



**Meeting of the Planning Commission
Held at the Elk River City Hall
Tuesday, May 26, 2026**

Members Present: Chair Perry Beise, Commissioner Eric Johnson, Commissioner Robert Rydberg, Commissioner Dornan Bland, Commissioner James Lang, Councilmember Jennifer Wagner

Members Absent: Commissioner Dennis Booth, Commissioner Anthony Kaba

Staff Present: Community Development Director Zack Carlton, Senior Planner Chris Leeseberg, and Recording Secretary Katie Porath

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 6:45 p.m.

2. CONSIDER AGENDA

Moved by Commissioner Rydberg and seconded by Commissioner Johnson to approve the agenda. Motion carried 5-0.

3. CONSIDER MINUTES

Moved by Commissioner Johnson and seconded by Commissioner Lang to approve the following consent items as outlined in their respective staff reports. Motion carried 5-0.

3.1 DRAFT Minutes - April 28, 2026

4. PUBLIC HEARINGS

4.1 Ordinance Amendment and Conditional Use Permit: Data Center, Michael Margulies - 19178 Industrial Blvd NW

The staff report was presented.

Mark Hanson, General Manager of Elk River Municipal Utility (ERMU), reviewed facts from the perspective of the municipal utility company. He stated the proposed project would use existing electric capacity and any additional needs would be funded by the applicant. The applicant would also be required to use closed loop cooling, which, once charged with water would not need additional water. He also noted that 100% of the direct costs to expand electric service must be paid in advance to remove risk to rate payers.

Commissioner Rydberg asked if a large increase in electricity could help ERMU move to a new pricing tier with the energy cooperative. Mr. Hanson stated that is not how the provider works.

Commissioner Bland asked Mr. Hanson if, from a utilities perspective, the proposed project would be a benefit. Mr. Hanson responded that it would be a benefit. Commissioner Bland verified whether customers of ERMU would experience no impact to rates. Mr. Hanson responded that is correct, rates would not be impacted.

Commissioner Rydberg asked about closed loop cooling technology and if it was a proven technology. Mr. Hanson stated it is not a new technology and has been proven.

Mr. Carlton added that ERMU manages the water system as well as electricity.

Commissioner Bland asked if ERMU saw any negative impacts to the water system. Mr. Hanson stated he foresaw no impacts and noted that the existing service to the building would not change.

Commissioner Johnson asked about the use of water or glycol in the closed loop cooling system. Mr. Hanson stated it was a mix of the two and, once filled, it would not require additional water.

Commissioner Lang asked how much additional electrical capacity the city currently has. Mr. Hanson described the interloop system that can redirect power to different substations.

Commissioner Lang asked if there was any danger during extreme cold or hot for grid balancing and asked at what capacity the data center would operate. Mr. Hanson stated data centers typically run at 80% and will be required to have 100% backup generation.

Commissioner Lang asked if ERMU had any idea of expected revenue. Mr. Hanson described the separation between the city and the municipal utility.

Commissioner Bland asked if there might be a strain on water pressure if the system needs to be cleaned or new water added. Mr. Hanson was not concerned about the impact on the water and stated high water users were encouraged to complete projects during off-peak hours.

Michael Margulies, representing Elk River Capital, stated he was available to provide additional facts and to listen to questions. He stated a noise study would be completed by the June 23, 2026, Planning Commission meeting.

Ned Abdul, principal, described the data center as an "edge" data center versus a hyperscale data center. He stated that the data center would be a co-location site with multiple clients and that they would never need to flush the system once it was full, short of a major leak. Typically, issues with the water would be fixed with chemicals rather than flushed.

Commissioner Johnson asked if the noise resulted from the chillers. Mr. Abdul said that was correct. He explained the difference between air-cooled and water-cooled chillers and pointed out the location of the chillers in an area as far away from residential areas as possible, blocked by the building, and surrounded by a wall with acoustical treatments added.

Commissioner Bland asked about the noise impact to the local business patio shown on the map. Mr. Abdul stated there would be noise on the patio similar to a commercial air handling unit. The noise study should give more information.

