

City of Harmony

Joint Planning Session:

Data Center Ordinance Draft Review Minutes

August 5th, 2026

Present: Mayor Steve Donney, Jesse Grabau, Tara Morem, Kyle Scheevel, Keith McIntosh, Kelsey Bergey, Stuart Morem, Greg Schieber (City Attorney), Jim Strozyk, Miles Petree, Rod Johnson, and Erik Olson

Absent: None

Other City Employees Present: Alissa Stelpflug (City Administrator), Chris Hahn (CEDA), Soren Mattick (Contracted Attorney)

Community Attendees: Katrina Hurley, Charlene Selbee (FC Journal), Roxanne Johnson, Amy Bishop, Aaron Bishop, Erica Thilges, Morgan James (KTTC News), Robbie Brokken, Brian Krambeer, Trent Akre, Janice Huff, Wanda Hanson, Ann Lyons, Jerry Shuck, Trenton Whiting (ABC News), Jay Masters, Zo Masters, Gary Powell, Sue Olinger, Mary Sack, Jimmy Beckman, Annette Evenson, Cindy & Doug Ofstedal, Gerri Ehler, Linda Egnash, Dan Dornink, Michael Himlie, Ashley Pickett, Jacob Kappers, Sheri Osmonson, Doug Otto, Nate Osmonson, Kerry Kingsley, Diane Lawrence, Bob Trouten, & Ceila O.

CALL TO ORDER

The Joint Planning Session of the Harmony City Council, Economic Development Authority, and Planning and Zoning Commission was held on August 5, 2026, at the Harmony Community Center. The meeting was called to order by Mayor Steve Donney at 6:00 p.m.

The purpose of the meeting was to review the draft Data Center Ordinance with Attorney Soren Mattick and provide the City Council, Economic Development Authority, and Planning and Zoning Commission members with an opportunity to ask questions and discuss the proposed ordinance.

INTRODUCTION AND BACKGROUND

Attorney Greg Schieber opened the meeting by providing a brief background on the City's work regarding data centers. The City was approached by MiEnergy in the fall of 2025 regarding Harmony as a potential location for a data center. The City's existing ordinances were adopted prior to the development of this newer technology and do not specifically address data centers. Schieber explained that data centers are a significant and complex topic for the City to consider. The City has therefore held a series of Joint Planning Sessions to provide the boards with an opportunity to become familiar with the subject, discuss potential considerations, and determine what regulation of data centers could look like if the City were to allow them in the community.

Schieber explained that the purpose of the evening's meeting was for the boards to review the draft ordinance and ask questions of the attorney regarding the proposed regulations. He noted that, in order to keep the discussion focused and allow sufficient time to work through the ordinance, public comment would not be taken during the Joint Planning Session. The public will have an opportunity to provide comments and voice concerns during a future public hearing as part of the formal ordinance process.

Schieber introduced Attorney Soren Mattick, who has approximately 25 years of experience in municipal law and works primarily with municipalities in the Twin Cities area. Mattick was recommended through the League of Minnesota Cities and is a graduate of Luther College. Attorney Mattick thanked Schieber for the introduction and stated that he would work to keep the discussion within the planned two-hour timeframe.

DATA CENTER ORDINANCE DRAFT DISCUSSION

Attorney Mattick explained that the purpose of the evening was not to adopt the ordinance, but rather to review the draft, understand its framework, and identify questions or areas that may need additional consideration before the formal ordinance process begins.

Mattick noted that data centers are a relatively new and evolving land-use issue, although they have been operating in Minnesota communities for some time. He identified several areas that have received increased attention, including **electricity consumption, water consumption, noise, and environmental review**.

He explained that the proposed ordinance is intended to establish a framework for responsibly regulating data centers while allowing the City to determine whether and under what conditions such a use would be appropriate in Harmony. Mattick also noted that the ordinance could be revised, delayed, or not adopted depending upon the City's decision-making process.

Conditional Use Permit

The group discussed the proposed classification of data centers as a conditional use within the Industrial Technology zoning district.

