



City Hall Council Chamber
1515 Sixth Street, Coachella, California
(760) 398-3502 ♦ www.coachella.org

AGENDA

CITY COUNCIL SPECIAL MEETING OF THE CITY OF COACHELLA

THE COUNCIL SITTING AS THE COACHELLA SANITARY DISTRICT,
COACHELLA FIRE PROTECTION DISTRICT, COACHELLA FINANCING AUTHORITY,
COACHELLA EDUCATIONAL AND GOVERNMENTAL ACCESS CABLE CHANNEL CORPORATION,
COACHELLA WATER AUTHORITY, SUCCESSOR AGENCY TO THE COACHELLA REDEVELOPMENT AGENCY
AND COACHELLA PARKS AND RECREATION FOUNDATION

June 04, 2026

5:00 PM Closed Session
6:00 PM-Special Meeting

In-Person Meeting Location: Coachella City Hall Council Chamber 1515 Sixth Street Coachella, CA	If you would like to attend the meeting via Zoom, here is the link: https://us02web.zoom.us/j/88457271898?pwd=REdzU1NoQmpVSFhWTDVaZ0VCekYxdz09 Or One tap mobile : 16699006833,,88457271898#,,, *606140# Or Telephone: US: +1 669 900 6833 Webinar ID: 884 5727 1898 Passcode: 606140 Spanish: El idioma español está disponible en Zoom seleccionado la opción en la parte de abajo de la pantalla
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- Public comments may be received **either in person, via email, or via Zoom.**
 - **In Person:**

Anyone wishing to speak in person during the public comment period or on a particular item is required to fill out a Request to Speak Form. In order to be recognized, a Request to Speak Form must be turned in to the City Clerk prior to the start of the public comment period or before the agenda item is taken up by Council on which you wish to provide a comment.
 - **In Real Time via Zoom:**

If participating in real time via Zoom, during the public comment period, participants must be visible on camera and use the “raise hand” function on Zoom.
 - **In Writing via Email:**

If providing a written comment by email, you may submit your public comment to the City Council by emailing cityclerk@coachella.org. To comment by email, submit your comments no later than 12 p.m. on the day of the meeting by emailing your name, agenda item (if applicable), and your comment. Any correspondence received by the deadline will be forwarded to the City Council for consideration before action is taken on the matter, during the meeting and upon request one (1) hard copy of the written public comments will be available for the public’s view, and written comments will be retained for the official records. Written comments will not be read aloud at City Council meetings.

- The **live stream** of the meeting may be **viewed online** by accessing the city's website at www.coachella.org, and clicking on the "**Watch Council Meetings**" tab located on the home page, and then clicking on the "live" button.

CALL TO ORDER: - 5:00 P.M.

ROLL CALL:

APPROVAL OF AGENDA:

“At this time the Council/ Board/Corporation/Authority may announce any items being pulled from the Agenda or continued to another date or request the moving of an item on the agenda”

PUBLIC COMMENTS (CLOSED SESSION ITEMS):

ADJOURN TO CLOSED SESSION:

1. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2) One (1) or More Potential Cases

RECONVENE SPECIAL MEETING: 6:00 P.M.

PLEDGE OF ALLEGIANCE:

CLOSED SESSION ANNOUNCEMENTS:

CITY COUNCIL CONFLICT OF INTEREST DISCLOSURE:

WRITTEN COMMUNICATIONS:

NEW BUSINESS CALENDAR (LEGISLATIVE AND ADMINISTRATIVE):

2. Urgency Ordinance Establishing a Temporary (45-Day) Moratorium on Data Center Development Pursuant to California Government Code Section 65858
3. Consideration and Possible Action Regarding the Municipal Utility Development Agreement with Stronghold Power Systems

ADJOURNMENT:

*Complete Agenda Packets are available for public inspection at the
City Clerk's Office at 53-462 Enterprise Way, Coachella, California, and on the
City's website www.coachella.org.*

Americans with Disabilities Act: The meetings are accessible to persons with disabilities. If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans

with Disabilities Act (“ADA”) please contact the office of the City Clerk at 760-398-3502 extension 102 or via email cityclerk@coachella.org. Notification 24 hours prior to the meeting will help the City make reasonable arrangements.

Closed Caption And Translation: Closed Caption and Translation are accessible through City website livestream and Zoom Webinar audio-visual platform and accessible in real-time to all teleconference attendees. Members of the public must activate the “**Show Captions**” feature on their device for closed caption; and may use the “**Options Arrow**” to select from the list of available languages for translation.

Urgency Ordinance No. 1229

Temporary Moratorium on Data Centers

Special City Council Meeting | June 4, 2026

Tonight's Action

What the City Council is Being Asked to Consider

ADOPT BY 4/5 VOTE: Urgency Ordinance No. 1229 establishing a 45-day moratorium on the acceptance, processing, and approval of any Data Center development applications within the City of Coachella

VOTE REQUIRED

**Four-Fifths (4/5)
of all Council Members**

AUTHORITY

**Government Code
Section 65858**

EFFECTIVE DATE

**Immediately upon
adoption**

Why a Moratorium Is Needed Now

Four Key Findings Supporting Immediate Action

1. No Regulatory Framework

The City's Municipal Code does not define, zone, or set standards for data centers. Without a moratorium, a developer could file an application tomorrow with no applicable standards of review.

