



CITY COUNCIL PLANNING ISSUES SUBCOMMITTEE AGENDA REPORT

Meeting Date: July 21, 2026

From: Jeremy Dennis, City Manager
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Subject: Data Centers

Recommendation

Staff recommend the Planning Issues Subcommittee receive a report on data centers and provide direction to staff regarding whether to return to the Planning Issues Subcommittee for further study of this issue or to proceed to Council with a potential ordinance regulating data centers.

Background

At the May 7, 2026 City Council meeting, Mayor Pro Tem Davis requested the topic of data centers be brought forward as a potential future City Council item. Staff determined it was appropriate that information regarding data centers first go to a Planning Issues Subcommittee.

Chapter 17.02.187 of the Brisbane Municipal Code defines data centers as “a business providing for the storage of computer systems and associated components.” Per the Municipal Code, data centers as currently defined are allowed as a permitted use in the M-1 Manufacturing District and the TC-2 Southeast Bayshore Trade Commercial district. Upon adoption of the Baylands Specific Plan, the M-1 district will be eliminated. The definition of modern-day data centers is not reflected in our municipal code’s definition.

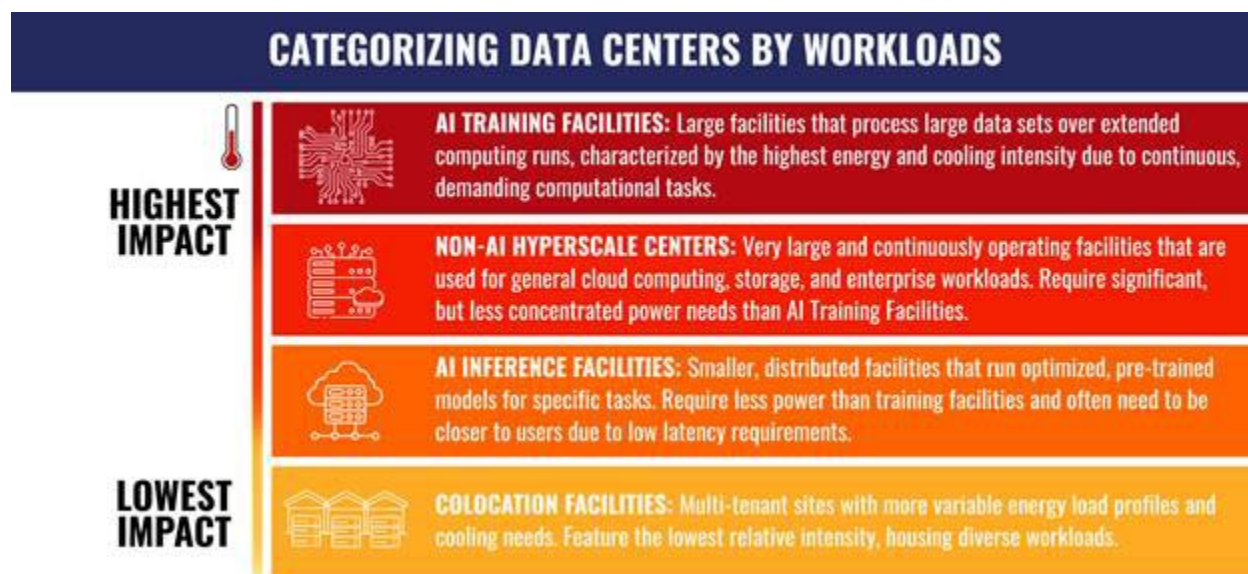
No other zoning districts in Brisbane permit data centers. The Municipal Code does not apply specific development standards regarding data centers in Brisbane. There are currently no active data center business or applications for a data center development in Brisbane.

Modern-day data centers are infrastructure that keep digital services like cloud-based tools and artificial intelligence (AI) to financial systems, logistics, and government platforms running. The infrastructure runs 24 hours a day, seven days a week and must

meet high reliability standards. There is a great deal of need for large amounts of energy, which generates a lot of heat necessitating large cooling systems. This may equate to a need for large amounts of water and energy.

Data centers are categorized into four segments based on their workloads. Each has distinct implications for electricity demand, cooling requirements, and siting. The table below categorizes data centers by workload.

Modern data centers with the highest energy impacts are AI training facilities and non-AI hyperscale centers. AI training facilities are large facilities that continuously process data, use the most energy, and have the highest cooling demands. Non-AI hyperscale centers are also very large and continuously operated facilities used for cloud computing, storage, and enterprise work. They require less energy than AI training facilities. Moderate impacts are seen with AI inference facilities which are smaller facilities for specific tasks. They require less power but need to be closer to users. The lowest impacts are seen with Colocation Facilities which are multi-tenant sites with variable energy and cooling needs.



