

**WENATCHEE PLANNING COMMISSION
SCHEDULED MEETING
December 11, 2018
WENATCHEE CITY HALL COUNCIL CHAMBERS
129 S. Chelan Avenue
Wenatchee, WA 98801**

AGENDA

I. CALL TO ORDER AND WELCOME

II. ADMINISTRATIVE AFFAIRS

A. Approval of the minutes from the last regular meeting on November 27, 2018

III. PUBLIC COMMENT PERIOD

Comments for any matters not included on the agenda.

IV. OLD BUSINESS

None

V. NEW BUSINESS

- A. Workshop: Pedestrian Plan presentation – Brooklyn Holton
- B. Public hearing: Revisions to WCC Title 10 - Cryptocurrency

VI. OTHER

A. None

VII. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Mayor's office at (509) 888-6204 (TTY 711). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title 1.)

MINUTES

I. CALL TO ORDER

Vice Chair Ace Bollinger called the meeting to order at 5:30 p.m. with the following members in attendance: Joe Gamboni, Susan Albert, Richard Erickson, Rani Sampson, and Josh Jorgensen. Absent was Commissioner Scott Griffith.

City Planning staff was represented by: Glen DeVries, Community Development Director; Stephen Neuenschwander, Planning Manager; Matt Parsons, Associate Planner; and Kim Schooley, Administrative Assistant. Also present were Allison Williams, Executive Services Director; Jessica Shaw, Environmental Manager; and John Ricardi, Utilities Manager.

II. ADMINISTRATIVE AFFAIRS

A. Approval of the minutes from the regular meeting on October 17, 2018.

Commissioner Richard Erickson moved to approve the minutes from the October 17, 2018 regular meeting. Commissioner Susan Albert seconded the motion. The motion carried.

III. PUBLIC COMMENT PERIOD

Comments for any matters not included on the agenda.

There was no public comment.

IV. OLD BUSINESS

None

V. NEW BUSINESS

A. Workshop: Public Works - land surface modifications

Jessica Shaw, Environmental Manager, and John Ricardi, Utilities Manager, presented the staff report.

Commissioners asked questions of staff.

B. Workshop: Critical area ordinance revision for a utility exemption

Glen DeVries, Community Development Director, presented the staff report.

Andy Wendell, Director of Customer Services - Chelan County PUD, addressed the Commission regarding the need for and benefit of the implementation of a utility specific exemption with regard to critical areas. He advised that the PUD was appreciative of the work done thus far and their coordination efforts with the City.

C. Workshop: Cryptocurrency

Matt Parsons, Senior Planner, presented the staff report.

Commissioners asked questions of staff.

Commissioners were interested in having examples and comparisons of decibel levels in order to have a better understanding of the noise levels that code would address.

Staff advised Commissioners that they would attempt to provide some additional information before the public hearing.

Commissioner Sampson explained and provided Commissioners and staff with a proposed revised definition for "cryptocurrency".

After reviewing the information, Commissioners were in agreement to have staff look further at the definition and incorporate it in to the code if appropriate.

Commissioners also asked staff for verification on the interpretation of how exemptions addressed in the code as related to those defined by WAC 173-60.

D. Public hearing: Draft revisions - City of Wenatchee Capital Facilities Plan

As there were no members of the public present, Vice Chair Bollinger did not go through the explanation of public hearing procedures or appearance of fairness.

Allison Williams, Executive Services Director, presented the staff report. Williams pointed out a project duplication on the document submitted to the Commission for review and advised that the error would be corrected.

Commissioners asked questions of staff.

Commissioner Sampson pointed out a typo on page 39 to be corrected.

Commissioner Sampson moved to recommend approval of the amendments to the City of Wenatchee Capital Facilities Plan with the corrections noted and based on the suggested findings of fact and conclusions of law. Commissioner Jorgensen seconded the motion. The motion carried.

E. Public Hearing: 2018 Comprehensive Plan and development code revisions

Glen Devries, Community Development Director and Matt Parsons, Senior Planner, presented the staff report.

Commissioner Bollinger expressed an issue with the reduction in the minimum parking stall width. He advised that he would rather see it stay the same or perhaps even increase in size.

Following staff's presentation and their deliberation, Commissioner were in agreement that they would like to postpone a vote on the parking component of the development code revisions until the housing study is completed the first part of next year.

