FEQUENTLY ASKED QUESTIONS:

M-3 Zoning District Considerations

January 26, 2026

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A. INTRODUCTION TO DATA CENTERS

A.1. Why is the City of Mason considering an ordinance now?

Michigan recently expanded tax incentives for large-scale data centers through legislation providing sales and use tax exemptions. Combined with Michigan's stable electric grid, low natural disaster risk, and utility investments in grid upgrades, the state has become an appealing location for major data center projects.

However, under our current zoning ordinance (M2 General Manufacturing District), data centers could be **permitted as warehouses without the safeguards necessary** to protect the rural character and quality of life in Mason. Many Michigan communities have found themselves unprepared for these proposals—if a project meets zoning requirements, it must be approved. Enacting a zoning ordinance like the one we are proposing has been cited as a best practice by the Urban Land Institute, Local Guidelines for Data Centers, and many other planning resources. This ordinance ensures Mason is ready with clear expectations and protections in place before such proposals arise.

A.2. What is a data center?

Modern data centers have been in place since the 1990s. A data center is a specialized facility that houses computer systems and supporting equipment to store, process, and manage digital information. In simple terms, it's the "brain" of the internet, powering many of the systems we use every day:

- Cloud services (Google Drive, Microsoft 365, iCloud).
- Streaming platforms (Netflix, YouTube, Spotify).
- Online transactions (banking, retail, healthcare).
- Government and enterprise systems.
- Artificial Intelligence (AI) and automation tools.

Typical components include servers (high-powered computers that store and process data), networking equipment (enables data transfer), cooling systems (prevent overheating), backup power (generators and batteries), and security systems (physical and digital protections).

A.3. How are data centers different from industrial warehouses under the current ordinance for the M2 District?

Data centers are often taller than warehouses and require more robust underground and above-ground infrastructure, including external electrical and mechanical equipment, surveillance, controlled access points, and redundancies (multiple power feeds and servers). They are also likely to have robust fire detection and suppression systems. They require relatively few onsite employees and usually require fewer parking spaces and plumbing fixtures and have less of a long-term impact on local traffic.

A.4. Where are data centers built?

Data center companies locate sites based on local electricity availability, land and water availability, and climate conditions. Data centers also depend on high-tension transmission lines and substations.

A.5. How long do data centers operate before major upgrades need to occur?

Typically, **15–30+ years**, depending on technology updates, retooling, and facility lifespan. Comparatively:

- Light / Advanced Manufacturing: Every 3–7 years, driven by automation upgrades, efficiency improvements, or product redesigns (examples include: electronics assembly, medical device manufacturing, precision instrumentation).
- Traditional Manufacturing: Every 7–15 years, equipment is often maintained and incrementally upgraded rather than fully replaced (examples include metal fabrication, plastics, food processing).
- Heavy Manufacturing: 15–30+ years, capital-intensive equipment with long useful lives (examples include steel, cement, chemical processing).

B. GOVERNMENTAL ROLE IN DATA CENTER DEVELOPMENT

B.1. What is the Federal Government's role in data center development?

President Trump has expressed strong support for a rapid expansion of data center infrastructure tied to AI. He considers it critical infrastructure, a matter of national security, and economic competitiveness. Specifically in July 2025, he signed an executive order to streamline federal permitting for data center infrastructure, speed up regulatory reviews, and expand financial support (e.g., grants, loans, tax incentives) for large-scale projects.

B.2. What is the State of Michigan's role in data center development?

Governor Whitmer emphasized that Michigan should act quickly to secure data center development in competition with other states and global competitors like China. "Right now, time is of the essence," Whitmer wrote. "There is a shortage of global computing capacity, and China is moving aggressively to build their own centers and get a leg up on America." Source: 'TIME IS OF THE ESSENCE' | Whitmer supports Michigan's biggest investment ever: Multi-billion dollar AI data center | wzzm13.com

Michigan recently expanded tax incentives for large-scale data centers through legislation providing sales and use tax exemptions that is intended to invite data center investment into the State of Michigan. The new Enterprise Data Center Sales & Use Tax Exemptions took effect in Michigan on April 2, 2025 (use tax) and April 17, 2025 (sales tax) eliminating Michigan's 6% sales and use tax on eligible data center construction and equipment purchases. Public Act 181 of 2024 and Public Act 207 of 2024

REQUIREMENTS TO QUALIFY FOR STATE TAX EXEMPTIONS

- One (1) or more buildings, designed and intended to house data center equipment to centralize the storage and processing of data.
- Required capital investment of at least $250 million.
- Job creation of at least 30 qualified new jobs with an annual wage of at least 150% of the prosperity region median wage. Those jobs must be maintained through December 31, 2050.
- Facility does not receive, and will not receive through the sunset, state or local property tax benefits, including Renaissance Zone and PA 198 of 1974, unless the local government approves by resolution.
- Facility may not take electric service under the following rates:
  - Long-term industrial load rate.
  - An economic development tariff rate approved by the Michigan Public Service Commission.
  - A rate that causes residential customers to subsidize costs required to service the facility.

ADDITIONAL ENVIRONMENTAL REQUIREMENTS

- No later than three (3) years after being placed in service, the facility must certify under one or more green building standards, such as LEED, BREEAM, Energy Star®, Envision, ISO 50001, Green Globes, or UL.
- The facility must use municipal water sourced from a municipal water system with available capacity at the time the facility is placed in service.
- The facility must procure clean energy and participate in a voluntary green pricing program.

B.3. What is the City of Mason's role in data center development?

While both the Federal and State governments are advocating for development and inviting investment of data centers in the United States and Michigan, the City of Mason's role is limited to zoning and land-use regulation. The City does not develop, own, or operate data centers. The City has made it publicly clear that it does not plan to offer any local financial incentives. Under the City's existing ordinances, development and utility agreements (water/wastewater) are not required. However, if the proposed data center ordinance is adopted, the City would require development and utility agreements as a condition of approval.

Those agreements would establish clear and enforceable requirements, including:

- Restrictions on operations and impacts.
- Payment for any improvements or upgrades to City systems made necessary by the development.
- Fines and other remedies for violations.
- Minimum investment commitments.

These requirements allow the City of Mason to protect public infrastructure and ensure accountability while remaining within its limited regulatory role. However, these additional protections are NOT available without the proposed ordinance being adopted.

C. ENVIRONMENTAL IMPACTS

C.1. How do data centers use water and energy?

There are different types of cooling systems, air-based or liquid-based, that use varying amounts of water and energy. Climate considerations often determine the type of cooling system. Many facilities adopt hybrid approaches that combine liquid cooling for high-heat components like Central Processing Units (CPUs) and Graphic Processing Units (GPUs) with air cooling for bulk heat removal. Generally speaking, there's a trade-off between electricity and water use in data center cooling.

Cooling technologies that use more water (e.g., through evaporative cooling) tend to use less electricity, while those with closed-loop or air-based cooling systems tend to use less water but more electricity. Data centers seeking to benefit from Michigan's tax incentive must use municipal water from a municipal water system with available capacity to serve the facility.

Resource:

- (2025, October 31). *Washtenaw County Resiliency Office: A Frequently Asked Question Guide to What Local Governments Should Know About Data Center Development in Washtenaw County.* https://content.civicplus.com/api/assets/2e2e3a9e-9ee1-45c9-978c-f9117b1eb090

C.2. Will data centers increase local energy rates?

