

STATE OF MINNESOTA
COUNTY OF GOODHUE

DISTRICT COURT
FIRST JUDICIAL DISTRICT

Case Type: Civil
Court File No.: _____

Minnesota Center for Environmental
Advocacy,

Plaintiff,

COMPLAINT

and

City of Pine Island;
Ryan Companies US, Inc.

Defendants.

INTRODUCTION

1. Data Centers are coming to Minnesota, but Minnesotans are in the dark about the potential environmental impacts they pose for our state. One data center campus can consume more electricity than the City of Minneapolis, demand billions of gallons of water per year, and generate large amounts of air, noise, and light pollution. But when a developer proposed a potential data center to Defendant City of Pine Island (hereinafter “the City”), the City conducted an entirely deficient environmental review process that failed to acknowledge or analyze critical environmental impacts that arise from data centers.

2. In March 2025, the City announced that it was conducting an Alternative Urban Areawide Review (hereinafter “AUAR”) to examine the potential environmental effects of a 482-acre development that would include at least 100 acres of data center development (labeled as “Technology Center”), which is being proposed by Defendant

Ryan Companies US, Inc. (hereinafter “Ryan Companies”). However, no details regarding the nature of the data center development were included. The proposal was named Project Skyway.

3. The AUAR process for Project Skyway was insufficient and illegal in three major ways.

4. First, the scoping process was insufficient. Any AUAR process involving a “large specific project” is required to include a public process regarding the scope of review (hereinafter “scoping process”).¹ This process must provide a description of the specific large project to be reviewed,² and that description should be “clear, complete and detailed.”³ The City’s description of Project Skyway fails to describe the large specific project in detail.

5. Instead of providing a clear, complete, and detailed project description, the City provides two vague development scenarios: a mixed technology center/light industrial scenario and a technology center-only scenario. The technology center portion of each scenario would “primarily consist of data center facilities, technology services, research and development facilities, and other similar uses.”⁴ This overly vague project description is a violation of Minnesota law.

¹ Minn. R. 4410.3610, subp. 5a(B).

² *Id.*

³ Minn. Env’t Quality Bd., *EAW Guidelines: Preparing Environmental Assessment Worksheets* 11 (Oct. 2013) [hereinafter “EAW Guidelines”]. See also Minn. R. 4410.3610, subp. 5a(b) (noting that the information and description should be “comparable to that of a scoping EAW pursuant to part 4410.2100, subpart 2”).

⁴ Stantec Consulting Services, Inc., *Project Skyway Scoping Environmental Assessment Worksheet 2* (Mar. 2025) [hereinafter “Scoping EAW”].

6. Second, the environmental analysis is insufficient. AUARs must study the “direct, indirect, and cumulative” environmental effects of developments “anticipated” in the AUAR study area. Under Minnesota law, AUARs must study the environmental effects of a proposal with a level of analysis comparable to that of an Environmental Impact Statement (hereinafter “EIS”),⁵ Minnesota’s highest form of environmental review.

7. Instead of analyzing the environmental effects of Project Skyway at a level comparable to an EIS, the AUAR offers broad, conclusory, and unsupported statements about the potential environmental effects of Project Skyway. Similarly, the AUAR did not include the assumptions used to draw these conclusions. The City produced an AUAR that fails to study Project Skyway’s effects on water resources, the electricity grid, and nearby residents. This is a violation of Minnesota law.

8. Third, the mitigation plan is insufficient. 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.”⁶ A proper mitigation plan is more than a list of ways to reduce impacts—it must contain clear commitments from the City to prevent significant impacts.⁷

⁵ Minn. R. 4410.3610, subp. 4.

⁶ Minn. R. 4410.3610, subp. 5(C).

⁷ Minn. Env’t Quality Bd., *Recommended Content and Format: Alternative Urban Area-wide Review Documents* 6 (Sept. 2008) [hereinafter “AUAR Guidance”]. See also Minn. R. 4410.3610, subp. 5 (“The plan shall contain a description of how each mitigation measure will be implemented, including a description of the involvement of other agencies, if appropriate”).

9. The City's mitigation plan *is* just a list of ways to reduce impacts. It is completely devoid of any commitment to apply any specific mitigation measures. This is a violation of Minnesota law.

10. These errors of law matter. Minnesotans may have no other opportunity to examine potential environmental effects from these large-scale projects. That is because, once an AUAR is approved, projects "consistent with [the] development assumptions" in the AUAR are exempt from additional environmental review.⁸ When the City approved an unlawfully deficient AUAR, it welcomed hyperscale data center developers to claim their projects are consistent with the ill-defined Project Skyway proposal and thereby exempt from meaningful environmental study. There will be no way for community groups, the courts, advocacy groups, or anyone else to determine whether future data center proposals comply with the development assumptions underpinning the Project Skyway AUAR because those development assumptions are completely undisclosed.

