

DATA CENTER PROJECT

DEVELOPMENT AGREEMENT & FAQs

City of De Soto & Mount Sunflower, LLC



DEVELOPMENT
AGREEMENT

WHAT DID THE CITY COUNCIL APPROVE?

The City City Council approved a Development Agreement with Mount Sunflower, LLC and a Resolution of Intent to use IRB-based incentives for a multi-phase data center campus inside city limits near the corner of W 103rd Street and Edgerton Road.

WHAT ARE SOME OF THE AGREEMENT HIGHLIGHTS?

- **Minimum Private Investment:** Developer committed to invest at least \$700 million within 7 years (land, buildings, equipment, and site infrastructure) to remain eligible for incentives.

Project Snapshot

Location:

Flint Commerce Center
(Edgerton Rd. & 103rd St.)

Planned Build-Out:

Four data center buildings
(~285,000 sq. ft. each) in phases
(~1.14M sq ft total)

Estimated Private Investment:

The estimated initial private investment is \$3.1 billion. Each of the four phases is expected to cost around \$700 million to build.

Continued reinvestment will also occur through regular server and equipment upgrades.

Project Timeline:

- Est. Construction Start: 2026
- Phase 1 Completion Target: 2027
- Full Build-Out: ~2035

Number of Jobs

100+ permanent employees,
about 30 per building

- **Industrial Revenue Bonds (IRBs) Package:** The City approved an IRB framework authorizing up to \$50 billion* in eligible private investment over the life of the campus. IRBs are conduit financing (no City cash or City debt) that do two main things:

- a. **Enable property-tax abatements** (*per eligible building, up to 10 years*): During the abatement, the developer pays PILOTs (Payments in Lieu of Taxes) *instead of* property taxes. PILOTs are distributed to all taxing jurisdictions, including the City, County, Fire District, School District, etc.
- b. **Provide construction sales-tax exemptions:** Qualifying construction purchases — like building materials, servers, and equipment — are exempt from sales tax up to the \$50 billion cap (which is a ceiling, not a guarantee of spending).

- **Electric Franchise Fees:** The City will implement a 3.75% electric franchise fee (from electricity sold to the project), versus the standard 5%, with a Year-1 cap of \$5.5M that rises 1.5% annually.

- **Developer-Funded Infrastructure:** 100% of required water, sewer, and utility improvements are paid by the developer and phased with build-out (in coordination with RWD #7 and other utilities). Infrastructure improvements include:

- New water wells along the Kansas River
- New raw water transmission mains
- Expanded and modernized water treatment facilities
- New elevated treated water storage facilitates
- New looped treated water distribution mains
- A new Industrial Wastewater Treatment Facility

*IS THE CITY GIVING AWAY \$50 BILLION IN INCENTIVES?

Absolutely not – The project is a multi-billion-dollar private investment, and the IRB framework simply defines the conditions under which parts of that investment can qualify for temporary property-tax abatements or construction sales-tax exemptions. The “up to \$50 billion” number refers to the maximum dollar amount of developer investment that could qualify for certain incentive tools over the life of the project—not money the City is giving away, and not City funding.

WHAT ARE THE DEVELOPER'S MINIMUM INVESTMENT REQUIREMENTS TO RECEIVE THE INCENTIVES?

The developer must invest at least \$700 million within 7 years (land, buildings, equipment, and site infrastructure) – along with meeting reporting terms – to remain eligible for incentives.



Community Benefits

The benefits are numerous and far-reaching.

Some of the key benefits include:

Added General Fund Revenue

(Through PILOT payments & franchise fees): This means more resources right away to support parks, trails, recreation programs, and other services that directly benefit residents.

Franchise Fees:

Based on anticipated power use, the City is estimated to receive ~\$1.5M per phase, per year in electric franchise fees (from electricity sold to the project) at build-out, subject to the project cap of \$5.5M in Year 1 (the cap increases 1.5% annually).

