

## Our Shasta Lake Host

# Michael Han Houseboats.Com

HBA: Let's start first with the history of Houseboats.com, Mike.

MH: It started in 1976 with Herman and Helen's Marina, when the partners, Dave Smith and Steve Woodard, who own Water Resorts, (general partners of all the properties) acquired Herman and Helen's. And from there it grew. There were a couple of other marinas that have come and gone, but houseboating is what got them hooked in the Delta. They saw an opportunity to provide a family experience on the waterway that was unique, in terms of a vacation. In the late '80's, Jones Valley Resort was acquired and that's when I came into the picture. I've known Steve and Dave since the early '80's when I was in yacht sales, and that's where the connection came. So in late 1989 they asked me to come up here to see if I wanted to run this, and I can remember it so clearly, it was the day after Thanksgiving. I drove up with my wife, 20 month old son and newborn daughter. It was during the drought, so the lake was down 120 feet, and it was muddy, and raining. Jones Valley - it was acquired from a bank - had been run down, there had been no maintenance. My wife had no interest in relocating at that time.

HBA: (Laughs) None?

MH: None, whatsoever. So, I really had to give her my best sales pitch to convince her to come up here. I knew that what I was envisioning for this marina was aligned with what Steve and Dave wanted to do up here, and after sixteen seasons we're seeing that still unfold.

HBA: Now, Mike, back in those early days when you joined the company, to run Jones Valley, how many resorts were there on Shasta Lake at that time?

MH: There were 11 at that time.

HBA: So, it was pretty much how it looks today?

MH: There are 10 now, there's one that's been acquired by a different marina. Same number of rental boats on the lake.

HBA: Jones Valley was pretty rugged back in the early '80's?

MH: During the late '80's it centered around this old dilapidated wood dock, and I had three vandalized houseboats. That was my starting point. Zero employees. So, the first thing that we did was get some new boats. What we went with - we don't even have in the fleet anymore - were built locally here in Redding by R&R Leisure Craft. And these boats were unique in the respect that they had a wider cabin than other houseboats. They also had an angled fly bridge; they had contemporary lines. And we added TV's, VCR's, slides, trash compactors, and dishwashers. In those days, no one even had a dishwasher or trash compactor on board. That was the advent of upscale houseboating. And they worked wonderfully, the market loved it. They loved the bigger cabin; they loved the amenities like a VCR on board, which is a great attraction for kids. Everything in terms of trying to package a houseboating experience, was targeted to pleasing everyone on board. And you know, kids are a big component of houseboating, so we wanted to make sure there were some creature comforts for them. And a DVD/VCR is

one of the greatest babysitters that a parent has at home while they're in the kitchen preparing for dinner, or something. That was one of the primary reasons for going with entertainment systems in the early days.

HBA: So, it really gave you a marketing advantage didn't it?

MH: It did. We were providing features that our competitors were not. From there, we started adding to the vessels to where they are today - elegant décor, more appliances, lots of privacy. And I can remember clearly, back in the early '90's when we went over the \$3000/weekly mark, one of my competitors thought, you're crazy, no one's going to rent that boat for three thousand dollars.

HBA: Now, that was in the early '90's?

MH: Early '90's.

HBA: How big a boat was it?

MH: It was a 56 footer, and now we are pushing the \$12,000 number.

HBA: Today?

MH: Yes, \$11,995 on the new 65 footer.

HBA: A big jump?