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

⁸ Minn. R. 4410.3610, subp. 2.

PARTIES

12. 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 Pine Island, that stand to suffer injury from a data center with negative environmental impacts on drinking water, the electricity grid, noise pollution, and light pollution. MCEA's supporters in Pine Island were also denied a legitimate opportunity to participate in the AUAR process due to the City's obfuscation of the Project Skyway proposal's details.

13. Defendant City of Pine Island is a municipal corporation under the Minnesota Constitution, article XII, section 4, located in Goodhue County. Part of the Project Skyway project area is located within the City and the City is the responsible governmental unit required to conduct environmental review under the Minnesota Environmental Policy Act (hereinafter "MEPA") before deciding whether the proposed project can proceed.

14. Defendant Ryan Companies US, Inc. is the project proposer for Project Skyway. Ryan Companies is a construction company and registered business corporation in the State of Minnesota. Its registered address is 533 South Third Street #100, Minneapolis, MN 55415.

JURISDICTION AND VENUE

15. 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.

16. Venue is proper in this Court under Minnesota Rule 4410.0400, subpart 4, as the county where Project Skyway would be undertaken.

FACTUAL BACKGROUND

History of AUARs

17. 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 fulfill the social, economic, and other requirements of present and future generations of the state’s people.”⁹

18. MEPA typically requires the preparation of an EIS whenever “there is potential for significant environmental effects resulting from any major governmental action.”¹⁰ 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.”¹¹ When projects meet certain thresholds set forth in the Minnesota Rules, government bodies must prepare an Environmental Assessment Worksheet (hereinafter “EAW”) to “set out the basic facts necessary to determine whether an environmental impact statement is required.”¹²

19. MEPA authorizes the EQB to establish alternative forms of environmental review that “address the same issues and utilize similar procedures as an environmental

⁹ Minn. Stat. § 116D.02, subd. 1.

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

¹¹ *Id.*

¹² Minn. Stat. § 116D.04, subd. 1a(c); Minn. R. 4410.4300.

impact statement in a more timely or more efficient manner.”¹³ In 1988, the EQB used this authority to establish the AUAR process.¹⁴

20. Unlike an EIS or EAW, which reviews the environmental impacts of a “major governmental action,”¹⁵ an AUAR reviews environmental impacts within a “particular geographic area.”¹⁶

21. 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.”¹⁷ The AUAR must study the “direct, indirect, and cumulative potential effects typical” of these anticipated developments.¹⁸ 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.”¹⁹

22. In a guidance document, the EQB instructs that “whenever a certain impact may or may not occur, depending on the exact design of future developments, the AUAR should cover the possible impacts through a ‘worst case scenario’ analysis or else prevent the impacts through the provisions of the mitigation plan.”²⁰

¹³ Minn. Stat. § 116D.04, subd. 4a.

¹⁴ See Minn. R. 4410.3610 (outlining this process); Minn. Env’t Quality Bd., *Statement of Need & Reasonableness: In the Matter of the Proposed Amendments to the Rules Governing the Environmental Review Program, Minn. Rules Parts 4410.0200 to 4410.7800* 25 (1988) [hereinafter “Proposed Amendments”].

¹⁵ Minn. Stat. § 116D.04, subd. 2a(a).

¹⁶ Minn. R. 4410.3610, subp. 1.

¹⁷ *Id.*

¹⁸ Minn. R. 4410.3610, subp. 4.

¹⁹ *Id.*

²⁰ AUAR Guidance at 6.

23. Because AUARs evaluate the worst-case scenario for development impacts, an approved AUAR exempts future compliant projects from EIS and EAW review.²¹ Projects are compliant if they are “consistent with development assumptions” in an approved AUAR²² and comply with an AUAR’s “plan for mitigation” of environmental effects.²³

AUAR Rule Revisions for Large Specific Projects

24. In 2009, the EQB amended the AUAR regulations with new requirements applicable to “large specific projects.”²⁴

25. To explain the new rules, the 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.”²⁵ 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.”²⁶ The EQB concluded that “additional public scrutiny is appropriate when a large project dominates an AUAR to ensure that alternative development scenarios are thoroughly analyzed.”²⁷

²¹ Minn. R. 4410.3610, subps. 2(A), 5(E).

²² Minn. R. 4410.3610, subp. 2(A).

²³ Minn. R. 4410.3610, subps. 2(A), 5(E).

