



April 2, 2026 (update to February 27, 2026 letter)

Gretchen W. Biernot
Current Planning Manager
Hanover County Planning Department
P.O. Box 470
Hanover Virginia 23069

RE: Mountain Road Technology Park Application Resubmittal for Planning Commission for
REZ2025-00023 and CUP2025-00016

Dear Gretchen,

As a follow up to the February 19, 2026, Hanover County Planning Commission meeting, we are resubmitting materials to support REZ2025-00023 and CUP2025-00016. This resubmittal package includes a revised concept plan and revised proffers, which are part of the formal rezoning and conditional use application; we have provided a clean version of the proffers, as well as redline versions. In addition, we have included responses outlining how we have addressed the specific items included in the Planning Commission's motion and suggested by Planning Staff; we have also included supplemental information and reports supporting the application materials.

We look forward to discussing this information at the next Planning Commission meeting on April 16, 2026. In the meantime, please don't hesitate to reach out with any additional questions or if you need clarification on anything.

Sincerely,

A handwritten signature in black ink that reads 'Erin Fosdick'.

Erin Fosdick, AICP
Director of Entitlements
erin.fosdick@tract.com

cc: Jo Ann Hunter, Senior Director of Planning & Community Development
Andrew Pompei, Deputy Director of Planning

Attachments (provided electronically via email):

1. Additional Information for the Planning Commission



2. Concept Plan
3. Revised Proffers
4. Tax Generation Analysis
5. Supplemental TIA Information
6. Technical Memorandum on Hydraulic Modeling
7. Environmental Noise Assessment
8. Exhibit showing distances from Building Areas to property lines

Additional Information Requested by the Planning Commission

At the February 19, 2026, Hanover Planning Commission meeting, the Commission voted to defer the project and requested the following changes and information:

1. Updating the proffers to better reflect guidance from the Route 33 Gateway Small Area Plan (viewsheds, position of mechanical equipment, generator run times, clarification for perimeter boundaries)
2. Clarifying peak water demand
3. Incorporating staff recommended conditions from the CUP
4. Adding additional standards for Building Area 3A, which will house the substation along Winns Church Rd. (increasing buffer distances, screening, compatibility of transmission infrastructure)
5. Identify a more permanent solution for construction traffic leaving the site
6. Clarifying Tier 4 Generators will be used
7. Clarify rates for Dominion
8. Identifying options for recirculating water to reduce average daily use
9. Ensuring language around decommissioning is appropriately detailed

Proffer and Plan Updates

Several changes were made to the proffers to address items 1, 3, 4, 5, 6, 8, and 9. These are detailed in the attached updated version of the proffers (dated April 3, 2026) and shown in the updated concept plan. Generally, the changes include the following:

- Minor formatting and reorganization of the proffers, as recommended by Planning Staff to improve readability
- Modifications to Building Area 3B:
 - Increasing the Natural Perimeter Buffer along Winns Church Road from 200' to 300' feet and shifting Building Area 3B to the south
 - Adding a double row of evergreen trees behind the expanded Natural Perimeter Buffer and north of Building Area 3B to provide additional screening from Winns Church Road



