



Sugarloaf Alliance Comments on the Proposed DRRA

Frederick County is assessing a proposed benefits agreement with Quantum Maryland, the owner of the former Eastalco site. The County Executive has touted the proposal as providing \$110 million in community benefits. But the legal agreement is in actuality a Development Rights and Responsibilities Agreement (DRRA), and the benefits are only one side of the bargain.

Sugarloaf Alliance has profound concerns with the content of the proposed DRRA and with the process by which it has been negotiated.

The proposed DRRA requires significantly more time to analyze and amend.

On September 1, 2026, the Frederick County Executive announced a “Community Benefit Agreement.” This mislabeling of the agreement is profound. Although it contains provisions for community benefits, the document is not a Community Benefits Agreement written for the community. It is primarily a Development Rights and Responsibilities Agreement (“DRRA”) written to secure long-term development rights for the developer. Among other things, it freezes the zoning laws governing use, density, and intensity that exist when the agreement takes effect.

The term of the agreement is 8 years and may be extended to 13 years. The damages provisions are so catastrophic that they effectively prevent the County Council over the next two terms from changing applicable zoning laws.

Ten days including a federal holiday weekend is an insufficient amount of time to review and comment on a 33-page, single spaced, complex contract, and its 30 attachments, with a hyperscale data center developer. This is especially true when the agreement would disenfranchise the voters of Frederick County from determining its land use future in BOTH the November 2026 election and the November 2030 election.

With the DRRA being 33 pages of complex, highly technical legalese, it will take, at a minimum, sixty (60) days or more to review and comment in detail on the agreement. Multiple public hearings are required. Expert commentary is required. Negotiations are required.

The \$110 million in promised benefits deserves consideration—but so do the legislative rights the County would surrender, the legal protections granted to the developer, the financial risks placed on taxpayers, and the restrictions imposed on future elected officials.

The proposed DRRA would bind the next elected County Government.

If this is such a good agreement for Frederick County, why is it necessary to lock in development rights for eight years or more and restrict the ability of the Council elected in November to reconsider those decisions?

Any agreement that restricts the ability of County Government to make decisions in the future should be negotiated by the next government, not this one. The results from the June primary indicate that the next County Council will have significantly different views on data center development policy. The election results from the upcoming November election should not be circumvented by this DRRA restricting the County from implementing the will of the people.

The implications of this DRRA for the electorate are stark. Regardless of whom the people vote for in November, the newly elected Council would have a profoundly reduced ability to change data center development policy.

The damages provisions in the DRRA make it prohibitively expensive for the new County Council to make any changes to the present zoning laws.

The DRRA gives the data center developer contractual remedies if the County violates protected development rights. Depending on the circumstances, remedies can include:

- Repayment of the value of all community benefits provided;

- Payment of the amount of all expenses the developer has expended prior to the date of the DRRA (stated as more than \$500 million in Section 2.1);

- Payment of the amount of expenses the developer has expended after the date of the DRRA;

- Payment of the loss of value of the Property; and

- Payment of all legal fees.

Frederick County receives approximately \$1 billion in taxes a year. Taking into consideration the second point above, damages could be a minimum of \$500 million which is one half of Frederick County's tax base. When you add the additional expenditures that the data center developer will spend after the execution of the proposed DRRA, the likely effect is that the County will not be able to meet its expenses after paying the damages. These damages provisions effectively tie the hands of any future County Council members in making changes to the land use laws.

The County Executive's negotiations violated County law.

Frederick County Code §1-25-13 states that negotiations between a County elected official and an applicant or the applicant's agents concerning a DRRA must occur in open session. Yet, the County Executive has repeatedly, since March 2026, referred to on-going "discussion" and "negotiations" with the data center developers regarding community benefits. Months of substantive negotiations appear to have occurred behind closed doors.

It appears that the benefits under negotiation transitioned at some point to a Development Rights and Responsibilities Agreement. Simply changing the name of the negotiation topic does not absolve the negotiators of the requirement to comply with County law. If any elements of the Administration's closed-door negotiations are now part of the proposed DRRA, the County Executive likely violated County law.

This lack of transparency is especially disturbing because Frederick County has been down this road before. The previous administration met secretly with Amazon Web Services and local developers while formulating favorable data-center regulations. Now the current administration appears to have negotiated another major data-center agreement largely behind closed doors. Based on voluminous and ongoing public comments it appears that Frederick County residents have had enough of secret meetings and County leaders who ignore—or look for ways around—the laws and procedures intended to protect the public.

The Administration now emphasizes that Planning Commission and County Council review will occur publicly. But the proposed DRRA is already a detailed, negotiated document. Public hearings after an agreement has largely been worked out are not the same as allowing the public to participate while its major terms are being negotiated.

In short, the Administration appears to have negotiated a bad agreement with developers and bypassed County open meetings laws to do so.

The proposed DRRA shackles the ability of the residents to impact land use and zoning regulations decisions AND imposes new burdens on the county.

Frederick County has no experience with hyperscale data centers. The scale and intensity of the new facilities are without equal in the county. Once these projects are built and operating, the County may discover problems that were not anticipated when the agreement was signed. Future Councils could then find themselves bound by an eight-year agreement that limits their ability to correct those problems, even when the need for change becomes obvious.

Under the proposed DRRA the County cannot rezone, downzone, or remove any portion of the Quantum property from the industrial classifications. Water and sewer classifications

cannot be reduced. There can be no new development limitations. Remaining Development Approvals and Property Permits shall be permitted to go through.

Pursuant to an MOU yet to be agreed upon, the county will be responsible for designing, permitting, and constructing a wastewater effluent supply system for cooling water. While the developer would be invoiced for the costs of the grey water system, the County would bear the responsibility for completing a fully functional system within a severely limited timeframe. Any difficulties or technical hurdles would be the responsibility of the County.

The DRRRA requires the County to make its best efforts for the removal of the Quantum Maryland land from Maryland Rural Legacy program area. Not only is the time period proposed for the Rural Legacy area change impossible to meet, the DRRRA holds the County responsible if the State does not alter the Rural Legacy map.

If there are any County “breaches” of any of the above, the DRRRA damages provision will apply. The prohibitive impact of the damages provisions in the DRRRA effectively nullify the ability of the County Council to respond to the will of the people regarding land use and zoning regulations. This DRRRA is simply an attempt by the data center developers to circumvent the democratic process.

The proposed DRRRA should be rejected.

Calling the agreement here a “Community Benefit Agreement” is like putting lipstick on a pig – it does not change the fact that this is an onerous agreement that tries to solidify poor decisions of the past by making them permanent for the foreseeable future. The conditional community benefits do not justify the loss of the County’s rights to future legislative actions.

In sum, the proposed DRRRA is a *de facto quid pro quo* whereby the community benefits are exchanged for the right of a hyperscale data center developer to control all future land use decisions by the County with respect to its property, including the ability to shrink the Critical Digital Infrastructure overlay.

This proposed DRRRA should immediately be rejected by the County Executive, and failing that, should be immediately rejected by the County Council.

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