



PREPARING ^{TO} PROTECT AN OWNER'S INVESTMENT ^{IN} AN EMERGENCY CRISIS SITUATION

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Your emergency plan must account for multiple and varied crisis situations.

Although establishing a hotel emergency plan is not necessarily a difficult task, it is time-consuming and must be carefully and thoughtfully crafted so that it proves effective in as broad an array of possible crisis situations as possible. Such events may manifest themselves in the form of a fire, a sprinkler leak or other major plumbing mishap, or a natural event such as a tornado or hurricane. With protection of an owner's asset in full focus, an effective crisis plan must consider and account for many variables and include all phases of a catastrophic event, from anticipating and preventing the crisis, to actions taken during the crisis, and dealing with the aftermath of the crisis.

After a thorough risk assessment and analysis of a hotel or resort, creation of an emergency action plan is simply the first step in the protection process, which includes a series of sub-processes, each focused on a different stage of an emergency situation.

SELECTING AND MANAGING FIRST RESPONDERS

One of the first and most important decisions to be made in formulating an emergency plan is in identifying the first responder firm you will partner with to deal with a particular situation. There are numerous qualified and experienced firms that can be lifesavers in times of crisis. Selection must be done well in advance of any emergency event. This partnership is crucial, in part because the success of long-term outcomes is greatly affected by how timely and effective an emergency or crisis is handled by the first responders. Executing a Master Services Agreement with a qualified firm in advance gives the asset priority over other hotels and resorts that may not have taken this preemptive step. **CONTINUED...**



Factors to Consider in Selecting First Responder Service Providers

The skillsets, skill levels, operating processes, and trustworthiness of emergency services firms vary greatly among first responder restoration providers, so selection of the right resource is an important decision. The following variables should be considered in choosing which organization to partner with:

- *Is the firm in a reasonable geographical proximity to be able to respond to your property in a timely and effective manner as soon as they are needed?*
- *Does the firm own the equipment they may need, or do they have immediate access to equipment?*
- *Do they have warehouse space nearby if needed necessary to store equipment or furniture?*
- *Does the organization employ its own staff or will they have to search the market for temporary labor when a need arises?*
- *Will the firm lock in standard pricing for at least a year, and does that pricing meet acceptable insurance requirements?*
- *Has the company offered to gather detailed hotel information in advance of an event so as to be better prepared when responding to your particular asset (including items such as property type, roof materials, building materials, generator/electrical power capacity and location, etc.)?*
- *Will the company provide a dedicated representative – an individual who is generally familiar with your property and who has reviewed and communicated your standard operating procedures to their team – be on site to supervise the plan’s implementation?*

Managing First Responders: Trust But Verify

First responders should be expected to move in quickly when their services are needed. They should also work as swiftly as possible to address problem areas at a property so that the recovery process is not hindered or delayed. Generally, owners should be able to trust first responders to do what they are expertly trained and experienced to do. However, in times of a regional or local emergency, rapid emergency response may often be without supervision or oversight from an advocate representing the owner’s and property’s interest or adherence to the established plan. This can result in hugely costly and unnecessary repairs during the recovery process due to excessive actions such as cutting of drywall, removal of floor and wall covering, etc., that may not be required. Many times, walls, carpets, and other items can be preserved without such drastic measures. Additionally, first responders will often want to test and charge for lead-based paint and asbestos to protect their teams, even in circumstances when the building is newer and built after asbestos products were banned. Such “protective” actions could result in expensive testing costs and delay the remediation process. It is imperative that such items be addressed well in advance of a catastrophic event.

With the proper processes in place, and with assertive management of the first responders overseen by an experienced Owner Representative, a hotel’s owner can save significant dollars in rebuilding costs and in wasted time over the recovery process. Proactive management of the recovery will allow the property to come back online in a fraction the time.



The Master Services Agreement: Is It Necessary?

