

Agenda No. _____
Key Words: Data Center Temporary
Moratorium
Meeting Date: September 30, 2026

SUMMARY REPORT

CITY COUNCIL

ITEM INITIATED BY: Councilmember Jim Ernest

AUTHORIZED BY: Melissa Eads, City Manager *ME for ME*

PREPARED BY: Douglas White, City Attorney

**SUBJECT: URGENCY ORDINANCE FOR TEMPORARY MORATORIUM RELATED
TO DATA CENTER USES**

RECOMMENDATION / REQUESTED ACTION:

Discuss and adopt an interim urgency ordinance imposing a temporary moratorium on the approval of new land use applications for data centers within the City for evaluation of public health impacts and land use regulations.

BACKGROUND:

Data centers are facilities used to house computer systems and related components. Due to the growth of cloud computing, artificial intelligence, digital commerce, and other technology-dependent services, demand for data center development has increased rapidly.

Depending on their type, size, and design, data centers may require substantial amounts of water, electricity, land, and supporting infrastructure. They may also create noise, aesthetic, and land-use compatibility concerns and may occupy large industrial sites while generating relatively few permanent jobs.

Data centers may also provide significant private investment, construction employment, infrastructure improvements, and local tax revenue. However, the extent of these benefits, and the public costs associated with supporting such facilities, remain uncertain because large-scale data centers are a relatively new land use.

To allow the City time to study data center uses, evaluate their potential impacts, and establish appropriate land use policies and development standards, the City Council may consider a temporary moratorium on approval of new data center development applications.

At the September 15, 2026 City Council meeting, Councilmember Ernest requested an item be brought back at a special meeting for the Council to consider an Urgency Ordinance for a

temporary moratorium to allow the city to evaluate its current regulations and any state or federal regulations pertaining to Data Centers and Battery Energy Storage Systems (BESS)

DISCUSSION / ANALYSIS:

A. City Council Authority to Adopt a Moratorium.

Government Code section 65858 authorizes the City Council to adopt a temporary moratorium, by interim urgency ordinance, on otherwise permitted land uses that may conflict with land use regulations the City is considering, studying, or intends to study within a reasonable time.

To adopt a moratorium, the Council must find that: (1) there is a current and immediate threat to the public health, safety, or welfare; and (2) approval of additional entitlements for the affected uses would result in that threat.

An interim ordinance may be adopted as an urgency measure without a noticed public hearing and remains effective for an initial 45 days. It may be extended twice for a total of two years. If adopted, staff anticipates agendizing an extension of the interim ordinance for an additional 10 months and 15 days at a regular City Council meeting held within the initial 45-day period.

Adoption of the interim urgency ordinance and any extension require a four-fifths vote of the City Council.

B. The City's Existing Regulations Do Not Adequately Address Data Center Land Use.

The Dixon Municipal Code ("DMC") does not identify data centers as a permitted use. When a proposed use is not defined, the Community Development Director must classify it as a use substantially similar in character to a listed use. (DMC § 18.06.020.) The Director's determination may be appealed to the Planning Commission, and the Director may refer the matter to the Commission if the classification is unclear, may generate substantial public controversy, or involves a significant land-use policy decision. (*Ibid.*) Uses that are neither listed nor substantially similar to a listed use are prohibited. (*Ibid.*)

Absent data-center-specific regulations, the City faces uncertainty in processing, entitling, and conditioning a proposed data center. An applicant could, for example, seek to classify a data center as similar to a utility or telecommunication facility, whose standards were not designed to address the electricity, water, noise, and infrastructure impacts of large-scale data centers. That uncertainty may hinder the City's ability to apply consistent standards and defend its decision-making if an application is challenged. The moratorium would allow staff to study and recommend regulations tailored to the use.

C. Permitting Data Centers Under the City's Current Regulations Poses a Threat to Public Health.

Data center developers typically seek sites with access to high-voltage transmission and substation capacity. The Corby Battery Energy Storage System, a proposed 300-megawatt, 1,200-megawatt-hour facility in unincorporated Solano County near the Vaca-Dixon Substation, indicates that the Dixon area is viewed as suitable for large-scale energy infrastructure. This increases the likelihood that the City will receive data center applications in the near term.

