



City of San Antonio

Agenda Memorandum

File Number:17-3243

Agenda Item Number: 3.

Agenda Date: 5/25/2017

In Control: City Council Special Meeting

DEPARTMENT: Center City Development & Operations

EXECUTIVE LEADS: Carlos J. Contreras, Assistant City Manager; Kevin Barthold, City Auditor

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT: River Barge Concession Services

SUMMARY:

This ordinance authorizes the negotiation and execution of a contract with San Antonio River Cruises (Entertainment Cruises) to provide the daily operation of river barges and river barge concessions on the San Antonio River between the Nueva Street Marina and the turnaround basin located just south of Grayson Street Bridge to begin on October 1, 2017.

BACKGROUND INFORMATION:

The San Antonio River Walk is nationally and internationally recognized as one of the top travel destinations in Texas. San Antonio is the seventh largest city in the United States and the historic River Walk is one of its most distinguishing features. More than 11.5 million people visit the River Walk annually. These visitors stimulate an overall economic impact of \$3.1 billion and support 31,000 jobs. The river barge operation is integral to the economies in San Antonio's hotel, restaurant and convention and tourism industries as promoted by Visit San Antonio, the City's Convention and Tourism Bureau, particularly in light of San Antonio's upcoming Tricentennial celebration in 2018.

The service provided by the river barge concession operator plays a vital role in enhancing the River Walk experience for the local community and visitors. Since improvements completed in 2009, the portion of the San Antonio River now navigable by river barge stretches from near Grayson Street on the north to Nueva Street on

the south and includes a lock and dam system at Brooklyn Street. River barges provide tours to over one million people annually and provide a distinctive tour through San Antonio's city center. Other services provided by river barges include dinner charters and river taxi services to key destinations along the river.

San Antonio's upcoming Tricentennial celebration in 2018 has inspired the City to reimagine the river barge experience as a quality transportation option with a newly designed, more sustainable and modular fleet that is reflective of our culturally rich and progressive city.

New Barge Design

The City originally issued an RFP for an operator for the river barge concession in June of 2014. However, due to concerns about the adequacy and quality of the two responsive proposals, city staff recommended reissuing the RFP but bifurcating the design of the river barges and the operations of the fleet into 2 separate processes. In accordance with the revised approach, the City will acquire and own the new fleet and the operator would maintain the fleet and lease it from the City.

With City Council's concurrence, AIA San Antonio launched the river barge design competition in October 2015. The 11 member jury included a naval architect, artist, restaurateur, and a variety of key potential users. Additionally, all but two members of the jury were local.

After a juried process that included 12 anonymous submittals and a public open house, the jury selected METALAB's design as the competition winner. METALAB is headquartered in Houston, Texas. The new and exciting design of the barge provides for an all-electric fleet with modularity for boats to accommodate a wide range of uses, including tours, dining, events, and new opportunities for the river barge experience. The single-level deck design allows for greater wheelchair accessibility with adjacent companion seating. The durability of materials requires minimal ongoing maintenance and the decorative railings provide enhanced passenger comfort with increased capacity. A prototype barge was created and tested on the river, and the design was improved based on public feedback.

Upon completion of the design, the City awarded the contract to Lake Assault Boats to manufacture 43 new electric powered barges on December 1, 2016. The City received 4 responses to the solicitation and none of the respondents were from Texas. The first delivery of barges is scheduled for September 2017 with the full fleet scheduled to arrive in mid-November.

Operator Selection

The next step was to issue the river barge concession RFP for the operator of the new fleet. On October 4, 2016, the City advertised for a new river barge operator that could create an authentic experience on the San Antonio River and employ strategies that leverage San Antonio's unique and diverse cultural assets to physically and emotionally connect residents and visitors to our City through programming, technology, and innovation.

On January 20, 2017, the City received 4 proposals with three having a San Antonio presence: 1) Mery & Associates, LLC dba Buena Vista Barges; 2) Go Rio San Antonio, LLC, a joint venture between Lisa's Cantina y Café, Landry's Seafood Inn & Oyster Bar, and Hope Andrade; 3) Rio San Antonio Cruises, the current operator Pat Boone; and 4) San Antonio River Cruises, Inc which is owned by Entertainment Cruises headquartered in Chicago.