Source: Bloomberg Energy Finance

Almost all data centers developed before 2020 were non-AI hyperscale and colocation facilities. The number of new AI inference and training facilities is growing rapidly with these types of data centers expected to represent over one third of total data center power demand by 2035. New data centers are AI focused and do not reflect the definition of data centers in our municipal code.

Small-scale facilities do not reflect current modern AI or hyperscale centers and require .03 to .12 acres of land and 1,000-5,000 square feet of building area. These small-scale data centers may fit into existing commercial or office footprints. Midsize data centers are facilities dedicated to cooling and critical operations and require 5-20 acres and 10,000-50,000 square feet. Large or Hyperscale centers are known as modern AI-oriented data centers. There may be a single large building that sits on 20-50 acres and a multi-phase hyperscale campus that requires 200-1,000 acres. The acreage may include a substation and switchyard, generators and cooling plants, water infrastructure, security berms and setbacks, future expansion pads, internal circulation and fire access.

California is currently home to at least 292 data centers and in 2024, data centers supported more than 665,000 jobs in California and generated \$14.1 billion in state and local taxes. Meta, Microsoft, Amazon, and Alphabet are expected to spend a combined \$700 billion on data centers globally by the end of 2026. In the Bay Area, cities such as San Francisco, San Jose, Santa Clara, Palo Alto, and Oakland have data centers located in their cities.

Facing public concern over energy and environmental impacts, some California cities and counties have placed temporary moratoriums on data centers, while others have passed permanent bans. Examples of some of those policies are listed below.

California Cities with Data Center Moratoriums or Bans

Monterey Park

In June 2026, voters in Monterey Park, California approved Measure NDC with over 88.35% approving a permanent ban on data centers in the city, becoming the first city in the U.S. to do so. A previously planned 247,000 square foot data center caused significant public backlash causing the City Council to unanimously vote to place the measure before the voters and to extend an existing 45-day moratorium on data centers. The developer subsequently withdrew plans for the center.

Oakley

The City of Oakley became the first city in the Bay Area to pause new data center proposals. Oakley adopted a 45-day moratorium on new data center applications in April 2026 and extended the moratorium to 2027 to allow time to review environmental, infrastructure and health impacts. This prevents the city from processing or approving new data center land use applications while the moratorium is in place.

Imperial County

Imperial County’s Board of Supervisors passed a 45-day moratorium on new and pending data center permits citing concerns about water use, air pollution, environmental review, and local infrastructure. This came one day after a data center developer sued the Imperial Irrigation District for access to 260 million of gallons of Colorado River water each year. Imperial County is a heavy user of water given its agriculture industry base.

Other Southern California cities to enact temporary moratoria include Montebello, El Monte, and Baldwin Park. The City of Alhambra has a pending ballot measure that, if passed, would prohibit data centers in the city.

Data Centers Currently Under Construction

Cities planning for data centers are working towards drafting policy frameworks to ensure that community concerns over energy, water, noise, and other impacts are addressed. Cities are also working towards ensuring community benefits are captured.

The City of San Jose recently voted to direct staff to draft guidelines for data centers. San Jose is currently home to at least 20 centers, with six more data centers under construction, and five in the entitlement review process. In San Jose, a single new data center can generate up to \$7 million annually in general fund revenue. In neighboring Santa Clara, approximately 60 data centers have generated an estimated \$45 million in General Fund revenue during Fiscal Year 2025.

San Jose hopes that establishing a clear local framework will “address the unique challenges associated with data center growth while providing greater predictability for residents, applicants, and decision makers.”

In August 2025, San Jose entered into an agreement with PG&E regarding data centers. The agreement tasks PG&E with providing power and making grid improvements for 12 projects by 2030. PG&E will also agree to fund six city staff positions to coordinate and streamline projects. San Jose staff are creating uniform guidelines to mitigate against environmental impacts, provide a process for community engagement, and support cleaner infrastructure.

Further south, a new data center project broke ground in the City of Gilroy in December 2025. The project is being constructed in two phases and comprises two data center buildings and one security building totaling 438,500 square feet. Other improvements include a substation, offsite transmission upgrades to the existing PG&E transmission and

distribution system, a potential Battery Energy Storage System of up to 50 MW, and other utility connections. Phase I includes a 218,000 square foot single store data center and requires 49 MW connection to PG&E service. Phase II includes a single story, 35-foot-high data center building of 218,000 square feet.

As data center development continues to accelerate across the United States, local governments are faced with the challenges that come with large capital investments and associated demands on electricity, water resources, and land use.

Climate and Energy Impact Considerations

Energy & Water

Data Centers have high infrastructure demands that require large, immediate electricity loads. Hyperscale centers use between 20-100 MW, the equivalent of servicing between 16,000 and 82,000 households and millions of water per day. Data center cooling systems utilize a combination of air, water, or liquid refrigerants and can be a significant driver of electricity consumption water use. Cooling systems that use less water have higher energy demands.

