CITY OF TUCSON

July 31, 2025

WELCOME

Project Blue Virtual Town Hall

Tonight's Town Hall

- We will be using Teams Town Hall for tonight's meeting.
- The Teams Town Hall function only provides audio and video for presenters.
- You can send us your questions using the Q&A button at the top of your screen.
- We also have questions from our last town hall that we did not address and may be responding to tonight.
- If your question is not answered this evening, please check the FAQ at Tucsonaz.gov/ProjectBlue

CITY OF TUCSON

Beale Infrastructure

Project Blue

Virtual Town Hall
July 31, 2025

Beale
Infrastructure

Beale Infrastructure

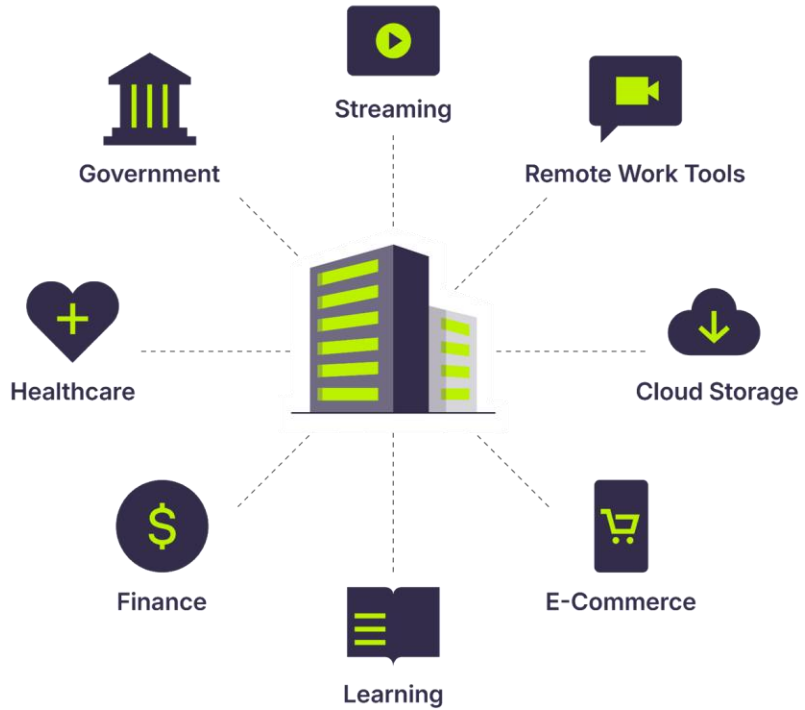
Beale develops data centers and infrastructure that support economic growth.

Our Priorities

1. Commitment to Sustainability
2. Commitment to Community Investment
3. Commitment to Health & Safety

Data Centers

Data centers are critical infrastructure for our modern economy and daily lives.



Key Benefits

1. Significant tax revenue
2. Well-paying local jobs
3. Minimal traffic impacts
4. Improved local infrastructure
5. Increased local connectivity

Why Tucson?

Strategic Location

Strong Workforce

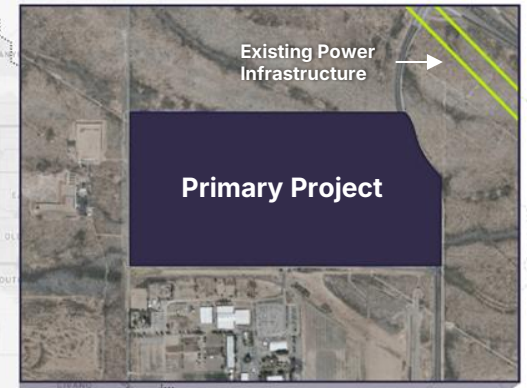
Water Stewardship

Power Availability

Project Context

Primary Project Location Highlights

- Designated industrial growth area
- Major I-10 / Houghton interchange
- Proximity to existing electric lines
- No impacts to sensitive habitats
- No findings of cultural resources

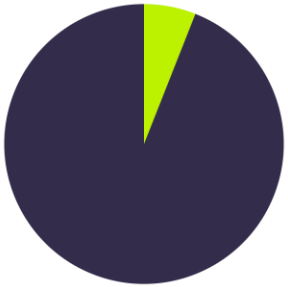


- New ~18 Mile Purple Pipe Extension
- Los Reales Sustainability Campus
- Tucson Airport
- Aquifer Recharge Facility
- I-10
- Pima County Fairgrounds

Water Stewardship

Project Blue will be Net Water Positive.

