

YCUA RESOLUTION 26-08 APPROVING AN IMMEDIATE MORATORIUM ON THE DELIVERY, COMMITMENT, RESERVATION, EXTENSION, OR APPROVAL OF WATER AND SEWER SERVICES FOR HYPERSCALE DATA CENTERS, MID-SIZED DATA CENTERS, ARTIFICIAL INTELLIGENCE COMPUTING FACILITIES, AND HIGH-PERFORMANCE COMPUTATIONAL CENTERS PENDING COMPLETION OF COMPREHENSIVE DUE DILIGENCE INVESTIGATIONS CONSISTENT WITH INDUSTRY BEST PRACTICES, INCLUDING BUT NOT LIMITED TO THE AMERICAN WATERWORKS ASSOCIATION'S RECOMMENDATIONS, AS WELL AS THE WATER ENVIRONMENT FEDERATION, IN RESPONSE TO THE STATE OF MICHIGAN'S DATA CENTER TAX INCENTIVES.

Ypsilanti Community Utilities Authority
County of Washtenaw, Michigan

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 22nd day of April, 2026, at 3:00 p.m., prevailing Eastern Time.

PRESENT: Commissioners Ichesco, Stumbo, Peterson, and Ostrowski

ABSENT: Commissioners Bodary

The following preamble and resolution were offered by Commissioner Ostrowski and supported by Commissioner Stumbo:

WHEREAS, the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan (the "Authority"), has been established pursuant to Act 233, Public Acts of Michigan, 1955, as amended, by the Charter Township of Ypsilanti (the "Township") and the City of Ypsilanti (the "City", together with the Township, the "Local Units"); and

WHEREAS, the Authority provides water and wastewater services to the Local Units and certain other communities; and

WHEREAS, the Authority is entrusted with safeguarding the capacity, reliability, and long-term sustainability of the regional water supply and the wastewater treatment systems; and

WHEREAS, the American Water Works Association (AWWA) has issued its authoritative White Paper "Cooling the Cloud: Water Utilities in a Data-Driven World" concluding that hyperscale data centers, as well as other mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers are "high-impact customers" for water and sewer utilities and that these centers increase water and demands, infrastructure strain, and operational costs and, as such, public utilities such as the Authority must undertake proactive planning and coordination before service commitments are made to the aforementioned centers; and

WHEREAS, the hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers require extraordinary volumes of water for cooling and industrial processes and may consume up to 5 million gallons of water per day, which will require wastewater treatment per each gallon of water, thereby generating significant wastewater discharges associated with cooling systems, chemical treatment, and thermal discharge requiring advanced treatment capacity and regulatory compliance with unique thermal and chemical characteristics; and

WHEREAS, the State of Michigan has enacted legislation, including but not limited to amendments to the General Property Tax Act and related statutes, to provide substantial tax incentives for the development of hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers, including “Six Percent sales and use tax exemptions on data center equipment, including servers and related hardware, incentives tied to large-scale capital investments often exceeding hundreds of millions of dollars;” and

WHEREAS, the enactment and expansion of the tax incentive programs were designed to attract large-scale, high-density computational developments to Michigan, including hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers, thereby creating a foreseeable and substantial increase in applications for such facilities across Michigan and throughout Washtenaw County, including the communities which receive water and sewer services provided by the Authority; and

WHEREAS, these tax incentives approved by the Michigan Legislature and signed into law by Governor Gretchen Whitmer have created an artificially-induced market demand, which has also resulted in the potential clustering of all of the facilities referenced above in areas of available land, infrastructure, power, and water, including Washtenaw County; and

WHEREAS, the Authority finds that the State of Michigan’s tax incentives have an irreparable and harmful impact upon tax revenues that benefit local governments and schools and do not adequately account for the consumptive use of water resources, along with the required sewer capacity, by the hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers, which encourages the development of these centers which could be incompatible with the Authority’s long-term water and sewer capacity sustainability; and

WHEREAS, the Authority finds that these tax incentives approved by the Michigan Legislature and Governor Whitmer have the effect of pressuring public utilities such as the Authority to commit to water and sewer capacity without sufficient time to conduct thorough engineering, environmental, financial, and capacity reviews; and

WHEREAS, the Authority continues to receive inquiries from representatives of hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers regarding the Authority’s water and sewer capacity to serve said centers; and

WHEREAS, the best practices required to be followed by the Authority, including those promulgated by the AWWA and the WEF, emphasize the necessity of rigorous, science-based due diligence analyses, which are to be completed prior to the approval of high-demand, hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers; and

