

Agenda Report

25-603

Agenda Date: 5/20/2025

<u>SUBJECT</u>

Conference with Labor Negotiators (CC) Pursuant to Gov. Code § 54957.6

City representatives: Jovan D. Grogan, Nadine Nader, Aracely Azevedo, Marco Mercado, Charles Sakai, Glen R. Googins

Employee Organization(s): Unit # 2 Police Officers' Association Unit # 4 Engineers of the City of Santa Clara Unit # 5, 7, & 8 City of Santa Clara Employees Association Unit # 10 Public Safety Non-Sworn Employees Association



Agenda Report

25-448

Agenda Date: 5/20/2025

REPORT TO COUNCIL

<u>SUBJECT</u>

Joint Study Session with Planning Commission and City Council on Data Centers and related Development Regulations within the City of Santa Clara

EXECUTIVE SUMMARY

The City of Santa Clara (City) is home to an extraordinary array of high-tech companies, including Applied Materials, Intel, Nvidia, Oracle, Ericsson, Hitachi, and more. The City is attractively located and poised for development, tourism, and continued growth in the high-tech and data center processing sectors. The City has a competitive advantage with respect to attracting and retaining high-tech companies due to its ownership of and the competitive rates offered by Silicon Valley Power (SVP). Since 1996, data centers have been approved in the City of Santa Clara to support the fast-paced growth of the high-tech industry and as necessary infrastructure to power cloud computing and now Artificial Intelligence (AI). Santa Clara is home to 56 active or under-construction standalone data centers. In addition, two data center applications have been approved but have not started construction, and one data center application is currently under review by staff.

Due to the growth and number of approved data center applications, the City is holding a joint study session with the Planning Commission and the City Council. The intent is to inform, provide background, and share information on the benefits of data centers, as well as discuss concerns surrounding the location and prevalence of data centers in the City. In order to frame the discussion, staff will provide the following:

- 1. a Staff Report (this document)
- 2. a White Paper on Data Centers (Att 4)
- 3. a PowerPoint Presentation (presented at the May 20 meeting)

Information will be provided by the multiple City departments that are responsible for reviewing and approving data center applications, including the Community Development Department (CDD), Silicon Valley Power (SVP), Water & Sewer Utilities (Water & Sewer), Economic Development, and the City Manager's Office (CMO).

BACKGROUND

The City has been seeing an increase in data center applications in recent years. Changing economic conditions have resulted in lower demand for typical industrial, manufacturing, and office buildings. At the same time, the development of artificial intelligence (AI) is significantly increasing the demand for data centers, as AI requires substantial computational resources and storage. A few key reasons why data centers choose to locate in Santa Clara include:

• Access to Fiber/Interconnection

- Access to Water for Industrial Purposes
- Access to Clean, Reliable, Affordable Energy
- Climate and Risk of Natural Disaster
- Land Availability and Cost
- Tax and Regulatory Climate
- Ownership/Operating Costs (including low electric utility rates)
- Time to Market
- Access to Skilled Construction and Technology Workforce

As more data centers are being entitled, the City is seeing some push back from residents, and some Planning Commissioners and City Council members have raised concerns regarding the land use. At the January 30, 2024 Joint City Council and Planning Commission dinner meeting, the Planning Commission provided the City Council a recommended list of Land Use Topics for City Council to consider during their priority setting process. At the top of that list was the topic of data centers. The Planning Commission brought up several concerns, including the opportunity to discuss and understand the benefits and impacts of data centers on the City of Santa Clara and where the City's standards and policies may be improved. Due to the number of priorities and goals, the Council focused on topics they could direct staff to implement.

Several recent applications illustrate some of the issues associated with data centers raised by residents. First, the community raised concerns regarding a data center located at 1200-1310 Memorex Drive that was approved on November 9, 2021 by the Planning Commission. The data center is in a light industrial zoned area and across from a zone for single-family residential homes. Once the project was constructed, the 3-story data center raised comments from members of the public regarding noise, height, mass, and aesthetics.

Subsequently, at public hearings conducted in January and March 2024, the Planning Commission considered a data center with a substation and back-up generators proposed for 2805 Bowers Avenue, which required a General Plan Amendment (GPA). The project was subject to Section 18.60.050 of the Classic Code, which required Planning Commission approval of a Conditional Use Permit to allow installation of electric power plants, including back-up generators. As a reference, under the Updated Zoning Code, data centers are permitted in the new light industrial (LI) zone, subject to a conditional use permit, while back-up generators require a minor use permit.

During deliberations at the March 6, 2024 public hearing, the Planning Commission inquired on various items including the long term benefits for the Santa Clara Unified School District, what funds generated by the data center would be provided to the City, noise impacts to nearby residential properties and how such impacts could be mitigated, the amount of power usage, and concerns regarding the large of amount of data centers throughout the City. The Planning Commission was unable to reach a decision on either the Conditional Use Permit (CUP) or the recommendation on the General Plan Amendment, which constituted, in effect, a denial of the CUP and a recommendation of denial on the GPA. The City Council considered the project on August 27, 2024. The Council acknowledged the PC's concerns, but approved the project 7-0.

More recently, at a October 23, 2024 Planning Commission meeting, the Planning Commission denied a CUP and Variance for a new data center at 1231 Comstock Street, finding that the operation of the use at the location would be detrimental to the harmonious and orderly growth of the City, and

endanger, jeopardize, or otherwise constitute a hazard to the public convenience, health, interest, safety, or general welfare.

During deliberations, the Commissioners discussed power needs for data centers, concerns of the long-term impact of data centers on the City (specifically land usage that data centers provided no activity or employment), and what revenue would be generated for the City by data centers. On appeal, on December 4, 2024, some Councilmembers indicated they had similar concerns to the PC. Ultimately, the City Council approved the data center by a 5-1 vote.

Subsequently, the City Manager directed staff to hold a joint study session on data centers in spring 2025. On March 19, 2025, the Planning Commission agendized a public discussion on data centers at their meeting. At this meeting, the Commission raised several concerns in addition to the land use requirements. The general concerns related to impacts on SVP and the grid, economic value of data centers, energy usage, active land uses versus dead land uses for data centers, employment-generating uses, and a number of wider concerns. In order to discuss the concerns and prepare for the May 20th Study Session, the City held inter-departmental meetings that consisted of staff from the departments of CDD, SVP, Economic Development, CMO, and Water & Sewer. Staff also reached out to Bay Area developers, the Data Center Coalition, and researched industry articles for broader issues beyond Santa Clara. The broader issues on data centers are presented in a White Paper (Attachment 4).