Mattick explained that, if data centers remain a conditional use, an applicant would be required to submit an application to the City and participate in a public hearing. The use could not be approved administratively by staff.

The group also discussed the City's ability to impose conditions beyond those specifically listed in the ordinance. Mattick explained that additional conditions may be imposed when there is a reasonable legal connection, or nexus, between the condition and the impacts being regulated. The standards contained in the ordinance are intended to establish a baseline. Mattick explained that the City would generally have greater flexibility to impose additional restrictions when circumstances warrant, while making the standards less restrictive could require an amendment to the ordinance unless a particular requirement is determined to be inapplicable.

Environmental Review

Environmental review was discussed, including Environmental Assessment Worksheets (EAWs), Environmental Impact Statements (EISs), and Alternative Urban Areawide Reviews (AUARs).

Mattick explained that Minnesota statutes and administrative rules establish circumstances under which environmental review is required. Rather than duplicate those requirements in the City ordinance, the draft ordinance references applicable state requirements.

If a proposed data center meets the criteria requiring an environmental review, the review would be required regardless of whether the City independently chooses to require one. Mattick also explained that the City may have discretion to require environmental review in circumstances where state law does not automatically require it.

The group discussed the distinction between an EAW and an EIS. An EAW generally serves as the initial environmental review and may result in either a determination that no further review is necessary or a determination that a more extensive EIS is required.

It was explained that, when an environmental review is required, the land-use review process may be placed on hold while the environmental review is completed. The environmental review can also provide information that may be used by the City in establishing conditions for a conditional use permit.

Mattick noted that environmental review has become an area of significant litigation involving data centers and that communities are continuing to learn how best to address these issues.

Water Usage and Cooling Systems

Water consumption was identified as one of the primary concerns associated with data centers. The group discussed the potential use of closed-loop cooling systems and air-based cooling systems, which may significantly reduce ongoing water consumption. Mattick explained that a closed-loop system would still require an initial amount of water to charge the system, but would generally not involve continuous water being brought into and discharged from the cooling system.

The group discussed the City's ability to control water usage because the City provides municipal water service. The possibility of a private well was also discussed, with Mattick noting that wells are subject to applicable state and county requirements and that the City's existing code should also be reviewed regarding well use.

The draft ordinance includes a proposed maximum water usage standard of **60,000 gallons**. Members questioned how that figure was determined and whether it was sufficient to accommodate employee use and other normal building operations.

It was explained that the figure was developed by looking at other heavy water users in the community. The group discussed whether the proposed amount should be reviewed further based upon the City's water infrastructure and water appropriation limitations.

The draft ordinance also requires a water and wastewater management plan. Mattick explained that the City needs to understand not only how much water a facility will use, but also what will be discharged from the facility and whether the City's wastewater treatment system can adequately handle the discharge.

Electrical Demand

The group discussed the proposed electrical demand limitation.

The draft ordinance establishes a maximum electrical demand of **55 megawatts**. Mattick explained that the number was based on information regarding the electrical capacity believed to be available to the proposed site and the City's desire to ensure that a large user does not negatively affect existing customers or limit future growth.

Members discussed whether the 55-megawatt figure represented an average annual usage or a peak amount. Mattick explained that the figure was based on the capacity information provided by the applicable utility rather than an annual average.

The group also discussed how the limit could be changed in the future if additional electrical capacity becomes available. Mattick explained that increasing the maximum would generally require an amendment to the ordinance and the applicable public process.

A representative from MiEnergy, Brian Krambeer, was present and indicated that he was comfortable with the direction of the ordinance and was attending primarily to observe. It was also discussed that the City would not be responsible for funding the electrical infrastructure necessary to serve a potential data center. MiEnergy and other applicable utility providers would be responsible for the infrastructure. The potential benefit to the City from electrical franchise fees associated with a large electrical user was also discussed.

Conditional Use Permit Application Requirements

Mattick reviewed the information that would be required as part of a conditional use permit application.

The application would include a **project narrative** explaining the proposed project and how it would meet the City's requirements. The applicant would also be required to provide a statement demonstrating compliance with the performance standards contained in the ordinance.