2. Irreversible Impacts

Data Centers pose a variety of potentially irreversible impacts on water, air, electricity, and community character.

3. No Environmental Review

To date, no Environmental Impact Report has been submitted to the City in relation to the proposed data center. Environmental impacts, including noise, heat and pollution, pose a threat to the public's health, safety, and welfare.

4. Additional Time is Needed to Assess Next Steps

A moratorium provides staff with the time needed to investigate and provide options for a more permanent solution to data center development.

Process to Implement a Permanent Zoning Ordinance to Address Data Center Development

Item 2.

- Notice of a Public Hearing on the Ordinance by Planning Commission must be provided at least 20 days before public hearing. (Government Code section 65854)
- Planning Commission holds a Public Hearing on the Ordinance. (Government Code section 65854)
- Planning Commission provides a recommendation to City Council on the Ordinance (Government Code section 65853)
- City Council introduces Ordinance and conducts first reading of the Ordinance. (Government Code 36934)
- At least 5 days later, City Council conducts second reading and adopts Ordinance. (Government Code 36934) and public notice must be provided. (Government Code section 36933)
- Ordinance takes effect 30 days after passed (Government Code 36937)

Legal Authority — Government Code §65858

Requirements and Timeline when Enacting a Moratorium

4/5 Vote

Four-fifths of all City Council members must vote to adopt

Written Findings

Council must find a current & immediate threat to public health, safety, or welfare

Urgency Basis

Adoption authorized without normal zoning amendment procedures

MORATORIUM TIMELINE

Day 1

Adopt urgency ordinance — takes effect immediately

Day 35

City Manager report on study progress due to Council

Day 45

Initial 45-day moratorium expires

+10 mo. 15 days

Extension available after noticed public hearing

+1 year

Second extension available — max ~2 years total

Potential Impacts of Large-Scale Data Centers

Why the Coachella Valley Faces Heightened Risk

Air Quality

Diesel backup generators emit NOx, PM2.5 & VOCs. Coachella Valley is already a nonattainment area for ozone & particulate matter. Health impacts documented up to 0.6 miles from a facility.

Water Resources

Hyperscale data centers can consume millions of gallons of water per day for cooling. The Coachella Valley faces severe groundwater depletion and water supply constraints — this demand has not been assessed.

Electricity & Rates

Data centers are among the most energy-intensive land uses. Nationally, they've driven ratepayer cost increases. A new municipal utility adds long-term financial risk for the City.

Noise & Quality of Life

24/7 noise from cooling fans and generators affects nearby residents. Proximity impacts of the proposed data center have not been evaluated against existing residential areas.

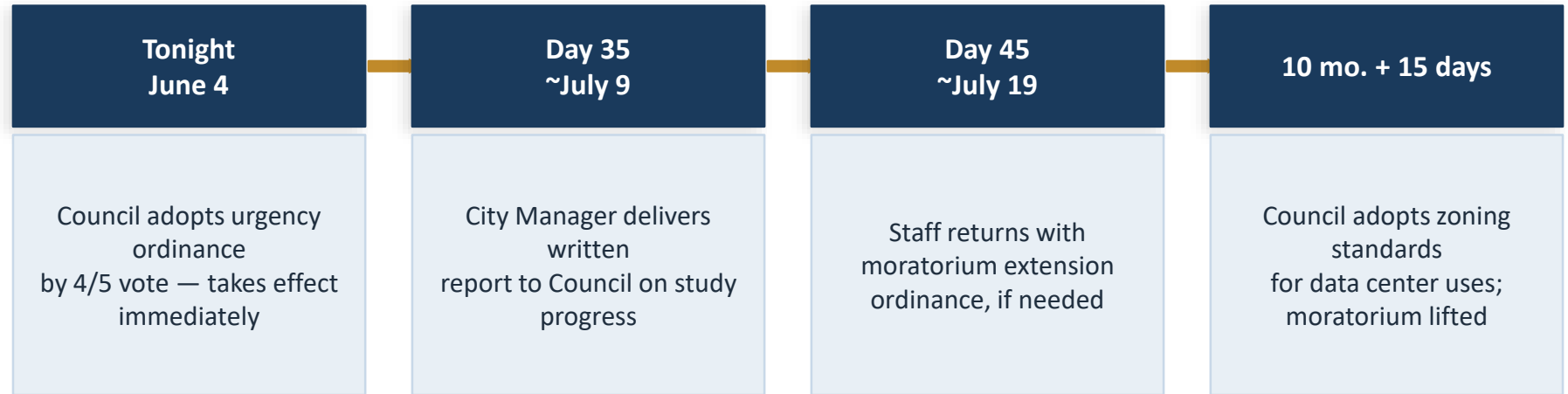
California Jurisdictions Are Taking Action

Data Center Regulations Across the State — 2026

Jurisdiction	Status	Date	Summary
Monterey Park	45-Day Moratorium; Extended; Permanent Ban	January 21, 2026	The City Council adopted an urgency ordinance establishing a 45-day moratorium in January. The moratorium was subsequently extended. On April 20 th , the City Council enacted a permanent ban.
Oakley	45-Day Moratorium; Moratorium Extended	April 14, 2026	A moratorium was adopted on April 14, 2025 to studying permanent zoning standards. In May 2026, the moratorium was subsequently extended by the City Council.
El Monte	45-Day Moratorium	May 17, 2026	The City Council adopted an urgency ordinance establishing a 45-day moratorium prohibiting processing, approval, and acceptance of new data center land use applications.
Baldwin Park	45-Day Moratorium; Moratorium Extended	March 4, 2026	An urgency ordinance was adopted establishing a 45-day moratorium on the approval, establishment, or operation of data centers in the City. On April 15 th , the City Council held a public hearing to extend the urgency ordinance.
Montebello	45-Day Moratorium	Feb. 11, 2026	The City Council adopted an urgency ordinance imposing a 45-day restriction on data centers, including artificial-intelligence (AI) facilities, while city staff conducts studies and develops permanent zoning standards.

