

STATE OF MINNESOTA
COUNTY OF DAKOTA

DISTRICT COURT
FIRST JUDICIAL DISTRICT

Minnesota Center for Environmental
Advocacy,

Court File No. _____

Plaintiffs,

Case Type: Civil

Other/Miscellaneous

v.

City of Lakeville and Olam Holdings 1,
LLC,

COMPLAINT

Defendants.

INTRODUCTION

1. Data centers are coming to Minnesota, but Minnesotans are in the dark about the potential environmental implications they pose for our state. One data center campus can consume more electricity than Minneapolis, demand billions of gallons of water per year, and generate large amounts of air, noise, and light pollution. And yet some Minnesota cities are attempting to analyze the potential for environmental impacts from these facilities without even saying the words “data center.”

2. In late 2024, Defendant City of Lakeville (“City”) announced that it was conducting an Alternative Urban Areawide Review (“AUAR”) to examine the potential environmental effects of a 1,360,000 square-foot development. The proposal was named Olam Lakeville Industrial AUAR.

3. Olam Lakeville Industrial involves a large specific project that is anticipated to begin construction as early as 2025.

4. The City's AUAR does not identify what this large specific project is. However, the AUAR shares that "a wetter type of industrial user" would demand up to two and a half million gallons of water per day. It identifies that "the main source of noise" for the project could "include computers and ventilation systems within the building." The traffic analysis cites the land use code for data centers. Together, these clues suggest Olam Lakeville Industrial is an anticipated data center project.

5. The City's failure to identify Olam Lakeville Industrial as an anticipated data center project violates Minnesota law.

6. First, any AUAR involving a "large specific project" is required to include a project description.¹ The Environmental Quality Board has instructed that this description should be "clear, complete and detailed."² By failing to mention data centers at all, the City's description of Olam Lakeville Industrial disregarded that requirement.

7. Second, AUARs must study the "direct, indirect, and cumulative" environmental effects of developments "anticipated" in the AUAR study area. The AUAR hints that the City is anticipating a hyperscale data center. By obscuring that fact, the City produced an AUAR that fails to study a hyperscale data center's effects on water resources, the electricity grid, and nearby residents.

8. These errors of law matter. Minnesotans may have no other opportunity to examine potential environmental effects from these large-scale projects. That is because,

¹ Minn. R. 4410.3610, subp. 5a(B).

² Minn. Env'tl. Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

once an AUAR is approved, projects “consistent with development assumptions” in an AUAR can receive exemptions from additional forms of environmental review. When the City approved an unlawfully vague AUAR, it thus welcomed hyperscale data center developers to claim their projects are consistent with the ill-defined Olam Lakeville Industrial proposal and thereby exempt from any further environmental study.

9. Plaintiff MCEA challenges the final decision of the City to approve the Olam Lakeville Industrial AUAR, seeking declaratory and injunctive relief, costs, and an order prohibiting the City from making any final decisions, approving the project, or granting any permits for the Olam Lakeville Industrial proposal until it completes legally adequate environmental review.

PARTIES

10. MCEA is a Minnesota non-profit organization that uses the law and science to protect Minnesota’s environment, its natural resources, and the health of its people. MCEA has supporters across the state, including in the City of Lakeville, that stand to suffer injury from a data center with negative environmental impacts on drinking water, the electricity grid, noise pollution, air pollution, and light pollution. MCEA’s supporters in Lakeville were also denied a legitimate opportunity to participate in the AUAR scoping process due to the City’s obfuscation of the Olam Lakeville Industrial proposal’s details.

11. Defendant City is a municipal corporation under the Minnesota Constitution, article XII, section 4, located in Dakota County. The Olam Lakeville Industrial project is located within the City’s boundaries, and the City is the Responsible Governmental Unit

(“RGU”) required to conduct environmental review under the Minnesota Environmental Policy Act (“MEPA”) before deciding whether the Proposed Project can proceed.

12. Defendant Olam Holdings 1, LLC (“Olam Holdings”) is the Project Proposer for Olam Lakeville Industrial. The registered agent for Olam Holdings in Minnesota is Cogency Global, Incorporated. Olam Holdings’ principal place of business is 65 East 55th Street, 35th Floor New York, NY 10022. Olam Holdings is managed by Neha Palmer, the Chief Executive Officer of a business named TeraWatt Infrastructure, which advertises “backgrounds in real estate development and construction, data centers, clean energy, and mobility.”³

JURISDICTION AND VENUE

13. This Court has jurisdiction over the claims asserted under Minnesota Statute section 484.01, subdivision 1; Minnesota Statute section 555.01; and Minnesota Rule 4410.0400, subpart 4.

14. Venue is proper in this Court under Minnesota Rule 4410.0400, subpart 4, as the county where Olam Lakeville Industrial would be undertaken.

