



City of San Antonio

Agenda Memorandum

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Agenda Date: 9/17/2019

In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY

September 17, 2019

Audit of CCDO River Barge Concession Contract

Report Issued June 21, 2019

Audit Objective

Determine if the river barge concession contract between the City and Go Rio San Antonio (Go Rio) is adequately monitored and if Go Rio is complying with key terms.

Background

The City of San Antonio (City) awarded a contract to Go Rio granting exclusive rights to provide river barge services through the San Antonio's River Walk area. Go Rio offers a variety of services to visitors including: river barge tours, water taxi services, charter and special event cruises (dining, cocktail, and activities), and merchandise sales. The contract term is for 10 years beginning October 1, 2017.

The City earns a portion of the revenue generated from all ticket and merchandise sales under this contract. For the initial year of the contract, Go Rio earned over \$18 million in barge revenue and \$1 million in merchandise sales revenue, while the City collected over \$8.7 million in concession fees from Go Rio. CCDO monitors the contract with Go Rio to ensure compliance with its terms and conditions which include:

- A concession fee payable to the City with minimum annual guarantees
- A River Barge Improvement Fee payment (Year 1 only) and River Walk Capital Improvement Fee payments (Years 2-10)
- Barge Use Fee and Utility payments
- Ticket prices, rental rates, and operating standards
- Standards for employees and their payment
- Small Business Economic Development Advocacy (SBEDA) requirements

Audit Scope & Methodology

The audit scope was Fiscal Year 2018 through March 2019 and included both CCDO contract monitoring efforts as well as Go Rio contract compliance. We interviewed staff, performed on-site observations, tested transactions, and reviewed documentation. We also used the independent auditor's report on Go Rio's gross revenues for fiscal year 2018 to validate gross revenue from its point-of-sale system.

Audit Conclusions

CCDO is adequately monitoring the river barge concession contract and Go Rio is complying with key terms of

that contract.

CCDO performs reviews of key contract terms, barge inspections, staffing levels and wages, safety compliance, marketing plans and expenditures, insurance, and barge maintenance. CCDO also conducts quarterly site visits to verify hours of business, schedules, wait times, cleanliness of facilities, and overall tour quality.

Go Rio is complying with key terms of the contract, such as providing training to barge captains, paying all employees a minimum of \$14 per hour (inclusive of tips for barge drivers), paying the City its portion of revenues, maintaining a website, giving local businesses access to provide dinner cruises, and maintaining adequate insurance.

We identified no significant weaknesses in CCDO's monitoring of the river barge concession contract and no significant weaknesses with Go Rio's contract compliance. Therefore, we made no recommendations for improvement.