

Data Centers: Existing Regulatory Framework and Potential Policy Considerations

City Council Work Study Session | October 6, 2026

Planning & Development Services



What is a Data Center?

- **Servers & IT Equipment**
Store, process and transmit digital information
- **Electrical Infrastructure**
High-capacity service, transformers and substations
- **Cooling Systems**
Maintain required operating temperatures
- **Backup Power**
Generators and battery systems for continuity
- **Telecommunications**
Fiber and network connections

Data centers can range from relatively small facilities to large, multi-building campuses with substantial infrastructure requirements.

Data Center Terminology

Term	What It Describes	Plain-Language Meaning
Enterprise	Ownership / Use	Operated primarily for one company's own technology needs
Co-location	Operating Model	Provides space, power and connectivity to multiple customers
Hyperscale	Scale / Capacity	Very large facility or campus designed for substantial computing demand
Artificial Intelligence (AI)	Workload	High density computing use

Scale is the most important factor in evaluating potential impacts to the City.

Data Centers: Changes In Scale & Intensity

- Rapid growth in AI, cloud computing and digital services
- Larger buildings and multi-building campuses
- High and continuous / increasing electrical demand
- Cooling and backup-generation systems
- Dedicated utility and telecommunications infrastructure
- Greater land-use and infrastructure considerations



*Conceptual illustration

What Are Communities Considering Nationally?

Common Areas of Review

Land Use

- Definition and permitted locations
- Scale/intensity thresholds
- Residential compatibility

Site & Operations

- Building massing and setbacks
- Equipment screening
- Noise and generators

Infrastructure

- Water Demand / cooling systems
- Electrical demand / generation
- Utility capacity, distribution, and service timing
- Emergency response

Long-Term

- Monitoring
- Decommissioning / adaptive reuse

What Are Arizona Communities Considering?

Evolving Approaches: Phoenix | Chandler | Mesa | Tempe | Gilbert | Avondale | Surprise | Buckeye | Tucson

Land Use & Review Considerations

- Specific data center definitions
- Permitted locations and accessory-use distinctions
- Scale or intensity thresholds
- Special / discretionary review
- Residential separation or compatibility standards

Site & Operation Considerations

- Noise studies and generator standards
- Building, setback, and equipment-screening requirements
- Emergency generation and operating considerations

Infrastructure & Resource Considerations

- Utility coordination and electrical capacity
- Water use / infrastructure requirements
- Monitoring or other ongoing operational requirements



How Scottsdale Regulates Data Centers Today⁷

Current Land Use Classification: “Data Processing, Hosting and Related Services”

Based on NAICS 518210:

- Data centers
- Colocation facilities
- Data processing
- Web/cloud hosting
- Computer storage and related services

Scottsdale does not separately define or regulate “data center.”



Where Are They Permitted?

