

KING GEORGE COUNTY, VIRGINIA **ZONING NARRATIVE**

The Applicant, Dahlgren Innovation Hub, LLC, (the “Applicant”) is the contract purchaser of four (4) parcels of land located in King George County (the “County”) and identified as Tax Parcels 17-24, 17-27, 17-27A, and 17-72 (collectively, the “Project Parcels” or the “Property”, individually a “Parcel”).¹ The Project Parcels are located in the Allnut community on the north side of Route 301 (James Madison Highway). The property is located to the west of the intersection of Route 301 and Route 616, just up the road from the Chestnut Hill Loop.² The Upper Machodoc Creek runs along the rear of the Property and separates the Property from residential subdivisions to the north.

The Applicant is proposing to conditionally rezone the Project Parcels to Industrial (I), subject to proffered conditions that will apply to the entire Property (including the properties currently zoned for industrial use). The Applicant is also requesting a special exception permit to allow the Project Parcels to be used for data centers and accessory structures/uses as well as project substations (the “Project”). The Applicant is also requesting a comprehensive plan amendment from the Board of Supervisors (the “Board”) to include Parcel 17-24 in the Cleydael Primary Settlement Area. Finally, the Applicant is requesting that the Planning Commission approve a second direct access to Route 301, in accordance with the County’s Highway Corridor Overlay District requirements and as approved by the Virginia Department of Transportation (“VDOT”).

I. REZONING REQUEST

The Applicant is requesting a zoning change for the Project Parcels to allow the development of data centers and substations on the Property as permitted under the County’s Industrial Zoning District. Currently, Parcel 17-24 is zoned Agricultural (A-2). Parcel 17-27 has split zoning of Agricultural (A-2) and Commercial (C-2). Parcel 17-72 has split zoning of Residential (R-1), Commercial (C-2) and Industrial (I). Parcel 17-27A is zoned Industrial (I). Accessory uses would also be allowed, to include without limitation all electric generation (generators), distribution and transmission facilities, enclosed battery and fuel storage facilities, communication, broad band, fiber optic, water and sewer facilities, and other private utilities, all public utilities, and other similar accessory uses related to and that support the permitted uses. Other uses under the Industrial District (including solar), are prohibited, except for certain light industrial uses.

¹ Tax Parcel 17-24 contains 215.6 acres. Parcel 17-27 contains 13.73 acres. Parcel 17-27A contains 5.9 acres, and Parcel 17-72 contains 262.08 acres. Collectively, the foregoing Project Parcels contain approximately 497.2 acres.

² See tax maps attached with each application identifying the location of each parcel.

A. Statement of Justification for Rezoning

The Applicant has included a proffer statement (the “Proffers”) with this Application which addresses and mitigates any impacts of the proposed rezoning, limits the uses on the Project Parcels and provides information and monetary contributions to ensure public safety training and response capabilities.

Project Location and Scope

The location and potential development of the Property is depicted on the generalized development plan entitled “Generalized Development Plan Dahlgren West” prepared by Gordon and dated August 2024, last revised February 10, 2025 (the “GDP”). The GDP is attached to the Proffers included with the Rezoning Application. Currently, the Property is undeveloped, however the Property is located in an area that has been designated as an Economic Development Incentive Technology Zone by the County Board of Supervisors (the “Board”). The property has also been targeted for economic development as a technology site by the Virginia Economic Development Partnership and has long been slated for commercial/industrial development as part of the overall development plan for the Cleydael area.³

As identified on the GDP, the Applicant is proposing the development of approximately 6.8 million square feet of data center use split between multiple buildings and land areas. The Project site will include data center buildings, substations, access roads, stormwater management facilities and utilities, as conceptually identified on the GDP. The Applicant will preserve approximately 100 acres of land between the Project site and the Upper Machodoc Creek and will construct and maintain a public walking trail along the Property’s boundary with the Upper Machodoc Creek for use by County residents.

