



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: September 21, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Chris Gorsky, City Administrator

SUBJECT: Amendment No. 1 to the Tourism Marketing Agreement with Visit Tuolumne County, Removal of the \$150,000 Compensation Cap and Restoration of Compensation at 25% of Transient Occupancy Tax.

RECOMMENDATION:

Staff recommend that the City Council:

1. Approve Amendment No. 1 to the Tourism Marketing Agreement between the City of Sonora and Visit Tuolumne County, removing the \$150,000 annual compensation cap and restoring Consultant compensation at twenty-five percent (25%) of Transient Occupancy Tax (TOT), effective July 1, 2026; and
2. Authorize the City Administrator to execute Amendment No. 1

BACKGROUND:

On July 3, 2023, the City entered into a Tourism Marketing Agreement (the "Agreement") with Visit Tuolumne County (VTC), the County's designated destination marketing organization, to provide tourism marketing and promotion services for the City of Sonora. The Agreement runs from July 1, 2023 through June 30, 2028. Under Section 2, the Scope of Services is treated as an annual professional services engagement and is mutually evaluated and defined each year by June 1.

Section 4 of the Agreement sets VTC's compensation at "25% of the TOT, or \$150,000," and provides that in no event shall compensation exceed \$150,000 without additional written authorization and an amendment to the Scope of Services.

In practice, the \$150,000 figure operates as a ceiling on VTC's compensation: it equals 25% of \$600,000 in annual TOT, so whenever the City's TOT exceeds that level, VTC's share is held flat at \$150,000 rather than tracking the percentage the Agreement was built around.

The City's TOT is generated by overnight visitors, and VTC's marketing program is intended to grow that revenue. The percentage-based structure was the original basis of the partnership: it ties VTC's funding directly to the visitor activity its work is meant to produce, and it scales the City's investment with the City's receipts.



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

DISCUSSION / ANALYSIS:

Staff recommends amending the Agreement to remove the fixed \$150,000 cap and return to a straight 25% of TOT for the remainder of the term, for three reasons.

- **The FY 2026-27 Scope of Services exceeds the cap.** The annual Scope of Services developed with VTC for the current fiscal year exceeds \$150,000. Under the Agreement as written, the City cannot compensate VTC for that scope without a written authorization and amendment in any event. Restoring the percentage formula resolves this for the current year and avoids the need to return to Council each year the scope and the cap diverge.
- **The cap penalizes VTC in strong revenue years.** When visitor activity is strong and TOT rises, the cap holds VTC's funding flat even though VTC's marketing effort is a contributor to that growth. The City does not wish to penalize its marketing partner in the years its program performs best. Removing the cap restores the incentive alignment that the 25% formula was intended to create.
- **The cost to the City is expected to be minimal.** The City's TOT has been reasonably flat in recent years, and 25% of TOT has remained at or near the \$150,000 level. The amendment therefore changes the outcome only in years when TOT grows, in which case the additional payment to VTC is funded by the additional TOT received.

FISCAL IMPACT:

Under the amendment, VTC's compensation will equal 25% of the TOT received by the City rather than the lesser of that amount or \$150,000. Because TOT has been reasonably flat, staff expects the near-term impact on the General Fund to be minimal. In any year in which TOT exceeds \$600,000, the amount payable to VTC will exceed \$150,000 by 25% of the TOT above that threshold; that additional cost is offset dollar-for-dollar by the additional TOT received, with the remaining 75% retained by the City. In a year in which TOT falls below \$600,000, the City's obligation will be less than \$150,000.

ATTACHMENTS:

- Amendment #1 to the Tourism and Marketing Agreement.

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