What Happens After Adoption

45-Day Study and Regulatory Development Process



STUDY TASKS DURING MORATORIUM

Evaluate energy, water, climate & land use impacts | Review comparable regulations | Draft zoning standards & performance requirements for Council consideration

STAFF RECOMMENDATION

Consideration of: Urgency Ordinance No. 1229 establishing a temporary 45-day moratorium on the acceptance, processing, and approval of all Data Center development applications within the City of Coachella, pursuant to Government Code Section 65858, effective immediately upon adoption.

4/5 Vote Required

All four Council Members must
vote in support

Effective Immediately

Ordinance takes effect upon
adoption tonight

Staff Returns Day 35

Progress report + extensions are
brought back to Council, as needed



STAFF REPORT
6/4/2026

TO: Honorable Mayor and City Council Members

FROM: Lincoln Bogard, Interim City Manager

PREPARED BY: Lincoln Bogard, Interim City Manager
Ryan Guiboa, City Attorney

SUBJECT: Urgency Ordinance Establishing a Temporary (45-Day) Moratorium on Data Center Development Pursuant to California Government Code Section 65858

STAFF RECOMMENDATION:

1. That the City Council consider adopting the proposed Urgency Ordinance, by a four-fifths (4/5) vote, establishing a temporary 45-day moratorium on the acceptance, processing, and approval of any applications, permits, entitlements, or other approvals for data center development within the City of Coachella, pursuant to California Government Code, Section 65858, effective immediately upon adoption; and
2. Direct the City Manager to return to the City Council within 35 days with a written report describing the measures taken to alleviate the conditions that led to the adoption of this Urgency Ordinance, and to schedule a duly noticed public hearing to consider extension of the moratorium for an additional period of up to 10 months and 15 days.

EXECUTIVE SUMMARY:

Advances in cloud computing, artificial intelligence, cryptocurrency processing, large-scale digital storage, and high-density computing have resulted in a substantial increase in proposals for large industrial-scale data centers throughout California and the western United States. Communities with data centers have experienced detrimental effects, including but not limited to intensive energy and water use, air pollution and climate impacts, and noise pollution

The City of Coachella is in the preliminary stages of evaluating a proposed large-scale data center complex that would form the customer foundation of a municipal electric utility (“Coachella Valley Technology Campus”). The Coachella Valley Technology Campus would be comprised of four parcels approximately 240 acres of land. In February 2026, the City Council entered into a Municipal Utility Development Agreement (“Development Agreement”) with Stronghold Power Systems to develop, build and operate electrical infrastructure in connection with the Coachella Municipal Utility (“CMU”) that was approved in 2019. The Coachella Valley Technology

Campus is being separately developed by Stronghold as the initial development project that will require electrical service from the CMU. Stronghold submitted an initial application for the Coachella Valley Technology Campus earlier this year, but this application was rejected as incomplete for reasons including, but not limited to, a lack of any environmental documentation. The City has been in communication with Stronghold to resubmit an application that meets City requirements, but no resubmittal or review have commenced. Nevertheless, as this would be the first data center proposed for development in the City, City staff has undertaken to study their operational characteristics. For example, data centers differ substantially from traditional office, industrial, warehouse, or research and development uses because they may operate continuously on a twenty-four-hour basis. They may also consume extraordinarily high amounts of electrical power and water, often requiring extensive cooling infrastructure. In addition to consuming water and electric resources, data centers will typically rely upon diesel backup generators and other materials systems that may generate hazardous compounds and generate persistent noise, heat, vibration, and infrastructure demands that are not adequately addressed under the City's current zoning, building and other regulations.

Public Comments Regarding Data Centers & Proposed Urgency Moratorium Ordinance

At the May 27, 2026 City Council meeting, nearly six hours of public testimony was received from community members raising substantial additional concerns about the environmental, public health, and economic impacts of data centers. The concerns raised at this meeting may further justify a moratorium in order to afford City staff sufficient time to conduct studies before any project application is reviewed or approved.

This staff report provides for the City Council to adopt an Urgency Ordinance, pursuant to California Government Code Section 65858, imposing a temporary 45-day moratorium on the approval of any data center development. The moratorium will provide staff the time necessary to: (1) evaluate the energy, water, climate, air quality, and land use impacts associated with large-scale data center development; (2) review the regulatory approaches adopted by other California jurisdictions; and (3) develop appropriate zoning regulations and development standards for City Council consideration and to evaluate whether these uses are supported within the City.

DISCUSSION/ANALYSIS:

The Coachella Valley is experiencing intensifying pressure from data center developers seeking sites in the Inland Empire and desert regions of Southern California. The focus on the Coachella Valley is not surprising given the amount of vacant land available and the need to monetize these developments at a larger scale. Nevertheless, data centers are among the most energy- and water-intensive land uses that can be developed. As a result, their proliferation across the region has triggered zoning reviews and regulatory action by some California cities and counties.