- **Water Positivity**
  Replenishing at least 100% of consumed water by investing in new water projects
- **Investment in Renewable Water Infrastructure**
  Committing over $100M to bring reclaimed water access to southeast Tucson
- **Operational Efficiency**
  Designed with cooling technology that has industry-leading energy and water efficiency



6%

Tucson Water's reclaimed water portfolio allocated to the Primary and Secondary Project combined at full build out - less than 1% of Tucson Water's overall water portfolio.

Average Annual Reclaimed Water Allocation

Primary Project	Initial	440 AFY
	Full	870 AFY
Secondary Project	Full	1040 AFY
TOTAL	Full	1910 AFY

Power & Clean Energy

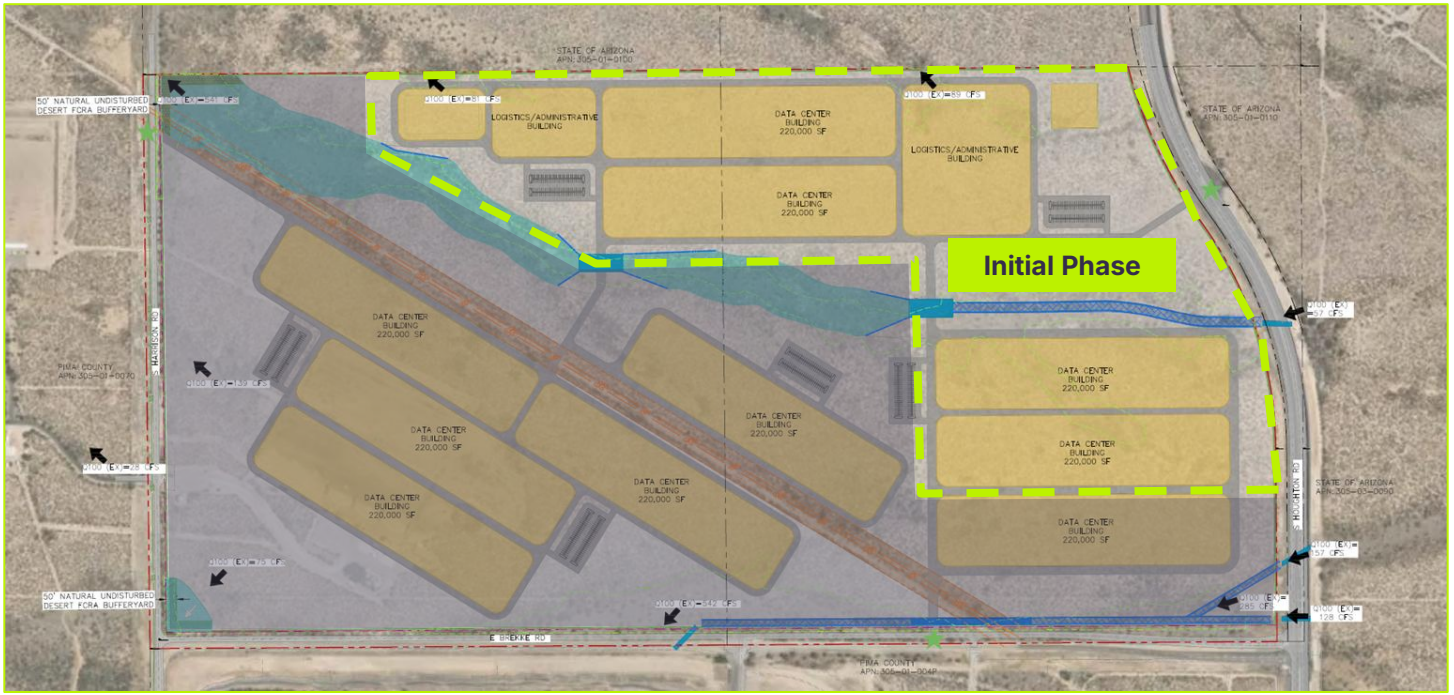
Project Blue is committed to prioritizing clean energy generation sources.

- **Net Zero by 2050**
  Per TEP, no impact to TEP's Net Zero Emissions by 2050 goal.
- **Coal Retirements**
  Per TEP, no impact to TEP's planned coal retirements by 2032.
- **Clean Energy Sources**
  Initial Phase made possible by new renewable projects.
- **Future Phases**
  Generation for future phases will be sourced through new RFPs.
- **Protecting Customers**
  The ESA with TEP is designed to ensure no risks or financial burdens are passed on to other customers.
- **Backup Generators**
  For emergencies only.

