

**PLANNING COMMISSION
STAFF REPORT**

Date: January 15, 2025

To: Reno City Planning Commission

Subject: Staff Report (For Possible Action): Case No. LDC25-00026 (Keystone Data Center) - A request has been made for a conditional use permit to allow: 1) development of a data center; and 2) business operations between 11:00 p.m. and 6:00 a.m. The ±3.26 acre site is located on the west side of Keystone Avenue ±335 feet north of its intersection with West Second Street. The site is zoned General Commercial (GC) and Industrial (I) and has Master Plan land use designations of Suburban Mixed-Use (SMU) and Mixed- Employment (ME).

From: Jeff Foster, Associate Planner

Ward #: 1

Case No.: LDC25-00026 (Keystone Data Center)

Applicant: Josh Hindo, Kimley-Horn and Associates

APN: 010-610-17

Request: **Conditional Use Permit:** To allow 1) development of a data center; and 2) business operations between 11:00 p.m. and 6:00 a.m.

Location: See Case Maps (**Exhibit A**)

Proposed Motion: Based upon compliance with the applicable findings, I move to approve the conditional use permit, subject to the conditions listed in the staff report.

Summary: The ±3.26 acre site is located on the west side of Keystone Avenue ±335 feet north of its intersection with West Second Street. The proposed conditional use permit (CUP) would allow a data center with 24-hour operations. Key project issues include: 1) compatibility with surrounding uses; and 2) site design. These issues are mitigated through project design, code compliance, and/or conditions of approval. Staff recommends approval of the CUP subject to all proposed conditions.

Background: The site is currently developed with a ±19,064 square foot warehouse building, which will be demolished with construction of the proposed project along with existing overhead

power lines that will be rerouted underground to facilitate new development. On April 6, 2022, the Planning Commission approved a conditional use permit to allow for: 1) amusement or recreation, outside; 2) live entertainment; and 3) a bar, lounge, or tavern to be operated in conjunction with an indoor/outdoor flex-space including general retail, art exhibits, and outdoor event space. Ultimately, the applicant opted not to move forward and the entitlement expired.

Discussion: The project proposes construction of a ±91,200 square-foot industrial building with supporting mechanical equipment to be used as a data center on the subject site. On January 25, 2024, the definition of a data center was incorporated into the Reno Municipal Code (RMC) through an Administrative Interpretation/Decision (ADM24-00020) as “A facility used primarily for the storage, management, processing, and transmission of digital data, and which houses computer and/or network equipment, systems, servers, appliances, and other associated components related to digital data operations. Such facilities may also include air handlers, power generators, water cooling and storage facilities, utility substations, and other associated utility infrastructure to support sustained operations of a data center.”

A data center is now recognized as a permitted use in the GC and I zoning districts with approval of a CUP. It is acknowledged that there will be significantly less truck traffic, loading/unloading, and dock doors for a data center as opposed to a warehouse or distribution center. Since data centers typically do not require many dock doors, the data center use standards limit the number of dock doors to three per building. Required parking for a data center is the same as a warehouse or distribution center (one space per 3,300 square feet of building area).

Analysis:

Compatibility with Surrounding Uses: The general development pattern along Keystone Avenue and in the general project vicinity is commercial, industrial, and residential in nature with some existing nonconforming residential uses occurring. Land uses immediately surrounding the site consist of commercial and undeveloped (proposed residential) to the north across the Union Pacific Railroad tracks, an industrial building to the east across Keystone Avenue, an industrial building to the west, and various commercial and industrial uses to the south. The land uses immediately surrounding the site are summarized in the table below.

| Adjacent Properties | | |
|----------------------------|---------------|---|
| | Zoning | Use |
| North | MU | Gas station and proposed residential across UPRR tracks |
| East | MD-NWQ | Industrial flex building across Keystone Avenue |
| South | I | Various commercial and industrial buildings/uses |
| West | I | Warehouse building |

