ORDINANCE NO. 93-2026

AN ORDINANCE AMENDING CHAPTER 165 "ZONING REGULATIONS" OF THE CODE OF ORDINANCES OF THE CITY OF PALO, IOWA

SECTION I. PURPOSE. The purpose of this ordinance is to amend Chapter 165 to include an exclusive use district for data centers.

SECTION II. SECTION ADDED. Section 165.16A of the Palo, Iowa Code of Ordinances is hereby added as follows.

165.16A EU-1 DATA CENTER EXCLUSIVE USE DISTRICT

The purpose of the EU-1 Data Center Exclusive Use District is to provide a clear, comprehensive, and predictable regulatory framework for the siting and operation of large and small data centers within the City of Palo.

I. Permitted Principal Use

A. Data centers

2. Permitted Accessory Uses and Structures.

A. Battery energy storage systems (BESS).
B. Solar arrays and other similar on-site renewable power generation systems.
C. On-site standby or backup power generation.
D. Electrical substations, switchyards, or power distribution equipment.
E. District energy or microgrid infrastructure.
F. Water treatment and recycling facilities.
G. Office, maintenance, and employee support facilities incidental to the data center.

3. Major Site Plan Required. A major site plan shall be submitted and reviewed prior to the approval of a data center. A data center shall require rezoning to the EU-1 District, unless it is already located within the EU-1 District.

4. Additional Information.

A. The following information shall be submitted on the major site plan, or in narrative form, supplied by the applicant with any application for rezoning to the EU-1 District:

(1) Legal description of all parcels of real property leased and/or owned, that are identified to be part of the project area.

(2) A description of the project including development timeline, location of buildings, parking, and approximate number of employees.

B. The following information shall be submitted prior to issuance of the first building permit for the data center:

(1) Planned location ofunderground or overhead electric lines, grid interconnection points, project entrances, staging areas, and access roads required during construction and post construction.

(2) Written verification from the proposed power provider that the applicant has verified the utility supply can be accommodated for the applicant's proposed use.

(3) Lighting Plan. A lighting plan shall be submitted providing details of the light spread and intensity diagrams, fixture specifications, and mounting height details. Any lighting used for outdoor illumination on the property shall be full-cutoff fixtures so that light does not shine upward or adversely impact adjoining properties.

(4) The applicant acknowledges that permits for generators and related equipment are issued by Linn County, Iowa. The applicant shall simultaneously provide to the City complete copies of all applications, plans, and supporting materials submitted to Linn County for such permits, including any revisions or supplements thereto. The plan shall demonstrate that the proposed data center will comply with all applicable local, county, state, and federal permitting requirements..

(5) Road use agreement. An approved Road Use Agreement containing the information and conditions specified in Section 165.16A(l I) is required before the start of construction.

(6) Pre-construction noise analysis. Completed analysis shall be submitted 111 accordance with 165.16A(12).

(7) Emergency Response Plan. The applicant shall submit an emergency response plan as described in I 65.16A(16).

(8) Site and structure requirements, including:

(a) Stormwater management plan.
(b) Stormwater pollution prevention plan.
(c) Erosion and sediment control plan.
(d) All Data Center production equipment (computers, servers, etc.) shall comply with Building Code requirements. Said structure(s) shall be placed on a permanent foundation.

(9) Economic Development Agreement. If incentives are requested by the Applicant, the applicant shall enter into an Economic Development Agreement ("EDA") with the City, approved by the City Council as described in Section 165.16A(15).

(10) For any data center facility consisting of one or more buildings (whether constructed simultaneously or in separate phases), the applicant shall not be required to submit or resubmit the items referenced in Sections 165.16A(4)(B)(l)-(9) as to any building or phase of buildings constructed after the initial building permit is issued, if such building or phase of buildings were contemplated on the relevant submission delivered under said Sections 165.16A(4)(B)(l)-(9) in connection with the first building permit issued for the data center and the scope and footprint of the project has not substantially changed from the time of initial submission.