Landscaping and Natural Resources

A 100’ landscaped buffer will surround the perimeter of the Property. Approximately 200 acres of the Property will remain in open space, including the boundary area adjacent to the Upper Machodoc Creek and across from the residential subdivisions to the north. Landscaping and transitional buffer areas will be installed per the County’s Zoning Ordinance and the proposed Proffers. Sight and street view perspectives are included in the GDP showing the limited visual impact that the Project would have on public rights of way. A cultural resources survey (phase 1A) prepared in accordance with state law requirements will be provided to the County prior to approval of the first site plan of the Project Parcels. Any historical artifacts identified on the Project Parcels and removed shall be retained by a County museum or other appropriate recipient as the County may direct.

³ See Cleydael Industrial Park, Research Park, Office Park at <https://sites.vedp.org/>

With regard to natural resources, a desktop study of the cultural resources of the project area showed no previously identified archaeological sites or historic structures within the project area and no structures were identified on historic maps.

The site contains rolling topography with areas of steep slopes greater than 15%. All development will comply with Section 4-2-5 for development within steep slope areas. A wetlands delineation is currently underway. A formal wetlands jurisdictional determination, RPA delineation and wetlands impact permit will all be prepared and approved prior to land disturbing activities that would otherwise impact those areas. Per King George GIS and FEMA mapping, floodplain exists on the property. The proposed development has been situated to avoid the floodplain. If the construction of the trail system or stormwater outfalls requires a floodplain alteration, the requisite letter of map revision will be submitted to FEMA prior to any land disturbance within the floodplain.

Transportation and Construction Mitigation

The site will be accessed from two entrances on State Route 301. All internal roads will be private and will be maintained by the owner. The Applicant has also included a traffic impact analysis (“TIA”) prepared by GoroveSlade dated May, 2024, titled “Chapter 527 Traffic Impact Analysis, Dahlgren Innovation Hub, King George County, Virginia.” The study parameters the TIA were agreed upon with both County and VDOT representatives. The Applicant has proffered to construct the transportation improvements as recommended in the TIA.

At the time of each site plan approval, the Applicant will submit an Emergency Action Plan to the County Department of Fire, Rescue & Emergency Services (the “Department”) which will address, at minimum, emergency access, emergency response planning, any necessary support for departmental training requirements, and any specific Fire, Rescue and/or EMS impacts associated with any use(s) on the Project Parcels. The Emergency Action Plan will be developed with input from the Department. The Emergency Action Plan will include requirements for fire suppression where any building or structure on the Project Parcels exceeds the Department’s ability to adequately provide the same. The Applicant will install all fire suppression equipment/facilities identified in the Emergency Action Plan prior to receiving a Certificate of Occupancy for the first building on the Project Parcels. Further the Applicant intends to provide a cash proffer to the County’s public safety services departments for purposes of addressing potential impacts of the Applicant’s proposed development plan. This proffer will be determined based on additional discussions related to Department needs and will be paid prior to the approval of the Applicant’s first site plan submission.

Prior to final site plan approval for each phase of development of the Property, a construction mitigation plan will be submitted to the County’s Zoning Administrator for review (“Construction Mitigation Plan”). The Construction Mitigation Plan will address, at minimum, construction traffic control measures, including any mitigation measures to be implemented during weekday AM and PM peak travel hours, and school bus travel times along shared

construction truck routes to and from the Property. To the extent reasonably possible, the Applicant's goal is to utilize local contractors and construction workers, which will consist of various skilled trades, supervisory personnel, support personnel, and construction management personnel.

Stormwater Management

The project site will utilize existing land features and slopes to establish the best locations for stormwater management. Best Management Practices including but not limited to, dry and wet ponds, bio-retention areas, vegetated swales, and landscaping will be utilized to minimize stormwater run-off. Ponds are currently shown on the GDP to represent the areas that we expect are needed to meet Water Quality and Water Quantity requirements. The final location and sizing of the ponds will be fully designed during the site plan process.

Utilities

The Property will be served by public water and sewer, except as otherwise permitted by the County Zoning Ordinance. For example, the Zoning Ordinance allows the use of private well-water systems for domestic (including but not limited to employee hygiene, drinking safety and comfort needs of employees, cleaning, etc.) and non-operational (i.e., cooling) usage on the Property, or the connection to public water and sewer. For sewer, the Applicant may install low-pressure lines and/or a “drip system” or a pump and haul system if the same is approved by the Virginia Department of Health, to serve the Property.

