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Work Session Memorandum

Date: September 3, 2026
To: Mayor and City Councilmembers
Through: Kelly DiMartino, City Manager KD
Dean Klingner, Deputy City Manager DK
From: Ginny Sawyer, Assistant to the City Manager GS
Subject: August 25, 2026 Work Session Summary: Data Centers

The purpose of this memo is to document the summary of the Data Centers discussion during the August 25, 2026 Work Session. All Councilmembers were present.

Discussion Summary

Staff provided a high-level overview of data centers, regional activity, current status in Fort Collins, and potential next steps to define and regulate data centers/large loads.

- Overall, Councilmembers expressed a desire to proactively address potential data center development in a manner that protects resources while recognizing future innovations and technologies are unknown.
- Discussion included existing Land Use Code regulations and how the Addition of Permitted Use process works and questions regarding State and Federal projects (these would not be subject to our local regulations).
- Light and Power staff addressed questions regarding the ability to serve large customers. Current substation location and existing capacity greatly impact where larger loads could be served.
- Staff confirmed that both Utilities and Platte River Power Authority are committed and have policies that protect existing rate payers.
- Questions regarding water use and cost were also discussed.

Staff will look at moratorium/ban options for the highest megawatt uses as well as varying megawatt thresholds, development criteria, and definitions.

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Next Steps

Staff will meet and develop a timeline for specific action items and will share through a Council memo.

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August 25, 2026

WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Dean Klingner, Deputy City Manager
Ginny Sawyer, Assistant to the City Manager

SUBJECT FOR DISCUSSION

Data Center Information and Potential Next Steps

EXECUTIVE SUMMARY

The purpose of this item is to provide information on data centers, including how they might align or not align with the Land Use Code, potential next steps, and how the Platte River Power Authority (PRPA) Large Load Policy impacts development in the region.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions do Councilmembers have on any information provided?

2. What feedback do Councilmembers have on proposed next steps?

BACKGROUND / DISCUSSION

Data Centers

The development of data centers to support Artificial Intelligence (AI) and cloud computing infrastructure is an emerging topic nationwide. Data centers are facilities that house servers, storage, and networking equipment to process, store, and transmit digital information for users and other systems. A data center facility encompasses not only digital infrastructure, but also supporting physical structures, including cooling structures, power and backup power generation facilities, energy transmission structures, stormwater facilities, offices, and parking. Data centers can be phased, meaning the full build out occurs across multiple phases over time.

Larimer County initiated a policy effort around data centers earlier in 2026 and these materials draw heavily from work done to date. City staff have been working closely with County staff throughout the process to ensure consistency and avoid duplicative work.

Data centers range in scale and type. There are smaller-scale data centers, which currently exist in Fort Collins, that support innovation, job creation, and regional competition and there are “hyperscale” data centers that can demand over 100 megawatts (MW) of power. For reference, Fort Collins’ peak demand is about 325 MW on a hot day.

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In the Data Center Planning Framework report (draft attached) the following types of data centers are identified:

Type	Use	Capacity (MW)	Layout	Other Names
Edge	Telecom/IT, IoT	0.05 - 1.0	Outdoor Enclosures with 1-10 Server Racks	"Micro"
Enterprise	Bank, Hospital, Federal Gov, Other Private Data	1.0 - 10	Regional Offices, Server Rooms	"On-Prem"
Colocation	Owner Leases space for multiple tenants, Private Cloud, Large Websites	5 - 50+	Larger Industrial, converted Office/Telcom Buildings	"Managed"
Hyperscaler	Public Cloud Service Providers (AWS, Google Cloud, Oracle, IBM, Meta)	10 - 100+	Large Campuses	"Public Cloud"
AI Factories	Training and Hosting LLMs/Foundation Models	20 - 1000+	Typically Large Campuses, often more remote locations	"AI Clusters" Often owned by Hyperscalers

For additional context, Fort Collins currently has a small number of customers that use between 12-25MW.

