

**CITY OF SAN ANTONIO
PARKS AND RECREATION DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council
FROM: Malcolm Matthews, Director, Parks and Recreation Department
SUBJECT: Second Amendment to Fiesta Carnival Contract
DATE: March 31, 2005

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes a second amendment to the Fiesta Carnival and Parade Route Concessions Contract between Fiesta San Antonio Commission, Inc. and Reed Exposition Midways to operate a "Carnival Annex" at 303 Santa Rosa, as requested by the Fiesta San Antonio Commission, Inc.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

The City has a ten-year contract with the Fiesta San Antonio Commission, Inc. to coordinate, oversee and provide financial payment to the City for Fiesta. The contract was approved in 1998 for Fiesta years 1999-2008.

Fiesta San Antonio Commission, Inc., in turn, contracts with an operator to provide the Fiesta Carnival and Parade Route Concessions, which is selected through an RFP process. City staff assists with the RFP process and City Council approves the final selection that is recommended by the Commission. This is the fourth year of a contract between the Fiesta Commission and Reed Expositions Midways (Reed). Initially, this was a three (3) year contract with two (2) option years. The City extended the contract in October 2004 through Ordinance 99934 for two (2) additional years.

The proposed amendment authorizes a "Carnival Annex" at 303 Santa Rosa for the location of a Carnival Annex site. The intent is that this additional space will be utilized as a fenced family carnival area.

During the Fiesta event, the City provides final approval of the Carnival and Concessions activities locations and inspects final clean up. If the areas are not cleaned satisfactorily, then the City may access a \$50,000.00 Performance Bond required from the contractor. The Commission and City staff have no concerns with the performance of Reed Exposition Midway during the past three (3) Fiesta events.

POLICY ANALYSIS

The contract was approved in 1998 for Fiesta years 1999-2008. In 2001, a three-year contract with an option for an additional two years was approved with Reed Exposition Midways. The City extended the contract in October 2004, through Ordinance 99934, for two (2) additional years. The expansion of the carnival license area requires City Council approval.

FISCAL IMPACT

The annual minimum guarantee paid to the Fiesta Commission by the Carnival Operator is \$750,000 or 35% of gross revenues, whichever is greater. For the minimum percentage of 35% to be initiated, approximately \$2.14 million in gross revenue must be realized. Reed reported \$1.41 million in gross revenues for Fiesta 2004, an increase from the \$1.26 million reported for Fiesta 2003. The reduced 2003 revenues were due in part to the Easter Holiday.

The \$750,000 guaranteed minimum from Reed is distributed between the City and the Fiesta Commission by a formula that provides that the City receives a minimum of \$150,000 and the Fiesta Commission receives a minimum of \$600,000. The City received \$150,000 for Fiesta 2004.

For this expanded event, the City is not expecting to receive an increase in the event percentage payment. However, the City receives reimbursement for direct costs and expenses incurred by the City in connection with Fiesta, as specified in the Fiesta Commission agreement that includes security, street closures, and cleanup.

Historically, the annual City expenditures for Fiesta San Antonio have been approximately \$900,000. The City provides police officers for traffic control and security at some Fiesta events. The City also provides inspectors who monitor the events, but the concessionaires are required to pay the inspection fees as set in the annual budget. Revenues are received from Fiesta sponsors by separate contractual arrangements for rental of city facilities.


The amendment will have the same contract payment terms. The contract guarantees 35% of gross revenues, or a minimum of \$750,000.00, is paid to the Fiesta Commission by Reed Exposition Midway.

COORDINATION

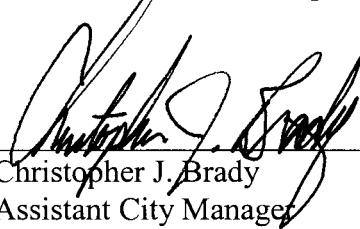
The City Attorney's Office has assisted with this item.

SUPPLEMENTARY COMMENTS

A Discretionary Contracts Disclosure Form is not required.



Malcolm Matthews, Director
Parks and Recreation Department



Christopher J. Brady
Assistant City Manager



J. Rolando Bono,
Interim City Manager

**Second Amendment to Fiesta® Carnival and
Parade Route Concession Contract**

This Second Amendment ("Second Amendment") to Fiesta® Carnival and Parade Route Concession Contract is made to authorize the Fiesta® San Antonio Commission, Inc. ("Commission") and the Carnival Contractor, Jimmy Reed, Jr., individually and d/b/a Reed Exposition Midway ("Licensee") to operate a "Carnival Annex" at 303 Santa Rosa as provided for in **SECTION 5.** of the 2005 Fiesta Street Closure Ordinance, of March 31, 2005, or such other site as may be designated by the City for the location of a Carnival Annex site.


This Second Amendment is subject to the affirmative ratification by the City Council of San Antonio, Texas, to be effective. Licensee acknowledges and agrees that it is subject to the terms and conditions of Ordinance Nos. 88270, 94227 and 99934 passed by the City Council on August 13, 1998, June 28, 2001, and October 21, 2004, respectively.

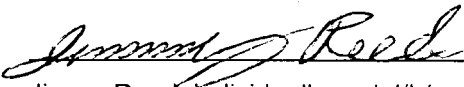
The Contract, as amended by this Amendment, will continue in full force and effect and is hereby ratified by Fiesta® Commission and Licensee. Nothing in this Amendment modifies any of the provisions of the Contract, except as expressly provided in this Amendment. This Amendment embodies the entire agreement and understanding between COSA, Fiesta® Commission and Licensee as may be applicable with respect to the specific matters set forth herein, and supersedes all prior agreements and understanding, written or oral, between Fiesta® Commission and Licensee related to such matters.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed on the dates set forth below, to be effective as of the _____ day of March, 2005.

Executed this _____ day of March, 2005.

FIESTA SAN ANTONIO COMMISSION, INC.

By: 
Its: EXECUTIVE DIRECTOR


Jimmy Reed, Individually and d/b/a as
Reed Exposition Midway

CITY OF SAN ANTONIO

By: _____
Its: _____