DISCUSSION

As stated, the City is seeing more data center applications in the industrial zoned areas. Santa Clara has the greatest number of data centers in Silicon Valley due to desired co-location with tech companies, a development friendly review process, and SVP competitive rates for electricity. With more applications, data center projects are raising concerns around power capacity, land use and regulations. The upcoming May 20 joint study session PowerPoint will include:

- 1. Presentation by the Data Center Coalition on the industry as a whole
- 2. Community Development Department Entitlement Process
- 3. Silicon Valley Power (SVP) current capacity and challenges
- 4. Water and Sewer review
- 5. Economic Development perspective
- 6. Summary of White Paper

A data center is a building that houses and maintains the computing infrastructure, including servers, storage, and networking equipment, needed to run applications and services. It is where data is stored, processed, and managed, enabling businesses to deliver services, applications, and data. Data centers rose in prominence in the mid-1990s as the dot-com boom drove demand for fast internet connectivity and 24/7 operations. Since the COVID-19 pandemic in 2020, there has been a rise in remote work and advancements in AI, which have increased the demand for processing and data storage, thus requiring more data center capacity.

Data centers include co-location facilities where third-party operators lease data center space (e.g., a certain number of server cabinets to multiple companies, and hyperscale data centers, which have a single large user.) The data centers vary in size, with peak energy demand ranging from 1MW up to

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99MW. These facilities are all located in the northern portion of the City in areas zoned for light industrial, heavy industrial, or office R&D uses. In addition to the 56 data centers built or under construction, the City has two approved data centers that have not yet started construction, and one active planning application. A map is provided in **Attachment 2**.

Entitlement Process

The City's new Zoning Code went into effect in February 2024 and allows for a data center through the approval of a Conditional Use Permit (CUP) in the Office/R&D and Industrial zoning districts. An ancillary data center use is permitted by right in the Office/R&D and Light Industrial zoning districts. The Zoning Code defines the two types of data centers as follows:

Data Center. A facility that is very limited in the number of on-site staff and contains a large number of networked computer servers typically used by businesses and organizations for the remote storage and distribution of large amounts of data. Also includes Data Warehouses.

Data Center, ancillary. A facility of networked computer servers for private use by an industrial user, and subordinate and accessory to the primary use. Ancillary Data Centers are limited to 20% of the building square footage on a site and a maximum power draw of nine (9) Megawatts.

Section 18.60.090 - Data Centers of the Zoning Code provides for specific development standards for data centers in addition to the standards (building setbacks and heights) of the zoning district for which they are located, and includes standards for Primary Structure Facades, Exterior Lighting, and Structural Noise Reduction Measures. See **Attachment 1**, Code Section 18.60.090 Data Centers, to read the standards.

In addition, Planning staff researched jurisdictions regionally in the Bay Area, statewide, and nationally to understand how other jurisdictions review and process entitlements for data centers. Generally, most jurisdictions allow data centers in Office, Industrial, and Commercial zoning districts with a Conditional or Special Use Permit. There are some jurisdictions that allow the use by-right or allow the use by-right if located within an overlay district, created for data centers. A more detailed comparison is provided in **Attachment 3**.

SVP's Power Supply and Power Planning for Data Centers

Large Industrial and Commercial customers have made up the majority (over 89%) of Silicon Valley Power's retail sales for the past four-plus decades. To accommodate projected growth in the 2000s, SVP expanded the capacity of the system by adding the 147MW Donald Von Raesfeld (DVR) powerplant and built a 230kV line to bring more power to the City. Anticipated growth in the 2000s was to be around 900MW by 2010. The growth at that time was centered around research and development, data centers, dot-com growth, and internet industries, while the semi-conductor fabrication industry left the City. The large load and energy sales kept downward pressure on rates for all customers through economies of scale. Throughout the last couple of decades, SVP's internal system has changed, as well as California's energy grid operated by the California Independent System Operator (CAISO).

Because of SVP's early actions, with the support of the City Council, SVP had room to grow and add load until 2019/2020. At that time, SVP had an unprecedented number of requests for data center development, with multiple customers requesting power capacity in the range of 9 MVA to 99 MVA.

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SVP's engineering team developed a system expansion plan for internal infrastructure and replacement of aging infrastructure, as well as providing modeling and input into the CAISO transmission planning process to expand transmission capacity into Santa Clara. During this time, it was determined that SVP needed to stop "will serve" letters (2021) and limit capacity available for data center development as SVP builds out the internal system and the CAISO expands transmission capacity. Current capacity limitations are around 750 MW - 810 MW. Once all pending projects are completed, both by SVP and the CAISO, the capacity to serve will be around 1200 MW - 1300 MW. This capacity is enough to serve the customers that currently have substation agreements with the City or capacity commitments through previous "will serve" letters. SVP has approximately 10 developers /customers (not just data center) in some state of request for future capacity, as well as approximately 5-10 existing customers that want expanded power capacity if and when available. As capacity improvements both internally and externally come online, there may be an opportunity to expand SVP's system by an additional 200-300 MW.

With all the expansion, SVP will be conducting a cost-of-service study to ensure rates continue to be in compliance with the legal requirements of Proposition 26. In general, Proposition 26 requires that rates not exceed the costs of providing the service.

Economic Value of Data Centers

Data centers are an important part of the innovation ecosystem of Silicon Valley. The region has a high density of technology, social media, and communications companies that are users of cloud services, and thus customers of data center services. As Artificial Intelligence has emerged as a transformative technology, data centers are evolving to become AI Factories, to provide AI-specialized processing. AI technology is being developed, tested, and manufactured in Santa Clara companies.

In addition to the critical role that data centers play in the Silicon Valley Innovation ecosystem, data centers provide significant contributions to the City of Santa Clara's General Fund, primarily through:

- Silicon Valley Power (SVP) Transfer
- Property Tax
- Sales and Use Tax
- Business License Tax

SVP Transfer (5% of gross receipts)

SVP's transfer has been in place since 1951 and includes a transfer of 5% of SVP utility revenues to the City's General Fund. The revenues from this transfer are unrestricted and are used to support City services such as police, fire, street repairs, sidewalks, parks, libraries, and senior services. In November 2022, voters approved Measure G authorizing the continued transfer of 5% of utility revenues to the City's General Fund. It is estimated that approximately \$29.5 million in revenue will be provided to the General Fund in FY24/25 from data centers alone.