²⁴ See Minn. R. 4410.3610, subp. 5a (containing these additional procedures); see also Minn. Env’t Quality Bd., *Statement of Need & Reasonableness: Environmental Review Program Rules, Minnesota Rules, Chapter 4410 37–39* (Jan. 8, 2009) [hereinafter “2009 SONAR”] (detailing the amended AUAR requirements pertaining to these projects).

²⁵ 2009 SONAR at 38.

²⁶ *Id.*

²⁷ *Id.*

26. The 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 ordinary development thresholds, or that would "comprise at least 50 percent of the geographic area to be reviewed" in an AUAR.²⁸

27. When an AUAR involves a "large specific project," the amended rules require local governments 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."²⁹

28. 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."³⁰

29. A scoping EAW is a document that can be used to "identify the need for preparing an EIS" for a specific project.³¹

30. 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."³²

31. The EQB states that the "project description is the most important item in the EAW."³³ 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

²⁸ Minn. R. 4410.3610, subp. 5a(A); *see also* Minn. R. 4410.4400 (identifying development thresholds where an EIS is ordinarily required).

²⁹ Minn. R. 4410.3610, subp. 5a(C).

³⁰ Minn. R. 4410.3610, subp. 5a(B).

³¹ Minn. R. 4410.2100, subp. 2(A).

³² Minn. R. 4410.1200(C).

³³EAW Guidelines at 11.

“aspects of the project that may directly or indirectly manipulate, alter or impact the physical or natural environment.”³⁴ 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.³⁵

32. The EQB has stated that “clear, complete and detailed project descriptions are essential to understanding the potential for environmental effects.”³⁶

The City’s Insufficient Scoping Process

33. Project Skyway involves a “large specific project,”³⁷ which is identified as a data center.³⁸

34. However, the City’s project description did not include a “complete description” of all aspects of the data center that “may directly or indirectly manipulate, alter or impact the physical or natural environment.”³⁹ Nor did it include a purpose for the project.

35. The Scoping EAW identified the project with the following project description:
Ryan Companies US, Inc, (the Proposer) is preparing an AUAR for an approximate 482-acre area in the City of Pine Island and Pine Island

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ See City of Pine Island, *A Resolution Approving Adoption of the Project Skyway Final Alternative Urban Area-wide Review (AUAR) 1* (Sept. 16, 2025) (“WHEREAS: A Final Order for the preparation of a Draft AUAR for Project Skyway was adopted by the City Council in accordance with Minnesota Rules Chapter 4410.3610, Subp, 5a.E on May 6, 2025;,” which are the rules applicable to large specific projects.).

³⁸ Final AUAR at 2-4.

³⁹ EAW Guidelines at 11.

Township, Goodhue County, Minnesota. The AUAR area is bounded by 490th Street to the north, Trunk Highway (TH) 52 to the west and south, and 195th Avenue to the east. Development scenarios include a Mixed Technology Center/Light Industrial Scenario (Scenario A) and Technology Center Scenario (Scenario B). . . .

The development scenarios include the following types of technology center and light industrial development:

Technology Center: Technology center development would primarily consist of data center facilities, technology services, research and development facilities, and other similar uses. Data centers are defined as free-standing warehouse type facilities that are primarily used for storage of computer systems and associated components including applications and secure data. Research and development centers include a range of uses and may contain light fabrication, laboratory, limited warehousing, and office facilities.

General Light Industrial: Typical light industrial uses include printing, material testing, warehousing, and assembly of data processing equipment.

Development Scenario A (Mixed Light Industrial and Technology Center). . . proposes 335 acres (70 percent) to be developed as general light industrial and approximately 105 acres (22 percent) to be developed as technology center. Scenario A may include a combination of office space and data center uses, and associated mechanical and electrical equipment. Development would be driven by market conditions. . . .

Development Scenario B (Technology Center) consists of technology center uses. Development would occur in phases over several years. The AUAR would evaluate the potential maximum build conditions for Development Scenario B. Scenario B would include a combination of office space and data center uses, and associated mechanical and electrical equipment. Development Scenario B (Technology Center) . . . proposes 440 acres to be developed as technology center, which

encompasses the majority of the AUAR area (approximately 91 percent).⁴⁰

36. Scenario B of Project Skyway involves a three-million-square-foot technology center, which would be, primarily, a data center.⁴¹ This development would be larger than Target Field and US Bank Stadium combined.⁴² The Scoping EAW does not offer a “complete description” of all aspects of the technology center “that may directly or indirectly manipulate, alter or impact the physical or natural environment.”⁴³ Nor does it offer a project purpose that expresses the clear goals of the project, as required by the EQB.⁴⁴

37. Beyond referencing new the types of industry that could be included, the project description does not actually provide any information about Project Skyway; it does not describe the technology center’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.⁴⁵

⁴⁰ Final AUAR at 2-4.