Data center-related energy cost increases in states like Virginia and Ohio do not necessarily translate to Michigan. Under the Michigan Public Service Commission, Michigan abides by cost-of-service ratemaking, which means that utility rates allocate "costs to customer classes based on usage patterns." That data centers must pay their fair share of costs was made even more explicit in recent legislation which requires that data centers that receive Michigan's use/sales tax exemptions must be in an electric service rate that does not cause residential customers to subsidize electric service costs for the data center.

That does not mean, though, that electric rates will not increase. U.S. average retail electricity prices from 2019 to 2023 grew faster than inflation for residential consumers. This is due to both expanding capacity for new infrastructure, but also for replacing infrastructure in an aging electrical system. To support future data centers, public utilities like DTE Energy and Consumers Energy will need to build new infrastructure to expand their service capacity. This new infrastructure, coupled with deferred maintenance projects, will likely increase local utility rates.

In addition, the terms of service related to data centers for Consumers Energy approved by the Michigan Public Service Commission stipulate the following:

- Tariff for data centers and other similar large-load users would apply to any customer with a minimum service threshold of 100 megawatts (MW), or aggregated loads of 100 MW with individual sites within Consumers Energy's service territory having loads of 20 MW or more with the same common owner to protect residential customers.

- A minimum contract term of 15 years; a minimum billing demand of 80% that must be paid regardless of use; a ramp-up period of up to five years to reach full-service levels; and automatic contract extensions of 5 years with a required four years' notice for contract termination.
- An exit fee a large-load customer must pay for ending service before the end of a contract to ensure large load customers remain in service long enough that they will contribute significantly to new and embedded costs, while also giving Consumers time to plan for unprecedented changes to their overall load.

Resources:

- (2025, October 31). *Washtenaw County Resiliency Office: A Frequently Asked Question Guide to What Local Governments Should Know About Data Center Development in Washtenaw County.* https://content.civicplus.com/api/assets/2e2e3a9e-9ee1-45c9-978c-f9117b1eb090
- Helms, M. (2025, November 6). *MPSC approves terms of service between Consumers Energy and data centers, other very large customers; adds protections for existing customers.* *https://www.michigan.gov/mpsc/commission/news-releases/2025/11/06/mpsc-approves-terms-of-service-between-consumers-energy-and-data-centers*

NOTE: *Many public comments focused on a desire for the city to put in requirements around energy. The City does not regulate electrical consumption, rates, or the infrastructure; however, projects seeking exemptions under the new state law must meet environmental standards. These include commitments to source renewable power and implement energy efficiency practices. An additional proposed amendment, related to a statement of assurance of the availability of power, is discussed under question E.4.*

C.3. Are there health concerns for surrounding residents located near a data center?

Modern data centers have been in existence since the 1990s, with hyperscale starting in the 2010s. Over that course of time, there has been no scientific evidence directly connecting the data center industry to any health concerns for surrounding residents, including children. However, the following concerns regarding cancer, pollution, etc., are often brought up, and more information is provided below.

C.3.a. Cancer Concerns from Electromagnetic Fields

Independent scientific reviews show no established causal link between living near a data center and an increased cancer risk from the facility's infrastructure, such as electromagnetic fields (EMF). The type of EMF emitted by data centers is non-ionizing, similar to household electronics, office environments and power lines, and does not have enough energy to damage DNA directly, which is the mechanism necessary to cause cancer.

C.3.b. Cancer Concerns from Nitrate Exposure

Data centers DO NOT produce nitrates. A data center in Oregon is the source of these concerns, although the details of that situation are important. In Morrow County, Oregon and the Lower Umatilla Basin, nitrate contamination of groundwater has been a long-standing environmental and public health issue, first documented decades ago. Nitrates enter water primarily from fertilizer use on farmland, animal agriculture, and wastewater practices that allow nitrogen-rich water to leach into aquifers that local residents rely on for drinking water. Some of their wells have shown nitrate levels dozens of times higher than federal and state safety limits.

Long-term nitrate contamination is linked scientifically with health concerns such as "blue baby syndrome," reproductive problems, and increased cancer risk at high concentrations in drinking water, particularly for infants and pregnant women. Data centers in the Morrow County region use large amounts of groundwater for evaporative cooling. The water they draw is already contaminated with nitrates (from agriculture and other long-standing sources). Because Morrow County data center cooling systems evaporate water but leave nitrates behind, the return flow can have even higher nitrate concentrations when it goes back into the wastewater system and ultimately into the environment. This

has led Morrow County residents and advocates to assert that data center operations are "supercharging" the nitrate problem and thereby contributing to health effects like miscarriages and cancer clusters.

Industry and company statements (e.g., from Amazon) dispute that data centers are a root cause: They do not add nitrates to water as contaminants. They argue that nitrate problems predate data center operations in the region and are driven mainly by agriculture and existing wastewater practices. They assert that their total water use is a small fraction of the overall system and not enough to materially change water quality outcomes on its own.

> ***Bottom Line**: The City of Mason currently tests its drinking water for nitrates and nitrites, among a plethora of other analytes, on a routine basis as required by Michigan Department of Environment, Great Lakes, and Energy (EGLE) and the U.S. Environmental Protection Agency (EPA). Current testing indicates that Mason's water has nitrates and nitrites at a non-detect level, significantly below any level of concern, unlike the area referenced above.*

C.3.c. Respiratory Risks

The most documented health risk associated with data centers is air pollution linked to energy generation, particularly:

- **Diesel backup generators**, which are commonly used by data centers and can emit fine particulate matter (PM2.5) and nitrogen oxides (NOx).
- **Electricity generation** from fossil fuel–powered plants serving the grid by power companies.

These emissions are known to affect public health — including increased risks for respiratory problems, cardiovascular diseases, and lung cancer — but these risks are related to air pollution generally, not the data center itself producing toxic chemical emissions.

The World Health Organization (WHO), the EPA, and other health authorities classify diesel exhaust as a human carcinogen, meaning exposure to diesel emissions from backup generators can raise cancer risks if exposure is **high and prolonged**.

A data center in Memphis, Tennessee, is the major source of these concerns connected with data centers generally, although the specific details of that situation are important. Memphis became the site of a massive new data center, built by xAI, an artificial-intelligence company founded by Elon Musk. Because the facility's electricity demand far exceeded what was available from the local power grid, the company relied on on-site methane gas turbines to generate additional power. Residents claim xAI installed and operated dozens of methane gas turbines without the required environmental permits, instead exploiting a provision that temporarily exempts "mobile" engines for a short period.

Beyond federal requirements, EGLE regulates generator emissions and enforces EPA standards. Generators that are used on a regular basis are required to meet Tier 4 emissions standards, which are the most stringent currently in effect. However, generators designated solely for backup emergency power are exempt from this requirement. While the EPA does not impose a limit on the number of hours an emergency generator may operate during actual emergency conditions, it does restrict emergency generators to a maximum of 50 hours per year for maintenance and testing purposes.

> ***NOTE:** Members of the public have raised concerns regarding the use of diesel fuel for generators as compared to natural gas. Restrictions on fuel sources are a concern for any industry with essential operational needs during power outages, and the City does not currently impose fuel source requirements on other electric users. From a safety and reliability perspective, diesel fuel is generally less flammable than natural gas, and natural gas service may be disrupted during emergencies, potentially rendering generators inoperable. Diesel fuel, by contrast, can be stored onsite, providing greater reliability during extended outages. Given the essential nature of this industry, requiring a*

potentially unreliable fuel source during emergencies would be difficult to justify. However, there are ways we can ensure that the particulates are reduced significantly by requiring generators meet the Tier 4 emission standard, even though emergency generators are exempt. An additional proposed amendment to require this is discussed in question E.9.a.