Data center developments create significant impacts to communities. These impacts include rising electricity demand and potential ratepayer costs. A modern AI data center can use as much power as roughly 100,000 homes and some projections suggest data centers could account for up to 12% of U.S. electricity consumption by 2028. Utilities may need substantial investments in generation, transmission, and substations. Data centers also require significant amounts of water with

projected estimates of AI-related data centers requiring up to 32 billion gallons of water annually in the U.S. by 2028. Long-term groundwater depletion, imported water supply constraints, and ongoing drought conditions is a major concern in water-stressed regions like the Coachella Valley.

Additionally, many data centers rely on fossil-fuel generation and diesel backup systems that emit high levels of pollutants such as nitrogen oxides and fine particulate matter. Air pollution and climate impacts. Further, noise impacts from construction activity, cooling equipment, and backup generators has led to reported sleep disruption, headaches, and reduced quality of life by residents living near data centers.

Finally, it should be noted that the City's existing zoning code and development standards were adopted before the emergence of data centers and therefore do not adequately regulate the intensity, utility demand, operational characteristics, environmental impacts, or cumulative impacts associated with such facilities.

Given these characteristics, consideration of any data center project, especially a large scale data center project, would create a current and immediate threat to the public health, safety, or welfare in the absence of reasonable zoning and other regulations.

Proposed Urgency Ordinance Moratorium

California Government Code Section 65858 authorizes a city to adopt, as an urgency measure, an interim ordinance prohibiting land uses that may conflict with contemplated general plan, specific plan, zoning, or development standard amendments that the City is studying or intends to study within a reasonable time. California Government Code Section 65858 further requires that the City Council find that there exists a current and immediate threat to the public health, safety, or welfare, and that the approval of additional use permits, building permits, subdivisions, variances, or other entitlements would result in that threat to public health, safety, or welfare. The proposed Urgency Ordinance would prohibit the approval of any land use entitlement for a "Data Center" in the City of Coachella.

A "Data Center" is defined in the ordinance as:

" .. a structure or site used primarily for the storage, management, processing, and transmission of digital data and that houses computer or network equipment, systems, servers, appliances, and other associated components related to digital data storage, processing, and related operations. Data center uses include data storage facilities, small data storage facilities, server farms, artificial intelligence training or processing, image processing, cloud computing, email servicing, and other similar uses and appurtenant facilities."

Required Findings

The City Council must adopt specific written findings supporting the existence of a current and immediate threat to the public health, safety, or welfare. The following findings support adoption of this Urgency Ordinance and are also contained in the Ordinance:

- Absence of Regulatory Framework. The City of Coachella's Municipal Code does not define or regulate data centers as a land use category. No zoning standards, performance requirements, setback rules, noise standards, utility demand thresholds, or environmental mitigation requirements specifically applicable to data centers have been adopted. Absent a moratorium, a developer could submit and process a land use application under existing zoning designations not designed to accommodate such uses, resulting in approval that conflicts with standards the City Council intends to develop.
- Proposed Development Scale and Impacts. Data Centers, if approved without appropriate study and standards, could impose substantial and potentially irreversible impacts on local water supplies, electrical infrastructure, air quality, and community character.
- No Environmental Review Completed. To date, no Environmental Impact Report has been prepared, initiated, or scoped for the proposed project or for data center uses generally within the City. Processing a land use application prior to the completion of adequate environmental review - and its associated environmental studies - would deprive the public and decision-makers of critical information regarding project impacts.
- Need for Study. The City Council intends to study and prepare appropriate zoning regulations and development standards for data center uses within a reasonable time. The temporary moratorium is necessary to ensure that no applications are approved in the interim while staff assesses the necessary regulatory framework for data centers within the City of Coachella.

Survey of Other California Communities

The following summarizes recent and similar actions by public agencies in California:

Monterey Park (Los Angeles County). On January 21, 2026, the Monterey Park City Council adopted an urgency ordinance establishing a 45-day moratorium on all data center development. The moratorium was subsequently extended through January 21, 2027. On April 20, 2026, the Council adopted ordinances designating data centers as a public nuisance and permanently prohibiting all data centers within city limits — making Monterey Park one of the first cities in California to enact such a permanent ban.

Montebello (Los Angeles County). On February 11, 2026, the Montebello City Council voted to adopt an urgency ordinance imposing a 45-day moratorium on data centers, including artificial-intelligence (AI) facilities, while city staff studies their impacts and develops permanent zoning standards. The citywide moratorium was enacted due to concerns over infrastructure, power, and water consumption.

Oakley (Contra Costa County). On April 14, 2026, the City of Oakley became one of the first Bay Area cities to adopt a temporary moratorium on data centers by adopting a 45-day urgency ordinance that blocks acceptance, processing, or approval of data center land use applications

while the City studies regulatory standards. City leaders have stated their intent to develop permanent zoning standards by the end of 2026. In May 2026, the moratorium was subsequently extended by the City Council for an additional period of 10 months and 15 days.