The applicant requests to allow indoor operations 24 hours per day. This area is generally characterized by zoning that would allow 24-hour operations for certain industrial and indoor uses by right. The nearest residentially zoned property is ± 350 feet to the west and separated from the site by industrial land uses. However, there are several closer residential and nonconforming residential uses to the south/southeast/southwest (**Exhibit B**) as well as a planned 10-unit intergenerational housing complex (for which building permits were recently issued) to the north across the UPRR tracks. As conditioned, the indoor operations are not anticipated to have impacts upon these residential uses. Regarding exterior operations and the proposed location of the loading dock on the northern side, across from the future housing project, staff recommends **Condition 5** to limit the hours of truck arrivals/departures, idling, and on-site movement.

An acoustical study prepared for the project shows the ambient noise level measured on site exceeds the maximum allowable nighttime limit (49 dB between 10 p.m. and 7 a.m.). Per RMC 18.04.1408(b), where existing ambient noise levels already exceed the standard(s), the subject source may not increase existing levels. In this case, the lowest measured nighttime ambient noise level is 53 dBA and noise levels from the data center would need to achieve ± 43 dBA to not increase these levels. The acoustical study recommends a 15 foot tall acoustically absorptive barrier (with minimal undercut provided only for drainage) be placed on all sides around the rooftop chillers (**Condition 6**). In order to ensure the project complies with RMC noise standards, the acoustical study indicates ± 24 decibels of additional attenuation are required for the DSP500 chillers and ± 19 decibels of additional attenuation are required for the MCV330 chillers (**Condition 7**). With these attenuation levels, the projected noise levels from the data center would be 10 points below the ambient noise levels in low and mid-frequency octave bands. Restricted construction hours will further reduce potential impacts on the existing and proposed residential uses (**Condition 8**). Given all of the above, the proposed use is generally compatible with existing land uses in the area.

Site Design: In addition to the data center building, the proposed site plan includes backup generator yards on the western and eastern sides of the building with approximately five emergency generators (only used during a power failure and during necessary periodic testing/maintenance per **Condition 9**), vehicle and bicycle parking, landscaping, and ± 8 -foot-tall security/screening fencing (**Exhibit C**). Twenty-eight parking spaces are required and 42 are provided. A loading dock is proposed on the north side of the building and is not visible from Keystone Avenue. Proposed site lighting meets code requirements and no lighting is directed onto adjacent properties.

The proposed generators on the western side of the building will be screened from view from adjacent properties by a ± 15 -foot-tall equipment screening wall; the proposed generators on the eastern side of the building will be screened from Keystone Avenue by a ± 8.5 -foot-tall equipment

screening wall on top of a ±5 foot tall retaining wall (**Exhibit D**). Rooftop mechanical equipment will be screened by equipment screens.

Elevations for the proposed ±43-foot tall, two-story building are shown in **Exhibit E**. The eastern street facing façade meets the ground floor transparency requirement per RMC 18.04.1003(c)(3) with a multi-level glass curtain wall highlighting the internal staircase, and also meets the required wall articulation per RMC 18.04.1003(c)(2)(b) with one additional articulation element requested by staff.

The GC zone requires a minimum of 15% of the developed site to be landscaped and the I zone requires 100% of the front yard to be landscaped. As designed, the project includes ±11,804 square feet of formal landscaping (exceeds the minimum required 15% of the GC portion of the site), including the required front yard landscaping for the I zoned portion of the site (**Exhibit F**).

To further sustainability initiatives, the applicant has proposed **Conditions 10-14** requiring roof design ready to support PV arrays, installation of two onsite Level 2 electric vehicle (EV) chargers, installation of low flow domestics water fixtures, utilization of low volatile organic compound (VOC) materials, and best practices in source separation and diversion of construction debris from the landfill where possible during construction.

Traffic, Access, and Circulation: The project site will be accessed with primary ingress and egress from Arletta Street and a right-turn-only exit on Keystone Avenue. The proposed data center project is anticipated to generate 90 daily trips, including 10 A.M. and 8 P.M. peak hour trips. With this very low trip generation, the proposed project is not expected to have any significant impact on local traffic operations or surrounding roadway infrastructure. The project will pay regional road impact fees that are used to mitigate impacts on the regional roadway network.