Property Tax

Property taxes are based on the assessments of the value of secured and unsecured assets. Secured assets are walls, ceilings, floors, etc. of a building, including installed equipment "fixtures" which could be propert. Unsecured assets are typically moveable equipment. Data centers as a property class are unique as they have high-value unsecured assets with the number of expensive servers and infrastructure installed.

While the total assessed value of data centers is significant, unlike the SVP transfer, which is provided solely to the City of Santa Clara, the City receives only a fraction of what is collected in property taxes. The City receives 10.17% of total property tax collected; however, other agencies, notably the County of Santa Clara and School Districts, receive a larger share of property tax. For FY24/25, data centers in the City are contributing \$6.5 million, combined in property tax to the City's General Fund, while contributing greater amounts to the County of Santa Clara and School Districts based on their higher proportionate share of property tax.

Sales and Use Tax

Sales tax is based on the value of purchases made at data centers and use tax is based on the value of purchases that are utilized at data centers. Similar to property tax, the City shares sales and use tax revenue. The majority of sales and use tax revenue goes to the State of California. Of the 9.125% sales tax collected, the City of Santa Clara receives 10.95% (City receives \$1.00 out of the total \$9.125 collected from a \$100 sale transaction). For the past ten years, data centers in the City have contributed an average of approximately \$348,000 annually combined in sales tax to the City's General Fund. For the past five years, vendors who reported data center-type purchases contributed an average of approximately \$4.6 million annually in combined use tax to the City's General Fund. Note these vendor purchases could have been made to support stand-alone data centers or other businesses who utilize data center-type equipment. For FY 24/25, It is estimated that that average annual sales and use tax received from purchases associated with data centers is \$4.96 million.

Business License Tax

Data centers, as all businesses in Santa Clara, are subject to the City's Business License Tax, which is at a rate of \$45 per employee. This total has not yet been compiled for all the data centers in the City, but will not be a significant amount given that data centers have a relatively lower employee count on site than office uses.

Total Contributions to the General Fund

In FY24/25, it is estimated that data centers in the City contributed a total of \$40.96 million to the City of Santa Clara's General Fund from the estimated SVP's transfer, property tax, and sales and use tax. While the \$4.6 million average annual use tax amount has been added to the total contribution by data centers, some of the use tax received may be a result of purchases made by vendors supporting other high tech companies with data center-type purchases, rather than solely for stand alone data centers. \$40.96 million is approximately 13% of the City's FY24/25 General Fund.

ENVIRONMENTAL REVIEW

A study session does not constitute a "project" within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4) in that it is an informational report that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

There is no impact to the City other than administrative staff time.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email <u>clerk@santaclaraca.gov</u> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Afshan Hamid, AICP, Director of Community Development Approved by: Jovan D. Grogan, City Manager

ATTACHMENTS

- 1. Code Section 18.60.090, Data Centers
- 2. Data Center Map
- 3. Comparison of other jurisdictions on development standards
- 4. Data Center White Paper
- 5. Public Correspondence

Chapter 18.60

18.60.090 – Data Centers

- A. Purpose and Intent. The purpose of this Section is to establish standards for the development and operation of Data Centers, as that term is defined in Article 8 (Definitions), as allowed by Article 2 (Zones, Allowable Uses, and Development Standards). The intent of these standards is to regulate Data Centers for compatibility with surrounding uses and property.
- **B.** Permit Requirements. Data Centers are allowed as specified in Table 2-13 (Office and Industrial Zone Allowed Uses and Permit Requirements).
- C. Developmental Standards. The following standards shall apply to all Data Centers:
 - Primary Structure Facades. Primary structure facades shall include all structure facades that face adjacent public roads. Primary structures may house a primary use, and secondary (freestanding) structures may house the data center, or the data center may be included in the primary structure. Primary structure facades associated with new construction shall meet all of the following standards:
 - **a.** Primary structure façade design shall avoid the use of undifferentiated surfaces by including at least two of the following design elements: change in structure height, structure step-backs or recesses, fenestration, change in structure material, pattern, texture, color, or use of accent materials.
 - **b.** When a primary structure has more than one facade, the facades shall be consistent in terms of design, materials, details, and treatment.
 - Exterior Lighting. All exterior lighting shall be designed and constructed with cutoff and fully shielded fixtures that direct light downward and into the interior of the property and away from adjacent roads and properties in compliance with Section 18.40.080 (Outdoor Lighting).
 - 3. Structural Noise Reduction Measures. All data centers are required to provide structural noise reduction measures for any exterior cooling fans or equipment, such as baffles or acoustic louvers, to the satisfaction of the Director of Community Development.

Approved Data Center Locations in Santa Clara



CABRILLO AVE

Approved & Built:

BLUD

1.	5101 Lafayette St
2.	4700 Old Ironsides Dr.
3.	4650 Old Ironsides Dr.
4.	2807 Mission College Blvd
5.	2805 Mission College Blvd
6.	2305 Mission College Blvd
7.	2151 Mission College Blvd
8.	2201 Laurelwood Rd
9.	3030 Corvin Dr.
10.	3000 Corvin Dr.
11.	2220 De La Cruz
12.	2970 Corvin Dr.
13.	3035 Stender Way
14.	2972 Stender Way
15.	2950 Stender Way

- 16. 3020 Coronado Dr.
- 17. 3005 Coronado Dr.
- 18. 2820 Northwestern Pkwy
- 19. 2880 Northwestern Pkwy
- 20. 2840 Northwestern Pkwy
- 21. 2915 Stender Way
- 22. 2901 Coronado Dr.
- 23. 2895 Northwestern Pkwy
- 24. 2625 Walsh Ave
- 25. 2600 Walsh Ave
- 26. 2403 Walsh Ave
- 27. 2401 Walsh Ave
- 28. 3105 Alfred St
- 29. 3205 Alfred St
- 30. 1350 Duane Ave
- 3080 Raymond St 31. 32. 3223 Kenneth St 3075 Raymond St 33. 510 Mathew St 34. 35. 3060 Raymond St 3045 Raymond St 36. 3011 Lafayette St 37. 1725 Comstock St 38. 1525 Comstock St 39. 1101 Space Park 40. 1111 Comstock St 41. 42. 1201 Comstock St 1100 Space Park 43.
- 44. 1500 Space Park
- 45. 2805 Lafayette St
- 46. 1550 Space Park 1160 Walsh Ave 47. 651 Walsh Ave 48. 1700 Space Park 49. 2175 Martin Ave 50. 51. 2050 Martin Ave 52. 1700 Richard Ave 53. 1100 Memorex 54. 737 Mathew St 737 Mathew St 55.