Commissioner Sampson moved to recommend approval of the amendments to the Wenatchee Area Urban Comprehensive Plan and the Wenatchee City Code, with the exception of the parking space and aisle dimension standards to be postponed for further discussion in 2019 upon completion of the housing study, based upon the findings of fact and conclusions of law contained in the November 19, 2018 staff report. Commissioner Albert seconded the motion. The motion carried.

VI. OTHER

None

VII. ADJOURNMENT

With no further business to come before the Planning Commission, Vice Chair Ace Bollinger adjourned the meeting at 7:22 p.m.

Respectfully submitted,

CITY OF WENATCHEE
DEPARTMENT OF COMMUNITY DEVELOPMENT
Kim Schooley, Administrative Assistant

TO: City of Wenatchee Planning Commission
FROM: City of Wenatchee Community Development Staff
BDATE: December 4, 2018
RE: Cryptocurrency and Data Center Staff Report

I. REQUESTED ACTIONS

Conduct a public hearing on proposed amendments to the Wenatchee City Code (WCC) attached as Exhibit A relative to cryptocurrency mining.

II. ENVIRONMENTAL REVIEW

The City of Wenatchee has determined the proposed amendments to the Wenatchee City Code (WCC) will not have probable significant adverse impacts on the environment. The City of Wenatchee has issued a determination of non-significance (DNS). Notice of the environmental determination for the proposed amendments to the Wenatchee City Code was made on November 30, 2018.

III. PUBLIC PROCESS

- The City Council enacted an interim ordinance on February 22, 2018 by Ordinance 2018-04 adopting standards and regulations for cryptocurrency mining in the City.
- The City Council held a public hearing on the interim control pursuant to RCW 36.70A.390 and RCW 35A.63.220 on March 22, 2018.
- The Planning Commission conducted workshops on the proposed revisions on July 18th, September 19th, October 17th and November 27th.
- The amendments and environmental documents have been posted on the City of Wenatchee website during the public comment and environmental review periods.
- Notice of the proposed amendments to the Wenatchee City Code was made on November 30, 2018.
- Concurrent with the notices provided for the proposed amendments, copies of the environmental documents were sent to the Department of Ecology SEPA Register; and the City of Wenatchee provided formal notice to the Washington State Department of Commerce of the intent to adopt amendments to the Wenatchee Zoning Code and request for expedited review. Additional notice was provided to local and regional agencies.
- On December 11, 2018, the City of Wenatchee Planning Commission conducted an advertised public hearing on the proposed amendments.

IV. AGENCY AND PUBLIC COMMENTS:

At the writing of the staff report, no comments were received in response to this proposal.

V. PROJECT ANALYSIS

Comprehensive Plan Goals and Policies:

Goal 1 in the Utilities Element of the Wenatchee Urban Area Comprehensive Plan, states: “Ensure that the utilities necessary to support development are adequate at the time they are needed without decreasing service levels below those locally acceptable”, Policy 2 of Goal 1 further states: “No development will be approved that reduces the level of service of any utility below the adopted level of service”

Goal ED 6 in the Economic Development Element of the Wenatchee Urban Area Comprehensive Plan, states: “Work with regional partners to ensure that regional and local infrastructure needs are addressed.”

Key strategy number 10 (adopted as a policy by Goal ED 1, Policy 1) in the Economic Development Element of the Wenatchee Urban Area Comprehensive Plan begins with “Pursue data farm development” and goes on to described the benefits this type of development may bring to the community including the following passage: “Selling reliable hydropower at market prices provides an amazing economic impact in terms of tax revenues to the schools and other governmental services.”

Staff Analysis

The Wenatchee valley’s extremely low electricity rates have long been known to attract certain land uses that rely on large amounts of electricity. The information age brought unique challenges and rewards for our community and some of our neighbors as our economies diversified to include server farms and other power hungry high tech industries. More recently cryptocurrency mining has made its way into our region utilizing the low electricity rates. The unique thing about this new high tech endeavor is that it is sometimes pursued at a very small scale including in people’s homes. This creates unique challenges which will be addressed below.

Cryptocurrency is a type of digital currency which is created when a particular algorithm is solved by a computer which then adds to a blockchain. Blockchains are a type of peer to peer distributed ledger that utilize the aforementioned algorithms to regulate their development. As certain cryptocurrencies have gained popularity, and in turn gained value, the incentive to “mine” for these “coins” (such as Bitcoin) has increased. The act of solving the algorithms has become increasingly complex and in turn requires ever more powerful and specialized computer hardware.