- Adding additional notes in the Design Standards for permitted uses for the substation in Building Area 3B, requiring additional substation screening
- Clarifying that substations only are permitted in Building Areas 2B and 3B
- Originally Tract Incorporated Planning Staff's recommended conditions for the CUP into the proffers; however, Planning Staff recommended that the conditions specific to the substation should not be incorporated into the proffers, so these changes were retracted in the subsequent draft submitted to the County. Tract is still fine with the conditions tied to CUP approval. Generally, these include:
 - Ensuring location and design for substations is in compliance with the plan and approved by the Planning Director
 - An additional setback distance specific for substations
 - Additional screening requirements for substations
 - Requirement that any supporting buildings meet overall design standards
 - County inspection of substations
- Adding a proffer to establish a Trail Maintenance Contribution Fund which will provide \$30,000/Building Area to the County to support ongoing maintenance of the walking trail and trailhead originally included in the proffers (Proffer #4f), which was requested by staff.
- Requiring that transmission infrastructure will be weathering steel or similar earth tone to better blend into the surrounding landscape (weathering steel is the name of the color treatment)
- Updating the proffers to clarify that requirements for screening and reducing visibility apply to perimeter project boundary lines, in addition to public rights-of-way
- Identifying additional transportation improvements to address concerns around construction traffic including:
 - Construction of a Median U-Turn along Route 33/Mountain Road to improve LOS during construction (this is a permanent improvement included in the Transportation Proffer)
 - Prohibiting commercial construction trucks from exiting the site during AM peak hours (8 – 9 AM) entering and exiting the property during peak PM hours (4 – 6 PM) and implementing traffic control measure to ensure construction traffic complies with approved exiting movements
 - Working with the Sheriff's Office to control traffic on Mountain Road during construction
- Updating the Construction proffer to specify that at least one public liaison must be identified by the applicant/owner in the construction management plan to serve as a point of contact during active construction, as requested by Planning Staff.
- Reducing hours and days that generators can be tested
- Adding a land dedication proffer for the future installation of a Water Storage Tank
- Prohibiting the use of well water to avoid any confusion or concern by the community
- Requiring that single-pass or once-through cooling systems will not be incorporated into this development to promote water efficiency



- Clarifying that only Tier IV generators will be used by removing the phrase requested and adding a requirement that generators shall be in an enclosure

Peak Water Demand

The proposed development will be served by the public water system. Due to its location between the Hanover County and Henrico County service areas, water service may be provided from either system. Following discussions and coordination with the Department of Public Utilities (DPU), it is Tract's understanding that DPU's preference is for water to be provided from the Hanover County service area. Water supplied from Hanover County would be delivered via the Lockwood Booster Station with the option of the County sending water from the Doswell system during periods of low system usage such as the winter.

The projected average daily water usage is 600,000 gallons/day (gpd). Recent capacity made available through the closure of a nearby facility, and the relinquishment of its 800,000 gallons/day allocation provides sufficient capacity to meet the needs of this project, while also allowing for additional supply to accommodate future development in the area.

Tract has evaluated Maximum Daily Demand (MDD or peak demand), which is projected at 2,000,000 gallons/day. This MDD is based on a 20-year worst case temperature and humidity condition; this level of demand is expected to occur infrequently.

Detailed hydraulic modeling was completed by Dewberry to evaluate the ability of the existing water system and, if necessary, identify the best available options to support both the project and add resiliency to the overall water system. Based on the results of this evaluation, the existing Hanover County water system has sufficient capacity to supply water to the Route 33 data center development during both MDD and fire flow conditions.

The results of this modeling also identified two recommendations to support the MDD conditions and increase system resiliency. These include on-site water storage or other means to reduce the maximum day cooling demand or the construction of a new water storage tank that could support this project and other areas along Route 33. This was also generally discussed during a recent presentation to the Board of Supervisors when the overall Water Supply Resiliency Study was presented. The technical memo and the presentation acknowledge that a future preliminary engineering report will be needed to evaluate the final location, design, and impact on water supply agreements, among other things.

Per DPUs request, detailed service plans and agreements would follow a rezoning approval. These service plans would identify specific infrastructure sizes and requirements. Additional conversations on planning for a future water storage tank to serve the Route 33 corridor can be included in these conversations. A proffer has been added that confirms Tract will contribute land for this infrastructure if requested by DPU.



The technical memorandum prepared by Dewberry has been provided for the Commission's information.

Construction Traffic

The project team has evaluated the proffers around transportation and construction traffic. We understand that the Commission is concerned about traffic volumes and safety, especially during construction. To address these concerns and identify solutions, the project team prepared a Supplement to the previously approved TIA; this supplemental analysis evaluated more permanent solutions for construction traffic and included revised trip distributions, as requested by the Commission. This analysis was reviewed by VDOT; their comments have been provided for the County's considerations. Based on the analysis and subsequent discussions with VDOT, the project team made several updates to the proffers. The transportation proffer has been updated to include the construction of a Median U-Turn along Route 33/Mountain Road, north of the primary project entrance; this improvement will be designed and constructed to accommodate construction workers leaving the site. The construction proffers have also been updated to include a restriction on commercial construction vehicles exiting the site during peak AM hours and entering and exiting the site during peak PM hours, to help alleviate impacts to traffic on Mountain Road/Route 33. Additional language has also been included to ensure that the construction management plan will identify traffic control measures designed to ensure construction traffic complies with the exiting movements identified in the plan.