Potential Power Capacity		
Primary Project	Initial	250 - 350 MW
	Full	400 - 600 MW
Secondary Project	Full	500 - 700 MW
TOTAL	**Full**	**900 - 1300 MW**

Primary Project Initial Phase Details

Initial energy supply agreements and economic impacts based on the project's Initial Phase.



Economic Impact

Project Blue would be largest economic development project in Tucson's history.

	Capital Investment	City Tax Revenue *	Construction Jobs	Permanent Jobs Supported
Primary Project Initial Phase	$3.6B	$97M	3,000	180
Primary + Secondary Project Full Build	>3x	>3x	>3x	>4x

*Direct tax revenue for the City of Tucson over 10 years. Combined State, County, City tax revenue is $250M.

Community Investment & Sustainability

Project Blue will invest in programs and sustainable design features specific to Tucson.

Workforce Development

Example Partnerships:

- STEM Education Classes
- Apprenticeships & Internships
- Skills Certifications
- Educator Workshops

Example Partners:

- Public School Districts
- Community Colleges
- Universities

Sustainable Design Features

Tree Planting

Public Green Space

Native Vegetation

Parking Lot Solar

Rainwater Harvesting

EV Charging Onsite

Open Space Preservation


Beale
Infrastructure
Moderated Q&A

Project Blue

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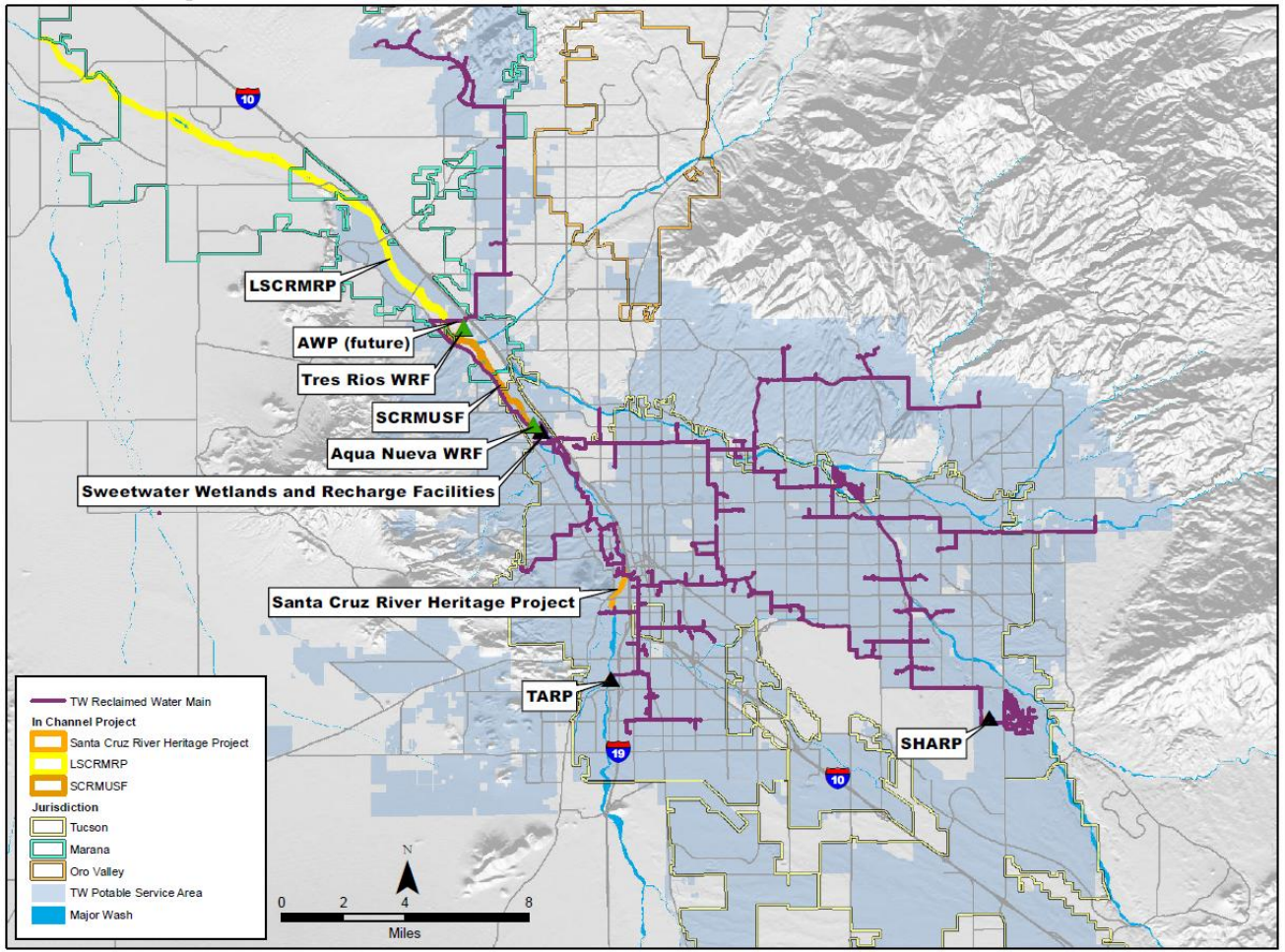
Reclaimed Water System

