



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: February 10, 2026

SUBJECT: Authorization to Execute Agreement with HdL Coren & Cone for Property Tax Management and Information Services

PREPARED BY: Susan Mahoney, Finance Director

RECOMMENDATION:

Staff recommends the City Council direct staff to enter into an agreement with HdL Coren & Cone (HdLCC) for property tax management and information services.

DISCUSSION:

Property tax revenue is 46% of the City's General Fund revenue. Yuba County is responsible for assessing, collecting, and distributing property taxes to cities, counties, special districts, and school districts (collectively called "revenue districts") within the County. Distribution is based on a complex formula established by the State. Yuba County contracts with Megabyte Systems to compute the amount to distribute to the revenue districts. All parcels in the County are assigned to a Tax Rate Area (TRA). A TRA is a geographic area within the County with a unique combination of revenue districts.

In 2013, the City annexed land areas known as Hop Farm, Johnson Rancho, and Nichols Grove. The annexation agreement with Yuba County includes the following tax sharing agreements:

- Property tax increment in those areas will be shared 50/50 with the County. *Tax increment is the increase in property tax revenue above the amount collected (base amount) on the date of the agreement.*
- Sales tax generated in those areas will be shared 87.5% City and 12.5% County.

I have contacted the Yuba County Auditor-Controller to determine if the tax sharing agreements have been applied to the TRA's assigned to the annexed areas. He has assured me that the tax sharing agreements have been forwarded to Megabyte Systems but cannot provide assurance the agreements have been applied.

HdLCC has the experience and expertise to monitor all the City's property tax revenue including the tax increment on the annexed land. In addition to recovering misallocated property tax revenue, HdLCC will provide the City with information regarding market trends, budget forecasting, and individual parcel data. The attached proposal includes their full scope of services.

FISCAL IMPACT:

The annual fee for this service is \$6,810 plus 25% of any tax revenues recovered. The annual fee is adjusted annually by the California Consumer Price Index. The fee will be paid out of the General Fund.

ATTACHMENTS:

- A. HdL Coren & Cone Proposal for Property Tax Management and Information Services