



REPORT TO CITY COUNCIL

To: Honorable Mayor or Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Beau Davis, Assistant Community Services Director

Date: February 28, 2023

Subject: **License Agreement with JTS Rentals to Host Various Water-Related Rental Activities at Launch Pointe**

Recommendation

Approve and authorize the City Manager to execute a License Agreement and any subsequent extensions with JTS Rentals to host a variety of water-related rental activities in such final form as approved by the City Attorney.

Background

In the Spring of 2020, the City took over the boat fleet operations to have more control over the operations and maintenance of the program.

Historic conditions in 2020 related to increased water levels and the Covid-19 Pandemic led to above-average demand for water-related activities on Lake Elsinore. The specific demand for the Boat Rental operators out of Launch Pointe exceeded all expectations. As a result of the increased visitation in 2021, the vessels and City Staff at Launch Pointe's Boat Rental operations have been pushed beyond its ability to continue operations efficiently and cost-effectively.

During the late Summer of 2021, City Staff began discussions with multiple boat rental vendors to determine the best possible partner to host all water-related rentals out of Launch Pointe. Following these discussions, City staff determined that JTS Rentals is the best qualified vendor to partner with the City. This determination was based on the company's ability to guarantee revenues to be paid to Launch Pointe along with the fact that JTS owners are located in Lake Elsinore with a broad knowledge of Launch Pointe and the Lake. City staff also noted that JTS has independently implemented procedures and devices on their vessels to increase the safety of operators and other Lake users.

In April 2022, Launch Pointe's existing rental fleet was sold to JTS Rentals and an initial trial as

(Subject Matter 1- 4 words only)

exclusive rental operators of JTS Rentals was initiated. The 2022 Summer saw a decrease in rentals from all companies around the Lake including JTS. While the season saw booking numbers decreased it was compounded by the closure in August 2022 due to a harmful algae bloom. While operations were halted, the City and JTS commenced discussion of a long-term operation agreement.

Discussion

JTS Rentals has a successful history of safely hosting rental operations in Lake Elsinore and a proven model to provide Launch Pointe with appropriate compensation for the exclusive right to host all water-related rental opportunities out of Launch Pointe. JTS Rentals purchased all boats from the City for \$211,743 which was a fair market value for the fleet. The proposed license agreement with JTS Rentals will provide an annual revenue stream of \$25,000 for the first years and will increase by CPI in subsequent years along with a gross percentage of all booking rentals. The license will run through 2026. Staff believes that the license represents a better partnership for the immediate future for both parties.

Fiscal Impact

The City has received \$211,743 for the purchase of 13 vessels. The City will also receive a revenue stream from the license agreement along with a gross percentage of the booking rentals. Therefore, there is no negative fiscal impact on the City or Launch Pointe.

Attachments

Attachment 1- License Agreement