5. Required setbacks.

A. 200 feet to property lines.

B. 1,000 feet (measured from the closest outer wall of the closest building on the data center property) to the closest outer wall of a place of public assembly (existing at the time the property is rezoned for data center uses) and 1,000 feet (measured from the closest outer wall of the closest building on the data center property) to the property line of any residentially zoned property. "Residentially zoned property" does not include non-conforming residential properties in non-residential zoning districts.

6. Street access. The site shall have access to a hard surfaced road of sufficient capacity to accommodate the traffic that the use will generate, with continuous hard surfaced connection to a City Street or state or federal highway.

7. Access. Vehicular access points shall create a minimum of conflict with through traffic movement.

8. Parking. Off-street parking and loading areas shall be required according to the following provisions.

A. Off-Street loading areas. The following off-street loading areas shall be provided and maintained for data centers.

(1) There shall be at least one off-street loading berth for each data center building; and

(2) In addition to the minimum berth, additional off-street loading berths shall be provided when any of the following thresholds are met. The number of additional berths required shall be determined as follows:

(a) Delivery/Service Trip Volume (30+ foot vehicles). One additional off-street loading berth shall be provided for each increment of ten (I0) delivery/service vehicle trips per business day, involving vehicles exceeding thirty (30) feet in length, above a baseline of ten (10) such trips per business day. (Example: 0-10 trips/day = no additional berth; 11-20 trips/day= 1 additional berth; 21-30 trips/day= 2 additional berths; etc).

(b) Tractor-Trailer Deliveries. One (1) additional off-street loading berth shall be provided if the facility is projected or documented to receive more than three (3) tractor-trailer deliveries in a day on a recurring basis, and an additional berth shall be provided for each additional increment of three (3) tractor-trailer deliveries per day on a recurring basis. (Example: 0-3 deliveries/day= no additional berth; 4-6 deliveries/day= I additional berth; 7-9 deliveries/day = 2 additional berths; etc).

(c) Security Checkpoint. Where a gated entrance, guardhouse, or security checkpoint is provided, the applicant shall demonstrate that delivery/service vehicles can queue entirely on-site without obstructing the public right-of-way. If the applicant cannot meet this standard, additional loading capacity or on-site staging/stacking shall be required as determined by the Zoning Administrator.

(3) When thresholds in subsection (A)(2) would require additional berths, Zoning Administrator may approve an alternative compliance plan in lieu of some or all additional berths, upon finding that the alternative will prevent on-street loading and off-site queuing and will not interfere with fire lanes or emergency access. Alternatives may include, without limitation:

(a) Scheduled delivery windows and appointment-only deliveries;

(b) a designated on-site staging/laydown area for short-term loading activity;

(c) reconfiguration of circulation or stacking to avoid spillback; or

(d) shared loading arrangements, where permitted, supported by a recorded easement or enforceable agreement.

B. Off-Street loading area design standards. Required off-street loading areas shall meet the following design standards;

(1) Size. Each loading berth shall not be less than 15 feet in width, 60 feet in length, and 15 feet in height.

(2) Location. Such berth may occupy part of a required yard space, however, required off-street loading areas shall not occupy required buffer areas between data center lots and adjacent non-commercial or non-industrial lots, and no berth shall be constructed in the required side yard of a building that is adjacent to a residential district.

C. Off-Street parking areas required. In areas of data center development, off-street parking shall be required based on 1.50 spaces per each full-time permanent employee.

D. Off-Street parking area design standards. Required off-street parking areas shall meet the following design standards.

(1) Parking space size. Each parking space shall contain a minimum area of not less than 300 square feet including parking stall area, backup area and aisle area. Parking stalls shall have a width of not less than 9 feet, and depth of not less than 18 feet.

(2) Handicapped parking. Off-street parking areas shall be designed to meet the number, placement, size and marking and identification requirements for handicapped parking contained in 42 USC 12181-9 and LC.A. §321L.5.

(3) Computation. When determination of the number of off-street parking spaces required by this chapter results in a requirement of a fractional space, the number of spaces shall be rounded up to the next whole number. Parking spaces required on an employee basis shall be based on the maximum number of employees on duty or residing, or both, on the premises at any one time.