Any water and sanitary sewer access necessary for rendering operational service to the data center and all other accessory or authorized uses on the Property will be provided via one or more connections to the King George County Service Authority (the “Authority”). The Applicant shall be responsible for the design and construction of all on-site and off-site water and sanitary sewer infrastructure necessary to provide service to the Property in accordance with the Authority and state requirements. All lines shall be sized to serve the drainage shed in which they are located in accordance with the requirements of the Property, but this proffered condition does not obligate the Owners to construct any sewer or water lines with capacities greater than those required to serve the Property. A 200,000 gallon water tank is located on the Property and is available to supplement the County’s existing water system.

A 230 kV Dominion-owned transmission line runs along the front of the Property adjacent to Route 301.

Sound Mitigation

The Applicant has proffered that the maximum A-weighted sound pressure level emitted from the use, as measured 1.5 meters above ground at the property line per ANSI S1.13-2020 (American National Standard - Measurement of Sound Pressure Levels in Air), shall not exceed (i) 60 dB(A) between 6 a.m. and 10 p.m. and (ii) 55 dB(A) between 10:00 p.m. and 6:00 a.m. In addition, prior to the approval of each final site plan for the Project Parcels, the Applicant will provide a Sound Study (the “Sound Study”) that is specific to the proposed site layout and

building type shown on said site plan. The Applicant has provided a Noise Analysis prepared by Phoenix noise and vibration, dated August 20, 2024, which demonstrates that the proposed external noise levels generated by the Project will meet the requirements of Section 8-10-3 of the General Noise Standards of the County's Zoning Ordinance.

Economic Development

The development of the Project Parcels for data center use under the County's Industrial zoning classification is anticipated to have a significant, positive, economic impact on the County. The Applicant has prepared a Net Fiscal Impact Summary (the "Fiscal Analysis"), which is dated November 14, 2024, and is attached hereto.⁴ Based on the Fiscal Analysis, the aggregate net fiscal impact of the Project over the next 20 years is estimated to exceed \$1.5 Billion.

Average Annual Net Fiscal Impact

The Project Parcels will generate direct local tax revenue to the County across a variety of sources including but not limited to real estate tax, personal property tax (e.g. taxation of data center equipment), and BPOL (e.g. gross receipts tax). The County will incur a disproportionately small level of local expenditures to support the project. The stabilized average annual revenues are approximately \$115,000,000 with a corresponding average annual local public service cost of \$4,500,000, resulting in an average annual net fiscal impact of approximately \$110,000,000 per year.

Job Creation

The project is estimated to produce 50-60 full-time employment positions per building. The average annual salaries earned are estimated to exceed \$80,000 per FTE. These jobs include but are not limited to a variety of data center operations positions that provide technical services for HVAC, electrical, plumbing, IT, and general administrative and operational support. In addition to the permanent jobs, thousands of trades and vocational jobs will be supported during the ten (10+) year construction period.

Revenue Source and Methodology Considerations

In Virginia, most of the local tax revenue generated from data centers is derived from the taxation of the data center equipment inside of the buildings (e.g. computer servers). The taxation of this equipment is produced through the personal property tax mechanisms that include depreciation of the original cost of that equipment based on years in service, multiplied by the local applicable tax rate. Data center equipment is unique in that its original cost often

⁴ The Fiscal Analysis was prepared by Cavalry Real Estate Advisors ("Cavalry"), a Northern Virginia headquartered national real estate tax and advisory firm with extensive expertise providing consulting services with the national data center industry. Principals with Cavalry are also members of Dahlgren Innovation Hub, LLC.

exceeds \$2,000 per square foot and is replaced on average every 3-4 years. The consistent “refresh” of the equipment inside of the buildings drives the disproportionately large personal property tax revenue and “resets” the original cost basis more frequently than most other types of personal property. While the equipment as personal property produces most of the revenue generated from data center assets, the real estate (i.e. land and improvements) itself produces above-average real estate tax revenue as well. Data centers in Virginia are often assessed for real estate tax purposes based on a Replacement Cost Less Depreciation (RCLD) appraisal approach. This approach factors in the original construction costs (or replacement cost estimate in later years) which is then depreciated based on age and any other relevant obsolescence factors. The applicant's analysis factors in the above-referenced methodologies.

