



MEMO

PLANNING AND COMMUNITY DEVELOPMENT

To: Common Council
From: Dave Kittel, Director of Planning and Community Development
Date: 11/13/2025
Re: Adding Data Center 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.

Staff has spent some time reviewing recent developments of Data Centers in the state as well as older ones. While this topic has been in the news a fair amount recently Data Centers are not necessarily new to development in the state. The big change that has brought these types of developments to the forefront is due to a higher need for these facilities and the benefits of developing in Wisconsin with specific tax benefits, colder climate and availability of resources. Currently there are 47 data centers (<https://www.datacentermap.com/usa/wisconsin/>) in Wisconsin with more being proposed. Two centers are already in our area with one in Appleton and another in Little Chute. From taking a deeper dive into this use the main issues have to do with scale. Many of the existing centers are much smaller than what has been in the news lately and not requiring the infrastructure demands on the modern, larger facilities. The amount of power or water needed for a facility is truly dependent on the size and scope of the facility with some not requiring much water due to cooling in a closed loop system while others require hundreds of thousands of gallons of water a day to cool. No set standards could be found to home in on this due to the variations of types and size of facilities. At the end of this memo a section has been added with links to multiple sources that have more details on the impacts of data centers, recent projects and articles in the news. Due to the large degree of variation, it would be important to craft language that would create a process for this use while preserving local control to ensure the development is not taxing existing infrastructure or negatively impacting the local community.

Proposal

Due to the unique nature of this type of use Staff recommend updating the City's Industrial Zoning Code (Section 17.25) to include data centers as a special exception. This change would help the city to accommodate a modern and growing industry, helping diversify our commercial base and remain competitive while being able to address any concerns of a data center specific to our area. This flexibility allows the city to have a higher degree of control to ensure that the potential development is not going to negatively impact the city while creating a process for developers. This process would allow for specific metrics or conditions to be set to ensure on concerns can be addressed. For instance, if a development would come forward a condition could be added to limit how much water could be used for cooling, the size of the development, the amount of power to be used. These conditions could be specific to the development and crafted to change as abilities to serve change or as technology changes. Staff would also recommend adding a definition to the ordinance as well.

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.

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.

Next Steps

Staff is seeking feedback and direction from the Council 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.

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.

Additional Resources:

Tax/state incentives for Data Center

<https://www.revenue.wi.gov/Pages/FAQS/ExemptionforQualifiedDataCenter.aspx>

<https://wedc.org/programs/data-center-sales-and-use-tax-exemption/>

Articles/recent projects;

<https://www.wpr.org/news/wisconsin-city-approves-development-data-center>

<https://www.jsonline.com/story/communities/north/2025/08/20/port-washington-data-center-to-cost-8-billion-will-be-used-for-ai/85742335007/>

<https://www.wpr.org/news/data-center-proposed-menomonie-strong-response-concerned-citizens>

<https://www.datacenterdynamics.com/en/news/meta-plans-837m-data-center-project-in-wisconsin-report/>

<https://www.bbc.com/news/articles/cy8gy7lv448o>

Impacts (water, electrical, other):

<https://www.eesi.org/articles/view/data-centers-and-water-consumption>

<https://www.asce.org/publications-and-news/civil-engineering-source/civil-engineering-magazine/issues/magazine-issue/article/2024/03/engineers-often-need-a-lot-of-water-to-keep-data-centers-cool>

<https://www.eesi.org/articles/view/data-center-energy-needs-are-upending-power-grids-and-threatening-the-climate>

<https://www.energy.gov/articles/doe-releases-new-report-evaluating-increase-electricity-demand-data-centers>

<https://www.energy.gov/eere/buildings/data-centers-and-servers>

<https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand>

General

<https://www.wpr.org/news/what-are-data-centers-wisconsin-explained>