C.4. Are there concerns regarding this draining of our water resource, and how will you ensure it does not?

C.4.a. Do we have enough water?

Protecting Mason's water supply is a core priority for the City of Mason. The City's water treatment plant currently has the capacity to treat up to 1.5 million gallons per day (MGD) with no improvements. The facility was intentionally designed for expansion and can treat up to 2.5 MGD with the addition of a second filter train and only limited upgrades. By comparison, the City's current average daily usage is approximately 700,000 gallons, leaving substantial available capacity today.

While the State incentive program requires a municipal water connection, it does not require a utility agreement with the water provider. Importantly, this means users cannot draw water directly from the aquifer. All water use must occur through the City's municipal system, where it is fully permitted, metered, and monitored.

The City's proposed ordinance goes beyond the State requirement by mandating that all users within the district enter into a formal utility agreement with the City. This requirement ensures that:

- All water use is fully metered, monitored, and managed through the municipal system, and
- Any infrastructure or system investments required to serve the development are paid for entirely by the development itself—not by existing residents or utility customers.

The utility agreement will also include a regular minimum payment, which the City anticipates will help stabilize—and potentially reduce—utility rates for Mason residents by providing predictable, dedicated revenue to support ongoing system operations and long-term infrastructure needs.

To further confirm available capacity and ensure responsible use, the City is currently conducting a comprehensive water resource study with qualified experts to establish a sustainable daily draw for the municipal system with our existing wells and potential additions. This analysis includes:

- Current average water usage
- Estimated demand at full build-out of remaining vacant land
- Existing water service agreements with neighboring townships

Only the remaining available capacity identified through this study will be considered for any future users. No utility agreements will be executed until the study is complete and the City can confidently confirm that sufficient capacity exists without compromising existing customers or long-term water sustainability.

If necessary, additional safeguards may be required to manage peak demand, including developer-funded infrastructure improvements, such as a water tower or other storage solutions, to reduce system stress during high-demand periods.

Finally, it is important to recognize that the Saginaw Aquifer serving Mason extends beyond City boundaries. Long-term sustainability depends on coordinated, responsible water management not only by the City, but also by regional partners who share the aquifer and by EGLE as the regulating agency.

C.4.b. Who will regulate their water withdrawal and what will happen if they take too much?

Any water withdrawal by the City beyond its currently approved pumping capacity is regulated by the EGLE through its Geologic Resources Management Division.

The City operates in full compliance with regulations and pumping limits approved by the EGLE as part of the well construction and permitting process. These approvals consider the cumulative impact of all Type 1 wells drawing from the aquifer, along with other relevant factors, to ensure the aquifer is not overstressed. Any future increase in the City's pumping capacity would require additional review and approval by EGLE, consistent with the permitting requirements applied to all type 1 wells.

This process is independent of the City's internal water resource study and includes state-level review to ensure withdrawals do not cause adverse environmental or regional impacts.

Under the proposed ordinance, the data center would not be permitted to withdraw groundwater directly. All water use must occur through the City's municipal system and remain within the City's permitted capacity. Utility agreements will establish enforceable limits, monitoring requirements, and corrective actions. If a user exceeds authorized use, the agreement will provide for fines, required remedies, and ultimately the ability for the City to terminate service if violations persist.

C.4.c. Do data centers make private wells run dry?

Concerns about private wells have been raised based on a situation in Newton County, Georgia, where some residents reported declining water pressure and dry taps following construction of a Meta data center. In that case, residents attributed the issue to sediment disturbance and changes in groundwater behavior during construction and dewatering activities. It is important to note that these accounts represent homeowner claims and are not findings from a peer-reviewed hydrologic study directly linking the reported well impacts to data center operations.

More broadly, data centers can consume significant amounts of water for cooling, particularly in regions already experiencing water stress. For example:

- Some facilities use millions of gallons of water per day, which can place pressure on aquifers in drought-prone areas.
- Where data centers rely on direct groundwater withdrawals, large and sustained pumping can contribute to lowering the water table, potentially affecting shallow private wells if groundwater recharge rates are insufficient.

Under the proposed ordinance, this risk is substantially mitigated. Data centers would not be permitted to make direct groundwater withdrawals, nor would they be allowed to use water at the volumes associated with large-scale groundwater pumping. Instead, water must be supplied by the City's municipal system, which is pumped and managed under the City's EGLE-regulated permit. This ensures that withdrawals remain within approved limits and are subject to ongoing monitoring and regulatory oversight.

If a data center exceeds its authorized water usage, the utility agreement will establish clear enforcement mechanisms, including penalties, required corrective actions, and, if noncompliance persists, termination of the municipal water connection. This framework ensures accountability while protecting both the City's water supply and surrounding properties.

It should also be noted that private residential wells typically do not draw from the same portion of the aquifer used by the City. Most private wells draw from the shallow water table (typical depth of 160 feet based on 2006-2026 average), which can fluctuate over time due to a variety of factors unrelated to any specific industry's operation, including drought conditions, seasonal variation, land use changes, and long-term groundwater trends. As a result, private wells may periodically require deepening regardless of nearby development, making well protection zones or payment for too shallow wells not legally defensible. For comparison, City well depths average 350 feet.

C.5. Wastewater discharge concerns

C.5.a. Can data centers directly discharge on the ground, into drains, or into creeks?

No. In Michigan and specifically in Mason, untreated or industrially processed wastewater generally cannot be discharged on the ground, into storm drains, or directly to creeks without a state permit. Any discharge of wastewater that reaches waters of the state (including surface water or groundwater) requires a specific permit under Michigan's environmental laws — most commonly an NPDES (National Pollutant Discharge Elimination System) permit for surface water discharges or a Groundwater Discharge Permit for discharges to the ground or groundwater. A project under this ordinance would fall under the City's permit and the City would be accountable to enforce any concerns, or it would be subject to fines by the State.

C.5.b. Do data centers put contaminants into wastewater, and can our plant handle them?

Each industry's water discharge is unique and depends on the specifics of that location. While there is no data to demonstrate that data centers discharge wastewater with contaminants that would exceed the level of treatment feasible for the wastewater treatment plant, there are legal restrictions.

Under federal and state rules, industrial wastewater that could harm treatment plants or the environment must be pretreated or controlled before being sent into the sewer system. This is part of Michigan's Industrial Pretreatment Program (IPP) that applies to significant industrial users of municipal wastewater systems. In addition, Mason's ordinance has specific criteria, requirements, limits, and structures in place. Refer to Mason Code Sections 82.153 – 82-193.

In addition, the M3 ordinance requirements for a utility agreement would ensure that these requirements are also contractual with remedies for violations.

D. MASON'S PROPOSED ORDINANCE- GENERAL

D.1. How was the proposed ordinance developed?

The proposed ordinance draws from best practices across Michigan and Ohio, as well as lessons learned from communities that experienced rapid or unanticipated data center development. It establishes clear, enforceable standards for location, design, utilities, buffering, and noise management, balancing economic opportunity with the preservation of Mason's rural identity.

As part of the development process, some Councilmembers independently visited communities where data centers are operating or were approved under ordinances like the one being considered. These self-initiated visits allowed those Councilmembers to observe real-world conditions and make suggestions for staff refinements based on firsthand experience. No data center representatives or staff from the host communities participated in these visits. In addition, City staff consulted with a range of experts—including engineers, academics, attorneys, developers, and sustainability professionals—and engaged with other municipalities that have adopted or are developing similar ordinances. This approach reflects standard municipal practice and helps ensure the ordinance is informed, practical, and aligned with best practices.

