



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