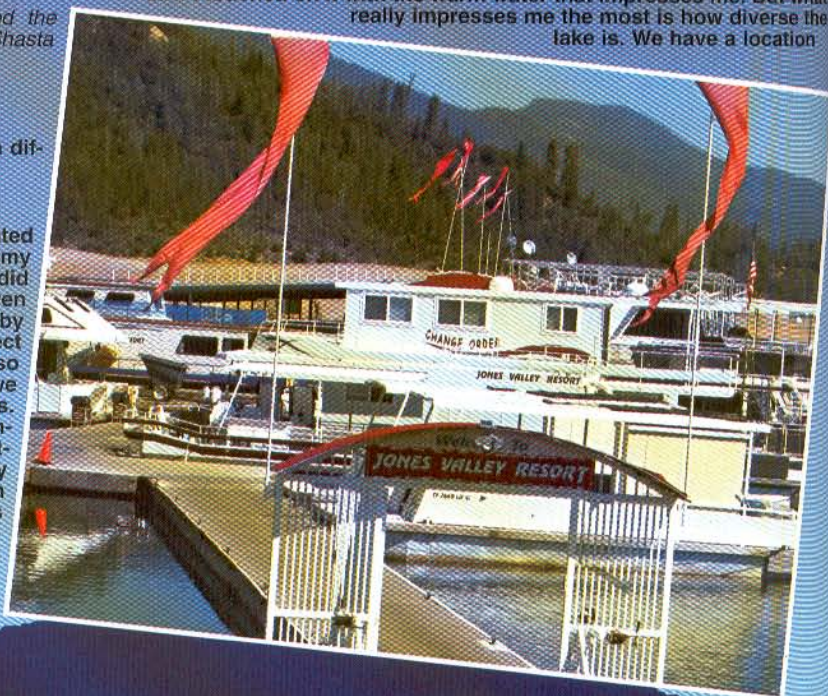
MH: A little bit!

HBA: That's one of the things that I wanted to address, has houseboating changed that much on Shasta between those early days, and today? Other than the price of the boats going up and obviously becoming more luxurious?

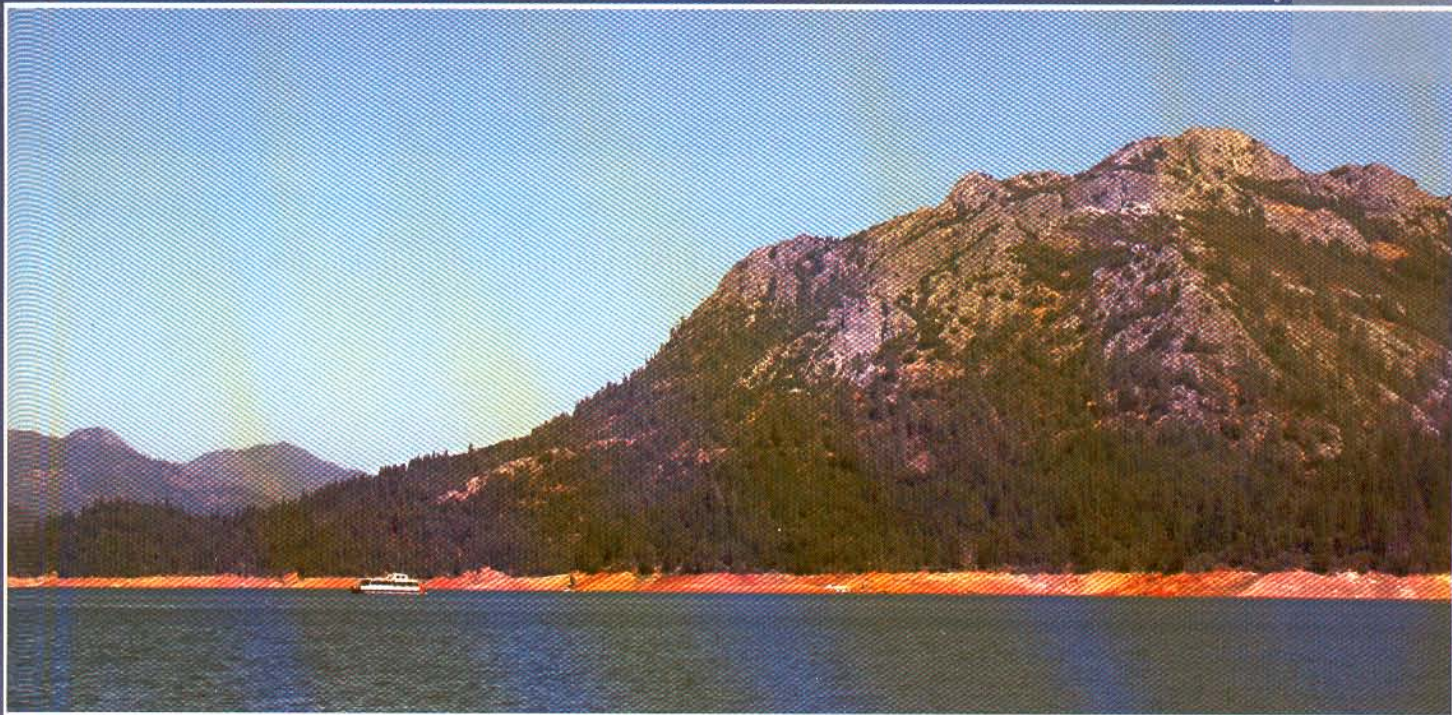
MH: You know that's a great question. And the answer is yes and no. It's changed in the respect that we're seeing new markets experience houseboating. They're trying it to see if it fits their vacation interests. We're seeing more and more Hispanics going houseboating. We're seeing people from the Asian market going houseboating. We've seen an influx of Russians going houseboating. We have to pay attention to these patterns because it's so hard to market these days, especially with the diverse economies and cultures of California. And it's challenging when you know everyone's using the web and you're houseboats.com. But what hasn't changed is this allegiance to Shasta. We have, and when I say we, I'm referring to all the operators on Shasta Lake, a huge following of people that every year take a houseboat trip. Many of these people take two, even three other vacations each year. But they're not going to miss a year boating on Shasta. There's just something that keeps these people coming back here. I really can't pin down what it is. Is it the 82-degree water in the middle of a forest? You see the pine trees and you automatically think cold water, that's not the case here at Shasta. Is it the diversity of the lake with each arm having its own character? There could be a lot of reasons, but the fact of the matter remains there is a huge amount of people that are going to go houseboating on Shasta Lake every year.

