



**Meeting of the City Council
Held at the Elk River City Hall
Monday, July 6, 2026**

Members Present: Mayor John Dietz, Councilmember Cory Grupa, Councilmember J. Brian Calva, Councilmember Mike Beyer, Councilmember Jennifer Wagner

Members Absent: None

Staff Present: City Administrator Cal Portner, City Attorney Sharda Enslin, Economic Development Director Brent O'Neil, Community Development Director Zack Carlton, and City Clerk Justin Dunford

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 06:30 PM.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

Moved by Councilmember Grupa and seconded by Councilmember Calva to approve the agenda. Motion carried 5-0.

4. CONSENT AGENDA

Moved by Councilmember Wagner and seconded by Councilmember Beyer to approve the following consent items as outlined in their respective staff reports. Motion carried 5-0.

4.1 June 22, 2026, Council Retreat Minutes

4.2 Check Register

4.3 Resolution 26-45: Final Plat of Bradford Park 3rd Addition

4.4 Resolution 26-46: Finding of Fact Denying an Ordinance Amendment, Onyx Strategic Partners

4.5 Resolution 26-42: Authorize Transfer from the Liquor Fund to the Park Improvement Fund

4.6 Resolution 26-43: Authorize Transfer from the Government Building Fund to the 2020B CIP Refunding Debt Service Fund.

4.7 FT Center 2027 Rate Schedule

4.8 Resolution 26-44: Appointing Election Judges for the 2026 Elections

4.9 Temporary On-Sale Liquor License: Saint Andrew Catholic Church

4.10 FT Center Restroom/Shower Improvements — Architect Letter of Agreement

4.11 Temporary On-Sale Liquor License: F.O.E Aerie 3264 August 2026

4.12 Temporary On-Sale Liquor License: F.O.E Aerie 3264 September 2026

4.13 Employment Termination

4.14 Economic Development Director Position Classification

4.15 Curbing Replacement on 2021 Street Improvement Project

4.16 Temporary Liquor License: Aegir Brewing Company

4.17 Annual Renewals of Aggregate Mining Licenses

4.18 IT Server Replacements HBS Agreement 2026-25

4.19 Hire Park Maintenance Worker

4.20 Change Order I – 2026 Parking Lot Improvements

5. OPEN FORUM

Kelly Russad, Windsor Park 3rd, addressed the Council with concerns regarding accidents due to the Meadowsweet Bend development as more traffic moves into the area. Concern is County Road 33 and I. There was a recent bad accident that hospitalized a 16-year-old girl.

Mayor Dietz asked Mrs. Russad to go to a Sherburne County Board Meeting because the highways are under the control of the County.

6. PRESENTATIONS, AWARDS, AND RECOGNITION

7. PUBLIC HEARINGS

7.1 Easement Vacation and Final Plat: Meadowsweet Bend Second Addition, Twin City Land Development

Moved by Councilmember Beyer and seconded by Councilmember Grupa to adopt, by motion, Resolution 26-48 vacating the drainage and utility easements on Lot 12, Block 2, Meadowsweet Bend, subject to the condition that the City Council approves the final plat for Meadowsweet Bend Second Addition. Motion carried 5-0.

Moved by Councilmember Calva and seconded by Councilmember Beyer to adopt, by motion, Resolution 26-47 approving the final plat of Meadowsweet Bend Second Addition, subject to the following conditions:

- 1. Council approval of a Development Agreement outlining the responsibilities of the city and the developer.**
- 2. A Letter of Credit shall be provided to the city in the amount of 100% of the costs of the public improvements.**
- 3. Upon completion of all improvements and acceptance by the city, a security or warranty in a form acceptable to the public works director must be secured.**
- 4. The Development Plan shall be approved by the public works director prior to the issuance of building permits.**
- 5. Staff approval of all site, civil, and landscaping plans.**
- 6. Park Dedication Fee will be paid at a prorated amount based on the land dedication outlined in the preliminary plat approval.**
- 7. Any item or condition found that indicates the site is likely to yield information important to prehistory or history shall be reported to the city immediately. Further, the city reserves the right to stop work authorized for its approval until the site is appropriately investigated and work is authorized.**
- 8. A sanitary sewer extension fee of \$9,030/lot shall be paid at the time of platting.**
- 9. The city must review the HOA documents regarding the long-term maintenance plan for the private sanitary service.**
- 10. The easement vacation for Lot 12, Block 2, Meadowsweet Bend must be approved by the City Council and recorded prior to the final plat.**

The motion carried 5-0.

