



CITY COUNCIL AGENDA REPORT

CITY HALL

CITY OF SONORA 94 N. WASHINGTON STREET, SONORA, CA 95370 P: (209) 532-4541

SERVICE, INNOVATION, INTEGRITY, COLLABORATION, RESPECT, LEADERSHIP

DATE: July 6th, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Chris Gorsky, City Administrator

SUBJECT: Consider Adoption of Resolution 07-06-2026-C Supporting the Tuolumne County Transportation Council's Submission of the Local Authority Recommendation for Opportunity Zones 2.0.

RECOMMENDATION:

Consider Adoption of Resolution 07-06-2026-C Supporting the Tuolumne County Transportation Council's Submission of Local Authority Recommendations for Opportunity Zones 2.0 Designation of Eligible Tuolumne County Census Tracts, Including Downtown Sonora.

BACKGROUND:

The federal Opportunity Zone program was established by Congress through the Tax Cuts and Jobs Act of 2017 to encourage long-term private investment in economically distressed communities by providing federal tax incentives for investments made within designated Opportunity Zones.

The original Opportunity Zone designations expire on December 31, 2026. Congress has since established Opportunity Zones 2.0, creating a new ten-year designation cycle for investments made beginning January 1, 2027. California has initiated a statewide nomination process whereby local agencies may submit recommendations to assist the Governor in selecting eligible census tracts for nomination to the United States Department of the Treasury.

Unlike the original designation process, California is encouraging local and regional participation to ensure nominations reflect community priorities, economic development goals, housing needs, infrastructure investments, and regional planning efforts.

DISCUSSION / ANALYSIS:

The Tuolumne County Transportation Council (TCTC) is coordinating a regional recommendation on behalf of local jurisdictions and stakeholders. Because economic activity, housing markets, transportation systems, and workforce patterns extend across jurisdictional boundaries, a coordinated regional recommendation provides a stronger and more comprehensive approach than individual agency submissions.

The proposed recommendation includes three eligible Tuolumne County census tracts, including Census Tract 06109001200, encompassing Downtown Sonora and the surrounding area.



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Downtown Sonora is the county's primary civic, governmental, commercial, healthcare, and visitor-serving center. The tract includes numerous public facilities, historic commercial buildings, healthcare services, tourism-related businesses, and infrastructure capable of supporting additional private investment.

Staff also recognize that a regional approach, including designation of additional eligible rural census tracts, can create complementary investment opportunities benefiting housing, workforce development, transportation, tourism, education, and economic diversification throughout Tuolumne County.

It is important to note that Opportunity Zone designation does not approve any development project, modify zoning, authorize land use changes, commit City funding, or exempt future projects from environmental review. Rather, designation creates an additional federal financing incentive that private investors may utilize if they choose to invest within designated areas.

Any future development proposals would continue to be subject to all applicable City ordinances, zoning regulations, permitting requirements, environmental review, and City Council approval where required.

FISCAL IMPACT:

There is no direct fiscal impact associated with adoption of the proposed resolution. The resolution expresses the City's support for the regional Opportunity Zones 2.0 recommendation and does not obligate the City to expend funds or commit to future projects. If the designation is approved by the federal government, future private investment may generate long-term economic activity, property rehabilitation, business expansion, housing development, and increased property and sales tax revenues.

ATTACHMENTS:

- Resolution 07-06-2026-C

CORE COUNCIL PRIORITIES:

Fiscal Responsibility and Stability, Infrastructure and Engineering, Public Safety and Disaster Preparedness, Economic Development/Growth and General Plan, Homelessness Issues, Staffing - Salary, Benefits, Training, and Retention