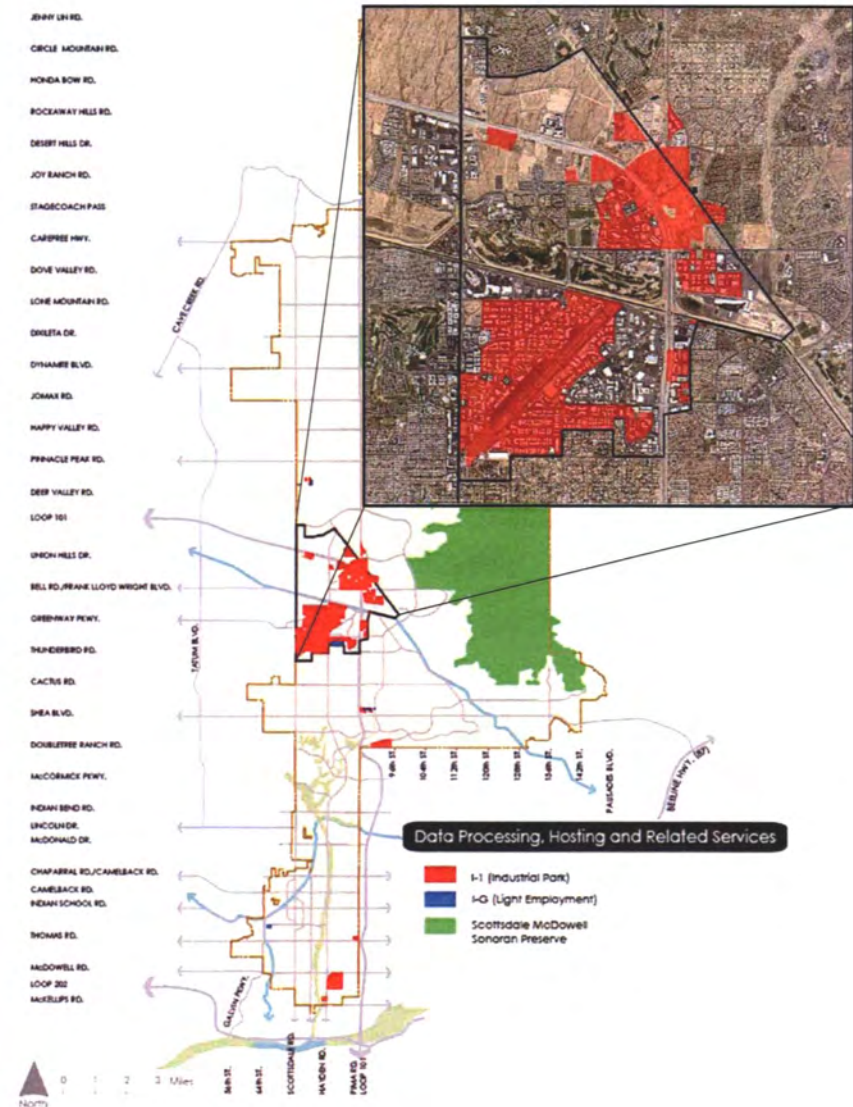
Permitted by right

- Industrial Park (I-1)
- Light Employment (I-G)

Subject to:

- District development standards
- Development Review
- Building / Fire / other City codes
- Applicable permitting requirements

No data-center-specific conditional use permit today



Scottsdale Existing Compatibility Standards

Existing I-1 / I-G tools include:

- Building and activity setbacks
- Landscape yards and buffers
- Open space requirements
- Building height / lot coverage
- Mechanical equipment screening
- Outdoor storage limitations
- Development Review
- Lighting and noise regulations

These standards were not developed specifically for large data centers

Existing Scottsdale Data Centers

10



8521 E. Princess (Perimeter Center)
+/- 4.5 acres | ~74,000 SF | 5.8+ MW | ~55,000 GPD



7499 E. Paradise Lane (Greater Airpark)
+/- 7.9 acres | ~99,000 SF | 11+ MW | ~3,500 GPD

Some Considerations Extend Beyond Zoning

Zoning is only part of the framework

Zoning can address

- Location
- Setbacks and buffering
- Building design
- Equipment placement
- Noise-related site design

Other mechanisms may address

- Water / wastewater capacity
- Electrical infrastructure
- Fire and emergency response
- Air-quality requirements
- Infrastructure timing and financing
- Development Agreements

Next Steps

- Confirm scope of policy issues
- Coordinate with Water, Fire, Economic Development, Legal and Utilities
- Additional Arizona / national benchmarking
- Evaluate thresholds and legal authority
- Develop potential Ordinance / Code approaches
- Return to Council with recommendations

- **Definition / scale**
- **Location / review**
- **Development standards**
- **Infrastructure coordination**

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QTS Campus

1200 N 40th St, Phoenix

14

80 acres | ~1.6M SF | 210+ MW

- Five-building data center campus
- Constructed 2022–2024
- Zoning: PUD
- Reported employment: ~200 total employees, with ~100 on site at one time
- Development standards included 60-ft perimeter building setbacks and 100-ft setbacks for utility yards, loading docks and trash areas near residential zoning
- Adjacent to multifamily, single-family, commercial and business park zoning