The City Council also provided more opportunities for more local public engagement than required, including additional open house meetings, city council meetings discussing the topic, and a formal public comment period. The purpose of the comment period was to gather actionable recommendations to improve the ordinance. A total of 114 formal comments were received, and all will be reviewed for opportunities to improve the ordinance prior to final consideration of the ordinance by City Council.

D.2. Why don't you just restrict data centers outright or make the ordinance too difficult?

Michigan zoning law does not allow a municipality to use zoning in a way that is exclusionary or arbitrary, unless allowed specifically by state law (for example, marijuana dispensaries). Ordinance standards must be reasonable, based on documented impacts, and directly related to the specific land use being regulated. An ordinance that is intentionally designed to prohibit a lawful land use — or make it effectively impossible to site anywhere in the city — would be vulnerable to legal challenge.

The City's obligation is to regulate development responsibly, not to pre-determine outcomes. This means:

- Standards must be supported by verifiable facts and operational characteristics, not speculation or generalized concern.
- Requirements must be proportional to the actual impacts associated with the use.
- Zoning regulations must allow some reasonable opportunity for a permitted use to locate within the City.

Instead of attempting to prohibit data centers outright, the ordinance focuses on clear, enforceable performance standards—such as noise limits, buffering, utility agreements, infrastructure requirements, and environmental protections—that directly address real, measurable impacts. This approach allows the City to:

- Protect public health, safety, and welfare.
- Maintain local control over how and where development occurs.
- Reduce legal risk to the City.
- Ensure that if a data center is proposed, it must meet strict standards tailored to Mason's context.

This framework provides meaningful safeguards while remaining consistent with the City's legal obligations and planning responsibilities.

> ***NOTE:*** *Some public comments have suggested imposing large setbacks or separation requirements from residential neighborhoods, schools, or daycares in the magnitude of miles. Currently, there is no credible scientific or regulatory finding showing that data centers pose a health risk or any legal allowance for this separation. In addition, Mason is approximately three miles wide. Imposing broad exclusion zones, in practical effect, eliminates all viable locations within the city. That would amount to de facto exclusionary zoning, which is not legally defensible under Michigan law.*

D.3. Where is the data center planned?

At this time, no data center has been approved or formally proposed in the City of Mason. The proposed ordinance is proactive, not reactive—it establishes clear standards before an application is submitted so that any future proposal is reviewed transparently, consistently, and in alignment with community expectations. If an application is submitted in the future, the location and details would be subject to public notice, public meetings, and formal review under the City's zoning process. **Refer to question D.8.** for more information on that process.

D.4. How will the City protect my property values?

Property values are influenced by many factors, including market conditions, location, surrounding land uses, and the condition of nearby properties. While the City recognizes that residents care deeply about how nearby development may affect their property values, often their largest asset, individual property owners do not have the legal right to control how neighboring properties are used, provided those uses comply with zoning and other applicable laws.

The City's role is to establish and enforce zoning regulations that balance private property rights with the broader public interest. This includes ensuring that uses allowed in a zoning district are appropriate for the area and that potential impacts are mitigated to the extent permitted by law.

By regulating land use and requiring mitigation of potential impacts, the City works to promote compatibility between neighboring properties. However, the City cannot guarantee property values or prohibit otherwise lawful development solely based on perceived impacts to individual properties.

D.5. Are there NDAs and other confidentiality agreements in place with the City?

No. City officials have not entered into any nondisclosure agreements (NDAs) or other confidentiality agreements related to a data center project. However, many other communities evaluating data center development have reportedly done so to gather more information about specific end-users and their processes.

It is important to understand, however, that confidential due diligence is a normal and necessary part of private land acquisition and early-stage project evaluation. Property owners and potential developers often conduct preliminary work—such as environmental reviews, infrastructure feasibility analysis, outstanding obligations, and financial modeling—confidentially to protect private negotiations and avoid market disruption before a project is viable. These inquiries occur for all types of development, from small residential transactions to large industrial developments.

Like many communities, the City may respond to informal or exploratory inquiries. However, the City cannot approve zoning, land use, incentives (none are planned in this case), or agreements without a formal application and public process. Any proposal that advances a formal application to rezone or for site plan review would be subject to public notice, public meetings, and review in compliance with the Open Meetings Act and public records requirements.

In addition, all City officials serving on elected or appointed boards are subject to the City's Code of Ethics (Sections 2-101 through 2-106), which requires disclosure of conflicts of interest and any financial interest related to an action.

D.6. Are there any benefits from a data center?

Short Term Job Creation, Limits on Long Term Traffic: Construction projects bring short-term employment for local contractors, suppliers, and service providers, and operations create a limited number of skilled, well-paying permanent jobs in IT, maintenance, and security. However, a data center is not expected to result in long-term job creation that will put additional pressure on our housing market or require major road infrastructure investments for long-term traffic concerns. The City has agreed through its Master Plan that large job creators are not a priority within the city.

Alignment with the Master Plan: The City's Master Plan prioritizes tax base diversification while thoughtfully managing impacts such as traffic and preserving small-town character. Under the "Investment" goal, the plan states that the City must "consider long-term efficiency, resiliency, and the next generation's needs," specifically asking whether a project "diversifies Mason's tax base" or merely expands an already dominant sector. Data centers align with the plan's goal of increasing high-value, low-impact development, enhancing our economic resiliency—properties that use utilities and generate tax revenue but have minimal long-term effects on housing demand, public services, traffic, and schools.

Expanded Tax Base & Financial Resilience: Data centers can diversify Mason's tax revenue. Currently, approximately 7.16% of local tax revenue is tied to the auto industry and 66% to single-family homes. Broadening this base helps ensure long-term stability for our community.

Supports City Financial Needs: The City faces increasing obligations, including significant Drain Assessments estimated to equal almost a mil annually for 20 years and the ever-increasing costs to maintain existing operations. New development investments can help sustain existing services without raising—and even potentially lowering—City tax rates. With the recently approved Drain Assessments, a City millage increase is likely in the near future to avoid a reduction in service levels.

Many have inquired about the specific financial benefits to the City, school and our region. The following estimates reflect annual tax contributions under two taxable value scenario assumptions, as there are no projects that have been presented to provide specific data:

Recipient	**$50M Annual Taxable Value** *(lowest anticipated value based on state incentive minimum investment thresholds)*	**$100M Annual Taxable Value** *(average value based on projects proposed in other communities)*
City General Fund (estimated)	$750,000	$1,500,000
Mason Public Schools – Debt	$250,000	$500,000
Mason Public Schools – Sinking Fund	$50,000	$100,000
County Trail Millage	$50,000	$100,000
Intermediate School District (ISD)	$300,000	$600,000
Lansing Community College (LCC)	$175,000	$350,000
Library (system-wide)	$75,000	$150,000
County	$250,000	$500,000
Airport	$75,000	$150,000
Direct Mason Area Impact Estimate (Totals for items in blue)	**$1,350,000**	**$2,700,000**

Comparatively, with the City's average annual general fund tax revenue of approximately **$4.5 million**, this level of contribution would provide meaningful fiscal stabilization. Depending on final impacts, it could allow the City to avoid future millage increases or potentially reduce millage rates for residents.

Examples of potential benefits include maintaining or expanding park investments without renewing a dedicated park millage or absorbing increased costs associated with functions such as the Drain Assessments without imposing additional taxes.

Unlike many other forms of development, particularly residential development, where service demands often rise in proportion to tax revenue, this type of development places relatively limited demand on City services. As a result, the net fiscal impact is expected to be significantly positive, helping stabilize the City's budget while supporting long-term financial sustainability.

