



STAFF REPORT
March 11, 2026

TO: Honorable Mayor and City Council Members

FROM: Lincoln Bogard, Finance Director
Bill Pattison, City Manager

SUBJECT: Approval of Joint Exercise of Powers Agreement establishing the Coachella Electric Financing Authority

STAFF RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2026-13, approving the Joint Exercise of Powers Agreement with Imperial Irrigation District creating the Coachella Electric Financing Authority.

BACKGROUND:

Throughout California, communities are facing significant challenges regarding electric infrastructure. One only needs to look at the headlines to see the growing pressure throughout the State. Energy facilities are reaching capacity, and aging infrastructure is reaching the end of its useful life. The growth of electrification, in homes, appliances, and vehicles, only creates additional pressure on reliability, emphasizing the importance of capacity and redundancy. These challenges are particularly acute in the desert environment where electricity is a core safety issue. It is prudent and critical to plan for the long-term needs of the City in ensuring reliability in the provision of this essential service for our community.

The City and Imperial Irrigation District (“IID”) have been working collaboratively to address these critical infrastructure needs through the formation of a new joint powers agency called the Coachella Electric Financing Authority. The Coachella Electric Financing Authority would be formed pursuant to a Joint Exercise of Powers Agreement between the City and IID. The City Council will sit as the governing board of the Coachella Electric Financing Authority and City staff will serve as its officers. The Coachella Electric Financing Authority would provide for the provision of electric service in the City of Coachella, including but not limited to, the funding and construction of electric system improvements within the City.

The goal of the Coachella Electric Financing Authority would be to issue bonds secured by a surcharge collected by IID on behalf of the City. The bonds would finance the expansion of 3 existing substations and the construction of a new substation within the City.

DISCUSSION/ANALYSIS:

The projects will be funded through a surcharge to be imposed by the Coachella Electric Financing Authority that would be collected on IID bills within the City. The surcharge will be a flat per kWh charge and apply to all sales within the City. The surcharge will be set at a future date based on the report of Roukema Consulting LLC and on cost estimates provided by IID. The final level of the surcharge will be known once the capital, construction, and financing costs are finalized.

Importantly, the revenues generated by the Coachella Electric Financing Authority will remain in Coachella. These revenues will fund projects for the benefit of the City and its ratepayers as a whole and help ensure that the City is proactively taking steps to both protect existing assets and provide new, critical electric infrastructure for future generations.

Assuming approval of the Joint Exercise of Powers Agreement by the City Council and IID Board of Directors in March, it is expected that the Coachella Electric Financing Authority would have its first organizational meeting in April and would approve the imposition of surcharge at a later meeting. The Joint Exercise of Powers Agreement also includes a form of Project Agreement and Servicing Agreement to be entered into by the Coachella Electric Financing Authority and IID. The Servicing Agreement sets for the terms pursuant to which IID will collect the surcharge and remit it to the Coachella Electric Financing Authority. The Project Agreement will set for the terms pursuant to which IID will construct, operate and maintain the substations on behalf of the Coachella Electric Financing Authority. It is anticipated that the Coachella Electric Financing Authority will issue bonds to finance the construction of the substations and will maintain ownership of the substations while any bonds are outstanding. IID will operate and maintain the substations on behalf of the Coachella Electric Financing Authority as if such substations were part of the IID electric system. The Joint Exercise of Powers Agreement does not authorize the Coachella Electric System to sell electricity to customers. IID consent and agreement is required for the financing and construction of any project under the Joint Exercise of Powers Agreement.

ALTERNATIVES:

1. Approve the action.
2. Do not approve the action.

FISCAL IMPACT:

The first bond issuance is expected to be around \$40 million, plus the formation costs to consultants which is not-to-exceed \$670,000. All of these costs will be paid through an electric surcharge billed by IID to customers, and reduced by new capacity purchased by developers at a pro-rata share of the energy demand needed for those developments.

Attachments:

1. Resolution 2026-13 Approving Joint Exercise of Powers Agreement creating the Coachella Electric Financing Authority
2. Joint Exercise of Powers Agreement