Calipatria (Imperial County). On May 12, 2026, the Calipatria City Council voted to move forward with a public hearing on an interim urgency ordinance that would establish a moratorium on the approval, permitting, construction, or expansion of large-scale data center facilities. The proposed ordinance defines “large-scale data center” as any facility exceeding 10,000 square feet of dedicated server space, 5 megawatts of projected electrical demand, or one acre of land dedicated primarily to such use.

El Monte (Los Angeles County). On May 17, 2026, the El Monte City Council adopted an urgency ordinance establishing a 45-day moratorium prohibiting processing, approval, and acceptance of new data center land use applications. The urgency ordinance was passed in order to allow staff time to evaluate impacts, gather public input, and draft zoning regulations for consideration.

Baldwin Park (Los Angeles County). On March 4, 2026, the City Council of Baldwin Park adopted an urgency ordinance establishing a 45-day moratorium on the approval, establishment, or operation of data centers in the City in order to allow City staff time to analyze and recommend regulatory options for establishing new or updated regulations for data centers. On April 15, 2026, the City Council held a public hearing to extend the urgency ordinance establishing a moratorium for an additional 10 months and 15 days as is permitted by law.

Brawley (Imperial County). On June 2, 2026, the City of Brawley will consider adopting an ordinance establishing a temporary moratorium on large-scale data centers and related supporting infrastructure within the City of Brawley. As proposed, the ordinance would generally apply to facilities requiring an estimated electrical demand capacity greater than fifty megawatts (“50 MW”) or containing great than approximately 250,000 square feet of gross floor area dedicated to data processing, server operations, cooling systems, or related supporting infrastructure.

Imperial (Imperial County). On June 3, 2026, the City of Imperial will consider adopting a 45-day temporary moratorium on the approval of certain emergency high-energy industrial and technology uses, including data centers, battery energy storage systems, and similar utility-intensive industrial or technological uses.

Los Angeles County. On April 14, 2026, the LA County Board of Supervisors adopted a motion directing the Department of Regional Planning, Department of Public Health, and other departments to study the health, environmental, and safety impacts of data centers on neighboring communities, including impacts on electrical and water resources, and a review of how other jurisdictions are regulating data centers. The original motion included a potential moratorium; however, that provision was removed before final adoption. The resulting study is expected to be completed within 120 days.

California Legislation. In 2025, Governor Newsom vetoed legislation that would have regulated data center water and electricity usage. The lone surviving measure, SB 57 (Padilla), was signed

into law on October 11, 2025, and requires the CPUC to report on ratepayer cost-shifting impacts of data center electricity loads by January 1, 2027.

ALTERNATIVES:

1. Adopt the Urgency Ordinance as presented, establishing a 45-day moratorium on data center development pursuant to Government Code Section 65858, effective immediately upon adoption by a four-fifths vote. Staff will return within 35 days with a progress report and materials for a public hearing to extend the moratorium for up to 10 months and 15 days. The timeline for adoption of the Urgency Moratorium Ordinance and related future actions is as follows:

Proposed Timeline for 65868 Urgency Moratorium Ordinance Adoption		
Task	Due Date	Notes
Adoption of 45-Day Moratorium Ordinance	June 4, 2026	Expires July 19, 2026
Ten (10) Day Moratorium Report	On or before July 8, 2026 City Council Meeting	65858(d) - Ten days prior to the expiration of that interim ordinance or any extension, the legislative body shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of the ordinance.
Hearing Notice Published for July 8 Moratorium Extension	On or before June 28, 2026	65858(a) - After notice pursuant to Section 65090 and public hearing, the legislative body may extend the interim ordinance for 10 months and 15 days and subsequently extend the interim ordinance for one year. Any extension shall also require a four-fifths vote for adoption. Not more than two extensions may be adopted. 65090 - notice shall be published pursuant to Section 6061 in at least one newspaper of general circulation within the jurisdiction of the local agency which is conducting the proceeding at least <u>10 days prior to the hearing</u> , or if there is no such newspaper of general circulation, the notice shall be posted at least 10 days prior to the hearing in at least three public places within the jurisdiction of the local agency.
Moratorium Extension Ordinance Adoption	July 8, 2026	See above.

2. Adopt the Urgency Ordinance with a modified scope, such as excluding data center uses below a specified size threshold (e.g., facilities under 5 megawatts of electrical demand or 10,000

square feet), to permit smaller commercial IT uses to proceed. This approach would require the City Council to define the threshold and justify the distinction in the required findings.

3. Direct staff to prepare permanent zoning amendments while the Moratorium is in effect.

FISCAL IMPACT:

Adoption of this Urgency Ordinance is not expected to have a significant direct fiscal impact on the City. Staff time associated with preparing the required written report and scheduling the extension public hearing will be absorbed within existing departmental budgets.

ATTACHMENT

1. Urgency Ordinance No. 1229

URGENCY ORDINANCE NO. 1229**AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE, SECTION 65858 ENACTING FOR A PERIOD OF FORTY-FIVE (45) DAYS A MORATORIUM ON THE APPROVAL OF ANY LAND USE ENTITLEMENTS AND/OR AGREEMENTS TO ALLOW THE OPERATION OF DATA CENTERS IN THE CITY OF COACHELLA****THE CITY COUNCIL OF THE CITY OF COACHELLA DOES ORDAIN AS FOLLOWS:**

SECTION 1. *Urgency Findings.* In accordance with California Government Code Section 65858 and in order to protect the public health, safety and welfare, the City Council of the City of Coachella adopts the following findings in support of this Urgency Ordinance and finding that there is a current and immediate threat to the public health, safety or welfare of the residents of the City of Coachella:

A. Authority and Purpose.

1. California Government Code Section 65858 authorizes a city council to adopt, as an urgency measure, an interim ordinance prohibiting land uses that may conflict with contemplated general plan, specific plan, zoning, or development standard amendments that the City is studying or intends to study within a reasonable time.