Approved & Unbuilt:

NUISO ST

2045 Lafayette St
 2055 Lafayette St
 1231 Comstock

Santa Clara Entitlement Process and Development Standards:

In Santa Clara, data centers require a Conditional Use Permit in all Industrial and office zoning districts. Ancillary data centers are permitted by-right in Low-Intensity Office/Research and Development (LO-RD), High-Intensity Office/Research and Development (HO-RD), and Light Industrial (LI) zoning districts.

Santa Clara's development standards focus on the façade design to reduce the appearance of mass and provide visual interest by requiring to provide at least two of the following elements: change in structure height, structure step-backs or recesses, fenestration, change in structure material, pattern, texture, color, or use of accent materials. Additional standards focus on reducing the impact from exterior lighting and structural noise.

Cities in the Bay Area and California:

In San Jose, data centers require a Conditional Use Permit in Commercial zones, and a Special Use Permit in Industrial zones, both involving public hearings. Surrounding cities vary: Sunnyvale permits data centers with specific plan permits in designated zones, Mountain View and Milpitas allow them by-right in most Industrial zones. Elsewhere in California as an example, El Segundo requires a Conditional Use Permit in Industrial zones.

Other Examples Nationally

Outside of California, Virginia, Texas and Illinois have the highest number of data centers in the country. Jurisdictions in Virginia generally allow data centers with a Special Exception or Special Use Permit unless located in specific overlay zones, where they may be allowed by-right. In Texas and Illinois, jurisdictions mostly allow data centers by-right in Industrial or Manufacturing zones, with some cities lacking a specific data center use definition but permitting them under broader categories like light manufacturing or warehouse services.

Virginia

Loudoun County requires a Special Exception permit in Planning Development Commercial Center, Commercial Light Industry, and all Office and Industrial zoning districts. Fairfax County has a similar entitlement process where data centers are allowed as a Special Exception in certain Commercial and Office zones and within most Industrial zoning districts. A Special Exception is a discretionary review process with Planning Commission consideration and recommendation to the Board of Supervisors. Price William County created a "Data Center Opportunity Zone Overlay District" where data centers are permitted by-right and need to meet design standards established in the Overlay District specifically for data centers. For Office and Industrial zoning districts, data centers are allowed by-right within the "Data Center Opportunity Zone Overlay District" and allowed with a Special Use Permit when located outside of the Overlay District.

<u>Texas</u>

In Fort Worth, data centers are allowed by-right in all Industrial zoning districts. A data center is not a defined use in San Antonio but may be permitted as "Light Manufacturing" or "Office/Warehouse" in Industrial zoning districts. In Dallas, a data center is not a defined use but may be classified under "Utility and Public Service Uses" or "Commercial and Business Service Uses" and permitted either by-right in Commercial, Office, and Industrial zoning districts. Houston has approximately 49 data centers. While Houston does not have zoning districts and does not address land use, development is governed by ordinance codes that address subdivision and development standards.

<u>Illinois</u>

In Chicago, data centers are called "Electronic Data Storage Centers" and are permitted by-right in all Manufacturing and most Commercial zoning districts. In March 2024, the City adopted an ordinance for data residency requirements for City data, to encourage "data residency" to reward companies who agree to store city data by providing a bid preference in the city's procurement process. The City is also preparing an environmental and energy impact report for data centers that is expected to be issued in December 2025. In Aurora, data centers are included in the "Warehouse, Distribution, and Storage Services" land use category and are permitted by-right in all Manufacturing zoning districts and in Office, Research, and Light Industry District.

Design and Development Standards

The following provides a summary of a review of design and development standards for data centers throughout several jurisdictions in the Bay Area and Virginia. The intent is to identify clear and objective standards for data centers, focusing on the following elements: data center development adjacent to residential districts, building bulk and massing, and façade design. Currently, the City of Santa Clara does not have objective standards for data centers.

Adjacency to Residential Districts:

Jurisdictions in Virginia have implemented minimum setback standards for parking, buildings, and mechanical equipment and substations for data centers located adjacent to residential developments as well as providing landscaping and natural buffers. Additionally, some jurisdictions require mechanical equipment and substation screening with materials compatible with the primary structure.

Building Bulk and Massing:

Loudoun County requires reduction in building mass and bulk through change in building height at minimum intervals and building step-back at a minimum height. Prince Williams County regulates the massing and scale of data centers with the use of broad, large-scale architectural feature to provide variety and modulation, variation at the ground plane, building massing articulation, and providing outdoor amenity spaces for employees. Fairfax County limits the allowed total gross floor area and requires change in building height.

Façade Design

Some jurisdictions in Virginia and Bay Area are evaluating façade design through requiring differentiated surfaces, fenestration/window standards, and entryway design. Which ??? jurisdictions require incorporating a change in design elements such as material, pattern, color at horizontal intervals and providing fenestration for a certain percentage of the building façade. Additionally, standards regulating primary building entryways to include overhangs, canopies or porticos, recesses/projections, arcades, raised corniced parapets over the entrance, change in color and material create a more visually appealing and welcoming data center developments.







CITY OF SANTA CLARA WORKING DRAFT WHITE PAPER ON DATA CENTERS PREPARED FOR JOINT PLANNING COMMISSION & CITY COUNCIL STUDY SESSION MAY 20, 2025

WORKING DRAFT

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8.0 ADD SUMMARY—"LAND THE PLANE"

INTRODUCTION

The City of Santa Clara is in a unique position in Silicon Valley, as it has the most number of data centers in California with a total 56 active or under construction. As the number of data centers are growing, residents, Planning Commission and City Council members are also asking how data centers are evolving, challenges of energy capacity and usage, development of future data centers, land use development standards and aesthetics. This White Paper provides the framework for discussion for the May 20, 2025 joint study session on data centers with Planning Commission and City Council. The White Paper provides baseline data on the industry as a whole, nation-wide trends, and provides information on concerns raised that are beyond land use.

The White Paper begins by describing the growth of the industry and why it has evolved, the types of data centers, the market, energy sources with areas of efficiency that the industry is trending, broad economic data and finally challenges. In order to develop this White Paper, staff reached out to several established sources including recent industry articles, data center developers, and the Data Center Coalition, a national professional industry based out of Washington D.C., other cities including Loudoun County Virginia, home of the largest number of data centers in the U.S. Additional cities were researched and is provided in the report to council.