D.7. What happens if we don't adopt an ordinance (M2 vs. M3 Comparison)?

Not adopting the ordinance **DOES NOT STOP DATA CENTERS** from locating in the City. Instead, it leaves them regulated under an outdated framework that treats data centers the same as conventional industrial uses, despite their significantly different scale and operational impacts. The proposed ordinance shifts regulation from a generalized approach to a purpose-built framework, ensuring data centers are located and managed in a way that better protects surrounding land uses and the community as a whole.

The chart below provides a comparison of the more stringent requirements that the M3 ordinance will provide compared to the existing M2 ordinance based on approved amendments up until the date of this publication. It does not include proposed amendments from formal public comments that could make M3 even more stringent:

Mitigation of Impacts	M-2 (Current)	M-3 (Proposed)
Minimum Zone Size	Not required	300 contiguous acres
Minimum Parcel	60,000 or in M-2 Industrial Parks, the required minimum lot area within a parcel shall be 20,000 square feet	50 acres
Frontage	On a public street	Adequate to meet requirements on a public street or a private drive over a parcel with frontage on a public street
Parcel Width	200; In M-2 District, Industrial parks required minimum lot width shall be 100 feet.	Adequate to meet requirements
Parcel Coverage of all structures	50%; The remaining 50% of the lot for required parking, landscaping, and storm water drainage control (retention/detention ponds).	60%; The remaining 40% of the lot for required parking, landscaping, and storm water drainage control (retention/detention ponds).
Minimum Front Set Back	60 may be reduced by a maximum of 50% upon finding that the reduced setback is in keeping with predominant development patterns in the immediate area and such reduction would encourage a more uniform, unified and orderly development pattern.	150 feet for buildings from the public street or to a residential zone (not including AG) 100 feet for parking
Minimum Side Yard Set Back	20	50 (nonresidential), 150 if residential
Minimum Rear Yard Set Back	20	50 (nonresidential) 150 if residential
Maximum Height	45; May be increased if front, side, and rear yard setbacks are increased an equal amount. ***Note**: The setbacks for a 70-ft building is allowed and would be 85-ft front and 45-ft side/rear.*	70
Parking	.33 per 100 square feet of Usable Floor Area (UFA)	1 per employee (maximum employee shift)
Public Amenities	Sidewalk	Leisure Trail
Lighting	No more than one foot candle of light shall cross a lot line five feet above the ground on a residentially used lot. Lighting is directed downward as much as possible and is appropriate for the application.	In addition to lighting requirements for M2, M3 lighting standard includes more stringent requirements implementing "dark sky" elements such as limiting the height of lights and light level, requiring lights over 1000 lumens to be fully shielded to support downward lighting, limiting correlated color temperature to 3000 kelvins, and requiring motion lights to shut off after 5 minutes.

Mitigation of Impacts	M-2 (Current)	M-3 (Proposed)
Noise	Adjacent to a residential or other non-commercial, non-industrial district. • 7:00 a.m. to 10:00 p.m.: 55 dBA • 10:00 p.m. to 7:00 a.m.: 50 dBA Adjacent lot in a commercial district. • 7:00 a.m. to 10:00 p.m.: 65 dBA • 10:00 p.m. to 7:00 a.m.: 60 dBA Adjacent lot in an industrial district. • 7:00 a.m. to 10:00 p.m.: 70 dBA • 10:00 p.m. to 7:00 a.m.: 65 dBA	This ordinance would require that noise levels do not exceed sixty-five (65) decibels (dBA) on any adjacent private property outside of this district during normal operations. Noise levels up to eighty (80) decibels (dBA) at the boundary of any adjacent private property outside of this district are allowed during periodic testing or exercising of equipment. Such testing or exercising shall not occur more often than once monthly for up to a total of fifteen (15) minutes, with the exception that such testing shall be allowed for a duration of up to a total of sixty (60) minutes twice per year. If approved in advance by the city manager for each occurrence, the sixty (60) minute events may be allowed up to two (2) additional times per year. Any testing or exercising shall be allowed only to occur between the hours of 9:00 a.m. and 4:00 p.m. on a weekday.
Screening	When adjacent to agricultural or residential uses, a buffer at least 50 feet wide containing one tree for each 20-linear feet of buffer zone length or fraction thereof. When adjacent to office or commercial uses, a buffer at least 30 feet wide containing one tree for each 30-linear feet of buffer zone length or fraction thereof. When adjacent to manufacturing/industrial uses, a buffer at least 10 feet wide containing one tree for each 30-linear feet of buffer zone length or fraction thereof. All: At least one-half of the total number of trees required within the buffer zone shall be canopy trees. The buffer zone shall contain a minimum six-foot high screen comprised of plant material, berms, screen walls or fences, or any combination of these elements.	This zone will require a berm which shall consist of a mixture of deciduous trees, evergreens, bushes, and natural grasses to provide an opacity of eighty percent (80%) and reach a height of fifteen (15) feet above the berm on the date that is four (4) years after planting, creating a natural buffer. In addition, a four (4) rail fence shall be installed by the owner along the right-of-way of a street that abuts the subject property for the entire length of the frontage on the street, subject to required breaks for vehicular and pedestrian access. Any security fencing would be behind these elements. This zone also includes access point screening 94-153(l)(2)(d)(4) and vegetative screening along boundaries not adjacent to a public street or residential 94-153(l)(4).
Berming		Required along the entire district boundary adjacent to a public street or residential property, eight (8) to ten (10) feet high with a minimum of 15-foot plantings above the berm

D.8. If a project is submitted, what are the next steps, and will the public be involved?

If a project is submitted, it must go through multiple public review steps under the new ordinance, each conducted at noticed public meetings with opportunities for public comment. This process would occur over the process of several months, with an opportunity for the public to review plans and comment. Although multiple actions (for example: utility and development agreements) could take place at the same meeting.

If the property is already within the City:

1. *Rezoning of Property*
   a. City Council – Considers introduction and first reading of proposed rezoning ordinance (**Public Meeting***).
   b. Planning Commission – Holds public hearing, takes public comment, and makes a recommendation to Council on rezoning ordinance. ***Public hearing*** notices are required to be mailed to abutters within 300 feet of the proposed parcel being rezoned and printed in the Lansing State Journal at least fifteen (15) days in advance. (**Public Meeting***).
   c. City Council – Considers the Planning Commission's recommendation, second reading and adoption of rezoning ordinance (**Public Meeting***).

2. *Utility Agreement.* City Council – Considers terms of agreement governing water and wastewater service, monitoring, and enforcement (**Public Meeting***).

3. *Development Agreement.* City Council – Considers terms of agreement outlining obligations related to infrastructure, operations, and mitigation measures (**Public Meeting***).

4. *Site Plan Review*
   a. Preliminary Site Plan Review – Planning Commission review of layout, buffering, access, utilities, and compliance with ordinance standards. (**Public Meeting***).
   b. Final Site Plan Review – Planning Commission final confirmation that all ordinance requirements and conditions have been met before permits may be issued (**Public Meeting***).

If the property is not within City limits, additional steps occur before development review. These steps replace the rezoning process and also require public meetings:

- **Option 1: Public Act 425 Agreement (Intergovernmental Conditional Transfer of Property by Contract Act)**
  Outlines the terms of the transfer, including any revenue sharing, zoning, and development conditions for up to 50 years. This is the ideal mechanism to create a partnership between both entities, but it cannot generally occur until a specific project area and development are defined or requested.