- System overview
- Sources of Supply
- Benefits
- Avoided costs
- Planning efforts



Tucson's Water Resources

COLORADO RIVER WATER

In Storage:
5.9 Years

RECLAIMED WATER

In Storage:
2.5 Years

GROUNDWATER

In Storage:
59 Years

RAIN / STORMWATER

In Storage:
*supports groundwater health

***2014 Designation of Assured Water Supply (DAWS): 182,852 AF/yr physically, continuously, and legally available**

New Reclaimed Water Infrastructure

- Existing Reclaimed Water Line
- Future Reclaimed Water Line (By Others)
- New ~18 Mile Purple Pipe Extension*
- New Reclaimed Water Booster Pump Station*
- Existing Mission Manor Pump Station
- Existing Southeast Houghton Area Recharge Project (SHARP) Recharge Facility
- New Aquifer Recharge Facility Study Area*
- Primary Project

*Funded, developed, and constructed by Project Blue, granted to Tucson Water for operation

Purple Pipe Extension

18 miles

Aquifer Recharge Facility

30 acres

Net Water Positive

Replenish at least 100% of annual consumptive water use.

Consumptive water use: The amount of potable and reclaimed water that is supplied to the sites.

Project Blue is required by contract to be 100% net water positive.

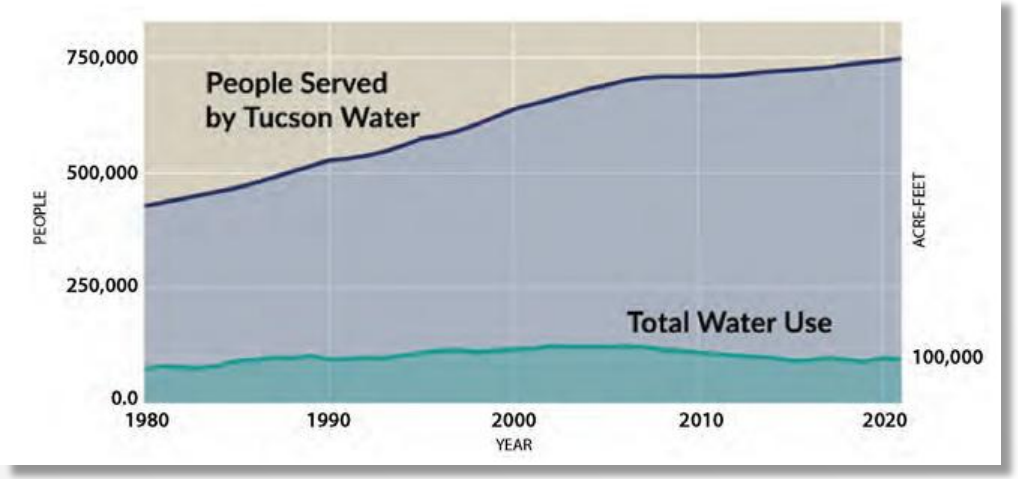
*Mayor and Council have not yet formalized a water positivity policy, so the following categories and examples are subject to further discussion

Net Water Positive - Conservation

Reduced water use through increased efficiencies throughout the system

Reduced per capita water use

Minimize water rate escalations



Example Investments

- Plumbing repair and fixture replacement
- Water efficiency audits
- Turf replacement rebates
- Public education