⁴¹ *Id.* at 4-5.

⁴² *Facts About Target Field*, MINN. BALLPARK AUTH., <https://ballparkauthority.com/Facts.html> (last visited Oct. 13, 2025) (estimating Target Field’s footprint at 1,000,000 square feet); *U.S. Bank Stadium*, SALAS O’BRIEN, <https://salasobrien.com/projects/vikings-u-s-bank-stadium/> (last visited Aug. 2, 2025) (estimating U.S. Bank Stadium’s footprint at 1,750,000 square feet).

⁴³ EAW Guidelines at 11.

⁴⁴ *Id.* at 12. In the section of the Scoping EAW asking for a project purpose, the document instead describes the purpose of the AUAR document. It is completely devoid of a description of the project purpose or goals of the project. Scoping EAW at 6.

⁴⁵ EAW Guidelines at 11.

38. In a presentation to the Pine Island City Council, an employee of the project proposer, Ryan Companies, described the AUAR as a “guide” that looked at “concept level development.”⁴⁶

39. Under Minnesota law, AUARs are not a cursory review looking at a *conceptual* development. They are a tool to study the “direct, indirect, and cumulative potential effects” of an *anticipated* development.⁴⁷

40. The City anticipates a hyperscale data center project for Project Skyway. For that reason, the environmental effects of Project Skyway 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.

41. Since the project descriptions and purpose are the foundational elements of environmental review, these insufficiencies denied the public meaningful participation in the AUAR process.

The City’s Insufficient Environmental Analysis

42. The AUAR process is an alternative to EIS review but should not be a shortcut. State law requires an AUAR to offer a “level of analysis comparable to that of an EIS.”⁴⁸ To engage in an EIS-level analysis, a city must *study* a project’s potential environmental effects. The City’s AUAR falls short of this bar.

⁴⁶ City of Pine Island, *City Council Meeting*, YOUTUBE (Sept. 16, 2025), <https://www.youtube.com/watch?v=B-6ZZTctSGM> (last visited Oct. 7, 2025).

⁴⁷ Minn. R. 4410.3610, subp. 4.

⁴⁸ Minn. R. 4410.3610, subp. 4.

43. As an example, on the issue of water appropriation, the EIS for a mining proposal in 2015 engaged in detailed groundwater appropriation modeling based on groundwater-flow models, calibrated to monitoring wells, to map aquifer drawdown and seepage pathways.⁴⁹ The EIS simulated solute-transport pathways to predict metals and sulfate migration under varying recharge scenarios, accounting for storm-runoff and climate-stress.⁵⁰ These studies allowed the public and decision-makers to know how the mining project could impact Minnesota, and how those impacts could be limited.

44. On this same issue, however, the City's AUAR provides a far less detailed analysis. It provides a one-page analysis, which flags that Project Skyway could use up to 55.7 million gallons of water per year of the City's water – bringing the total water demand right up to the City's entire water appropriation limit, almost to the gallon.⁵¹ Project Skyway's estimated water needs amount to a fifty percent increase over the City's current water demand of 110 million gallons per year. Yet, the City's AUAR offers no modeling of groundwater impacts, no studies of well interference, no analysis of aquifer impacts, nor even mentions where this water would ultimately come from.

45. This pattern repeats throughout the AUAR. The City's AUAR does not provide an EIS-level analysis of the potential water, energy, air quality, noise and light, or

⁴⁹ 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).

⁵⁰ *Id.* at 5-95-5-127, 5-177.

⁵¹ Final AUAR at 32-33.

cumulative impacts of Project Skyway. Across these and other issues, the AUAR flags potential environmental impacts. However, it does not study them.

Water Impacts

46. An AUAR must describe “the source, quantity, duration, use and purpose of the water use” for any project requiring water appropriation.⁵²

47. EQB Rules require AUARs to describe “environmental effects from water appropriation.”⁵³ EQB guidance also instructs that AUAR project descriptions should identify “aspects of the project that may directly or indirectly manipulate, alter or impact the physical or natural environment.”⁵⁴ Indirect impacts extend to “[a]ssociated infrastructure . . . necessary to serve the project.”⁵⁵

48. The City’s AUAR does not describe the quantity, duration, use and purpose of the water use.

49. The City estimates that Project Skyway would use up to 55.7 million gallons of water per year for undisclosed purposes that do not include cooling. Of this, 6.8 million gallons per year would be for “irrigation purposes” despite neither development scenario including agricultural uses.⁵⁶ No other water uses are mentioned.

⁵² Minn. Env’t Quality Bd., *Environmental Assessment Worksheet Form 8* (Dec. 2022) (establishing EAW content requirements for water appropriations); *see also* Minn. R. 4410.3610, subp. 4 (stating that AUARs must include content similar to that of an EAW).