  1. Appropriate Township –The township board considers and acts on the agreement (**Public Meeting***).

  2. City Council – City Council considers and acts on the agreement (**Public Meeting***).

- **Option 2: Annexation**
  The City has no intention of annexing any property at this time, so this process would be Direct Annexation by Property Owner Petition to the State Boundary Commission, expressing their need for utilities, as required by the incentive. This can happen at any time upon the petition of the property owner.

  1. State Boundary Commission – The Michigan State Boundary Commission holds a public hearing before making a decision on annexation (**Public Meeting***). For more information on this process and relevant public acts visit: https://www.michigan.gov/lara/bureau-list/bcc/boards-commissions/state-boundary-commission

***NOTE:** Public Meetings are advertised in accordance with the Michigan Open Meetings Act and allow for public comments as defined in that entity's rules of order.*

E. MASON'S PROPOSED ORDINANCE- SPECIFIC

In order of how they are listed in the Proposed Ordinance

E.1. **Sign Requirements.** Section 58-127

The amendment to the sign regulations was made solely to include the M-3 District, as zoning law does not allow a district to be created without sign allowances. The intent was not to permit larger or more prominent signage than otherwise allowed under the City's sign ordinance.

> ***PROPOSED AMENDMENT:*** *Questions have been raised about whether the large physical size of a facility could result in unintentionally larger signs due to how the sign area is calculated. That concern was reviewed, and an additional amendment will be proposed to ensure sign size remains consistent with the City's intent and community character. This amendment would limit the wall signs in the section to a maximum size of eight hundred (800) square feet.*

E.2. **Uses permitted by right.** Section 94-153(b)

The defined uses in the ordinance were developed based on industry standards, state incentive program language, and zoning best practices used by other communities regulating similar facilities.

> ***NOTE:*** *Some public comments have raised concerns that the definitions may be overly broad or could allow uses beyond what was intended. These comments were reviewed and considered. However, the definitions must align with and remain consistent with the City's existing ordinance framework, which does not define uses based on their impacts to other utilities, such as electric infrastructure, over which the City has no regulatory authority. As a result,* ***no amendments are planned for this section.***

E.3. **Uses permitted by right. Uses authorized by a special use permit.** Section 94-153(b)-(d)

The ordinance reflects a broader planning trend toward clearly defined uses with objective standards, rather than relying heavily on Special Use Permits (SUP). This approach provides greater predictability, transparency, and enforceability for both the City and the public. The City wants to ensure the requirements in the ordinance are not impacted by the pressure of a large financial contributor to the community.

Special Use Permits would still be required for any M-1 or M-2 uses proposed within the M-3 District, as those uses typically have different operational characteristics and may not require—or may not be appropriate for—the additional restrictions established for M-3. This ensures that uses are reviewed based on their actual impacts and compatibility with the district

With both Use by Right and Special Use Permits, the City may add additional conditions to avoid, minimize or mitigate adverse impacts based upon findings of fact discovered as part of the Site Plan Review process. Site Plan Review is a multi-disciplinary review by all City Departments and Agencies with jurisdiction over a proposed location.

> ***NOTE:*** *Public comments were received both in support of and in opposition to allowing a concrete batch plant as a by-right use on the site. In the initial draft of the ordinance, a concrete batch plant was included based on input from communities with existing data center developments, where on-site batching was found to reduce truck traffic and roadway impacts during construction. However, feedback received during the public open houses indicated that potential on-site impacts were of greater concern to residents than temporary roadway impacts. Based on this feedback, the use was removed from the ordinance. There are no plans to recommend an amendment to reinstate a concrete batch plant as a by-right use.*

PROPOSED AMENDMENT: *Based on public feedback, there are concerns that without a SUP, there may be less public engagement. That concern was reviewed, and an additional amendment will be proposed to add a formal public hearing at the preliminary site plan evaluation in alignment with the public engagement associated with SUP. That process requires notification to be mailed to abutters within 300' of the proposed parcel being rezoned and printed in the Lansing State Journal at least fifteen (15) days in advance.*

E.4. **Development standards.** Section 94-153(e)

Under the City's existing site plan review ordinances, the Planning Commission already has the authority to request additional documentation as part of its review. This authority can include many of the items raised during public discussion, such as analyses of utility impacts and environmental considerations. For that reason, no additional mandatory submittal requirements were originally included in this ordinance.

PROPOSED AMENDMENT: *Based on public feedback, concerns were raised that certain critical documents should be required—rather than optional—for uses within these districts. The intent of this feedback was to ensure that key information cannot be waived and that the public has consistent access to essential information, particularly given the unique infrastructure and environmental considerations associated with this industry.*

In response, the City will propose an amendment requiring the following materials to be submitted as mandatory components of the site plan review process:

- *Estimated water and wastewater usage, including anticipated average and peak demands*
- *Written confirmation from the electric utility provider verifying that sufficient electrical capacity is available and that service to the proposed use will not adversely affect existing customers*
- *An environmental impact statement evaluating potential effects on water resources, air quality, and area wildlife, including identification of proposed mitigation measures such as cooling systems and water conservation practices*

These requirements establish a consistent baseline of information for review, enhance transparency for the public, and preserve the Planning Commission's ability to request additional documentation as necessary.

Public comments also suggested that the ordinance should dictate the specific type of cooling system or require particular methods of water use mitigation. While the utility agreement referenced in question E.9 will establish maximum usage thresholds and allow for discussion of conservation strategies, the City does not prescribe specific operational technologies through the zoning ordinance. Dictating particular systems could unintentionally limit innovation or require outdated approaches by the time a project is proposed. Instead, the City focuses on performance standards and enforceable limits while allowing flexibility in how applicants meet those requirements.

E.5. **Eligibility.** Section 94-153 (f)

The ordinance currently requires 300 contiguous acres based on information from other communities on the typical size of the types of centers that would fall under the state's incentive.

PROPOSED AMENDMENT: *There have been public comments expressing concerns that the 300 contiguous acres are targeting certain properties that are only outside of the City. That concern was reviewed, and an additional amendment will be proposed to reduce the minimum size to 50 acres and ensure that it does not restrict the site to only a few properties and doesn't give the impression of exclusionary zoning. This change also resulted in the proposal of an additional amendment recommending removal of Section 94-153(g)(1), as a minimum parcel area is no longer needed with the district being reduced to 50 acres.*

E.6. **Building Height.** Section 94-153 (h)

Under the existing M-2 zoning district, the maximum building height is 45 feet. However, this height may be increased when front, side, and rear yard setbacks are increased by an equivalent amount. For example, a 70-foot building is allowed, but would require an 85-foot front yard setback and 45-foot side and rear yard setbacks.

The proposed M-3 district standards are significantly more restrictive. While allowing greater building height, the proposal requires a minimum 150-foot setback, which exceeds current M-2 requirements and substantially reduces visual and land-use impacts. The City as a provider of services has to balance effective use of land by going up in height vs. going horizontal to take up more land overall.

> ***NOTE:*** *Members of the public have expressed concerns that the proposed building height is too tall. Suggested reductions generally range between 35 and 50 feet, often based on the perception that buildings of this scale do not currently exist within the community and that they are not allowed under the existing ordinances. However, that is not factually true, and as a result,* ***no amendments are planned for this section.***

E.7. **Residential zoning district defined.** Section 94-153 (k)

The M-3 ordinance clarifies that references to "residential zoning" apply only to properties that are zoned residential and do not include agricultural zoning.

