Jon Radermacher
City Administrator
City of Cannon Falls
918 River Road
Cannon Falls, MN 55009

August 20, 2025

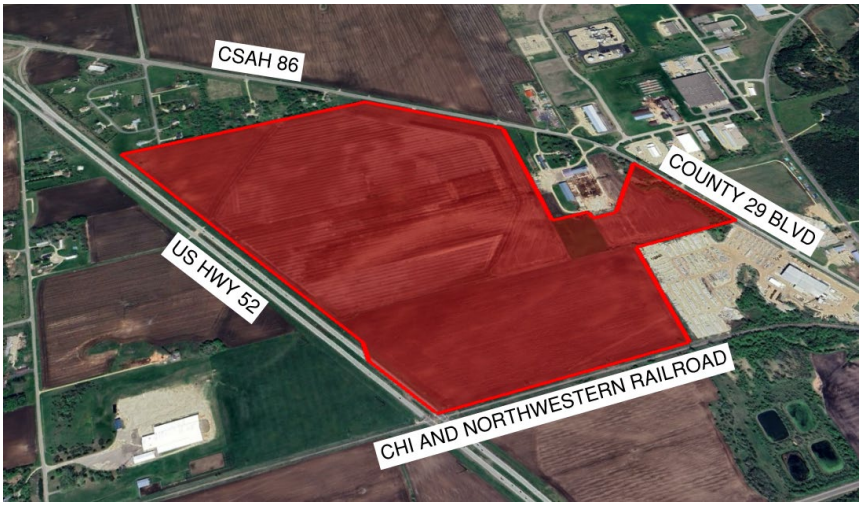
Dear Mr. Radermacher,

Kimley-Horn, on behalf of MNLCO Dakota County Two, LLC, and MNLCO Dakota County Three, LLC (collectively "Tract"), is submitting the following land use applications, concurrently, for an approximately 253 acre site ("Property") located just east of U.S. Route 52, southwest of Rochester Blvd/County 29 Blvd, and north of the CHI and Northwestern Railroad in Randolph Township, Minnesota (Dakota County) and Cannon Falls ("City"), Minnesota (Goodhue County) to facilitate the development of a master planned data center campus to be known as "Cannon Falls Technology Park" (the "Project"). The majority of the Property is located in Randolph Township ("Township") but will be annexed into the City pursuant to the joint resolution adopted by the City and Township on August 19, 2025.

Land Use Applications
The following applications are requested at this time:

1. Rezoning from Urban Reserve to I-2, General Industrial Zoning District ("I-2"). Urban Reserve is the zoning that is now applied to the property subject to the Annexation approved by City Council on August 19, 2025.
2. Conditional Use Permit for Data Centers, Data Center Substations, and accessory uses and as identified under the Section 152.02 and Section 152.688(M) of the Cannon Falls Municipal Code ("Code") and a CUP to allow for an increase in building height.
3. Conditional Planned Unit Development as identified under Section 152.151(A) of the Code. This process will include the establishment of the Development Agreement.
4. Variances to certain provisions of the Final Plan Stage under Section 152.153(J)d as further specified below.
5. Preliminary Plat to create two developable lots as well as an outlot that will be dedicated to the City for the construction of a water storage tower, and to facilitate the preliminary design and construction of off-site water and waste water utilities needed to serve the site.

Project Overview and Impacts
It is important to note that the applications referenced above are intended to establish the framework for a future data center campus, which shall be developed in a phased approach. At this stage of entitlements, a detailed site plan is not proposed. The future site plan will be comprised of all the detailed design elements which will be in accordance with the PUD performance standards, the Conditional Use Permit performance standards, and all other applicable municipal requirements. When all processes, including the site plan, are taken together, the City will have assurances that all applicable regulatory requirements are met either prior to the approval of a site plan, prior to the issuance of a building permit, prior to the issuance of a Certificate of Occupancy, or prior to other pertinent triggers as identified under the Code or other agency requirement.



Data Centers are critical digital infrastructure and the cornerstone to 21st century economic growth. As businesses, governments, and individual consumers increasingly rely on cloud computing and digital services, the demand for reliable, secure data processing and storage has grown exponentially. As our economy becomes increasingly digital, the demand for data centers — the backbone of everything from health care records to online education — has never been greater. Communities that embrace this infrastructure position themselves as innovation-forward and future-ready.

Data Centers offer substantial economic development benefits while generating minimal impact compared to other land uses. Data centers provide high-quality jobs, generate significant tax revenue and fuel industries that communities rely on every day. This project will establish Cannon Falls as a leading area in the state and mid-west region of the country for high tech information technology companies. This reputation will help attract other companies which will seek to locate near high-tech facilities.

The capital investment in a master planned campus of this scale typically reaches hundreds of millions of dollars and often exceeds over a billion dollars as the project is developed. Thus, the tax generation from data centers is significant.

a. Potential improvements that could receive the tax allocation could include, but are not limited to:
    i. Emergency Services
        - Improve or construct new facilities such as fire and police stations
        - Purchase of new technology
        - Training programs for first responders
    ii. Infrastructure
        - Water and sewer upgrades
        - Road improvements
    iii. Community Facilities
        - New parks
        - Improve park features such as play equipment, seating, shelters, and restrooms
        - Trail improvements and new trails
    ii. School District Improvements
        - New sports equipment and facilities
        - Capital improvements
        - Increase in teacher salary

- Investments in new technology and STEM based programs

Data center development creates thousands of well-paying construction jobs during the buildout phase, followed by long-term, high-skilled positions in IT, engineering and facility operations. For every direct job in a data center, studies show that approximately six indirect jobs are created in the local economy — from electricians and maintenance workers to local businesses that serve the growing workforce. These jobs can all be filled by the local workforce. While there are management and technical roles where a college degree is preferred, many of the positions can be filled by people who do not have a degree, attended trade schools, or are veterans. Cumulatively, the permanent jobs are high-salary, skilled jobs with current salaries averaging over $100,000 annually. This campus, after construction, is anticipated to create approximately 275 new high-quality, well-paying jobs.