It should be noted that while tax incentives may otherwise be available to the Applicant, including but not limited to incentives authorized by Article XI, of Chapter 14 of the County Code (which includes tax rebates and/or other incentives related to, among other things personal property taxes and machinery and tools taxes, as well as reduced permit fees, user fees and license taxes) the Applicant is not seeking any incentives or tax abatements from the County for this Project. Given the substantial tax revenue generation estimated for the project, and the fact that the Applicant is declining any incentives that may otherwise be available, the proposed data center Project is the highest and best financial use of the Property.

B. Comprehensive Plan Consistency and Amendment Request

While some of the Project Parcels are currently zoned for business and/or industrial use, the Property, and much of the surrounding area, is currently undeveloped. Route 301 is a highly traveled transportation corridor with commercial business adjacent to the roadway in both directions. Wetland areas are interspersed throughout the area restricting the development potential particularly between the property and the Dahlgren area to the northeast.

All of the Project Parcels, except TM #17-24, are located in the Cleydael Primary Settlement Area as identified by the King George Comprehensive Plan. This primary settlement area is comprised of approximately 600 acres lying adjacent to Route 206 and approximately 300 acres located adjacent to Route 301. The area adjacent to Route 206 has been developed for residential use. The area along Route 301 was rezoned in 1991 to establish a mix of uses including industrial, commercial and residential development. In the Cleydael area, commercial and industrial uses are anticipated on property adjacent to Route 301.⁵

The rezoning of the Property and its development as a data center hub is consistent with the land uses planned for the area since the late 1980s. In approximately 1986, Cleydael Limited Partnership purchased over 1,000 acres (which included the Project Parcels) and sought to develop the area north of the river as residential and the area south of the river (adjacent to Route 301) for commercial and industrial use. To facilitate this development, utility facilities

⁵ Comprehensive Plan at p. 25.

were constructed to serve the development and various rezonings to commercial and/or industrial occurred. While the residential component of the Cleydael area has been successfully developed over time, the commercial component of Cleydael remains undeveloped. Various commercial proposals for the Cleydael “Business Park” have been prepared for potential approval, but to date, the frontage properties along Route 301 remain vacant. To help facilitate the development of parcels 17-27, 17-27A, 17-72, and 17-24, in 2023, the Board designated these parcels as being located in an Economic Development Incentive Technology Zone. The Virginia Economic Development Partnership also identifies much of the Property as a technology site and encourages the economic development of the Property for data center and similar types of uses.

Currently, Parcel 17-24 is located in the Potomac River Settlement Area. As part of its rezoning application, Applicant is requesting a comprehensive plan amendment to include Parcel 17-24 in the Cleydael Primary Settlement Area. Including this parcel in the Cleydael Primary Settlement Area ensures that the development of this property as part of the of the proposed data center hub is consistent with all of the County’s land use designations and anticipated development for the area. See proposed amendment to 2019 Comprehensive Plan Map 9 Cleydael Settlement Area, attached as Exhibit 1.1.

C. Comprehensive Plan Compliance Review (VA 2232 Review)

As part of this Project, the Applicant will construct four (4) +/- electrical substations and accessory equipment on the Property, which requires the County to complete a Comprehensive Plan Compliance Review (also known as the "2232 Review"). The 2232 Review requires that the County determine whether the locations of the electrical substations and their accessory equipment, are “substantially in accord” with the Plan pursuant to Virginia Code Section 15.2-2232. As mentioned above, the majority of the Property is located within the Cleydael Primary Settlement Area with access, or proposed access, to public water and sewer; accordingly, this 2232 review is limited to the review of the electrical substations and accessory equipment related thereto.