⁵³ Minn. Env’t Quality Bd., *Environmental Assessment Worksheet Form 8* (Dec. 2022) (establishing EAW content requirements for water appropriations); *see also* Minn. R. 4410.3610, subp. 4 (stating that AUARs must include content similar to that of an EAW).

⁵⁴ EAW Guidelines at 11.

⁵⁵ *Id.*

⁵⁶ Final AUAR at 32–33.

50. Upon information and belief, at a meeting held on October 8, 2025, after the AUAR was adopted, an official speaking on behalf of Project Skyway said that water for the project would be used for bathrooms, kitchens, and clean up. This information is not included in the AUAR despite officials' apparent knowledge of water use purposes. Nor does it explain why these seemingly modest uses of water would require the facility to use half as much water as the entire city of Pine Island, which has a population of around 3,800 people.⁵⁷

51. Water appropriated at a rate of 55.7 million gallons per year represents a 50% increase to the City's current water demands. This increase could necessitate the City building additional water infrastructure.⁵⁸ The impacts of this additional water infrastructure must be studied.

52. The City's AUAR does not disclose the ultimate source of the water appropriated.

53. The City's AUAR does not name the aquifer that will supply the water.

54. The City's AUAR also does not analyze the direct or indirect impacts of Project Skyway's expected water appropriation.

55. The AUAR does not include an aquifer test that would measure the effects of a 50% increase in appropriation volume. It does not discuss how increasing the City's water

⁵⁷ U.S. Census Bureau, *Pine Island City, Minnesota*, https://data.census.gov/profile/Chicago_city,_Illinois?g=160XX00US2747068 (last visited Oct. 9, 2025).

⁵⁸ See Final AUAR at 32-33 (equating the City's water demand to 110 million gallons per year).

demand by 50% will affect groundwater, surface water, wetlands, or any other natural resources.

56. Rather, the City notes in one sentence that “[t]he conservatively estimated water demand for the full buildout for both development scenarios is accounted for in the City’s projected [2045] water demand of 278 MGY and would not exceed the City’s currently permitted water appropriation volume.”⁵⁹

57. By failing to disclose “the source. . .duration, use and purpose of the water” used by Project Skyway, the City has failed to fully analyze the environmental impacts of the project, and thwarted the community’s ability to verify the reasonableness of the projected water use. The level of analysis provided by the City’s AUAR does not constitute environmental review and it is certainly not “a level of analysis comparable to that of an EIS.”⁶⁰

58. The City omitted any study of “environmental effects from water appropriation” tied to Project Skyway.

Energy Impacts

59. The AUAR does not disclose how much electricity Project Skyway would require or what it would mean for the grid.⁶¹

⁵⁹ *Id.* at 33.

⁶⁰ Minn. R. 4410.3610, subp. 4.

⁶¹ Final AUAR at 56–60 (failing to account for these metrics).

60. However, data centers commonly use between 100 and 500 megawatts of electricity.⁶² This would exceed the electricity use of every household in Pine Island a hundred times over.⁶³

61. This level of new load could require a build-out of associated grid infrastructure, such as transmission lines, distribution systems, or generation facilities required to deliver power to the Project Skyway site. The impacts of this infrastructure must be studied as part of an adequate environmental review.⁶⁴

⁶² See generally 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> (last visited Aug. 2, 2025) (describing the collective increased electricity demand expected from these data centers across Minnesota if constructed).

⁶³ See U.S. Energy Info. Admin., *Electric Sales, Revenue & Average Price*, tbl. 5A, 2023 (listing Minnesota average monthly residential consumption as 752 kWh, equivalent to 9 MWh per year); see also U.S. Census Bureau, *Pine Island city, Minnesota*, https://data.census.gov/profile/Chicago_city,_Illinois?g=160XX00US2747068 (showing 1,550 households, which at a 9 MWh rate would consume an estimated 13,950 MWh of electricity per year) (last visited Oct. 9, 2025). See also I. Riu, D. Smiley, S. Bessasparis & K. Patel, “Load Growth Is Here to Stay, but Are Data Centers?: Strategically Managing the Challenges and Opportunities of Load Growth,” Energy and Environmental Economics, Inc. (July 2024), available at <https://www.ethree.com/wp-content/uploads/2024/07/E3-White-Paper-2024-Load-Growth-Is-Here-to-Stay-but-Are-Data-Centers-2.pdf> (study estimating an 86% load factor for data centers) when applied to at 300 MW data center, an 86% load factor shows an energy use of 2,260,080 MWh.