In summary, the proposed campus, to be located in an area planned for Industrial development, will result in a significant investment in the City's economic growth trajectory, bringing good paying jobs, high tax revenue, and considerable support for the existing and future businesses in Cannon Falls.

Project Phasing and Requested Applications

The data center campus is planned to be developed in several phases. Data center development is unique, compared to many other types of industrial development, in that data centers must first have power supplied to the site before any data center building can operate. The procurement of power is established through separate agreements with the utility company. It is envisioned that one utility-owned substation will need to be built in order to power both phases of the data center campus. From the time that the agreements are fully executed with the utility provider, it is estimated to take approximately five years to construct and energize the substation for the first phase of data center buildings. Thus, the strict application of many of the Code requirements established under the various processes identified simply cannot be met within the time frames identified. Due to the unique multi-year/multi-phase nature of the project, Tract is seeking a variance to Code Section 152.153(J) to allow for construction in accordance with the phased development proposed. This phase of entitlements process will establish the performance criteria that will be met during the site plan and building permit submittals for each of the subsequent development phases.

We anticipate that the data center substation will be completed approximately five years following the execution of the utility agreements; however, development of the site will commence prior to that energization date. Tract intends that construction for the the off-site water and waste-water infrastructure to serve the site commence within 4 years, and the final operator of the Project, whether a Tract affiliate or another end user, will procure site plan approval, building permits, other relative local, state, and federal permits necessary to commence construction of the site. The intent is to time the substation energization with the completion of the first data center building. Thus, there is a *significant* level of detailed planning efforts and financial investment that must be facilitated to bring the development of this campus to fruition.

The initial entitlements applications, as applied for herein, create the development framework for the future construction of the campus. A future site plan or site plans will be processed which will show all of the internal horizontal and vertical improvements. In addition to the land use applications currently requested, the following approvals would be required prior to construction of the Project:

- Final Plat to secure the full civil design details for the off-site water and wastewater infrastructure and formally create the two developable lots and one water storage tower outlot to be dedicated to the City. Right-of-way along Minnesota State Trunk Highway No. 52 and Goodhue County Road 29 will also be formally dedicated at this time.
- Utility permits, grading permits, and other applicable permits to construct the public water and wastewater infrastructure that will serve the site.
- Site Plans for each phase, which will demonstrate compliance with all performance standards and conditions applicable under the Code.

- Building permits for each specific data center building and accessory buildings (administrative, guard houses, etc.)
- Construction permits, grading permits, MS4 permits, and other applicable permits for oversight of the internal horizontal improvements (internal roads, stormwater, water utilities, wastewater utilities, and other improvements
- Certificate of occupancy once buildings are completed and relative horizontal improvements are completed.

Land Use Applications Requested

1. Rezoning from Urban Reserve to I-2, General Industrial District

With the recent approval of the joint resolution for Annexation, the subject property will automatically become zoned Urban Reserve (UR). Tract requests that the property be rezoned to I-2. The rezoning request satisfies all of the required findings under Section 152.057 of the Code, as follows:

(A) The proposed action has been considered in relation to the specific policies and provisions of and has been found to be consistent with the official City Comprehensive Plan;

The proposed I-2 District is consistent with he Cannon Falls Comprehensive Plan, which identifies the Property as having a Land Use Designation of "Industrial". In reviewing the Land Use Map of the City, it is apparent that the City envisioned industrial and more intensive uses to be located to the north of downtown. The Property also lies within the City's "Future Urban Expansion Area". According to the Comprehensive Plan, the objective of the Industrial Land Use designation is to accommodate "Areas for large-scale industrial businesses that provide jobs for Cannon Falls and the surrounding area". LU23 states that "Large areas of presently agricultural uses on the north side of town between Hwys. 20 and 52 should be reserved for eventual development of industrial uses". The Project would serve as a catalyst to support and attract businesses which rely on high-speed internet and cloud-based technologies. Property taxes generated from this Project could be applied to the City's revenue streams to finance improvements to schools, infrastructure upgrades, police and fire services, health services, libraries, road maintenance and other City services, which the community members will benefit from. Thus, a data center project of this scope would significantly further the County's economic development objectives and generate increased tax revenues and deliver local high-paying, high-tech jobs. The proposed development supports the City's economic development goals by creating an estimated 275 permanent employment positions. These full-time positions are high paying jobs, generally skilled trades, or engineering in nature. According to the U.S. Bureau of Labor Statistics, in May of 2024, the median annual wage for the information technology category was $105,990, which was higher than the median annual wage for all occupations of $49,500 and higher than the current median wage in Goodhue County of $82,749. The proposed development can be the foundation of a broader technology ecosystem strategic plan setting up this area of Cannon Falls as a technology corridor.

(B) The proposed use is or will be compatible with present and future land uses of the area;

The proposed use is compatible with the surrounding industrial land uses. Regarding the residential uses to the north, as evidenced by the proposed PUD, an increased building setback along with a 200-foot landscape buffer will create much greater separation from these two uses. Additional PUD standards related landscape screening, building design, lighting, and noise will further mitigate impacts to these adjacent land uses.

