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0ORDINANCE NO. 260638

Sponsor: Councilmember Nathan Willett

Establishing the Kansas City Data Center Transparency Task Force to develop recommendations regarding the planning, regulation, and operation of data centers; directing the development of policies to improve transparency, protect utility ratepayers, coordinate regulatory updates, strengthen workforce development, establish community benefit guidelines, evaluate municipal revenue options, and conduct public engagement; and directing the submission of recommendations to the Mayor and City Council.

WHEREAS, the City Council recognizes that Kansas City is experiencing increasing interest in the development of hyperscale, cloud computing, artificial intelligence (AI), and other large-scale data center facilities; and

WHEREAS, data centers provide opportunities for economic development, technology investment, workforce growth, and municipal revenue while also creating significant demands on electric infrastructure, water resources, land use, transportation systems, and public services; and

WHEREAS, the City Council finds that responsible planning requires transparency regarding energy demand, water consumption, utility infrastructure, operational performance, and community impacts associated with large-scale data center development; and

WHEREAS, the City Council further finds that policies should protect existing residential, commercial, and industrial utility customers from unreasonable cost shifting associated with new large-load electric customers; and

WHEREAS, the City Manager has previously recommended created a task force focused on data center development; and

WHEREAS, the City Council desires to establish a citizen task force to develop recommendations that will position Kansas City to attract responsible investment while protecting the public interest; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. There is hereby established the Kansas City Data Center Transparency Task Force to serve in an advisory capacity to the Mayor and City Council and shall develop recommendations for ordinances, administrative policies, and implementation strategies relating to the development, operation, and regulation of data centers within Kansas City.

Section 2. Definitions: As used in this ordinance:

1) "data center" means a facility used primarily to house computer systems and associated components, including servers, storage, and network equipment, for data processing, storage, or distribution;

2) "hyperscale data center" means a data center designed to support large-scale, high-density computing operations at a scale substantially greater than a conventional enterprise data center; and

3) "artificial intelligence data center" or "AI data center" means a data center used primarily to train, host, or operate artificial intelligence or machine-learning systems.

Section 3. The task force shall consist of thirteen (13) voting members appointed by the Mayor, two from each of the six council districts and one at-large. Within 30 days of the effective date of this ordinance, each Councilmember, may, but is not required to, submit name(s) of potential appointees to the Mayor for consideration. In making appointments, the Mayor is encouraged to ensure that the task force collectively reflects experience or knowledge in the following areas:

- city planning and development;
- electric, water, or utility infrastructure;
- engineering or architecture;
- data center development or operations;
- artificial intelligence or information technology;
- energy generation, transmission, or distribution;
- construction and skilled trades;
- workforce development or higher education;
- economic development;
- finance or public administration;
- environmental stewardship;
- neighborhood organizations; and
- consumer or utility ratepayer advocacy.

The Mayor shall designate one member as chair. Members shall serve until the task force is dissolved as provided in Section 7.

Section 4. The task force shall develop recommendations concerning the following matters:

1) Data Center Transparency: Develop recommendations to modernize Chapter 17 of the Code of Ordinances and other applicable City regulations to improve transparency regarding:

   a. projected and actual electrical demand;

   b. energy generation and procurement;

   c. renewable energy utilization;

   d. water consumption;

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e. cooling technologies;

f. backup generation systems;

g. environmental impacts;

h. operational performance;

i. utility infrastructure requirements;

j. emergency preparedness; and

k. annual public reporting requirements.

l. Recommendations shall balance public transparency with the protection of proprietary business information where appropriate.

2) Regulatory Coordination: establish a consistent and predictable regulatory framework by developing recommendations coordinating data center regulations with ongoing updates to:

a. zoning regulations;

b. development regulations;

c. subdivision regulations;

d. building codes;

e. fire codes;

f. infrastructure planning; and

g. utility planning.

3) Workforce Development: Develop strategies that strengthen Kansas City's competitiveness while supporting workforce development in:

a. information technology;

b. artificial intelligence;

c. cybersecurity;

d. electrical infrastructure;

e. construction trades;

f. HVAC systems;

g. energy management;

h. weatherization;

i. renewable energy;

j. facility operations;

k. apprenticeship programs; and

l. higher education partnerships.