WHEREAS, the Authority needs to demonstrate that its current infrastructure can sustainably meet the high-volume continuous water and sewer demands of hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers, which operate 24-hours per day, 365 days per year, nor evidence demonstrating that the Authority can safely treat and discharge the wastewater associated with these facilities without experiencing capacity degradation affecting residential, commercial, and light industrial properties located in the Township, City, and other communities serviced by the Authority; and

WHEREAS, the failure to fully evaluate these impacts presents a material risk of the availability of water and sewer capacity to the Local Units and other communities serviced by the Authority, and may alter wastewater composition through chemical treatment processes, which will increase the thermal discharge loads and will require additional treatment beyond the Authority's current design capacity, thereby resulting in potential regulatory violations and capacity degradation affecting residential, commercial, and light industrial properties; and

WHEREAS, the Authority finds that proceeding without comprehensive due diligence studies conducted within the standards and recommendations of the AWWA and WEF would be premature, imprudent, and in conflict with the public interest.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority immediately impose a moratorium of not less than 12 months on the delivery, commitment, reservation, extension, or approval of water and sewer services to hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers pending completion of comprehensive due diligence investigations consistent with industry best practices, including but not limited to the AWWA's recommendations, as well as the WEF.

2. The moratorium imposed pertains to the aforementioned centers shall include but not be limited to new service connections, capacity reservations, infrastructure expansion commitments, and preliminary or conditional approvals.

3. The moratorium shall remain in effect until the completion of the following analyses as recommended by the AWWA and WEF, which shall include but not limited to the following:

- a) Long-Term Water Supply And Comprehensive Capacity Analysis, Which Shall Include Peak Demand Modeling, Drought And Emergency Resilience;
- b) Long-Term Wastewater Treatment And Sewer Capacity Analysis, Which Shall Include Wastewater Treatment Compatibility Studies, Effluent Composition,

Temperature Analysis, And the Authority's Thermal Discharge And Water Quality Impact Assessments;

- c) Financial And Ratepayer Impact Analysis, Which Shall Also Include Prevention Of Cross-Subsidization Of Required Capital Improvements To Serve The Aforementioned Centers So As To Ensure That No Costs Are Shifted To the Authority's Existing Customers And Ratepayers;
- d) Infrastructure and Capital Planning Analysis, Which Shall Include All Required Upgrades And Expansion Costs That Would Be Attributed To Providing Water And Sewer Capacity To The Centers Referenced In This Resolution, Including Infrastructure Stress and Redundancy Analysis, The Costs Of Which Shall Be Borne By Any Center Referenced In This Resolution Seeking Water And Sewer Services From YCUA;
- e) Environmental And Sustainability Review;
- f) Emergency Response And System Resiliency Assessment;

4. The Authority will conduct all of the aforementioned studies in a transparent and public process, to engage independent qualified third-party experts where appropriate, which studies shall be subject to peer review and comment, and to provide regular updates to the governing bodies of the Local Units and the public on a quarterly basis.

5. During the 12-month moratorium period, the Authority shall refrain from executing any capacity reservation agreements, issuing "Will-Serve Letters or Conditional Approvals" and making infrastructure commitments to hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers that could prejudice the outcome of all of the required due diligence investigations and studies.

6. Resolution 26-08 is supported by authoritative AWWA and WEF guidance and recommendations requiring proactive planning and due diligence by public utilities such as the Authority, as well as documented evidence of extreme water and sewer demand and infrastructure strain by hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers.

7. Resolution 26-08 is also supported by the State of Michigan's tax benefit incentives to all the aforementioned centers, which has resulted in the acceleration of these planned hyper-scale data centers, mid-sized data centers, artificial intelligence computing facilities, and high-performance computational centers without the appropriate safeguards to the water supply and sewer capacity of the Authority.

8. Resolution 26-08 is supported by the Authority and the Local Units, which includes the prevention of irreversible harm to the public infrastructure of the Authority, including but not limited to the water and sewer transmission pipes, collection sewers, interceptor sewers, sanitary force mains, and pump stations.

9. Resolution 26-08 be forwarded to the Charter Township of Ypsilanti Board of Trustees, Ypsilanti City Council, Governor Gretchen Whitmer, U.S. Senators Gary Peters and Elisa Slotkin, Congresswoman Debbie Dingell, State Senator Jeff Irwin, State Representative Jimmie Wilson Jr., and the Washtenaw County Board of Commissioners.

AYES: Commissioners Ichesco, Stumbo, Peterson, and Ostrowski

NAYS: Commissioners None

RESOLUTION DECLARED ADOPTED.


Secretary

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 22nd day of April, 2026, and that public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act No. 267, Public Acts of Michigan, 1976, as amended, and that minutes of the meeting were kept and will be or have been made available as required by said Act.


Secretary