Cryptocurrency mining operations almost exclusively utilize a type of computer, typically an ASIC server, which is not used for any other task. These devices are not very big but draw an incredible amount of electricity. The emergence of cryptocurrency mining at an increased level poses two distinct challenges to the Chelan PUD and the city.

First, cryptocurrency mining is often operated in a location where the electrical infrastructure serving it is not rated for the high energy use and constant demand. This is particularly true in residential areas where, unfortunately, these cryptocurrency operations have been found in some cases only after the electrical infrastructure has been damaged or destroyed and fires started.

Second, if the current trends continue where cryptocurrency mining becomes increasingly prevalent, the Chelan County PUD may not be able to meet the community's electricity consumption needs in a timely manner and therefore the community would not be able to accommodate its projected growth without the siting and construction of additional significant electrical infrastructure including power substations and lines.

The Planning Commission and City staff have worked together to draft the proposed standards that would allow cryptocurrency mining in commercial and industrial districts as permitted uses and as accessory uses in residential districts. Data centers would be permitted in commercial, industrial, and some mixed use districts.

The proposed standards provide a process for the Chelan PUD to verify that the infrastructure is adequate to serve the proposed use and therefore will not present a safety risk as well as ensuring that the electrical capacity of the PUD system is not diminished in such a way as to preclude future residential, commercial and industrial development. In the situations where the infrastructure is not adequate for the proposed use, the standards provide a framework for the applicant to work with the Chelan PUD to ensure the necessary improvements are in place before beginning any cryptocurrency mining.

Noise produced by cryptocurrency mining operations and any ancillary equipment for purposes such as cooling could be an issue of concern for neighboring uses. Research on how other jurisdictions treat noise issues, particularly as they pertain to mechanical equipment such as exterior HVAC units (heat pumps, air conditioners, etc.) indicated that reference is made to the standards in WAC173-60 or those standards are adopted into local code. According to these standards, a cryptocurrency mining operation in a residential area (source, Class A) and adjacent to a residential area (receiving property, Class A) would be limited to 55 dBA at the property line. An operation in an industrial area (source, Class C) and adjacent to industrial areas (receiving property, Class C) would be limited to 70dBA. An operation violating the established noise levels would be enforced utilizing the established processes in WCC16.12 Code Enforcement.

For discussion at the public hearing, staff is recommending that the planning commission consider either a maximum power consumption limit for cryptocurrency mining in residential districts and/or maximum area devoted to use. The primary purpose and intent of the residential districts are for housing not commercial uses. Without any limitation on either the amount of power consumed or space dedicated to

the use, a cryptocurrency operation could, if power is available, occupy up to 49% of the area of the primary residential structure.

If included, staff would recommend that any limitation on the maximum electrical consumption should be placed in subsection (3) which would require the PUD to certify the amount of power to be consumed. Below is a suggested standard:

In residential zoning districts, the cryptocurrency mining operation shall be authorized to consume no more than two times the average residential monthly power usage in the City of Wenatchee and no more than 100 square feet.

Another topic for discussion is finalizing the definition of Cryptocurrency Mining. At the November meeting, Commissioner Sampson suggested a revised definition which has been included as “Option A” in the proposed code while the definition that had been used in the interim control is included as “Option B”. A definition will need to be finalized prior to making a recommendation to the City Council.

Staff recommends **Approval** of the draft revisions to Title 10 Zoning relative to cryptocurrency mining and data centers, including maximum power and square footage standards, based upon the suggested findings of fact and conclusions of law enclosed at the conclusion of the staff report.

SUGGESTED FINDINGS OF FACT AND CONCLUSIONS OF LAW

Suggested Findings of Fact:

1. The City of Wenatchee has adopted the Wenatchee Urban Area Comprehensive Plan and a series of sub-area comprehensive plans pursuant to the Growth Management Act (GMA), RCW Chapter 36.70A, which cover the Wenatchee Urban Growth Area and all incorporated areas within the City of Wenatchee, that have been found to be consistent with each other and with the adopted GMA plans of the adjoining jurisdictions.
2. The City of Wenatchee Planning Commission is responsible for long range planning matters and providing implementation recommendations to assure compliance with the Growth Management Act for the City of Wenatchee Urban Growth Area in coordination with Chelan County and within the incorporated boundaries of the City of Wenatchee. These measures include updates and amendments to the comprehensive plan; development regulations, environmental regulations, and any other rules, actions or regulations deemed necessary to implement the Growth Management Act.
3. RCW Chapters 36.70 and 36.70A authorize the adoption of development regulations.
4. The Planning Commission conducted workshops on the proposed revisions on July 18th, September 19th, October 17th and November 27th.