Noise

Equipment at data centers may cause noise levels that lead to disruptions to sleep quality and have cardiovascular effects and hearing impairment. The noise generated varies by the type of cooling system and equipment used.

Air Quality

Data Centers rely on backup power to cover outages on the grid. Most data centers rely on fossil fuel generators for backup power which are usually diesel powered and emit PM2.5, NOx, and ultrafine particles. Increased particulate exposure has been linked to asthma, ER visits, cardiovascular diseases, and premature mortality.

Land Use

Data centers typically have large footprints with no street activation. Many facilities are large, windowless industrial buildings surrounded by security fencing, electrical substations, and cooling equipment.

Jobs

Data centers generate short-term construction jobs and a limited number of permanent jobs in operations.

Tax Revenue

Data centers can generate significant property, sales, and income tax revenue.

Community Investment

Through community benefits agreements and other agreements, data centers can bring additional investments for community priorities such as local jobs, energy and water infrastructure, residential energy upgrades, and schools.

State Legislation

AB 2469, authored by California State Assemblymember Diane Papan, seeks to strengthen the oversight of data center water use and safeguard local water supplies. The bill requires applicants to complete a water supply assessment and develop a water scarcity plan as a part of the permitting process. The bill also requires data centers to fully finance new infrastructure needed to support data center operation. This bill is pending in the Senate Appropriations Committee.

AB 2619, also authored by Assemblymember Papan, establishes a statewide water reporting requirement for data center operators, using the existing business license process. When applying for a business license, a company must disclose its projected water demand. Upon annual renewal of its license, the company must disclose its actual annual consumption. This bill is pending in the Senate Appropriations Committee.

Discussion

Some policy considerations for local government include questions around land use regulation, electricity rates, water use, air and noise pollution, economic development and community investment.

One of the biggest tools cities have in development is regulating land use. Cities may plan for sites that are compatible with surrounding areas and efficiently use scarce land and may adopt regulations that help reduce the environmental and community impacts by reducing noise, heat, water consumption, air pollution, and impacts on surrounding

neighborhoods. Cities may also adopt regulations relating to the existing infrastructure capacity, aiming to ensure adequate water and water treatment capacity, and that data center projects minimize GHG emissions, prioritize reuse or adaptive redevelopment.

Cities do not have direct control cost over electricity rates; however, cities may require data centers to pay for new infrastructure or upgrades required to serve their development. This may include new generation, substations, feeders, and transmission upgrades so that these costs are not passed on to consumers. Cities may also require, as a condition of approval or through a development agreement, data centers to purchase or contract for new clean energy. Similarly, and depending on the particular application, cities may further require on-site battery storage and measures that reduce the strain on the grid during peak demand.

It is important to note that Brisbane's Building Efficiency Program requires all buildings over 10,000 square feet to report on their energy and water use annually. Any potential development, data center or otherwise, would be subject to this requirement.

Since Brisbane operates its own water utility, it can regulate water use and system impacts. For example, the City could require a conservation plan with the project's water application. The City's water utility may also integrate data center water use into master and asset management plans. The updates would be based on real-time monitoring and annual reporting. Lastly, the City could require the data center to pay for any upgrades or new construction of water and wastewater infrastructure required by the project.

Cities may condition project approvals to minimize impacts of noise and air pollution. Cities may mandate developers utilize the cleanest feasible backup power technologies, advanced noise controls, and design strategies. Cities should also clearly define noise limits and conditions capping pollution generated by the project that are measurable and enforceable. Cities may also impose limits on noise during nighttime hours throughout the City.

As explained above, cities may regulate data centers using their regulatory authority, by requiring data centers to comply with existing regulations or, if necessary, adopting more stringent regulations. Cities may also impose conditions and impact fees linked to the burdens a specific project creates. Cities may also negotiate additional benefits, such as funding for local infrastructure (beyond that required by the project), commitments to hire locally, community investment, or standards that exceed requirements, via development agreements with project applicants. While the City cannot require developers to enter into a development agreement for a particular project, the City could make data centers

conditional (rather than permitted) use, which would significantly increase the City's negotiating power.

Next Steps

Staff recommend the Planning Issues Subcommittee receive a report on data centers and provide direction to staff regarding whether to return to the Planning Issues Subcommittee for further study of this issue or to proceed with a potential ordinance regulating data centers.

Options to consider for an ordinance regulating data centers include:

- Updating the BMC definition of “data center”;
- Allowing data centers as a conditional use, rather than a use allowed by right, in limited zones;
- Requiring specific standards for water usage, energy, air quality, noise, and sustainability.

The City could also implement a temporary moratorium on data centers, while it continues to study the issue. A moratorium is an urgency ordinance, requires a four-fifths vote of the Council, and requires findings that it is necessary to address a current and immediate threat to public health, safety, or welfare. It is in place for 45 days and may be extended for a limited time.

Fiscal Impact

There is no impact to receiving this presentation.



Jeremy Dennis, City Manager