

THE DATA CENTER IS COMING

What Michigan municipalities are doing to prepare

By Nina Ignaczak

Russell Whipple did not expect to spend his Tuesday nights being called a liar. The mayor of Mason, a city of about 8,300 people in Ingham County, began drafting a data center ordinance last August. The goal was straightforward: Get protective standards on the books before a developer showed up—not after.

But by December, Mason City Council meetings had swelled to 120 or 200 people. They ran for two, three, four hours. Speakers came from Royal Oak. One drove in from Buffalo. “My family’s been accused of things,” says Whipple. “My daughters have been called names.”

All of this happened before any data center had been proposed or even discussed in Mason. Members of the public voiced their concerns: Adopting a specific data center ordinance could be seen as a call for them to come to town.

“They kept perceiving it as an invitation,” says Whipple. “[But] the ‘invitation’ for a data center is anybody [who is] willing to sell them their land—because our ordinance, before this was passed, was way less stringent.”

Data centers are the physical infrastructure of the internet. The facilities store and process data powering cloud services, A.I. tools, streaming platforms, and financial transactions. Modern hyperscale facilities can cover hundreds of acres, consume as much electricity as a small city, and use between one and five million gallons of water per day—the equivalent of what 12,000 Americans use in a year.

Despite the outcry, Mason adopted its data center ordinance on February 2, establishing performance standards for noise, water, and infrastructure that any future developer must meet, notably with respect to municipal water access.

Whipple’s advice to every other elected official in Michigan: Start before you think you need to.

Why Michigan? Why Now?

Every Great Lakes state has enacted data center tax incentives over the past 20 years, in part to capitalize on the region’s most obvious asset: the Great Lakes, which hold 21 percent of the world’s surface freshwater. The Alliance for the Great Lakes says the strategy is working and that industries like data centers are choosing to locate in the region “in part because of its water resources.”

As of mid-2025, Ohio ranked fifth nationally, and Illinois fourth, in the number of data centers, behind only Virginia, Texas, and California. Michigan became a prime target in 2024 when state

lawmakers approved major tax incentives for data center development, exempting qualifying facilities from state sales and use taxes through at least 2050—a savings that could run into hundreds of millions of dollars per facility.

Dave Scurto, a principal planner with Carlisle/Wortman Associates, said he’s seeing projects crop up across the state, with a wide variety of sentiment.

“I’ve got some communities where it seems like everybody’s into it,” he says. “In other communities where the residents are opposed to it, the elected officials—they want the tax base.”

Brian Meissen is the president of the Village of New Haven. The situation reminds him of what happened after Michigan legalized cannabis in 2018. Communities that hadn’t thought through their zoning got overwhelmed. Those who had done the work in advance had leverage.

He recalls communities scrambling to catch up, developers with money, lawyers—and local officials left to figure it out on their own. “[Developers] come in as a bully,” says Meissen.