5. The City of Wenatchee issued a determination of nonsignificance on November 30, 2018 and provided copies of the environmental documents to the Department of Ecology SEPA Register.
6. On November 30, 2018, the City of Wenatchee provided formal notice to the Washington State Department of Commerce of the intent to adopt amendments to the Wenatchee City Code with a request for expedited review per RCW 36.70A.106. Additional notices were provided to local and regional agencies for the review and comment periods/environmental determinations.
7. Notice of the public 60 day review and comment period, and public hearing dates were published in the Wenatchee World on November 30, 2018.
8. On December 11, 2018, the City of Wenatchee Planning Commission conducted an advertised public hearing. The Planning Commission entered into the record the files on this amendment, accepted public testimony, and deliberated the merits of the proposal.
9. The City of Wenatchee Planning Commission has reviewed the entire record and public testimony as it relates to the proposed amendments to the Wenatchee City Code.
10. Cryptocurrency is a term encompassing code-based protocols supporting an electronic, non-physical media for the exchange of value.
11. Cryptocurrency mining is a continuous process where computers work to solve algorithms to maintain and build an algorithmic chain, or blockchain, and in exchange are granted cryptocurrency.
12. Cryptocurrencies have an ever-fluctuating monetary value and can be exchanged for conventional currency.
13. The continuous use of specialized computer hardware creates a high-density load situation which is taxing the existing electricity distribution and service infrastructure throughout various parts of the City.
14. The use of this specialized computer hardware, creating a high density load situation, in areas or at facilities where the electricity distribution infrastructure is not designed for its high energy loads could create a life-safety fire hazard.
15. The energy consumption characteristics of cryptocurrency mining was not envisioned in the development of the community's plans as they pertain to accommodating future growth.
16. High consumption of electricity for cryptocurrency may limit the Chelan County Public Utility District's (PUD) ability to meet the community's electricity consumption needs which may limit the ability of the City to accommodate its projected growth without the siting and construction of significant electrical infrastructure.
17. Goal 1 in the Utilities Element of the Wenatchee Urban Area Comprehensive Plan, states: "Ensure that the utilities necessary to support development are adequate at the time they are needed without decreasing service levels below those locally acceptable", Policy 2 of Goal 1 further states: "No development will be approved that reduces the level of service of any utility below the adopted level of service"
18. Goal ED 6 in the Economic Development Element of the Wenatchee Urban Area Comprehensive Plan, states: "Work with regional partners to ensure that regional and local infrastructure needs are addressed"

19. Key strategy number 10 (adopted as a policy by Goal ED 1, Policy 1) in the Economic Development Element of the Wenatchee Urban Area Comprehensive Plan begins with “Pursue data farm development” and goes on to described the benefits this type of development may bring to the community including the following passage: “Selling reliable hydropower at market prices provides an amazing economic impact in terms of tax revenues to the schools and other governmental services.”
20. WAC173-60 Maximum Environmental Noise Levels was adopted pursuant to chapter 70.107 RCW, the Noise Control Act of 1974, in order to establish maximum noise levels permissible in identified environments, and thereby to provide use standards relating to the reception of noise within such environments.

Suggested Conclusions of Law:

1. The procedural and substantive requirements of the State Environmental Policy Act have been complied with.
2. The procedural requirements of RCW 36.70A have been complied with.
3. The proposed amendments are consistent with the Chelan County Countywide Planning Policies and the City of Wenatchee Urban Area Comprehensive Plan.
4. The proposed amendments are consistent with the requirements of Revised Code of Washington, and the Washington Administrative Code.
5. The proposed amendments have been reviewed and processed in accordance with the requirements of Title 10 Zoning, Title 12 Environmental Protection, and Title 13 Administration of Development Regulations of the City of Wenatchee Code.