> ***NOTE:*** *Members of the public have expressed concerns that agricultural land is not subject to the same requirements as residentially zoned property, particularly with respect to buffering and setback standards. Agricultural properties within and adjacent to the City do not always contain residential uses and typically have greater natural separation due to the surrounding area. In addition, operational noise is a customary and expected component of agricultural activity.*
>
> *By contrast, residentially zoned properties do not necessarily benefit from the same physical buffer or parcels with large footprints, regardless of whether a residence is currently present. For this reason, additional protections were intentionally applied to residentially zoned land to minimize potential future impacts and preserve long-term compatibility.*
>
> *It is important to note, however, that throughout the ordinance, agricultural properties that include residential use are treated equivalently to residentially zoned properties for purposes of noise, buffering, and screening requirements, ensuring protection for individuals living on agriculturally zoned land.*
>
> *Based on this distinction and the purpose of the standards,* ***no amendments are planned for this section.***

E.8. **Setbacks, buffering, and screening requirements.** Section 94-153 (l)

Setback requirements must strike a balance between protecting adjacent properties and maintaining reasonable land use efficiency, avoiding excessive vacant areas that would increase land acquisition costs and supporting infrastructure efficiency. The setback distances proposed in the ordinance were developed primarily to address visual and noise impacts. Specifically, these distances are based on the viewing angle necessary to prevent the largest permitted building from being directly visible from public roadways.

> ***PROPOSED AMENDMENT:*** *Members of the public expressed concerns regarding setback distances, with suggested requirements ranging from 200 to 1,500 feet, particularly where properties abut residential uses. These concerns were reviewed, and an additional amendment will be proposed to increase the setback to 200 feet where a data center property directly abuts a residentially zoned parcel and shares a common property line.*

This standard is based on objective guidance from recognized planning resources, including the Urban Land Institute, and is consistent with reasonableness and proportionality reflected in other City ordinances.

An additional amendment is also proposed to eliminate any reduction of this setback based on common ownership of adjacent parcels, ensuring consistent protection regardless of ownership structure, and to add more stringent access point screening language to ensure residential uses or zoned residential property is screened appropriately.

Screening requirements related to berms and landscaping were developed in consultation with a professional arborist. The plan is based on:

- Tree species most likely to thrive in local conditions and the restrictions related to the required berm within this district.
- A diverse mix of species to create a more natural landscape
- Risk reduction related to disease susceptibility and common life spans

***NOTE:** Public feedback included questions about why all screening trees are not evergreen or planted at a uniform, immediate height. This approach was intentional, as reliance on a single tree type—particularly evergreens—increases vulnerability to disease and widespread loss, a condition the City has experienced in other areas.*

*Tree sizes were selected to maximize long-term survival and effectiveness, rather than short-term visual screening alone. Based on expert guidance and best practices, **no amendments are proposed to the screening and landscaping standards.***

Construction activities would be subject to requirements in various sections of existing City ordinances and in state law intended to minimize impacts on surrounding neighborhoods, including:

- On-site staging requirements for materials and equipment
- Compliance with existing ordinance standards related to noise, dust control, and hours of operation, which are clearly established elsewhere in the City's ordinances and prohibit construction during overnight hours and on Sundays
- In addition, any permits related to road access and stormwater management would impose requirements on impacts to roadways, water tables, and drainage during construction.

***NOTE:** Members of the public have suggested additional restrictions on construction hours. While the City acknowledges and understands these concerns, other residents have also identified prolonged construction timelines as a significant impact. The City must therefore balance limiting construction to reasonable hours with avoiding unnecessary delays that could extend the overall duration of construction activity.*

The City's existing ordinances already address these concerns and have been tested through large-scale construction projects. For example, during the recent Steele School construction project, contractors requested a limited exemption from standard construction hours. In response, the City Council notified nearby residents and solicited public feedback before allowing the exemption, based on community input prioritizing a shorter overall construction period over stricter hourly limitations.

*Based on this experience and the effectiveness of the current regulations, **no amendments are planned for the construction site setup subsection.***

E.9. Utilities. Section 94-153 (o)

E.9.a. Standby generators. Section 94-153 (o)(2)

Standby generators are regulated under the ordinance to ensure they do not create ongoing nuisance conditions. Generator operation is strictly limited to emergency use and periodic testing, with clear restrictions on the frequency, duration, and timing of testing activities. Generators may never be used to

provide routine or primary power under this proposed ordinance, a practice that has caused concerns in other communities.

To further mitigate impacts, generators must be located internally on the site, reducing noise exposure, and are subject to additional setback and buffering requirements to protect adjacent properties.

PROPOSED AMENDMENT: *Despite existing safeguards that limit emergency generators to infrequent operation, members of the public have raised concerns regarding particulate emissions from backup power systems. Tier 4 generator technology can reduce particulate matter and other harmful emissions by up to 99 percent compared to earlier emission tiers. However, under current state and federal regulations, emergency-use generators are exempt from Tier 4 requirements due to their limited operating hours.*

In response to these concerns, the City is evaluating an additional amendment that would require all on-site generators to be certified to Tier 4 emission standards, regardless of fuel type or classification as emergency equipment. This requirement would substantially reduce particulate emissions and address public health concerns, even during limited emergency operation, while providing a consistent and enforceable standard.

E.9.b. Water and sewer utilities. Section 94-153 (o)(3)

Under the proposed ordinance, all data center developments are required to enter into a utility agreement with the City. This agreement will address long-term operational obligations, including:

- Minimum utility payments
- Minimum taxable value
- System capacity protections
- Fully developer-funded water or sewer infrastructure improvements necessary to serve the development, ensuring that existing residents and ratepayers are not responsible for additional costs.
- Decommissioning responsibilities, where legally permissible

PROPOSED AMENDMENT: *Public concerns have been raised regarding potential impacts on the City's water and wastewater systems. Information addressing these concerns—and correcting misinformation—can be found in the water and wastewater sections of this FAQ. In addition, the City is reviewing the legality of proposed decommissioning requirements when the developer is required to pay and transfer the asset to the city. While decommissioning bonds are legally permitted in certain state-regulated industries—such as solar—or when negotiating incentives, their applicability to this land use must be carefully evaluated to ensure compliance with statutory and constitutional limits. This is under review, but would not be critical to include in the zoning ordinance, as the City Council could require it if legally allowed at the time of utilities agreement consideration. To that end, the City is evaluating an additional amendment that would remove the ordinance requirement for a decommissioning bond related to utilities*

Questions have also been raised regarding utility rates for data center users. Rates must be established in accordance with enterprise fund principles, reflect the actual cost of service, and be defensible to auditors. No class of user may subsidize another, as doing so would constitute an impermissible tax.

For these reasons, the City does not intend to require data center users to pay the same rates as residential customers. Due to their scale, unique demand, and infrastructure requirements, such users are likely to pay higher rates than other users for "ready to serve," subject to final cost-of-service evaluation. However, to confirm the protection for residential users, an additional amendment is proposed to clarify that development in this district will not be charged less than the residential rate.

In addition to the specific sections discussed above, there has been public discussion regarding on-site power generation and proposals to require users within this district to commit to generating a specified percentage of renewable energy on site. This option was evaluated and determined to be neither legally defensible nor preferable as a zoning requirement.

State law already requires the purchase of renewable energy as a condition of eligibility for applicable tax incentives. That requirement is based on overall electrical consumption rather than on-site generation. Requiring on-site generation for a large-scale facility would result in infrastructure demands that are not compatible with the City's planning goals.