(C) The proposed use conforms with all performance standards contained in this chapter;

As noted above, the applications under consideration are being processed to establish the development framework for the future data center campus. Additional applications, such as a site plan and building permits, will need to demonstrate compliance with all applicable performance standards, including the CUP and PUD performance standards. Thus, in regards to the CUP performance criteria, please note the following:

a. *A Traffic Impact Analysis (TIA) has been submitted to demonstrate that the adjacent roadways can accommodate the traffic volume proposed from the project, and any future improvements that are warranted from the project will be constructed and financed by the Developer in accordance with the terms that will be set forth in the Development Agreement. The data center campus will generate much less traffic at full build-out than most other types of industrial development, such as logistics and warehousing facilities and manufacturing plants.*
b. *The internal design elements such as the access and parking plan, pedestrian circulation standards, off-street parking and loading, drainage systems, architectural appearance, and signage will be subject to review and approval at the site plan stage in order to demonstrate there are no external conflicts. This site plan will need to be approved, along with other applicable applications, before any construction can commence on the site.*
c. *All applicable federal, state, or county laws or regulations will be complied with in accordance with the applicable agencies review and approval processes.*

(D) The proposed use can be accommodated with existing public services and will not overburden the city's service capacity; and

The City conducted separate water and wastewater system evaluations and determined that there is adequate water and wastewater system capacity to serve this site. The evaluations identified certain improvements that will need to be made if future phases of the project exceed certain thresholds for water usage or sewer discharge. The exact water usage and sewer discharge will be identified by the operator at site plan, but the Development Agreement will establish limits & guardrails for water and wastewater usage to protect the City's resources. The main improvement identified in the water system evaluation was the addition of a new water storage tower near the Project. The existing North Reservoir, constructed in 1972, is nearing the end of it's useful life, so decommissioning the reservoir after constructing a new 1 MG water tower would provide additional storage while minimizing future maintenance costs, improve system reliability, and enhance instantaneous and peak hourly flows to this area of the City. Tract has agreed to dedicate a portion of the Property to the City for the location of this future water tower.

Public water and sewer main extending over a mile in length, will be constructed along County 29 Blvd and Rochester Blvd in order to serve this site and to serve future growth in this area, at the Developer's cost.

Additionally, an irrigation well exists on the property today, but it would need to be permitted through the Department of Natural Resources ("DNR") if the Developer wanted to utilize the existing groundwater appropriations for backup cooling purposes. The joint resolution for Annexation specifies that the well is only allowed for back-up or emergency uses, which will significantly reduce the groundwater usage for this area and provide additional relief to the aquifer.

(E) Traffic generation by the proposed use is within capabilities of streets serving the property.

A Traffic Impact Analysis, prepared by Kimley-Horn and dated May 2025. The study found that the existing street network surrounding the property is adequate to serve this use and that the surrounding intersections are anticipated to operate acceptably with minimal improvements.

Depending on the overall building area proposed, a right-turn and left turn-lane at the site access along Rochester Blvd and a south-bound right turn-lane at the access point along County 29 Blvd may be warranted. Should these improvements be warranted, they will be constructed by the developer or future operator of the site. This obligation will be set forth in the Development Agreement.

2. Conditional Use Permit for Data Centers, Data Center Substations, Overhead Transmission Lines & Building Height

The recently approved text amendment to the Cannon Falls Zoning Ordinance establishes "data centers" and "data center substations" as a conditional use in the I-2 Zoning District. In order for the data center, data center substations, and all related accessory uses to be constructed on the site, a Conditional Use Permit must be approved subject to Criteria set forth in Section 152.072 of the Code. Additionally, the applicant requests a CUP to allow the maximum height of the primary structures to be increased from 45-feet to 65-feet.

Required Findings: Data Center and Data Center Substation
The application meets the requirements of City Code Section 152.072 CUP Criteria, as follows:

(A) The proposed action has been considered in relation to the specific policies and provisions of and has been found to be consistent with the official City Comprehensive Plan;

As noted above, the uses requested under the proposed CUP are in general alignment with the goals and policies of the Comprehensive Plan. The Cannon Falls Comprehensive Plan identifies the subject property as having a Land Use Designation of "Industrial". In reviewing the Land Use Map of the City, it is apparent that the City envisioned industrial and more intensive uses to be located to the north of downtown. The subject property also lies within the City's "Future Urban Expansion Area". According to the Comprehensive Plan, the objective of the Industrial Land Use designation is "Areas for large-scale industrial businesses that provide jobs for Cannon Falls and the surrounding area". LU23 states that "Large areas of presently agricultural uses on the north side of town between Hwys. 20 and 52 should be reserved for eventual development of industrial uses".

(B) The proposed use is or will be compatible with present and future land uses of the area;

The proposed data center and substation uses are compatible with present and future surrounding industrial land uses. A CUP is requested to allow for the maximum building height to be increased from 50-feet to 65-feet to the top of the roof, exclusive of elevators shafts and screen materials for roof-mounted equipment. This increase in height is requested in order to ensure a more flexible building design and enable alternate scenarios for development. In order to off-set the visual appearance of the data centers from the residential uses to the north, an increased building setback along with a 200-foot landscape buffer are proposed under the PUD which will create much greater separation from these two uses. Additional PUD standards related landscape screening, building design, lighting, and noise will further mitigate impacts to these adjacent land uses and are discussed in detail in Section 3 below.

(C) The proposed use conforms with all performance standards contained in this code;

In accordance with Section 152.073 of the Code, certain general performance standards may be applicable. Note that during the site plan review process, the application will need to demonstrate compliance with these performance criteria. Many of these criteria are also integrated into the PUD, as further discussed below, to further ensure compliance at the site plan stage.

(D) The proposed use can be accommodated with existing public services and will not overburden the city's service capacity;

As noted above, the City conducted water and wastewater system evaluations and determined that there is adequate system capacity to serve this site. A new public water and sewer main extending over a mile in length, will be constructed along County 29 Blvd and Rochester Blvd in order to serve this site and to serve future growth in this area, at the Developer's cost.

