

Staff Report

STAFF REPORT ON DATA CENTERS

July 14, 2026

BACKGROUND:

On May 12, the City Council referred to staff a letter from Lightedge, requesting to negotiate with City staff for the development of a new co-location data center on City-owned property at the James Hermann Banning Ames Municipal Airport.

On June 16, the City Council directed that the following actions would take place with regard to the proposed development:

1. At the June 23 City Council meeting, the Council would receive a staff presentation regarding the Lightedge proposal. At this meeting, there would be no public input. Staff would explain the proposal and its impacts and Lightedge may have a representative answer questions. No decisions will be made at that meeting ([click here to view the June 23 staff report](#)).
2. A special meeting will be held on the evening of June 30 as a Council listening session about data centers. There would be no action, but the community would be invited to attend to speak about data centers generally or the Lightedge project specifically.
3. A memo has been requested from the City Attorney for the July 14 meeting evaluating whether there are any legal means available to limit the construction or operation of data centers in designated zones.

JUNE 30 CITY COUNCIL LISTENING SESSION:

The City Council Listening Session was held in the City Auditorium and Community Center Gymnasium. Approximately 400 people participated in the session, which included the following components:

1. A Mentimeter poll of participants ([click here to view the results](#)). A total of 171 respondents indicated their zip code was 50010; 96 reported zip code 50014; 4 reported zip code 50036, and 6 separate zip codes were reported by the remaining 8 respondents. The other Mentimeter questions begin on page 36 of the linked document.
2. Breakout groups with City Council Members and/or City staff ([click here to view a webpage regarding the proposed Lightedge project and meeting summaries, including the June 30th listing of the 13 groups](#)). Each group can be expanded to show the original

notes and a typewritten list of feedback).

3. An oral report from each Council Member summarizing their group's discussion.

Although the meeting was not broadcast live, a video was produced for the large group components and posted on the City's multimedia accounts ([click here to view a video of the meeting](#)). Additionally, attendees who wished to provide further feedback were invited to fill out feedback forms or email the Mayor and City Council as a group ([click here to view the combined printed feedback forms received at the meeting](#)).

The feedback received from the June 30 discussion indicated that there are 12 major categories of concern:

1. Environmental Impacts
2. Electricity Demand and Utility Costs
3. Water Consumption and Wastewater Impacts
4. Accountability and Oversight of Data Centers
5. Long-Term Viability and Future Use of Facilities
6. Public Trust and Transparency
7. Lack of Data Center Regulations
8. Artificial Intelligence Concerns
9. Public Health Impacts
10. Noise, Vibration, and Low-frequency Humming Impacts
11. Lack of Public Benefits
12. Economic Impact and Employment

MEMO FROM CITY ATTORNEY:

In response to the City Council's June 16 direction, the City Attorney has prepared a memo outlining the legal means that the City has to limit the construction of data centers. The attached memo discusses adjustments that could be made in *Municipal Code* to a variety of areas. These are summarized below.

Several actions are highlighted that staff recommends be pursued at a minimum, while the others are left up to the City Council to determine whether and how they should apply:

- A. Zoning - Iowa Code 414 establishes City zoning authority. Council should note that the City already has established standards that would apply to all uses in the city, such as stormwater management, wastewater discharge, light pollution standards for downlighting, landscaping, etc.

If desired by City Council, text amendments could be prepared to the City's zoning ordinance to:

1. Distinguish data centers as a use in the current Zoning Ordinance separately from the existing data processing use definition **(staff recommends this as a minimum action)**.
2. Restrict data centers based on building size, the use of on-site power generation, and the type of cooling system used.

3. Restrict data centers to only certain zoning districts or implement separation distances from certain uses.
 4. Require more specific information to be provided in an Industrial Zoning Use Analysis Report required for new industrial developments.
 5. Strengthen Site Development Plan Requirements for Industrial projects in order to provide a clearer basis to deny projects that are not able to mitigate their impacts.
 6. Revise Site Development Plan Requirements to incorporate impacts to the utilities rather than related only to the utility lines which is the current requirement.
 7. Change the development approval process for data centers to one of several options ranging from i) staff approval for projects up to a certain size, ii) City Council approval, iii) Special Use Permit through the Zoning Board of Adjustment, or iv) a Rezoning process with either a Master Plan or Overlay that allows for a contract rezoning with a high degree of City Council discretion.
- B. Noise - The City's Noise Ordinance is designed more to address artificial noises produced from sources such as music, compared to addressing noises integral to a building's operation. It would be possible to modify this chapter of *Municipal Code* to better address ongoing sources of noise related to a building operation, while also connecting noise issues to compliance with the Zoning Ordinance. The memo offers options including:
8. Changing noise regulations to more adequately capture noise from low-frequency sources.
 9. Making penalties for noise regulation more effective to produce compliance.
- C. Electric - The memo describes a discrepancy that exists between the adopted Electric Utility Tariff and the Utilities chapter of *Municipal Code* with respect to industrial customers. Resolving this discrepancy would strengthen the utility's ability to require large power users to pay upfront for the installation of additional infrastructure necessary to serve the customer. The memo offers the following:
10. The discrepancies between the Electric tariff and the Utilities chapter should be addressed. Data centers could be considered only on a contract rate basis, which allows for a negotiation of the costs for infrastructure **(staff recommends this as a minimum action)**.
- D. Water - The Utilities Chapter of *Municipal Code* does not contain any provisions obligating a large water user to compensate the utility for the expansion of water production infrastructure necessary to serve it (e.g., Water Treatment Plant expansion, new wells and raw water pipeline, storage tanks, etc.). The memo explains how some large contract water usage arrangements work, and offers the following action:
11. An excess facilities threshold and criteria should be incorporated into the Water Utility regulations to obligate the customers to pay upfront for the infrastructure to serve them. **(staff recommends this as a minimum action)**.