(4) Access. Where a lot does not abut a public or private alley or easement of access there shall be provided an access drive not less than 18 feet in width leading to the loading and unloading space and parking or storage areas required hereunder in such manner as to secure the most appropriate development of the propelty in question.

(5) Surfacing, Grading, Drainage. All drives and parking areas are to be paved with an asphaltic concrete pavement, or such other hard but permeable pavement.

(6) Marking and delineation. Marking and delineation of off-street parking areas shall be required.

(7) Maintenance. Off-street parking areas shall be maintained in good condition and any required marking, surfacing, grading and drainage shall meet the conditions of approval on an on-going basis.

9. Buffers. A buffer shall be provided when a data center abuts non-commercial or non-industrial land uses or zoning districts. A buffer shall not be required where the data center site is separated from abutting property by a natural feature that functions as an effective visual and physical barrier similar to the below requirements, including but not limited to rivers with defined bed and banks, substantial wooded areas, or similar natural landforms, as determined by the Zoning Administrator or their designee.

A. The buffer shall be a minimum of 50 feet. The buffer width may be reduced by up to ten percent by requesting a variance from the Board of Adjustment. A variance may be granted when, because of an exceptional situation, topographical condition, surroundings, size, shape or other condition of the property, the strict application of the buffer width provision would result in practical difficulties for the owner of such property.

B. All buffer areas shall be landscaped or fenced to provide visual screen, and shall not include any structures other than allowed fencing, parking areas, storage areas, playgrounds, or other similar facilities.

(1) Fencing may be used to meet the buffer requirement but shall not exceed 50 percent of the total buffer distance required, provided fence height shall not exceed 12 feet. Height, for the purpose of meeting the requirements of this subsection, shall be measured from the ground surface to the highest point of the fence. Setback requirements shall not apply to fences.

(2) Landscaping shall use any combination of berms, native plants and tree species to achieve a visual buffer no less than 25 feet in height. Notwithstanding the foregoing, the 25 feet minimum height of the landscaping can be measured at maturity provided that tree species shall have a height of at least 6 feet within three years of installation. Berms must be vegetated to minimize erosion and to slow stormwater rnnoff.

(3) Visual screening shall be measured under leaf-on conditions and shall be measured from the elevation of the shared property line.

(4) Buffer areas may include drainage swales, stormwater retention or infiltration areas, or other stormwater management areas only if landscaping and visual screening requirements can also be met.

(5) Lot frontage on a public street shall be separated from the edge of the abutting property line by a landscaped yard of at least 20 feet in width, except where driveway accesses occur.

(6) All buffer areas shall be kept free of litter, debris, noxious weeds, and species of plants identified by the state IDNR as exotic or invasive.

10. Sewer and Water Connections. Applicants shall adhere to the City code sections pertaining to Sewer and Water Systems, including but not limited to Chapter 90 (Water Service), Chapter 92 (Water Meters), Chapter 92 (Water Rates), Chapter 93 (Water Conservation), Chapter 95 (Sanitary Sewer System), Chapter 96 (Building Sewers and Connections, Chapter 97 (Use of Public Sewers) and Chapter 99 (Sewer Service Charges), as amended. All connections, usage, construction, materials, design standards, fees, and rates shall conform to City requirements and adopted schedules.

A. Any extensions, upgrades, upsizing, or other additional infrastructure required to provide water and/or sanitary sewer service to the applicant or required to accommodate the applicant's proposed use or demand, shall be the sole responsibility of the applicant and shall be memorialized in a development agreement between the applicant and the city. Such responsibility includes all costs associated with planning, engineering, design, permitting, inspection, construction, and installation, whether the improvements are located on-site or within the public right-of-way, unless otherwise expressly agreed to in writing by the city.

B. Applicants shall utilize the City water supply and sanitary sewer systems for domestic demands when service is available, in accordance with City Code requirements. Alternative water supply or wastewater disposal systems may only be used when connection to the City system is determined to be not feasible, as mutually agreed upon by the applicant and the City.