Earlier this year at the March 19, 2025 Planning Commission (PC) meeting, the Commission raised broader discussion topics and requested staff to provide the research on wider issues beyond land use. Some of the concerns raised were specific to the existing energy grid and what can be sustained with data center growth, alternative energy, efficient cooling, mandating green data centers, long term policies around active land uses, development standards with noise and heat generation, thermal energy, nuclear energy to power data centers, speculative land banking, security of data centers, aesthetics of data centers, rate we are charging data centers vs. residents, jobs created by data centers. The areas which are Silicon Valley Power (SVP) are covered in the power point presentation, while the broader issues are covered in this document. This White Paper is not a

market or economic analysis. Its intent is to provide high level insight into the data center industry and challenges that exist today. In addition to providing baseline data, the report incorporates the observations of key stakeholders on the emerging industry. The overarching goal of the White Paper is to provide staff, Planning Commissioners and City Council with resources and information to frame a discussion on data centers. This white paper is intended to address an overview of the industry trends, data and information from the industry in the US.

OVERVIEW OF THE INDUSTRY

On a national scale, data centers are relied on as an essential infrastructure, and the industry has seen significant growth with AI in sectors such as governments, businesses, medicine and households adopting digital transformation. Data centers support the growth of the digital economy, including e-commerce, storage of data, social media, all digital technologies including products such as software and phones, government, telecommunications, data collection, data storage, e-business and more. The U.S. accounts for about 40% of the global data center market, followed by Europe, Latin America and Asia-Pacific. Chart 1 illustrates by megawatt, a global data center market, and demonstrates Northern Virginia as the largest data center characterized by megawatts. Northern Virginia remains the world's largest data center market with 2,132 megawatts (MW) of total inventory¹, with a projected 19.5% increase from 2022 to 2023. Other large U.S. markets include Dallas/Fort Worth, Silicon Valley, Chicago, Phoenix, Atlanta, Hillsboro, New York tri-state area, see Chart 2 for total primary market percentages.

The data center industry is experiencing rapid growth due to several factors, including the increasing adoption of digital technologies, particularly artificial intelligence (AI), cloud computing, and big data analytics, all of which require vast amounts of data storage and processing power. This growth is also fueled by the outsourcing of data management to specialized providers and the demand for higher density and efficiency in data center design. A large contributing factor in the rise of the industry is that many business sectors during the pandemic switched to more digital services for their operations. In the Northern California data center market, Silicon Valley/Santa Clara experienced a vacancy rate of 1.6%, making it one of the tightest data center markets in the US according to CBRE². AI and machine learning models require massive amounts of data and processing power, which leads to a surge in demand for data centers that can handle these computational needs.



Chart 1, Source: Cushman & Wakefield Research, 2024 Global Data Center Market Comparison



Chart 2, Source: CBRE Phoenix, North America Data Center Trends H2 2024, February 26, 2025

The increasing reliance on cloud services, which are hosted in data centers, drives significant increase in data center demand. The rapid growth of the internet and increasing amount of data generated by individuals, businesses, and devices have created a need for larger and more efficient data centers. The rapid growth of artificial intelligence—along with other modern technologies, such as streaming, gaming and self-driving cars—is expected to drive continued strong data center demand. A Senior Director with U.S. Government Affairs with Microsoft explained that every business operation is now reliant on cloud technology, every operation is running on cloud and large percentage is cloud enabled including the 5G network. Without data centers all cellular phones will

be impaired. Hospitals and even public safety are all cloud reliant. Al is the next extension of cloud technology. The average number of cloud technologies per household is 21—thermostat, fitness tracker, phone, and appliances using these services, see Chart 3. Bay Area is home to cloud technology, with major companies such as Cisco, Adobe, Microsoft, Google, Zoom and even traditional businesses rely on cloud technology, in other words data centers should be viewed the same as electricity or transportation. Several developers shared that limiting or saying no to data centers is catastrophic for business development and Silicon Valley's growth.



Chart 3, Source: Data Center Coalition Open Vault Broadband Insights Report, Q4 2022 Report

DATA CENTER MARKETS & TYPES

The primary U.S. data center markets are Northern Virginia, Northern California, Dallas, Atlanta and Chicago. New developments are being rapidly pre-leased, with datacenter Hawk reporting that more than 1.4GW of the 1.5GW absorbed in Northern Virginia in 2024 was pre-leased. Across the country, it is estimated by Colliers ³ at least 70% of new product is pre-leased, contributing to a national average vacancy rate of just 2%. According to Goldman Sachs, data center power demand is projected to grow by at least 160% by 2030, primarily driven by AI workloads. The Northern Virginia market is characterized by larger more horizontal footprints due to land availability with 200,000 to 250,000 square feet as typical size, while the Northern California market is more vertical due to limited land. Digital Realty a developer of multiple data centers in Santa Clara shared there is a preference to develop data centers near each other as they operate as a block. Due to future anticipated site constraints, data centers will likely develop as three-story buildings in more land constricted Bay Area.

Loudoun County Virginia is one of the first established markets for data centers due to the historic cross Atlantic lines to Europe and Africa, link to Department of Defense for research and universities that required more traditional data storage. The area continued to evolve over decades with the first network access in 1997, America Online or AOL, fiber-optic cable and energy infrastructure. Virginia was one of handful of states that continued to attract data centers dues to 2009 tax exemption.

Loudoun County staff shared that due to multiple economic benefits the County is favorable with financial and tax benefits, clustering of infrastructure and favorable zoning. A major boost to the economy, data centers bring in increased property taxes, and in Northern Virginia with 2.3 billion in revenue.

As power availability in primary markets becomes limited, new markets are emerging, such as Phoenix, Minneapolis, and Reno that embrace the development and are attractive due to proximity to primary markets. Secondary and tertiary markets are drawing increased interest despite the significant capital investments required in these markets. In Vernon, just southeast of Los Angeles, developers have found a viable alternative to the already power-constrained Los Angeles market. The area's available low-cost power and favorable zoning have attracted Prime Data Centers, CoreSite, and Goodman to buy land for data center developments. The land is coupled with availability of more readily available power. Digital Realty shared that markets in Sacramento and Portland are being explored due to power availability and a push back from the more urban markets initially developed in. Environmental and public comments are becoming more of an issue in the earlier urban markets where data centers first emerged.

