand Tucson Water's reclaimed water system, extending it from Mission Manor to the southeast Tucson economic development areas. This represents the largest public infrastructure project funded by a private developer in Tucson's history. All reclaimed water infrastructure described will be funded, designed, and constructed by Project Blue, in partnership with Tucson Water, then delivered to Tucson Water to own and operate.
- Throughout project development, Project Blue has partnered closely with Tucson Water, an industry leader in water stewardship for 125 years and reclaimed water for over 40 years. Tucson Water has guided the water approach for the project to be in close alignment with the Tucson Mayor and Council's water policies and the adopted One Water 2100 Plan.
- Project Blue will ultimately utilize 100% renewable water sources for industrial purposes and has committed to replenishing all consumptive losses. None of the sites under exploration would use potable water for industrial purposes on a permanent basis.
- Renewable water sources, as defined by Tucson Water, includes reclaimed water from the Agua Nueva Water Reclamation Facility (discharged effluent from the wastewater treatment process), the Tucson Airport Remediation Project (TARP), and previously recharged reclaimed water from the new aquifer storage and recovery facility. All sources are currently commingled in the Tucson Water Reclaimed Water System.
- Project Blue enables significant potable water conservation and community benefit by supporting existing and future users in replacing potable water with reclaimed water:
 - The reclaimed water line extension was purposefully routed to abut two potential users of reclaimed water. The future reclaimed water system will provide an opportunity to convert large scale potable water consumption to reclaimed water at the Los Reales Sustainability Campus, which is currently projected to use up to 306 acre feet per year (AFY) of potable water, and the future Los Reales Park (a Master Planned multi-purpose sports park).
 - The route will also facilitate future industrial and commercial customers in the southeastern Tucson region and SELC to utilize reclaimed water.
- The new reclaimed water infrastructure funded by Project Blue includes two main components:
 - An 18-mile reclaimed water line extension that will be over-sized in capacity, enabling Tucson Water to facilitate sustainable growth in southeast Tucson and convert existing potable water customers to non-potable sources.
 - A new 30-acre aquifer recharge facility that will improve system-wide supply reliability and offer recreation benefits similar to the Shirley C. Scott SHARP facility. Over the duration of the project, more water is expected to be recharged than withdrawn by Project Blue, resulting in a net increase in groundwater over time; this contribution is above and beyond the additional water positive projects.

Water Allocation

Water use is closely tied to climate and weather conditions, with cooling systems designed to meet demand during the hottest possible days—ensuring reliable performance and safe operating temperatures even under extreme weather events. Estimated average annual allocation volumes are shown in the table below, although actual usage may vary higher or lower on any given year. The allocation volumes shown are based on the projected average water usage due to the climate conditions of many years.

Metric	Primary Project		Secondary Project
	Initial Phase	Full Build	Full Build
Average Annual Reclaimed Water Allocation	440 AFY	870 AFY	1040 AFY

AFY: Acre-Feet per Year

- Water supplied to the Primary Project (full build) would be comparable to the annual water use of two typical Pima County 18-hole golf courses. If the Secondary Project moves forward, the water supplied would be equivalent to slightly more than two additional golf courses.
- All of the wastewater from the cooling systems is sent to the Pima County sewer system, which eventually supplies the reclaimed system. No pollutants or toxic chemicals are added to the water. Project Blue will hold an industrial discharge permit from the Pima County Regional Wastewater Reclamation Department and must comply with strict wastewater limitations in order to operate.
- At full buildout of both the Primary and Secondary Projects water use won't exceed 6% of the reclaimed water portfolio, or 1% of the entirety of Tucson Water's portfolio. Per Tucson Water, the reclaimed water supply for this project has been allocated for economic development projects, like Project Blue, and will not adversely affect other existing reclaimed water customers and uses, including the water currently supplying the Santa Cruz River Heritage Project and SHARP.
 - In 2026, the City will have access to about 32,000 AFY of supply to the reclaimed water system for city uses, made up of 22,000 AFY of treated effluent and 10,000 AFY from TARP.
 - The city also wheels effluent owned by other entities to their sites through the Reclaimed Water System, which is not derived from the city's water portfolio.
 - Currently, the Reclaimed Water System delivers approximately 11,000 to 14,000 AFY to city customers, using about 40% of the available supply. The remaining supply volume is either recharged at city facilities such as SHARP or discharged to the Santa Cruz River, where the city does receive some recharge credits, but also loses a significant volume from the region annually.
- A limited potable water allocation at the Primary Project will be used for industrial purposes only on an interim basis until the reclaimed water infrastructure is operational. The switch to reclaimed water is required to be complete within two years of operation. The Secondary Project will not use any potable water for industrial purposes.

Energy Supply and Renewable Energy

- Project Blue was drawn to Tucson by Southern Arizona's unique access to clean energy generation resources – such as solar, wind, and energy storage – coupled with the region's existing electric grid infrastructure.
- Project Blue is supportive of TEP's 2050 Net Zero Emissions goal and planned coal retirements, as well as the City of Tucson's Climate Action and Adaptation Plan. As one of TEP's largest future customers and a major catalyst for regional energy transformation, Project Blue will advocate for aggressive renewable deployment while maintaining affordable rates and reliable service.
- The Initial Phase of Project Blue will be supplied under a long-term electric utility agreement with TEP and supported by local clean energy generation and storage resources, subject to ongoing discussions. These resources are already operating or under advanced development because of TEP's all-source request for proposal (ASRFP) procurements

conducted between 2022 and 2024, which successfully identified a large pipeline of new solar, wind and energy storage resources.