A narrative describing the proposed site uses and operations would be required, including information regarding accessory facilities, generators, screening, and other support structures. The group discussed the importance of requiring applicants to identify the anticipated full build-out of a project, particularly if development would occur in phases. Members expressed the importance of understanding the full scope of a project rather than reviewing a smaller initial phase and subsequently receiving requests for substantial expansion.

Site Development Plan

The proposed ordinance requires a detailed site development plan showing the location of buildings, accessory structures, roads, utilities, fencing, water features, wetlands, impervious surfaces, setbacks, and other applicable site features.

The group discussed the importance of identifying these items early in the process so the City can determine whether the proposed development can comply with the ordinance.

Utility Impact Plan

The draft ordinance requires a utility impact plan addressing electrical demand, energy storage, backup generators, and other utility considerations.

The applicant would be required to provide documentation and verification from applicable utility providers rather than relying solely upon information provided by the applicant.

The group discussed the importance of obtaining confirmation that the proposed electrical demand can be supported by the applicable utility system.

Water and Wastewater Management Plan

The draft ordinance requires the applicant to provide a water and wastewater management plan identifying anticipated water consumption, wastewater discharge, and the proposed methods of handling both.

The group discussed the City's ability to provide sufficient water service while continuing to maintain adequate capacity for existing users and future development.

Noise Standards and Acoustical Study

Noise was identified as one of the major issues addressed by the proposed ordinance. Mattick explained that Minnesota Pollution Control Agency (MPCA) regulations establish statewide noise standards and limit the City's ability to establish conflicting or substantially different requirements. The draft ordinance therefore references the applicable MPCA standards.

The ordinance would require a **third-party acoustical study** to evaluate anticipated noise levels. The group discussed the importance of using an independent third party to verify compliance.

The draft ordinance also provides for **post-construction noise testing** to verify that the completed facility is operating within the applicable standards.

Members discussed potential noise mitigation measures, including building construction, berms, vegetation, fencing, and noise-dampening materials.

Mattick explained that the ordinance does not necessarily require every mitigation measure to be used. Instead, the applicant would be required to demonstrate how the applicable noise standards will be met. Specific mitigation measures could then be required based upon the proposed site, building design, and acoustical study.

The group discussed ambient noise and recognized that additional information and understanding of data center noise impacts may continue to develop as the technology and industry evolve.

Traffic and Other Permits

The draft ordinance requires information regarding anticipated traffic when applicable. Mattick noted that traffic has not generally been a significant issue with the data centers he has encountered, but the City would still require the applicant to provide appropriate information.

The applicant would also be required to disclose applicable state and federal permits associated with the proposed facility. The City would not assume authority over matters regulated by other governmental agencies but would require sufficient information to understand the overall scope of the project.

Decommissioning and Hazardous Materials

Members questioned whether the ordinance should include a decommissioning strategy if a data center were to cease operations, as well as requirements regarding hazardous waste storage.

Mattick explained that hazardous materials and hazardous waste are generally regulated at the state level. He also explained that decommissioning a data center presents different considerations than decommissioning a power plant because a data center is generally a building that could potentially be reused for another purpose.

The group discussed the possibility of a facility becoming vacant or abandoned. It was noted that the building would remain privately owned and subject to property taxes unless ownership circumstances changed.

Performance Standards

Mattick explained that Section 5 of the draft ordinance identifies what an applicant must provide with an application, while Section 6 establishes the actual performance standards against which the application would be evaluated.

The proposed performance standards include requirements regarding:

- Minimum lot size;
- Maximum building height;
- Building and site design;
- Exterior building materials;
- Accessory buildings and structures;
- Electrical demand;
- Water usage;
- Noise;
- Setbacks;
- Buffers and screening;
- Lighting;
- Generator operation; and
- Other site-development considerations.

Mattick explained that many of these standards represent local policy decisions rather than requirements mandated by state law and may be adjusted by the City.