Net Water Positive – System Efficiency

Reduce system water losses
Replace aging infrastructure

Example Investments

- Leak detection
- Smart metering/Advanced Metering Infrastructure (AMI)
- Condition assessment programs
- Replacement of aging infrastructure

Net Water Positive – Supply Augmentation

Acquisition of additional water supplies

<u>Example Investments</u>

- Purchase of long term storage credits (LTSC)
- Central Arizona Project leases
- Importation of other water

Net Water Positive – Supply Restoration

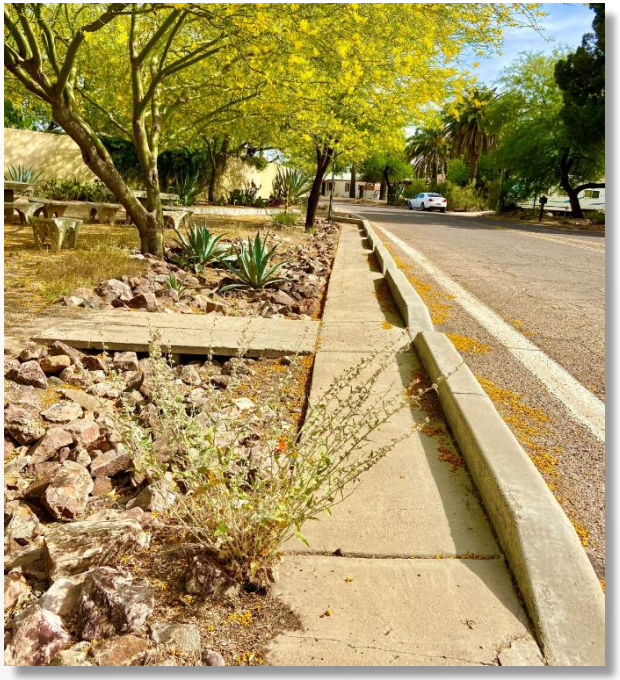
Treat unusable groundwater for use by current and future customers to restore redundancy and increase resiliency

Example Investments

- Install treatment for PFAS or other contaminants to restore lost production capacity
- Active PFAS remediation projects (TARP, Northwest Wells, Randolph Park)
- Advanced Water Purification

Net Water Positive – Nature Based Solutions

Watershed protection or rainwater capture



Example Investments

- Storm to Shade (Green Stormwater Infrastructure)
- Rainwater harvesting
- Ecological restoration

Project Blue Net Water Use – Initial Phase

440 AF/YR
Average

=

1 Tucson
Golf Course

=

1760
Houses

$330,000 per year	*Water Positivity Investment*	$0 per year	$57,500 per year
440+ AF/YR Average	*Water Conserved or Augmented*	0 AF/YR Average	77 AF/YR Average
0 AF/YR	*Net Water Used*	400 – 500 AF/YR	363 AF/YR

