



AGENDA
SPECIAL JOINT MEETING OF THE OAKLEY CITY COUNCIL AND PLANNING COMMISSION

Tuesday, July 21, 2026
6:30 PM

Oakley City Council Chambers located at 3231 Main Street, Oakley, California 94561

MISSION STATEMENT: The City of Oakley will create a resilient future that fosters and attracts a vibrant and evolving community that welcomes and values all people.

VISION STATEMENT: The City of Oakley celebrates our unique Delta lifestyle and small-town feel where we Live in a safe, dynamic community, **Work** together to build the future, and **Play** in our own backyard.

Meeting online Link: <https://zoom.us/j/93455380825>

Public Participation Options

In person public comment:

You may provide public comment by filling out a speaker card and giving it to the City Clerk.

Online Participation:

Members of the public may also attend online. Technical difficulties may occur from time to time. The City will follow the adopted Technology Disruption Policy outlined in City Council Resolution 36-26.

Online Public Comment:

To provide audio public comment, connect to the meeting online or by telephone. Use the Raise Hand feature to request to speak (*9 on a telephone)

Meeting call in telephone number: 669-900-6833 | Meeting ID: 934 5538 0825 (*9 to request to speak | *6 to unmute/mute)

Watch the City Council meeting at www.oakleyca.gov or [YouTube](#).

Written public comment:

If you wish to speak or enter comments into the public record, please complete the [online](#)

[public comment form](#) by 4 pm the day of the meeting.

Public review of items:

Agendas are posted in Oakley at Oakley City Hall, outside the gym at Delta Vista Middle School and outside the Library at Freedom High School. Agendas are also posted on the City's website at oakleyca.gov.

You can view reports on the City's website at oakleyca.gov. You can also review reports in person at City Hall, 3231 Main Street, during normal business hours. Any other documents distributed to members of the City Council regarding an item on this agenda are also made available in the lobby on the evening of the City Council meeting.

Pursuant to the Americans with Disabilities Act (ADA), the City will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance, please contact the City at least 48 hours prior to the meeting at 925-625-7000 or cityclerk@ci.oakley.ca.us.

Public Comments:

This is an opportunity for members of the public to address the City Council on items not listed on this agenda. Please note that public comments are limited to three (3) minutes. Under the provisions of the Brown Act, the Council is legally prohibited from taking action on any item not listed on the agenda. If you wish to speak on a specific agenda item, please complete a public speaker card (available in the lobby) and submit it to the City Clerk prior to the item being called. The Mayor will call you to the podium by name when the item is opened for public comment.

Please keep cell phones/electronic devices turned off during the meeting. Please be advised that City Council meetings are video recorded and attendees may appear on video.

1. CALL TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE TO THE FLAG
3. PUBLIC COMMENTS
At this time, the public is permitted to address the Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency/Oakley Public Financing Authority on non-agendized items.
4. WORK SESSION

- 4.1 Data Centers - Joint City Council and Planning Commission Joint Work Session (Ken Strelo, Community Development Director and Derek Cole, City Attorney)**
[Staff Report](#)
[1. Notice of Work Session](#)

ADJOURN

DATE: July 21, 2026
TO: Joshua McMurray, City Manager
FROM: Ken Strelo, Community Development Director
Derek P. Cole, City Attorney
SUBJECT: Data Centers – Joint City Council and Planning Commission Work Session

Approved and
Forwarded to the City
Council and Planning
Commission

Summary

This is a joint work session with the City of Oakley City Council and Planning Commission to receive information and public input on the feasibility of allowing data centers within the City of Oakley. Currently, the City of Oakley Zoning Code (Oakley Municipal Code Chapter 9.1) does not include a definition for or listing of “Data Centers.” Staff will provide information on potential impacts typically associated with data centers, current trends in California and the country as a whole, and summary findings in well-documented research papers related to the use. The City Council and Planning Commission will receive Staff’s presentation, a City Attorney opinion on the rules governing a potential ban of the use, and public input. After discussions, including input from the Planning Commission, the City Council will provide policy direction back to Staff on whether to prohibit the use or formulate regulations and standards to potentially conditionally permit the use, as well as direction on which types of zones the use may be conditionally permitted within, if that direction is provided. For the purposes of this work session, “Data Centers” includes “AI” or “Artificial Intelligence” data centers.