⁶⁴ See Minn. R. 4410.3610, subp. 1 (noting that this review includes “associated infrastructure”); Minn. R. 4410.3610, subp. 4. (“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 for direct, indirect, and cumulative potential effects typical of . . . associated infrastructure.”). See also EAW Guidelines at 11 (stipulating that the environmental review must consider the direct or indirect impacts of the project’s associated infrastructure on the physical or natural environment).

62. The AUAR does not consider whether Project Skyway's electricity demands would indirectly require new grid infrastructure, and it omits any study of the land use or climate impacts that would be caused by grid-infrastructure changes. Nor does the AUAR study the effect this significant increase in electricity demand could have on Minnesota's ability to meet its statutorily required clean energy goals.⁶⁵

63. The AUAR contains no analysis of the "direct, indirect, and cumulative potential effects" of providing the immense amount of power required by a hyperscale data center.

Air Quality Impacts

64. In addition to obtaining power from the grid, data centers often generate backup electricity using on-site fracked gas or diesel-powered turbines to power generators. These on-site turbines fuel "data processing center's voracious appetite for energy [which] has outpaced electric utilities' ability to serve it."⁶⁶

65. 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.⁶⁷

⁶⁵ See Minn. Stat. § 216B.1691, subd. 2g (describing these benchmarks).

⁶⁶ 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>.

⁶⁷ *Id.*

66. The City's AUAR should disclose the number of emergency generators to be used, how much electricity they would be capable of producing, and what fuel source they would utilize.

67. These details are critical to establishing whether the AUAR process is a legal form of environmental review for the proposal, as they could establish that the proposal falls under an EIS or EAW category that is excluded from AUAR review.⁶⁸

68. The City's AUAR does not disclose the number of emergency generators to be used, how much electricity they would be capable of producing, or what fuel source they would utilize.

69. Therefore, the City has not provided the basic level of detail needed to ensure the use of the AUAR process complies with Minnesota law.

70. Additionally, EQB states in a guidance document that "[a]ny stationary air emissions source large enough to merit environmental review requires individual review" outside the AUAR process.⁶⁹

71. While on-site generators are anticipated at Project Skyway, the City states that "the number, quantity, and fuel source would be project specific and determined during

⁶⁸ See Minn. R. 4410.3610, subp. 1 ("The procedures of this part may not be used to review any project meeting the requirements for a mandatory EAW in part 4410.4300, subparts 2 to 13, 15 to 17, 18, item C, D, or E, or 24, or a mandatory EIS in part 4410.4400, subparts 2 to 10, 12, 13, or 25.").

⁶⁹ AUAR Guidance at 5.

final design.”⁷⁰ Despite this, the City was somehow able to calculate the greenhouse gas emissions from these same generators.⁷¹

72. The AUAR estimates that Project Skyway could produce up to 3,429,807 tons of greenhouse gas emissions every year.⁷²

73. That is equivalent to the greenhouse gases emitted from 8.1 natural gas-fired power plants yearly.⁷³

74. By omitting any information about on-site power generation, the City failed to contemplate Project Skyway’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

75. The thousands of graphics chips and associated infrastructure housed 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.”⁷⁴ This

⁷⁰ Final AUAR at 40.

⁷¹ *Id.* at 59.

⁷² *Id.* at 57.

⁷³ Env’t Prot. Agency, *Greenhouse Gas Equivalencies Calculator*, <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results> (last visited October 15, 2025).

⁷⁴ 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-center-construction/amazon-tones-down-its-data-center-noise-after-residents-sound-the-alarm> (last visited Aug. 2, 2025).

noise can be heard day and night, travel for miles, and contribute to sleep disruption, headaches, and decreased quality of life for impacted residents.⁷⁵

76. EQB instructs cities to examine whether developments studied in an AUAR “will include or adjoin major noise sources.”⁷⁶ 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.”⁷⁷

77. The City acknowledges that stationary mechanical equipment associated with cooling and emergency power generation will produce between 24 and 70 dBA of operational noise.⁷⁸ The AUAR does not provide any detail on how these numbers were chosen, nor does it study the impact of this noise beyond the conclusory statement that it complies with noise standards.⁷⁹

78. The AUAR omits any analysis of whether this operational noise qualifies as a “major source of noise.”

79. The Draft AUAR does not include any analysis of potential light pollution or its impacts on nearby residences.”⁸⁰

⁷⁵ 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 Aug. 2, 2025) (describing these adverse effects).

⁷⁶ AUAR Guidance at 5.

⁷⁷ *Id.*

⁷⁸ Final AUAR at 62–65.

⁷⁹ See Final AUAR at 62–66 (failing to substantiate its noise estimates).

⁸⁰ See generally *id.* (excluding any mention of light pollution).

