

STAFF REPORT

Date: February 26, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Staff Report (For Possible Action) – Presentation and potential direction to staff regarding initiation of a text amendment to Title 18 Annexation and Land Development Code regarding Data Centers; together with matters which pertain to or are necessarily connected therewith.

From: Angela Fuss, Assistant Director of Development Services

Department: Development Services

Summary:

At the January 8, 2025 Council meeting, Councilmembers Duerr and Ebert requested an agenda item to initiate a text amendment to Title 18 Annexation and Land Development Code to address data centers and the potential impacts and/or specific use standards that should be associated. Staff is seeking direction from Council to either initiate a text amendment and kick-off a public review process, or to maintain the existing newly adopted requirements in the Title 18 Zoning Code for data centers.

Alignment with Strategic Plan:

- Economic and Community Development
- Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

January 8, 2025 – City Council adopted Ordinance #6692 – Title 18 Annexation and Land Development Code of the City of Reno

December 11, 2024 – City Council approve the first reading of TXT23-00005 (Title 18 Zoning Code Clean-Up).

August 28, 2024 – Staff presented the proposed changes to the Zoning Code. City Council provided feedback.

November 1, 2023 – City Council directed staff to separate the Zoning Code Clean-Up housing

initiatives from the rest of the clean-up items and bring the housing items back to Council for a discussion, which was processed in the Spring of 2024.

June 8, 2022 – Council initiated a text amendment to address outstanding zoning code clean-up items

Background:

The topic of “data centers” started to come up on a regular, often weekly basis, in the 2023 timeframe. While data centers have been active in this region for over a decade, they had not been introduced to the City of Reno, beyond a company needing a server room or server office as an accessory use. In the 2023 timeframe, the Development Services Department started receiving numerous inquiries from data center developers, wanting to know where in the City, the zoning code allowed them as a stand alone use. After researching many other jurisdictions, staff determined that a standalone data center use was unique and should be evaluated on a case-by-case basis. Land use issues such as outdoor lighting, security fencing, parking requirements, traffic, hours of operation and overall residential adjacency standards varied from one data center to another, and it was determined that a public review process was warranted.

Staff wrote an Administrative Interpretation that acknowledged data centers were NOT warehouses and should be treated as a stand-alone and separate use. This created a path forward for data center developers to know where they could be developed and required a public review process through the conditional use permit application that involved the public and Planning Commission input. The Administrative Interpretation went into effect in January of 2024. During this same timeframe, staff was processing a text amendment to Title 18 for updates to the zoning code. As a part of that very public review process, staff incorporated a data center definition, parking requirements, zoning requirements and specific use standards. Staff then included the topic of data centers in a series of public meetings to the Neighborhood Advisory Boards, Planning Commission and City Council. In January of 2025 and after the yearlong public input process, data centers were codified into the Title 18 zoning code, which include use specific standards to address land use regulations (i.e. definition, parking requirements, zoning requirements, dock door restrictions, screening requirements, etc.). In addition to the specific use requirements, data centers require approval of a conditional use permit and public review process.

Discussion:

The City of Reno has now processed conditional use permits for three separate data center projects. Each of those projects has been unique in terms of location, water needs and power needs. They have been generally similar in nature in terms of employees, parking, zoning and land use impacts. Key concerns that have been raised by several members of the Planning Commission and the public include:

- Impacts to power and the pull from the broader grid

- Impacts to NV Energy's rate payers
- Impacts to water usage
- Concerns over fire and fire safety
- Concerns over sustainability requirements

At the February 5th Planning Commission meeting, Commissioner Bacerra presented a Resolution (**Exhibit A**) with a recommendation that Council initiate a temporary moratorium on data centers until such time as further public review and stakeholder input could be provided to address these bigger concerns. The Resolution passed with a 4-2 vote in favor. While the Planning Commission does not have the legal authority to initiate a moratorium, their input and recommendation to Council is included in the attached Resolution. The Planning Commission video is also available for City Council review: [Planning Commission Meeting - 2/5/25](#). Draft meeting minutes from the Planning Commission meeting were not available at the time of this staff report but a summary of the discussion is included below.