(E) Traffic generation by the proposed use is within capabilities of streets serving the property.

As noted above, a Traffic Impact Analysis was prepared and found that the existing street network surrounding the property is adequate to serve this use and that the surrounding intersections are anticipated to operate acceptably. Any future road improvements required to be constructed, based on future warrants, will be constructed and paid for by the Developer. This obligation is set forth in the Development Agreement.

Required Findings: Height

Section 152.207 specifies that no structure shall exceed the maximum height requirement of the applicable zoning district provisions except by conditional use permit. The applicant notes the following in *italics* in regards to meeting the specified criteria to allow for an increased height:

1) The site is capable of accommodating the increased intensity of use;

    a. *The subject property is 253 acres and bordered by Hwy. 52, Rochester Blvd., the CHI railroad and residential uses to the north. The subject property is located in an area planned for industrial growth. The increased height allowance will enable the site additional flexibility in the ultimate build-out of the property. Allowing a maximum building height of 65-feet does not necessarily mean that all buildings will be built to 65-feet. Rather, it allows a range of building design options to maximize the potential of the site. Note that the height of the building is measured to the top of the roof and this CUP request requests that screening for roof-mounted equipment and elevator shafts be exempt from the maximum height.*

2) The increased intensity of use does not cause an increase in traffic volumes beyond the capacity of the surrounding streets;

    a. *The increased height should not cause an increase in traffic beyond the capacity of the surrounding streets. The TIA, submitted with this application, was prepared under an assumption that all data center buildings would be a total aggregate of 1,500,000 square feet. Based on that design assumption, the TIA did found that the existing streets could accommodate the additional traffic with minimal improvements required If additional traffic is introduced and warrants additional turn lane improvements at the site entrances, then the Developer would install these improvements to protect the wellbeing and safety of the residents.*

    b. Public utilities and services are adequate;

    c. *As noted in various sections of the narrative, public utilities and services will be constructed to adequately serve the site.*

3) For each additional story over three stories or for each additional ten feet above 35 feet, front and side yard setback requirements shall be increased by 5%;

    a. *The table below demonstrates the setbacks required under the Municipal Code compared to the setbacks proposed under the PUD and shows the significant increase in setbacks proposed to further mitigate any potential views of the taller buildings.*

Municipal Code		PUD Standards			
Minimum setbacks	**Feet**	**Proposed Residential**	**Proposed Non-Residential**	**Increase in Feet**	**% Increase**
Front	40	250	150	110 - 210	375% - 625%
Rear Abutting Non-Residential	30		150	120	500%
Rear abutting Residential	40	250		210	625%
Side	20		150	130	750%
Side abutting a public ROW	40		150	110	375%
Side abutting a residential District	30	250		220	833%
Adjacent to Railroad	NA		100	NA	NA

4) The performance standards and criteria of §§ 152.070 through 152.074 of this chapter are considered and satisfied.

   a. *At the time of the site plan review, it will need to be demonstrated that all applicable performance criteria are addressed and satisfied.*

Performance Standards: Essential Services

Regarding the substation and the overhead transmission lines, Section 152.388 establishes Performance Standards for these "Essential Services," which are satisfied as follows:

(A) All distribution lines shall be underground.

Data centers are typically fed power from the Utility's transmission system directly to the data center site. Depending on the utility, transmission voltage is typically 69kV or greater. Transmission lines are typically installed overhead for safety and cost effectiveness. Permanent distribution lines on data center campuses are typically installed underground at 34.5 kV). Temporary overhead power distribution lines for construction power will likely be installed above-ground. It has not been determined how construction power will be constructed or served. Temporary lines provide power for the construction of buildings and the support of building operations. These lines shall remain in use until the permanent underground service from the on-site substation is operational, and building construction is completed. The temporary distribution equipment may be rerouted to serve additional construction sites or removed altogether by the electric utility. The transition from the transmission system is a switching station/substation. The switching station / substation is an integral use associated with the data center operations. Thus, based on the energy distribution and transmission lines that are needed to serve a data center campus, Tract is seeking flexibility under the PUD to allow overhead power transmission lines which are greater than 69kV to be installed above ground.

(B) Outdoor storage of materials or equipment shall be prohibited.

Note that substations are inherently un-enclosed. Additionally, construction equipment and materials are typically stored in an outdoor area such as a laydown yard during construction. Other than the materials and infrastructure associated with the substation or for construction, no other materials or equipment will be stored outside.

(C) All poles and similar type structures shall be placed in the public right-of-way or utility easement unless approved as an interim use permit subject to §§ 152.085 through 152.089 of this chapter.

The transmission lines will be in public ROW or a utility easement. However, internal, private distribution lines will not be located in public ROW but may be located in private easements to serve both campuses and the substation.

(D) All facilities shall be landscaped and screened to the extent practical and applicable pursuant to §§ 152.275 through 152.281 of this chapter.

The facilities will be landscaped and screened, to the greatest extent practicable, subject to review and approval by the City and in accordance with any PUC requirements.

(E) The size and number of accessory buildings are to be minimized to the extent possible and are to house only equipment directly related to the operation of the facility in question.

The size and number of accessory buildings will be minimized to the extent possible and will house only equipment or personnel directly related to the operation of the facility in question.

(F) The architectural appearance of all structures and buildings shall be in harmony with the primary uses within the vicinity of the site.

Substations and utility lines are not subject to architectural requirements and therefore this criteria is not applicable.