If such applications are received, data centers can place substantial demands on City utilities and surrounding areas, depending on their size and design. Cooling systems may consume significant quantities of potable water, reducing the amount available to existing and future residents and businesses. Facilities may draw large and sustained electrical loads, affecting the capacity available to serve other users and potentially requiring infrastructure upgrades. Cooling operations may generate concentrated wastewater discharges straining City capacity. Large battery backup systems and on-site diesel fuel storage for emergency generators may present fire and hazardous materials risks requiring specialized suppression, emergency response planning, and fire department resources. Facilities may also produce continuous noise from cooling equipment and emergency generators, and their scale and building form may present compatibility and aesthetic concerns where industrial sites adjoin other uses.

The City's current zoning ordinance and review process does not adequately address these impacts. The DMC provides no data center-specific review criteria. The City has not adopted standards addressing water and electrical demand, cooling technology, wastewater discharge, generator or battery-storage siting, noise, or similar impacts.

As a result, conditions for a data center proposal would need to be developed during the application process, subject to statutory processing deadlines and without the benefit of prior technical study. This creates a risk that conditions may not adequately protect City services, infrastructure, and public health.

The resulting harm from permitting a data center under current regulations would not be readily reversible. Utility capacity committed to an approved facility is not recoverable, and a facility constructed and operating under the current DMC would continue to draw water and power, discharge to the collection system, store fuel and battery systems, and generate noise on terms the City never had the opportunity to set.

Accordingly, approval of land use entitlements for data centers under the City's current regulations would result in a current and immediate threat to the public health, safety, and welfare within the meaning of Government Code section 65858, subdivision (c).

D. A Moratorium Allows the City to Evaluate Regulations Necessary to Mitigate Potential Public Health Threats.

Any amendments to the City's zoning regulations to address data centers will require preparation, public notice, hearings before the Planning Commission and City Council, and compliance with other applicable procedural requirements. As a result, the City does not anticipate presenting comprehensive data center regulations to the City Council until sometime in late 2027.

A temporary moratorium would preserve the status quo while this review and research is completed and provide the City with sufficient time to study the potential impacts of data centers and adopt appropriate regulations before new applications are approved.

E. A Moratorium Provides the City with an Opportunity to Evaluate Recently Enacted State Laws on Data Center Development.

On September 21, 2026, the Governor signed a seven-bill package requiring data center developers to disclose projected electricity and water use before local approval and to pay for the grid and water-system upgrades their projects need. The bills also end CEQA categorical

exemptions for data centers, with streamlined review available only for projects meeting state energy- and water-conservation standards.¹

This new legislation changes the framework for local review of data center proposals, and much of it is not yet operational at the state level as the new state laws generally take effect January 1, 2027. The City needs time, both to understand how to incorporate these requirements into its local regulations and to allow the State to promulgate additional standards for implementation.

A temporary moratorium on data centers will provide the time needed for the City to properly incorporate the new state requirements into its land use regulation of data centers.

F. Possible Future Land Use Regulation of Data Centers.

City staff has not yet completed a comprehensive review of potential data center regulations and that will take some time to conduct the research and analysis. However, possible options may include requiring allowing data centers, subject to a conditional use permit, development agreement, and project-specific environmental review for proposed data centers, or prohibiting data centers all together.

These requirements could provide the City with greater discretion to evaluate proposed projects, impose appropriate conditions, address environmental and infrastructure impacts, and ensure that project-specific costs and demands on City services and utilities are adequately mitigated.

A temporary moratorium would provide the City with time to study these issues and determine what regulations are appropriate. It would also allow the City to monitor emerging state legislation and regulatory requirements that may affect the local review and approval of data center projects.

G. State Law Limits the Effectiveness of a Temporary Moratorium on Battery Energy Storage Systems.

In addition to a temporary moratorium on data centers, the Council requested that staff present a temporary moratorium on battery energy storage systems ("BESS"). After researching the issue, staff determined that state law would substantially limit the effect of a BESS moratorium under the opt-in certification program administered by the California Energy Commission ("CEC"). (Pub. Resources Code, § 25545 et seq.) When a qualifying project opts in, the CEC has exclusive authority over it, and the CEC's certification takes the place of any local permit and supersedes any local ordinance, including a moratorium. (Pub. Resources Code, § 25545.1.) The City's role becomes commenting to the CEC, rather than approving or denying the project. The Legislature declared the program a matter of statewide concern that applies to all cities. (Pub. Resources Code, § 25545.1(c).)