Moratoriums Buy Time, Not a Ban

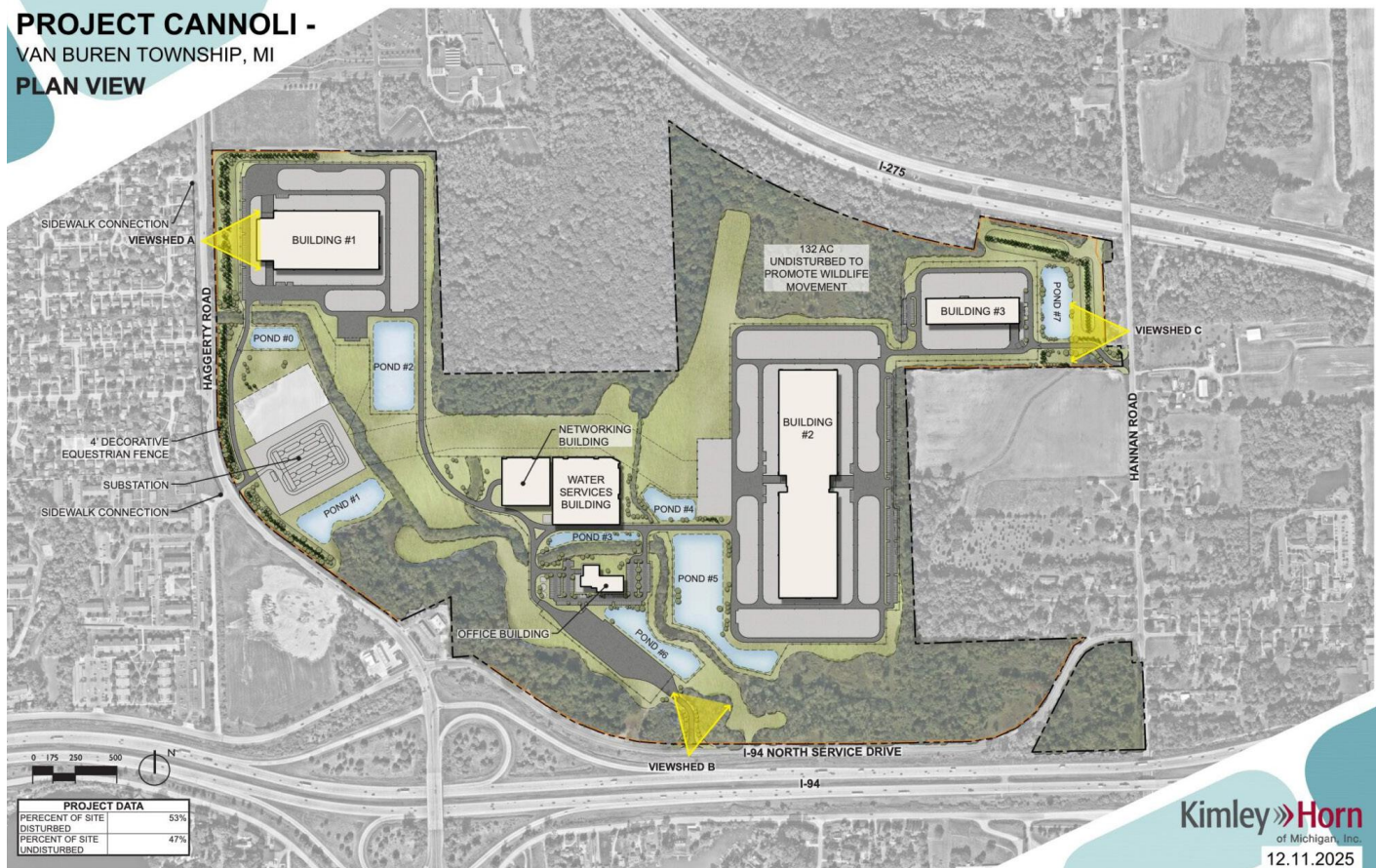
The single most consequential thing elected officials can understand about data center development is timing. Once a developer submits a formal rezoning application or site plan, a community’s options narrow sharply. Zoning updates generally cannot be applied retroactively to a pending proposal, meaning protections adopted after a developer files may not apply to that developer at all.

Meissen moved to avoid that situation. On January 13, New Haven’s village council passed a 12-month moratorium on data center development. He’s not alone. As of early February 2026, at least 19 Michigan communities had enacted similar pauses, and more were considering them.

A moratorium is not a ban. It is a temporary pause on accepting applications—typically six months to a year—while a community updates its ordinances.

The tactic has worked at least once. In Howell Township, the board passed a six-month moratorium in November 2025, and within weeks the developer behind a proposed \$1 billion facility on 1,077 acres of agricultural land withdrew its application, saying it wanted to “honor the current moratorium” and give the Township time to develop regulations. The developer has signaled it may return when the moratorium expires.

**PROJECT CANNOLI -
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PLAN VIEW**



A rendering of Project Cannoli, a proposed data center in Van Buren Township. Photo via Van Buren Township.

In Springfield Township in Oakland County, officials passed a 180-day moratorium after an outside consultant told them they were unprepared for the impact of a data center, just days before a scheduled pre-application meeting with a developer already in the queue.

Township Supervisor Ric Davis framed the decision as a way to ensure the township is “planning from a position of strength, not reacting under pressure.”

Whether Michigan municipalities have clear authority to enact moratoriums is contested. There is no express statutory authority for moratoriums in Michigan's Zoning Enabling Act, and the township attorney for Washington and Chesterfield Townships told his boards there is “nothing” in the Act that authorizes one.