Data Centers – Defined

“Data Center” is a term that has been in existence for many decades; however, it has recently gained national attention due to rapid advancement in AI technology and large-scale needs for increasingly growing data processing. There are many descriptions and definitions of the term ranging from general summaries to specific definitions within individual local jurisdictions’ codes. In an effort to use a definition that casts a wide net over the various different types of data centers, we can borrow from the definition found in Title 42 U.S. Code section 17112 (Energy Efficiency for Data Centers) which defines the term “data center” as “any facility that primarily contains electronic equipment used to process, store, and transmit digital information.” For the purposes of this work session, we are focused on free-standing data centers or operations with the sole purpose of operating as a data center, rather than smaller operations ancillary to a main building. Common terminology associated with these types of larger-scale data centers are “Hyperscale” or “Generative AI” Data Centers.



Concerns Surrounding Data Centers

Concerns over the increase in data centers being proposed and constructed are mainly related to their demand on natural resources or public services, such as electricity, water, and wastewater treatment, as well as environmental impacts created by data centers, such as air pollution, noise and light pollution, and habitat loss. There is another category of concerns that are more ethically focused on the growing expansion of generative AI-driven technology. For the main purpose of this work session, Staff has focused on concerns rooted in resource usage and environmental impact.

NATURAL RESOURCES

It is well documented that hyperscale and generative AI data centers require substantial electricity and water usage. Electricity is used to power the data center, and water is used to cool the equipment operating in the data center. According to key findings in a University of Michigan study¹ (“UMich Study”) dated July 2025, and titled, “What Happens When Data Centers Come to Town?”, data centers can have the following impacts related to increased natural resource usage:

- **Increased Utility Rates:** Data centers increase local electric utility rates by driving up overall energy demand, which can strain grid capacity and force utilities to invest in costly infrastructure upgrades. These costs are passed on to residents through higher rates. Data centers have also secured long-term power agreements, which reduce the available supply and push prices up for other consumers.
- **High Resource Consumption:** A single data center can consume up to 2 megawatt hours (“MWh”) of power—equivalent to the power used by 2,000 homes—and millions of gallons of water annually for cooling.

(Staff Note: The numbers above represent a small or local data center that is continually drawing 2 megawatts (“MW”) of power per hour at all times. Medium or regional data centers (apx. 10,000 sf - 150,000 sf), which based solely on available land in Oakley would be the size most likely proposed, can require up to 20 MW at all times. A continuous draw of 20 MW is the equivalent to the energy consumed by approximately 16,000-22,000 average-sized homes a year. Another way to look at it, is that a 20 MW data center operating at full capacity could require more energy consumption over the course of a year than all of the homes/households in Oakley combined. While some data centers may not operate at their full capacity at all times, it is also true that medium sized data centers may actually require 1.2 times

¹ Green, B., & Ananthharama, A. (2025, July). *What happens when data centers comes to town?* University of Michigan Science, Technology, and Public Policy (STPP) Program. umich.edu



their stated energy use in order to operate ancillary equipment along with their data processing energy usage.

- **Resource Efficiency Trade-Off:** While advanced cooling methods can offer energy efficiency improvements, current technologies force a trade-off between energy and water efficiency, limiting sustainable solutions.

When data centers are unable to generate their own energy or use recycled water to cool their equipment, demands on the local electrical grid and water supply can be significant. If raising energy demands, such as additions to the grid, are not fully covered by the data center, according to the UMich Study, demand surges and utility companies often pass the costs of infrastructure upgrades and increased energy procurement onto residents and small businesses through higher rates. Staff met with representatives from PG&E to discuss this topic. Notes from that meeting are included in the section entitled “Outside Agency Input” found later in this Staff Report.

ENVIRONMENTAL IMPACTS

Air Quality

The International Energy Agency (“IEA”), a reputable autonomous intergovernmental organization, reports that while renewables are the fastest-growing source of electricity for data centers, natural gas is projected to continue to supply the largest share of data center energy with the US investing heavily in fossil-fueled power plants to support its boom. The increase in burning fossil fuels such as natural gas has a direct negative impact on air quality. The burning of fossil fuels released nitrogen oxides into the atmosphere, which contribute to the formation of smog and acid rain (<https://www.epa.gov/nutrientpollution/sources-and-solutions-fossil-fuels>). A December 2024 study out of UC Riverside, titled, “Health-Informed Computing: Estimating and Addressing the Public Health Impact of Data Centers”² states that the growing demand for AI and computing technologies is projected to push the total annual public health burden of US data centers up to \$20 billion in 2028. The paper follows that up by stating that while the national-impact levels remain modest, data center health costs are unevenly distributed. In the most affected counties, the estimated per-household health burden can reach about seven times the national average.