Exterior Building Materials

Members discussed the proposed exterior building material requirements and expressed concern that the current language could unnecessarily restrict the use of metal buildings. It was noted that metal buildings are common throughout the City's industrial areas and that a well-designed metal building could be appropriate for a data center.

The group expressed support for revising the language to allow metal construction while still maintaining appropriate aesthetic standards, particularly for portions of the building visible from public roadways or neighboring properties.

Mattick agreed that the language could be revised.

Electrical Demand Performance Standard

The proposed **55-megawatt maximum electrical demand** was again discussed as a performance standard.

Mattick explained that the limit is currently written directly into the ordinance rather than being left solely to the conditional use permit.

Members discussed how the City could address a future situation where additional electrical capacity becomes available. Mattick explained that the City could amend the ordinance through the appropriate public process to increase the maximum if circumstances warranted.

Water Use Performance Standard

The group again discussed the proposed **60,000-gallon water-use standard**. Members questioned whether the number was appropriate and whether it was based upon actual capacity and projected needs. It was explained that the figure was developed by comparing the anticipated use with other heavy water users in the community.

The group agreed that the water-use standard should continue to be reviewed as the ordinance is refined.

Setbacks, Buffers and Screening

The group discussed proposed setbacks for data centers and whether different setbacks should apply depending upon the adjoining land use.

Mattick indicated that the proposed setbacks were generally within the range he has seen in ordinances regulating new data center developments, while noting that repurposed or infill facilities may have substantially smaller setbacks.

Members discussed the City's annexed property that is being considered for potential development and noted that portions of the property are adjacent to agricultural land.

The group discussed whether a 500-foot setback should apply to agricultural and commercial property in the same manner as residential property.

Mattick explained that setbacks are intended to reduce conflicts between incompatible land uses and provide appropriate separation. He also cautioned that agricultural land could potentially be developed for residential purposes in the future and that the City should consider future land-use changes when establishing its standards.

The possibility of commercial development along the roadway being used as a screening mechanism was also discussed.

Mattick explained that, depending upon the circumstances, a future zoning amendment could be considered if the initial standards prove impractical for a particular development.

The group also discussed vegetative buffers, berms, fencing, and other screening methods. Mattick noted that the ordinance could provide flexibility regarding which mitigation method is used, depending upon the circumstances of the site.

Lighting Standards

The proposed lighting standards were reviewed. The intent is to ensure that lighting remains directed onto the site and does not unnecessarily shine toward adjoining properties.

Mattick noted that some visible lighting or a glow may still be noticeable from a distance, but the intent is to prevent excessive off-site lighting and require appropriate downward direction and shielding.

Generator Operations

The group discussed backup generators and the noise associated with generator testing. The draft ordinance establishes generator testing requirements and limits testing to 100 hours per generator per calendar year.

Members discussed the number of generators that might be required for a data center. Mattick explained that the number would vary depending upon the size and design of the facility. It was also noted that generator operation may be subject to additional state and federal environmental regulations.

Annual Operating Report

The draft ordinance includes an annual operating report intended to demonstrate continued compliance with the City's performance standards.

Members questioned whether the annual report was necessary for information that the City already receives through its water billing and electrical franchise fee processes.

The group discussed whether some of the information could be obtained directly through existing City records rather than requiring duplicative reporting by the data center operator. Members also suggested including noise measurements as part of the annual reporting process.

The draft ordinance already provides that the City may order an additional third-party noise study once each year, with the operator required to provide the results to the City within 30 days.

The group agreed that the annual reporting requirements should be reviewed as the ordinance is revised.

Community Benefit Agreement

The proposed community benefit agreement provisions were discussed.

Mattick explained that community benefit agreements are an evolving area and that municipalities should carefully consider the extent of their authority before establishing specific requirements.

The group discussed the potential community benefits associated with a data center, including property taxes, electrical franchise fees, employment opportunities, and other economic benefits.

It was noted that the City would not be expected to subsidize the infrastructure necessary for the development and that the applicant would be responsible for required infrastructure costs. Members also discussed the City's ability to determine how property tax revenue and franchise fee revenue are used for community purposes.