Performance Standards: Data Centers/Data Center Substations

The recently adopted amendment to the City Ordinance, added performance criteria to be met for the construction of data centers and "electric power transforming and/or switching station[s] that provide electrical services to a Data Center and may include electric generation, distribution, switchyard, and transmission facilities. Note the response to each criteria in *italics* below:

1) Public sanitary sewer, water, and storm sewer services with adequate infrastructure and capacity are or will be available to serve the Data Center as determined by the City Engineer;

    a. *Public sanitary and water services will be installed to serve the site. Sanitary, water, storm services internal to the site will be privately owned and maintained.*

2) Water, wastewater, and stormwater systems approved as to design and capacity by the City Engineer shall be installed;

    As noted above, the City conducted water and wastewater system evaluations and determined that there is adequate system capacity to serve this site. A new water and sewer main extending over a mile in length, will be constructed along County 29 Blvd and Rochester Blvd *in order to serve this site and to serve future growth in this area. Private stormwater and detention systems will be installed onsite to comply with NPDES, MS4, and any other applicable permits/standards.*

3) All applicable State Public Utilities Commission, Pollution Control Agency, Department of Natural Resources, Department of Health, and Department of Transportation requirements are met to the City's satisfaction;

    a. *The applicable state and regulatory requirements will be met in accordance with that specific agency's standards and permitting processes. This regulatory compliance requirement will commence during the site plan process and applicable regulatory*

oversight will be administered through construction and the life of the project, depending on the standard.

4) All mechanical equipment and electrical equipment, other than telecommunications equipment serving the Data Center, is housed in mechanical yards that are fenced and screened in accordance with City Code;

    a. *This condition will be met subject to the site plan review and other agency oversight processes and procedures.*

5) Except as provided in this section, outdoor storage of equipment related to operation of the Data Center must be landscaped, fenced and screened from view of neighboring uses, abutting residential zoning districts and public rights-of-way in compliance with City Code;

    a. *The future site plan will be prepared to demonstrate compliance with these screening standards. Note that the PUD proposes additional landscape screening measures to mitigate the views from the abutting residential properties to the north (see discussion in the PUD section below).*

6) The Data Center is fully enclosed by a fence as approved by the City;

    a. *A perimeter fence will be installed along with more interior security fencing. All fence details will be reviewed and approved through the site plan process.*

7) Vehicular access points shall create a minimum of conflict with traffic movement and shall be subject to approval of the City Engineer;

    a. *The access points will be located in a manner that meets City and MNDOT standards. The access points will be reviewed and approved through the site plan process.*

8) All exterior lighting shall be in compliance with § 152.187 of this chapter and a comprehensive lighting plan approved by the City. The maximum site illumination shall not exceed four-tenths foot candle at ground level when measured at any boundary line of the property; except that temporary construction lighting and lighting on access roads at the property boundary shall be exempt;

    a. *A comprehensive lighting plan will be provided with the site plan to demonstrate compliance with this criteria. It is only at the time of site plan that the actual locations and fixture types of all lighting, both pole mounted and building mounted, can be provided.*

9) The site contains adequate parking as determined by the City;

    a. *A parking plan will be provided with the site plan to demonstrate compliance with this condition.*

10) Provisions acceptable to the City are made to control and mitigate noise, light, air and water pollution so as to not unreasonably disturb or interfere with surrounding property owners' use and enjoyment of their property;

    a. *During the site plan review process, the applicant and the City will work together to identify the appropriate mitigation measures, as informed by a sound study and lighting study. Per the proposed PUD, additional mitigation measures, above the standard code requirements to address noise and light will be identified and implemented. Further, all development will comply with applicable state and federal air and water quality standards and regulations. The Developer will be required to meet these standards through the State and local permitting procedures.*

11) Notwithstanding anything to the contrary in the City Code, the requirements of City Code § 152.688(M) apply to Data Centers located within planned unit developments; and

    a. *Noted.*

12) The City, when evaluating a formal request for a conditional use permit pertaining to a specific site prior to approval, upon finding that the general welfare and public betterment can be served as well or better, may add to, modify or expand the conditions set forth herein.

    a. *Noted.*

(N) Data Center Substation, provided that:

1) All applicable State Public Utilities Commission, Pollution Control Agency, Department of Natural Resources, Department of Health, and Department of Transportation requirements are met to the City's satisfaction;

    a. *The applicable state and regulatory requirements will be met in accordance with that specific agency's standards and permitting processes. This regulatory compliance requirement will commence during the site plan process and applicable regulatory oversight will be administered through construction and the life of the project, depending on the standard.*

2) All Data Center Substations are located on the same site as the Data Center that it serves;

    a. *The data center substation will be located within the area encompassed by the PUD. The utility provider may require the substation to be on a separate lot, but such lot will be located within the boundaries of the PUD.*

3) The number of Data Center Substations serving a Data Center are limited to those necessary for operating the Data Center and associated structures;

    a. *Noted.*

4) The requirements in §§ 152.385 through 152.389 are satisfied to the City's satisfaction;

    a. *Compliance with the these provisions will be met subject to the applicable regulations and timing*

5) Provisions acceptable to the City are made to control and minimize noise, light, air and water pollution so as to not unreasonably disturb or interfere with surrounding property owners' use and enjoyment of their property;

    a. *During the site plan review process, the applicant and the City will work together to identify the appropriate mitigation measures, as informed by a sound study and lighting study. Per the proposed PUD, additional mitigation measures, above the standard code requirements to address noise and light will be identified and implemented. Further, all development will comply with applicable state and federal air and water quality standards and regulations. The Developer will be required to meet these standards through the State and local permitting procedures.*

6) Notwithstanding anything to the contrary in the City Code, the requirements of City Code § 152.688(N) apply to Data Center Substations located within planned unit developments; and,

    a. Noted

7) The City, when evaluating a formal request for a conditional use permit pertaining to a specific site prior to approval, upon finding that the general welfare and public betterment can be served as well or better, may add to, modify or expand the conditions set forth herein.

    a. *Noted*

3. Conditional Use Permit: Planned Unit Development

Because data centers and data center substations are established as a Conditional Use in the I-2 Zoning District under Sections 152.02 and 152.688(M), a Conditional Planned Unit Development application, as established under Section 152.151(A) of the Code is requested. The result of the PUD will further establish and solidify all vertical and horizontal development standards which must be demonstrated to be met under the future site plan, building permits, and other required applications.