- E. Wastewater - As with water usage, there is no obligation for a large Sanitary Sewer user to pay for sewer treatment plant infrastructure. The memo explains:

12. An excess facilities threshold and criteria should be incorporated into the Wastewater Utility regulations to obligate the customers to pay upfront for the infrastructure to serve them (**staff recommends this as a minimum action**).

- F. Moratorium - Currently, data centers are not specified in the Zoning Ordinance by definition. They are instead considered within other industrial or office categories. They are currently considered an allowable use, subject to site development plan review within industrial zoning districts.

Prior to the Lightedge staff report from June 16, staff had initiated a text amendment to define a Data Center and establish allowable zoning districts for the use. Council has not held a public hearing to consider the draft text amendment defining the use or any other related requirements.

City Council, within the authority granted by the state to regulate and limit buildings and uses through zoning, can manage the permit process for specific uses or areas/zones of the City with temporary limitations while considering more permanent ordinance amendments. The memo notes:

13. A moratorium on data center developments could be adopted for a fixed period of time (subject to extension).

- G. "Permanent" Ban - The memo notes that no Council-adopted ordinance is ever permanent, but is rather subject to modification or rescinding by a future City Council. Nonetheless, the memo offers:

14. A "permanent" ban on data centers could be adopted through the Zoning Ordinance.

OPTIONS:

Receiving the attached memo from the City Attorney completes the outstanding direction the City Council has provided to staff regarding data centers. The City Council now has several available options to proceed. **The Council may elect to pursue one or more of the following:**

OPTION 1 - Pursue one or more of the strategies identified in the City Attorney's memo in regards to data centers generally.

Staff believes that, at a minimum, it is prudent for the City Council to proceed with actions 1, 10, 11, and 12 described above to:

1. Distinguish data centers as a use in the current Zoning Ordinance separately from the existing data processing use definition,

10. Reconcile the differences between the Electric tariff and the Utilities Chapter of *Municipal Code* to ensure that large electric customers pay for their required infrastructure rather than obligating the utility to take the investment risk,

11. Implement the authority for excess facilities charges to be imposed on new, large water customers to obligate the customers to pay upfront for the infrastructure to serve them, and

12. Implement the authority for excess facilities charges to be imposed on new, large sewer customers to obligate the customers to pay upfront for the infrastructure to serve them.

These issues are either important city-wide or are broadly impactful to the utilities operated by the City. The City Council may further choose to direct staff to address other aspects of regulation (e.g., zoning, noise, moratorium) outlined in the City Attorney's memo.

OPTION 2 - Authorize staff to engage in negotiation with Lightedge for a lease of City property at the Airport, along with the additional infrastructure and utility agreements necessary to develop the project.

Staff would provide updates to the City Council as additional details become clearer, such as the potential site layout, costs for utilities improvements, and other issues. Directing staff to proceed with negotiations does not commit to any zoning, lease, or other approvals. Instead, it would help to develop details about the specific Lightedge proposal.

OPTION 3 - Decline Lightedge's request to negotiate a lease on City property.

The Council could decline Lightedge's request to negotiate a lease for City property. However, unless the City Council took further steps to modify the City's existing ordinances, it is possible that Lightedge could pursue an alternative site within Ames for its project.

OPTION 4 - Direct staff to provide further information or take further action.

If the City Council identifies further questions it wishes for City staff to research, the Council could identify those and any timeline in which the Council wishes to receive a response.

STAFF COMMENTS:

Should the City Council desire to move ahead with the Lightedge project and not other, larger data centers at this time, a lease agreement to use City property currently provides the greatest measure of control by the City regarding how the Lightedge project would be developed.

Separately from Lightedge, should the Council wish to allow larger, mega-scale data centers in a more managed process than what currently exists, then the Council must consider whether to modify the regulations that apply to all data centers and potentially other large water and power customers. There are many approaches described in this report that could be taken up individually or in conjunction with one another to more aggressively regulate these types of development.

Among the various measures that are described in this report, one approach that provides the greatest degree of control and accountability is to change the approval process for data centers to require a rezoning that includes either a Master Plan or Overlay. This approach would eliminate the ability of a data center to be developed by right in a zoning district, and would instead allow the City Council to engage in a contract rezoning process that ensures the

development is satisfactory to the City Council's interests.

Should the Council decide to delay any action at this meeting, it is imperative that specific direction be provided to staff regarding what additional information is needed or steps that must be taken in order for the Council to make a final decision.

In addition, the Council should take note that staff has identified four specific actions that it recommends the Council address at a minimum, regardless of whether the Lightedge project proceeds. These are:

1) Distinguish data centers as a use in the current Zoning Ordinance separately from the existing data processing use definition,

10) Reconcile the differences between the Electric tariff and the Utilities Chapter of *Municipal Code*,

11) Implement the authority for excess facilities charges to be imposed on new, large water customers to obligate the customers to pay upfront for the infrastructure to serve them, and

12) Implement the authority for excess facilities charges to be imposed on new, large sewer customers to obligate the customers to pay upfront for the infrastructure to serve them.

ATTACHMENT(S):

[Legal Memo on Data Centers.docx](#)