Noise

Noise pollution is another concern with large-scale data centers. Persistent noise pollution is often related to large HVAC cooling fans or backup diesel generators.

² Han, Y., Wu, Z., Li, P., Wierman, A., & Ren, S. (2026). *Health-Informed computing: Estimating and addressing the public health impact of data centers*. arXiv. <https://doi.org/10.48550/arXiv.2412.06288>



These sources can result in a low-frequency drone that can travel a significant distance away from the source, depending on the size of the data center, with smaller facilities being noticeable from several hundred feet away to larger AI data centers being noticeable up to one-half mile or more from the source. Some communities, along with data centers, have implemented mitigation in an attempt to remedy noise pollution such as acoustical barriers, increased distances from housing, improved insulation on generators, or the use of liquid cooling for fans. There seems to be a lack of consensus on whether these mitigation measures work or not, with some residents that live near such facilities claiming the mitigation was ineffective and that nuisance citations were ineffective in remedying the issue.

Staff conducted additional research on the low-frequency noise often cited to occur with data center operation. It was found that these low frequencies often range between 63 Hz and 250 Hz. It is noted that attenuating such low frequencies with typical sound barriers is mostly ineffective since low frequencies can pass through solid walls. As a thought exercise, one can imagine hearing music play from another room separated by a wall. Often, only the thump of the bass is noticeable with lyrics and other higher frequencies either not audible or barely audible. These low-frequency noises from data centers are continuously occurring during all hours of the day and night.

Light

Light pollution from data centers is often associated with security lighting and alarm beacons. Light pollution can potentially be mitigated through natural buffers and screens, such as landscaping, purposeful light placement and direction, and shielding. Depending on the size of a data center, including building height, mitigating for light pollution impacts could be feasible, or difficult to achieve; however, with proper design and location, mitigating for light pollution is more feasible than mitigating for noise pollution.

Current Trends and Legislation

As the topic of data centers gains more attention in the public and with municipalities, there has been a recent trend of cities taking action to address the use. As of July 6, 2026, there is one known city in California (Monterey Park in Los Angeles County) that has permanently banned data centers and they did so through adoption of a measure (Measure NDC) which passed with over 86% of the voters approving the ban. A handful of cities in California have taken similar action as Oakley by passing temporary bans/moratoriums. There is also a growing list of cities that have restricted the use or are actively considering bans. Countrywide, as of July 6, 2026, 141 local municipalities have enacted permanent or temporary bans on data centers.



There are 15 states (California not included in this list) that have considered bans or moratoriums through various recent bills. Of those 15 states, six have bills introduced, one has a bill that was continued, one had a bill that was vetoed, six have bills that failed, and one has a bill that passed.

STATE BILLS

In California, several bills related to data centers are in progress. A list of these bills and a summary of each are included below. Summary extrapolations are partial and were obtained from www.calmatters.digitaldemocracy.org/bills. The summaries below do not include all details of each bill. For full summaries and bill text, please visit the previously linked site where you can search the bills by their unique number. All referenced bills are from Session Year 2025-2026.

- SB 886 (McNerney/Padilla): This bill, the California Technology Innovation and Ratepayer Protection Act, would require the Public Utilities Commission, on or before July 1, 2027, to establish separate tariffs for the interconnection of the participating customer facilities and the provision of transmission, distribution, and optional generation services to participating customers, as specified.
- SB 887 (Padilla): The bill would require the State Energy Resources Conservation and Development Commission to develop uniform statewide standards for those conditions for data centers, require regular compliance reporting by operators of data centers for those conditions, and initiate enforcement proceedings in the event of noncompliance with those conditions, as appropriate. The bill would require the quantification and mitigation of impacts for emissions of greenhouse gases of a data center project in the same manner as those certain environmental leadership projects. By increasing the duties of a lead agency, the bill would impose a state-mandated local program.
- SB 1168 (McNerney): Existing law vests the Public Utilities Commission with regulatory authority over public utilities. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. This bill would require the commission to assess opportunities for rate structures to ensure data centers pay a reasonable share of their costs associated with transmission and distribution needs, ensure that data centers pay for their proportionate share of load increases and procurements needed to reliably serve their loads while maintaining consistency with the applicable integrated resource planning requirements, and alleviate cost pressures on residential ratepayers.
- AB 2619 (Papan): This bill would require a person who owns or operates a data center, prior to applying to a city or a county for an initial business



license, equivalent instrument, or permit, to provide its water supplier, under penalty of perjury, a good faith estimate of the expected water use, the anticipated source of water, and the data centers projected water use volume for the maximum day, maximum month, and average year. Similar reporting requirements would be required upon each business license renewal. This bill would also require the Department of Water Resources and the State Energy Resources Conservation and Development Commission to develop, on or before January 1, 2029, guidelines and best practices to maximize the efficient use of natural resources to address the developing and emerging needs of technology in California that are consistent with urban water use objectives under prescribed provisions of law.