2. California Government Code Section 65858 further requires that the City Council find that there exists a current and immediate threat to the public health, safety, or welfare, and that the approval of additional use permits, building permits, subdivisions, variances, or other entitlements would result in that threat to public health, safety, or welfare.

3. The City of Coachella is currently studying and intends to study potential amendments to its General Plan, Zoning Ordinance, development standards, infrastructure policies, utility allocation procedures, environmental review thresholds, and performance standards relating to the establishment, expansion, and operation of data centers and high-intensity digital infrastructure uses to determine appropriate regulatory standards or, alternatively, their prohibition.

4. A “data center” as defined herein in Section 2 below, without appropriate study and standards, could impose substantial and potentially

irreversible impacts on local water supplies, electrical infrastructure, air quality, and community character.

5. The City Council finds that, absent immediate action, applications for new data centers or conversion of existing structures into data centers could be submitted, processed, and vested under existing regulations before the City completes the necessary study and adopts updated regulations specifically tailored to address the unique operational, environmental, infrastructure, and public safety impacts associated with such uses.

B. Emerging Nature of Data Center Development.

1. Advances in cloud computing, artificial intelligence, cryptocurrency processing, large-scale digital storage, and high-density computing have resulted in a substantial increase in proposals for large industrial-scale data centers throughout California and the western United States.

2. Data centers differ substantially from traditional office, industrial, warehouse, or research and development uses because they may operate continuously on a twenty-four-hour basis; consume extraordinarily high amounts of electrical power and water; require extensive cooling infrastructure; rely upon diesel backup generators and hazardous materials systems; and generate persistent noise, heat, vibration, and infrastructure demands that are not adequately addressed under the City's current zoning regulations.

3. The City's existing zoning code and development standards were adopted before the emergence of modern hyperscale and artificial intelligence-oriented data centers and therefore do not adequately regulate the intensity, utility demand, operational characteristics, environmental impacts, or cumulative impacts associated with such facilities.

4. The California Energy Commission has publicly identified data centers as a rapidly growing source of statewide electrical demand and has projected substantial increases in electricity consumption associated with future data center development.

C. Threats to Electrical Infrastructure and Grid Reliability.

1. The City Council finds that data centers may impose extraordinary and concentrated electrical loads on local transmission and distribution systems, potentially requiring substantial upgrades to substations, transformers, transmission infrastructure, and backup generation systems.

2. It is not known whether the City's existing electrical infrastructure is designed to accommodate multiple large-scale data center facilities or high-density computing campuses with continuous baseload demand requirements.

3. The City Council further finds that approval of data center projects before completion of the City's ongoing infrastructure and utility capacity studies may adversely affect grid reliability, increase the risk of service interruptions, strain emergency backup systems, and impair the ability of utility providers to serve existing residential, commercial, school, hospital, and public safety uses.

4. The City Council additionally finds that uncontrolled proliferation of data centers may contribute to increased utility costs borne by residents and existing businesses through infrastructure expansion, peak demand impacts, and utility cost shifting.

D. Water Supply and Drought Resiliency Concerns.

1. Many modern data centers rely upon substantial quantities of potable and recycled water for cooling and climate-control systems.

2. The City is located within a region subject to recurring drought conditions, groundwater management obligations, imported water supply constraints, climate change impacts, and increasing long-term uncertainty regarding water availability.

3. The City Council finds that the approval of data center facilities before completion of water supply and infrastructure analyses may threaten the City's ability to preserve adequate water supplies for residential neighborhoods, schools, parks, hospitals, fire suppression, and other essential community needs.

4. The City Council further finds that existing development standards do not presently include sufficient operational limitations, water efficiency standards, recycled water requirements, drought contingency provisions, or cumulative water demand thresholds specifically applicable to data centers.

E. Public Health and Environmental Impacts.

1. Data centers commonly utilize large-scale mechanical cooling equipment, industrial ventilation systems, emergency backup generators, battery storage systems, transformers, and fuel storage facilities that may create significant noise, vibration, air quality, heat island, and hazardous materials impacts affecting nearby residential and sensitive land uses.

2. The City Council finds that backup diesel generators associated with data centers may create localized emissions impacts during testing, maintenance, or emergency operation and may adversely affect nearby residential neighborhoods, schools, childcare centers, senior housing facilities, and medically vulnerable populations.

3. The City Council further finds that the City's current zoning regulations do not contain adequate buffering, setback, noise attenuation, generator operation, emissions mitigation, or environmental performance standards specifically tailored to data center operations.

4. The City Council additionally finds that data centers frequently generate comparatively low employment densities relative to the intensity of land consumption, infrastructure demand, and utility usage associated with such facilities, thereby raising substantial land use compatibility and public welfare concerns regarding the long-term allocation of scarce industrial land and utility resources.