That same attorney acknowledged the general legal consensus is that a moratorium, “in limited circumstances, may be enforceable.” A University of Michigan urban planning professor has taken a stronger view, arguing the Act allows “sensible” moratoriums when tied to a genuine effort to update local codes.

Available legal guidance suggests how to draft one defensibly. According to the Varnum law firm, which advises data center developers in Michigan, “a valid moratorium should be tied to protecting public health, safety, and welfare,” and its enforceability depends heavily on its specific language and factual findings.



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Duration matters, too. Nancy Olind, a municipal attorney with the Kelly Firm, warned that moratoriums “can only last for so long, without potentially opening communities to lawsuits.”

What You Can—and Cannot—Require

Michigan's Zoning Enabling Act gives local governments authority to regulate data centers, and communities that act carefully have tools at their disposal. They can control where data centers are located and under what conditions.

Performance standards like noise limits, setbacks, lighting restrictions, visual screening, water, and energy disclosure requirements are all within bounds when tied to documented impacts. Communities can create new zoning districts specifically for data centers, require special-use permits, and negotiate development agreements that require developers to fund necessary infrastructure upgrades.

Water use deserves special attention. More than 97 percent of the water used by major data center operators is purchased from municipal drinking water systems, which means that when a facility hooks up to your utility, the reporting obligation for that water use falls on your system—not the developer.

Mason addressed this directly with its City-owned and -operated water utility. The City commissioned a water resource study to determine the remaining capacity of its water source after accounting for full residential and commercial build-out and existing water service agreements with neighboring townships. Its new ordinance specifies that only what's left after that analysis can be offered to a data center.

Under Mason's ordinance, water utility agreements must cap maximum daily use, set minimum monthly payments to stabilize system finances, and require the developer to fund any infrastructure improvements needed to serve them. The City will not execute any utility agreement until the study confirms sufficient capacity exists “without compromising existing customers or long-term water sustainability.”

Michigan's 2024 tax incentive legislation took a step in this direction by requiring new enterprise data centers to connect to a municipal water system with available capacity. But the Alliance for the Great Lakes has flagged a gap: A developer can simply forgo the incentive and draw on groundwater instead. Communities negotiating development agreements might consider requiring water-use disclosure and efficiency commitments as explicit contract terms, rather than assumptions.

Fire protection also deserves scrutiny, says Scurto. Lithium battery fires—the kind that can occur in data center backup power systems—don't respond to conventional suppression. Local fire crews need both specialized training and the right equipment: A continuous water curtain to protect surrounding areas while a battery burns itself out.

“You might get a tax base,” he says, “but is there something coming back to help the fire departments?”

That question belongs in any development agreement conversation, says Scurto, noting that negotiating infrastructure commitments up front—while the community still has leverage—is far easier than trying to extract them after a project is approved.

He described a practical focus for data center siting and design: separation from residential areas, noise screening, and lighting controls.

“The noise level of these things can hit 90 decibels, which is slightly above a lawnmower,” he says. “Long term, if you're right next to one, you could have hearing loss at that level. So keep enough separation. Enough screening. Try to suppress that noise.”

What communities cannot do is simply say ‘no.’ The Michigan Zoning Enabling Act bars ordinances that “totally prohibit the establishment of a land use.”

Standards must be proportional to actual, documented impacts, not fear or speculation. Mason's public FAQ addressed this directly: It said imposing mile-wide exclusion zones around residential areas in a three-mile-wide city amounts to a *de facto* prohibition and isn't legally defensible.

The litigation risk is real: When Saline Township voted to reject a developer's rezoning request, it got sued two days later and entered a consent judgment rather than fight a protracted court battle.