Moved by Councilmember Wagner and seconded by Councilmember Grupa to approve, by motion, the development agreement for Meadowsweet Bend Second Addition, and authorize staff to make non-substantive changes as required. Motion carried 5-0.

The staff report was provided by Community Development Director Zack Carlton. There is now a

need to vacate the existing easement and create new easements on new plats. All new platted areas will still be required to maintain required protections.

Mayor Dietz opened the public hearing. There was no public comment. Mayor Dietz closed the public hearing.

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

Moved by Councilmember Wagner and seconded by Councilmember Beyer to continue the public hearing for the Conditional Use Permit Application to August 3, 2026.

Moved by Councilmember Wagner and seconded by Councilmember Grupa to direct staff, by motion, to prepare a resolution making Findings of Fact denying the request to add data centers as a conditional use in the I-1 (Light Industrial) zoning district, on the basis that the proposed use does not fit into the current city comprehensive plan. Motion carried 5-0.

Moved by Councilmember Grupa and seconded by Councilmember Calva to direct staff, by motion, to review and prepare a 12-month moratorium on data center projects. Motion carried 5-0.

Community Development Director Zack Carlton presented the staff report, providing an in-depth review of the process and the proposed ordinance amendment. The proposed amendment would establish several criteria that data center projects would be required to meet, including size limits, power usage limits, prohibition on connection to city water, and specific analysis of sound limitations using both C-weighted and Z-weighted standards. The amendment would also limit backup generators to emergency use only, require that testing occur during weekday hours, require generator systems to be reviewed for compliance with emission standards, and require a decommissioning plan addressing the future transition of the site to alternative uses.

The Planning Commission unanimously recommended rejection of the proposed ordinance amendment and expressed support for a six-month moratorium on data center projects. Staff also reviewed common themes from public comments received to date.

Mayor Dietz opened the public hearing, which continued from the June 15, 2026, City Council Meeting, setting a three-minute time limit per speaker. The following individuals provided comment:

Lauren Waters (507 6th St) raised concerns about water usage impacts on other communities, the environmental effects of diesel generators, and broader power and environmental impacts of the proposed location. She encouraged the Council to wait for additional study.

Mary Stewart (20572 Ulysses St), a municipal utilities commission member, distinguished between concerns appropriate to large-scale data centers versus the smaller project before the Council. She noted that utility conferences confirmed ERMU has managed its responsibilities appropriately but raised concerns about inflation and the impact on power and tax costs. She noted that additional revenue from the project could benefit the public and encouraged the Council to identify ways to offset costs to residents while ensuring all necessary legal limits are in place.

Sam Carly (19195 Carson St NW) asked about the Conditional Use Permit (CUP) process and requested clarity on the administrative review process for this and future data center projects. He voiced support for the moratorium and asked the Council to clearly explain the reasoning behind its decision.

Jesse Lang (19371 Upland St), who previously appeared before the Council and Planning Commission and created the Elk River Data Center informational website, spoke to setback standards in the draft ordinance, the power density of the proposed location, and the relationship between power use, heat, cooling needs, and resulting noise. He noted that modern data centers differ significantly from those built 20 years ago and stated a need for frequency and spectral analysis to understand tonal noise content. He expressed support for the Planning Commission's recommendation and suggested forming a task force to further study the issue.

Bailey Riddle (151 5th St), who works near the proposed site, spoke on behalf of local children, noting that eight public schools and over 5,000 children are located within 1.3 miles of the proposed site. She raised concern that existing noise studies do not account for differences between adult and child sensitivity, and expressed concern about placing an industrial facility within a residential and school-dense area.

Sandy Meredith (20687 Quincy St NW), an educator and retired Minneapolis firefighter, raised concerns about fire suppression at a potential facility, air pollution from diesel generators, radiator flushing requirements, and the potential for the site to be repurposed for different data center uses over time, along with associated ongoing cooling and water system needs.