- AB 222 (Bauer-Kahan): This bill would require the State Energy Resources Conservation and Development Commission (Energy Commission) to establish a process for the owner of a data center, as defined, to submit the power usage effectiveness ratio, as defined, for the data center to the Energy Commission on a biannual basis, and require the owner of a data center to submit this information for the data center in the manner and timeframe specified by the Energy Commission. The bill would require the Energy Commission, as part of the 2027 edition of the integrated energy policy report, to include an assessment of electrical load trends for data centers, as provided.

These bills show that legislators at the state level understand the AI boom is driving the development of data centers and they are looking to implement protections for ratepayers and the surge in electrical and water demands such uses entail. They are also looking to prevent cost shifting by ensuring data centers pay their own way for increased utility consumption, increase water use transparency, and close any California Environmental Quality Act (CEQA) loopholes. If passed, many of the bills would not take effect for up to several years meaning there could still be several years without state-level regulation to protect rate payers and the use of natural resources, or without technology and methods that could assist data centers to operate in a more efficient manner than currently available today.

Potential for Data Centers in Oakley

When looking at the City's current zoning districts, land use designations, and available land located a substantial distance away from residential uses, the City of Oakley does not appear to be an ideal location to construct a data center. As stated in the summary introduction, the Oakley zoning code does not include the term "data center." The use is what would be considered an "unclassified use" and there is no similar use in the code that it can be compared to. Small server rooms and ancillary data centers that may operate as part of an existing business are not at the forefront of this work session, rather medium to large-scale AI driven data centers or



hyperscale data centers that are assumed to require significant acreage, building size, and utility consumption are the focus on this work session. One of the main questions to be asked is “If permitted in Oakley...where?”

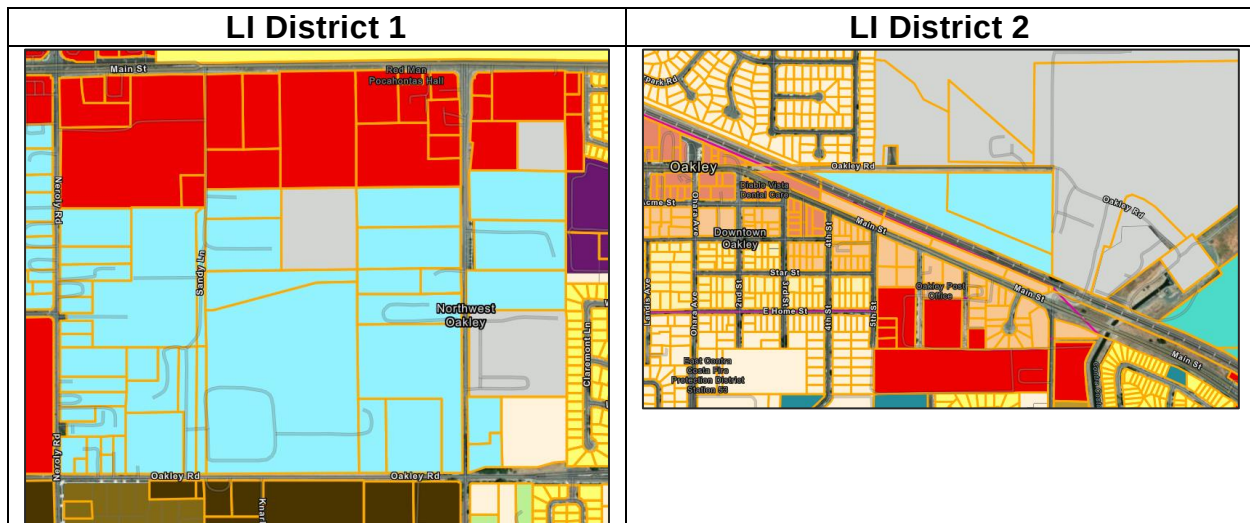
Oakley lacks a Heavy Industrial General Plan Land Use Designation and Zoning District. The closest designation that could potentially accommodate such a use is the Light Industrial Designation with a consistent underlying Zoning District, such as the Light Industrial (LI) District. The only remaining land with such a designation is the area found generally north of Oakley Road, east of Neroly Road, west of Live Oak Avenue and south of the commercial properties fronting the south side of Main Street (LI District 1), and a much smaller area of land north of Main Street and the railroad tracks generally between where Rose Avenue and 4th Street intersect with Main Street (LI District 2).

