

ORDINANCE NO. XXXX

AN ORDINANCE AMENDING THE COMMERCE CITY MUNICIPAL CODE TO ESTABLISH WATER EFFICIENCY STANDARDS FOR DATA CENTERS

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF COMMERCE CITY, COLORADO:

SECTION 1. FINDINGS AND PURPOSE

The City Council hereby finds that:

1. Commerce City is located in a semi-arid region with constrained long-term water supplies and increasing demand pressures.
2. Data centers, while critical to economic development, may require substantial water use, particularly for cooling systems.
3. Peer jurisdictions in water-stressed regions—including municipalities in Arizona and the western United States—have adopted water efficiency standards, including limits on potable water use, requirements for reclaimed water, and performance-based metrics such as Water Use Effectiveness (WUE).
4. The City has a responsibility to protect public health, safety, and welfare by ensuring that industrial development does not disproportionately impact community water resources.
5. Water is a shared public resource and critical infrastructure asset requiring responsible stewardship, consistent with the City's sustainability and resilience goals.

Purpose.

The purpose of this Ordinance is to: - Reduce potable water consumption from data centers; - Promote innovative, low-water cooling technologies; - Ensure transparency and accountability in industrial water use; - Protect residents from cumulative environmental impacts.

SECTION 2. APPLICABILITY

This Chapter shall apply to: - All new data center developments; - Any expansion of an existing data center exceeding twenty-five percent (25%) of floor area, electrical load, or cooling capacity; - Any retrofit or replacement of cooling systems within an existing data center.

SECTION 3. DEFINITIONS

For purposes of this Chapter:

- **Data Center** means a facility primarily used to house computing infrastructure, including servers, storage systems, and networking equipment.
 - **Water Use Effectiveness (WUE)** means the annual site water usage divided by the total annual IT equipment energy, expressed in liters per kilowatt-hour (L/kWh).
 - **Potable Water** means water suitable for human consumption.
 - **Non-Potable Water** means reclaimed, recycled, graywater, or other water not intended for drinking.
 - **Cooling System** means any system used to remove heat from data center equipment, including air-cooled, liquid-cooled, or evaporative systems.
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SECTION 4. WATER EFFICIENCY STANDARDS

4.1 Maximum Water Use Effectiveness (WUE)

A. All data centers shall achieve and maintain an annual WUE of:

- 0.20 L/kWh or less; or
- An equivalent standard as adopted by the City Manager based on industry best practices.

B. The City Manager may update this threshold administratively to reflect advancements in technology.

4.2 Cooling System Requirements

A. The following systems are prohibited unless no feasible alternative exists: - Once-through cooling systems; - High-loss evaporative cooling systems using potable water as the primary source.

B. All data centers shall utilize at least one of the following: - Air-cooled systems; - Closed-loop liquid cooling; - Hybrid systems designed to minimize water loss.

4.3 Non-Potable Water Use

A. Data centers shall use non-potable water for not less than:

- 75% of total cooling water demand, where infrastructure is available.

B. Where non-potable water infrastructure is not currently available: - Developers shall demonstrate good-faith efforts to connect when such infrastructure becomes available; and
- Submit a transition plan for future conversion.

4.4 Water Reuse and Recycling

A. Facilities exceeding 50,000 square feet shall incorporate: - On-site water reuse systems; or
- Equivalent measures to reduce total water consumption.

B. The City may require advanced systems, including: - Closed-loop water systems;
- Zero-liquid discharge systems, where feasible.

4.5 Drought Resilience Plan

All applicants shall submit a Water Resilience Plan demonstrating:

- Operations under drought restrictions;
 - Reduction or elimination of potable water use during declared water shortages;
 - Backup cooling strategies that minimize water consumption.
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SECTION 5. DEVELOPMENT REVIEW AND APPROVAL

A. Compliance with this Chapter shall be required as a condition of: - Site plan approval; - Conditional use permit approval; - Building permit issuance.

B. The City may impose additional conditions to: - Protect water infrastructure capacity; - Address cumulative impacts in environmentally burdened areas.

SECTION 6. REPORTING AND TRANSPARENCY

A. All data centers shall submit an annual report to the City including: - Total water consumption; - WUE metric; - Source of water (potable vs. non-potable); - Cooling system performance.

B. The City shall make aggregated data publicly available.

SECTION 7. INCENTIVES

The City may provide incentives, including: - Expedited permitting; - Reduced development fees; - Infrastructure partnerships;

for facilities that: - Achieve WUE below 0.10 L/kWh; or
- Utilize 100% non-potable water.

SECTION 8. ENFORCEMENT

A. Failure to comply with this Chapter shall constitute a violation of the Municipal Code.

B. Enforcement actions may include: - Fines; - Revocation of permits; - Mandatory system upgrades.

SECTION 9. EQUITY AND COMMUNITY IMPACT

A. The City shall evaluate cumulative environmental impacts of data center development, particularly in neighborhoods disproportionately affected by industrial uses.

B. Applicants shall conduct community outreach for projects exceeding thresholds established by the City Manager.

SECTION 10. ADMINISTRATIVE AUTHORITY

The City Manager is authorized to: - Adopt rules and guidelines to implement this Chapter; - Update technical standards as industry practices evolve; - Coordinate with utilities and regional water providers.

SECTION 11. SEVERABILITY

If any provision of this Ordinance is held invalid, such invalidity shall not affect other provisions.

SECTION 12. EFFECTIVE DATE

This Ordinance shall take effect thirty (30) days after adoption.

**INTRODUCED, PASSED ON FIRST READING AND ORDERED
PUBLISHED THIS ___ DAY OF _____, 2026.**

**PASSED ON SECOND AND FINAL READING AND ORDERED
PUBLISHED THIS ___ DAY OF _____, 2026.**

CITY OF COMMERCE CITY, COLORADO

Mayor

ATTEST:

City Clerk