



LODGING CRISIS STRATEGIES

A SERVICE OF THE PLASENCIA GROUP

Impact of Stay-at-Home and Business Closure Orders on Hotels & Resorts

Under considerable pressure to act, many state and local governments are issuing business closure orders restricting access to public facilities and issuing “stay-at-home” orders and advisories. Most orders also affect lodging establishments. Depending on the state, such orders tend to be inconsistent or confusing and are updated and revised almost daily. Below are key points garnered from recent articles, personal calls and webinars that may be helpful to hotel and resort owners navigating these turbulent waters.

First and foremost, hotel owners and operators should frequently refer to resources and updates provided on the various websites maintained by state and local governments. Remember, each state is implementing these public health orders differently.

Considerations

- ▶ Almost all business closure orders relate to “non-essential” businesses. In some jurisdictions, hotels are considered “essential”, meaning that the closure orders do not apply.
- ▶ Most of the orders follow the federally established “critical infrastructure” designations.
- ▶ Although hotels are designated as critical infrastructure in some of the guidelines, many of the orders apply specifically to the complete or partial closure of hotels and restaurants.
- ▶ Be it a mandatory, voluntary partial, or complete closure, owners should consider the following:
 - *The ability to maintain “Minimum Basic Operations” to provide security, sustain minimal building operations, prevent inventory spoilage, conduct emergency repairs, and so on.*
 - *How to distinguish essential employees and provide them with “Safe Passage” letters on company letterhead that specifies the nature of the business operation and explains why the employee is essential and should be allowed transit and access to the property.*

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Additional Considerations

- ▶ An owner's decision to close a hotel may be impacted not by governmental orders, but by practical necessities if no business is expected for the foreseeable future.
- ▶ Unfortunately, jurisdictional closure orders will necessitate that many hotel employees be temporarily laid off or furloughed.
- ▶ Employers should consider Work Share programs (if available in your state) that allow some workers to have reduced hours, receive partial unemployment, but remain on the payroll allowing them to enjoy certain employment benefits.
- ▶ Employers should also be aware of the provisions of the Families First Coronavirus Response Act. This act may require employers to provide their employees with expanded family and medical leave for specified reasons related to COVID-19.

Hotel owners and employers are urged to take time to review all relevant local, state and federal orders and advisories and seek appropriate counsel to support decision-making during these extremely challenging business conditions.



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Contact us today if our experienced advisory team can assist you in evaluating your hotel's operations reduction process or to help you navigate a complete shut-down or closure of your property.

(813) 932-1234
info@tpghotels.com
tpghotels.com