Exhibit A - Proposed Amendments to the Wenatchee City Code

Option A for amending WCC10.08.050 Definitions “C”:

“Cryptocurrency mining” means the operation of specialized computer equipment for the primary purpose of adding, securing, or verifying transactions to a blockchain or mining one or more blockchain-based cryptocurrencies such as Bitcoin.

Option B for amending WCC10.08.050 Definitions “C”:

“Cryptocurrency mining” means the operation of specialized computer equipment for the primary purpose of mining one or more blockchain based cryptocurrencies such as Bitcoin. This activity typically involves the solving of algorithms as part of the development and maintenance of a blockchain which is a type of distributed ledger maintained on a peer-to-peer network. Typical physical characteristics of cryptocurrency mining include specialized computer hardware; High Density Load (HDL) electricity use; a high Energy Use Intensity (EUI) where the operating square footage as determined by the Utility is above 250kWh/ft²/year and with a high load factor in addition to the use of equipment to cool the hardware and operating space. For the purposes of the associated regulations, cryptocurrency mining does not include the exchange of cryptocurrency or any other type of virtual currency nor does it encompass the use, creation, or maintenance of all types of peer-to-peer distributed ledgers.

10.08.055 Definitions “D”

“Data Center” – A facility where the primary use is to house and operate networked computer systems and associated components that include, but may not be limited to, power supply, data communications connections, environmental controls, and security devices. Facilities or operations that meet the definition of “Cryptocurrency mining” will be regulated under that land use designation.

10.10.020 District Use Chart.

District Use Chart

P = Permitted use

P1 = Permitted, not to occupy grade level commercial street frontage

AU = Accessory use

C = Conditional use

C1 = Permitted, not to occupy grade level commercial street frontage

~ = Prohibited use

M = Permitted use in a corridor mixed use project within the MRC overlay

Uses	Commercial Districts				Mixed Use Districts			Residential Districts				Overlay Zones						
	CBD	NWBD/SWBD	CN	I	WMU	OMU	RMU	RF	RS	RL	RM	RH	HEO	CSO	MRC	IO	PO	RRO
Industrial																		
Cryptocurrency Mining	P1	P1	~	P	~	~	~	AU	AU	AU	AU	AU	P1	P1	~	~	~	~
Data Center	P1	P1	~	P	P1	P1	~	~	~	~	~	~	P1	P1	~	P	~	~

10.48.310 Cryptocurrency mining and Data Centers

All cryptocurrency mining operations where allowed by Chapter 10.10 WCC, District Use Chart, shall meet the following standards unless otherwise regulated within this code:

- (1) Applications for a business license shall be processed as a Type II administrative review with public notice under WCC 13.09.040.
- (2) The use of cargo containers, railroad cars, semi-truck trailers and other similar storage containers for any component of the operation is strictly prohibited.
- (3) Prior to approving the business license, the applicant shall provide written verification from the Chelan County Public Utility District (PUD) stating the following:
 - i. Adequate capacity is available on the applicable supply lines and substation to ensure that the capacity available to serve the other needs of the planning area are consistent with the normal projected load growth envisioned by the PUD.
 - ii. Utility supply equipment and related electrical infrastructure is sufficiently sized and can safely accommodate the proposed use; and
 - iii. The use will not cause electrical interference or fluctuations in line voltage on and off the operating premises.

- (4) Prior to any cryptocurrency mining, a copy of the Washington State Department of Labor and Industries electrical permit and written verification that the electrical work has passed a final inspection shall be provided to the City and the PUD.
- (5) Data centers and Cryptocurrency mining operations shall not occupy any grade level commercial street frontage. They may be located behind, below, or above existing or proposed storefronts. If a new structure is proposed for housing a data center it shall meet blank wall limitation standards found in WCC10.24.050(9), for all zones except Industrial and the Industrial Overlay.
- (6) All cryptocurrency mining and data center operations, including all ancillary equipment/operations for purposes such as cooling, shall be designed, constructed, operated, and maintained so as to be harmonious and appropriate in appearance with the existing or intended character of the surrounding properties and not cause the dissemination of dust, smoke, glare, heat, vibration or noise in excess of the maximum environmental noise level established by WCC Title 6A or Chapter 173-60 WAC beyond the property line or affecting adjacent buildings. Violation of these established noise levels will result in revocation of a City Business License pursuant to WCC16.12 and any other applicable penalties.