As mentioned above, this Property is within the County's Primary Settlement Areas and existing transmission lines already run through portions of the Property. Commercial and industrial uses (which include major utility uses) are anticipated along the Route 301 corridor and have been for many years. The construction of utilities in this area is necessary to serve the anticipated growth and utility extensions were to be initiated many years ago in order to do so. Approval of the substations to serve the proposed Project is therefore “substantially in accord” with the Comprehensive Plan’s goals and vision for the Cleydael area.

II. SPECIAL EXCEPTION PERMIT APPLICATION

As identified herein, the Applicant is also requesting a special exception permit (“SEP”) to allow the Project Parcels to be used for data centers and accessory structures/uses including

project substations. As part of the SEP, the Applicant is requesting an increase in the ten-foot height limitation for walls and fences in the I-1 district.

A. Justification for SEP for Data Center Use

Pursuant to Article VI of the Zoning Ordinance, data centers and major utility uses (including substations) are only permitted in the Industrial district by special exception permit. For the reasons set forth above and in the supporting documents, the proposed Project will be in harmony with the purposes of the specific district in which it will be placed. There will be no undue adverse impact on the surrounding area in terms of public health, safety, or general welfare. The Project Parcels are located in an area that is designated for commercial/industrial development and the data centers will be low impact and have no adverse impact on public health, safety or welfare once operational. The Proffers include measures to reduce visibility, sound, construction traffic, and impact on fire and resources. As identified in the TIA the use will not create congestion in streets, roads, alleys, and other areas. During construction, the Construction Mitigation plan will address impacts on transportation and traffic and the coordination of the same. The Applicant's proposal meets the applicable specific and general standards required by the Zoning Ordinance and the Comprehensive Plan.

B. Justification for increase in maximum height of walls/fences

In accordance with Section 8-4-4 of the Zoning Ordinance, the maximum height of a wall and/or fence may not exceed ten (10) feet in Industrial Zoning, "without approval of a Special Exception". As part of its SEP application, the Applicant requests that any screening, and, or fences used to screen data center equipment, including but not limited to ground-mounted tanks, generators, and other appurtenant facilities may exceed 10-feet in height. The Applicant requests authorization for up to fifty (50) feet in height for this type of equipment. In addition, the Applicant is considering potential installation of "green-wall" technology to shield building exteriors where additional screening may be appropriate. The Applicant requests that the SEP permit construction of such walls at height exceeding 10-feet, and as necessary to effectively screen exterior building areas.

IV. REQUEST FOR ADDITIONAL POINT OF ACCESS

The Property is located in a Highway Corridor Overlay District ("HCOD"). Per Section 5-4-5-B-1 of the County's HCOD requirements, only one direct access to Route 301 is permitted unless an access plan is submitted to, and approved by, the Planning Commission. For this Project, a second access is requested in the location identified on the GDP. The request and need for the second access are described in greater detail in the TIA. The two entrance locations have been approved by VDOT based on the size of the parcel and the environmental features separating the campuses.

Justification for the Second Access to Route 301

The TIA is based on 6,000 daily trips for the Project. Approximately 60% of the trips are assumed to use the West Driveway (3,600 daily trips), and 40% would use the East Driveway (2,400 daily trips). The West Driveway will be constructed first as part of the first phase of the development to serve West Buildings 1-5. The East Driveway will be constructed as future phases (i.e., the Central and East Buildings) are constructed and the additional access is needed. It is anticipated that specific access requirements and timing will be decided as site plans for the Property are reviewed and approved.

Per Section 5-4-5-B-1 of the Zoning Ordinance, where more than one access point to an HCOD roadway is requested, the applicant must “also provide access to adjacent parcels for existing or future development”. As shown on the GDP, interparcel connection is shown between the parcels that make up the Project site. A potential emergency access-only location (that would not be open to vehicular traffic) is also identified. The interparcel connection shows the anticipated vehicular circulation between Project properties as required by Section 5-4-5-C.

For this Project, access to adjoining/adjacent parcels that are outside of the Property is not necessary because the Property is nearly surrounded by wetlands, constitutes a stand-alone commercial campus and is required to have and maintain a secure perimeter. This is not a neighborhood being built next to an existing neighborhood with a stubout or adjacent commercial developments where interparcel connection will reduce traffic on the primary roads.