Any future upgrades to Mountain Road/Route 33 in this area, including upgrades to support construction peaks, will need to be approved by VDOT and the County. A Construction Management Plan will need to be approved by the County prior to site construction commencing.

Power Costs

Several questions were raised at the Planning Commission meeting regarding power costs. Tract is working closely with Dominion Energy to coordinate all aspects of power delivery for this project, including the execution of binding agreements with Dominion Energy that include Tract's financial obligations for the power infrastructure needed to serve the site.

Questions were raised about additional offsite improvements that could be needed because of this project.

Electric rates in Virginia are established under the oversight of the Virginia State Corporation Commission (SCC) and are based on cost-of-service principles. This framework requires that costs be allocated to the customer classes (i.e. residential, commercial, industrial) responsible for incurring them.

A review by the Joint Legislative Audit and Review Commission (JLARC) found Dominion's current rates appropriately allocate costs to the customer responsible for incurring them, including data



center customers. That finding confirms that the cost-of-service principles Dominion has long implemented and approved by the SCC are functioning as intended.

This year, Dominion refined this approach further by creating a new class specific to data centers. This class is the GS-5 large-load rate class. This class is an enhancement of that same methodology, designed to ensure that the large-load class of customers (i.e. data centers) are paying their specific cost of service as the customers within this class increase their power needs. This refinement to the customer class model ensures that data centers pay their own way for the benefit of the other classes of industrial customers, commercial customers, and residential customers.

Under GS-5, Dominion has also added additional obligations for data center customers. Data centers must:

- Assume construction-related financial obligations before any infrastructure is built via the execution of a Construction Letter of Authorization for each substation
 - Make cash deposits for long-lead equipment (substation transformers and breakers) pre-construction
 - Pay Dominion Energy a cancellation payment equal to the costs Dominion incurred for the project if the customer fails to take service
- Execute a 14-year Electric Service Agreement (ESA) pre-energization
 - Commit to minimum payments, even if actual usage declines
 - Provide substantial financial security, hundreds of millions of dollars per substation

Tract's cost of service (to include distribution, transmission, and generation) will be recovered through the GS-5's unique rate structure. The 14-year term ESA agreement requires minimum payments regardless of customer utilization, and high-dollar surety obligations provide a financial backstop funded by data centers. If a data center underutilizes its contracted capacity, the data center must still make the minimum payments required by the ESA. If a customer cancels or defaults before the end of the term, Dominion can draw on the posted surety to ensure Dominion is paid the money owed under the ESA. These protections are specifically designed to ensure data centers pay their costs, not the other customer-classes, like residential or small commercial customers. Taken together, these safeguards ensure that the costs required to serve this project are paid by the data center receiving the service, as well as the rest of the large-load customers in the GS-5 rate class.

With respect to increases in electric bills, they are driven by a range of broader factors, including:

- Inflation
- Replacing aging distribution and transmission infrastructure
- Rising fuel costs
- The impacts of severe weather
- Grid modernization (upgrading the grid to make it more reliable)