FACTUAL BACKGROUND

History of AUARs

15. MEPA was enacted in 1973 with the legislative goal “to create and maintain conditions under which human beings and nature can exist in productive harmony, and

³ TeraWatt Infrastructure, *About Us*, <https://www.terawattinfrastructure.com/about> (last visited Aug. 1, 2025).

fulfill the social, economic, and other requirements of present and future generations of the state's people."⁴

16. MEPA typically requires the preparation of an Environmental Impact Statement ("EIS") whenever "there is potential for significant environmental effects resulting from any major governmental action."⁵ The EIS "describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated."⁶ Government bodies can prepare an Environmental Assessment Worksheet ("EAW") to "set out the basic facts necessary to determine whether an environmental impact statement is required."⁷

17. MEPA authorizes the Environmental Quality Board ("EQB") to establish alternative forms of environmental review that "address the same issues and utilize similar procedures as an environmental impact statement (EIS) in a more timely or more efficient manner."⁸ In 1988, EQB used this authority to establish a process called Alternative Urban Areawide Reviews ("AUARs").⁹

⁴ Minn. Stat. § 116D.02, subd. 1.

⁵ Minn. Stat. § 116D.04, subd. 2a(a).

⁶ *Id.*

⁷ Minn. Stat. § 116D.04, subd. 1a(c).

⁸ Minn. Stat. § 116D.04, subd. 4a.

⁹ See Minn. R. 4410.3610; Minn. Env'tl. Quality Bd., *Statement of Need & Reasonableness, Proposed Amendments to Minn. R. parts 4410.0200-.7800* 25 (1988).

18. Unlike an EIS or EAW, which reviews the environmental impacts of a “major governmental action,”¹⁰ an AUAR reviews environmental impacts within a “particular geographic area.”¹¹

19. Within the particular geographic area of an AUAR, a city examines the environmental impacts of “anticipated residential, commercial, warehousing, and light industrial development and associated infrastructure.”¹² The AUAR must study the “direct, indirect, and cumulative potential effects typical” of these anticipated developments.¹³ The “content and format must be similar to that of the EAW, but must provide for a level of analysis comparable to that of an EIS.”¹⁴

20. EQB explains in a guidance document that the “intent of the AUAR is to recognize the worst-case potential impacts and identify mitigation measures that may be taken to compensate for those impacts.”¹⁵

21. Because AUARs evaluate “worst-case impacts” within a study area, an approved AUAR can exempt future projects from EIS and EAW review.¹⁶ These exemptions apply to projects that are “consistent with development assumptions” in an

¹⁰ Minn. Stat. § 116D.04, subd. 2a(a).

¹¹ Minn. R. 4410.3610, subp. 1.

¹² *Id.*

¹³ Minn. R. 4410.3610, subp. 4.

¹⁴ *Id.*

¹⁵ Minn. Env'tl. Quality Bd., *Recommended Content and Format: Alternative Urban Areawide Review Documents* 1 (Sept. 2008) [hereinafter “AUAR Guidance”].

¹⁶ Minn. R. 4410.3610, subps. 2, 5(E).

approved AUAR, and that comply with an AUAR's "plan for mitigation" of environmental effects.¹⁷

AUAR Rule Revisions for Large Specific Projects

22. In 2009, EQB amended the AUAR regulations with new requirements applicable to "large specific projects."¹⁸

23. To explain the new rules, EQB noted that "[c]ritics have questioned whether the use of the AUAR process for the review of individual projects reduces the quality of the review compared to what would be achieved if the project was reviewed through the regular EAW/EIS process."¹⁹ When "one large project dominates an AUAR analysis," the agency determined "there is a concern that this could have a chilling effect on the analysis of alternative development scenarios that is a key purpose of the AUAR process."²⁰ EQB concluded that "additional public scrutiny is appropriate when a large project dominates an AUAR to ensure that alternative development scenarios are thoroughly analyzed."²¹

24. EQB's new rules apply to AUARs that involve a "large specific project," defined as a project that "would otherwise require preparation of an EIS" under

¹⁷ *Id.*

¹⁸ See Minn. R. 4410.3610, subp. 5a; Minn. Env'tl. Quality Bd., *Statement of Need & Reasonableness, Environmental Review Program Rules, Minnesota Rules, Chapter 4410* 37-39 (Jan. 8, 2009) [Hereinafter "2009 SONAR"].

¹⁹ 2009 SONAR at 38.

²⁰ *Id.*

²¹ *Id.*

ordinary development thresholds, or that would “comprise at least 50% of the geographic area to be reviewed” in an AUAR.²²

25. When an AUAR involves a “large specific project,” the amended rules require cities to conduct a scoping process where the public may offer “alternatives to the specific large project or projects proposed to be included in the review.”²³

26. The scoping process must be based on a “description of the specific large project . . . comparable to that of a scoping EAW pursuant to part 4410.2100, subpart 2.”²⁴

27. A scoping EAW is a document that can be used to “identify the need for preparing an EIS” for a specific project.²⁵

28. Scoping EAWs must describe the “purpose of the project, methods of construction, quantification of physical characteristics and impacts, project site description, and land use and physical features of the surrounding area.”²⁶

29. EQB states that the “project description is the most important item in the EAW.”²⁷ The agency’s guidance notes that the project description should include a “brief summary” of the project proposal, followed by a “complete description” focused on all “aspects of the project that may directly or indirectly manipulate, alter or impact the

²² Minn. R. 4410.3610, subp. 5a(A); *see* Minn. R. 4410.4400 (identifying development thresholds where an EIS is ordinarily required).

²³ Minn. R. 4410.3610, subp. 5a(B).

²⁴ *Id.*

²⁵ Minn. R. 4410.2100, subp. 2(A).

²⁶ Minn. R. 4410.1200(C).