A temporary moratorium would therefore apply only to BESS projects that do not opt into the CEC program. For example, after Solano County placed the Corby project on hold under a county BESS moratorium in 2024, the developer opted into the CEC certification process, where the application remains pending. Any larger project could avoid the moratorium by opting into the CEC process.

¹ Stats. 2026, chs. 434–440 (Assem. Bills Nos. 1577, 2383, 2469, 2619; Sen. Bills Nos. 886, 887, 1168), all approved September 21, 2026.

Given these preemption concerns, staff recommends against combining a BESS moratorium with the data center moratorium, to avoid any risk to the validity of the data center moratorium. If the Council wishes to pursue a temporary moratorium on BESS projects, staff can bring back a separate urgency ordinance. However, the moratorium's practical effect would be limited, because larger projects could bypass it through the CEC process.

That said, energy facilities proposed to serve a data center, such as on-site battery storage or backup generation, would be subject to the proposed moratorium, because the Ordinance's definition of a data center includes associated electrical infrastructure.

FINANCIAL IMPACT:

Once adopted, the moratorium will impose ongoing procedural requirements on the City, including preparation of required reports, publication and notice of public hearings, and preparation of future agenda items for City Council consideration. Compliance with these requirements will require staff time, related administrative expenses and potentially assistance of a consultant to research and prepare options for regulation.

ENVIRONMENTAL:

The proposed Urgency Ordinance is not a "project" subject to the California Environmental Quality Act (CEQA) under CEQA Guidelines sections 15060(c)(2), 15060(c)(3), and 15378. The ordinance temporarily pauses approval of new data center applications while staff studies potential regulatory amendments. It does not authorize any development or approve any land-use entitlement, and it maintains existing conditions rather than changing them. It will therefore not cause a direct or reasonably foreseeable indirect physical change in the environment.

As an independent basis, the ordinance is exempt under CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that it will not have a significant effect on the environment.

ATTACHMENTS:

1. Draft Interim Urgency Ordinance imposing a 45-day temporary moratorium on the approval of new land use applications for data centers to allow for the evaluation of potential public health impacts and additional land use regulations

APPROVALS:

Finance: SK for KZ City Manager JB for ME City Attorney: _____

ORDINANCE NO. 2026-_____

**AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
DIXON IMPOSING A 45-DAY TEMPORARY MORATORIUM ON THE APPROVAL OF
NEW LAND USE APPLICATIONS FOR DATA CENTERS TO ALLOW FOR THE
EVALUATION OF POTENTIAL PUBLIC HEALTH IMPACTS AND ADDITIONAL
LAND USE REGULATIONS**

WHEREAS, data centers are facilities used to house computer systems, servers, data-storage equipment, telecommunications equipment, and related components. Demand for large-scale data centers has increased substantially due to the growth of cloud computing, digital commerce, artificial intelligence, and other data-intensive technologies; and

WHEREAS, large-scale data centers may require substantial quantities of electricity and water to operate and cool their computing equipment, may impose significant demands on public utilities and infrastructure, and may raise land use compatibility concerns related to noise, air quality, and aesthetics; and

WHEREAS, the Dixon Municipal Code ("DMC") does not list or otherwise regulate data centers as a land use within the City of Dixon ("City"); and

WHEREAS, pursuant to its constitutional police power, the City Council has authority to enact and enforce ordinances and regulations necessary to protect the public peace, health, safety, and welfare of the City and its residents; and

WHEREAS, Government Code section 65858 authorizes the City Council, without following the procedures ordinarily required for the adoption of a zoning ordinance, to adopt as an urgency measure an interim ordinance prohibiting uses (ie Moratorium) that may conflict with a contemplated general plan, specific plan, or zoning proposal that the City Council, Planning Commission, or Planning Department is considering, studying, or intends to study within a reasonable time; and

WHEREAS, the City Council desires to temporarily prohibit the approval of new land-use applications for data centers while City staff evaluates their potential public health, environmental, infrastructure, and land-use impacts and considers whether amendments to the City's zoning regulations, development standards, or permitting requirements are appropriate to regulate data center uses.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DIXON DOES ORDAIN
AS FOLLOWS:**

SECTION 1. Ordinance. This Ordinance is adopted pursuant to Government Code section 65858, and other applicable law.

