



City of San Antonio

Agenda Memorandum

File Number:16-3312

Agenda Item Number: 23.

Agenda Date: 6/16/2016

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Noel T. Jones

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to the Downtown Hotel Shuttle Service Concession agreement for the San Antonio International Airport

SUMMARY:

This Ordinance will extend the term of the Downtown Hotel Shuttle Service Concession agreement with City Tours, Inc. at the San Antonio International Airport (SAT) by one year, which will become effective June 1, 2016. The minimum annual guarantee is \$180,000.00.

BACKGROUND INFORMATION:

On March 3, 2011 City Council authorized a five-year concession agreement for Downtown Hotel Shuttle Services with City Tours, Inc. The service began in June 2011.

On February 9, 2016, the Aviation Department briefed members of the Economic and Human Development Council Committee on the solicitation for a shuttle service concession agreement that would serve as the exclusive shuttle service for SAT to the downtown area including hotels, motels, Convention Center and other area attractions. At the meeting, Council members requested additional information on the impact of Transportation Network Companies (Uber and Lyft) on the shuttle service, a survey of area hotels' support for a shuttle service and other information related to transportation options at the airport. The Aviation Department provided members of the EHDC with this information on May 3, 2016. At the meeting it was agreed that Aviation staff would negotiate with City Tours, Inc. to extend the agreement for up to a year on mutually agreeable terms.

Staff request Council approval of an extension and amendment of the Downtown Hotel Shuttle Service Concession Agreement with the following terms:

- A minimum annual guarantee of \$180,000.00 with the minimum monthly guarantee in the amount of \$15,000.00. The payment date of the monthly amount is the 10th day of the month.
- A percentage fee of 13% of cumulative year-to-date gross revenues (ticket sales, baggage fees and advertising sales) up to and including \$1.5 million. Should those sales exceed \$1.5 million, the percentage fee is 15%.
- The balance of the default payments and accrued late fees in the amount of \$27,131 will be paid in equal monthly installments with payments on June 24, 2016, July 22, 2016, August 19, 2016 and September 23, 2016. Failure to meet the payment schedule will result in the termination of the agreement.

ISSUE:

The extension of the concession agreement with City Tours, Inc. for downtown hotel shuttle services requires the approval of City Council.

ALTERNATIVES:

The City Council could elect to not approve the amendment to the concession agreement with City Tours, Inc. However, failure to approve the amendment will result in passengers not having the option to utilize shuttle service until a new solicitation can be awarded by City Council.

FISCAL IMPACT:

The City is guaranteed annually at least \$180,000.00. In addition, City Tours, Inc. will continue to lease space in each terminal at a rate of \$500.00 per booth per month. Revenue generated from this contract will be deposited in the Airport Operation and Maintenance Fund.

RECOMMENDATION:

Staff recommends approval of the amendment to extend the concession agreement with City Tours, Inc. for an additional year, commencing on June 1, 2016.