Silicon Valley and specifically Santa Clara is the largest market for data centers in California, with Microsoft being the largest data center operator in Santa Clara. Santa Clara is an attractive market due to Silicon Valley Power (SVP) competitive rates, a favorable development market, certainty of development review, and importantly reduced latency with proximity to customers. Key siting considerations for data centers include:

- Access to Fiber/Interconnection
- Access to Water for Industrial Purposes
- Access to Clean, Reliable, Affordable Energy
- Climate and Risk of Natural Disaster
- Land Availability and Cost
- Tax and Regulatory Climate
- Ownership/Occupancy Costs
- Time to Market
- Access to Skilled Construction and Technology Workforce

Colocation of data centers allows for information to process faster, because that is where bulk of people live, and faster access to information is key. The further away from storage the more time it will take to get the information. In Santa Clara, in 2024, NVIDIA's market valuation skyrocketed past \$3 trillion, due to dominance in producing data center chips. Nvidia's Enterprise AI Survey reported a 42% increase in global usage of NVIDIA GPU-powered systems, which now supports more than 45,000 enterprise AI projects worldwide according to Colliers ⁴. Microsoft provided that the current vacancy in California is 2.5% which is a similar rate shared by other developers as well.

Data centers require significant investment, with Menlo Equities sharing that a recent 950,000 square foot Data Center cost \$1.5 billion dollars to build, while the interior AI racks and equipment cost three times more that the exterior shell of the building. Blackstone projects up to \$2 trillion in generative AI investment in the sector over the next five years, with half of that spending concentrated in the U.S. Additionally, vacant industrial office parks and buildings are also being replaced by data centers, as data centers attract more high-paying jobs.

Types of Data Centers

Data center size, height and location is dependent on the user type and scale that they serve. There are five types of data centers, and they vary according to use and need.

Hyperscale Data Centers are characterized by their enormous size, processing power, and storage capacity, often housing thousands of servers and requiring vast amounts of space and power. These facilities are built to handle the demands of large-scale, data-intensive applications, such as cloud computing, big data analytics, and AI model training. Hyperscale facilities are designed for dedicated, high-capacity deployments, often with a focus on efficiency and scalability. Major companies like Amazon, Google, Microsoft and Meta are known for their large-scale data needs, and often rely on hyperscale data centers to power their services. Hyperscale facilities are typically not in a single building. Instead, they operate as a distributed network of interconnected sites. Virginia hosts the highest electricity demand associated with data centers in the United States, serving as the primary hub for both colocation and hyperscale data centers, followed by California and Texas. A hyperscale facility consists of:

- Has at least 10,000 sq. ft. of space across one or more buildings.
- Houses at least 5,000 dedicated servers.
- Consumes over 50 megawatts (MW) of energy annually, enough to power roughly 35,000 U.S. homes.
- Many hyperscale centers need dedicated power stations to meet their energy demands.

Multi-Tenant/Colocation data centers offer flexibility and shared resources, where an organization can lease the amount of space they need to host their data and, as their needs change, they can quickly scale up or down. All types of industries take advantage of multi-tenant data centers, from healthcare and banking to manufacturing and government agencies. Many of the developer's staff outreached to for this paper did multi-tenant construction and then leased space or racks to various technology companies. The developers will also manage the buildings once constructed and provide services such as security and maintenance.

Enterprise Data Centers are often more customized to meet specific organizational needs, resulting in less modularity and scalability. An enterprise data center is owned and operated by a single organization, such as finance, healthcare, or government. It serves to house the organization's internal IT infrastructure.

Edge/Micro Data Centers are small and located near the people they serve to handle real-time data processing, analysis and action, making low-latency communication with smart devices possible.

Container/Modular Data Center is usually a module or shipping container that's packaged with ready-made, plug-and-play data center components: servers, storage, networking gear, UPS, generators, air conditioners, etc. Modular types now being used in temporary and permanent deployments. Modular data centers are typically used on construction sites or in disaster areas.

Energy Sources & Impacts

This section of the report discusses energy consumption trends, primary and secondary sources of energy and in general where the industry is going with energy demands. For this section of the report, staff relied primarily on a paper developed by Berkeley Lab Energy Analysis & Environmental Impacts

Division. The Berkeley Lab report was developed to meet a Congressional request on data centers nationwide, which estimates historical data center electricity consumption dating back to 2014, and future demand out to 2028 based on new trends and recent available data in the Berkeley Lab report.⁵ The consumption of energy for a data center includes many overall factors including infrastructure electricity and water, building operations with IT equipment electricity demand and racks for servers. Data center energy consumption is measured in megawatts. A megawatt (MW) is a unit of power, equivalent to one million watts or one thousand kilowatts. It represents the rate at which energy is being delivered or used. As an example, one megawatt is enough to power 1,000 average homes. The largest datacenters, called hyperscale data center may use over 100 MW, as an example in Chicago a 700,000 square foot data center required 198 MW of power.

Overall, the report indicates that between 2010-2016, the trend was minimal growth in annual energy use for data centers, in 2017, the overall trend shifted with the rise in Graphic Processing Unit (GPU) accelerated servers for AI by 2018 with 1.9%, and a greater energy increase in 2023 by 4.4% of U.S. energy consumption. It is forecasted that energy consumption by 2028 will be between a range of 6.7% to 12.0%. The graphic below provided by Berkeley Labs shows energy consumption of data centers since 2014 and the future projected increased demand to 2028.

With the rise of energy consumption, there are efficiency improvements by the industry to decrease energy needs, improved cooling and power management, increased server utilization rates, increased computational efficiencies, and reduced server idle power. With the energy demand forecasted, the data center industry is identifying new efficiency strategies to minimize the resource impacts. The Data Center Coalition provided that while energy consumption by data centers rose by six percent from 2010 to 2018, computing output jumped 550%.



Figure ES-1. Total U.S. data center electricity use from 2014 through 2028.

Chart 4, Source: Berkeley Lab Energy Analysis & Environmental Impacts Division 2024 United States Data Center Energy Usage Report

Data center investors and operators are turning to renewable energy sources like solar, wind, and hydro for power shortages, however the grid remains the primary reliable source of energy. Despite the energy demand, other cities are actively recruiting data centers such as San Jose. In November 2024, San Jose partnered with Westbank real estate developer to approve three new data centers with 200 MW to bring approximately 3.8 to 6.5 million property and utility taxes according to Data Center Construction Channel⁶. Pacific Gas & Electric (PG&E) recognizes energy usage is 24/7 with a strong return on investment, so PG&E is building a power plant to supply the higher load and take in the strong revenue.

