



STAFF REPORT
January 28, 2026

TO: Honorable Mayor and City Council Members

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

SUBJECT: Resolution No. 2026-06 Approving a Master Service Engagement Letter and a Supplemental Engagement Letter with Stradling for the Establishment of the Coachella Electric Financing Authority including acting as Bond and Disclosure Council

STAFF RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2026-06, approving a Master Service Agreement Letter and Supplemental Engagement Letter with Stradling for the establishment of the Coachella Electric Financing Authority including acting as Bond and Disclosure Council.

BACKGROUND:

Staff has communicated its discussions with Imperial Irrigation District (IID) to Council. IID electrical capacity in our city is limited. Construction of additional substations in the city is needed for energy reliability, resiliency and continued economic growth. Indio and IID recently created the Indio Electric Financing Authority which successfully financed the construction of new substations within in Indio through the levy of surcharge on each kilowatt hour of energy sold by IID in Indio. IID talks have progressed to the point that our city needs to begin the formation and rate setting process for the Coachella Electric Financing Authority. Staff is hoping to use the same consultants that Indio used since this is a new type of funding mechanism and we feel that using the same consultants will result in lower costs due to economies of scale from the prior experience with Indio and from their experience collaborating with IID on behalf of Indio.

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:

Staff would like to have Council consider Stradling as bond and disclosure counsel to the City in connection with its formation of the City of Coachella Electric Financing Authority (“Formation Services”) and the implementation of a surcharge on electrical power provided by Imperial

Irrigation district within the City (the “Surcharge”) and other general public finance work (“Other Finance Services” and together with Formation Services the “Services”).

The terms allow the City to cancel with or without cause at any time with a 10-day written notification. If the City does not move forward with the formation of the Coachella Electric Financing Authority, this contract can be terminated to avoid any unnecessary costs.

ALTERNATIVES:

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

FISCAL IMPACT:

2026 Discounted Senior Partner hourly rates are \$680; Junior Partner hourly rates are \$630; Senior Associate hourly rates are \$450; Junior Associates hourly rates are \$385; and all Paralegals hourly rates are \$195. These rates are subject to a two percent escalator per year. The contract Not-To-Exceed amount will be for \$100,000 and can be recuperated from bond issuance for consultant costs of formation.

Attachments:

Resolution 2026-06

Master Service Agreement Letter

Supplemental Engagement Letter