



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Department of Development Services

DCM: David Gaines

DATE: August 10, 2022

SUBJECT

Hold a public hearing and consider making a recommendation to City Council regarding amending the Denton Development Code related to two new uses: Data Center, Modular and Data Center, Warehouse. (DCA22-0003, Data Center Code amendments, Ron Menguita)

BACKGROUND

On April 8, 2022 and May 13, 2022, the Development Code Review Committee (DCRC) held discussions regarding proposed Code amendments related to Data Center uses. At their meeting on May 13, 2022, the DCRC recommended that the subject Code amendment be forwarded to the Planning and Zoning Commission for review and consideration. Refer to Exhibit 2 – Draft Code Amendments for details of what amendments are being proposed.

On August 17, 2021, a request to rezone city-owned property by the Denton Energy Center from Public Facilities District to Light Industrial District was approved by City Council to allow for a proposed data center warehouse use. The request was associated with a ground-lease and power purchase agreement between Denton Municipal Electric and a private third-party, securing additional revenues for the City of Denton. Although the proposed use of data center warehouse was not specifically listed in Table 5.2-A of the Denton Development Code (DDC), the Director determined that the appropriate use category and use type for the proposed use, as presented, was consistent with the existing “warehouse and wholesale facility” use. It was further determined that given the location and separation from any rights-of-way or adjacent properties, the associated development standards for this industrial use were sufficient to adequately mitigate any potential impacts to surrounding properties. The Director Determination provided was consistent with the process outlined in DDC Section 5.2.4, Classification of New and Unlisted Uses.

Since then, staff from Development Services and Denton Municipal Electric have received additional interest from companies within the private technology sector regarding the development of similar “data centers” within the City of Denton. However, the proposed conceptual plans shared thus far include pod-like “data centers” that incorporate the use of storage containers or other pre-fabricated pods. Staff has determined that the use, when proposed as individual containers and/or pods not located within a building, is not consistent with the existing “warehouse and wholesale facility” use and additional standards are required to address potential negative impacts or nuisances to surrounding properties and the community. Furthermore, as staff learned more about the purpose and activities associated with a data center warehouse use, it became clear that the use is not consistent with the existing “warehouse and wholesale facility” use defined in the DDC as, “A building or area for storage, wholesale, and/or distribution of goods and materials, supplies, and equipment that are manufactured or assembled off-site. This definition excludes the

bulk storage of materials that are flammable or explosive or that create hazardous or commonly recognized offensive conditions. Accessory uses may include retail and office uses”.

Per Section 5.2.4.C.2, if the determination of an appropriate use category and use type results in a finding that the use, structure, or activity will be a common use or would create confusion by remaining unlisted, the Director may initiate an application for a DDC text amendment pursuant to Subsection 2.7.4: Zoning Text Amendment, to revise Table 5.2-A: Table of Allowed Uses, accordingly. Therefore, staff proposes an amendment to the Denton Development Code to include two new data center uses and associated use-specific standards and minimum development requirements taking into consideration the form of the development, whether in a modular unit form (data center, modular) or an actual building (data center, warehouse). Specific amendments to the following sections are proposed:

- Amend Table 5.2-A (Table of Allowed Uses) to include each use and identify the appropriate zoning districts.
- Amend Subchapter 5.3.6 (Use-Specific Standards, Industrial Uses) to include use-specific standards for each use.
- Amend Table 7.9-I (Minimum Required Off-Street Parking) to include each use and associated parking.
- Amend Subchapter 9.2 (Definitions) to include definitions for Modular Data Center and Warehouse Data Center, and to update the definition of Electric Substation.

Staff is proposing to update the definition of Electric Substation to clarify what is considered an electric substation. The current definition does not specify a voltage (kV = kilovolts or 1000 volts), therefore someone could interpret the definition that all electric equipment that steps down voltage (converting a higher voltage to a lower voltage) as an Electric Substation. The addition of the 60kV threshold is being used to clarify if a use is classified as an electrical distribution equipment or as an electric substation.

The Denton Development Code currently defines Electric Substation as: *A structure that is part of an electric generation, transmission, and distribution system which either:*

1. *Converts electric energy to a lesser voltage for the purpose of subregional or localized distribution;*
2. *Functions as a transition point from overhead to underground electric transmission lines; or*
3. *Acts as the point of convergence for two or more transmission lines.*

See Exhibit 3 for Staff Analysis.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Date	Council, Board, Commission	Request	Action
April 23, 2019	City Council	Consider 2019 DDC Update	Approved with an effective date of October 1, 2019
April 8, 2022	Development Code Review Committee	Consider amendments related to a new use: Data Center	Continued item for more discussion
May 13, 2022	Development Code Review Committee	Consider amendments related to a new use: Data Center	DCRC directed staff to proceed with proposed amendments as presented to the P&Z and City Council

OPTIONS

1. Recommend approval
2. Recommend approval with conditions
3. Recommend denial
4. Postpone item

RECOMMENDATION

Staff recommends **approval** of the amendments related to a new use: Data Center as the proposed amendments meet the established criteria for approval for Code Text Amendments as outlined in Section 2.7.4D of the DDC.

EXHIBITS

1. Agenda Information Sheet
2. Draft Code amendments
3. Staff Analysis
4. Draft Ordinance

Respectfully submitted:
Tina Firgens, AICP
Deputy Director of Development Services/
Planning Director

Prepared by:
Karina Maldonado
Transportation Planner

Ron Menguita, AICP
Principal Planner