



**CITY OF PALM DESERT**  
CITY MANAGER'S OFFICE  
INTEROFFICE MEMORANDUM

Date: January 8, 2026  
To: Honorable Mayor and Councilmembers  
From: Anthony J. Mejia, City Clerk  
**Subject: City Council Meeting of January 8, 2026**

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Below you will find questions received from the Mayor or Councilmembers and answers provided by City staff regarding tonight's City Council meeting:

**REGULAR MEETING**

**ITEM 9e: APPROVAL OF THE 2026 CITY COUNCIL LIAISON AND SUBCOMMITTEE ASSIGNMENTS AND APPOINTMENT OF REPRESENTATIVES TO EXTERNAL ORGANIZATIONS**

Revised Roster:

- Due to scheduling conflicts with the Riverside County Transportation Commission, it is recommended that Councilmember Nestande serve as the City Council liaison to the Palm Desert Cultural Arts Committee in place of Councilmember Harnik.
- CVAG Personnel Committee: This committee meets one to two times per year, or as needed. Its membership is limited to the CVAG Chair, Vice Chair, immediate past Chair, the CVCC Chair, and two elected officials appointed by CVAG. The City Council does not make appointments to this committee. The roster is being revised to strike the proposed appointments.

**ITEM 10a: APPROVE FUNDING AND RESERVATION AGREEMENT FOR THE COOK STREET ENERGY SUBSTATION WITH IMPERIAL IRRIGATION DISTRICT**

**Q1: Were any Capital Improvements Projects impacted by funding the IID venture?**

**A1:** No, but resources will need to be reprioritized. The project is funded through the Capital Bond Proceeds Project account, which consists of former redevelopment agency bond proceeds. These funds are legally restricted for use on eligible public infrastructure projects and cannot be used for general operating purposes. Utilizing these bond proceeds avoids the need to draw on the City's General Fund reserves to advance the costs associated with extending energy service from IID as part of the City's North Sphere project. It is also important to note that bond proceeds are earmarked and budgeted for projects that are anticipated to move forward immediately. Accordingly, when another project becomes "shovel ready," it is prudent to realign resources to support timely delivery and avoid delays in implementation. In this instance, the projects most directly impacted would be the planned rehabilitation of the fire stations; however, the Fire Fund contains sufficient resources to absorb the impact. The change in funding will be included in the midyear budget request.

**Q2: Is there a timeline for IID to complete the project?**

**A2:** Yes. IID has completed the design and engineering phase and has already ordered the long-lead transformers required for the substation. Construction is scheduled to begin in 2027, with the substation expected to be fully operational by summer 2028.

**Q3: Will there be a penalty for failing to complete on time?**

**A3:** No. IID has designated this project as a priority and does not anticipate unusual delays. IID has committed to making all commercially reasonable efforts to complete the project on schedule and to mitigate delays to the extent within its control.

**Q4: What happens if one of the private parties pulls out of the project?**

**A4:** The private parties have remained engaged because access to electrical power is critical to the viability of their respective development projects. While no party has indicated an intent to withdraw, the proposed agreement includes provisions to address this possibility. If a private party were to exit the project, another existing participant could purchase the departing party's energy capacity and assume the associated costs, or a new participant could be brought into the agreement to replace them. If no replacement purchaser is identified, the remaining parties would proportionally absorb both the cost and the additional energy capacity.

It is important to note that this agreement does not satisfy the broader energy demands of other parties in this agreement who have expressed a need for more energy. Additionally, new interested parties have expressed interest in purchasing available capacity should it become available.

**Q5: Will the remaining parties absorb the cost?**

**A5:** Yes, but only if neither an existing party nor a new participant purchases the departing party's energy capacity.

**Q6: Has Palm Desert evaluated future consumer trends to increase their own sustainability and reduce demand on the grid?**

**A6:** Yes. City staff is actively researching long-term sustainability strategies, including the potential use of microgrids and grid-demand mitigation measures such as solar generation and battery storage. City Council study sessions on these topics are anticipated later in 2026 to inform future policy and infrastructure decisions.

**Q7: What is the City's financial exposure under the IID agreement if planned development does not proceed as anticipated, and how would a housing market downturn affect reimbursement and projected General Fund gains?**

**A7:** The City's maximum financial exposure is limited to \$5,613,766 in bond proceeds, which would be advanced to the Imperial Irrigation District (IID) to fund Palm Desert's share of energy costs. As part of this action, a Community Facilities District (CFD) would be formed on the vacant parcels to reimburse the City for this advance. Parcel owners would pay their share of energy costs either upfront or over the life of the CFD, ensuring the City is fully reimbursed over time. While an economic downturn could delay anticipated General Fund revenues from property development benefiting from this energy, it would not affect the City's ability to recover the full \$5,613,766 used to fund construction of the substation.

**ITEM 11c: CONSIDERATION TO ADOPT HILLSIDE RESIDENTIAL DESIGN STANDARDS AND A CORRESPONDING ZONING ORDINANCE AMENDMENT**

**Q1:** The objective standard will apply to new projects. Since the proposal will allow certain projects to move forward due to previous entitlements, etc., what safeguards will we have in place to prevent development that contradicts this, such as the home being constructed that prompted this effort to begin with?

**A1:** The Hillside Ordinance establishes objective standards that will apply prospectively to new projects submitted after adoption. Projects with valid vested rights, such as approved entitlements or complete applications, may proceed under the regulations in effect at the time those rights were established, as required by state law. This limits the City's ability to retroactively apply new standards.

To safeguard against development that contradicts the ordinance's intent, the City will rely on a combination of careful review of vested rights, enforcement of existing regulations and conditions, and application of updated standards when new discretionary approvals are required. In the interim, existing hillside, grading, and environmental regulations will continue to apply.

While retroactive application is limited, these measures ensure continued oversight of entitled projects and prevent similar situations from occurring in the future by establishing clear, objective, and enforceable hillside development standards.