²⁷ Minn. Env'tl. Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

physical or natural environment.”²⁸ Additionally, the project description should consider “construction and operational activities,” “project components and structures,” the “location and relationships of project components,” and “associated infrastructure” required to serve the facility.²⁹

30. EQB has stated that “clear, complete and detailed project descriptions are essential to understanding the potential for environmental effects.”³⁰

The City’s Review of Olam Lakeville Industrial

31. Pursuant to Minnesota Rule 4410.3610, subpart 5a, the City published a draft order for review and scoping document for an AUAR, titled Olam Lakeville Industrial, on December 3, 2024.³¹

32. Olam Lakeville Industrial involves a large specific project that could begin construction as early as 2025.³²

33. The City identifies this large specific project with the following project description:

The AUAR study area encompasses an area totaling approximately 152 acres on 4 parcels in the City of Lakeville, Dakota County, Minnesota (shown on Figure 2). Olam Holdings is proposing to develop the study area from existing farmland to light industrial or office park uses. The study area can be accessed primarily by 215th W St (CSAH 70) to the north.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ City of Lakeville, *Draft Order and Scoping Document for the Olam Lakeville Industrial Development Alternative Urban Area-wide Review (AUAR)* (Dec. 3, 2024) [hereinafter “Scoping Document”].

³² City of Lakeville, *Revised Alternative Urban Area-wide Review: Olam Lakeville Industrial 5* (June 2025) [hereinafter “Final AUAR”].

Secondary access points to the study area also include Jacquard Ave to the east and Kaparia Ave to the west. The AUAR will provide a more detailed description of the potential traffic impacts associated with development.

Two scenarios are proposed for evaluation in the AUAR as outlined in Table 1. Scenario 1 includes multiple buildings for a total of 1,360,000 square feet of a proposed light industrial development (see Figure 3). Scenario 2 includes multiple buildings for a total of 1,075,000 square feet of industrial and 285,000 square feet of office space (see Figure 4). The proposed development within the AUAR study area is anticipated to begin construction in 2025. A general development timeline and potential phasing will be discussed in the AUAR.

The intent of the AUAR is to recognize the maximum build for the study area and identify impacts and mitigation measures that may be taken to compensate for those impacts. Development of the study area would include new infrastructure, including water service, sewer, stormwater, streets, and utilities. All new services would be extensions to existing infrastructure or upgrades to existing systems to support the new development.³³

34. Scenarios 1 and 2 of Olam Lakeville Industrial involve a 1,360,000 square-foot development. This development would be twice as large as the Xcel Energy Center.³⁴

35. The City's project description lacks any information about what the proposed office park or light industrial development would do, how it would operate, or what kind of business it would engage in. There is no "brief summary" of the development, as instructed in EQB guidance.³⁵

36. The City also does not offer a "complete description" of all aspects of the proposed development "that may directly or indirectly manipulate, alter or impact the

³³ Scoping Document at 4.

³⁴ Xcel Energy Ctr., *About Us*, <https://www.xcelenergycenter.com/guest-services/about> (650,000 square feet) (last visited August 2, 2025).

³⁵ Minn. Env'tl. Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

physical or natural environment.”³⁶ Beyond referencing new “water service, sewer, stormwater, streets, and utilities,” the project description does not describe the project’s “construction and operational activities,” the “project components and structures,” the “location and relationships of project components,” or “associated infrastructure” required to serve the facility.³⁷

37. The term “data center” does not appear in the City’s project description.

38. After the City published Olam Lakeville Industrial’s scoping document, the public had 30 days to suggest “alternatives to the specific large project” being proposed.³⁸ The 30-day comment period expired on January 9, 2025.³⁹

39. The City received no comments that were identified as being from residents of Lakeville or any surrounding municipality about the scope of Olam Lakeville Industrial.

Plaintiff’s Comment and The City’s Response

40. The City’s draft AUAR environmental study of Olam Lakeville Industrial was published on April 22, 2025, and a revised AUAR was published on June 24, 2025.

41. Both drafts of the City’s AUAR use the same generic project description for Olam Lakeville Industrial, discussing a 1,360,000 square-foot development, found in the City’s scoping document.

³⁶ *Id.*

³⁷ *Id.*

³⁸ Minn. R. 4410.3610, subp. 5a(C).

³⁹ Scoping Document at 2.

42. The City's AUAR is an alternative to EIS review, but it should not be a shortcut. State law requires the AUAR to offer a "level of analysis comparable to that of an EIS."⁴⁰

43. To engage in an EIS-level analysis, a city must *study* a project's potential environmental effects. When a mining project is reviewed, for instance, an EIS engages in detailed groundwater and appropriation modeling based on groundwater-flow models, calibrated to monitoring wells, to map aquifer drawdown and seepage pathways.⁴¹ The EIS simulates solute-transport pathways to predict metals and sulfate migration under varying recharge scenarios, accounting for storm-runoff and climate-stress.⁴² These studies allow the government to know how a mining project could impact Minnesota, and how those impacts could be limited.

44. The City's AUAR falls short of this bar.

45. For water appropriation, the AUAR's two-page analysis flags that Olam Lakeville Industrial could withdraw up to two and a half million gallons of water per day from the Prairie du Chien-Jordan aquifer. This level of appropriation would strain and potentially surpass the City's available groundwater resources. Yet, the AUAR offers no modeling of groundwater impacts, no studies of well interference, nor even a

⁴⁰ Minn. R. 4410.3610, subp. 4.