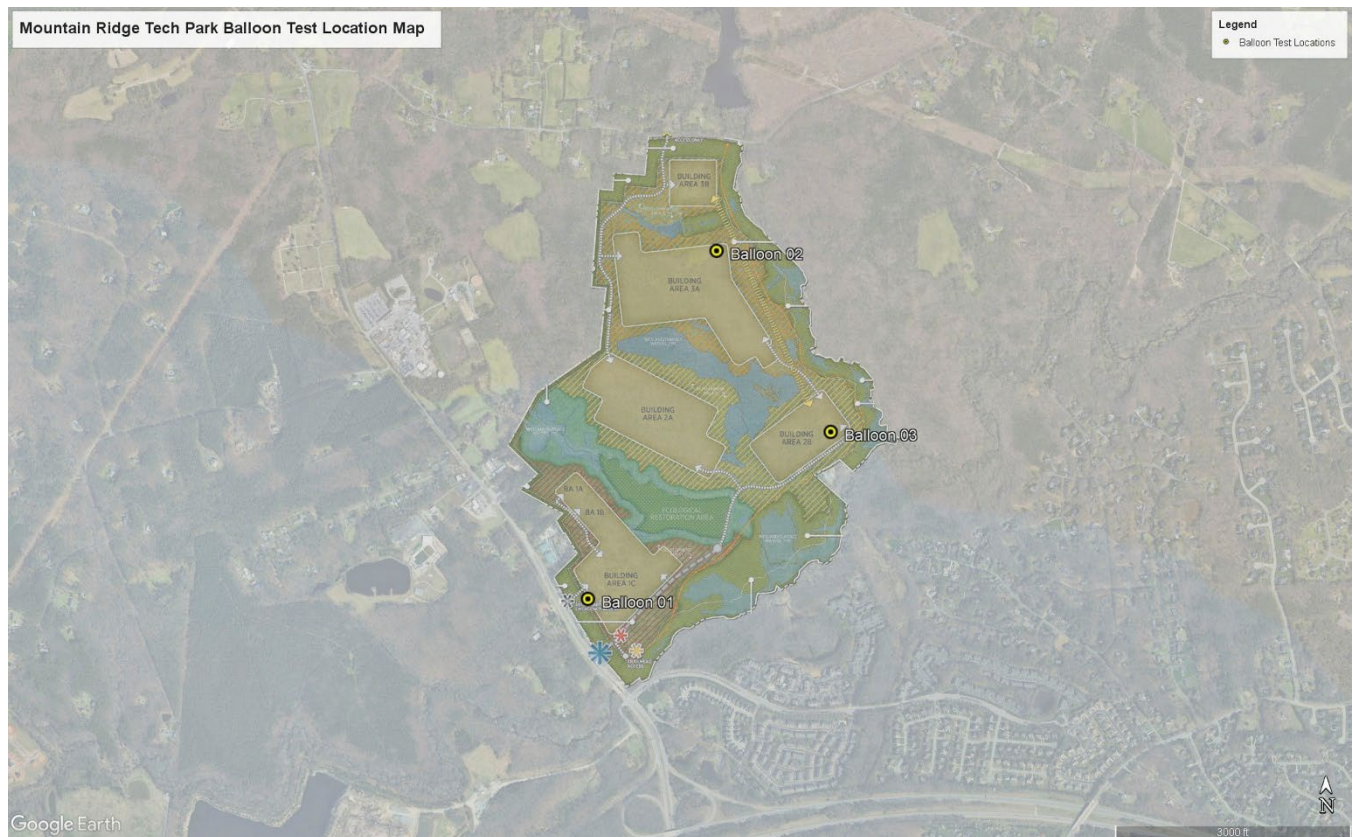


- State clean energy requirements (Dominion's offshore wind farm is approach a \$10 billion cost)

The cost associated with these broader factors is present in the rates Dominion charges, and will charge in the future, regardless of whether a data center is built. But each data center must bear the cost of rising electricity costs from these same broader factors, just like each of the other customer classes. This rising electricity cost is on top of the costs data centers must pay under the new GS-5 class created for them.

Balloon Testing

The Commission requested notification for the balloon test and requested that additional locations be added along Grassy Swamp Creek. Tract worked with Planning Staff to adjust locations and to advertise the test on the County's website. The balloon test took place on March 9, 2026 at the three locations on the property shown in the graphic below. Each balloon was flown at 62' above the proposed FFE to the top of the balloon. Balloons were red/orange and were 5.5 feet in diameter. All balloon heights were verified with laser rangefinders. Hanover County Planning Staff and members of the project team were in attendance.





Tax Generation Analysis

Data centers generally create several different streams of tax revenue, bringing significant economic benefit to the communities in which they are located. Tract contracted with an independent company, Ernst & Young (EY) to conduct a future tax generation analysis for this project. The data center future tax generation analysis is attached to this document. This analysis is based on data provided by Tract and a model developed by EY. The land use applications under consideration are for a rezoning, CUP, and special exception. If approved, the applicant will be required to complete additional site plan review. Although additional development details will be reviewed and approved as part of the site plan review process, several high-level assumptions were developed to conduct this analysis. This is a typical process for conducting fiscal impact analysis for rezoning applications.

