



# AGENDA REPORT

City Manager's Office  
Community Development  
City Attorney's Office

<b>DATE:</b>	April 21, 2026
<b>TO:</b>	Mayor Martinez and Members of the City Council
<b>FROM:</b>	Shasa Curl, City Manager Lina Velasco, Director of Community Development Avery Stark, Planning Manager Shannon Moore, Interim City Attorney
<b>Subject:</b>	Potential Moratorium on Data Centers
<b>FINANCIAL IMPACT:</b>	There is no immediate fiscal impact associated with this action, as there are currently no pending applications or approved proposals for data center development within the City. Any future fiscal impacts would depend on the timing, scale, and regulatory framework of potential projects, which remain uncertain at this time.
<b>PREVIOUS COUNCIL ACTION:</b>	None.
<b>STATEMENT OF THE ISSUE:</b>	Data centers are becoming a more prominent land use in cities, driven by growing demand for digital infrastructure. While they can contribute to economic activity and tax revenue, they also require substantial electricity, water, and land resources. Their expansion raises concerns about energy capacity, environmental and health impacts, noise, and compatibility with existing community priorities. A temporary moratorium would allow the City time to evaluate these impacts, engage stakeholders, and establish appropriate policies and/or development standards to guide future development.
<b>RECOMMENDED ACTION:</b>	DIRECT the city manager and city attorney to work with Planning staff to develop and bring forward a proposed moratorium on data centers – City Manager's Office/Community Development Department/City Attorney's

	Office (Shasa Curl 510-620-6512/Lina Velasco 510-620-6841/Shannon Moore 510-620-6509).
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**DISCUSSION:**

Data centers are emerging as a more prominent land use in cities nationwide, driven by increasing demand for digital infrastructure to support cloud computing, artificial intelligence, and data storage. While these facilities can generate economic benefits, including construction activity, limited employment opportunities, and potential tax revenue, they also present unique land use considerations. Unlike traditional commercial or industrial uses, data centers operate with high infrastructure demands and relatively low on-site employment, raising questions about their long-term value relative to other potential land uses.

A primary concern associated with data center development is the significant demand for electricity, water, and land resources. Data centers require substantial and continuous power supply to operate servers and cooling systems, which may strain existing energy infrastructure and conflict with local and regional climate goals. Water usage for cooling, particularly in areas facing drought conditions, further complicates sustainability considerations. Additionally, these facilities often require large building footprints, which can limit opportunities for more community-serving or employment-generating uses.

Beyond resource consumption, data centers may also create compatibility challenges with surrounding land uses. Potential impacts include noise from mechanical equipment, visual scale and design concerns, and limited activation of the public realm. These factors can affect nearby residential neighborhoods and may not align with broader community priorities for equitable development, economic vitality, and environmental stewardship. As such, careful planning and policy guidance are necessary to ensure that any future data center development is consistent with the City’s goals and standards.

Given the evolving nature of this industry and the uncertainty in balancing its potential benefits with long-term costs, a temporary moratorium may be a prudent step. A moratorium would provide the City with time to conduct a comprehensive evaluation of impacts, review best practices from other jurisdictions, and engage stakeholders, including residents, utility providers, and industry representatives. This process would enable the City to develop clear policies and regulations to guide future data center proposals in a manner that aligns with community priorities and resource constraints.

## **SYNERGISTIC POLICIES:**

The contemplated moratorium would give City staff time to align with the goals specified in the City's Energy and Climate Change Element, given that these uses are known to be highly energy-intensive, and to evaluate their potential impact on local energy demand and emissions. In addition, given concerns about noise, environmental impacts, and compatibility with surrounding uses, evaluating data centers through a public health lens is consistent with the City's commitment to integrating health considerations into planning decisions. A temporary moratorium would provide time to assess potential impacts on nearby residents and ensure that future policies prioritize health equity and environmental justice.

## **CONCLUSION:**

In consideration of these factors, initiating an evaluation of a potential data center moratorium is a prudent and proactive approach to land-use planning and Health in All Policies. This action would allow the City to thoughtfully assess the full range of economic, health, environmental, and community impacts associated with this emerging use, while ensuring consistency with adopted General Plan policies and community priorities. By taking this step, the City can position itself to make informed, balanced decisions that safeguard critical resources, protect neighborhood compatibility, and support long-term sustainability and equitable development goals.

## **ATTACHMENTS:**

None.