⁴¹ U.S. Army Corps of Eng'rs, U.S. Forest Serv. & Minn. Dep't of Nat. Res., *Final Environmental Impact Statement: NorthMet Mining Project and Land Exchange* ch. 5, § 5.2.2, at 5-95 – 5-127, 5-177 (Nov. 2015).

⁴² *Id.* at 5-95 – 5-127, 5-177.

qualitative discussion of how millions of gallons of daily water withdrawals could result in environmental consequences.

46. This pattern repeats throughout the AUAR. The City notes that Olam Lakeville Industrial would consume more electricity than 3,000 households, without analyzing how this new load would be generated or what it would mean for the grid. The AUAR acknowledges that Olam Lakeville Industrial could cause significant noise pollution from computers and ventilation systems, then hedges that “[f]urther noise evaluation will be completed as design progresses.”⁴³

47. Across these and other issues, the City flags potential environmental impacts. However, it does not study them.

48. On May 21, 2025, Plaintiff submitted a timely public comment on the City’s draft AUAR, highlighting the AUAR’s failure to describe the large specific project it was reviewing and its failure to study the Proposed Project’s potential environmental effects at a level comparable to an EIS.

49. The City did not make any material changes to the AUAR in response to Plaintiff’s comment.

50. The City approved the Olam Lakeville Industrial AUAR on July 7, 2025.

Data Centers

51. The City’s AUAR offers scattered details that, taken together, suggest Olam Lakeville Industrial is an anticipated data center development.

⁴³ Final AUAR at 68.

52. The AUAR acknowledges that data centers are allowed under the zoning code designations for the AUAR study area.⁴⁴

53. The AUAR's analysis of water use forecasts that Scenario 1 could generate up to 2.5 million gallons per day, a value consistent with the high water demands of cooling systems used for hyperscale data centers.⁴⁵

54. The AUAR identifies that "the main source of noise" for the project could "include computers and ventilation systems within the building, and the use of generators."⁴⁶

55. The AUAR's wetland delineation report is prepared for TeraWatt Infrastructure, a developer that specializes "in real estate development and construction, data centers, clean energy, and mobility."⁴⁷

56. The AUAR's traffic analysis adopts the Institute of Transportation Engineers Land Use Code for data centers.⁴⁸

⁴⁴ Final AUAR at 23-24.

⁴⁵ Final AUAR at 49-50.

⁴⁶ Final AUAR at 68.

⁴⁷ Final AUAR at 1, 88 (showing the AUAR's Wetland Delineation Report was prepared for TeraWatt Infrastructure); TeraWatt Infrastructure, *About Us*, <https://www.terawattinfrastructure.com/about> (last visited Aug. 1, 2025).

⁴⁸ Final AUAR at 70.

Inadequate Project Description

57. Olam Lakeville Industrial involves a “large specific project,”⁴⁹ anticipated to begin construction in 2025,⁵⁰ that the AUAR suggests will be a data center project.

58. At no point in the AUAR process did the City acknowledge that Olam Lakeville Industrial was tied to data centers.

59. The City’s project description did not include a “complete description” of all aspects of a data center campus that may directly or indirectly manipulate, alter or impact the physical or natural environment.⁵¹

60. The project description does not identify “project components and structures” required of a data center campus, nor the “location and relationships of project components,” nor the specific “associated infrastructure” required to serve the facility.⁵²

61. The City did not provide a “clear, complete and detailed project description” of the large specific project it was reviewing.⁵³

62. The City’s omission of an adequate project description denied the public meaningful participation in AUAR scoping and precluded adequate environmental analysis in the AUAR or in the future.

⁴⁹ See City of Lakeville, *Final Order and Resolution Ordering Preparation of an Alternative Urban Area-wide Review for the Olam Holdings Property 1* (Jan. 23, 2025) (“WHEREAS, Minnesota Rules Chapter 4410.3610 Subp. 5a requires an additional scoping step for certain large specific projects.”).

⁵⁰ Final AUAR at 6.

⁵¹ Minn. Env’tl. Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

⁵² *Id.*

⁵³ *Id.*

63. AUARs involving large specific projects include a scoping process, designed to allow the public to offer “alternatives to the specific large project or projects proposed to be included in the review.”⁵⁴

64. If the public had been told that the City anticipated a large data center campus, nearby residents could have offered alternative project ideas or locations for consideration in the AUAR.

65. This did not happen. The City received no comments from residents of Lakeville, or surrounding jurisdictions, about the scope of Olam Lakeville Industrial.

Inadequate Environmental Review

66. Under Minnesota law, AUARs are a tool of environmental review for studying the “direct, indirect, and cumulative potential effects” of anticipated development.⁵⁵

67. The City’s AUAR suggests an anticipated hyperscale data center project. For that reason, the environmental effects of Olam Lakeville Industrial are tied to basic details about how a data center would be cooled, where it would get its power, and design considerations related to air, noise, and light pollution.

68. The City’s AUAR failed to address these questions.

⁵⁴ Minn. R. 4410.3610, subp. 5a(C).

⁵⁵ Minn. R. 4410.3610, subp. 4.

