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October 20, 2026

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Discussion and Possible Action Related to Possible Data Center Development and the Related Rules and Regulations including Potential Moratorium

IT IS RECOMMENDED THAT THE CITY COUNCIL:

That the City Council receive this report, discuss the matter, and provide direction to staff. This item is agendized for discussion and direction only; no ordinance is before the Council at this meeting.

BACKGROUND

The City has received confirmed interest from a developer seeking to site a small data center within city limits at the Humboldt-Rio Dell Business Park. As of the date of this report, no application has been submitted, and staff has only limited information about the proposal's size, electrical demand, cooling method, water use, or operations. The Mayor requested that this item be placed on the agenda so the Council can discuss next steps.

Staff wants to be candid that the City does not have in-house expertise on data centers. This report is not intended to recommend for or against this use. Its purpose is to summarize what the City's code currently says, outline the questions the Council may want answered, and lay out the procedural options available.

For context, a growing number of California jurisdictions have paused data center approvals while they write local rules. Locally, the City of Eureka considered a 45-day urgency moratorium on September 1, 2026. Gilroy, Monterey Park, San Francisco, Oakland, and Calaveras County have taken similar steps. State regulation remains limited: in 2025 the Governor vetoed a bill that would have required data centers to disclose water use, and signed SB 57, which directs the California Public Utilities Commission to study data centers' effect on other customers' electricity costs.

The City's zoning code (Title 17) does not define or list "data center" as a use in any zone. How a proposal would be classified is therefore an open question, and the answer matters:

- **Reading A – Similar use, use permit required.** The Industrial (I) and Industrial Commercial (IC) zones, along with most commercial zones, allow uses "not specifically

identified, but similar to and compatible with” listed uses, subject to a use permit (RDMC §§17.20.100(2)(c), 17.20.110(2)(u)). Under this reading, a data center would receive discretionary review by the Planning Commission, CEQA review, and project-specific conditions.

- **Reading B – Already a permitted use.** An applicant could argue that a data center fits within a use already listed as principally permitted, such as “telecommunications” or “research and development” in the I zone, or “research and development” or “warehousing” in the IC zone. If that argument prevailed, the project could proceed with ministerial approvals and building permits, leaving the City little ability to attach conditions.

Staff believes Reading A is the better interpretation, but the ambiguity is real and is the main practical reason the moratorium question is worth discussing.

OPTIONS:

Option	What it does	Considerations
1. No action at this time	Any application is processed under the existing zoning code.	No added cost; signals openness. Leaves the classification question unresolved, and the project could arguably proceed without discretionary review.
2. Return with an urgency moratorium (4/5 vote requirement)	Staff and the City Attorney bring back an interim ordinance under Gov. Code §65858 at a future regular or special meeting.	Preserves the status quo while rules are written. Requires 4 of 5 votes and findings of a current and immediate threat. Commits the City to doing the zoning work during the moratorium (#3).
3. Zoning text amendment only	Staff prepares a definition of "data center" and siting/operating standards through the normal Planning Commission and Council process.	Durable, deliberate result. Typically takes several months; an application filed in the meantime would likely be reviewed under current rules.
4. Engage the developer first	Invite the developer to present and answer basic questions before the Council decides on Options 2 or 3.	Gives the Council facts it currently lacks. Does not by itself protect against an application being filed in the interim. Can be paired with any other option.

There is no fiscal impact for this discussion item. If the Council directs staff to pursue a moratorium and/or zoning amendment, there would be City Attorney and staff costs and possibly contract planning costs.