

Preliminary Toolkit for Municipal Data Center Planning in Washtenaw County

Background on Toolkit Development:

Data centers are proliferating across the country and data center developers are increasingly interested in Michigan as a destination for future data center sites. As of November 2025, three local units of government (Augusta Township, Saline Township, and Ypsilanti Township) in Washtenaw County had data centers brought before their decision-making bodies for review or approval. Recognizing the pressure local municipalities and residents are under to respond to this new and pressing development, on October 1, 2025 the Washtenaw County Board of Commission passed a data center resolution, “*directing Washtenaw County staff to develop informational outreach materials on data centers for local municipalities and urging local municipalities to require a set of recommendations for data center approval.*” On October 30, 2025 through a coordinated series of announcement by DTE, OpenAI, and the State of Michigan, it was announced the data center proposed in Saline Township was expected to move forward and would house a data center serving Oracle/OpenAI as part of their massive, global Stargate Initiative.

This document is preliminary toolkit for municipalities to review to better understand mechanisms available to plan for data center developments, manage proposed developments, and deliver community benefits to the residents where these new industries are being established. This preliminary toolkit offers guidance on the types of approaches that a community may want to explore and samples of those approaches from communities across the United States.

Communities seeking to act proactively to manage data center development in their communities have a number of tools that they could choose between, including:

- Adopting local land use changes, in the form of zoning codes; Establishing specific ordinances governing data centers;
- Preparing to use planned unit developments (or other special assessment districts) to manage data center development; and
- Establishing community benefit ordinances and community benefit agreements which can serve to extract community benefits from private developments that can reduce negative impacts from a new land use and generate benefits to the community that go beyond basic tax revenues.

For more information about Washtenaw County's experience with data centers, reference Washtenaw County Resiliency Office website here:

<https://www.washtenaw.org/4635/Data-Centers>

Strategies for Local Government

Municipalities should consider data centers as a new land use pressure. For Michigan communities, some places may recall the challenges faced by the introduction of cannabis production. These cannabis growing sites were water hungry facilities that came with concerns about smell, traffic, and general uncertainty. While there are many differences between cannabis sites and data centers, it may be helpful to remember that addressing land uses and industry is not new – especially in a place as innovative as Michigan. Communities that want to get ahead of data center developers can proactively prepare by updating their regulatory frameworks (zoning codes and municipal ordinances) to address the specific environmental and economic pressures these introduce.

Zoning Code Changes, Ordinances and PUDs

Zoning code changes allow municipalities to control where data centers can be sited and the specific standards they must meet. Zoning is critical for siting because data centers tend to regionalize and cluster around established fiber optic networks and abundant energy supply. Proactive zoning allows planners to incorporate water availability and demand into economic development planning to prevent maximizing resources for data centers and limiting capacity for other growth or development. Additionally, given the massive scale and resource demands of hyperscale data centers, which are those most associated with artificial intelligence and large language models, existing commercial or industrial zones may be inadequate to regulate these complex facilities.

Data Center Ordinances

Municipal ordinances are guidance and legal framing a community provides to developers. Through their ordinances municipalities have legislative authority to mandate a range of measures which can include: transparency, efficiency standards, and mitigation measures. These requirements, align with the recommendations of the Washtenaw County Board of Commissioners adopted resolution on data centers and can be crucial for bringing clarity and transparency to the immense energy and water use of data centers, and effectively managing that water use.

A Planned Unit Developments (PUD)

A PUD is a flexible zoning mechanism that allows municipalities to evaluate and approve development projects through a negotiated process rather than strict adherence to base zoning requirements. PUDs are typically used for large, complex, or high-impact projects that require customized design and performance standards. They offer a structure for municipalities to tailor land use, site design, and community benefits to a specific proposal while maintaining alignment with the community's comprehensive or land use plan. PUDs may offer local governments an effective mechanism for reviewing the kind of specialized considerations related to water use, energy use, noise, set-backs, decommissioning, workforce development, waste heat reuse. PUDs can also offer a mechanism that is more flexible than making a change to a landuse plan, which is a valuable consideration, given the quickly changing technology related to data centers.

| Resource | Source | Link |
|--|--|---|
| Data Center Model Ordinance | York County, Pennsylvania | https://www.cityoflancasterpa.gov/data-center/ |
| City of Lancaster, PA - Data Center Zoning Amendment | City of Lancaster, PA | https://www.cityoflancasterpa.gov/wp-content/uploads/2025/10/Data-Center-Zoning-Ordinance_First-Draft_10-6-25.pdf |
| Monticello, MN -Conditional Overlay Zone – similar to PUD | Monticello, MN | https://monticellomn.gov/AgendaCenter/ViewFile/Item/1366?fileID=22908 |
| A Finite Resource (Policy recommendations including setting efficiency standards) | Alliance for the Great Lakes (Aug-25) | https://greatlakes.org/wp-content/uploads/2025/08/AGL_WaterUse_Report_Aug2025_Final.pdf |
| Local Guidelines for Data Center Development | Urban Land Institute (2024) | https://stpp.fordschool.umich.edu/sites/stpp/files/2025-07/stpp-data-centers-2025.pdf |
| Model Ordinance Library – Renewable Energy & Battery Energy Storage Systems | University of Michigan Graham Sustainability Institute | Planning & Zoning for Battery Energy Storage Systems Graham Sustainability Institute |