Water Impacts

69. An AUAR must describe “the source, quantity, duration, use, and purpose of the water use” for any project requiring water appropriation.⁵⁶

70. The City estimates that Olam Lakeville Industrial could demand anywhere from 1.5 to 2.5 million gallons of water per day for “wet industrial users” that “use higher amounts of water.”⁵⁷ The City offers no further description of why that much water is required, what it would be used for, or how multi-million-gallon daily water withdrawals would be managed.

71. Olam Lakeville Industrial’s high water-usage is consistent with a data center’s demand for water-intensive cooling technologies. However, those demands depend on how a data center is cooled. Traditional evaporative towers can consume millions of gallons of potable drinking water per day. Alternatively, data centers can use reclaimed wastewater or implement closed-loop systems that continuously recycle the same water. They can adopt liquid cooling technologies, where coolant is brought directly to processors or servers are immersed in specialized fluids, or cool data center equipment using ambient air.

72. Had the City identified Olam Lakeville Industrial as a data center project, the AUAR could have examined different cooling technologies and their potential implementation at the proposed development site. Alternatively, the City could have

⁵⁶ Minn. R. 4410.3610, subp. 4 (AUARs must include the content of an EAW); Minn. Env’tl. Quality Bd., *Environmental Assessment Worksheet Form 8* (Dec. 2022) (establishing EAW content requirements for water appropriations).

⁵⁷ Final AUAR at 50.

waited until the large specific project contemplated here had chosen a method of cooling, and drafted the AUAR to analyze the potential environmental effects of that chosen method.

73. Neither analysis exists in the AUAR.

74. By failing to study data center cooling options, or even identify why Olam Lakeville Industrial needs up to 2.5 million gallons of daily water withdrawals, the City plainly falls short on describing the “quantity, duration, use, and purpose” of Olam Lakeville Industrial’s water use.

75. EQB guidance also requires AUARs to describe “environmental effects from water appropriation.”⁵⁸

76. Lakeville draws its water from the Prairie du Chien-Jordan aquifer. The entire City is allocated 2.8 billion gallons of water per year from this aquifer, of which up to 2.75 billion gallons are already consumed by existing users. This leaves a 50 million gallons buffer *per year*.⁵⁹

77. A data center demanding 1.5 to 2.5 million gallons of water *per day* could quickly surpass the City’s unused water resources. Recognizing this, the City defers that “if a specific project advances that surpasses the city of Lakeville’s current Water Appropriation Permit, the project proposer will have to prepare detailed projections of

⁵⁸ Minn. R. 4410.3610, subp. 4 (AUARs must include the content of an EAW); Minn. Env’tl. Quality Bd., *Environmental Assessment Worksheet Form 8* (Dec. 2022) (establishing EAW content requirements for water appropriations).

⁵⁹ Final AUAR at 49.

wastewater generation, flows, and water demand estimates to understand if water is available from currently used aquifers or alternative sources.”⁶⁰

78. No environmental analysis of the planned appropriations is incorporated in the City’s AUAR. There are no projections of aquifer impacts, nor study of interference to nearby wells, nor any consideration of how up to 2.5 million new gallons of daily water appropriation could cause environmental consequences.

79. The City omitted any study of “environmental effects from water appropriation” tied to Olam Lakeville Industrial.

Energy Impacts

80. AUARs must identify “aspects of the project that may directly or indirectly manipulate, alter or impact the physical or natural environment.”⁶¹

81. Indirect impacts extend to “[a]ssociated infrastructure . . . necessary to serve the project.”⁶²

82. The AUAR estimates that Olam Lakeville Industrial would require 27,472,000 kilowatt hours (kWh) of electricity per year,⁶³ exceeding the electricity use of over three thousand households.⁶⁴

⁶⁰ *Id.* at 50.

⁶¹ Minn. Env’tl. Quality Bd., *EAU Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

⁶² *Id.*

⁶³ See Final AUAR at 382 (“Appendix C. Quantifying Greenhouse Gas Emissions”).

⁶⁴ See U.S. Energy Information Administration, *Electric Sales, Revenue & Average Price*, tbl. 5A, 2023 (listing Minnesota average of 752 kWh per month, or 9,024 kWh per year).

83. A new load of 27,472,000 kWh could require a build-out of associated grid infrastructure, such as transmission lines, distribution systems, or generation facilities required to deliver power to the Olam Lakeville Industrial site.

84. The City does not identify how Olam Lakeville Industrial would get power, does not consider whether the project's electricity demands would indirectly require new grid infrastructure, and omits any study of the land use or climate impacts that would be caused by grid-infrastructure changes.

85. The AUAR contains no analysis of the "direct, indirect, and cumulative potential effects" of serving power to Olam Lakeville Industrial.

Air Quality Impacts

86. In addition to obtaining power from the grid, data centers often generate electricity using on-site fracked gas or diesel-powered turbines. These on-site turbines are useful if a "data processing center's voracious appetite for energy has outpaced electric utilities' ability to serve it."⁶⁵

87. On-site turbines can emit nitrogen oxides, particulate matter, carbon monoxide, and other pollutants that are hazardous to human health. In Memphis, thirty-five gas turbines powering a data center have reportedly emitted more nitrogen oxides than a nearby power plant and oil refinery.⁶⁶

⁶⁵ See Ariel Wittenberg, 'How Come I Can't Breathe?': Musk's Data Company Draws a Backlash in Memphis, Politico (May 6, 2025), <https://www.politico.com/news/2025/05/06/elon-musk-xai-memphis-gas-turbines-air-pollution-permits-00317582>.