C. Applicants may apply to use City water and/or sanitary sewer services for industrial, commercial, or process-related demands, but such use is not required. If the applicant elects to use City water and/or sewer services for these demands, the applicant shall be fully responsible for all additional infrastructure, system improvements, capacity upgrades, pretreatment requirements, and related costs necessary to support such use, including all planning, design, and construction costs, and shall pay all applicable rates and charges established by the City.

11. Avoidance and mitigation of damages to public infrastructure.

A. Roads. Applicants shall identify all roads planned to be used for the purpose of transporting equipment for construction, operation, or maintenance of the data center and obtain applicable weight and size permits from the impacted road authority prior to construction.

B. Existing road conditions. Applicant shall conduct and provide evidence of a pre-construction roadway conditions survey, in coordination with the City's Public Works Department and City Engineer, to determine baseline road conditions and authority. The survey shall adequately document all road, road right of way, and public drainage infrastructure conditions requested for use during all phases of construction.

C. Transportation Impact Analysis. Applicants shall submit a transportation impact analysis prepared by a licensed engineer detailing how the proposed data center development will impact the surrounding roadway network during and after construction. Roadways to be included shall not be limited to the roads within the City, the study shall be comprehensive of all roads to be impacted outside of the interstate system. Key intersections and corridors to be evaluated shall be discussed with the City Public Works Department and City Engineer prior to performing the analysis. The review shall address, at a minimum, capacity, delay, safety impacts, site access design, internal circulation, multimodal accommodations and anticipated trip generation based on industry-standard methodologies. The analysis shall recommend mitigation measures such as turn lanes, signal installation or timing adjustments, or roadway upgrades to ensure the transportation system can safely and efficiently accommodate the added demand. The report shall detail the timeline of improvements needed based on construction activities and anticipated full-time traffic volumes at the end of construction. Information from this analysis shall be used in determining the requirements of the road use agreement.

D. Road Use Agreement. An approved Road Use Agreement containing the information and conditions specified in this section is required before the start of construction. Applicants shall enter into a Road Use Agreement with the City that clearly details responsibilities for on-going road maintenance and dust control measures for all identified City streets during all phases of construction. The Road Use Agreement may require certain applicant undertakings, including but not limited to providing financial assurance in the form of an irrevocable letter of credit, bond, cash, escrow, parent guarantee, or other form of security or guaranty acceptable to the City. At construction completion, applicant shall, unless otherwise provided in the applicable Road Use Agreement, conduct and provide evidence of a post construction roadway conditions survey, in accordance with the Road Use Agreement and in coordination with the City's Public Works Department and City Engineer, to verify that road conditions, to the extent impacted by applicant's use in the construction of its data center, have been restored, as far as reasonably practical, to pre-construction conditions or as otherwise required by the Road Use Agreement.

E. Drainage system. The applicant shall be responsible for repair of damage to public drainage systems stemming from construction, operation, or maintenance of the data

center. Applicant shall acknowledge any damage to public drainage systems and the responsibility for repair in a timely manner within 72 hours of damage discovery.

12. Noise Analysis. No operating data center equipment shall produce decibel levels exceeding any of the following limitations except during initial construction and routine maintenance. Adequate setbacks and effective sound mitigating equipment shall be used to comply with these limitations:

    A. The average hourly noise level shall not exceed 55 dBA or 65 dBC as measured from the outer wall of any occupied structure within residentially zoned property adjacent to the proposed development. For property adjacent to the proposed development that is not residentially zoned, the average hourly noise level shall not exceed 65 dBA or 75 dBC as measured from the outer wall of any occupied structure. The average decibel limit is specific to source of the sound and does not count against cumulative ambient decibel levels as established in a baseline acoustic evaluation.

    B. Equipment testing, maintenance activities, and construction activities that generate elevated noise, including generator testing, shall be limited to the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday, unless otherwise approved by the Mayor or his/her designee. City approval for excessive noise generation shall not be unreasonably withheld.

