
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



DATE: June 16, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Adopt Resolution No. 1673-2026, a Resolution of the City Council of the City of Rio Dell requesting that the Governor of the State of California and the Governor's Office of Business and Economic Development (GO-Biz) nominate Census Tract 06023011100 for designation as a Qualified Opportunity Zone under the Opportunity Zones 2.0 program.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution No. 1673-2026, a Resolution of the City Council of the City of Rio Dell requesting that the Governor of the State of California and the Governor's Office of Business and Economic Development (GO-Biz) nominate Census Tract 06023011100 for designation as a Qualified Opportunity Zone under the Opportunity Zones 2.0 program.

BACKGROUND AND DISCUSSION

The federal Opportunity Zone program was created by the Tax Cuts and Jobs Act of 2017 to encourage long-term private investment in economically distressed communities. Investors who reinvest eligible capital gains into Qualified Opportunity Funds, which in turn invest in designated census tracts, may receive federal tax benefits. The original program was scheduled to sunset on December 31, 2026.

The One Big Beautiful Bill Act (Public Law 119-21), signed into law on July 4, 2025, made the Opportunity Zone program a permanent part of the federal tax code and established a new, decennial round of designations commonly referred to as Opportunity Zones 2.0. Under this framework, the Governor's nomination window opens July 1, 2026; the U.S. Department of the Treasury certifies designations effective January 1, 2027; and the designations remain in place for ten years. GO-Biz serves as the State's lead agency advising the Governor.

As with the original statute, a state may nominate no more than twenty-five percent (25%) of its eligible census tracts. Based on the 2020 to 2024 American Community Survey data, California has 2,469 eligible tracts and may nominate approximately 618 of them, making the process competitive. The Internal Revenue Service, in Revenue Procedure 2026-14, has published the official list of census tracts eligible for nomination.

Census Tract 06023011100, which encompasses the City of Rio Dell, was not included in the original 2018 Opportunity Zone designations. The Eel River Valley was excluded from the program, and the City has therefore not previously had access to its economic-development benefits. The current round represents the City's first meaningful opportunity to secure a designation.

Eligibility. Census Tract 06023011100 qualifies as a low-income community under the tightened Opportunity Zones 2.0 criteria. The strongest basis for eligibility is the income test: the City's median household income (approximately \$42,800) is roughly forty-three percent (43%) of the statewide figure, well below the seventy percent (70%) eligibility ceiling. Staff will confirm the tract's eligibility against the Revenue Procedure 2026-14 appendix and will document the tract-level family income and poverty figures for the formal submission.

Community need. In addition to the income disparity, the tract carries the continuing economic effects of the magnitude 6.4 Ferndale earthquake of December 20, 2022, which caused extensive damage within Rio Dell, including to the City's water, sewer, natural gas, and electrical lifeline systems. The highest peak ground acceleration recorded during that event occurred within the City, and the Governor proclaimed a state of emergency. The City's existing disaster-recovery records provide direct documentation of this distress.

Investment readiness. The City has made and continues to make substantial public investments that create the conditions for private investment, including drinking-water system capital improvements, sewer-line replacement, and accessibility and recreation improvements along the Eel River. The tract has direct Highway 101 frontage and benefits from regional redevelopment momentum, including the phased redevelopment of industrial property in the adjacent Town of Scotia.

Enhanced rural incentives. Opportunity Zones 2.0 created enhanced incentives for investments in tracts comprised entirely of a rural area, including a thirty percent (30%) basis step-up (versus ten percent elsewhere) and a reduced substantial-improvement threshold of fifty percent (versus one hundred percent elsewhere). Given the City's population and rural character, staff anticipates that the tract will carry the federal rural classification, which would make a designation particularly attractive to investors. Staff will confirm the rural status as published by the Treasury Department.

Purpose of the resolution. Adoption of the resolution places the City Council's formal request on the record, lends institutional credibility to the nomination, and creates a clear paper trail for GO-Biz. It also supports the broader coalition effort, under which staff is requesting letters of support from Humboldt County, regional planning and economic-development partners, and the City's state and federal legislative representatives. Because the state's internal community-input deadline may close in advance of the federal deadline, timely Council action strengthens the City's position.

FISCAL IMPACT

Adoption of the resolution has no direct fiscal impact on the City and requires no appropriation. The staff time associated with preparing and submitting the nomination package will be absorbed within existing departmental budgets.

The Opportunity Zone incentive is a federal tax benefit realized by private investors; a designation imposes no funding obligation, matching requirement, or financial liability on the City. If the tract is designated, the anticipated benefits to the City are indirect and would accrue over time through increased private investment, job creation, housing, and a broadened assessed-value and tax base. No specific revenue is guaranteed.

ATTACHMENTS

1. Resolution No. 1673-2026