⁶⁶ *Id.*

88. The City's AUAR should include a "complete description" of all aspects of the Olam Lakeville Industrial "that may directly or indirectly manipulate, alter or impact the physical or natural environment."⁶⁷

89. Additionally, EQB states in a guidance document that "any stationary air emissions source large enough to merit environmental review requires individual review" outside the AUAR.⁶⁸

90. On-site turbines are anticipated at Olam Lakeville Industrial. However, the City states that "[d]etails pertaining to the number, size, and location are unknown at this time."⁶⁹

91. By omitting any information about on-site power generation, the City failed to contemplate Olam Lakeville Industrial's direct, indirect, and cumulative potential effects on air quality, and it failed to identify whether the proposal "required environmental review outside the AUAR."

Noise and Light Pollution

92. Thousands of graphics chips and associated infrastructure at a hyperscale data center can generate significant noise pollution. Residents living near data centers describe this pollution as a "low-pitched roar topped with a tinny screech."⁷⁰ This noise

⁶⁷ Minn. Env'tl. Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (2013).

⁶⁸ AUAR Guidance at 5.

⁶⁹ Final AUAR at 55.

⁷⁰ Peter Cary, *Amazon Tones Down Its Data Center Noise After Residents Sound the Alarm*, Data Center Knowledge (Oct. 24, 2023), <https://www.datacenterknowledge.com/data->

can last day and night, travel for miles, and contribute to sleep disruption, headaches, and decreased quality of life for impacted residents.⁷¹

93. EQB instructs cities to examine whether development studied in an AUAR “will include or adjoin major noise sources.”⁷² If the project includes a major noise source, “noise analysis is needed to determine if any noise levels in excess of standards would occur, and if so, to identify appropriate mitigation measures.”⁷³

94. The City acknowledges that “the main sources of noise” from the studied project could “include computers and ventilation systems within the building, and the use of generators.”⁷⁴

95. However, the AUAR never addresses whether this “main source of noise” qualifies as a “major source of noise.”

96. Despite identifying homes, farmsteads, a church, and a high school within a mile of the proposed development, the AUAR offers no noise modeling, nor qualitative noise assessment, nor any analysis to determine whether “noise levels in excess of standards would occur.”⁷⁵

center-construction/amazon-tones-down-its-data-center-noise-after-residents-sound-the-alarm (last visited August 2, 2025).

⁷¹ See Steven Gonzalez Monserrate, *The Staggering Ecological Impacts of Computation and the Cloud*, The MIT Press Reader (Feb. 14, 2022), <https://thereader.mitpress.mit.edu/the-staggering-ecological-impacts-of-computation-and-the-cloud/> (last visited August 2, 2025).

⁷² AUAR Guidance at 4.

⁷³ *Id.*

⁷⁴ Final AUAR at 68.

⁷⁵ AUAR Guidance at 4.

97. 1,360,000 square-foot hyperscale data centers can also generate light pollution. In Virginia, residents living near hyperscale data centers report that the facility's lighting is "easily seen for miles," glowing "at night like a giant city of lights."⁷⁶

98. EQB guidance instructs cities to analyze "any impacts" on scenic views and vistas in the AUAR study area, including "both direct physical impacts and impacts on visual quality or integrity."⁷⁷ If "any non-routine visual impacts would occur," they should be discussed "along with appropriate mitigation."⁷⁸

99. The AUAR notes in one paragraph that "lighting practices will be selected to address known ecological concerns and prevent avoidable impacts to insects, wildlife, rare plants, and adjacent natural areas. Guidance from the USFWS to minimize blue light, uplight, and backlight will be adhered to the extent practicable."⁷⁹

100. Beyond these generic commitments, the AUAR offers no analysis of how a 1,360,000 square-foot data center development would be lit, and it fails to study how light pollution could impact the visual quality of the surrounding area.

101. The AUAR's missing analysis of noise and light pollution is a failure to study Olam Lakeville Industrial's "direct, indirect, and cumulative potential effects" on surrounding residents.

⁷⁶ Grace Mamon, *Data Centers Are Changing the Landscape. Here's How They May Affect Rural Virginia.*, Cardinal News (Mar. 12, 2025), <https://cardinalnews.org/2025/03/12/data-centers-are-changing-the-landscape-heres-how-they-may-affect-rural-virginia/> (last visited August 2, 2025).

⁷⁷ AUAR Guidance at 5.

⁷⁸ *Id.*

⁷⁹ Final AUAR at 62-63.

Cumulative Impacts

102. An AUAR must include a cumulative impacts analysis that studies the “incremental effects of a project in addition to other projects in the environmentally relevant area that might reasonably be expected to affect the same environmental resources.”⁸⁰

103. The Minnesota Supreme Court has explained that an adequate cumulative impacts analysis under MEPA must “determine whether the project, which may not individually have the potential to cause significant environmental effects, could have a significant effect when other local projects already in existence or planned for the future are considered.”⁸¹

104. For projects already in existence in the AUAR study area, the City omits any analysis of how a hyperscale data center could exacerbate existing environmental stressors.

