



STAFF REPORT
7/8/2026

TO: Honorable Mayor and City Council Members

FROM: Gustavo Romo, City Manager

PREPARED BY: Gustavo Romo, City Manager
Ryan Guiboa, City Attorney

SUBJECT: A Public Hearing to Consider an Urgency Ordinance Extending the Temporary Moratorium on Data Center Development for 10 Months and 15 Days and Issuance of Written Report Pursuant to California Government Code Section 65858

STAFF RECOMMENDATION:

Staff recommends that the City Council consider (1) issuing a Written Report describing measures taken to alleviate conditions that led to the adoption of Urgency Ordinance No. 1229; and (2) adopting the proposed Urgency Ordinance, by a four-fifths (4/5) vote, extending a temporary moratorium on the acceptance, processing, and approval of any applications, permits, entitlements, or other approvals for data center development within the City of Coachella for an additional 10 months and 15 days, pursuant to California Government Code, Section 65858, effective immediately upon adoption.

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.

On June 4, 2026, the City Council adopted an Urgency Ordinance imposing a temporary 45-day moratorium on the approval of any data center development. The intent of this moratorium was to 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.

Staff now requires additional time to ensure that proposed changes to the City's Municipal Code are considered by the City Council and, if approved, enacted prior to the lapse of the current prohibition of data center uses in the City. As a result, this staff report provides for the City Council to adopt an Urgency Ordinance, pursuant to California Government Code Section 65858, extending a temporary moratorium on the approval of any data center development for an additional 10 months and 15 days. This staff report also includes a progress report ("Written Report") describing the measures being taken by City staff to alleviate the conditions that gave rise to the need for the moratorium.

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 are known to 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, contributing to air pollution and climate impacts. Further, noise impacts from construction activity, cooling equipment, and backup generators have 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 large-scale data center projects, 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 Extending 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. On June 4, 2026, the City Council adopted Urgency Ordinance No. 1229, which enacted a moratorium on the approval of any land use entitlement for a “Data Center” in the City of Coachella.

A “Data Center” was 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.”

Pursuant to California Government Code Section 65858, the Urgency Ordinance No. 1229 established a 45-day moratorium on data center development. California Government Code Section 65858 authorizes the City Council to extend the moratorium for an additional 10 months and 15 days, and requires the City to prepare a progress report describing the measures being taken to alleviate the conditions that gave rise to the need for the moratorium.

This Urgency Ordinance proposes extending the moratorium for an additional 10 months and 15 days to ensure that proposed changes to City’s Municipal Code that are approved by City Council are enacted prior to the lapse of the current prohibition of data center uses in the City. The statutorily required Written Report is attached to this staff report.

Written Report

The Written Report is submitted in accordance with Government Code Section 65858(d), which requires a written report describing the measures taken to alleviate the threat to the public health, safety, or welfare caused by the potential development of a data center within the City that led to the adoption of a temporary moratorium prior to any extension of that moratorium.

Urgency Ordinance No. 1229, establishing a 45-day moratorium, was enacted in response to growing concerns regarding:

- The threats data centers pose to electrical infrastructure and grid reliability;
- The concerns data centers raise with respect to water supply and drought resiliency;
- The public health impacts caused by data centers; and
- The concerns data centers raise with respect to fire and emergency response and public safety generally.

Since the adoption of Urgency Ordinance No. 1229, City staff has undertaken the following efforts to study and address these concerns:

1. **Review of Existing Regulations:** Staff has conducted a comprehensive review of Title 17 of the Coachella Municipal Code, as well as other current municipal code provisions that would regulate potential data centers within the City.
2. **Research of Best Practices:** Staff has examined regulatory frameworks used by other California cities to effectively mitigate the impact of data centers on infrastructure, utilities, and public health and safety.
3. **Public Engagement:** The City has held public hearings to discuss the presence of data centers within the City between members of the community.
4. **Zoning Analysis:** Staff has evaluated zoning strategies to best regulate the presence of data centers within the City.
5. **Coordination with Legal Counsel:** The City Attorney's Office has been consulted to ensure any proposed regulations are legally defensible and consistent with state law.

Based on the above efforts, staff is preparing a proposed ordinance to amend Title 17 of the Coachella Municipal Code to consider permanently prohibiting data centers and related uses within the City. This proposed ordinance is currently scheduled to go before the Planning Commission on July 18, 2026, and it is thereafter scheduled to go before the City Council at the August 12, 2026, regularly-scheduled meeting for introduction and first reading.

Required Findings

The findings in Urgency Ordinance No. 1229 regarding data centers, detailing their emerging nature; their threats to electrical infrastructure and grid reliability; the concerns they raise with respect to water supply and drought resiliency; their public health impacts; and the concerns they raise with respect to fire and emergency response, and public safety generally, are still applicable as staff continues to study and prepare appropriate zoning regulations and development standards for data centers within the City.

RECOMMENDED ACTION:

Issue the Written Report and adopt Urgency Ordinance as presented, extending a moratorium on data center development for an additional 10 months and 15 days pursuant to Government Code Section 65858, effective immediately upon adoption by a four-fifths vote.

ALTERNATIVE ACTION:

Do not adopt the Urgency Ordinance extending the moratorium, thus allowing the moratorium to expire on July 19, 2026.

FISCAL IMPACT:

Adoption of this Urgency Ordinance is not expected to have a significant direct fiscal impact on the City.

ATTACHMENT

1. Urgency Ordinance No. 1230
2. Written Report: Measures Taken to Alleviate Conditions Which Led to Adoption of Urgency Ordinance No. 1229