F. Fire, Emergency Response, and Public Safety Concerns.

1. Data centers and associated energy infrastructure may involve substantial quantities of lithium-ion batteries, fuel storage systems, electrical equipment, cooling systems, and other facilities that pose unique fire suppression, hazardous materials, and emergency response challenges.

2. The City has identified the need to evaluate whether existing Fire Department staffing levels, training protocols, hazardous materials response capabilities, water pressure availability, and fire suppression infrastructure are adequate to safely serve large-scale data center facilities.

3. The City Council finds that approval of data center facilities before completion of such evaluations may create immediate and unacceptable risks to emergency response operations, firefighter safety, and neighboring properties.

G. Need for Immediate Interim Moratorium.

1. The City Council finds that there is a current and immediate threat to the public health, safety, and welfare arising from the potential establishment of data centers under the City's existing zoning and development regulations, which were not designed to address the unique and intensive operational characteristics of such uses.

2. The City Council further finds that the approval of additional land use entitlements, building permits, grading permits, use permits, variances, subdivisions, or any other applicable approvals for data center development during the period in which the City studies appropriate regulatory controls would result in and exacerbate the threats identified herein.

3. The City Council additionally finds that, without the immediate adoption of this interim urgency ordinance, developers could obtain vested rights or approvals under existing regulations before the City has an opportunity to complete the studies and adopt reasonable regulations necessary to protect the public health, safety, and welfare.

4. The City Council finds that a temporary moratorium is necessary to preserve the status quo while the City evaluates and considers appropriate amendments to its General Plan, Zoning Ordinance, development standards, utility allocation policies, environmental review procedures, and public safety regulations applicable to data centers.

5. The City Council finds that the adoption of this interim urgency ordinance is necessary for the immediate preservation of the public peace, health, safety, and welfare pursuant to California Government Code Section 65858 and the City's police powers under Article XI, section 7 of the California Constitution.

6. Based upon all evidence contained in the administrative record, the City Council hereby finds that this interim urgency ordinance is necessary to avoid current and immediate threats to the public health, safety, and welfare pending completion of the studies and regulatory actions described herein.

SECTION 2. Moratorium. The City of Coachella shall not issue or approve any General Plan Amendment, Specific Plan Amendment, zone change, building permit, occupancy permit, conditional use permit, variance, subdivision map or other land use entitlement, agreement or permit or regulatory license or permit required to comply with the provisions of the City of Coachella Municipal Code for the construction, operation or development of a "data center" by any private or public entity on any property within the City during the time that this Urgency Ordinance is in effect, and continuing for the time set forth in any action taken to extend this moratorium.

For purposes of this Urgency Ordinance, "data center" shall mean a structure or site used primarily for the storage, management, processing, and transmission of digital data and that houses computer or network equipment, systems, servers, appliances, and other associated components related to digital data storage, processing, and related operations. Data center uses include data storage facilities, small data storage

facilities, server farms, artificial intelligence training or processing, image processing, cloud computing, email servicing, and other similar uses and appurtenant facilities.

SECTION 3. Compliance with California Environmental Quality Act. The City Council finds that this Urgency Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly ; it prevents changes in the environment pending the completion of zoning code revisions and related impact studies.

SECTION 4. Effective Date. This Urgency Ordinance was adopted by the necessary four-fifths vote of the members of the City Council pursuant to California Government Code Section 65858, and shall take effect immediately upon its adoption.

SECTION 5. Written Report. At least 10 days before this Urgency Ordinance or any extension expires, the City Manager shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of this Urgency Ordinance.

SECTION 6. Publishing. The City Clerk shall certify to the passage of this Urgency Ordinance and cause the same or a summary thereof to be published within fifteen (15) days after adoption in a newspaper of general circulation, printed and published in Coachella, California.

SECTION 7. Term. This Ordinance is an Urgency Ordinance, enacted pursuant to Government Code section 65858. The term of this Urgency Ordinance shall be for **45 days** from the date of adoption and shall expire and be of no further force or effect, unless and until extended in accordance with Government Code, Section 65858.

APPROVED and **ADOPTED** by the City Council and signed by the Mayor and attested by the City Clerk this 4th day of June, 2026.

Frank Figueroa, Mayor
City of Coachella

Attest:

Angela Zepeda, City Clerk

Approved as to form:

BEST, BEST & KRIEGER

City Attorney



STAFF REPORT
6/4/2026

TO: Honorable Mayor and City Council Members

FROM: Lincoln Bogard, Interim City Manager

PREPARED BY: Lincoln Bogard, Interim City Manager
Ryan Guiboa, City Attorney

SUBJECT: Consideration and Possible Action Regarding Municipal Utility Development Agreement with Stronghold Power Systems

STAFF RECOMMENDATION:

That the City Council: (1) receive a report from staff on the status of the Municipal Utility Development Agreement (“Agreement”) between the City of Coachella and Stronghold Power Systems, dated February 2026; (2) receive a report from the City Attorney on the legal terms, obligations, and termination provisions of the Agreement; and (3) provide direction to staff regarding one of the following courses of action: (a) initiate termination of the Agreement; (b) place the Agreement in abeyance pending completion of the data center moratorium study; (c) direct staff to engage Stronghold Power Systems in discussions regarding modification of the Agreement’s scope; or (d) take no action at this time.

EXECUTIVE SUMMARY/BACKGROUND:

The City formed the Coachella Municipal Utility (“CMU”) in 2019 to provide an alternative to Imperial Irrigation District for load service in the eastern greenfield and economic development zones of the City.