For context: the City collected about \$2.5M in total property tax in 2025.

PILOT Payments:

The set rate is \$0.405 per sq. ft., escalating 1.5% each year. At full build-out (~1.14M sq. ft.), that's ~\$462,000 per year distributed to local taxing jurisdictions. This negotiated rate is nearly twice what was arranged in 2022 for warehouse/distribution uses at the same site.

Stronger Long-term Tax Base

After each abatement ends (up to 10 years/building), the City and other taxing jurisdictions receive full property taxes from a high-value asset worth hundreds of millions of dollars.

Infrastructure Upgrades

This project will fund significant upgrades to the City's water and wastewater infrastructure which will greatly enhance redundancy and resiliency of De Soto's critical infrastructure. The economies of scale associated with producing larger volumes of treated water will tend to lower the cost of water for all users over time.

Schools

Even during the abatement period, schools will receive annual PILOT payments, plus Kansas law protects USD 232's Capital Outlay levy (up to 8 mills). Over time, the project is expected to generate more than \$100 million for local schools, with even more revenue once full property taxes resume.

Lower-Impact Land Use

The site was previously planned for ~8M sq. ft. of warehouse/light manufacturing. The data center plan is ~1.14M sq. ft. of low-intensity use—meaning far less traffic, noise, lighting, and stormwater runoff than the prior concept.

DE SOTO
KANSAS

WHAT IS A DATA CENTER?

Data centers house computer servers that power “the cloud” – the backbone of things like email, social media, online shopping, video streaming, telehealth, remote work tools, and the other digital services people use every day.

WILL IT USE WATER AND WHERE WILL IT COME FROM?

Data centers use water to help cool the servers that run the facility. This project is being designed to use water as efficiently as possible (e.g., recirculating and re-using where feasible).

Instead of tapping neighborhood wells or local groundwater, the facility will use treated water supplied by the City of De Soto and Johnson County Rural Water District #7.

Source of water: The City draws water from the Kansas River, which has unallocated water rights available. As a member of the Kansas River Water Assurance District, De Soto's long-term supply is secure—even in dry periods. **Bottom line:** the data center's water use won't affect local wells, drinking water, or affordability.

WILL MY WATER OR WASTEWATER RATES GO UP BECAUSE OF THIS PROJECT?

No. The data center's water and sewer needs will be fully funded by the developer and its partners, not De Soto residents. Any required infrastructure improvements will be paid for privately and phased in as the project grows.

WILL THE DATA CENTER USE A LOT OF ELECTRICITY TO RUN ITS COMPUTER SERVERS?

Yes—like all data centers, this project will require a significant amount of electricity to power and cool its servers. To meet that demand, the developer is partnering with Evergy to ensure the local electric grid has the necessary capacity.

WILL IT PUT A STRAIN ON THE ELECTRIC GRID?

No. The electric grid is highly regulated and managed to protect reliability for all customers. Federal regulations require that the power needs of a new project, like this data center, cannot reduce the reliability or availability of electricity for existing customers.

The data center's power demand will be carefully planned and supported with the right infrastructure, so it will not strain the electric grid for residents or businesses.

WILL THIS MAKE MY ELECTRIC RATES AND COSTS GO UP?

No. The data center's electricity use is significant, but it should not increase rates for De Soto households or businesses.

- Evergy sets rates based on broader regulatory processes and cost factors, not on a single project.
- The developer is responsible for paying for all new facilities and grid improvements needed to serve the data center. These costs will not be passed on to De Soto residents.
- Other major industrial investments in the region have not caused electric rates for existing customers to increase—either from higher energy demand or from infrastructure upgrades tied to those projects.

WILL THIS FACILITY BE NOISY?

No—day-to-day operations are expected to be quiet. Data centers use enclosed equipment and sound-dampening walls/screens. The result is a steady, low hum that remains within the City Code's noise limits.

Visit our webpage

desotoks.us/DataCenter

for more information regarding project details, the development agreement, and FAQs.