SECTION 2. Findings. The City Council finds as follows:

1. Data center development would create a current and immediate threat to the public health, safety, and welfare by causing significant impacts related to energy consumption, water, wastewater, land use, air emissions, noise, infrastructure demands, environmental quality, and community aesthetics. Approval of a data center project could materially reduce City services available to serve residents, businesses, and other existing and planned uses.
2. The City is in the preliminary stages of studying data centers, their impact on City services and surrounding communities and what zoning regulations are warranted to address these impacts. The City intends to complete this study, and to determine whether additional zoning regulations are warranted, within a reasonable time.
3. Without a temporary moratorium, the City may be required to approve a data center project before completing studies and adopting the regulations necessary to evaluate and mitigate potentially significant impacts. Such development could adversely affect the City's ability to provide essential public services.
4. Adoption of this interim ordinance is necessary to protect the City and its residents, businesses, and visitors from the potential public health, safety, and welfare impacts associated with data center land uses.
5. The moratorium will provide the City with sufficient time to study the potential impacts of data center development and prepare comprehensive regulations governing the location, design, operation, water and energy use, infrastructure requirements, and other development standards applicable to such uses.
6. Based on these findings and the evidence in the record, including the staff report accompanying this interim ordinance, the City Council finds that there is a current and immediate threat to the public health, safety, and welfare of the City, and that the approval of additional land use entitlements for data centers, including conditional use permits, building permits, or other applicable approvals required under the DMC, would result in that threat to the public health, safety, and welfare, within the meaning of Government Code section 65858, subdivision (c).

SECTION 3. Imposition of Moratorium.

- a. **Definition.** For purposes of this Ordinance, "data center" means a building or structure, or portion or group thereof, designed or used primarily to house computer servers, data storage or network equipment, and associated electrical and cooling infrastructure, with 5,000 square feet or more of gross floor area devoted to that use or a designed electrical load of 2 megawatts or more. Energy facilities to serve a data center, such as on-site battery storage or backup generation, would also be subject to the proposed moratorium. The term does

not include server, computer, or telecommunications equipment that is accessory and incidental to a lawfully established principal use on the same parcel, or wireless telecommunications facilities whose primary purpose is transmitting signals rather than housing servers or data storage equipment.

- b. Moratorium.** For the duration of this Ordinance, including any extension, the City shall not approve or issue any land use entitlement, permit, or approval for the establishment, construction, or expansion of a data center, including without limitation any conditional use permit, use permit, variance, site plan or design review approval, zoning clearance, tentative or final map, general plan or zoning amendment, development agreement, grading permit, building permit, or certificate of occupancy. This prohibition applies to any classification of a data center under DMC § 18.06.020, regardless of whether the use is characterized as a data center or as a use substantially similar to a listed use.
- c. Duration.** This Ordinance shall be in effect for forty-five (45) days from the date of adoption and shall thereafter be of no further force or effect unless extended in accordance with Government Code section 65858.

SECTION 4. Effective Date. This Ordinance shall take effect immediately upon adoption pursuant to Government Code sections 36937 and 65858 because it is necessary for the immediate preservation of the public peace, health, safety, and welfare. This Ordinance shall be adopted by at least four-fifths vote of the City Council.

SECTION 5. Report. Pursuant to Government Code § 65858, the City Manager, or designee, shall prepare a report for City Council consideration describing the measures taken to address the conditions which led to adoption of this Ordinance. This report shall be provided to the City Council so that it may be considered and issued not later than 10 days before this Ordinance expires.

SECTION 6. CEQA. The City Council finds that this Urgency Ordinance is not a "project" subject to the California Environmental Quality Act ("CEQA") under CEQA Guidelines sections 15060(c)(2), 15060(c)(3), and 15378, because it will not result in a direct or reasonably foreseeable indirect physical change in the environment. The Ordinance temporarily suspends approval of new data center applications while the City studies potential regulatory amendments. It authorizes no development, preserves the existing environmental status quo, and any resulting relocation of development is speculative. Independently, the Ordinance is exempt under CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that it will not have a significant effect on the environment.

SECTION 7. Publication. The City Clerk shall certify to the passage of this Ordinance and shall cause this Ordinance or a summary thereof to be printed once within fifteen (15) days after its adoption in a newspaper of general circulation, published and circulated in the City of Dixon.

SECTION 8. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The city council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unconstitutional or invalid.

This Ordinance was adopted by at least a four-fifths vote at a special meeting of the City Council of the City of Dixon held on the 30th day of September 2026, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Steve Bird
Mayor of the City of Dixon

ATTEST:

Kristin Janisch
Elected City Clerk