80. Million-square-foot hyperscale data centers can also generate light pollution. In Virginia, residents living near hyperscale data centers report that the facilities' lighting is "easily seen for miles," glowing "at night like a giant city of lights."⁸¹

81. 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."⁸² If "any non-routine visual impacts would occur," they should be discussed "along with appropriate mitigation."⁸³

82. Throughout the AUAR, the City notes that lighting could impact wildlife⁸⁴ and neighboring properties.⁸⁵ Beyond these generic comments, the AUAR offers no analysis of how a three-million-square-foot data center development would be lit, and it fails to study how data center lighting would impact the visual quality of the surrounding region.

83. The AUAR's missing analysis of noise and light pollution is a failure to study Project Skyway's "direct, indirect, and cumulative potential effects" on surrounding residents.

⁸¹ 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 Aug. 2, 2025).

⁸² AUAR Guidance at 5.

⁸³ *Id.*

⁸⁴ Final AUAR at 48.

⁸⁵ *Id.* at 51.

Cumulative Impacts

84. 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.”⁸⁶

85. 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.”⁸⁷

86. 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.

87. 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.”⁸⁸

⁸⁶ Minn. R. 4410.0200, subp. 11a. (defining the term cumulative potential effects); *see also* Minn. R. 4410.3610, subp. 4 (stating that AUARs must include content similar to that of an EAW); Minn. Env’t Quality Bd., *Environmental Assessment Worksheet Form 1*, 13 (Dec. 2022) (establishing EAW content requirements for cumulative impacts).

⁸⁷ *Citizens Advocating Responsible Dev. v. Kandiyohi Cty. Bd. of Comm’rs*, 713 N.W.2d 817, 829 (Minn. 2006).

⁸⁸ Minn. Env’t Quality Bd., *Environmental Assessment Worksheet Form 13* (Dec. 2022).

88. In response to this prompt, the City offers vague and surface level declarations that there are no anticipated cumulative impacts associated with water, traffic, agricultural land, or noise.⁸⁹ Not only does this analysis suffer from the same lack of detailed and deep engagement as the rest of the AUAR, but it is also completely devoid of any and all insight into other potential cumulative effects, like those associated with light pollution, air quality, greenhouse gas emissions, or reliability of the electric grid.

89. In particular, the City fails to connect Project Skyway to any other foreseeable data center projects. The Star Tribune has reported that ten hyperscale facilities planned for Minnesota could consume “as much electricity as every home in Minnesota.”⁹⁰ Taken together, these foreseeable projects could easily strain Minnesota’s electricity grid and interconnected water resources. Yet, the City omits any study of how multiple foreseeable hyperscale data centers could result in cumulative environmental effects.

90. The City’s AUAR fails to address “whether there is potential for significant environmental effects due to these cumulative effects” from Project Skyway.

The City’s Inadequate Mitigation Plan

91. 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.”⁹¹

⁸⁹ Final AUAR at 74–76.

⁹⁰ 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> (last visited Aug. 2, 2025).

⁹¹ Minn. R. 4410.3610, subp. 5(C).

92. EQB has emphasized that “the plan for mitigation called for is perhaps the key part of the entire substitute review process” in an AUAR.⁹² 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 will⁹³

93. The City is the Responsible Governmental Unit for the Project Skyway AUAR. Yet, the City’s mitigation plan amounts to a list of ways impacts *could* be reduced and facts about permitting. The mitigation plan is completely devoid of information about how the mitigations will be applied or any substantive commitment to implement those mitigations. Thus, it fails to offer a commitment to prevent potentially significant impacts.

94. For example, on water appropriation, the mitigation strategies consist entirely of three bullet points listing factual information about when a DNR permit would be required.⁹⁴ But merely listing publicly available information about permitting is not a mitigation, particularly when the AUAR asserts that the water appropriation for the project will not require a new permit.

95. On air quality, the mitigation strategy is to implement best management practices (“BMPs”) but the AUAR does not state which BMPS would be implemented,

⁹² Proposed Amendments at 32.

⁹³ AUAR Guidance at 6. *See also* Minn. R. 4410.3610, subp. 5(C) (“The plan shall contain a description of how each mitigation measure will be implemented, including a description of the involvement of other agencies, if appropriate.”).

⁹⁴ Final AUAR at 35.

how they would be implemented, or what specific mitigations are included in the BMPs. Instead it specifies that BMPS *may* include watering truck use, dirt pile stabilization, dust suppressants, and vehicle and idling minimization.⁹⁵ The mitigation plan does not make a definitive commitment to actually requiring any specific BMPs.