The three stages of the PUD process (Concept, Development, and Final), as set forth under Section 152 of the Code require various elements of the design to be prepared for evaluation by the City. However, as noted above, this first phase of entitlements (Rezoning, CUP, PUD) are needed in order for Tract to move forward with executing the agreement with the utility company to procure power for the site. Due to the timeline involved to procure power, and the considerable financial investment needed, this early phase of entitlements cannot include all of those detailed site elements. Note that all of the site details will be provided through the Site Plan phase and the City will have full authority to ensure compliance at that time. To the extent any specific item required under the City Code is not provided at this time, Tract is seeking flexibility under City Code Sections 152.153(H)(2)(k) and 152.153(I)(2)(m).

Section 152.152 of the Code establishes General Requirements and Standards for a PUD. The standards are being addressed as provided below:

(A) Ownership: The Owners of each parcel have signed the applicable PUD application forms.

(B) Comprehensive Plan Consistency: As noted in the sections above, the subject property has been identified for “Industrial” uses since the Comprehensive Plan was last updated in 2003. Thus, the City as envisioned this area for future industrial growth for over two decades. With the exception of the property to the north, the site is mostly surrounded by other types of industrial uses. The industrial land use is consistent with the City’s Comprehensive Plan, particularly regarding:
- Providing economic growth and diversity for the City while not overtaxing city infrastructure;
- Locating within a “modern industrial park on the north end of the city”;
- Creating good-paying jobs to keep residents within the City of Cannon Falls and/or attract talent from neighboring communities for work; and,
- Visually appealing industrial development with screened outdoor storage or equipment.

(C) (D) & (E) Public or Common Open Space and Related Requirements: Public and /or common open space is not planned for this data center campus and therefore these provisions are not applicable.

(F) Density: The Comprehensive Plan does not establish a maximum density for Industrial uses. The remaining provisions under this section are applicable only to residential development.

(G) Utilities: All water, sewer, gas, and fiber utilities will be installed underground in a joint trench whenever possible.

(H) Utility connections: Applicant agrees that for water connections, shut off valves must be located in a way that each unit's service may be shut off by the city, in addition to the normally supplied shut off at the street. Additionally, applicant agrees that adequate provisions will be made to allow for the adequate cleaning and maintenance of manholes. All maintenance and cleaning will be the responsibility of the property owner.
   a. If the Applicant chooses to use the onsite well for backup or emergency use, then proper isolation valves will be installed so there is no cross contamination between the municipal system and onsite well.

(I) Roadways: Internal public and private roadway design will be determined during the site plan review process.

(J) Landscaping: A detailed landscape plan will be provided at the site plan stage of development. A 200' natural buffer adjacent to the northern property line is shown on the PUD. A 50- natural buffer is proposed around the remaining perimeter of the site where there are no conflicting electrical easements. Additional landscaping beyond the City's minimum standards may be installed in the northern natural buffers to provide additional screening. The proposed PUD includes additional landscape standards to be met with a future site plan application (see more detail below).

(K) Development Agreement: The Developer would like to enter into a Development Agreement prior to approval of the Final PUD and prior to approval of the Preliminary Plat.

(L) Setbacks: The PUD proposes setbacks greater than those required by the underlying zoning district:

a. Northern Property Line / Residential: 250 Building Setback for structures up to a maximum height of 65-feet. Note that previously, it was proposed that buildings be allowed up to 80-feet in height. Based on community and council feedback received to date, the applicant proposes to reduce the overall building height to 65-feet, exclusive of the screening needed for roof-mounted equipment such a parapet walls, and for elevator shafts.
b. Adjacent to Non-Residential Uses: 150-feet
c. Adjacent to Railroads: 100-feet
d. Adjacent to Rochester Blvd, County 29 Blvd, & Highway 52: 150-feet
e. Internal Lot Lines: 0-feet or in accordance with applicable building and fire code standards.

152.153 Procedures for Processing a Planned Unit Development

Stages of the PUD: The applicant requests that the Concept and Development stage plan of the PUD be processed concurrently, and that the Final PUD follow soon after with the Final PUD submittal requirements being deferred to site plan or other applicable process. Note the chart provided on the PUD plans, and attached as Exhibit A demonstrates when site details will be provided and thus identifies specific requests for the "Exclusion" of specific detailed information at this stage of the entitlements process and which is being deferred to later stages in the entitlements processes.

A General Concept Plan showing a conceptual site plan with locations of data center buildings, administrative buildings, access points, perimeter landscape / natural buffers and other site elements is provided. However, full design details will be provided at the site plan stage. Such application for site plan will need to demonstrate that all applicable PUD performance criteria, CUP performance criteria and conditions, and all other applicable Code requirements. The location of the buildings, internal access, stormwater measures, etc. will be somewhat different than shown on the concept plan, but all improvements are subject to all applicable regulatory requirements. The Development Agreement will set forth all applicable future requirements to be considered under review of a site plan.

As noted, the site will be constructed in phases. A phasing schedule is provided under this application for PUD review in order to inform the terms of the PUD agreement and / or Development Agreement, whichever is applicable (Exhibit A).