Current State

The Land Use Code does not define data center as a use. If the City were to receive an application today, the Addition of Permitted Use (APU) process would be utilized. With any development application, the City must determine if the electric and water needs of the application can be met and determine the process by which the applicant can meet the requirements (i.e. bringing money or water rights.)

Larger data center developments are currently clustering where land is more readily available and incentives are being offered. It is unlikely that Fort Collins would see an application for anything larger than a Colocation-type facility.

Staff recommends the creation and adoption of clear definitions, and appropriate processes, regulations, and review criteria. Creating a framework that meets the needs and desires of Fort Collins while being informed by Larimer County, PRPA, and partner communities will provide needed clarity and support the region as a whole.

It is also likely that data center related bills will be introduced during the 2027 state legislative session and having a framework in place for addressing potential facilities locally will help guide any needed response. In 2026, proposed bills ranged from incentivizing to banning.

Other Communities

As mentioned, Larimer County has initiated policy work, and they are under a moratorium until February 2027 to provide time to create their framework. They have proposed the following definition along with potential thresholds for consideration:

Data Center

A facility consisting of one or more buildings (whether constructed simultaneously or in separate phases) used primarily for the storage, management, processing, and transmission of digital data, which houses

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computer or network equipment, systems, servers, appliances, and other associated components related to digital data storage and operations. A data center may include associated ancillary structures, including, but not limited to, offices, security buildings, cooling water structures, and backup power systems. Data center includes commercial cryptocurrency mining operations and processing.

- Small data center <5MW
- Large data center >5MW to 25MW
- Very Large data center >25 MW

Longmont has also initiated policy work and approved an ordinance on June 9, 2026, that:

- Bans hyperscale data center facilities as an allowed land use in Longmont. A hyperscale facility would be defined as a data center that has projected or contracted peak electrical demand of 100 megawatts(MW) or 5% of the Platte River Power Authority's nameplate capacity, whichever is lower, whether at initial operation or through phased load expansion.
- Creates Use-Specific Standards for Smaller, Light Industrial Data Center Facilities
    - Such use-specific standards would include, but are not limited to, power usage effectiveness (or a similar energy efficiency metric), water consumption to not exceed already allocated water rights for existing property uses, water efficiency, cooling systems, noise, and lighting.
- These standards would apply to colocation, enterprise, and/or edge-type computing facilities or public, emergency, or critical infrastructure computing facilities with a nameplate capacity under 100 MW in Primary Employment zoned areas only.

Power & Water

Fort Collins has strong policies and practices in place to protect both resources and rate payers. The PRPA Board adopted a large load policy that supports responsible energy growth and equity among the partner communities. This includes ensuring that any new large loads “pay their own way” to minimize risk transfer through requirements for infrastructure investment, formal agreements, financial security, and process checkpoints.

PRPA defines “Large Load” as customers requiring more than 10 MW with the following considerations:

	NORMAL LOAD	LARGE LOAD < 10MW
Growth Rate	Gradual	All at Once
Location	Decentralized	Single Location
Planning Time	Years	Months
Exit Risk	Very Low	Moderate

By PRPA definitions, the City already has large load customers. Depending on the type of customer and the number and type of associated job creation, the City could be interested in having additional large load businesses in the future.

Water demands of data centers and large load businesses are an important consideration. The City has extensive water management plans and policies designed protect the resource and the ratepayer. In looking at the highest use allotments among the top users the bulk of those customers are using between 5-10M gallons annually.

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When high-use applicants (electric or water) come to the City, determinations on ability and cost to serve are made through the development process (or before).

NEXT STEPS

Staff recommends moving forward on a framework addressing data center development, including:

- Create definitions and thresholds for acceptable uses.
- Consider additional regulatory requirements.
- Continue to partner and participate in regional conversations.

ATTACHMENTS / LINKS

1. Larimer County Draft Report
2. Presentation

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