Commissioner Lang stated that 33 megawatts seems like a lot. He asked if AI clients would use the

building. Mr. Abdul stated his company is the "landlord" of the building and their target market is not AI users. He added that AI clients typically want larger data centers.

Commissioner Bland asked what the 40 proposed employees would be doing. Mr. Abdul stated they would work in shifts 24/7 in roles such as security, engineering, and maintenance.

Commissioner Johnson stated that the proposed project was capped at 33 megawatts. If someone wanted to put AI servers in there, they would be limited by this size. Mr. Abdul agreed, adding that some of the 33 megawatts were used for the cooling load and that the site would likely run at 70-80% capacity.

Commissioner Lang asked if generators would be installed. Mr. Abdul responded that diesel generators would be located inside.

Commissioner Lang asked if the location of the railroad tracks was a problem. Mr. Abdul clarified that a nearby railroad track may be an issue for vibrations, and stated it was not necessarily something a data center would want on their doorstep.

Chair Beise opened the public hearing.

Nathan Schrief, 12380 193rd Ln NW, expressed concern that allowing one data center would encourage more to locate to Elk River. Mr. Schrief asked questions about power capacity. Mr. Hanson responded that ERMU has underutilized electricity capacity which the proposed data center would draw from. Mr. Schrief asked if the power provider had the capacity to provide extra power. Mr. Hanson responded that they did.

Jesse Lang, 19371 Upland St NW, asked for transparency regarding the company, Elk River Capital. He expressed concern about the density of the data center. He is interested in the results of the noise study being performed and asked that it be a full-spectrum noise study of all frequencies and include both the chillers and the generators. Mr. Lang asked about the definition of an "edge" data center.

Sophia Kruger, 2222 Monroe St NW, raised concerns regarding a data center's potential to harm human health as well as the environment and wildlife. Ms. Kruger asked if the cooling system would need to perform a periodic "blow down" which may release harmful chemicals into the water.

Bonnie Orzechowski, 19100 Johnson St NW, asked questions about the water used in the cooling system as well as the potential for a major leak. She also questioned the number of jobs being listed. She expressed concern about the potential for AI servers in the data center.

Peter Seabloom, 18829 Waco St NW, stated he was a retired machinist who built the parts used in cooling units. He was concerned about the use of rust inhibitors, glycol, and the potential for PFAS.

Becky Spence, 13454 182nd Ave NW, was concerned about the hiring practices of the data center and asked if they performed background checks since the location will be near a school.

Mandy Kauphusman, 20047 Ulysses St NW, asked how the proposed data center compared to the other two data centers in Elk River. She also expressed concern that the site may be used for AI in the future.

Tim Jones, AEGIR Brewing, 19050 Industrial Blvd, stated his brewery's patio is located within 30–40 feet of the chillers and the noise may deter his customers.

Estelle Gunkel, 17155 Quincy St NW, asked for more information on the business behind the application.

Mr. Abdul stated that Elk River Capital is a single-purpose entity of the parent company Swervo Development. Commissioner Lang asked if Iron Gate in Woodbury was affiliated with Swervo Development. Mr. Abdul responded that Iron Gate is a brand of the company.

Rochelle Muellenberg, 13432 Meadowvale Rd, was concerned about the impact on property value.

Vicki Stevenson, 19850 Watson Cir NW, asked for more information on the Payment in Lieu of Taxes (PILOT) program mentioned earlier. Mr. Hanson explained the program and noted it is similar to revenue. He confirmed that the data center would be paying taxes.

Ms. Stevenson expressed concern about the data center location near schools, sports facilities, and parks. She added concern about the degradation of the metals used in the chillers.

Amy Brallier, 925 Angel St NW, expressed concern about the impact on water.

Troy Ives, 13163 196th Ave NW, opposed the idea of an ordinance that would modify all I-1 and I-2 zoning districts as that would not give the ability to scrutinize future projects. He was also concerned that the company was operating under different LLCs.

Moved by Commissioner Johnson and seconded by Commissioner Bland to continue the hearing to June 23, 2026. Motion carried 5-0.