Becker Early (19951 Vernon St) urged the Council to vote no on the proposal, noting that data centers vary significantly in size and utility usage and that a general "data center" label should not substitute for site-specific scrutiny. He raised process concerns, noting that data centers are not currently an allowed use and that approval could open the door to additional projects. He recommended the city study the issue, develop a plan, and set clear standards before proceeding, and noted that perception matters to the community.

Jack Lorge (19490 Lowell St NW) stated that children should be the Council's top priority and noted that petitions with approximately 400 signatures had been collected, primarily from residents near the proposed site, many of whom have children or pets. He expressed concern about the impact of constant noise on animals, including the potential for wildlife to flee the area.

Anna Wagner (12616 3rd Ave S, Zimmerman) reported that petitions, along with information on sound impacts, had been submitted to the City Clerk, including signatures from some Otsego residents. She raised concerns regarding the operations of Swervo and potential improper or illegal conduct.

Jessica Rolsehouse (12542 194th LN NW) referenced a Pioneer Press report from that morning regarding a lawsuit filed by a development group against the City of Eagan, noting that Elk River's circumstances differ from Eagan's. She cautioned that once the ordinance is changed, the opportunity to add further restrictions would be lost, and recommended adoption of a temporary moratorium.

Sabrina Mattis. 12600 195 CT NW, raised concerns about potential health risks to children, referencing concerns associated with existing data centers regarding cancer and migraines, as well as impacts on child sensory development. She asked the Council to reflect the public comments received and raised concerns about data privacy in connection with Palantir.

David McClellan (18577 Ulysses St NW) urged the Council to draw on community experience and continue to study the issue before proceeding, cautioning against future regret.

Jordan, a resident of the Trout Brook Neighborhood, opposed the data center, citing three children living within a mile of the proposed site and raising concerns about noise, water quality, general development impacts, and the background of an individual associated with the project's development history, including a prior embezzlement conviction.

Scott Stevenson (19850 Watson Cir), a licensed amateur radio operator, spoke about his understanding of frequency-related impacts, including potential radio interference from the facility. He raised concerns about infrasound, noting that low frequencies are not blocked by walls and could travel an estimated 2.5 miles beyond the building, potentially causing headaches, migraines, or other health effects without being audible, and could also affect animals and pollinators.

Mayor Dietz closed the public hearing.

The Council thanked citizens for their participation and staff for their research and analysis.

Council Member Wagner stated she does not support the proposed zoning change, noting that the broader conversation on this issue will continue.

Council Member Beyer thanked citizens, staff, ERMU, and the Planning Commission, stating the matter had been handled appropriately and in accordance with process. He addressed and refuted a public allegation of financial kickbacks to Council members as false. He noted the importance of balancing cost-of-living and business competitiveness with public safety, and acknowledged the potential benefits of the application, including additional revenue, but stated he does not support the application at this time. He noted the conversation may continue and that the city would welcome an application in another location and requested an assessment of the parcel that this project was proposed on.

Councilmember Calva stated he would vote no on the resolution denying the ordinance amendment for rezoning in the I-1/2 district, noting alternative approaches such as a Planned Unit Development (PUD) could be explored. He clarified he is voting no while remaining generally supportive of data center development, stated he has done a lot of investigation into local data centers and spoke to people nearby and associated with them and did not find the "scary" issues raised as significant as presented, and encouraged additional research.

Council Member Grupa thanked staff and ERMU and stated the proposal is not the right fit for this time or location. As a result, he is not supportive of the ordinance amendment.

Mayor Dietz stated agreement with the Planning Commission's recommendation to deny the ordinance and to explore a PUD approach for future data center proposals. He acknowledged his dual role as an ERMU Commission member and Mayor, and emphasized the Council's responsibility for fiscal stewardship, including identifying ways to offset increased costs and potential tax increases, while noting decisions should not be based on revenue alone. He expressed support for the moratorium and discussed the possibility of directing future data center-related revenue toward city equipment, vehicles, or the General Fund to help mitigate tax increases. He cited data indicating approximately 70% of Americans have concerns about data centers, emphasized the importance of developer engagement with neighborhoods, and stated that a six-week timeline is insufficient for adequate review. He

recommended the city pursue case studies of comparable existing data centers to evaluate utility rate impacts, closed-loop systems, noise effects, and environmental review findings.