In February 2026, the City Council entered in a public-private partnership agreement with Stronghold Power Systems for the development of the CMU, including the development, construction and operation of the electrical infrastructure and load necessary to get the CMU off the drawing board. The Agreement provides for a two stage development process that lasts twelve months, with the option by Stronghold to extend for an additional six months. The first stage is referred to as the Design Stage and within six months of the effective date of the Agreement, Stronghold is required to (i) provide a 70% engineering design for the CMU infrastructure; (ii) provide all CEQA documentation for the electrical infrastructure to be built for the CMU; and (iii) commence the application process to interconnect the CMU with the transmission delivery systems of Imperial Irrigation District or Southern California Edison.

As of the date of this Staff Report, Stronghold has commenced the application process for interconnection with IID with City support. Our understanding is that Stronghold is working on the engineering design and the CEQA documentation, but these have not yet been provided to the City for review. The six month deadline for the first set of deliverables expires on August 11, 2026.

Stronghold is separately working on obtaining the entitlements for a data center development that is referred to in the Agreement as the “Coachella Valley Technology Campus” (Technology Campus). The Technology Campus is not governed by the Agreement, but there is an acknowledgement in the Agreement that the load represented by the Technology Campus is a condition precedent to the obligations of the City and Stronghold to move forward with the CMU as contemplated in the Agreement.

Stronghold submitted an initial application for the Technology Campus earlier in the year, however, this application was deemed deficient by the City and the City did not move forward with review. Stronghold has not yet submitted a revised application or the necessary documentation for the City to evaluate the development of the Technology Campus, including the data center components.

The Agreement does not have an express provision to terminate the Agreement without cause, however, the City ultimately has the right to make a determination not to proceed with the CMU whether or not the conditions precedent identified in the Agreement have been satisfied. Accordingly, the question is not if, but when, the City has the right to terminate.

Stronghold has asked the City in writing to confirm whether or not it remains committed to the development of the CMU as reflected in the Agreement, which would include data centers as the primary customers.

This staff report presents the background on the agreement, identifies the principal policy and legal considerations, and asks the City Council to provide direction to staff.

DISCUSSION/ANALYSIS:

I. RELATIONSHIP BETWEEN THE MUNICIPAL UTILITY DEVELOPMENT AGREEMENT AND TONIGHT’S MORATORIUM

The Agreement and the proposed moratorium ordinance are related but legally distinct matters. The moratorium ordinance, if adopted, prohibits the City from accepting or processing land use applications for data center development. This would impact the Agreement as the CMU infrastructure as currently contemplated is based on an assumption that the data centers will be developed to provide customer load and therefore utility revenue sufficient to cover the cost of the CMU electrical infrastructure. That said, there is no firm commitment or legal obligation of either the City or Stronghold to move forward with a data center development in connection with the CMU and each party has the option not to proceed with the CMU. Accordingly, the Agreement

and the CMU could proceed on the basis of an alternative development, whether that be commercial, industrial or residential, but the Agreement would need to be modified to reflect a different development path.

If the Council adopts the urgency moratorium tonight, staff will undertake a study of data center impacts and regulatory options. The outcomes of the study may be directly relevant to the question of whether, and on what terms, the City should continue any agreement with a data center component. Council may wish to defer a decision on the Agreement until the study is complete and permanent zoning standards have been established, allowing the City to evaluate a full regulatory framework regarding data centers.

II. OPTIONS FOR COUNCIL DIRECTION

The following options are presented for Council consideration. These are not exhaustive, and the Council may direct staff to pursue a combination of approaches:

- Option A — Initiate Termination of the Agreement. The Council could direct the City Attorney to inform Stronghold of the City’s intent to terminate the Agreement. The decision of the City to terminate would be predicated on the fact that it ultimately has the right under the Agreement not to proceed with the CMU, whether or not Stronghold achieves all of the conditions precedent. Although the City has a good faith obligation to cooperate in the development of the CMU under the Agreement, it would not be good faith to allow Stronghold as a contracting party to continue spending resources on the development of the CMU in connection with the Technology Campus if the Technology Campus is not likely to be a viable option.
- Option B — Place the Agreement in Abeyance. The Council could direct staff to notify Stronghold in writing that the City has imposed a moratorium on data center development and that no project-related activities or deliverables under the Agreement will be reviewed, accepted, or acted upon during the moratorium period. This option preserves the Council’s flexibility to revisit the Agreement at the conclusion of the moratorium study.
- Option C — Direct Staff to Engage in Modification Discussions. The Council could direct staff, in coordination with the City Attorney, to engage Stronghold in discussions about whether the scope, scale, or terms of the agreement could be modified in a manner consistent with the zoning standards and community concerns that will be developed during the moratorium study, including pursuit of a development option for the CMU that does not include data center development. This option keeps dialogue open while the regulatory framework is being developed, but should not be used to circumvent the moratorium’s prohibition on processing applications. One benefit of this option is that it preserves potential development of the CMU as a means of allowing growth in the eastern portion of the City.
- Option D — Take No Action at This Time. The Council could choose to provide no direction at this meeting and revisit the question of the Agreement at a future meeting.

FISCAL IMPACT:

The fiscal impact of Council direction and potential action on this item depends on the option selected and how it is implemented and it would be too speculative to include any estimates in this report.