4) Community Benefit Guidelines: Develop recommendations for City incentive guidelines applicable to hyperscale and AI-related data centers. Recommendations shall include measurable community benefit expectations concerning:

a. local hiring;

b. prevailing wages;

c. apprenticeship participation;

d. workforce training;

e. educational partnerships;

f. broadband access;

g. neighborhood investment;

h. environmental performance;

i. emergency preparedness;

j. public reporting; and

k. community investment.

5) Municipal Revenue Analysis: Evaluate lawful municipal revenue opportunities associated with data center development, including development impact fees; utility-related revenues; franchise fees where authorized; special assessments; payments in lieu of taxes; service fees; and other lawful municipal revenue mechanisms. Recommendations shall identify opportunities to support:

a. municipal infrastructure;

b. workforce development;

c. neighborhood improvements;

d. broadband access;

e. public safety;

f. municipal services;

g. affordable housing; and

h. sustainability initiatives.

6) Public Engagement: Identify community priorities, concerns, and opportunities related to future data center development by developing and implementing a public engagement strategy that includes:

a. public meetings;

b. stakeholder roundtables;

c. community workshops;

d. deliberative polling;

e. surveys;

f. focus groups;

g. online participation opportunities; and

h. public comment opportunities.

7) Utility Ratepayer Protection: Develop recommendations to protect existing residential, commercial, and industrial utility customers from unreasonable costs associated with new large-load data center development. Recommendations shall include:

a. Evaluation of utility infrastructure costs attributable to new data center development.

b. Policies encouraging large-load customers to bear an appropriate share of generation, transmission, distribution, substations, and interconnection costs associated with their projects.

c. Coordination with electric utilities and applicable regulatory agencies regarding cost allocation methodologies intended to minimize cost shifting to existing ratepayers.

d. Evaluation of phased infrastructure investments tied to verified customer demand.

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e. Evaluation of contractual mechanisms, including minimum load commitments and infrastructure cost recovery agreements, that reduce financial risks to utilities and their existing customers.

f. Recommendations encouraging energy efficiency, demand management, distributed energy resources, energy storage, and on-site generation where appropriate.

g. Annual reporting regarding electric demand, utility infrastructure investments, and operational impacts associated with major data center developments.

8) Utility Reliability: Develop recommendations intended to preserve reliable electric service while accommodating future growth, including:

a. long-term transmission and distribution planning;

b. reserve capacity planning;

c. peak demand management;

d. battery storage and resiliency technologies;

e. coordination among utilities and governmental agencies; and

f. infrastructure planning for future large-load customers.

9) Final Report: The Task Force may submit interim recommendations at any time but shall submit a report to the Mayor and City Council within twelve (12) months after its initial meeting containing:

a. proposed amendments to Chapter 17;

b. recommended zoning and development regulations;

c. building code recommendations;

d. workforce development recommendations;

e. utility planning recommendations;

f. ratepayer protection recommendations;

g. municipal revenue recommendations;

h. community engagement findings;

i. recommended community benefit standards; and

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j. an implementation schedule.

Section 5. Except as otherwise provided in this ordinance, the task force shall be governed by the standing rules for boards, commissions, and task forces set forth in Section 2-723 of the Code of Ordinances, including its provisions on parliamentary authority, public notice and meetings under Chapter 610, RSMo, closed sessions, attendance and removal of members, voting, quorum, conduct of business, and annual conflict-of-interest disclosure.

Section 6. The task force shall meet at least eight (8) times and shall provide opportunities for public comment, publish agendas, minutes, reports, recommendations, and make non-confidential information available to the public. The task force shall conduct its meetings, votes, and records in compliance with the Missouri Sunshine Law, Chapter 610, RSMo, and shall close a meeting, vote, or record only to the extent that law permits.

Section 7. Unless otherwise required by law, the task force shall be dissolved upon the earlier of the submission of the report to the Mayor and City Council required by Section 4, or two years after its initial meeting, unless the City Council by ordinance extends its existence.

Approved as to form:

Matthew Gigliotti
City Attorney

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