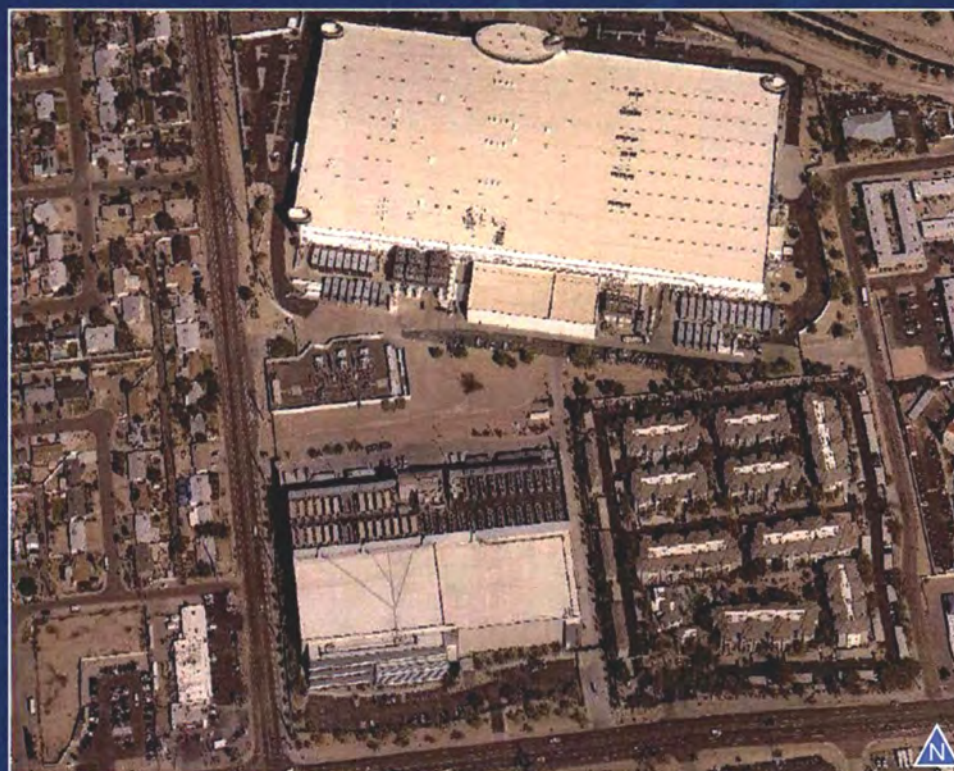


Iron Mountain Campus

615 N 48th St & 4802 E Van Buren St, Phoenix

39 acres | ~898,000 SF | 89 MW

- Two-building data center campus: AZP-1 and AZP-2
- Developed under Phoenix's pre-2025 framework, before data centers were separately defined
- Zoning: CP/GCP (Commerce Park/General Commerce Park Option) & C-2
- AZP-2 included a Development Agreement
- Reported employment: ~250 total employees
- Adjacent to multifamily, single-family, commercial and industrial zoning



NTT Campus

10256 E Elliot Rd, Mesa

16

102 acres | ~1.5M SF planned | 240 MW at full buildout

- Seven-building data center campus under construction
- Construction began in 2021, prior to Mesa's adoption of citywide data-center-specific development standards in 2025
- PH1 and PH4 completed; each ~126,000–127,000 SF and 36 MW
- Zoning: Light Industrial PAD
- Reported employment: PH1 ~35 employees
- 2025 standards require 400-ft separation from residential or other sensitive uses and allow a 60-ft maximum height
- Adjacent to single-family residential, agricultural land, and other LI PAD properties



H5 Data Campus

2600 W Germann Rd, Chandler

17

5 acres | 180,000 SF | 26 MW

- Data center campus developed in 2012, with expansions/improvements through 2019
- Zoning: PAD
- Historically approved through site-specific PAD zoning and a Preliminary Development Plan
- Chandler adopted additional data-center-specific notification and operational requirements effective in 2023
- Reported employment: not publicly available
- Adjacent to single-family residential, commercial/industrial uses, vacant PAD land, and another data center



Digital Realty Data Campus

2121 S Price Rd, Chandler

18

21 acres | 519,000 SF | 54 MW

- Data center campus developed in 2000
- Zoning: PAD
- Historically approved through site-specific PAD zoning and a Preliminary Development Plan
- Chandler adopted additional data-center-specific notification and operational requirements effective in 2023
- Reported employment: not publicly available
- Adjacent to multifamily residential, commercial/industrial uses, agricultural zoning, and another data center