Advance emergency response preparation is not a luxury; instead it is absolutely prudent and essential. To have a master agreement for emergency response services in place gives the asset priority attention in times of need. In case of an emergency, a property's Owner Representative is immediately able to contact the list of pre-approved first responders to evaluate what resources each may have available and their proximity to the existing disaster zone. Once this evaluation has taken place, the Owner Representative is able to objectively determine which company has the best and most timely ability to respond, in terms of staff and equipment. The Owner Representative will then have regular and ongoing conversations with the assigned project supervisor to avoid any unforeseen challenges arising upon their arrival.

The Plasencia Group recommends that ownership enter into master services agreements (MSA) with at least two or three different first responder companies. There should be no cost to having these up-front agreements in place, thereby ensuring multiple resource options, and providing other significant benefits. Properties covered with an MSA will always receive first priority when the call is made for emergency response. Additionally, the first responders should have prior in-depth understanding of your property, its needs, and your expectations. Lastly, the MSA provides a measure of redundancy should your primary provider not be available in times of catastrophic events such as a large-scale hurricane. Conversely, without an MSA in place, an owner may be relegated to waiting several weeks or longer for help. This, in turn, creates additional and otherwise avoidable damage to a property, in addition to lost revenue due to the disruption.

DOCUMENTING PROPERTY DAMAGE

An often overlooked element in an emergency situation is the need to properly document the damage so that the insurance claims process may be simplified. Commonly, during a crisis or emergency event, related expenses are not documented properly, resulting in an owner incurring costs that should be included in the insurance claim. An effective Owner Representative with a proactive and well-crafted Emergency Response Plan will ensure a process is in place to capture all expenses incurred.

IMPACTING INSURANCE COSTS

Perhaps the greatest benefit of a well-thought-out and implemented Emergency Response Plan is the alignment of ownership's goals with those of the insurance company. Once a plan is developed and first responders have been identified, it is important to review the plan and its future costs with the property's insurer for their acceptance. Their blessing is evidence of ownership's proactive commitment to protect the asset and serves to build a synergistic relationship in the claims process which sometimes becomes very complicated. Having such a proactive plan in place often translates to reduced premiums.

In summary, the value of an Owner Representative cannot be overstated when handling a hotel or resort's emergency situation, from preparing for any unknown disaster, to minimizing damage to the asset, and ensuring the property quickly gets back to its full revenue potential. Oversight of the restoration process and a property's prompt recovery in an emergency event will reduce ownership costs while ensuring proper documentation and coordination with the insurance company for claim resolution.



THE PLASENCIA GROUP: YOUR TRUSTED OWNER REPRESENTATION PARTNER

The Plasencia Group is ready to partner with you as your Owner Representative on your lodging assets. We offer decades of innovative experience in navigating the complex operations of hotels and resorts throughout North America and the Caribbean and in creating well-thought-out Emergency Response Plans. Our skilled and experienced team welcomes the opportunity to discuss your hospitality asset needs and how our Owner Representation services can add an array of knowledge and techniques to broaden your current asset management repertoire.

Visit tpghotels.com/owner-representation for more detailed information about Owner Representation, as well as our full slate of services for the complete lifecycle of a hotel asset – from acquisition to disposition. To speak with one of our specialists to explore opportunities to enhance the value of your hospitality asset, please call us directly at (813) 932-1234 or email our CEO, Lou Plasencia.

About The Plasencia Group

In 1993, The Plasencia Group was formed to provide hotel and resort owners investment advisory services at a personal level. Thirty years and hundreds of engagements later, we still have the privilege of making our clients successful with the passion, access, and certainty they've come to expect. Our firm offers investment sales, owner representation, development and renovation management, debt and equity sourcing, and advisory services to hotel and resort owners throughout North America.

Contact us today if our experienced advisory team can assist you in evaluating your current portfolio and strategizing for the weeks and months ahead. We look forward to the opportunity to serve you.

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