



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 34

Agenda Date: December 15, 2022

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Go Rio Amendment #3

SUMMARY:

This ordinance authorizes an amendment to the agreement between Go Rio San Antonio LLC and City of San Antonio, providing for the extension of the agreement for three additional years through September 30, 2030. The amendment also reduces the payment to Go Rio for termination for convenience to \$3,000,000 during the extension period and increases the percentage Go Rio will pay the City for commission fees to 56% of its adjusted gross revenue during the extension period. The future price increases stated in the price schedule will be approved and not require future City Council consideration.

Go Rio will continue to collect \$0.75 per ticket and \$30.00 per charter which will be paid to the City's River Barge Capital Improvement Fund. The homeless services fee of \$0.50 per ticket sold will also continue to be collected by Go Rio during the extension period.

BACKGROUND INFORMATION:

Go Rio conducts river barge concessions on the San Antonio River Walk. The term of Go Rio's current agreement is October 1, 2017, through September 30, 2027. In the first two years of the

agreement, Go Rio performed exceptionally well, exceeding revenue and passenger projections. In contract years 1 and 2, Go Rio paid the City over \$8.7 million and \$9.5 million, respectively. Ridership increased 6.5% from FY 2018 to FY 2019. In FY 2020, however, ridership decreased by over 50% and the corresponding payment to the City was reduced to \$4.8 million. In FY 2021, ridership increased to 1.2 million, still well below FY 2019 ticket sales of 1.7 million. Seeking relief for the drastic economic downturn due to the pandemic, Go Rio is requesting to extend the current agreement by three years.

ISSUE:

The pandemic had a significant impact on Go Rio's operations, including a complete halt of their operations from March 2020 to June 2020, and a reduction in ridership of over 50% in FY2020. Ridership has not yet recovered to pre-pandemic levels. City staff supports a three-year contract extension to lessen the impact to our concession partner. This action will extend the contract through September 30, 2030.

Future ticket price increases in the contract pricing schedule, as well as the rates for this extension period, will be approved by this amendment and will not require additional City Council consideration. During the extension period, the price per ticket will increase by \$1 for most ticket categories, which is consistent with the structure of the existing contract. A summary of the future ticket price increases from the contract price schedule is below.

	FY 2023	FY 2025	FY 2028*
ADULT	\$14.00	\$15.00	\$16.00
CHILD	\$8.00	\$9.00	\$10.00
LOCAL RESIDENT	\$12.00	\$13.00	\$14.00
MILITARY	\$11.00	\$12.00	\$13.00
SENIOR	\$11.00	\$12.00	\$13.00
ONE DAY TAXI	\$20.50	\$21.50	\$22.50
THREE DAY TAXI	\$29.50	\$30.50	\$31.50

* Denotes first year of the extension term

Also consistent with the structure of the existing agreement, Go Rio will increase its percentage payment to the City from 54% in the final year of the current agreement to 56% of its adjusted gross sales for years 11 through 13 of the agreement. Additionally, Go Rio will continue to collect \$0.75 per ticket and \$30.00 per charter during the extension period, and submit the funds to the City's River Barge Capital Improvement Fund. The \$0.50 per ticket sold for the homeless services fee will continue to be collected throughout the extension term. The amendment also clarifies that Go Rio may use River Barge Improvement Fee funds to cover interest costs incurred in the financing of barge and marina improvements. The City's fee to terminate the contract for convenience also decreases to \$3,000,000 during the extension period.

Approval of this ordinance is consistent with City of San Antonio policy to utilize and maintain City-owned property in support of downtown economic development. Amending the Go Rio agreement requires City Council approval.

ALTERNATIVES:

City Council could choose not to extend the current Barge Concession Contract and instead initiate a Request for Proposals once the current contract expires.

FISCAL IMPACT:

This ordinance approves an amendment to the Go Rio San Antonio, LLC agreement, extending the agreement for three additional years to September 30, 2030, increasing the percentage payment to the City and adjusting the terms for termination of the agreement. The total revenue for commission revenues the extension period is estimated to be \$41,853,977. These funds will be deposited into the General Fund.

In addition, Go Rio will collect the \$0.75 River Walk Capital Improvement Fee on each ticket sold during the extension. The three year extension is expected to generate an additional \$4,089,687 to be deposited into the River Barge Improvements Fund. The purpose of that fund is to first pay for any outstanding debt on costs incurred from replacing components of the barge fleet's propulsion system, and then to support river walk capital improvements to be identified by the City. Go Rio will also continue to collect the \$0.50 Homeless Services Fee, with those revenues generating an additional \$3,853,794 over the three year extension. Those funds contribute to the cost of ongoing general fund programs related to homeless services.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the amendment to extend the agreement with Go Rio for three additional years.