    C. The average hourly decibel level may be exceeded during short-term events such as severe windstorms.

    D. A pre-construction and post-construction noise evaluation shall be completed by a certified professional by the Institute of Noise Control Engineering (INCE), or a licensed Professional Engineer (PE) to verify compliance with the City's standards. The post-construction noise evaluation shall be completed after completion of all planned data center buildings at the end of construction (as defined in Sections 165.l 6A(l2)(E)).

    E. Commencing on the fifth anniversary of the end of construction, as defined hereafter, and continuing every 5 years thereafter, for so long as the data center operates, a noise evaluation shall be completed at the operators expense by a certified professional by the Institute of Noise Control Engineering (INCE), or a licensed professional engineer (PE) to verify compliance with the City's standards in Sections 165.16A(l2)(A). Completion of all data center buildings, or end of construction, means the date on which all of the following have occurred: completion of construction of the data center or, in the case of a phased or multi-building campus, all buildings of the multi-building data center campus, and issuance of a certificate of occupancy for all related buildings; and the data center operator has communicated, in writing, to the Mayor or his/her designee that it has completed the data center campus; provided, that, if all construction has

stopped on the property for more than 6 consecutive calendar months, other than due to delays by the City in processing related permits or approvals, then "end of construction" as used herein shall be deemed to have occurred as of the last day of such calendar month. This 6-month time frame may be extended by the mayor or his/her designee.

F. The owner(s) of adjacent property may voluntarily agree, by written and recorded waiver, to a higher average hourly decibel level than those allowed within this subsection. This agreement must be recorded with the office of the Linn County Recorder so that future owners of the property are on notice of the agreement.

13. Water Supply. The Applicant shall obtain all necessary Water Use Permits from the Iowa Department of Natural Resources (IDNR). The issuance of Water Use Permits by the IDNR shall serve as demonstration that there is a sufficient reliable water supply to meet all projected water demands without undue adverse impacts on existing users, aquifers or surface waters. To assist in the City's assurance the applicant must also comply with the following requirements:

A. The applicant shall submit the Water Use Permits to the City three weeks prior to submitting an application to the Iowa Department of Natural Resources for a Water Use Permit. This advance submission is to allow the City time to review and provide comment to the State during the applicable review and public comment process.

B. The applicant shall share the same water information with the City that it shares on a monthly and aimual basis with IDNR. Coordination is necessary during periods of water supply constraint, drought, and emergency conditions, and applicant shall act strictly in accordance with the priority allocation and restriction mandates issued by the IDNR or the State of Iowa pursuant to Chapter 50 of Part 567 of the Iowa Administrative Code and Subchapter III, Part 4, Chapter 455B of the Iowa Code and any other relevant local ordinance as amended. The applicant shall demonstrate coordination with the IDNR regarding applicable Water Use Permits, interference mitigation procedures, monitoring obligations, and compliance procedures. Demonstration of this coordination shall be, at a minimum, by supplying all documents submitted to the IDNR simultaneously to the City. Notwithstanding anything in this Section to the contrary, the applicant may redact confidential or proprietary information from any submission hereunder consistent with Chapter 22 of the Iowa Code.

14. Water Quality Review. The Applicant shall obtain all necessary National Pollutant Discharge Elimination System (NPDES) permits required through the IDNR, both Individual and General. Application documents shall be submitted to the City at the same time as to the IDNR to allow the City time to provide the IDNR any comments during the review process. Also, once a permit has been issued the City shall be copied on any

compliance documentation submitted to the IDNR for the duration of the permitted activities.

15. Economic Development Agreement. Prior to issuance of the first building permit for the data center and in the event the applicant requests incentives, the applicant of a data center shall enter into an Economic Development Agreement ("EDA") with the City, approved by the City Council. The purpose of the EDA is to establish ongoing cooperation between the City and the project operator, a description of any applicable incentives that the project operator will receive (subject to the terms of the EDA), and to provide ongoing contributions that advance the City's fiscal, infrastructure, and community goals related to hosting data center facilities. The City shall retain full reasonable discretion to determine the form, structure, and use of funds or benefits provided under any EDA. In the event the applicant does not request any incentives then this section shall not apply. Notwithstanding the foregoing, in the event the applicant is within 1,000 feet (measured from the closest outer wall of the closest building on the data center property) to the property line of any residentially zoned propelty, ("Residentially zoned property" does not include non-conforming residential properties in non-residential zoning districts) the applicant shall consider implementing a Property Value Protection Plan. The purpose of the Property Value Protection Plan is to address potential impact to nearby residential property values associated with the development and operation of the data center Nothing in this section shall limit the City's authority to negotiate terms appropriate to the scale, location, and nature of a specific project, or to enter into separate agreements addressing road use, infrastructure improvements, or other matters related to the development of the data center.