- The values shown below are estimates of the potential power capacity that may be required to support Project Blue's potential developments. Like the Initial Phase, Project Blue envisions that competitive ASRFP processes will once again enable TEP to maximize the identification and deployment of additional clean energy resources at the lowest cost.

Energy Infrastructure & Service

- Project Blue will help reduce TEP's cost of service by diluting TEP's fixed costs over a larger volume of electricity sold.
- Project Blue will fund all grid upgrades completed for its direct benefit, ensuring that these costs are not paid by other customers. The rates paid by Project Blue will cover all of TEP's associated costs of service.
- Project Blue will support economic growth while improving local and overall electric system reliability. TEP has conducted rigorous studies of its system and the overall electric grid will benefit from the addition of Project Blue's electricity use.

Energy Capacity

Metric	Primary Project		Secondary Project
	Initial Phase	Full Build	Full Build
Potential Power Capacity	250 - 350 MW	400 - 600 MW	500 - 700 MW

MW: Megawatt

- The capacity values shown are estimates of potential power capacity that may be required to support future Project Blue developments.
- Power capacity is one of several enablers to a successful project. Capacity is typically secured through a power contract with a local utility, separate from land, development, and other agreements. Project Blue anticipates contracting for capacity with TEP when needed.

Economic Impact & Job Creation

- Data centers generate substantial and reliable property tax revenue for local governments while requiring minimal local government services and have little impact on traffic congestion in surrounding neighborhoods. This local tax revenue from data centers would otherwise need to be supplied by other revenue streams, such as increases in residential property taxes.
- The Chamber of Southern Arizona, in collaboration with Pima County and the City of Tucson, retained Applied Economics, an independent 3rd party consultant, to perform an Economic Impact Study (EIS) which calculated the following potential direct economic benefits for the **Initial Phase of the Primary Project**:
 - \$3.6 billion total capital investment planned over the multi-year construction period.
 - \$250 million in total tax revenues, with \$97 million to the City of Tucson, \$60 million to Pima County, and \$93 million to the State of Arizona over a 10-year period.
 - 180 new full-time, permanent jobs created by the third year of operations in 2029. These positions are on-site and include engineers, technicians, operations, and security, with an average salary of \$64,000 per year.
 - 3,000 direct construction jobs created during the multi-year construction period anticipated to take place between 2025 - 2028 that will require skilled union and trade labor that is intended to be sourced locally in Tucson.

- The Primary and Secondary Projects of Project Blue, if fully built, are projected to create over four times the number of full-time permanent jobs as those estimated for the Initial Phase. The number of construction jobs and the economic impact would also exceed those generated by the Initial Phase by more than threefold. This is an unprecedented investment in the city of Tucson, and an economic development opportunity that will bolster city and county budgets without an increase in taxes on residents.
- Project Blue is located in the Vail School District - one of the fastest growing districts in Arizona and the only growing district in Pima County. Alongside direct tax revenue allocations, Project Blue will unlock a much needed increase in bonding capacity for all Districts in Pima County - creating new potential for capital improvements and long-term investment in local education.
- Sources of tax revenue include, but are not limited to, construction sales tax, real estate property taxes, personal property taxes and transaction privilege taxes on lease rental income. Data centers also upgrade capital equipment over time, generating further substantial tax revenue for local governments.

Community Investment & Workforce Development

- Project Blue will generate a significant number of new local construction and permanent jobs, creating opportunities for skilled Tucsonan workers to find employment close to home, rather than having to travel or commute long distances.
- Project Blue is committed to building meaningful relationships with the local Tucson community and will partner with local experts to identify and deliver programs that meet unique local needs, such as:
 - Apprenticeships & Internships
 - STEM Education Classes
 - Skills Certifications
 - Educator Workshops
- These programs benefit Project Blue by upskilling people who can work on the project while also providing valuable professional skills that participants can use throughout their career.

Sustainable Design Features

- Project Blue will incorporate many sustainable design features of interest to the community.
 - **Tree Planting:** The project will meet and exceed tree planting requirements for the Native Plant Protection Ordinance (NPPO). Where feasible, the project will cooperate with the City in implementing components of the Tucson's Million Trees Program.
 - **Public Green Space:** The planned aquifer recharge facility will include a public recreation area with native landscaping, ramadas and walking trails, similar to SHARP.
 - **Native Vegetation:** The site plan includes native plant mitigation to enhance flood control.
 - **Rainwater Harvesting:** The project will meet the City's Rainwater Harvesting ordinance and the County's requirements for "first flush."
 - **EV Charging:** Project Blue's design voluntarily includes EV charging stations for employees onsite.
 - **Solar:** Project Blue will evaluate an installation of solar panels above the parking areas on-site.
 - **Open Space Preservation:** The Project is preserving current open space and complying with local ordinances related to flood control.