DVBA
desert valleys builders association

July 17, 2026

City of Coachella
Lincoln Bogard, MAcc, CPA, CFE | Finance Director
Finance Department
City of Coachella
53990 Enterprise Way, Coachella, CA 92236

Dear Mr. Bogard,

Thank you for providing the Desert Valleys Builders Association with the opportunity to review the *City of Coachella's June 30, 2025, Annual AB 1600 Report.* During our examination we noticed several issues of concern:

Park Land Impact Fee (Fund 120)

- Collected Revenue amounts are bracketed, falsely indicating negative amounts collected
- Revenues reduced the negative fund balance by $107,870
    - Which fund account was repaid the $107,870?
    - Which fund account is still owed $64,858?
    - When will this debt be paid in full?
    - A negative amount becomes a positive reducing a negative
        - Is there a better way to address that this fund was loaned funds and is paying down that debt?
- The third table is supposed to identify needed capital improvements/facilities
    - **Without an identified need, there is no "nexus" to continue to charge new construction this development impact fee.**

Library Facilities Impact Fee (Fund 121)

- The first table establishes that this fund owes an $11,794,005 debt
    - After collecting $60,245 in fee revenue, $119,603 was paid by an **unknown** source, to an unidentified fund, and the debt grew to $11,853,363
    - The footnotes state that $3,381,925 is owed to the General Fund for an interfund loan.
    - Also, $9,495,000 is owed to a bond debt.

        - This equates to $12,876,925; $1,023,562 more than the stipulated indebtedness in the table
        - What fund is being paid the $119,603?
            - Does this pay down the interfund loan, or does it pay down the debt on the bond?
            - What other sources are paying for the new library?
    - In the second table the debt payment should be listed as a Current Year Expenditure

Bus Shelter Impact Fee (Fund 123)

The DVBA Stands By Its Remarks of November 17, 2022

- The City has inappropriately directed funds for the need of 'bus shelters' to support a transportation hub that does little to protect bus riders shelter against the severe heat of desert summers.
    - THESE FUNDS NEED TO BE RETURNED to Fund 123
- How much of the Pueblo Viejo Transportation Hub is being financially supported by development impact fees? Is it 22% or 6% of the project?

Park Improvement Impact Fee (Fund 126)

- The $919,000 expenditure is not identified
    - The Footnote has not been provided
- The second table should be an additional opportunity to further explain the expenditure
    - Without an appropriate capital improvement project, Fund 126 should be reimbursed for the expense
- The third table is supposed to identify needed capital improvements/facilities
    - **Without an identified need, there is no "nexus" to continue to charge new construction this development impact fee.**

Street & Transportation Impact Fee (Fund 127)

- What fund was owed the $1,692,533 of this fund's negative balance?
    - The payment on the debt should identify the fund in the first table as well as the Current Year Expenditures

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    - What fund continues to hold the outstanding debt of $159,137? This fund's current negative balance.
- We appreciate the identification of the Capital Improvement Projects
    - The City's Webpage for Capital Improvement Plan or Program does not identify these projects
    - These **Eight** projects in both the second and third tables should have detailed documentation attached to this annual report
        - The public should not have to search the city's website to find the respective projects and then contemplate the appropriateness of the expenditure
        - The DVBA cannot support these expenditures without the appropriate documentation

Police Facilities Impact Fee (Fund 128)

The DVBA Stands By Its Remarks of November 17, 2022

- The City is inappropriately collecting this Police Facilities Impact Fee. The City does not have a police department. It pays the county for police services and facilities.
    - Additionally, the City has no interest in charging the existing population this same fee as their fair share of a proposed police department, facilities, and equipment. This violates the Mitigation Fee Act.
    - The City can't afford the cost of the services provided by the Sheriff's Department; how is the City going to pay for all the necessary infrastructure and the salaries and benefits necessary to recruit and maintain a police force?

General Government Facilities Impact Fee (Fund 129)

- The footnotes help explain the interest expense and the Debt Service
    - This does not explain the beginning negative balance of $4,081,541, to what fund it is indebted, and how that debt becomes larger after paying on the interest and the Civic Center Facility
        - Please provide the explanation
    - The Expenditures should be listed in the Current Year Expenditures Table

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Fire Facilities Impact Fee (Fund 130)

- The Current Year Expenditures listed in the second table do not reflect the amount listed in the first table
- DVBA Comments from November 17, 2022
- What is expanding in project F7?
    - The Capital Improvement Program Project is not an expansion. It is merely rehabilitating a worn City facility and designating internal facilities. There is no expansion. Anything that this project changes, including modernization, is an ***Existing Deficiency*** and therefore, not the responsibility of growth.
    - Development Impact Fees are not to be used for this project.
    - It is a violation of the Mitigation Fee Act.
- **Please provide the Capital Improvement Plan/Program documents justifying these two fire facility projects**

Water Connection Fee (177)

- The City has a significant balance
- What are the identified Capital Improvement Needs
    - **Without an identified need, there is no "nexus" to continue to charge new construction this development impact/capacity fee.**

Sanitary District Connection Fee (360)

- The footnote is helpful in understanding the indebtedness
    - The expenditure should be included in the second table
    - Please provide the Capital Improvement Plan/Program sheets for these two projects
        - When does the city plan to commence with these projects?

As you have read, the Desert Valleys Builders Association has concerns regarding the City of Coachella's use or intent to use Mitigation Fee Act Funding. As with many grants the City receives, these funds have very narrow parameters for acceptable use, and that is to provide new infrastructure or to expand the capacity of existing infrastructure to meet the

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demands of a growing population. They cannot be used to rehabilitate, repair, or to replace existing facilities without showing how the facilities expand their functionality beyond the original design.

As pointed out in the Building Industry Association of Tulare and Kings Counties v. The City of Lemoore, the review of annual reports, is the primary opportunity for the public to question the use and management of Mitigation Fee Act Funds. The City has an obligation to explain or support its use of these public funds.

Additionally, the city is required to identify when funding is expected to be available to commence with the capital improvement projects as well as when the projects are expected to be completed and last payments made. Part of this is in the Mitigation Fee updates over the past couple of years.

We look forward to receiving the explanations for use on the identified expenditures, as well as the appropriate changes made to this report in compliance with the Mitigation Fee Act (Government Code 66000-66025).

Sincerely,

James Brownyard
Executive Officer
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