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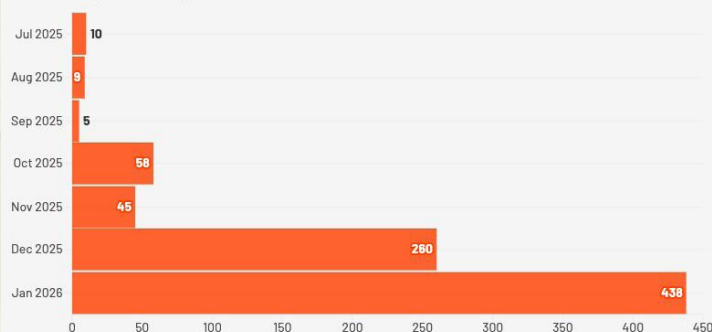
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Michigan cities and counties are talking about data centers – a lot more than they used to

Mentions in a public meeting



Source: Minutes by AP Newsroom • Public meetings mentioning “data center” in Michigan increased sharply through late 2025 and into 2026, with January 2026 seeing 33 meetings and 438 total mentions – more than the previous six months combined. The surge reflects growing local government engagement with data center proposals across the state.

“They have money to throw around, and if you don’t comply with what they want, they just turn around and sue the community,” says Meissen. “And a lot of communities are having to decide: ‘Do we want to drain our coffers to pay our lawyer to defend ourselves—or do we just try to settle?’”

The NDA Issue

One pattern has caught Michigan officials off guard: Requests from developers to sign non-disclosure agreements (NDAs) before any formal application is filed. Leaders of at least four municipalities—Lowell, Lowell Township, Dorr Township, and Gaines Charter Township—signed NDAs tied to data center developments connected to Microsoft.

The Lowell Township case shows how the tactic works. In January 2025, Supervisor Jerry Hale signed an NDA with Microsoft. Ten months later, a rezoning request for 235 acres surfaced—filed not by Microsoft but by Franklin Lowell LLC, a real estate development company.

Microsoft didn’t publicly identify itself as the project’s backer until January 2026, a full year after the NDA was signed. Residents who packed the Township Hall to oppose the rezoning didn’t know who they were actually fighting.

Betsy López-Wagner, an organizer with Residents United for a Healthy Lowell, captured the mood: “Even for folks who would have been in favor of a data center, the fact that there has been no transparency and that the process is so dark and cloaked means they’re opposed.”

The legal ground for these agreements may be shakier than developers expect. Michigan’s Freedom of Information Act limits what an NDA can protect. A public body cannot use the trade secret exemption to withhold information submitted as a condition of receiving a government contract or benefit, and the Michigan Supreme Court has held that failure to follow strict procedural requirements means the exemption doesn’t apply at all.

In late 2025, legislation was introduced to ban local officials from signing NDAs in connection with data center discussions altogether.

Managing the Room

Whipple’s experience in Mason is a candid account of what elected officials can expect when data center development goes public. He said he and two councilmembers drove to New Albany, Ohio, in September 2025—on their own time and initiative—to see what data centers look like in a community that has many of them.

“All I saw was a big pile of buildings,” says Whipple. “And in certain places, depending on where you were, you might hear a fan humming.” He says this trip was later characterized by critics as a “secret meeting.”

Public opposition to data centers nationwide is growing. A poll of nearly 4,000 registered voters found that only 42 percent of Americans would welcome a data center near their community—a lower approval rating than nuclear power plants—with opposition running across party lines. Concerns included water and energy use, environmental impacts, and infrastructure strain.

Fears about health risks, property values, and water supply circulate fast. Mason’s FAQ document addresses each concern with citations to peer-reviewed research and regulatory standards.

Whipple says public comment soon became unproductive. “After the first three weeks, we never got any new information, other than new accusations.” The issues were finite: noise, aesthetics, resource use. Once the ordinance addressed them, he says, public comment became repetitive.

Scurto’s advice is to lead with facts and bring in a credible source to deliver them.

“It might take a couple of meetings,” he says. “But whoever’s applying should be very honest, very transparent with the facts—the raw noise levels, and what measures they’re going to take to mitigate those.”

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What to Do Now

Communities that act before a developer arrives are in a fundamentally different position than those that don’t. Michigan-specific resources are available: The University of Michigan Graham Sustainability Institute published a guidebook for local governments in February 2026; the Washtenaw County Resiliency Office produced a practical toolkit in 2025.

The conversation to have with your planner and municipal attorney right now: Does your current zoning explicitly address data centers? Many communities are vulnerable to a proposal filed under existing industrial or warehouse classifications. What would a moratorium look like, and how quickly could you adopt one? What performance standards does your community want, and can you document a factual basis for them?