16. Emergency Response Plan. The applicant shall submit an emergency response plan prior to any ground disturbance at the project site detailing the planned response actions that will be taken by facility representatives in the event of an emergency. These actions are intended to minimize health risks to personnel and people in the surrounding community, as well as minimize adverse impacts to the environment. The emergency response plan shall also identify the applicants' actions when sustained drought conditions are incurred.

    A. The plan shall include, but is not limited to, a detailed narrative ofresponse procedures and the facility representatives responsible for management of the following plausible contingencies that could occur at the facility: natural disaster/severe weather, fire, security incident, capacity/transmission, environmental, chemical, pipeline (if applicable), sustained drought or water supply shortages, and medical. It shall include procedures for a site evacuation, designated egress routes, and emergency staging areas.

    B. The plan shall include a stand-alone section detailing the emergency response protocols specific to battery energy storage areas (if applicable).

C. The plan shall include a stand-alone section detailing the emergency response protocols specific to times of sustained drought conditions or water supply shortages. Surface water monitoring gauges and groundwater monitoring wells may be established to serve as indicators of water supply shortages. The plan should include specific water level triggers that will indicate emergency response actions.

D. The plan shall be developed in coordination with local first responders, City Staff and Linn County Emergency Management.

E. Notwithstanding anything in this Section to the contrary, the applicant may redact confidential or proprietary information from any submission hereunder.

17. Notification Requirements. To assist in providing adequate notice to interested parties, the applicant for a rezoning to the EU-I District shall:

A. Within 14 days of filing the rezoning application with the zoning administrator, mail a notice via first class mail to property owners and tenants within 1,000 feet of the subject site explaining the request and identifying the subject property.

B. Prior to the application being heard at the Planning and Zoning Commission meeting, the applicant shall host a public informational meeting held at a location reasonably accessible to all identified property owners. Applicants must mail a notice of the public informational meeting via first class mail to property owners and tenants within 1,000 feet of the subject site.

(l) Applicants must submit a list of the property owners and tenants contacted, a copy of the notice sent, and a notarized affidavit stipulating to the mailing to the City Cleric

SECTION III. SECTION MODIFIED. Section 165.02 of the Palo, Iowa Code of Ordinances is hereby modified to include the following additional definitions:

"Data center" means a building, structur[illegible], or facility, or group of buildings or structures, whose primary purpose is the centralized storage, processing, management, or transmission of digital data or information through computer servers or telecommunications equipment. A data center may include server farms, cloud computing facilities, colocation facilities, and similar uses.

"Places of public assembly means buildings or facilities where people gather for civic, educational, religious, or cultural purposes, including, but not limited to retirement and nursing homes, schools, childcare homes and centers, group homes, hospitals, detention facilities, or human service facilities, not including facilities allowed as an accessory use to the principal use in question.

SECTION IV. REPEALER. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

SECTION IV. SEVERABILITY. If any section, provision or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision, or palt thereof not adjudged invalid or unconstitutional.

SECTION V. EFFECTIVE DATE. This ordinance shall be in effect after its final passage, approval and publication as provided by law.

PASSED AND APPROVED this 20th day of July 2026.

Bryan Busch, Mayor

ATTEST:

Jennifer Fencl, City Clerk

First Reading: June 1, 2026

Second Reading: July 13, 2026

Third Reading: July 20, 2026

Final Approval Given: July 20, 2026

I certify that the foregoing was published as Ordinance No. 93-2026 on July 22, 2026

Jennifer Fencl, City Clerk