- Approximately 26 people spoke in favor of the Resolution and support for a temporary moratorium on data centers to allow time for additional input and stakeholder feedback.
- Discussion points raised by the public and Planning Commission included:
 - Power usage
 - Impacts to existing rate payers
 - Concerns over requirements for planting trees that negatively impact the existing biodiversity
 - Water usage
 - Need for effluent
 - Need for solar
 - Need to tie into geothermal and solar to offset power demands
 - Need for power offset requirements
 - Water usage and impacts to fire safety
 - Fire safety of the data center buildings
 - The need for City staff to provide adequate data/information to decision makers.
 - The need for City staff to better share the Planning Commission feedback with Council.
 - Two Planning Commissioners expressed legal concerns that approving the proposed Resolution could impact the Planning Commission from not appearing to be biased on future data center cases. Four of the Planning Commissioners disagreed and stated they have no existing bias on data centers.

On a broader level, both members of the Planning Commission and Council have inquired about “best practices” for data centers. The attached document from the Urban Land Institute (ULI), titled *Local Guidelines for Data Center Development* (**Exhibit B**) provides a high level review of

data centers. The document references several other communities and breaks down the difference between the hyperscale data centers, such as Switch in Storey County versus the smaller boutique data centers that have been introduced to the City of Reno. The document references that some communities are introducing specific zoning districts or overlay areas where data centers are permitted, with consideration given for power, roads, land, discharge infrastructure and water.

The document includes model zoning ordinance guidelines, with specific regulations tied to parking, architectural requirements, building screening requirements, equipment screening requirements, building height limitations, noise regulations and residential adjacency standards. It should be noted that the City of Reno Title 18 Zoning Code already addresses all these topics. In addition, there are no locations in the City of Reno where data centers are allowed by-right. Unlike many other communities across the country, the City of Reno requires **ALL** data centers to go through a public hearing process.

It should also be noted that the state and region currently regulate projects that are deemed to have a significant impact on the region. Both the Nevada Revised Statutes (NRS) and the Truckee Meadows Regional Plan address how local jurisdictions should address projects of regional significance. A project of regional significance means a project which:

- a) Has been identified in the guidelines of the regional planning commission as a project which will result in the loss or significant degradation of a designated historic, archeological, paleontological, cultural or scenic resource;
- b) Has been identified in the guidelines of the regional planning commission as a project which will result in the creation of significant new geothermal or mining operations;
- c) Has been identified in the guidelines of the regional planning commission as a project which will have a significant effect on the natural resources, public services, public facilities, including, without limitation, schools, or the adopted regional form of the region; or
- d) Will require a change in zoning, a special use permit, an amendment to a master plan, a tentative map or other approval for the use of land which, if approved, will have an effect on the region of increasing:
 - (1) Employment by not less than 938 employees;
 - (2) Housing by not less than 625 units;
 - (3) Hotel accommodations by not less than 625 rooms;
 - (4) Sewage by not less than 187,500 gallons per day;
 - (5) Water usage by not less than 625 acre feet per year; or
 - (6) Traffic by not less than an average of 6,250 trips daily.

While power usage is not considered a threshold for a project of regional significance, water usage is triggered for regional review if the project uses more than 625 acre feet per year.

Staff is seeking direction from Council on feedback and potential initiation of a text amendment to Title 18 to address data center development.

Financial Implications:

None at this time.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council provide direction to staff on the topic of data centers, potentially including initiation of a text amendment.

Proposed Motion:

I move to provide the following feedback.

Attachments:

Exhibit A – Reno Planning Commission Resolution and Power Point Presentation

Exhibit B – ULI – Local Guidelines for Data Center Development