Cooling Systems

Gensler is engineering data centers with greater power densities per square foot, allowing for energyefficient technologies, like immersion cooling. This helps the building footprint to shrink and thereby become more energy efficient⁷. The Berkeley Labs report evaluated nine cooling systems commonly implemented in the U.S. for data centers analyzed by Power Usage Effectiveness (PUE) and water consumption (WUE). The PUE and WUE metrics of data centers are influenced by various factors, including cooling systems, operational practices, and climatic conditions. The overall trend is a shift to more energy efficient hyperscale and colocation facilities, combined with an increase in liquidcooled AI servers. Moreover, in IT liquid-cooled data centers, WUE values can be further reduced through improved heat transfer and elevated coolant/facility water temperature throughout the year. A Senior Director for U.S. Government Affairs with Microsoft provided that water needs to be taken into account and the industry is using closed loop systems instead of evaporating-where water is filled just once. The industry is evolving, and the building is engineered around cooling systems and racks for less water usage. Digital Realty is developing buildings with grey water and economizing with outside air. Similarly, Microsoft data center buildings are using a closed loop system which relies on less water. Due the amount of water usage, developers consider the usage and get a will serve letter from the local utility. Data Center Coalition shared initiatives are being advanced with liquid cooling where a chip is submerged directly into a cooling liquid. Chip technology is also evolving to withstand higher temperatures.

Renewable Energy

Renewable energy has become a critical factor in site selection as hyperscalers evaluate long-term sustainability and power availability. All major data center sectors have entered into renewable energy agreements, such as Microsoft's partnership with Brookfield to develop over 10.5GW of renewable energy capacity by 2030. Meta has committed to almost 1 GW of solar power across Ohio, Texas, New Mexico, and Arkansas. Apple is developing solar projects across Michigan to bring 132 MW of clean energy online in 2025. However, even with alternative energy sources, according to a Menlo Equities, the power grid is the primary source of energy and alternative energy such as fuel cells augment the power grid. Data centers rely on so much power and consistent power, they want secure power with 100% back up for at least 48 hours. As an example, 100 MW data center relies on more than 100 MW of energy. It was shared that NRGY, has a power generating plant, but wind and solar is not 100% reliable and a data center cannot run only on fuel cells alone. In Sunnyvale a new data center has a high-capacity gas line and substation using turbine energy to augment. According to the Microsoft Senior Director, the industry likes redundancy, with the grid is the most reliable primary power. Diesel or natural gas is not discussed due to single point failure. The industry is driven by cost and is looking at opportunities for more environmental solutions to reduce building operations costs.

With the projected growth of data centers' energy use in the coming years, indirect water consumption and emissions are also expected to increase. Decarbonization of the power sector is a critical requirement to achieving net-zero GHG emissions goal and transitioning to newer generation technologies like renewable energy. The data center industry has shown interest and leadership in implementing real-time renewable energy and zero carbon power, including battery storage resources. Future research efforts will include working with utilities and data center companies to develop strategies for renewable energy projects and new clean power.

Dominion Energy in Northern Virginia revealed that current power availability issues are reflective of transmission and distribution issues, not power generation. The Northern Virginia region has approximately 34% of power supply for electricity tied to nuclear plants. In California, the market is more regulated, a data center will go through environmental review through the California Environmental Quality Act (CEQA) and a project must have no significant environmental impact and is therefore a very rigorous process. To get a small power plant approval you must go through California Energy Commission (CEC) and conform to water air regulations and environmental review. In addition to State regulated California environment, data centers are typically required to conform with water and air quality with the cleanest Tier 4 standards in the industry. Currently, diesel generators are only used as backup technology and for periodic testing to ensure function.

In researching nuclear energy in California tied to data centers, staff could not find any direct sources to support data centers with nuclear energy. Staff discussed the future possibility with developers, and the current market does not support nuclear energy due to associated or perceived risks. Microsoft shared small reactors have not worked out because the technology is not ready.

Security

Due to the nature of data center storage of information, they are designed with high security. The buildings are highly secured with no customers and only required staff allowed. Security at the buildings is 24-hour on site with multiple layers as security is paramount. Physical access is usually restricted with layered security consisting of fencing, bollards and mantraps. Video camera surveillance and permanent security guards are present if the data center is large or contains sensitive information. Fingerprint recognition mantraps are starting to be commonplace. Logging access is required by some data protection regulations; some organizations tightly link this to access control systems. Multiple log entries can occur at the main entrance, entrances to internal rooms, and at equipment cabinets. Access control at cabinets can be integrated with intelligent power distribution units, so that locks are networked through the same appliance Data Center Coalition shared that due to high security even staff from the Coalition is not allowed in server rooms of the building.

Microsoft Senior Director provided there are additional security features for servers of the buildings which include 99.99% uptime guaranteed with redundancy at every step with two connections to the grid, and every facility has back up batteries for short interruptions. The back up generation always has grid reliability with 0.1% back up.

Economic Impacts

Concerns regarding data centers have been raised as to job creation, employment and after construction on-site activity. The concern articulated is from both an economic and land use perspective in that once a data center is built it is not an employment center like an office nor an

active use like retail. This section of the report evaluates the economic trends and how the shifting market is impacting the land use. Staff reached out to the developers and the Data Center Coalition to understand the impact of the industry in terms of jobs and growth.

Menlo Equities shared data centers are the required infrastructure and backbone of the high-tech industry. Any growth in the tech sector requires data centers to be located in proximity. Artificial intelligence is a key focus for Fortune 500 companies, projected to significantly drive future demand. In Loudoun County Virginia, it is estimated data centers bring in 2.3 billion dollars in property tax revenue. The growth is expected to be exponential over the next number of years. The Data Center Coalition tracks the industry in terms of jobs nationwide and there is a 51% increase from 2017 in direct jobs, with 603,900 in 2023. Between 2017 and 2023 there was a 93% increase or \$404 billion in total labor income. In terms of federal, state and local taxes, between 2017 and 2023 there was a \$162.7 billion in total impact or 146% increase, see Chart 4 below.

California Data Center Industry

Jobs

- 2023 direct employment: 99,040
- 2023 total (direct, indirect, and induced) employment: 560,450

Labor Income

• 2023 total (direct, indirect, and induced) labor income: \$65.8 billion

GDP and Taxes Impact

- \$122.9 billion (direct, indirect, and induced) to California GDP in 2023
 24% increase since 2022
- \$13.1 billion (direct, indirect, and induced) in state and local tax revenues in 2023

Source: PwC, "Economic Contributions of Data Centers in the United States, 2017-2023," February 2025

Chart 5, PwC Economic Contributions of Data Centers in the United Stated, 2017-2023, February 2025

Since Covid 19, the office and retail markets are trending downwards, while data centers in primary North American markets, have fallen to record low vacancy rates, with CBRE reporting a 1.9% vacancy rate in H2 2024. The industry is seeing a rise in construction; however, the market is struggling to keep up with demand. The national office vacancy rate reached 19.9% in March 2025, according to CommercialEdge⁸, up from 19.6% in 2023. Factors like hybrid work models, remote work, and a shift in employee priorities have contributed to the increase in office vacancies. In summary, data centers are experiencing extremely low vacancy rates due to high demand, while office spaces are facing increased vacancy due to shifts in work patterns and economic uncertainty.