Motion by Councilmember Calva and seconded by Councilmember Wagner to recess the City Council meeting. Motion carried 5-0.

8. GENERAL BUSINESS

8.1 Discuss Work Session Items

No discussion.

9. COUNCIL LIAISON UPDATES

9.1 Council Liaison Updates

Community Event Center Commission - Councilmember Beyer: There was no scheduled meeting this past month.

Heritage Preservation Commission - Councilmember Calva: There was no meeting in June.

Parks and Recreation Commission - Councilmember Grupa: There was a meeting on June 10, where the commission approved a mural painting and discussed the Park Improvement Plan.

Planning Commission - Councilmember Wagner: Recent meetings on data centers, and there was a public hearing for a CUP for bluff impacts on the shoreline on Gail Street.

Housing and Redevelopment Authority — Mayor Dietz: Presentation on Placer AI to HRA and Garden Gems judging upcoming. Winners will be brought to Council in August. HRA is trying to contact the property owner of a lot on 186th St to inquire about building a Habitat for Humanity house on that lot. There is a budget work session in August. Work Session items include forming a document with ERMU to ensure everyone understands who is responsible for what, and to reflect the relationship with HRA and ERMU.

Utilities Commission — Mayor Dietz: The financials for ERMU look good; they are ahead of previous years. They conducted a consumer confidence report/self evaluation. Utilities Commission signed an agreement for the proposed data center. They passed the streetlight and maintenance facility agreement. Mayor Dietz attended a power convention in Boston where he was able to learn great information on data centers.

Region 7W — Mayor Dietz: There is no meeting until October. The Mayor wants updates on county road projects and their timelines. Mayor Dietz also directed City Administrator Portner to pen a letter to the county to encourage a speedier process on the County Road 33 project.

10. MOTION TO ADJOURN REGULAR MEETING

Moved by Councilmember J. Brian Calva and seconded by Councilmember Cory Grupa to adjourn the meeting. Motion carried 5-0.

The regular meeting adjourned at 8:19 p.m. Mayor Dietz called the Work Session to order at 8:23 p.m.

11. WORK SESSION

11.1 Police Department Front Desk Remodel

Chief Kuhnly asked the City Council to consider and approve a redesign of the police department's front desk area. Currently, the design is not the best to work with, as there is a lot of wasted space. As clerical roles expand, more space than what they have is needed. The Council directed Chief Kuhnly to proceed. The funding will come from the Building Reserve Fund.

11.2 Police Department Camera System Replacement

The camera system in the police department interview rooms is used for evidentiary purposes. The current system is at the end of its expected life cycle and will no longer be supported by the supplier. Chief Kuhnly is seeking Council direction for the replacement of the system. A quote was received for the replacement, and the cost will be built into the budget through the Building Replacement Fund. The expected life cycle is 10. Council did ask for information related to the length of data retention. The quote provided a 10-year payment plan at no interest. Council directed Chief Kuhnly to pursue this route.

12. MOTION TO ADJOURN

Moved by Councilmember Beyer and seconded by Councilmember Wagner to adjourn the meeting of City Council. Motion carried 5-0.

The meeting adjourned at 8:31 p.m.

Minutes prepared by Justin Dunford.

13. CLOSED SESSION - PID 75-00566-0110

Council Present: Mayor John Dietz, Councilmembers J. Brian Calva, Cory Grupa, Mike Beyer, and Jennifer Wagner

Staff Present: City Administrator Cal Portner, Economic Development Director Brent O'Neil, and City Clerk Justin Dunford

Mayor Dietz read the following statement:

13.1 Statement to be read by the Mayor:

"The City Council will be closing the meeting pursuant to MN Statute Section 13D.05, Subdivision 3(c)(1) to consider offers or counteroffers relating to the sale of PID 75-00566-0110."

13.2 Motion Calling Closed Meeting

13.3 Hold Closed Meeting

13.4 Motion to Adjourn Closed Meeting

Moved by Councilmember Wagner and seconded by Councilmember Beyer to adjourn the closed meeting of City Council. Motion carried 5-0.

The meeting adjourned at 8:31 p.m.

John J. Dietz, Mayor



John J. Dietz, Mayor



Justin Dunford, City Clerk