

**OFFICE OF THE CITY MANAGER  
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION  
JUNE 2, 2026, AGENDA**

<b>Subject:</b>	<b>Action Required:</b>	<b>Approved By:</b>
<p>An Ordinance to Regulate Data Centers to Protect Public Health, Natural Resources, Energy Reliability, Water Supply, Air Quality, Land Use Compatibility, and Community Welfare Within the City of Little Rock, Arkansas.</p> <p><b>Submitted By:</b></p> <p>Office of Executive Administration</p>	<p>√ <b>Ordinance</b> Resolution</p>	<p>Delphone Hubbard, City Manager</p>
<b>SYNOPSIS</b>	<p>An ordinance to establish regulatory standards governing the siting, construction, expansion, and operation of data centers, hyperscale computing facilities, artificial intelligence processing facilities, and cryptocurrency mining operations within the City of Little Rock. The ordinance is intended to ensure that emerging digital infrastructure develops in a manner that protects public health, preserves environmental resources, safeguards utility reliability, and maintains compatibility with surrounding land uses.</p> <p>The ordinance creates a comprehensive permitting and operational framework that includes:</p> <ul style="list-style-type: none"> <li>• Special Use Permit requirements for all major data center developments;</li> <li>• Public notice and community meeting requirements;</li> <li>• Zoning and setback standards;</li> <li>• Renewable energy and energy efficiency requirements;</li> <li>• Water conservation and wastewater management standards;</li> <li>• Air quality and emissions controls;</li> </ul>	

- Noise mitigation and acoustic monitoring standards;
- Environmental review requirements;
- Annual reporting and transparency obligations;
- Community benefits agreements for large-scale facilities; and
- Decommissioning and financial assurance requirements.

The ordinance further authorizes inspections, establishes enforcement mechanisms, and provides procedures for appeals and permit revocation in cases of noncompliance.

### **FISCAL IMPACT**

The proposed ordinance is not anticipated to require significant immediate expenditures from the City's General Fund. Administrative costs associated with permit review, environmental assessments, inspections, engineering review, and compliance monitoring are expected to be offset through application fees, consultant reimbursement provisions, and other cost recovery mechanisms authorized under the ordinance.

The ordinance may provide long-term fiscal benefits by:

- Protecting existing utility infrastructure from excessive demand burdens;
- Reducing the risk of environmental remediation costs;
- Preserving public infrastructure capacity;
- Ensuring responsible development standards; and
- Supporting sustainable economic development and future tax base growth.

To the extent additional staffing or consultant expertise becomes necessary for implementation, such costs may be addressed through future budget appropriations or fee schedules adopted by the City

### **RECOMMENDATION**

Adopt the resolution.

## BACKGROUND

The rapid growth of artificial intelligence infrastructure, cloud computing services, cryptocurrency mining operations, and hyperscale data centers has created increasing demand for industrial-scale digital infrastructure nationwide. While such facilities may provide economic development opportunities, tax revenue, employment, and technological investment, they also present significant concerns related to energy consumption, water use, utility capacity, environmental impacts, noise generation, and land use compatibility.

Large-scale data centers can consume substantial quantities of electricity and water and may require supporting infrastructure including substations, backup generation systems, cooling facilities, transmission upgrades, and wastewater management systems. Without appropriate regulation, these developments may adversely affect residential neighborhoods, public utilities, emergency services, transportation systems, wetlands, floodplains, groundwater resources, and environmentally sensitive areas.

The City of Little Rock has a legitimate governmental interest in proactively regulating these facilities to:

- Protect public health, safety, and welfare;
  - Preserve natural resources and drinking water supplies;
  - Ensure electrical grid reliability and infrastructure capacity;
  - Reduce adverse environmental impacts;
  - Promote responsible and sustainable economic development;
  - Maintain compatibility with surrounding land uses;
- and
- Ensure transparency and accountability from data center operators.

The ordinance is designed to complement and coordinate with existing federal, state, and regional regulatory oversight, including:

- Arkansas Public Service Commission oversight of utility capacity and electrical reliability;
- Arkansas Department of Energy and Environment environmental permitting requirements;
- Federal Clean Water Act permitting administered by the U.S. Army Corps of Engineers and Environmental Protection Agency;
- Arkansas Department of Health regulation of

**BACKGROUND  
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drinking water systems;

- Entergy Arkansas utility service obligations;
- Central Arkansas Water oversight of regional water supply systems; and
- Little Rock Water Reclamation Authority wastewater and reclamation requirements.

The Board of Directors finds that establishing local standards for data center development is necessary to preserve reliable utility service, protect neighborhoods and natural resources, reduce adverse environmental impacts, and promote orderly growth and long-term sustainability within the City of Little Rock.