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August 18, 2026

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Joint Letter of Support for Opportunity Zone 2.0 Designation of Census Tracts in
Arcata, Fortuna, and Rio Dell

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Staff recommends that the City Council authorize the Mayor to execute the joint letter of support, addressed to Governor Gavin Newsom, urging the State to include census tracts 06023001001 (Arcata), 06023010901 (Fortuna), and 06023011100 (Rio Dell) in California's final Opportunity Zones 2.0 nomination to the U.S. Department of the Treasury.

BACKGROUND AND DISCUSSION

The federal Opportunity Zones 2.0 program allows each state to nominate qualifying low-income census tracts for designation, which in turn makes those tracts eligible for preferential capital gains tax treatment on long-term private investment. The California Department of Finance has issued a draft recommendation for the state's OZ 2.0 nominations, which includes Rio Dell's census tract 06023011100.

City staff, working with counterparts in Arcata and Fortuna, prepared a joint mayoral letter (Attachment A) formally concurring with the Department of Finance's draft recommendation and requesting that all three Humboldt County tracts be carried forward into the State's final nomination submitted to the U.S. Department of the Treasury. Submitting a joint, multi-city letter is intended to strengthen the case for the region as a whole during the public comment period.

Rio Dell's designated tract includes areas still recovering from the December 2022 Ferndale earthquake, which damaged an estimated 25 percent of the city's building stock but was never

federally declared a disaster. OZ 2.0 designation would give the city an additional tool to attract private capital to support that recovery and to build on recent public investments in the area, including the \$57.4 million CAL FIRE Humboldt-Del Norte Unit headquarters project.

The letter also documents the basis for designation in Arcata (the city's downtown core, including areas affected by the January 2, 2026 fire) and Fortuna (core commercial and residential areas facing population decline and above-average poverty rates), reflecting the shared regional economic development interest among the three cities.

The State's public comment period on the draft recommendation closes with a final nomination submission deadline of August 28, 2026, which must be filed electronically. Council action at this meeting is needed to allow the signed letter to be transmitted before that deadline.

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