Public Utilities: Electricity and gas will be provided by NV Energy. Regarding power supply for the proposed data center, the applicant has provided a will serve letter from NV Energy to supply the necessary power to operate the data center. New overhead power lines are required to be undergrounded or a waiver obtained per RMC 18.04.503(c).

Sewer treatment for the project will be provided by the Truckee Meadows Water Reclamation Facility (TMWRF). Water will be provided by Truckee Meadows Water Authority Water (TMWA). A will-serve from TMWA will be required prior to any permit requests to develop the site. Infrastructure required to serve the site (i.e. sewer, storm drainage, water and power) will be further analyzed during the review of the permit requests to develop the site.

Master Plan Conformance: The subject site has a Master Plan land use designations of Suburban Mixed-Use (SMU) and Mixed-Employment (ME) and is located within the Central Neighborhoods

per the Structure Plan Framework of the Reno Master Plan. As proposed and with the recommended conditions, the proposed project is in substantial conformance with the Master Plan land use designation and the following applicable Master Plan goals and policies:

- GP 1.1A: City-Focused Economic Development Strategy
- GP 1.3E: Advanced Telecommunications Technologies
- GP 1.4B: Culture of Innovation
- GP 2.2B: Underutilized Properties
- SD.22: Indoor Water Use
- SD.25: Recycle Building Materials
- SD.28: Electric Vehicle Charging Stations

Public and Stakeholder Engagement: The proposed project was reviewed by various City divisions and partner agencies. Comments received were incorporated into this report (**Exhibit G**). A courtesy notice was sent out to surrounding property owners upon initial submittal of the project. Two comments in opposition were received (**Exhibit H**). The January 13, 2025, Ward 1 Neighborhood Advisory Board meeting was cancelled. Any future comments will be forwarded to the Planning Commission as they are received.

Recommended Conditions of Approval: All conditions shall be met to the satisfaction of Development Services Department staff, unless otherwise noted.

1. The project shall comply with all applicable City codes, plans, reports, materials, etc., as submitted. In the event of a conflict between said plans, reports, materials and City codes, City codes in effect at the time the application is submitted shall prevail.
2. The applicant shall apply for all building permits for the project within 18 months from the date of final approval, and continuously maintain the validity of those permits, or this approval shall be null and void.
3. Prior to the issuance of any building permit or business license associated with this project, the applicant shall attach a copy of the final approval letter. The approval letter shall accompany a narrative provided by the applicant that describes how the requested permit addresses each of the approved conditions of approval.
4. The applicant, developer, builder, property owner, or business proprietor, as applicable, shall continuously maintain a copy of this approval letter on the project site during the construction and operation of the project/business. The project approval letter shall be posted or made readily available upon demand by City staff.

5. Commercial truck arrival, departures, and on-site movement shall be limited to between the hours of 6:00 a.m. and 11:00 p.m. during standard operations. Commercial truck idling is prohibited on the site. Prior to the issuance of a building permit for vertical construction, the applicant shall have plans approved demonstrating that signage shall be installed adjacent to the loading dock informing vehicle operators that idling is prohibited.
6. Prior to approval of a building permit for vertical construction, the applicant shall submit plans demonstrating a 15 foot tall acoustically absorptive barrier (with minimal undercut provided only for drainage) will be placed on all sides around the rooftop chillers, in compliance with the acoustical study product recommendation or comparable, subject to the approval of the Administrator.
7. Prior to approval of a building permit for vertical construction, the applicant shall submit plans demonstrating custom mitigation applied directly to the chillers to achieve the noise attenuation detailed in the acoustical study. This may include a full rooftop enclosure with silencers at the inlet and outlet of the chillers, or functionally comparable mitigation in consultation with the acoustical consultant of record and subject to the approval of the Administrator.
8. Hours of construction, including grading, shall be limited to between the hours of 7:00 a.m. and 6:00 p.m., Monday through Friday, and between 8:00 a.m. and 6:00 p.m. on Saturday. There shall be no construction on Sundays. This condition shall not apply to dust control or storm water management operations. A note to this effect shall be placed on the title sheet of all building permit plan sets. A sign with the approved construction hours shall be posted on site for the full duration of construction activity. If the construction hours need to be varied for the pouring of concrete slabs, interior construction hours or other modifications, a plan detailing the construction operations and provisions to minimize impacts on nearby residential areas shall be submitted and approved to the satisfaction of the Administrator.
9. The emergency backup generators shall only be used during power failures, and during necessary periodic testing or maintenance (to occur during the daytime only).
10. Prior to approval of a building permit for vertical construction, the applicant shall demonstrate that the entire roof structure has been designed with a load capacity that can support a photovoltaic (PV) system array.
11. Prior to approval of a building permit for site improvements, the applicant shall submit plans demonstrating a minimum of two onsite Level 2 electric vehicle (EV) chargers to be installed as part of the project.

