

Are Data Centers Good for Groton?

Most businesses need data storage. If a business is small enough, it can store its servers in-house and manage them on their own. But as businesses grow and more data is generated, more servers and storage space is needed. **That's where data centers come in.** Businesses can pay to house their data in a secure, 24/7 supervised, temperature-controlled facility that has back-up power supplies to ensure data is stored securely. Data centers are sprouting up all over the U.S. Currently, the U.S. has 2670.

In an article titled "[Data centers target eastern Connecticut for development](#)" published September 18, 2021, Day staff writer Sten Spinella wrote that data centers could soon be coming to Groton, Bozrah and Griswold with the help of state legislation that removes the property and sales tax burden on data center developers for 20-30 years. Although critics argue that data centers would be paying more if taxed, **developers have indicated they won't build at all without favorable taxes.** Spinella goes on to claim that "the move is important to eastern Connecticut, a potential landing spot for such facilities, which can help grow a town's grand list."

A data center can have many other impacts not mentioned by the Town or The Day. The following is testimony submitted to the Groton Town Council.

Catherine Pratt: December 7, 2021

Re: Groton Data Center Host Municipality Fee Agreement

Members of the Town Council:

I appreciate this opportunity to discuss the current proposal to build two data centers in Groton.

On April 6 the town council approved a host municipality fee agreement between the Town of Groton and GotSPACE Data Partners, LLC, to build data centers on a 207-acre site off Route 117 and a 173-acre site off Flanders Road. The Connecticut towns of Bozrah and Wallingford entered into similar agreements, and these towns have since expressed regrets. In October, the Bozrah Planning and Zoning Commission denied the zone change necessary for the project to proceed, citing, among other issues, the failure of any owners or representatives of GotSPACE to attend a public hearing, and concerns regarding the stability of the company.

It is said that Wallingford is also scrambling to exit the relationship because of, among other reasons, "internal issues" at GotSPACE, and a section of the agreement, which is also in the Groton agreement, that allows the company to transfer its rights and obligations to a third-party entity without the approval of the town council. GotSPACE Data Partners was founded in January of 2021 and has never delivered a data center. What happens if this startup company fails, as many do, or if it is operating under some other auspices of which we are unaware? In Groton's case, 380 acres of valuable commercial property could be transferred into unknown and unvetted hands.

The state legislation, Public Act 21-1, offering tax incentives for data center development, was rushed into law, without any committee referrals or public hearings, using the emergency certification procedure. According to David Lehman, Commissioner of the Department of Economic and Community Development, Connecticut was eager to compete with New Jersey to attract the data centers that power Wall Street, so it expedited a bill that waived a financial transactions tax New Jersey was contemplating. But the New Jersey tax bill stalled, defanging Connecticut's emergency legislation, and Wall Street decided to stay put, leaving municipalities in eastern Connecticut prey to what the Connecticut Mirror has termed "other kinds of data centers—aimed at a broader clientele."

As you know, Public Act 21-1 exempts qualified data centers from real and personal property tax revenues for a period of 20 years and up to 30 years. Thirty years is a long time to give a free pass on property taxation to an unproven startup and an industry that employs a skeletal staff, only around 50 people per site. Hence, the details of the host municipality fee agreement are of crucial importance to protect communities that may become data center locations.

Through the host municipality fee agreement, Public Act 21-1 gives towns broad latitude and flexibility to determine the rates and levels of payments in lieu of taxes required to recoup lost revenues, put environmental safeguards in place, address health and other impacts, and set other terms and conditions as they see fit. Unfortunately for Groton residents and taxpayers, Groton's host municipality fee agreement, details of which have only recently come to light, was rushed through with little public airing and scant opportunity for comment and input from the community.

In closing I respectfully suggest that the town council assume control of the policy agenda, consider the actions of the towns of Bozrah and Wallingford, and place a moratorium on the agreement between the Town of Groton and Gotspace pending further study, investigation, and reasonable due diligence, based on new and emerging information that was not before the council at the outset.

Thank you for your consideration.

Sincerely,
Catherine Pratt

Jim Furlong, GCA: Dec. 14, 2021

1. I have read that the amount of land sought for the data centers adds up to about 380 acres. That's 1.5 times the size of Haley Farm State Park. Targeted areas are 207 acres off Route 117 and 173 acres off Flanders Road. What's the need for such large areas for data centers—which are essentially offsite homes for companies' computers? The Town Council has received a map showing the proposed locations for the centers. However, these locations are represented at present by small circles on the map. To get a realistic picture of just how big these acreages are, we need a map that also shows the properties involved at correct scale. I'd like to ask that one be created showing the target areas.

2. At least one center would be close to the reservoir system. Does the sought-after land conform with rules of the Water Resource Protection District? Would the land be clear-cut to help assure uninterrupted service for the computers?

3. Has a professional background check been conducted on the finances, reputation and background of Gotspace? A Nov. 28 article in the Wallingford Record-Journal quotes a local councilor as saying he believes Gotspace is having difficulties putting together financing for its data center agreement with Wallingford. There's talk of Wallingford possibly withdrawing from the agreement. Let's make sure we avoid a repeat of the Mystic Oral School debacle.

4. Following are some other concerns involving data centers in general: heavy use of electricity, water and diesel fuel, noise within buildings and in surroundings, disposal of old computer equipment, use of ozone-depleting freon as coolant, toxic cleaning agents for computing equipment, and use of big lead batteries as backup. These matters should be looked into. They could affect quality of life here.

Eugenia Villagra, GCA: January 4, 2022

Mayor Melendez and Members of the Town Council:

Thank you for the opportunity to speak on behalf of GCA regarding the proposal to build two data centers on 380 acres of forested land in Groton. GCA has some concerns about this proposal we would like to share with you.

First. Why do they require so much land? 380 acres! The proposed locations of these data centers in forested areas is a significant concern. If the data centers could be located in developed areas that would be preferable.

Second. We think Groton should avoid new development in forested areas in this era of climate change. Forests play an important role as a stabilizing force for the climate. Increasing and maintaining forests is therefore an essential solution to climate change. In March 2021, less than a year ago, the town council committed to "actively promoting and employing resiliency and sustainability principles as we seek solutions that effectively address climate risks." So large clear-cut development goes against this policy.

Finally, we think more transparency in land-use decisions would be beneficial. This Data Center proposal reminds us of the controversy that arose around the Oral School property and the old elementary school properties for sale. These processes have sometimes lacked transparency and meaningful public notification and engagement with the process. If land use decisions involved a set of procedures that prioritize transparency as well as outside independent evaluations of the costs and benefits of selling a property, it might prevent continued public backlash like that experienced in response to the Respler development.

Thank you for your consideration of GCA's concerns.