105. For foreseeable future projects, EQB instructs cities to study “the nature of the cumulative potential effects and summarize any other available information relevant to determining whether there is potential for significant environmental effects due to these cumulative effects” in an AUAR.⁸²

⁸⁰ Minn. R. 4410.0200, subp. 11a. (defining the term cumulative potential effects); *see* Minn. R. 4410.3610, subp. 4 (AUARs must include the content of an EAW); Minn. Env'tl. Quality Bd., *Environmental Assessment Worksheet Form 1*, 13 (Dec. 2022) (establishing EAW content requirements for cumulative impacts).

⁸¹ *Citizens Advocating Responsible Dev. v. Kandiyohi Cty. Bd. of Comm'rs*, 713 N.W.2d 817, 829 (Minn. 2006).

⁸² Minn. Env'tl. Quality Bd., *Environmental Assessment Worksheet Form 13* (Dec. 2022).

106. In response to this prompt, the City states that “[f]uture public and private development projects may result in impacts to transportation, water resources, and utilities. These impacts will be addressed via the regulatory permitting and approval processes and will be individually mitigated to ensure minimal cumulative impacts occur.”⁸³

107. Beyond this single sentence, the City offers no analysis of *how* and to what extent known proposals would collectively strain transportation, water resources, and utilities. There is no study of “the nature of the cumulative potential effects.”

108. This approach extends to the City’s consideration of nearby data center proposals. The AUAR notes that “additional technology park projects in Dakota County” exist, and that these proposals “would affect the same environmental resources, including water availability, energy use, and wastewater generation” as Olam Lakeville Industrial.⁸⁴

109. The City claims that these “types of projects would also be required to complete an environmental review and if developed, coordinate with state and local agencies for the applicable permits and approvals, which would have the authority to determine if there were adequate resources available at the time of application.”⁸⁵

110. That is the end of the City’s analysis. The Star Tribune has reported that ten hyperscale facilities planned for Minnesota could consume “as much electricity as every

⁸³ Final AUAR at 76.

⁸⁴ Final AUAR at 77.

⁸⁵ *Id.*

home in Minnesota.”⁸⁶ Yet, the City omits any detailed study of how multiple hyperscale data centers, in the same county, could result in cumulative environmental effects.

111. The City failed to address “whether there is potential for significant environmental effects due to these cumulative effects” from Olam Lakeville Industrial.

Inadequate Mitigation Plan

112. AUARs must include a plan “specifying the mitigation measures that will be imposed upon future development within the area in order to avoid or mitigate potential environmental impacts.”⁸⁷

113. EQB has emphasized that “the plan for mitigation called for is perhaps the key part of the entire substitute review process” in an AUAR.⁸⁸ The agency instructs that it “must be understood that the mitigation plan is a commitment by the [Responsible Governmental Unit] to prevent potentially significant impacts from occurring from specific projects. It is more than just a list of ways to reduce impacts—it must include information about how the mitigation will be applied and assurance that it will.”⁸⁹

114. The Responsible Governmental Unit for the Olam Lakeville Industrial AUAR is the City of Lakeville. Yet, the City’s mitigation plan repeatedly fails to offer a commitment to prevent potentially significant impacts.

⁸⁶ See Walker Orenstein, *Mega Data Centers Are Coming to Minnesota. Their Power Needs Are Staggering.*, Star Trib. (Jan. 10, 2025), <https://www.startribune.com/mega-data-centers-are-coming-to-minnesota-their-power-needs-are-staggering/601204129>.

⁸⁷ Minn. R. 4410.3610, subp. 5(C).

⁸⁸ See Minn. Env'tl. Quality Bd., *Statement of Need & Reasonableness, Proposed Amendments to Minn. R. parts 4410.0200–.7800* 32 (1988).

⁸⁹ AUAR Guidance at 6.

115. The City promises that “[f]urther noise evaluation will be completed as design progresses and best practices to reduce noise will be implemented.”⁹⁰ This plan does not include “information about how the mitigation will be applied.”⁹¹

116. The City suggests that it “will need to further study the water system to determine if more improvements to the water system are needed.”⁹² This promise provides no “commitment,” however, to adopt any water-saving measures.⁹³

117. The City asserts it can mitigate greenhouse gas emissions because there are “potential design strategies and sustainability measures that are under consideration.”⁹⁴ These strategies offer a “list of ways to reduce impacts,” but the City fails to include any “description of how each mitigation measure will be implemented.”⁹⁵

118. Across these examples, and others, the City fails to specify “mitigation measures that will be imposed upon future development within the area in order to avoid or mitigate potential environmental impacts.”⁹⁶

There Is No Future Review of Hyperscale Data Centers

119. The City’s AUAR suggests that Olam Lakeville Industrial will involve a 1,360,000 square-foot hyperscale data center campus. Ordinarily, a data center

⁹⁰ Final AUAR at 81.

⁹¹ AUAR Guidance at 6.

⁹² Final AUAR at 79.

⁹³ AUAR Guidance at 6.

⁹⁴ Final AUAR at 80.

⁹⁵ AUAR Guidance at 6.

⁹⁶ Minn. R. 4410.3610, subp. 5(C).

development this large would trigger a mandatory EIS, the most rigorous form of environmental review.⁹⁷

120. This changed after the City approved the Olam Lakeville Industrial AUAR. Because AUARs evaluate the worst-case scenario for development impacts within the geographic area being studied, EQB rules offer environmental review exemptions to projects that are “consistent with development assumptions” in an approved AUAR.⁹⁸

121. The City’s generic project description produced an AUAR with very broad development assumptions.

122. Because of the lack of detail in the AUAR, a data center with (a) any level of noise pollution, light pollution, or impacts to the grid, (b) any number of backup turbines, (c) any level of cumulative environmental effects, and (d) up to 2.5 million gallons of water use per day could claim that it is consistent with development assumptions in the AUAR.

