



**STAFF REPORT**  
**7/15/2026**

**TO:** Planning Commission Chair and Commissioners

**FROM:** Gustavo Romo, City Manager

**PREPARED BY:** Kendra Reif, Community Development Director  
Ryan Guiboa, City Attorney

**SUBJECT:** Resolution No. PC 2026-23 Recommending that City Council Adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to Prohibit Data Centers Uses Within the City of Coachella

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**STAFF RECOMMENDATION:**

Staff recommends that the Planning Commission recommend that City Council adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within the City.

**EXECUTIVE SUMMARY:**

On June 4, 2026, the City Council adopted Urgency Ordinance No. 1229, establishing a temporary 45-day moratorium on the acceptance, processing, and approval of applications for Data Center development within the City of Coachella. The urgency ordinance was adopted due to concerns regarding the potential impacts of Data Centers on electrical infrastructure, water resources, air quality, public health, public safety, and land use compatibility.

The moratorium was intended to provide the City with sufficient time to evaluate the impacts associated with Data Center development, review regulatory approaches adopted by other California jurisdictions, and determine whether Data Centers should be regulated, restricted, or prohibited within the City.

Since adoption of the moratorium, staff has reviewed available information regarding Data Centers Uses, including the operational characteristics of such facilities, their resource demands, and actions taken by local jurisdictions throughout California. Based upon this review, staff has determined that Data Centers are incompatible with the City's long-term planning objectives, infrastructure planning assumptions, environmental goals, and economic development priorities.

Accordingly, staff recommends that the Planning Commission recommend to City Council to adopt an Ordinance, which would add Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within all zoning districts citywide.

### **BACKGROUND:**

Advances in cloud computing, artificial intelligence, machine learning, digital storage, and cryptocurrency processing have resulted in increased demand for large-scale Data Centers throughout California and the western United States. These facilities typically operate on a continuous twenty-four-hour basis and require significant electrical infrastructure, cooling systems, backup power generation equipment, and other supporting infrastructure.

In early 2026, the City began evaluating a proposed large-scale technology campus that included Data Center components and was anticipated to serve as a primary electrical customer for the proposed Coachella Municipal Utility. During the preliminary review process, City staff identified significant concerns regarding infrastructure demand, utility capacity, environmental impacts, water consumption, emergency response capabilities, and overall land use compatibility.

On May 27, 2026, the City Council received extensive public testimony regarding the potential impacts of Data Centers on the Coachella Valley. Community concerns focused on electrical demand, water consumption, air quality impacts, noise generation, environmental sustainability, and economic benefits associated with Data Center development.

On June 4, 2026, the City Council adopted Urgency Ordinance No. 1229, pursuant to Government Code Section 65858, establishing a temporary moratorium on Data Center development for 45 days. This urgency ordinance was adopted to preserve the status quo while the City evaluated appropriate long-term regulatory actions.

On July 8, 2026, the City Council adopted Urgency Ordinance No. 1230, pursuant to Government Code Section 65858, to extend the moratorium on Data Center development for an additional 10 months and 15 days. This urgency ordinance was adopted to continue preserving the status quo while the City implemented what it has determined is the appropriate long-term regulatory action.

Since adoption of the moratorium, staff has reviewed the regulatory approaches being considered and adopted by other California jurisdictions. Several cities have adopted temporary moratoria on Data Center development, while at least one California jurisdiction has adopted a permanent prohibition on Data Centers based on similar concerns regarding utility demand, environmental impacts, and land use compatibility.

### **DISCUSSION/ANALYSIS:**

Water Resource Protection

One of the primary concerns associated with Data Center development is water consumption. Modern Data Centers frequently rely upon water-intensive cooling systems to maintain operational temperatures and support continuous computing functions. The Coachella Valley faces ongoing water supply challenges associated with drought conditions on both the State Water Project and Colorado River, groundwater sustainability requirements, imported water limitations, and long-term climate uncertainty.

Staff believes preservation of available water resources for residential, commercial, agricultural, recreational, educational, public safety, and future community-serving uses constitutes a significant public purpose and supports adoption of the proposed ordinance.

### Electrical Infrastructure and Utility Planning

Data Centers are among the most electricity-intensive forms of development currently being proposed throughout California. Large-scale facilities may require substantial electrical infrastructure investments, including substations, transmission facilities, distribution infrastructure, backup generation systems, and battery storage systems.

The City has determined that permitting Data Centers could significantly affect future electrical infrastructure planning, utility capacity allocation decisions, municipal utility planning assumptions, and long-term growth management objectives.

### Public Health and Environmental Protection

Data Centers commonly utilize cooling systems, ventilation equipment, transformers, battery storage systems, fuel storage systems, and backup generators. These facilities may generate noise, vibration, heat, emissions, and other operational impacts that differ substantially from traditional commercial and industrial development.

The City has determined that protecting air quality, environmental quality, drinking water resources, and public health constitutes an important governmental interest supporting adoption of the proposed ordinance.

### Emergency Response Considerations

Large-scale Data Centers may contain substantial electrical infrastructure, battery storage systems, fuel storage facilities, cooling systems, and hazardous materials. Such facilities may present specialized fire protection and emergency response challenges requiring additional public resources and operational considerations.

### Economic Development and Land Use Compatibility

Industrial and employment-designated land within the City represents a limited public resource. Data Centers generally generate fewer permanent jobs than many commercial, industrial, manufacturing, and research-oriented uses while consuming substantial infrastructure capacity and utility resources.

The City Council has expressed a desire to preserve available industrial land and utility capacity for development that generates greater employment opportunities, economic diversification, workforce development, and community benefits.

Based upon these considerations, staff has determined that Data Centers and High-Energy Digital Infrastructure Uses are incompatible with the City's long-term planning objectives and recommends City Council's adoption of an Ordinance prohibiting such uses within the City.

**ENVIRONMENTAL REVIEW:**

The proposed Resolution is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) because the Resolution recommends prohibiting a category of development and can be seen with certainty that the action will not result in a direct or reasonably foreseeable physical change in the environment.

**FISCAL IMPACT:**

Adoption of the proposed Resolution is not anticipated to have a direct fiscal impact on the City. Staff time associated with implementation and enforcement of the Resolution will be absorbed within existing departmental budgets.

**ALTERNATIVES:**

1. Recommend that City Council adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within the City.
2. Recommend that City Council do not adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within the City.
3. Take no position regarding whether City Council should adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within the City.
4. Continue this item and provide staff with direction.

**RECOMMENDED ALTERNATIVE(S):**

Staff recommends Alternative No. 1:

1. Recommend that City Council adopt an Ordinance Adding Chapter 17.92 to Title XVII of the Coachella Municipal Code to prohibit Data Centers Uses within the City.

**ATTACHMENTS:**

1. Resolution PC 2026-23

- Attachment “A” Proposed City Council Ordinance

2. Desert Sun Notice of Public Hearing