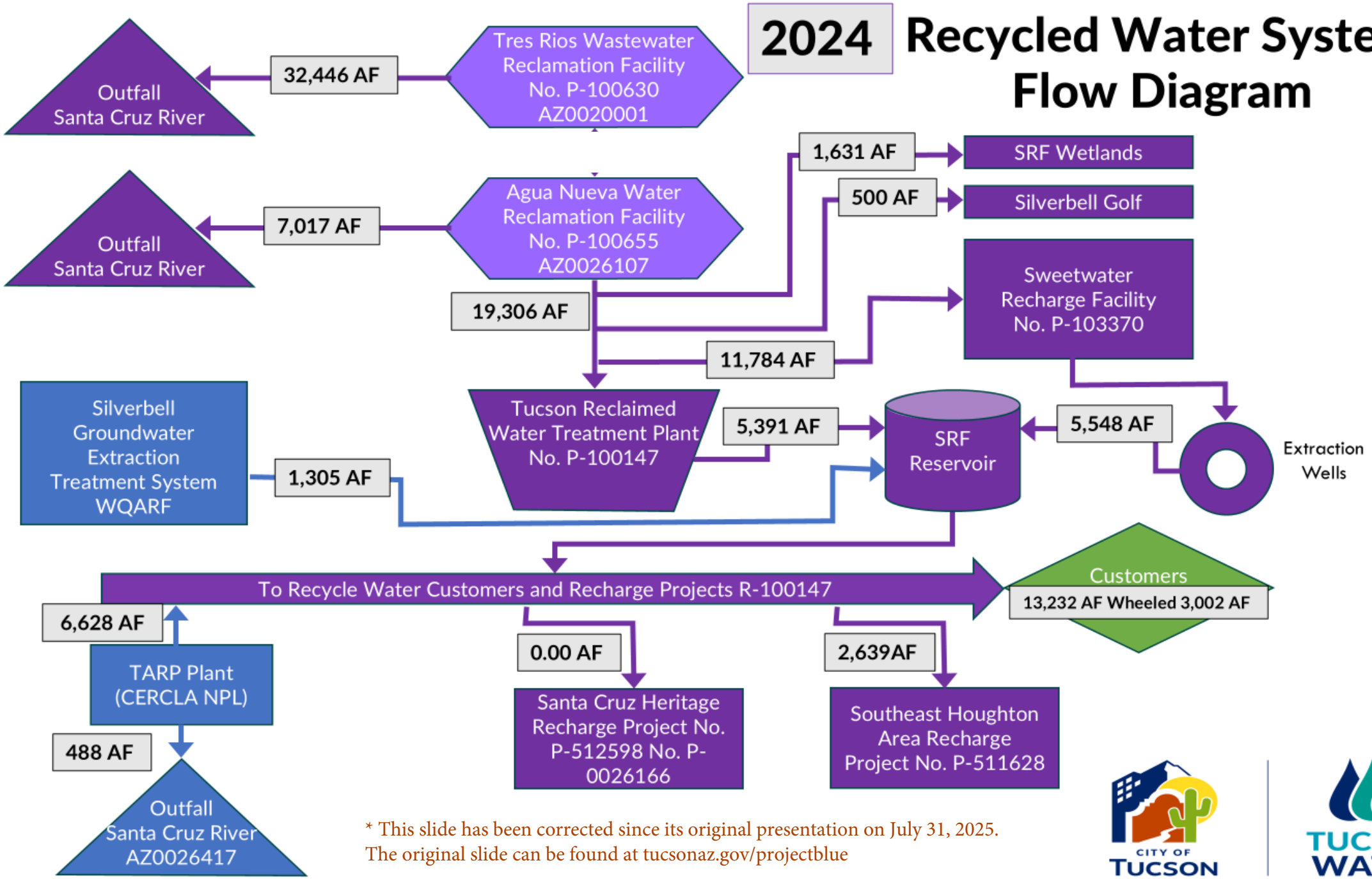
One Water 2100 Plan

- "One Water" integrated approach that treats all water sources as valuable and interconnected
- The right water for the right purpose
- Community developed plan with robust stakeholder input to prioritize equity, resilience, and sustainability
- Scenario planning
- Community developed strategies and actions

https://tucsononewater.com/

Moderated Q&A

2024 Recycled Water System Flow Diagram



* This slide has been corrected since its original presentation on July 31, 2025.
The original slide can be found at tucsonaz.gov/projectblue

CITY OF TUCSON | TUCSON WATER

Tucson Electric Power

Project Blue

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Reliability

- Involves total grid: generation, transmission, distribution.
- Requires ongoing, around-the-clock work in all timeframes: long-term planning, seasonal upgrades, real-time operations, and rapid response.
- Subject to federal and state regulation:
  - Federal Energy Regulatory Commission
  - North American Electric Reliability Corporation
  - Arizona Corporation Commission
- TEP will not commit to serve new, large load customers without ensuring they won't compromise our top-tier, 99.9% reliability.
- Project Blue would fund grid upgrades that contribute to overall reliability.

Rates

- Customers with high, steady energy use levels support greater affordability for other customers.
  - More efficient use of grid through higher load factor
  - Make use of underutilized grid resources off peak
    - “Flattening the curve”
  - Rates more than cover additional cost of on-peak capacity

- Project Blue’s service would be provided through energy supply agreements subject to Arizona Corporation Commission approval.
  - Commissioner comments have expressed support for protecting current customers from adverse impacts

Energy Sustainability

- Satisfying U.S. data center needs in areas with higher solar power potential creates more clean energy opportunities.
- TEP and Beale Infrastructure will work together to support the development of new carbon-free energy resources to help serve Project Blue.
- TEP remains committed to achieving net zero direct greenhouse gas emissions by 2050 and retiring all coal generation by 2032.
- TEP can serve initial phase of Project Blue from existing resources plus new clean energy resources coming online by 2027.
  - Energy for potential future phases would be developed through competitive “all-source” requests for proposals
  - Informed by energy needs and environmental targets.

Moderated Q&A