There is no consensus on established data center setbacks from residential uses. Some jurisdictions have adopted setbacks of varying distances ranging between 200 and 500 feet. Other sources lean toward a minimum 500-foot buffer between a data center and residential uses. There are even recommendations suggesting a one-half mile buffer between the two uses, such as from the AINow Data Center Policy Toolkit, which provides jurisdictions of all types and sizes tool to stop, slow, and restrict rampant data center development in their areas if that is their intent. Regardless of the buffer, Oakley is a city with a mix of uses, including legal nonconforming residential uses in commercial and light industrial designated and zoned land. If data centers were allowed to be proposed, environmental impacts caused by the project would apply to both legal and legal nonconforming residential uses. In other words, impacts on a legal non-conforming residential use located in a LI District would have to be analyzed.

An analysis of the City’s existing LI Districts 1 and 2 shows that the largest parcel located in the middle of LI District 1 has a boundary adjacent to Oakley Road with residential uses directly south of the road. Additional nonconforming residential uses are located along the east side of Neroly Road approximately 160 feet from the parcel’s western boundary. LI District 2 is adjacent to portion of the Vintage Parkway neighborhood and just over 200 feet from residential uses south of Main Street. (See Figure 1 which shows both LI District areas and the applicable zoning districts: light blue = LI District; shades of brown/yellow = residential Districts) The only other areas in the City with land use designations consistent with the LI District are the Oakley Logistic Center located north of the railroad tracks and east of Wilbur Avenue and Bridgehead Road, which currently already has uses established, and the recently approved Bridgehead Industrial project north of Main Street south of the railroad tracks and west of Big Break Road north of the railroad tracks which had “data centers” removed as an allowable use at the time of approval.



Figure 1: LI District 1 and 2 Zoning Districts



Outside Agency Input

Staff reached out to Diablo Water District (“DWD”), Ironhouse Sanitary District (“ISD”) and asked if they had any input for this work session. Both districts provided feedback to the City which is summarized below:

Input from DWD

Staff from the City and DWD held a phone call to discuss the focus of the work session and the following bullet list was received by email from DWD on July 6, 2026.

- Diablo Water District’s Regulation 8 (Water-Use Efficiency) and Regulation 12 (Recycled Water) were updated in April of 2026 to reflect:
 - Potable water (drinking water) cannot be used for industrial processes such as data center cooling.
 - Recycled water is required to be used for industrial processes.
 - Groundwater cannot be used.
- Development pays for development-related costs and impacts.
 - The cost of extending a recycled water system to a new development area is paid for by the new development.
 - By law, there cannot be an impact to current ratepayers or current rates.
- CEQA analysis for water-related impacts/projects is still required for future projects.



Input from ISD

Staff and ISD held a phone call on July 7, 2026. The following is a summary of the notes from that phone call.

- ISD currently has available recycled water that could be used for industrial uses, such as data center cooling; however, the distribution infrastructure is not in place.
- ISD shares DWD's stance that all costs associated with infrastructure for distribution expansion would be on the applicant developer of whatever use requires it. ISD also shares DWD's stance that any capacity increases should not result in increased rates to regular customers.
- ISD has treatment capacity for General Plan buildout which is based on estimated population and non-residential land use acreage. The amount of recycled water available is related to the treatment capacity.
- ISD has an Industrial Pretreatment Ordinance. This ordinance requires certain uses defined by ISD as "industrial" to pretreat effluent to a residential effluent standard before being discharged to the wastewater treatment facility. ISD noted that as of today, Oakley has no "industrial" uses per their definition. Many uses considered industrial in Oakley's zoning code are considered commercial by ISD standards (Ex. Logistics warehouse).
- In the event a use was proposed that would exceed the anticipated discharge capacity assumed by ISD for that land use category and facility expansion was necessary with build out, ISD would calculate that additional capacity need and hold the developer financially responsible for the additional capacity need. They do not operate by a "first come/first served" policy in this regard.
- Any facility expansion needs, while already built into their permit, would likely take at least five years to plan and build.