Community Benefit Agreements

A Community Benefits Agreement (CBA) is a legally enforceable contract negotiated between a developer (such as a data center company) and a coalition of community organizations. These agreements are especially useful when tax incentives are involved or when developers insist on the use of non-disclosure agreements (NDAs) that limit public transparency. CBAs serve to ensure that projects include measurable benefits that are responsive to the local community's needs and mitigate negative impacts. As communities in Washtenaw County confront developments totaling billions of dollars in investment both locally and across global portfolios, there is an opportunity for community benefit agreements to harness significant benefits to local jurisdictions, organizations, and residents.

Key provisions a CBA could address during data center development include:

- Environmental Protection: Requiring the use of advanced conservation and efficiency measures to conserve water (e.g., closed-loop cooling systems or non-potable water sources).

- Clean Energy: Requiring developments to conform to local and regional climate goals, including all-electric, zero emission facilities.
- Workforce Development: Mandating local or targeted hiring practices, wage and benefit agreements, and funding for workforce training.
- Infrastructure Investment: Requiring developers to fund necessary infrastructure improvements, such as water and wastewater treatment upgrades.

By employing a CBA, developers can build trust with municipal hosts and their residents and show their commitment to long term benefits through legally binding documents. Columbia University’s Sabin Law Center maintains a database of CBAs for climate related projects. The World Resources Institute also maintains a list of notable CBAs in-practice in the United States.

| Relevant Resources for Community Benefits Agreements | Source | Link |
|--|--|---|
| Community Benefits Agreements Database | Columbia University Sabin Law Center | Community Benefits Agreements Database |
| Database of Community Benefits Frameworks Across the US | World Resources Institute | Database of Community Benefits Frameworks Across the US |
| Stillwater, OK Data Center Project (CBA Example) | Stillwater, OK | https://stillwaterok.gov/852/Data-Center-Project |
| King George County, VA - AWS Economic Development Local Performance Agreement (CBA Example) | King George County, VA | https://www.kinggeorgecountyva.gov/DocumentCenter/View/11569/King-George-and-AWS-Performance-Agreement--FINAL-119 |
| What Happens When Data Centers Come To Town? (Includes discussion of CBAs to mitigate negative impacts) | University of Michigan Ford School for Public Policy | https://stpp.fordschool.umich.edu/sites/stpp/files/2025-07/stpp-data-centers-2025.pdf |
| A Finite Resource (Recommendation to incorporate CBAs when NDAs and tax incentives are used) | Alliance for the Great Lakes | https://greatlakes.org/wp-content/uploads/2025/08/AGL_WaterUse_Report_Aug2025_Final.pdf |

Appendix 1: Recommended requirements for local governments

The Washtenaw County Board of Commission adopted a resolution recommending that local governments integrate into their own data center ordinance measures that include the following requirements of data center developers, prior to project approval:

- Submit data on expected water use and water sources,
- Submit data on energy use and planned sources for their operation,
- Submit an environmental impact statement detailing potential impacts on water resources, (including surface water and groundwater quality and quantity), air quality, surrounding wildlife,
- Submit a noise study detailing impacts of noise and low-frequency vibrations on surrounding property owners, taking account of cumulative noise, not only additive noise,
- Hold at least two accessible, well-publicized public hearings, prior to which they release the above data, statements and studies; and

The Washtenaw County Board of Commission & Environmental Council additionally recommend that local governments establish the following requirements for any development to be approved:

- Require data center developers and operators to publish Water Use Effectiveness measurements at least quarterly,
- Require data center developers and operators to source 100% of their energy from wind, solar, battery, or geo-thermal sources,
- Require data center developers and operators to commit to not using water-wasteful evaporative cooling technology,
- Require data center developers and operators to pay their fair share of any energy consumption over and above their own sources,
- Require data center developers and operators to pay for grid infrastructure, including but not limited to, new or additional electrical substations,
- Require data center developers and operators to commit to union agreements and local hiring targets,
- Require setbacks for buildings, associated new substations and backup generators, and other noise and low frequency vibration mitigating technologies and protections for both workers and community residents,
- Require data center developers and operators to provide resources to local governments for their provision of any extra first responder/emergency services and all initial and ongoing infrastructure costs, with particular attention to cases in which the data center may be exempt from local taxing authority.



This document was produced by the Washtenaw County Resiliency Office, with research assistance provided by Ann Wilkinson, Research Fellow with University Michigan’s Center for EmPowering Communities.

Have a question about data centers you want answered? Check out Washtenaw County’s [Data Center FAQ](#) or email the Resiliency Office at: WCResiliency@washtenaw.org