Permit Revocation and Default

The draft ordinance establishes procedures for addressing violations of the conditional use permit and performance standards.

Mattick explained that a violation would not result in immediate revocation. The City would provide notice identifying the violation, the corrective action required, and a timeframe for compliance.

If the violation was not corrected, the City could initiate proceedings to revoke the conditional use permit. Revocation would require following the applicable Minnesota legal process, including the opportunity for a public hearing.

Mattick emphasized that a conditional use permit runs with the land and is not simply subject to removal because of a future change in the political climate or a change in the City Council. Once approved, the use generally continues as long as the applicable terms and conditions are being met.

Rules of Construction / Use of "Shall"

A question was raised regarding the use of the word "shall" in the ordinance and whether it should be expressly defined as mandatory.

Mattick explained that the draft ordinance does not currently contain a specific definition but that such language could instead be addressed through the City's broader zoning ordinance or City Code provisions concerning rules of construction.

Decommissioning and Enforcement

The group again discussed what would occur if a conditional use permit were revoked or a data center ceased operating.

Mattick explained that the ordinance provides enforcement mechanisms but that the issue of decommissioning a data center is still an evolving area. The group discussed whether an abandoned facility would necessarily need to be removed or whether the building could simply be used by a future owner or another permitted use.

Transparency

The final section of the draft ordinance addresses transparency.

Mattick explained that the ordinance would provide that City records associated with a data center would remain subject to the Minnesota Government Data Practices Act. The draft ordinance also addresses nondisclosure agreements and would prevent the City from entering into agreements that would prevent public disclosure of information that is otherwise public under Minnesota law.

The intent is to provide transparency to the community regarding information submitted to and considered by the City.

NEXT STEPS

Following the review of the draft ordinance, members discussed whether additional items should be considered.

Mattick stated that, in his opinion, the draft is a comprehensive ordinance and addresses the primary areas of concern currently being identified with data centers, particularly electricity, water, noise, environmental review, and land-use considerations.

He noted that the City is continuing to learn about the technology and that additional comments or concerns may result in further revisions. He encouraged the boards to identify anything they believe is missing or should be changed.

The group discussed the traditional ordinance approval process, which generally begins with review by the Planning and Zoning Commission, followed by a recommendation to the City Council and consideration by the City Council through the required public hearing process. Members expressed interest in receiving written comments from the public before making further revisions to the draft ordinance. The group discussed holding another joint working session involving all three boards to review the comments and further refine the ordinance before beginning the formal approval process.

It was discussed that the upcoming working session would **not be a public hearing** and would not include public comment. The purpose would be to review written comments received and work through potential revisions. A formal public hearing would occur later in the ordinance process.

Public Comment Period

The group discussed establishing a period during which members of the public could submit written comments regarding the draft ordinance.

A **two-week comment period** was initially discussed, with August 19, 2026, identified as the potential deadline. The group subsequently discussed the need to allow sufficient time for staff to compile the comments and for the boards to review them before the next joint working session.

Alissa stated that written comments intended for review by all three boards should be submitted to her at alissa@harmonymn.gov and she will compile all comments and distribute them to the board in advance of the next meeting.

Members were also reminded that individuals may speak directly with individual board members; however, written comments intended to be distributed to all three boards should be submitted through the designated City process.

Next Joint Planning Session

The group discussed several possible dates for the next joint working session. After discussion, the group expressed support for **Wednesday, August 26, 2026, at 6:00 p.m.**

Attorney Mattick stated that he would remain available to review comments and proposed revisions. He indicated that if the next meeting primarily involved minor revisions to the ordinance, he could assist remotely or review changes in advance. If new substantive concepts arise, he would work with City staff and the boards as needed.

The group agreed that the goal of the next meeting would be to review the written comments, make appropriate revisions to the draft ordinance, and prepare the ordinance for the subsequent formal review process.

ADJOURNMENT

There being no further business, the Joint Planning Session was adjourned.

Respectfully submitted,
Alissa Stelpflug