HBA: You know, Shasta is a different place, I mean, certainly its mountainous location, it's remote and yet it's close to services. It has a lot of different looks to the lake. You've been there a long time, what really impresses you most about the lake?

MH: I touched on it with the warm water that impresses me. But what really impresses me the most is how diverse the lake is. We have a location:







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up in Lakehead (northwest part of the lake) and then we have Jones Valley (southeast part of the lake). It can be blowing here 30 knots, and I can call up there and the guys are in their t-shirts and it's dead calm. Two days ago, we had 7 inches of snow up there and we just got a dusting at Jones Valley. Night and day in the elements, on different sides of the lake, is what really surprises me. So if there is a weather factor that's coming through on someone's vacation, there are these coves that give you such great protection to go tuck into. There may be just one part of the lake that's affected by a weather pattern. A lake that's bowl shaped, the water gets worked up very easily, but with this shoreline and these coves that are continuous on each arm of the lake, it just absorbs all that energy and it doesn't allow for the wind to work it up. Chances are that even if it is windy, you'll be able to find a place with smooth water for wakeboarding and waterskiing.

HBA: Today, you have three properties on Lake Shasta, you have Jones Valley, Sugarloaf and Lakeview.  
MH: That's correct.

HBA: Now, Jones Valley was the second resort, is that correct?  
MH: No, it was the first, in 1989, and then Sugarloaf came into the picture in 1995. Lakeview was acquired four years ago. And it's always been our intent, since the late '80's to get the business to where it is - to offer upscale houseboating with excellent customer service. At all of our locations all customer contact is water based. Meaning that you pull up in a ski boat, all guest services, communication, transactions, everything happens on the water. You want to buy a soda pop, get a bag of ice, you don't have to climb a lot of stairs to get to a store, everything is waterside. Customers come in to go houseboating, they drive right to the dock edge on pavement, they're just steps from the dock, and they sign their contracts in the floating store. We don't have an attachment to above the full pool line.

