

DATA CENTER DEVELOPMENT

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DISCLAIMER

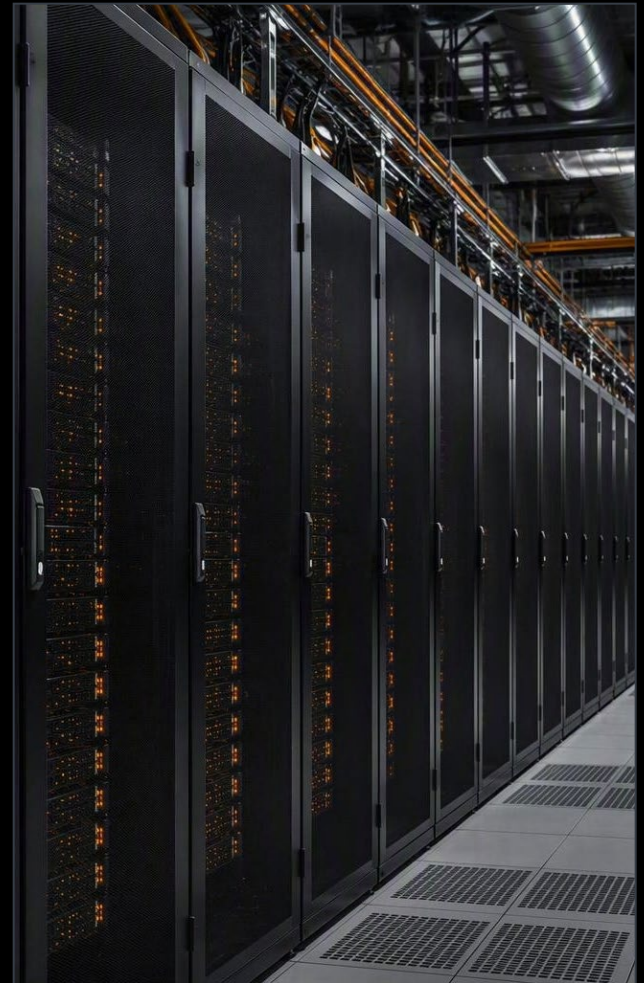
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MORE FINE PRINT

- NOT INTENDED AS “FOR” OR “AGAINST” DATA CENTER DEVELOPMENT
- AIM IS TO HELP LOCAL OFFICIALS IDENTIFY AREAS WHERE LOCAL CONTROLS MAY AFFORD OPPORTUNITIES TO RESPOND TO DATA CENTER DEVELOPMENT
- BEST PRACTICES MEANT AS A GUIDE FOR LOCAL OFFICIALS TO BEGIN THINKING ABOUT STEPS THEY CAN TAKE TO PREPARE FOR OR RESPOND TO DATA CENTERS

WHAT IS A DATA CENTER?

- **Large facility that houses information technology infrastructure servers, storage, and networking equipment**
- Key components include servers, cooling systems, generators, substations, and utility connections
- Minnesota law defines “qualified large-scale data centers” for regulatory and tax purposes (Minn. Stat. 216B.02, subd. 12 and Minn. Stat. 297A.68, subd. 42)



TYPES OF DATA CENTERS



- **Colocation – on-premise facilities operated by third party**
- Edge – strategically located facility near users or data sources
- Managed services – off-site facilities operated by a third party
- Modular – small, portable facilities utilized for remote or temporary purposes
- Hyper-scale data centers – large, high-capacity facilities

HYPER-SCALE DATA CENTER PROJECT GROWTH IN MINNESOTA

- **Rapid growth in cloud computing, AI, and digital infrastructure**
- Colder Minnesota climate reduces cooling costs for equipment
- Available industrial land, especially near energy generation facilities
- Access to electrical utility infrastructure
- Access to available groundwater resources
- State tax incentives (Minn. Stat. 297A.68, 297A.75)
- State clean energy mandate, energy tariff structures, and large customer classifications (Minn. Stat. 216B.1691, 216B.2402)



ARE DATA CENTERS GOOD/BAD?