A community meeting was held at City Hall on April 29, 2025. The community meeting was well attended. Several key development standards have been modified based on feedback from the community meeting, including but not limited to, reducing the maximum building height from 80-feet to 65-feet and increasing the landscape buffer along the northern property line.

The “Cannon Falls Technology Park PUD” has been prepared to establish the framework for future horizontal (e.g., site grading, landscaping, site circulation, water & wastewater connections) and vertical (e.g., building designs, screening, etc.) development of the site. The Concept plan is provided to show a conceptual layout of the site with two campuses, including potential building designs, locations, access points, and other characteristics. Note the property could be a single or two campus development. This Concept Plan stage is combined with the Development Stage plan. As noted in many sections of this narrative, demonstrating compliance with all applicable development standards will be subject to review and approval of a site plan and any other applicable permitting requirements. Sheet 2 of the PUD lists all the additional PUD regulatory requirements, which includes flexibility deviations under the PUD from the development standards as set forth in the underlying I-2 Zoning Designation. These requests for flexibility are summarized as follows:

- Setbacks:
    a. Adjacent to Residential Uses: 250-feet (210’-220’ increase from Code requirements)
    b. Adjacent to Non-Residential Uses: 150-feet (110’ – 130’ increase)
    c. Adjacent to CHI &Northwestern Railroad: 100-feet
    d. Internal Property Line: 0-feet or the minimum required by the applicable Cannon Falls Building Code.
    e. Adjacent to the Water Storage Tower Parcel: 10-feet

- Landscape Buffers: The Code requires a minimum 20-foot greenbelt planting strip to help screen industrial development. The PUD proposes a 200-foot landscape buffer adjacent to the residences to the north and a 50-foot landscape buffer adjacent to all other perimeter property lines where there are no conflicting electrical easements. To ensure enhanced screening from the residences to the north, the PUD requires a minimum of 261 trees be planted (71 deciduous and 190 evergreen trees). This increase in landscaping is a direct reflection of the landscape provision established in the Orderly Annexation Agreement between the City and Randolph Township. Additional language requires that all other minimum landscape requirements be met in these buffer areas.

- Landscaping: The PUD requires a detailed planting plan be submitted with each site plan application and demonstrate compliance with the minimum landscape standards as set forth in the Code. The PUD also requires drought tolerant, native plants be used with a diversity of coniferous and deciduous trees. To facilitate additional screening measures, the PUD notes that landscape berms may be constructed up to a height of 10-feet, but taller berms may be constructed subject to administrative approval by the City.

- Architectural Design: In order to ensure higher quality design for the proposed data center buildings, the PUD proposes additional architectural design standards. These standards require variation in building materials and building articulation. Conceptual design imagery is provided with the Concept Plan. However, please note that this imagery reflects the intent of the design, but is not the actual building design for future development. The design of each building will be subject to review and approval of the site plan.

- Screening: Measures to screen roof mounted and ground mounted mechanical equipment are included in the PUD.

- Building Height: As noted in the CUP section above, an increase in the maximum building height is proposed which would allow buildings up to 65-feet, not inclusive of roof mounted equipment, parapet or screen walls, or elevator shafts. While this is an increase in building height, the significant increase in building setbacks is proposed to offset the increased height

- Fences: Standards for perimeter and security fencing are proposed in the PUD.

- Electric Utility Lines: As noted, it is requested that temporary overhead power distribution lines for construction power and transmission lines greater than 69 kV be allowed to be installed above-ground.

- Sound: It is recognized that the community has concerns around sound that is generated from data centers. Note that much of the sound concerns stem from earlier generation data centers. More modern technology has been and is being integrated into the exterior mechanical equipment serving the data centers. To ensure that sound levels do not exceed the State regulatory requirements, the PUD includes regulations that require a sound study be provided prior to the approval of a site plan. The PUD also requires additional sound attenuation measures be implemented in the site plan such as physical improvements around any ground mounted equipment. Note that the adjacent highway already generates a fairly high level of background noise adjacent to the site.

- Parking: Parking requirements for data centers are unique and do not fit neatly into a parking category since most of the building is comprised of data halls. Thus, the PUD specifies that minimum parking should be established at 1 parking space / 1,000 sf of office space and further allows for a parking study to establish the final parking required under the site plan review process.

- Substations: As noted, a substation to serve just this data center campus is necessary. The PUD exempts substations from the design requirements established for the I-2 Zoning District considering that those design requirements are intended for building structures and no utility infrastructure.

- Lighting: The Code has fairly robust lighting standards already established, which center on reducing glare and light pollution on neighboring properties. The PUD proposes additional lighting standards which include a lower height for pole mounted fixtures (25' down to 18'), a maximum height on building mounted fixtures (35'), prohibiting the uplighting of buildings and the lighting of signage.

- Maximum Number of Structures per Lot: Because each campus will be built with multiple buildings, the PUD establishes that no more than ten buildings will be allowed per lot. This limitation applies to data center buildings, administrative buildings, guard houses and any other accessory building structures.

4. Variances

Tract is seeking a variance from the following provisions of City Code Section 152.153(J) – Final Plan Stage, due to the multi-year, phased nature of the proposed data center campus development. All detailed plans for structures, engineering, and site specifics will be submitted at the Site plan review stage. The requested variances are to City Code Section 152.153(J), as follows:

1. Section 152.153(J)(b): Final Plans, Structures, which requires "Final architectural drawings of all structures" at the Final Plan Stage.

   Variance Requested: Tract is seeking to defer submission of final architectural drawings until the Site plan review stage for each phase of development.