HBA: So, I guess the focus really, as you said, is about being on the water, and it pretty much gives you a pretty self contained package when somebody comes down, doesn't it?  
MH: They know that they go to one spot and that's where everything happens. We've designed the business to where we know that the choke point in the hourglass is getting on the dock. So we've ergonomically designed and structured how we deal with our clientele as efficiently as we can, and quickly as we can. We're kind of like McDonald's drive-thru, they've got that little digital timer starting from the time you place your order to the time you drive out. Well, we mentally have that here at all three of our properties. We shoot for less than an hour from the time someone drives onto the property until the time when we see the transom go on past the five mile an hour marker.

HBA: People are pretty excited when they show up?  
MH: Usually. People are drawn here not only for the wonderful water

but for the hot, dry summers. After a long drive, especially with kids in the car, they're more than ready to get on the lake.

HBA: They're very excited.  
MH: (Laughs) Yeah, you bet, they're really pumped. They're at the starting gate, they're chomping at the bit to get out on the water, you don't want to hold them up, at all. If there's any negatives that happen at the very beginning of any experience people have a tendency to look for other little negatives. So, we do our best to make sure that we get these people on the water as quick as we can. And we've designed our marinas with this in mind - where the boats are pulled in, how they're serviced, it's a very unique procedure. After the houseboat comes in, it doesn't move. You unload, we do all of our servicing on it, fueling, pump out, water, hot tub, housekeeping, what have you. And the next group going out five hours later gets on that boat at the exact same location. He doesn't have to move to a load-out dock, or move to a pump out facility.

HBA: So it keeps things really on the run?  
MH: It's pretty efficient. Our docks are twelve feet wide and we have quads with trailers so our customers don't even load or unload their stuff any more. We just come up to their vehicle, get everything in these trailers, daisy chain together and they drive right down the concrete dock. We just put everything right on board for the customer.

HBA: Tell me about the size and the variety of boats that you offer at each of your facilities at Shasta.  
MH: Well, as for size, they are all 56 feet by 15 feet. That's the limitation the Forest Service put on the operators on Shasta Lake before I arrived. Up until recently, they've not allowed us to go any larger. We have 7 different 56 ft. models that sleep from 10 to 18 people at our three properties. We look at it as one business; we're Shasta Lake Resorts LP with three locations. The benefit of the three locations is: one, it allows us the scale and the structure to provide things that we couldn't do with just one. Two, the speed of taking care of a customer, should they incur a problem. Let's say a Jones Valley boat is way up on the McCloud arm, I've got a marina right there, so I can dispatch a technician from that location and he'll be there lickity split. Each location has a service department with a response vessel equipped, that can be dispatched for any one of the boats. So you don't have these long runs across the lake in the event of a problem.  
HBA: You have a new boat in the works, I've heard?  
MH: For three years we've been developing the Titan - this new boat currently under construction, by Twin Anchors Marine, the same



company that we've been dealing with for almost eight years, I believe. In any event, this is going to be a spectacular vessel. It's three stories tall, and the most obvious feature is the spiral enclosed slide that starts on the third story and corkscrews all the way down the back of the vessel and shoots the people out the bottom. The top story of that vessel is equipped like our Escapade where we have the hard top and the ceiling fans, the rope lighting, and we have that cooking area with a bar and refrigerator. There's a TV up there that you can view from the hot tub, whatever's playing on the satellite system, and of course this vessel has tracking satellite. The second story has two master staterooms and a head, the primary master stateroom has it's own little deck with a bistro arrangement which is really unique. The fly bridge is on the third story; it's not on the second story, so you're really high when you're driving on the fly bridge. It's got a reverse floor plan, so when you're tied up on shore, the main entertaining area is in the aft part of the vessel, so that you're not looking at the bank, you're looking out across the waterway.