Can the City of Oakley Ban Data Centers?

City Staff consulted with the City Attorney on whether the City Council could ban data centers. The remaining part of this section is the City's Attorney's response to that question.

Yes. The City can lawfully determine that data centers are not an appropriate use in any zoning district within the City. Unlike some uses where constitutional issues may be implicated—such as the First Amendment issues that affect adult businesses—data centers present purely land use and environmental considerations that would allow for outright bans. There are caveats, of course. If an applicant has been submitted for a data center, there could be issues with imposing a zoning prohibition in the middle of the application process. And in theory, if a data center were the only viable use for a particular property, the prohibition of data center uses could effect a taking under federal and California law. But as the above discussion



indicates, Staff is aware of no site within the City where such unique circumstances would exist. As data centers would only likely be suitable in large, industrially or commercially zoned properties, there are a myriad of other uses the property owners could apply for that would provide for reasonable economic returns.³

Even still, should the City implement an outright ban, it should do so only after finding that the environmental, land use, and other circumstances support such a ban and that no properties within the City would be precluded from developing other reasonable industrial or commercial uses.⁴

Consistency with the Oakley Strategic Plan 27+

Holding an advisory work session on data centers is consistent with the goals in the section of the Oakley Strategic Plan 27+ entitled, “Community and Economic Development Goal”.

Fiscal Impact

This is a City-initiated work session. Staff time and materials associated with research and preparation of this Staff Report packet and any follow-up based on policy direction from the City Council are covered by the City’s General Fund.

Requested City Council Direction

This is a work session only. There are no resolutions or ordinances requiring action. The Planning Commission should function in an advisory role to the City Council during this work session. The City Council is being requested to provide policy direction to Staff on how to proceed. If a unanimous consensus cannot be reached on policy direction to Staff, the City Council may be asked to provide policy direction supported at least by a majority of the City Council.

Attachments

1. Notice of Work Session

³ Addition to Staff Report by Derek Cole, City Attorney, July 7, 2026

⁴ Id.





NOTICE OF WORK SESSION

Notice is hereby given that on **July 21, 2026, at 6:30 p.m.**, or as soon thereafter as the matter may be heard, the City Council and Planning Commission of the City of Oakley will hold a Special Meeting and conduct a Joint Work Session at the Council Chambers located at 3231 Main Street, Oakley, CA 94561 for the purposes of discussing the item described below:

Item Name: Data Centers – City Council and Planning Commission Joint Work Session

Location: City of Oakley, CA 94561 (no specific location)

Applicant: City of Oakley, 3231 Main Street, Oakley, CA 94561

Request: The City Council and Planning Commission will hold a joint work session to receive information and public input on the feasibility of allowing data centers within the City of Oakley. Currently, the City of Oakley Zoning Code (Oakley Municipal Code Chapter 9.1) does not include a definition for or listing of “Data Centers.” Staff will provide information on potential impacts typically associated with data centers, current trends in California and the country as a whole, and summary findings in well-documented research papers related to the use. The City Council and Planning Commission will receive Staff’s presentation, a City Attorney opinion on the rules governing a potential ban of the use, and public input. After discussions, including input from the Planning Commission, the City Council will provide policy direction back to Staff on whether to prohibit the use or formulate regulations and standards to potentially conditionally permit the use, as well as direction on which types of zones the use may be conditionally permitted within, if that direction is provided. For the purposes of this work session, “Data Centers” includes “AI” or “Artificial Intelligence” Data centers.

How to Review: The Staff Report and its attachments will be available for public review, on or before **July 16, 2026**, at City Hall, 3231 Main Street, Oakley, CA 94561 or online at <https://www.oakleyca.gov/129/Agendas-Minutes> by navigating to the **July 21, 2026, Special Meeting of the City Council and Planning Commission** agenda and clicking the project title link. Interested persons are invited to submit written comments prior to and may provide public comment at the Work Session. Please refer to the meeting agenda, when available, for more information on how to participate remotely.

Written comments may be submitted online at: <https://www.oakleyca.gov/publiccomment>.

NOTICE IS ALSO GIVEN pursuant to Government Code Section 65009(b) that, if this matter is subsequently challenged in Court by you or others, you may be limited to raising only those issues you or someone else has raised at a Work Session described in this notice or in written correspondence delivered to the City of Oakley City Clerk at, or prior to, the Work Session.