4.2 Conditional Use Permit: Habitat for Humanity build site, ISD 728 - 900 School St NW

The Commission recessed at 8:04 p.m. The Commission reconvened at 8:06 p.m.

The staff report was presented.

Commissioner Bland expressed concern about vandalism and theft. Mr. Carlton explained that the fencing would be permanent.

Commissioner Lang asked if the proposed location interfered with Driver's Ed. Mr. Carlton stated the Driver's Ed practice location may need to be adjusted.

Commissioner Lang asked if the school district would own the building being constructed. Mr. Carlton believes that the school district would own the building until it was completed and transferred from the high school property, but that would be determined by the two parties.

Chair Beise opened the public hearing. There being no one to speak to this matter, Chair Beise closed the public hearing.

Moved by Commissioner Rydberg and seconded by Commissioner Bland to recommend

approval of the CUP allowing construction of an outdoor classroom space at Elk River High school, subject to the following conditions:

- 1. The applicant must submit documentation describing the standards against which the state is reviewing the space.**
- 2. Commercial building permits will be required for the improvements.**
- 3. The fencing along the north, east, and south faces must be 100% opaque.**
- 4. The applicant must submit an updated site plan showing how the parking lot will be updated (striped) to address the changes to parking and circulation.**
- 5. Staff approval of all updated plans, ensuring full compliance with state building and fire codes. Motion carried 5-0.**

4.3 Ordinance Amendment: Oakwater Ridge PUD Standards Related to Signage, Capstone Homes

The staff report was presented. The applicant is requesting two signs up to 192 square feet and four signs up to 64 square feet. The signs would be removed after the development was completed. The applicant is also requesting a large entrance monument of 36 feet long by 4 feet tall surrounded by landscaping and located in the applicant's outlot.

Commissioner Johnson asked about the size of the previous billboards on the site. Mr. Carlton stated the ordinance allows billboards to be 35 feet tall and 400 square feet.

Commissioner Lang asked if the applicant had provided a mock-up of the entrance monument. Mr. Carlton stated they had not.

Chair Beise opened the public hearing.

Matt Barker, representing Capstone, stated the landscaping would represent coming through the Mississippi bluff area.

Chair Beise closed the public hearing.

Commissioner Johnson was not in favor of additional signs but felt this was acceptable due to the temporary nature and that the requested signs are smaller than the billboards previously located on the site.

Commissioner Bland asked that the applicant maintain the appearance of the signs.

Moved by Commissioner Johnson and seconded by Commissioner Bland to recommend approval of an Ordinance Amendment establishing standards for marketing and development signage within the Oakwater Ridge development. Motion carried 5-0.

4.4 Ordinance Amendment: Business Park Zoning, Onyx Strategic Partners

The staff report was presented.

Chair Beise opened the public hearing.

Jessie Houlihan, representing Onyx Strategic Partners, gave an overview of her company and the building they have recently purchased in Elk River. She stated she believes the Elk River city code "fights

with users".

Chair Beise closed the public hearing.

Commissioner Rydberg asked where the building was located. Ms. Houlihan gave the address as 18332 Joplin Ave NW.

Commissioner Bland asked about the intent of warehouse limitations. Mr. Leeseberg responded that the business park district is a step above industrial. Mr. Carlton added that the limitation is to help with job generation and a higher class of industrial space, not just warehouse space.

Moved by Commissioner Bland and seconded by Commissioner Lang to recommend approval of the Ordinance Amendment allowing Outpatient Medical Facilities in the Business Park (BP) zoning district. Motion carried 5-0.

Commissioner Johnson stated the applicant can adjust the warehouse percentage through a Conditional Use Permit. Mr. Carlton stated that retail space is an accessory use in the Business Park zone.

Moved by Commissioner Johnson and seconded by Commissioner Bland to recommend denial of the Ordinance Amendment allowing Physical Recreation or Training and removing limitations on Warehouse Space in the Business Park (BP) zoning district. Motion carried 5-0.

4.5 Ordinance Amendment: Business Park Zone, Lift PT

The staff report was presented.

