

August 7, 2025

Beale Infrastructure Cancels Reclaimed Water System Expansion Plans for Tucson

Data centers are the physical backbone of the digital world. The people of Southern Arizona rely on this infrastructure daily to check emails, perform critical health and municipal services, enable remote work, stream media and to organize community events. Beale Infrastructure was founded based on the belief that data centers can and should be designed sustainably working in close partnership with communities, and Beale's mission is to push the industry forward to enable a responsible and inclusive digital infrastructure future.

Beale was invited by the City of Tucson to engage in a public-private partnership for the sustainable development of data centers called "Project Blue." The city expressed enthusiasm for the transformative impact of Beale's proposed investments to substantially expand reclaimed water infrastructure and invest an initial \$3.6B of economic impact and job creation in Tucson's economically disadvantaged southeast area which has been earmarked for industrial development.

On May 30, 2025, it was [publicly communicated](#) by the City that the concepts for Project Blue strike the appropriate balance for significant economic development without risking the region's water security. Project Blue concepts have been developed in close partnership with the City of Tucson, engineers at Tucson Water, and Tucson Electric Power (TEP) to maximize principles for sustainable data center design, responsible water use and the pursuit of carbon-free energy resources. At full potential buildout, the concept plans for Project Blue entailed use of a small portion of Tucson's reclaimed water portfolio, which Beale committed to replenish drop-for-drop via investments to develop new water sources, fund PFAS remediation projects, remedy system leaks and other initiatives to be enforced by way of a development agreement.

Beale participated in a series of open information-sharing sessions to engage with the community and answer questions about Project Blue. On August 6, 2025, the City Council voted to discontinue engagement on the proposed annexation, resulting in the cancellation of Beale's plans for reclaimed water system expansions.

Beale supports and actively seeks community feedback for all potential developments and respects the community's input on the proposed use and replenishment from Tucson's water system. Alternative cooling designs have not yet been prioritized for Project Blue based on the City's feedback and desire to see reclaimed water infrastructure expansions, but they are a viable path for data centers to operate in the region with minimal water use. We continue to believe there is a win-win solution to bring this record-breaking investment to Tucson.

“We are disappointed in the decision not to pursue this opportunity for Tucson. We partnered closely with municipal engineering teams and Tucson Water to develop plans directly compatible with Tucson’s Climate Action and Adaptation and One Water plans,” stated Brendan Gallagher, Senior Vice President of Development. “We see it as a missed opportunity for the city, as this project potentially represents tens of millions of dollars in tax revenue, hundreds of millions of dollars in infrastructure to serve the community, and thousands of high-paying local and union jobs.”

Beale thanks the supporters who are engaged on this opportunity, and we will continue to engage with the Tucson community on the dialogue around sustainable data center development standards and the role these projects can play advancing Southern Arizona’s economic and technological future. Beale is evaluating community partnerships, clean energy strategies and digital infrastructure investment opportunities throughout the United States, and we look forward to sharing more announcements soon.