To develop reasonable assumptions on a development program, the following assumptions were used, which are all based on the total power to the site:

- 900 MW
- 6 buildings (150 MW/building)
- 2.6M sq ft of building areas (across 3 building areas and 6 buildings)
- 254 developable acres (total acreage that is not natural areas and will contribute to the development)

EY documented additional assumptions within the report for real property, personal property, and sales tax; these are all included in the notes and assumptions sections of the attached report.

This analysis modeled a 20-year time horizon; however, it is important to note that business personal property tax begins to be generated when power is delivered, new buildings are completed, and personal property is placed within the buildings. So, the revenue is reported for a 15-year timeframe, beginning in 2030, which coincides with expected energization in Q4 of 2029. If the energization date is later, then the same 15-year timeframe and benefits would adjust forward for the corresponding 15-year period.

Please note that the property is reassessed 30 days after the zoning is approved, and the real estate taxes go up significantly. These higher taxes are then due and paid going forward regardless of when construction activity starts.

As additional background, Tract also wanted to share some general information on the broader economic and revenue impacts of data centers across the region.



RVA757 Connects recently launched their Digital Infrastructure & Data Center Information Hub (<https://www.globalinternethub.org/resource-center>). This resource center offers information into the digital infrastructure ecosystem and includes a section dedicated to Generating Economic Benefits (<https://www.globalinternethub.org/resource-center/economic-benefits>). In addition to providing general information, there is summary data about local tax revenue for several mature data center markets in the state. Here are some examples:

- Data center tax revenue in Loudoun County accounted for \$733 million for the fiscal year that ended June 30, 2023, which represented 31 percent of the total county tax revenue.
- In Prince William, data center tax revenue generated \$110 million during the same time period, representing 7 percent of total local tax revenue.

Additional information on revenue generation and examples of how counties are using this revenue is available in the Information Hub.

Additional Information on Dam Removal & Ecological Restoration

Since the Planning Commission meeting, a question on Holtzgraph Pond and the associated dam on the property were raised. This pond is on private property and is not publicly accessible. As part of the due diligence for this project, an evaluation of the dam was undertaken. The results of this evaluation showed that the dam is in poor condition. Tract has evaluated several options for removing the dam hazard and undertaking ecological restoration on the site. This is a separate process and effort that would commence upon approved zoning, as this is a big undertaking that would need to be undertaken as part of a larger development project. This area is included in the conceptual plan as an ecological restoration and is NOT included within any development or building areas. Additional information on the steps being undertaken as part of this separate effort is provided below.

Dam removal would occur upon receiving the required permits from the USACE, VDEQ, and Hanover County; permitting work to obtain these authorizations would commence upon approved zoning. Concept restoration plans for the pond area are already under development to support the initial conversations with the regulatory agencies to determine appropriate permitting pathways.

Dam removal must be sequenced with the ecological restoration project in a manner that prevents the discharge of sediment off site. The removal and handling plan(s) for sediment and debris behind the dam will be addressed through the permitting processes with the federal, state, and local regulatory agencies. There is no expected impact to any municipal water supply. The Chickahominy River is expected to benefit by having a historic tributary system restored. An ecological restoration project means that the pond dam will be removed in a controlled manner that will involve dewatering the pond area over time and then the material removal of the dam. The dewatering will result in exposed banks and sediment being exposed. These bared areas will need to be stabilized as the area is exposed, and the historic stream channel will be exposed and re-



established through the pond footprint and connected with the Chickahominy River in a controlled manner.

The ecological restoration also includes a revegetation plan to establish a vegetated riparian zone around the re-established stream channel. This is the meaning of the ecological restoration project being intentionally designed and assisted. We aren't simply removing the dam and allowing nature to do the work, we will be stabilizing material as it is exposed, re-establishing the stream channel through the pond footprint, and planting vegetation in the newly established riparian area. In accordance with industry standards for ecological restoration projects, a reference site is used to model the project after. This means that for the design of the "original" state will be based on identifying a site that is similarly situated to the proposed project area within the Chickahominy River watershed. All of these designs and planning occurs during the permitting process with federal, state, and county regulatory authorities.