



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

Meeting Date: July 28, 2026

Title: Resolution 2026-33 Supporting and Ratifying the City of Needles' Application to the California Governor's Office of Business and Economic Development (GO-Biz) Recommending the Nomination of Census Tract 06071010700 to the Opportunity Zone 2.0 Program

Background: Congress established the federal Opportunity Zone (OZ) Program through the Tax Cuts and Jobs Act of 2017 to encourage long-term private investment in economically distressed communities. The program provides preferential federal tax treatment for capital gains invested through Qualified Opportunity Funds (QOFs) into designated Opportunity Zones.

Qualified investments may include:

- Commercial and residential development
- Rehabilitation of vacant or underutilized properties
- Expansion of operating businesses
- Industrial and manufacturing facilities
- Infrastructure and energy-related projects

The Opportunity Zone program is intended to encourage patient capital investment that stimulates economic growth, creates jobs, expands housing opportunities, and revitalizes underserved communities.

Investments receiving Opportunity Zone tax benefits must be made through Qualified Opportunity Funds (QOFs), with incentives increasing based upon the length of time investments remain within the fund.

Opportunity Zone 2.0: The original Opportunity Zone Program was scheduled to expire on December 31, 2026. However, Congress permanently reauthorized the program through the One Big Beautiful Bill Act of 2025, commonly referred to as Opportunity Zone 2.0.

Under Opportunity Zone 2.0, governors will recommend eligible low-income census tracts to the U.S. Department of the Treasury for designation every ten years.

The current designation process follows the timeline below:

Opportunity Zone 2.0 Timeline

- **April 2026** – IRS releases eligible census tracts.
- **June 15, 2026** – GO-Biz opens local recommendation period.
- **July 20, 2026** – Deadline for local jurisdictions to submit recommendations.
- **August 1, 2026** – State public comment period begins.
- **September 30, 2026** – Governor submits nominations to the U.S. Department of the Treasury.
- **November 2026** – Treasury certifies Opportunity Zone designations.

- **January 1, 2027** – Opportunity Zone 2.0 designations become effective for ten years.

California Nomination Process: The California Governor's Office of Business and Economic Development (GO-Biz) invited local jurisdictions to recommend eligible census tracts between June 15 and July 20, 2026.

Each recommendation required identification of:

- The recommending jurisdiction;
- A primary point of contact;
- The eligible census tract; and
- A narrative demonstrating how designation would advance California's economic development priorities.

GO-Biz has indicated it will prioritize census tracts demonstrating alignment with State initiatives, including:

- California Jobs First Regional Plans
- Affordable housing and Regional Housing Needs Allocation (RHNA)
- Development-ready sites
- Committed public investment
- Regional economic development priorities

Following the local nomination period, GO-Biz will conduct a statewide public comment period before forwarding recommendations to the Governor for consideration.

City of Needles Opportunity Zone Nomination

The City of Needles submitted an application recommending **Census Tract 06071010700** for designation under Opportunity Zone 2.0.

The nominated census tract currently benefits from an Opportunity Zone 1.0 designation, which remains in effect through December 31, 2026, and has been identified by the U.S. Department of the Treasury as eligible for Opportunity Zone 2.0 consideration.

Because GO-Biz established a mandatory application deadline of **July 20, 2026**, staff submitted the City's application prior to the July 28, 2026 City Council meeting in order to preserve the City's eligibility. Adoption of Resolution No. 2026-33 formally ratifies the application and establishes the City Council's official support for inclusion in the public record during the State's review and public comment process.

Analysis: The City of Needles' nominated census tract strongly aligns with the State's Opportunity Zone 2.0 evaluation criteria and represents one of California's most investment-ready rural communities, supported by significant public infrastructure investments, development-ready sites, strategic transportation assets, and demonstrated economic momentum.

Over the past several years, the City has implemented a comprehensive economic development strategy focused on infrastructure investment, housing, business attraction, downtown revitalization, tourism, workforce development, and industrial growth.

Since 2021, the City has successfully secured more than \$28 million in competitive state and federal grant funding supporting critical public infrastructure improvements, including water system upgrades, transportation improvements, utility infrastructure, and public facilities. These investments build upon the City's sustained economic momentum, reflected by an approximately 96 percent increase in assessed valuation since 2017, demonstrating continued investor confidence in the community.

The census tract contains numerous development-ready sites supported by existing municipal water, sewer, electric, and transportation infrastructure. Needles' municipally owned electric utility, direct access to Interstate 40, BNSF Railway, Needles Airport, and strategic location along Historic Route 66 position the community as California's eastern gateway for industrial, logistics, tourism, housing, and commercial investment.

The nominated census tract also advances several California Jobs First strategic sectors, including:

- Housing
- Infrastructure
- Transportation and Logistics
- Tourism and Outdoor Recreation
- Manufacturing
- Healthcare
- Education and Workforce Development
- Clean Economy

The City has demonstrated a sustained commitment to economic development through its Rural Prohousing Designation, continued investment in public infrastructure, implementation of the Off-Highway Vehicle Recreation Pilot Program, support for business expansion, housing initiatives, and strong partnerships with GO-Biz, California Jobs First, San Bernardino County, regional economic development organizations, and private industry.

Continued Opportunity Zone designation will strengthen the City's ability to leverage these public investments to attract additional private capital, expand employment opportunities, increase housing production, revitalize underutilized properties, diversify the local economy, and improve the quality of life for residents.

Strategic Importance: Opportunity Zone designation is a key component of the City's long-term economic development strategy.

The City has assembled the foundational elements necessary to support catalytic private investment through significant infrastructure improvements, development-ready properties, strategic transportation assets, municipally owned utility services, and coordinated partnerships with local, regional, state, and federal agencies.

Maintaining Opportunity Zone designation will enhance the City's competitiveness for future private investment while supporting redevelopment, business expansion, housing production, workforce development, tourism, industrial growth, and implementation of the California Jobs First Regional Plan.

The designation complements numerous ongoing public investments and reinforces the City's commitment to creating a predictable, investment-ready environment that encourages long-term economic growth and community revitalization.

Continued designation will reinforce the City's position as California's eastern gateway and strengthen its ability to compete for transformational private investment over the next decade.

Fiscal Impact: There is no immediate fiscal impact associated with adoption of the proposed resolution other than staff time devoted to preparing and submitting the application.

If Census Tract 06071010700 is designated as an Opportunity Zone under Opportunity Zone 2.0, the City may realize substantial long-term economic benefits through increased private investment, redevelopment of underutilized properties, expanded housing opportunities, business growth, job creation, increased assessed valuation, and enhanced local tax revenues, without requiring additional City financial participation.

Recommendation: Adopt Resolution No. 2026-33 supporting and ratifying the City of Needles' application to the California Governor's Office of Business and Economic Development (GO-Biz) recommending the nomination of Census Tract 06071010700 for designation under the Opportunity Zone 2.0 Program and affirming the City's commitment to leveraging the designation to advance economic development, housing, infrastructure investment, job creation, and long-term community revitalization.

Submitted By: Patrick Martinez, City Manager

City Management Review: Patrick J. Martinez Date: 7/21/2026

Other Department Approval (when required): _____ Date: _____