2. Section 152.153(J)(c): Final Engineering Plans, which requires "Final engineering plans and specifications for streets, drainage, utilities and other public improvements" at the Final Plan Stage.

   Variance Requested: Tract is seeking to defer submission of final engineering plans and specifications for streets, drainage, utilities and other public improvements until the Site plan review stage for each phase.

3. Section 152.153(J)(g) and 152.153(J)(5): Limitation on Final Plan Approval requires that "Within one year after the approval of a final plan for PUD… construction shall commence… Failure to commence construction… shall automatically render void the PUD permit…."

   Variance Requested: Tract is seeking to extend the one (1) year construction commencement requirement to accommodate the long-term, phased buildout of the project. Construction shall be deemed to have commenced upon the City's initiation of construction of the Public Improvements, which are designed by and paid for by the applicant. Specifically, Tract will complete design and funding of the City's construction of public water and sanitary sewer improvements within four (4) years from the date of Final Plan approval. This coordinated effort between the Applicant and the City satisfies the requirement that construction has commenced under the applicable code provisions.

These variance requests meet the required findings under Code Section 152.103, as follows:

A. Because of the particular physical surroundings, shape or topographical conditions of the specific parcel of land involved, a particular hardship to the owner would result, as distinguished from a mere inconvenience, if the strict letter of the regulations were to be carried out.

   This finding is met, as the scale and complexity of the Property and the Project, which will include multiple buildings and infrastructure systems over 250+ acres, necessitates a phased development approach that will occur over several years. Requiring full architectural and engineering plans at the Final Plan stage for the full 250+ acres would impose a hardship by forcing premature submissions that are not feasible at this time and would inevitably change by the time construction commences. The parcel does not have immediate access to City sewer and water today. The infrastructure necessary for improvements to a site of this size, including more than a mile of sewer and water main extensions, as well as power transmission lines, will likely take several years. Given the unique nature of the site, including, size, topography, and geographic location, requiring construction to commence within one year is not only a hardship but is not feasible given the planning and engineering required.

B. The conditions upon which an application for a variance is based are unique to the parcel of land for which the variance is sought and are not applicable, generally, to other property within the same zoning classification.

   This finding is met, as the proposed development is a master-planned, data center campus with specialized infrastructure and a phased construction timeline on a parcel of land that is more than 250 acres. Given the unique nature of the parcel's size and distance from critical infrastructure that is necessary to develop the Project, requiring submittal of final plans at this time and requiring construction to commence within one year is not only a hardship but is not feasible given the planning and engineering required. These unique characteristics are not typical of other properties in the zoning district, making the requested variance uniquely applicable to this parcel.

C. The purpose of the variance is not based exclusively upon a financial hardship, or a desire to increase the value or income potential of the parcel of land.

This finding is met, as the variance is requested to align procedural requirements with the practical realities of a multi-year, phased development. It is not driven exclusively by a financial hardship but by the need to accommodate the Project's complexity and timeline. To the contrary, Tract intends to expend considerable financial resources once the Project is approved in order to commence construction within the requested four (4) years.

D. The alleged difficulty or hardship is caused by this chapter and has not been created by any persons having an interest in the parcel of land and is not a self-created hardship.

This finding is met, as the hardship results from the ordinance's requirement to submit final plans and commence construction within one year, which may work for other smaller-scale projects, but is not designed for a large multi-year, multi-phase project. This timeline is incompatible with the large scale nature of the Project and was not created by the applicant.

E. The granting of the variance will not be detrimental to the public welfare or injurious to other land or improvements in the neighborhood in which the parcel of land is located.

This finding is met, as the project includes extensive landscape buffers, screening, and infrastructure planning to ensure compatibility with surrounding uses, particularly to the residential development to the north. A 200-foot buffer has been negotiated with the Township, ensuring that a natural vegetative and screened landscaped buffer area will separate the Project from the adjacent properties. The variance will not negatively impact public welfare or neighboring properties.

F. The proposed variance will not impair an adequate supply of light and air to adjacent property, or substantially increase the congestion of the public streets or increase the danger of fire or endanger the public safety.

This finding is met, as the variance does not affect building placement or density in a way that would impair light or air. Traffic and safety impacts will be addressed through the site plan review process, which will require sound and lighting studies, and the Project includes measures to mitigate noise, lighting, and utility impacts.

G. The variance is the minimum action required to eliminate the hardship.

This finding is met, as the requested variance still requires the submittal of all information necessary and required under the City Code, but simply allows the applicant to defer submission of final plans until the site plan review stage, which aligns with the phased nature of the project. This is the least deviation necessary to accommodate the development timeline.

H. The variance does not involve a use that is not allowed within the respective zoning district.

This finding is met, as data centers, data center substations and associated infrastructure are conditional uses within the I-2 district. The variance pertains only to the timing and procedural requirements of plan submission and construction commencement.

5. Preliminary Plat

A Preliminary Plat application is being submitted for review and consideration to begin the platting process that will create two developable lots, dedicate right-of-way along Minnesota State Trunk Highway No. 52 and Goodhue County Road 29, and dedicate an outlot to the City for the construction of a municipal water storage tower. This application also facilitates the preliminary design of the off-site water and waste water utilities needed to serve the Project. The Preliminary Plat meets the City's requirements in terms of providing preliminary designs for off-site water and wastewater, and meets City's requirements for the minimum dimensions of each lot. The Final Plat will be processed under separate application following approval of the Preliminary Plat.

We respectfully request that these entitlement requests be presented at the next available Planning Commission meeting for consideration. If you have any questions or concerns, please contact me at (612) 315-1272.

Sincerely,

Trish Sieh, P.E.
Project Manager

Cannon Falls Technology Park Phasing Plan

Exhibit A