

RESOLUTION NO. 2026-57

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, AUTHORIZING THE FORGIVENESS OF CERTAIN GENERAL FUND AND DEBT SERVICE FUND (FUND 4000) INTERFUND LOANS TO THE LIBRARY FACILITIES IMPACT FEE FUND (FUND 2206) AND THE GENERAL GOVERNMENT FACILITIES IMPACT FEE FUND (FUND 2200), EFFECTIVE RETROACTIVELY TO JUNE 30, 2026

WHEREAS, the Mitigation Fee Act (Government Code Section 66000 et seq.) governs the imposition, collection, and expenditure of development impact fees, and requires a reasonable relationship between a development impact fee and the public facility for which it is collected; and

WHEREAS, the City has, from time to time, authorized interfund loans from the General Fund to the Library Facilities Impact Fee Fund (Fund 2206) and the General Government Facilities Impact Fee Fund (Fund 2200), including under Resolution No. 2016-46 (September 7, 2016), Resolution No. 2016-47 (September 7, 2016), and Resolution No. 2016-49 (September 14, 2016) as to Fund 2206; Resolution No. 2018-21 (February 28, 2018) and Resolution No. 2018-63 (September 26, 2018), for construction of the Permit Center, part of the City's Civic Center complex, comprising the Civic Center Loan to Fund 2200; and Resolution No. 2018-46 (June 13, 2018) and Resolution No. 2019-13 (February 27, 2019), comprising the Senior Center Loan to Fund 2200; and

WHEREAS, the City authorized the issuance of the 2016 Lease Revenue Bonds, Series 2016, to finance construction of the City's library, under Resolution No. 2016-34 (City Council) and Resolution No. FA 2016-02 (Coachella Financing Authority), each adopted following staff reports dated July 27, 2016, and the Debt Service Fund (Fund 4000) has since recorded an interfund payable from the Library Facilities Impact Fee Fund (Fund 2206) reflecting the Library Fund's share of debt service paid on the 2016 Bonds; and

WHEREAS, these loans have accrued interest over time at the rate earned by the City on its investments in the Local Agency Investment Fund (LAIF), consistent with the terms of the authorizing resolutions; and

WHEREAS, as of June 30, 2026, the outstanding balance of the General Fund loan to Fund 2206 is \$3,181,925.36, the outstanding balance of the General Fund loans to Fund 2200 (consisting of the Senior Center Loan of \$2,505,026.31 and the Civic Center Loan of \$1,483,643.07) is \$3,988,669.38, and the outstanding balance of the Debt Service Fund loan to Fund 2206 is \$8,473,063.13; and

WHEREAS, the City's Fiscal Year 2024-25 Development Impact Fee Annual Report disclosed that Fund 2206 and Fund 2200 carry negative available balances resulting from these interfund loans, and the Desert Valleys Builders Association raised concerns, in a comment letter dated July 17, 2026, regarding the age, structure, and repayment terms of these loans; and

WHEREAS, based on current and projected development impact fee revenue, the City Council has determined that these loans have not been, and are not projected to be, repaid within a reasonable period, and do not reflect a defined repayment date as contemplated by Government Code Section 66006(b)(1)(G); and

WHEREAS, continuing to carry these amounts as long-term, open-ended interfund loans is inconsistent with the Mitigation Fee Act's requirement that development impact fee revenue be expended for, or committed within a reasonable and identifiable period to, the specific public facility for which it was collected; and

WHEREAS, the amounts owed to the General Fund from Fund 2206 and Fund 2200 are currently classified as non-spendable fund balance of the General Fund pursuant to GASB Statement No. 54, and forgiveness of these amounts will not affect the General Fund's unassigned fund balance or its budgeted appropriation authority; and

WHEREAS, the City Council has determined it is in the public interest to forgive these loans, effective retroactively to June 30, 2026, so that the forgiveness is reflected in the City's Fiscal Year 2025-26 Annual Comprehensive Financial Report; and

WHEREAS, under generally accepted accounting principles, forgiveness of an interfund advance between funds of the same primary government is recorded as a nonreciprocal interfund transfer rather than a gain, loss, or bad debt write-off, and will be reported as an Other Financing Use — Transfers Out in the General Fund and an Other Financing Source — Transfers In in the receiving funds, with no resulting gain or loss at the government-wide level and no impact to the General Fund's unassigned fund balance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. The General Fund loan to the Library Facilities Impact Fee Fund (Fund 2206), in the amount of \$3,181,925.36 as of June 30, 2026, is hereby forgiven, effective retroactively to June 30, 2026.

2. The General Fund loans to the General Government Facilities Impact Fee Fund (Fund 2200), consisting of the Senior Center Loan (\$2,505,026.31) and the Civic Center Loan (\$1,483,643.07), together totaling \$3,988,669.38 as of June 30, 2026, are hereby forgiven, effective retroactively to June 30, 2026.

3. The Debt Service Fund (Fund 4000) loan to the Library Facilities Impact Fee Fund (Fund 2206), in the amount of \$8,473,063.13 as of June 30, 2026, is hereby forgiven, effective retroactively to June 30, 2026.

4. Staff is directed to release the corresponding non-spendable fund balance classification in the General Fund, which release shall have no effect on the General Fund's unassigned fund balance, and to record the corresponding write-off of the receivable in the Debt Service Fund (Fund 4000).

5. This forgiveness shall be reflected in the City's Fiscal Year 2025-26 Annual Comprehensive Financial Report.

PASSED, APPROVED and ADOPTED this 14th day of October 2026.

Dr. Frank Figueroa
Mayor

ATTEST:

Angela M. Zepeda
City Clerk

APPROVED AS TO FORM:

BEST, BEST & KRIEGER

City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Resolution No. 2026-57 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 14th day of October 2026, by the following vote of Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

Delia Granados
Deputy City Clerk