HBA: The reverse floor plan is very practical.

MH: It's something that happened on Shasta Lake in the early '80's. In the original Jones Valley fleet we had the master reverse floor plans and we had so many calls for that, it just made sense to me. Here you are on this reservoir in California where the water can drop upwards of a foot a day. You really don't want to be looking at a bank, you want to be looking across the water and see the waterfowl and the shoreline on the other side and watch your kids swimming off the back deck. So we started integrating that kind of floor plan in the mid '90's.

HBA: Now, Houseboats.com is more than Lake Shasta?

MH: That's correct, houseboats.com has operations on Shasta, New Melones, Lake McClure and the California Delta. The California Delta is Herman and Helen's Resort / Marina. It was the first one within the Houseboats.com regime and that was back in the mid '70's. Then came Jones Valley, and after Jones Valley we bought Sugarloaf, and we acquired New Melones, which is a great lake, that is relatively new and undiscovered. I believe the dam was just finished in the mid '70's.

HBA: It's like the second, or third-largest lake in California, as well, isn't it?

MH: Yes, it is. It's a great lake because of its surroundings. It is right next to Angel's Camp, up in the mother-lode area. There's so much history up there and opportunity to take little day trips. If you want to go to Mark Twain's cabin, or to some wineries, you've got that. And there's only one marina on New Melones, as big as that lake is, and we're holding the reigns at that operation. We have moorage facilities there for small boats and houseboats on the dock, then there's forty eight moorings, and offshore moorings for private houseboats as well. It doesn't have the usage that Shasta does, in terms of activity per surface acre with it's volume of boats, so if you don't want a lot of

activity, boy, that's just a fantastic body of water to go to. It's not too far from the Bay Area, and it rents the same boats that we have here; the Escapade and the Odyssey.

HBA: It really makes a big difference, doesn't it, when all the properties work together? The customers know what to expect, no matter where they are going.

MH: Right, and that's something that we want to make sure that we are aware of, because if they use a houseboat at Jones Valley, and they go over to Lake McClure or New Melones, it's important that they have the same, consistent quality experience.

HBA: Sounds like you guys really know the rental business, Mike?

MH: I don't know if we've really got it, yet, I don't think anyone ever gets it completely, but as long as you continue to try to improve what you're doing, I think you're on the leading edge.

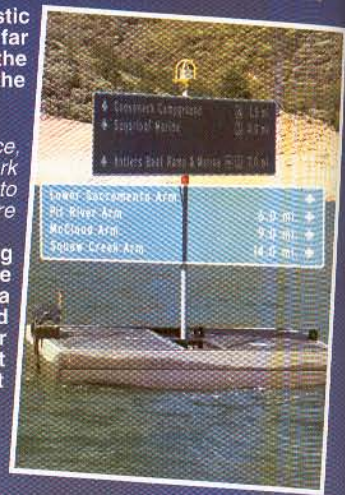
HBA: Any future growth plans for Houseboats.com in the near future?

MH: I'd like to think so. The number of people in California and the push for outdoor recreation, it just lends itself for houseboating to continue to grow. The general public is not informed about upscale houseboating in California, many don't know that houseboating even exists. It's really about increasing that awareness.

HBA: Given today, and what's going on in the world, it's certainly a great way to spend time with your family in a safe, secure and really adventurous environment.

MH: Well, it is, because when you think about it if you go out on a fishing vacation with your family to Alaska or Canada, in essence, that kind of vacation is really for the fisherman. And likewise, if you go to Disneyland with your kids, you're going because you love them and you love seeing their smiles, but you're doing that for them. Houseboating is where there's something for everybody to do. The kids - and adults - have watersports, they can play on the slide, there's the hot tub, Mom can sun and read a magazine, Dad can fish and at dinnertime everyone's around the table together. It's unique in that it appeals to everyone alike.

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Sugarloaf Resorts' Odyssey houseboat was our home and base during our stay on Shasta Lake.