96. On greenhouse gas emissions, the mitigation plan contains a lengthy list of mitigations that would be “consider[ed]” or “encourage[d]” “where possible.”⁹⁶ But the EQB requires the mitigation plan to explain where a mitigation is possible, provide an explanation of how it would be implemented, and commit to it.⁹⁷ Considering the possibility and perhaps encouraging mitigation is not sufficient.

97. These samples from the mitigation plan exemplify the shortcomings found throughout the plan. 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.”⁹⁸

There Would Be No Additional Review of a Hyperscale Data Center at Project Skyway

98. The AUAR concedes that Project Skyway will include a hyperscale data center up to 3-million-square-feet in size. Ordinarily, a data center campus (or other industrial

⁹⁵ Final AUAR at 56 (emphasis added).

⁹⁶ Final AUAR at 61.

⁹⁷ See Minn. R. 4410.3610, subp. 5(C) (“The plan shall contain a description of how each mitigation measure will be implemented, including a description of the involvement of other agencies, if appropriate.”); AUAR Guidance at 6 (“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.”).

⁹⁸ Minn. R. 4410.3610, subp. 5(C).

facility) this large would trigger a mandatory EIS, the most rigorous form of environmental review.⁹⁹

99. However, an EIS will no longer be required because the City approved the Project Skyway AUAR. Because AUARs are supposed to evaluate the worst-case scenario for development impacts within the geographic area being studied,¹⁰⁰ EQB rules offer environmental review exemptions to projects that are “consistent with development assumptions” in an approved AUAR.¹⁰¹

100. The City’s generic project description produced an AUAR with some very broad and many undisclosed development assumptions.

101. Because of the lack of detail in the City’s AUAR, a data center with (a) up to 55.7 million gallons of water use per year for any purpose, (b) any impacts to the grid, (c) any number or type of back-up generators, (d) up to 3 million tons per year of greenhouse gas emission, (d) any level of light pollution, and (e) any level of cumulative environmental effects could claim that it is consistent with development assumptions in the AUAR and thus exempt from further environmental review.

102. 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.

⁹⁹ See Minn. R. 4410.4400, subp. 11 (listing mandatory EIS thresholds based on the size of an industrial, commercial, or institutional facility).

¹⁰⁰ AUAR Guidance at 1.

¹⁰¹ Minn. R. 4410.3610, subps. 2(A), 5(E).

103. 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.¹⁰²

104. Throughout the AUAR process, Plaintiff submitted comments highlighting the AUAR’s failure to describe the large specific project it was reviewing, its failure to study Project Skyway’s potential environmental effects at a level comparable to an EIS, and its failure to include a mitigation plan with specific and enforceable mitigations. These comments did not result in an adequate Final AUAR that complies with Minnesota law.

COUNT I

Inadequate Environmental Review Minnesota Environmental Policy Act

105. Plaintiff realleges and incorporates by reference all preceding paragraphs.

106. Pursuant to the Minnesota Environmental Policy Act, Minn. Stat. § 116D.04, the City’s AUAR must comply with the requirements of Minnesota Rule 4410.3610, which sets forth the process for conducting an Alternative Urban Areawide Review.

107. The City’s AUAR for Project Skyway fails to comply with the requirements of Minnesota Rule 4410.3610.

108. The City’s AUAR fails to provide a clear, complete, and detailed description of Project Skyway.

109. The City’s AUAR fails to adequately study the potential environmental effects of Project Skyway.

¹⁰² Minn. R. 4410.3610, subp. 5a(C); *see also* Minn. Stat. § 116D.04, subd. 2b (listing project environmental review prerequisites before proceeding to development).

110. The City's AUAR fails to include a mitigation plan with specifically enforceable mitigation measures for Project Skyway.

111. Plaintiff respectfully requests this Court to declare that the AUAR for Project Skyway is inadequate, reverse the City's decision to approve the AUAR, remand the AUAR to the City, and enjoin the City from making any final decisions with respect to Project Skyway until adequate environmental review is complete.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

- a. Reverse the City's decision to approve the AUAR, and remand the AUAR to the City to add further analysis and to make a new decision on its adequacy or, in the alternative, to complete an EIS;
- b. Enjoin the City from issuing any permits or approvals or making any other final decision for any development in the AUAR geographic area until an adequate environmental review is complete;
- c. Enjoin the City from taking any action that would prejudice the ultimate decision on the Proposed Project until it completes adequate environmental review;
- d. Award Plaintiff its costs and expenses; and
- e. Grant Plaintiff such other and further relief as this Court deems just and equitable.

Dated: October 16, 2025

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ACKNOWLEDGEMENT

Plaintiffs, by their attorneys, acknowledge that costs, disbursements, and reasonable attorney and witness fees may be awarded to the opposing party or parties pursuant to Minn. Stat. § 549.211.



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