



# MEMO

## PLANNING AND COMMUNITY DEVELOPMENT

To: Plan Commission  
From: Dave Kittel, Director of Planning and Community Development  
Date: 10/03/2025  
Re: Adding Data Center for Permitted use in Industrial Zoning district

### Background information:

Technology continues to evolve rapidly, leading to the emergence of new industries and land use needs. One such growing industry is data centers. While there is currently no active proposal for a data center development, staff recognizes the importance of proactively updating our zoning regulations to attract future opportunities.

### Proposal

Due to the number of Data Centers being built Staff is looking at updating the City's Industrial Zoning Code (Section 17.25) to include data centers of a certain size as permitted use. Currently the ordinances do not directly touch on this use and being ready for if a development comes forth is important. Updating the ordinance to have provisions for data centers would position the city to accommodate a modern and growing industry, helping to diversify our commercial base and remain competitive. Additionally, staff would like to look at allowing data centers as a **conditional use** in the **Commercial Highway** and **Business Districts**. This flexibility acknowledges that data centers vary significantly in size and infrastructure needs—some may require large tracts of land and heavy utilities, while others may resemble small office buildings. The exact language and potential restrictions are yet to be determined as staff are gathering more information and going through the process of seeing if this is something the Plan Commission agrees the city should investigate. It is important to add that while these types of uses do have benefits there are challenges and any change to the ordinance needs to be done in a way to ensure there are ways to mitigate or eliminate potential issues/challenges.

### Benefits of This Use (if one is built)

- **Increased tax base**, helping offset the overall tax burden.
- **Diversification of the commercial base**, ensuring long-term economic relevance.

- **Attraction of support industries**, such as IT services and maintenance.
- **Job creation**, including both technical and operational roles (may be small amount by comparison to other types of industry)

**Considerations & Challenges** While data centers offer many benefits, they also present challenges that must be addressed collaboratively:

- **High power demand:** Requires coordination with utility providers but can lead to long-term infrastructure improvements.
- **Water usage for cooling:** Modern cooling technologies have significantly reduced this concern, though it remains a consideration for larger facilities. This is not just in use but also in return of the water in regards to temperature and cleanliness.

### **Next Steps**

Staff is seeking feedback and direction from the Plan Commission on whether to proceed with drafting zoning amendments to accommodate data centers. This would lay the groundwork for future discussions with stakeholders and potential developers.

The Common Council has recently reviewed this concept and would like to gain feedback from other stakeholders as well as additional information on this use. Staff wants to introduce this to the Plan Commission to gather information and feedback to come back with more information and some potential options for changes to the ordinance.

Ultimately staff want to be prepared if a development of this nature knocks on the cities door to provide the requirements and process for this type of use. This discussion will help staff to gather additional information and potential options.

### **Strategic Plan:**

This aligns with part of the foundation of the strategic plan of innovation by providing new types of opportunities. This would align with the mission of the plan by offering new opportunities and the Vision of the plan as a community of choice and offering new economic opportunities.

### **Budget:**

Not applicable

### **Recommendation:**

For discussion and direction