123. Even though the City failed to study the worst-case potential impacts of a hyperscale data center, or to evaluate such a development with the detail required in an EIS, a data center could use the City’s AUAR to evade environmental study.

⁹⁷ See Minn. R. 4410.4400, subp. 11 (identifying a mandatory EIS threshold for light industrial developments larger than 1,000,000 square feet, applicable to second-class cities such as Lakeville).

⁹⁸ AUAR Guidance at 1; Minn. R. 4410.3610, subps. 2, 5(E).

124. Such an evasion would violate the intent of MEPA for major projects to receive adequate environmental review, based on a fair evaluation of “alternatives to the specific large project” under consideration, before proceeding to development.⁹⁹

CLAIMS FOR RELIEF

COUNT I

Declaratory Judgment That the AUAR Is Inadequate Under MEPA Because It Fails to Provide an Adequate Project Description

125. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

126. An AUAR adequacy decision may be overturned if it was unreasonable, arbitrary and capricious, or affected by error of law.

127. An AUAR involving a large specific project must undergo a scoping process that includes a project description.

128. Adequate project descriptions are clear, complete, and detailed.

129. The City failed to provide a clear, complete, and detailed description of the project studied in the Olam Lakeville Industrial AUAR.

130. Plaintiffs respectfully ask this Court to declare that the AUAR for this Proposed Project is inadequate for its failure to describe the large specific project it reviewed.

131. Plaintiffs respectfully ask this Court to reverse the City’s decision to approve the AUAR, to remand the AUAR to the City, and to enjoin the Project Proposer from

⁹⁹ Minn. R. 4410.3610, subp. 5a(C); *see* Minn. Stat. § 116D.04, subd. 2b.

continuing with the Proposed Project and the City from making any final decisions with respect to the Proposed Project until adequate environmental review is complete.

COUNT II

Declaratory Judgment That the AUAR Is Inadequate Under MEPA Because It Fails to Analyze the Direct, Indirect, and Cumulative Impacts of Anticipated Data Center Development

132. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

133. An AUAR must study the direct, indirect, and cumulative potential environmental effects of development anticipated in an AUAR study area.

134. The City anticipates data center development in the Olam Lakeville Industrial study area.

135. The City failed to adequately study a hyperscale data center's potential environmental effect on:

- a. Water resources, including impacts to the Prairie du Chien-Jordan aquifer from withdrawals up to 2.5 million gallons per day;
- b. Energy infrastructure, including grid impacts from a data center that could consume 27,472,000 kWh annually;
- c. Air quality from backup generators used for on-site power generation;
- d. Greenhouse gas emissions from the facility, including its off-site and on-site emissions;
- e. Noise pollution affecting nearby residents, a school, and a church;
- f. Light pollution from a 1,360,000 square-foot data center campus; and
- g. Cumulative impacts from existing environmental effects and reasonably foreseeable projects, including foreseeable data center projects.

136. Plaintiffs respectfully ask this Court to declare that the AUAR for this Proposed Project is inadequate for its failure to consider the potential environmental effects of the large specific project it reviewed.

137. Plaintiffs respectfully ask this Court to reverse the City's decision to approve the AUAR, remand the AUAR to the City, and enjoin the Project Proposer from continuing with the Proposed Project and the City from making any final decisions with respect to the Proposed Project until adequate environmental review is complete.

COUNT III

Declaratory Judgment That the AUAR Is Inadequate Under MEPA Because It Fails to Include an Adequate Mitigation Plan

138. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

139. An AUAR must include a mitigation plan with measures that will be imposed upon future development in the study area in order to avoid or mitigate potential environmental impacts.

140. The City's mitigation plan fails to specify enforceable mitigation measures for the Olam Lakeville Industrial development.

141. Plaintiffs respectfully ask this Court to declare that the AUAR for this Proposed Project is inadequate for its failure to adopt a specific and enforceable mitigation plan.

142. Plaintiffs respectfully ask this Court to reverse the City's decision to approve the AUAR, remand the AUAR to the City, and enjoin the Project Proposer from

continuing with the Proposed Project and the City from making any final decisions with respect to the Proposed Project until adequate environmental review is complete.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that this Court:

- a. Declare that the City must start the MEPA process from the beginning and not issue any permits or approvals for any development in the AUAR geographic area until an adequate environmental review is complete,
- b. Enjoin the City from taking any action that would prejudice the ultimate decision on the Proposed Project until it completes adequate environmental review,
- c. Award Plaintiffs their costs and expenses, and
- d. Grant Plaintiffs such other and further relief as this Court deems just and equitable.

Dated: August 5, 2025

/s/Luke Norquist

Luke Norquist, #0505691
Evan Mulholland, #0399072
Minnesota Center for
Environmental Advocacy
1919 University Avenue West
Suite 515
Saint Paul, Minnesota 55104
(651) 223-5969
lnorquist@mncenter.org
emulholland@mncenter.org

*Attorneys for Minnesota Center for
Environmental Advocacy*