For example, a 500-megawatt data center operating at full capacity would require approximately 50 megawatts of continuous power to meet a 10 percent renewable energy threshold. To generate that amount of energy on site would require, at a minimum based on average energy production:

- *Approximately 600,000 to 650,000 solar panels, assuming typical panel capacity and regional solar production rates; or*
- *Approximately 45 to 50 utility-scale wind turbines, depending on turbine size and average capacity factors.*

Even at half the energy demand, the infrastructure of this scale is neither contemplated nor encouraged in the City's Master Plan and would introduce land use impacts unrelated to the primary use being regulated. For these reasons, the City has chosen to rely on state-level renewable energy requirements and performance-based standards rather than mandating specific on-site energy generation technologies through the zoning ordinance, which would essentially result in exclusionary zoning. ***No amendment related to onsite renewable energy is proposed.***

E.10. Environment Regulations. Section 94-153 (q)

E.10.a. Noise. Section 94-153 (q)(2)

The noise standards were established based on the current zoning, standard municipal noise regulations, and a review of ordinances for similar uses. In general, the standard for this type of development is 65 dBA at the edge of the property, with separate considerations for generator use. Site development conditions—including vegetative buffers, building placement, generator operational testing limits (time and frequency), and equipment location—were specifically designed to minimize noise transfer to adjacent properties.

The ordinance also requires pre-development and post-development noise studies to measure actual impacts. If the pre-development noise level exceeds the 65 dBA standard, the post-development limit will be equal to the pre-development baseline since the developer is not responsible for reducing existing ambient noise, as in many areas of the City, including downtown, average approximately 60-65 dBA.

PROPOSED AMENDMENT: *Public feedback suggested lowering the maximum noise standard to various levels from 0–65 dBA for both operational use and generator use. After review, many of these levels are not feasible, as suburban environments naturally have higher ambient noise levels than rural areas, and the City's current ordinance allows 55 dBA during the day and 50 dBA at night for residential-adjacent properties with no restrictions on generator testing or emergency use. This is based on uses that typically do not operate at night or 24/7.*

The proposed ordinance already separates regular operations from generator testing. In response to public concerns, an additional amendment is being considered to limit the average noise level over any 24-hour period to 55 dBA at the property boundary shared with a residential use or residential district. This aligns the new district's operational noise standard with existing City requirements and provides consistent protection for adjacent residents.

E.10.b. Outdoor lighting. Section 94-153 (q)(3)

The proposed M-3 district includes enhanced restrictions on outdoor lighting beyond existing standards. In addition to the requirements applied in the M-2 district, the M-3 standards implement "dark sky" measures, including:

- Limiting the height of fixtures and overall light levels
- Requiring lights over 1,000 lumens to be fully shielded and directed downward
- Limiting correlated color temperature to 3,000 Kelvin
- Requiring motion-activated lights to shut off after five minutes

NOTE: *Public feedback raised concerns about the "glow" of the site and 24/7 lighting. The proposed standards balance neighbor impacts with operational needs, safety, and security requirements. Additional vegetative buffers and site design further help reduce lighting impacts on adjacent properties. Based on this evaluation and best practices,* ***no amendments are proposed to the lighting standards.***

E.10.c. Vibration. Section 94-153 (q)(4)

Public comments have raised concerns regarding potential vibration impacts from facility operations. The proposed ordinance includes a requirement for pre- and post-development ground vibration testing and limits vibration to no more than the pre-development baseline.

NOTE: *In addition to the specific sections discussed above, there has been public discussion regarding regular soil testing or testing of area properties. There is no authority by which the city or the developer can be required to perform such testing on private property and there is no evidence to believe there are concerns regarding ground contamination. EGLE would be the regulatory agency with authority to enforce those requirements if a violation occurred under state law.*

E.11. Development Agreement Section 94-153 (r)

Unlike other zoning districts, the proposed M-3 district requires a recorded development agreement. This agreement would document key project commitments, including investment levels, development timelines, infrastructure obligations, and operational standards. Recording the agreement ensures that these commitments remain enforceable even if the property is sold or ownership changes.

NOTE: *Several public comments requested that the City require a decommissioning bond to guarantee demolition of the facility and restoration of the site to its original condition. The City is reviewing the legal authority and practical enforceability of such a requirement under Michigan law. While decommissioning bonds are legally permitted in certain state-regulated industries—such as solar—or when negotiating incentives, their applicability to this land use must be carefully evaluated to ensure compliance with statutory and constitutional limits. This is under review but would not be critical to include in the zoning ordinance, as the City Council could require it if legally appropriate allowed at the time of development agreement consideration.*

E.12. Other Items not included in M3, but noted in public comments

Certain topics raised during public discussion are governed by other sections of the City Code, state regulations, or separate approval processes and therefore are not specifically regulated within the M-3 zoning district.

E.12.a. Violations

Violations of the current M-2 and proposed M-3 district standards are addressed through existing enforcement provisions in the City Code. These provisions establish remedies for noncompliance, including corrective actions and penalties as appropriate.

NOTE: *Public comments suggested increasing fines for this industry due to the likely scale of their assets and value. This approach is not legal, as code enforcement fines cannot be based on a company's or individual's ability to pay. Fines must instead be tied to the justification of potential impacts.*

However, in addition to standard code enforcement, compliance in the M-3 district is reinforced through enforceable terms in both the required utility agreement and the development agreement. These agreements provide remedies specific to operational performance, infrastructure obligations, and mitigation measures, allowing the City to address violations through multiple, complementary enforcement mechanisms.

E.12.b. Public Safety and Fire Risk

All development within the M-3 district is required to comply with applicable building, fire, and safety codes. These codes are designed to reduce fire risk through standards for construction materials, fire suppression systems, access for emergency responders, and operational safety measures.

In practice, facilities of this type often include additional fire protection and safety systems beyond minimum code requirements due to the nature of their operations and the level of private investment involved. These protections are reviewed during the building permit and site plan approval processes to ensure public safety objectives are met. Review of any proposed site plan by the Police Chief and Fire Chief is part of the site plan review requirements under the current City zoning ordinance.

NOTE: *Public comments suggested that the City require additional protections, such as providing equipment to the city, mandating enhanced fire protection beyond the building code, or requiring payments to the fire or police departments. The city has determined that none of these requirements would be legally defensible or ethically appropriate for an approving body to require donations. The building and fire codes provide the legally enforceable standard for fire safety, and there is no basis to require additional fire protection beyond these codes for developments in the M-3 district.*

E.12.c. Community Benefit Agreements

A community benefit agreement (CBA) is a legally binding contract negotiated between a developer and a group representing local community interests. CBAs are typically required by communities when providing incentives—such as tax abatements—to a project, and they allow the developer to gain community support, or at least avoid opposition. The benefits are tailored to local needs and may include job opportunities, workforce training, environmental protections, funding for community amenities, or neighborhood improvements.

CBAs differ from regular zoning approvals because they are contracts outlining specific commitments, rather than conditions imposed through a zoning ordinance. They can be private agreements between a developer and community groups, or part of a municipal process mandated by ordinance, often tied to the offering of certain incentives.

NOTE: *Public comments suggested requiring a CBA for this project, citing examples in other cities where CBAs were used in connection with tax incentives or lawsuit settlements. However, the City does not intend to provide any incentives for this project and is not negotiating a settlement of any lawsuit. There will be no local tax abatements or reduced utility rates to attract this user, they will pay the same as any other development. As a result, the City has no legal ability to require a community benefit agreement, and any CBA would be entirely at the discretion of the developer to gain local support.*

Resources: More Questions? Please contact our Customer Service Desk at 517.676.9155 or info@mason.mi.us.