The economic opportunity for communities with data centers, may not lie in substantial jobs, but in is the high value improvements and equipment made inside of data center buildings. In California, these types of improvements are part of the assessed value of a property for property tax purposes. In addition, there is potential for high sales tax revenue on site. Communities like the City of Santa



DATA

Clara that have their own power utility, also have the ability to impose a utility tax, which benefits the municipality. In Santa Clara, 5% of utility tax revenue is transferred to the City's General Fund.

Challenges

With the rapid rise of the data center industry many developers and communities staff spoke to are facing similar challenges due to community push back and availability of power. The staff report articulates the challenges, however an overview from the broader discussion is provided below. The challenges are list below with a brief description.

Limited Power Capacity:

All developers provided limited power is an issue and this is accounted when investing in communities where power is a challenge or power is out for several years. Currently, there are not enough data centers due to power restrictions, and the demand will continue to rise. Other markets are being explored that have power availability. Many established markets are already at or near capacity, compelling tenants to prioritize power availability and scalability over traditional market preferences. Secondary and tertiary markets are drawing increased interest despite the significant capital investments required. However, the industry continues to face significant power challenges.

Entitlements:

Developers generally spoke in favor of the Santa Clara entitlement process. They cited a development friendly environment and certainty of review. Developers shared they liked the coordination with multiple staff from various departments and avoiding late hits. Developers shared that a more restrictive entitlement process would make other cities more desirable as timing of review makes an impact on the overall investment. It was shared that additional standards such as objective design standards or setbacks would be acceptable. One developer shared that because parking requirements on site a minimal, the remaining excess parking is being converted in other cities to landscape areas.

Aesthetics:

The City of Phoenix requires review by a land development committee if a data center is located adjacent to a residential district.

Loudoun County shared that with the concentration of data centers it does have an impact on land use and is seeing manufacturing and more employee intensive uses being replaced. The County did see enormous tax benefits. The County is now looking at a phased approach to the standards for data centers. Phase 1 now requires a Special Exception in certain Commercial and Office zones and within most Industrial zoning districts and if a data center is close to a residential district, then the County Board will have review and approval authority. The County is also evaluating the design of substations and the visual impact. Jurisdictions in Virginia have implemented minimum setback standards for parking, buildings, and mechanical equipment and substations for data centers located adjacent to residential developments as well as providing landscaping and natural buffers. Phase 2 will evaluate development standards such as noise, see below.

Gensler, an architectural firm, is doing a data center for Time Warner Cable for 50,000 sf of space and 6.4 MW. The firm is employing a curtain wall system and range of exterior materials to push the design envelope⁹. Gensler is incorporating data centers into campus plans such as Fermilab in Batavia, Illinois and into the early design of major labs and hospitals. Menlo Equities shared that newer designs are incorporating more glass to emulate an office setting. The glass is applied to a pre-cast concrete design and gives the impression of an office building.



Image Source: Menlo Equities

Noise:

Louden County sees noise as a key issue to regulate as not all data center developers are using highcost equipment. Noise is being evaluated as Phase 2 revisions to development standards. In Santa Clara, noise was a bigger issue during the pandemic, and with further noise studies and assessments it has become a non-issue.

ADD SUMMARY_"LAND THE PLANE"

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10 The Reg-Silicon Valley Data Center Market
11 Costar-Colovore snaps up renovated data center facility in Silicon Valley
12 WSJ-Big Tech Is Rushing to Find Clean Power to Fuel Als Insatiable Appetite
13 Costar Tariffs threaten to push data center project costs higher

Correspondence 5/20/25 City Council Meeting **From:** PlanningCommission Data Center Study Session Sent: Wednesday, May 14, 2025 10:13 AM RTC 25-448 To: Mary Grizzle Jovan Grogan < jgrogan@Santaclaraca.gov>; Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov> Cc: PlanningCommission <PLANNINGCOMMISSION@santaclaraca.gov>; Afshan Hamid <<u>AHamid@Santaclaraca.gov>; Lesley Xavier <LXavier@santaclaraca.gov>; Nimisha Agrawal</u> <<u>NAgrawal@SantaClaraCA.gov</u>> Subject: RE: Data Centers

Good Morning Mary,

This is to confirm your email has been received in the Planning Division and will be provided to

Planning Commissioners for their information.

Thank you for taking the time to provide your input.

Regards,

ELIZABETH ELLIOTT | Staff Aide II Community Development Department | Planning Division 1500 Warburton Avenue | Santa Clara, CA 95050 O : 408.615.2450 Direct : 408.615.2474

From: Mary Grizzle Sent: Wednesday, May 14, 2025 10:00 AM To: Jovan Grogan <<u>JGrogan@Santaclaraca.gov</u>>; Mayor and Council <<u>MAYORANDCOUNCIL@SantaClaraCA.gov</u>> Cc: PlanningCommission <<u>PLANNINGCOMMISSION@santaclaraca.gov</u>> Subject: Data Centers

Honorable Mayor and Councilmembers,

I'm here today to express strong opposition to the continued approval and expansion of data centers in Santa Clara.

Our city has become a magnet for these massive, windowless buildings—many of which are built on prime land that could be used for housing, public services, or a longoverdue, vibrant downtown. These data centers consume acres of land, provide very few jobs, and return little in the way of civic or cultural benefit.

They don't bring life to our neighborhoods. They bring noise, diesel emissions from backup generators, enormous water and energy consumption, and they offer no walkability, no retail, and no "there there" for the people who call Santa Clara home.

The continued overreliance on data centers is a short-term economic strategy with longterm consequences. Each one we approve is a lost opportunity to build housing, local businesses, parks, or public facilities like a new City Hall or courthouse that would serve real people, not servers.

As a lifelong advocate for our community, I urge you to consider this: Do we want Santa Clara to be a hub of community life—or a hub of warehouses for tech giants? I ask this Council to pause further approvals of data centers and begin a serious conversation about long-term land use priorities that benefit residents, not just corporations.

Respectfully, Mary Grizzle