12. Prior to approval of a building permit for vertical construction, the applicant shall submit plans specifying installation of low flow domestics water fixtures for pantries, restrooms, and other areas of the building. This shall not apply to hose bibs serving exterior equipment areas.
13. Prior to approval of a building permit for vertical construction, the applicant shall submit plans specifying utilization of low volatile organic compound (VOC) materials on the building shell and interior finishes of the building.
14. Prior to approval of a building permit for vertical construction, the applicant shall submit plans with a note on the title page and in the construction notes requiring source separation and diversion of construction debris from the landfill where possible. This shall be incorporated into the General Contractor's scope and shall be tracked as part of the project.

Findings:

General Review Criteria: The decision-making body shall review all development applications for compliance with the applicable general review criteria stated below.

- 1) Consistency with the Reno Master Plan: The proposed development shall be consistent with the Reno Master Plan. The decision-making authority:
 - a. Shall weigh competing plan goals, policies, and strategies; and
 - b. May approve an application that provides a public benefit even if the development is contrary to some of the goals, policies, or strategies in the Reno Master Plan.
- 2) Compliance with Title 18: The proposed development shall comply with all applicable standards in this Title, unless the standard is lawfully modified or varied. Compliance with these standards is applied at the level of detail required for the subject submittal.
- 3) Mitigates Traffic Impacts: The project mitigates traffic impacts based on applicable standards of the City of Reno and the Regional Transportation Commission.
- 4) Provides Safe Environment: The project provides a safe environment for pedestrians and people on bicycles.
- 5) Rational Phasing Plan. If the application involves phases, each phase of the proposed development contains all of the required streets, utilities, landscaping, open space, and other improvements that are required to serve or otherwise accompany the completed phases of the project, and shall not depend on subsequent phases for those improvements.

Conditional Use Permit: In addition to meeting the criteria in Section 18.08.304(e), *Approval Criteria Applicable to all Applications*, the following findings shall be made prior to granting a conditional use permit:

- 1) The proposed location of the use is in accordance with the objectives of this Title and the purpose of the zoning district in which the site is located;
- 2) The proposed land use and project design is compatible with surrounding development;
- 3) The proposed land use and project design is consistent with applicable development standards;
- 4) Public services and facilities are available to serve the project, or will be provided with development;
- 5) The characteristics of the use as proposed and as may be conditioned are reasonably compatible with the types of use permitted in the surrounding area; and
- 6) The granting of the conditional use permit will not be materially detrimental to the public health, safety, or welfare. The factors to be considered in evaluating this application shall include:
 - a. Property damage or nuisance resulting from noise, smoke, odor, dust, vibration, or illumination; and
 - b. Any hazard to persons and property.

Attachments:

Exhibit A. Case Maps
Exhibit B. Residential Proximity Exhibit
Exhibit C. Preliminary Site Plan
Exhibit D. Sightline Study
Exhibit E. Preliminary Elevations
Exhibit F. Preliminary Landscape Plan
Exhibit G. Agency Comments
Exhibit H. Public Comments