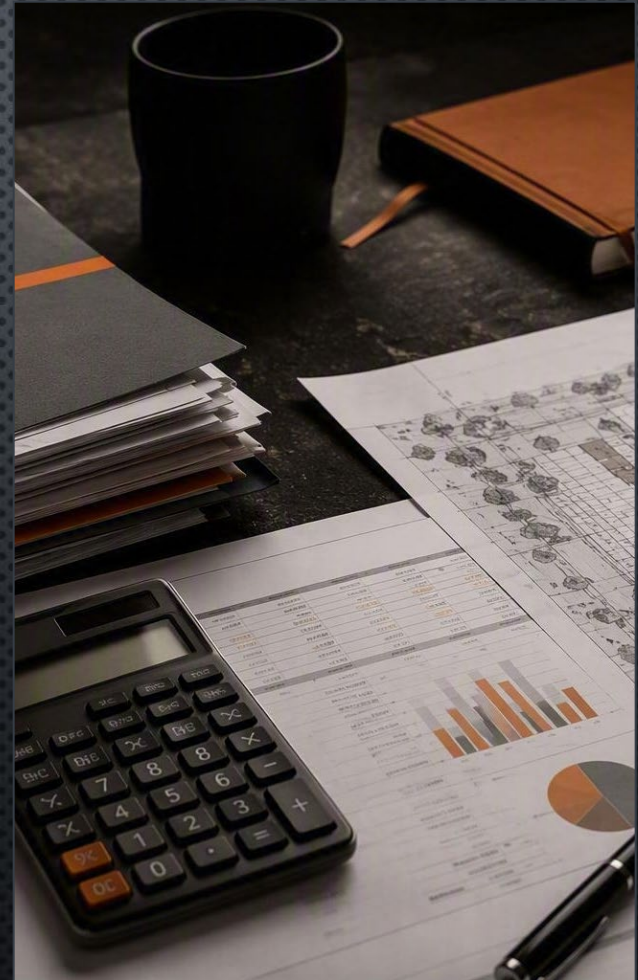
DOES YOUR CITY WANT A DATA CENTER?



- **Political question**
- Incentives
- Regulations

FINANCIAL IMPACTS OF DATA CENTERS

- **Avoid rose-colored glasses**
- Balance tax revenues v. tax receipts
- Take notice of legislative bargaining power
- Job claims
- Ask why?



COMMON EXAMPLES OF PROBLEMS



- **Environmental – water and energy usage**
- Light/noise
- Electric Rates
- Construction
- Aesthetic or community character

PROACTIVE REGULATION - CUP

- **Legislative authority**

- Review zoning regulations now to identify current status
- Permitted, conditional, prohibited
- Take time to consider reasonable conditions to address perceived harms
- Consider interim ordinances if additional time is required to study the issue or develop adequate controls



A NOTE ON PREEMPTION



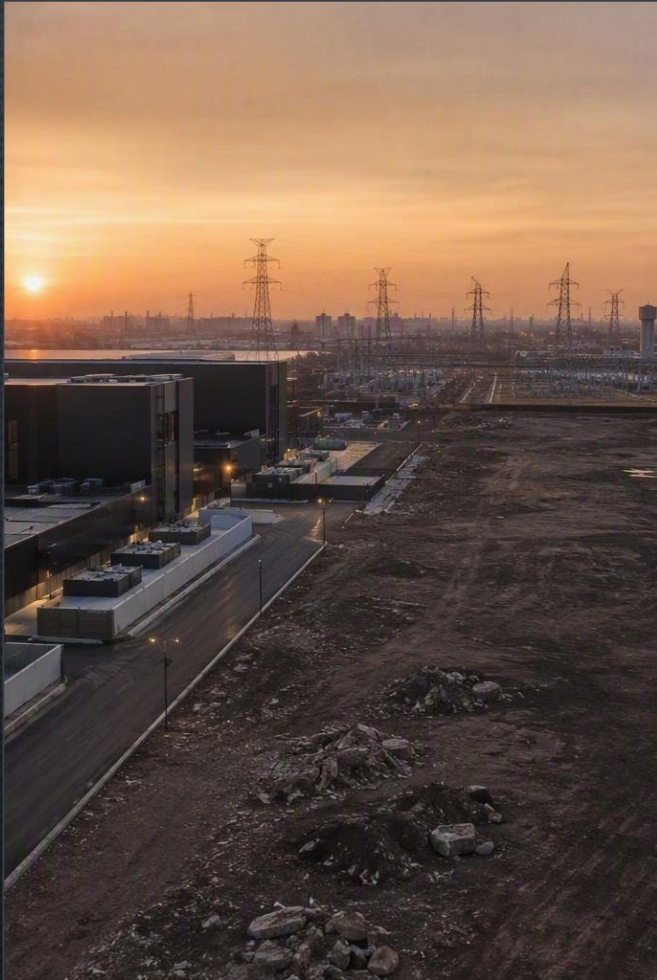
- PUC has broad regulatory authority over rates and safety when it comes to rate regulated utilities
- Be Careful not to overextend
- Additional authority for municipalities with electric utilities

IT'S NEVER THE CRIME, IT'S THE COVERUP

- **Transparency**
- NDAs
- Who does the City represent in Development?
- No ego, amigo
- Educate, educate, educate



LONG TERM CONSIDERATION



- **Infrastructure costs – is the city prepared?**
- Decommissioning issues
- Be creative – treat development like a partnership
- For communities open to data centers, there is much to be gained

TAKEAWAYS

- Engage leadership, legal, engineering, environmental, and planning resources early
- Identify all regulatory requirements and update zoning and comprehensive plan language, if necessary
- If required, ensure a detailed environmental analysis
- Build a detailed administrative record with written findings supported by substantial evidence
- Balance economic development objectives with other long-term goals

QUESTIONS?

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