Chair Beise opened the public hearing.

Kelsey Fransen, applicant, owner of Lift PT, stated that she has some clients who are over seven feet tall, therefore having taller ceiling height allows them to perform more actions.

Chair Beise closed the public hearing.

Moved by Commissioner Johnson and seconded by Commissioner Bland to recommend approval of the Ordinance Amendment allowing Outpatient Medical Facilities in the Business Park (BP) zoning district. Motion carried 5-0.

5. GENERAL BUSINESS

5.1 Resolution 26-01: Approving the Sale of Public Property to O'Brien Holdings, LLC

Moved by Commissioner Johnson and seconded by Commissioner Bland to approve Resolution 26-01 finding the sale of a portion of Lot 1, Block 1, Northstar Business Park to be consistent with the Comprehensive Plan. Motion carried 5-0.

6. COUNCIL LIAISON UPDATES

Councilmember Wagner reviewed which of the items will go to the June 1 versus June 15 City Council meeting. She stated she was more in favor of allowing physical recreation in the Business Park zoning district and felt the city may need to adapt for the community as a whole.

7. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Johnson and seconded by Commissioner Lang to adjourn the meeting. Motion carried 5-0.

The regular meeting adjourned at 8:53 p.m. Chair Beise called the work session to order at 8:53 p.m.

8. WORK SESSION

8.1 Concept Review: Subdivision and Commercial Development along Highway 10

The staff report was presented.

The Commission discussed the visibility of a potential building on the site behind the billboards.

Craig Hardie, attorney at Larkin Hoffman, discussed the practical difficulties with developing the site due to its dimensions and the location of the billboards. Mr. Hardie stated that the billboards on the sites are nearly impossible to take down and subject to permanent easements.

Commissioner Bland asked if the billboards could be purchased.

Commissioner Johnson asked if Power Lodge was still interested in the site. Mr. Hardie responded that the applicant is still interested.

Mr. Hardie reiterated that creating separate parcels for billboards would not be the best use of land. If the Planned Unit Development (PUD) allowed billboards as accessory uses it would provide more flexibility to the site.

Mr. Carlton stated the concept, which included separate lots for the billboards, would require a private road easement to access each billboard lot. Chair Beise asked if the access road could be taken out of the billboard lots. Mr. Carlton stated the road would need to come from the remaining parcel as that zoning district requires minimum 1 acre lot sizes.

Commissioner Rydberg asked if the plans would need to be approved by MnDOT. Mr. Carlton responded that the site would be accessed by 165th Ave NW rather than onto Highway 10.

Commissioner Bland questioned who is getting the money from the billboards. The Specht trust sold the land for the billboards and now can't sell the surrounding land. Commissioner Bland was opposed to making exceptions for this project.

Chair Beise added he would be more in favor if a business which created jobs wanted to be located there.

Mr. Hardie pointed out that, once the land is developed, it is a benefit to the city, both as a tax base and investment in the community.

Commissioner Johnson was not in favor of one-acre parcels for each billboard unless there was an application that felt they could work around it.

Councilmember Wagner added that she didn't see billboards as evil and saw their purpose to convey marketing messaging.

Mark Hoffmann, Security Bank and Trust Company, stated the billboard leases that were in place were going to continue for decades and he is asking for direction on making the land usable.

Commissioner Johnson stated a prospective purchaser of the lot would not want to be limited on where they could place their building signage due to the billboards. Mr. Leeseberg added that the PUD could be written to allow a building sign by the road and stated that the billboards on the site have limited visual impact.

Mr. Carlton reviewed that the Commission was in favor of a PUD aligned with a specific project.

9. MOTION TO ADJOURN

Commissioner Lang asked why an item is put on work session. Mr. Carlton stated that the Commission cannot make a final decision on work session items, formal action would need to come to another meeting.

Moved by Commissioner Johnson and seconded by Commissioner Bland to adjourn the meeting. Motion carried 5-0.

The meeting adjourned at 9:27 p.m.

Minutes prepared by Katie Porath.



Perry Beise, Chair



Justin Dunford, City Clerk