An 11 member evaluation committee, comprised of diverse downtown stakeholders, and chaired by Assistant City Manager Lori Houston, reviewed each of the proposals and conducted in person interviews. After substantive discussion, the evaluation committee ranked San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the top firm and clearly articulated that San Antonio River Cruises was their strong preference when evaluating Experience and Quality of Proposal. Once the points were assigned for Economic

Terms, Local and Veterans Preference, and SBEDA, San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) ranked the top firm.

Due to concerns raised about the interview process, City staff recommended reissuing the RFP and appointing a new evaluation committee. This evaluation committee was comprised of 14 members representing the diverse users of the barge concession, various industries and organizations that the river barge operation would significantly impact. The co-chairs of the committee were Assistant City Manager Carlos Contreras and City Auditor Kevin Barthold. The new RFP was issued on March 1, 2017.

On March 30, 2017, five proposals were received:

1. Rio SA Cruises (current operator);
2. Buena Vista Barges (Mery and Associates);
3. San Antonio River Cruises, Inc (Entertainment Cruises, Chicago);
4. Go Rio SA (partnership among Landry's, Hope Andrade, and Lisa's Cantina y Café, Inc.); and
5. San Antonio Alamo Cruises (Hornblower Cruises, in California).

All proposals were deemed responsive and all five respondents were interviewed by the evaluation committee on April 11th.

The evaluation committee ranked San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the top firm. In fact, the Committee was overwhelmingly in agreement when evaluating for Experience, and Quality of Proposal that San Antonio River Cruises Inc (Entertainment Cruises, Chicago) was the best choice (with a score of 52.3) to take the river barge experience to a new level. When the points for Economic Terms were added to the Committee's score for all of the proposals, San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) continued to rank first with a total of 70.4 points and Go Rio San Antonio, LLC ranked third with 53.9 points. In short, in terms of operational experience, capability, proposed plan and economic terms San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) was the clear leader. However, once the points were assigned for Local and Veterans Preference, and SBEDA, there was a virtual tie with Go Rio San Antonio LLC (partnership among Landry's, Hope Andrade, and Lisa's Cantina y Café, Inc) ranking at the top with a 1.02 point difference between it and San Antonio River Cruises, Inc (Entertainment Cruises, Chicago).

ISSUE:

Both selection committees (made up of a majority of non-staff evaluators), overwhelmingly recommended San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the best company to improve and elevate the barge experience for locals and visitors. In keeping with the guiding principles of the selection process and following the recommendation of now 25 Evaluation Committee members, staff recommends San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the new operator.

Entertainment Cruises, San Antonio River Cruise's Owner, has 35 years of experience in the hospitality industry and operates boat concessions in several cities including Chicago, Boston, Norfolk, Washington D.C., New York City, Philadelphia, Baltimore, and Alexandria. They provide tours, private charters, dining cruises, educational programming, children's programming, event focused programming specific to each market, and are launching a commuter service to connect Washington D.C., Maryland, and Virginia. Their proposal for San Antonio emphasized growing the ridership among our residents through quality programming and services. The proposal also incorporated community partnerships that would enhance and extend the rider's experience beyond the San Antonio River.

FISCAL IMPACT:

A. This ordinance authorizes a contract with San Antonio River Cruises (Entertainment Cruises) to operate the City's new aluminum modular barge fleet for the greater of a percentage of concession sales or a minimum annual guarantee (MAG). These funds are not restricted and will be deposited into the General Fund.

B. Entertainment Cruises additionally is required to pay the City monthly lease payments totaling \$795,000 per year. These lease receipts are restricted to debt service in order to fund associated principal and interest payments on the modular barges.

C. Entertainment Cruises further is required to pay the City \$0.50 per ticket for Contract Years 1 through 5 and \$0.75 per ticket for Contract Years 6 through 10. With each Charter Rental, Entertainment Cruises is required to pay the City \$20 for Contract Years 1 through 5 and \$30 for Contract Years 6 through 10. These ticket proceeds are restricted to the River walk Capital Improvement Fund in order to fund future capital improvements along the River Walk.

RECOMMENDATION:

Both selection committees (made up of a majority of non-staff evaluators), overwhelmingly recommended San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the best company to improve and elevate the barge experience for locals and visitors. In keeping with the guiding principles of the selection process and following the recommendation of now 25 Evaluation Committee members, staff recommends San Antonio River Cruises, Inc (Entertainment Cruises, Chicago) as the new river barge operator and approval of this contract.