

AUGUST 2022

today's hotelier

August 2022 | todayshotelier.com

The Official Publication of AAHOA

THE REVENUE ISSUE

MAXIMIZING REVENUE IN AN

Unpredictable

MARKET

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Arum Patel

CEO, Visions Hotels
Founder, Tiny Smiling Faces

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The Best of the Best
 ★★★★★
 AAHOA
 Award
 Winners
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THE REVENUE ISSUE

TODAY'S HOTELIER

AAHOA'S OFFICIAL PUBLICATION

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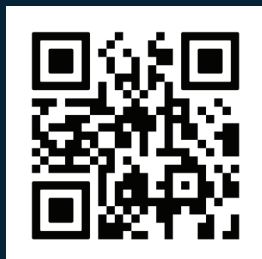
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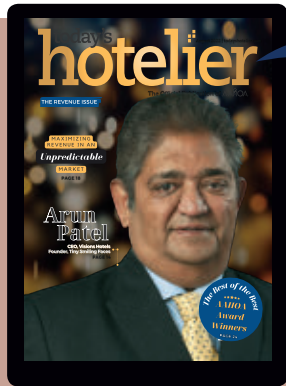
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What is up with UPREITs?

721 transactions can be an attractive option for sellers

721 UPREIT (Umbrella Partnership REIT) transactions are commonplace occurrences for sellers of commercial real estate, including hotels. These transactions, under Internal Revenue Code §721, can provide important tax and diversification benefits.

In an UPREIT transaction, the seller contributes the property to the REIT's operating partnership, and the seller – or rather, the contributor – receives units in the operating partnership equivalent to their net equity in the contributed property. One of the primary benefits to the contributor is that, similar to a 1031 exchange, capital gains taxes on the sale of the property are deferred for as long as the operating partnership holds the property, or until shares are sold.

The tax deferral is especially important for contributors of appreciated properties that may be facing a step up in basis. Depending on the structure of the transaction,

there may be additional benefits for those facing lender or brand pressure. Hotels, for example, are required to undergo brand-mandated property improvement plans (PIPs) that can be too costly for owners who have not had enough revenue to set aside capital for renovations. Those contributors are often motivated to complete a sale of their property to remove the risk of financial default and/or operational burden and risk.

REITs could potentially free contributors from ongoing costs and responsibilities, which can be especially important for those looking to retire or free up time for other endeavors. UPREIT transactions provide an additional benefit for estate planning in the form of shares that can more easily be divided among heirs. Direct sales of property would leave heirs with capital gain taxes, which would be deferred until the time of their

choosing if they held units or shares in an operating partnership.

Contributors also gain the benefit of diversity by having their equity invested over a potentially greater number of assets, rather than a single property. Another way a sophisticated REIT can strategically diversify is to compile a portfolio of assets in different stages of the PIP cycle, allowing the cash flowing properties to carry the asset that has decreased revenue due to out-of-order rooms during renovations.

Homogeneous portfolios that have targeted brand and geographic diversification have the potential for compressed cap rates, which lead to appreciated property values. This is one reason these portfolios are often greater than the sum of their parts.

UPREIT transactions can provide diversification benefits to contributors of appreciated property, and the freedom and tax advantages should be given strong consideration by potential sellers. ■

5 Things to Know

About AAHOA This Month

1 FIVE REGIONALS HAPPENING THIS MONTH.
 AAHOA Regional Conferences & Trade Shows are happening this month in Charlotte, NC, Columbia, SC, Vancouver, WA, Irving, TX, and Houston, TX. Since the year started, AAHOA has already hosted 10 regionals and brought together local hoteliers and vendors for a full day of networking, education, and deal-making. Mark your calendars and join us this month! AAHOA.com/2022Regionals



5 AAHOACON23
REGISTRATION FOR AAHOACON23 WILL BE OPENING SOON.
 The 2023 AAHOA Convention & Trade Show is set for April 11-14 in Los Angeles, CA, and registration will be opening this fall. AAHOACON23 promises to bring together industry professionals, networking opportunities, excellent programming, and plenty of deal-making on the trade show floor. Save the date for the hospitality event of the year. AAHOA.com/Convention

2 PLAY FRIENDLY ROUNDS OF GOLF AND RAISE MONEY FOR CHARITY.
 The 2022 AAHOA Charity Golf Tournament Series continues this month in Portland, OR, and Grapevine, TX. Since kicking off our golf tournaments in May, more than 120 AAHOA Members and industry partners have participated, raising more than \$116,000 for local charities. Join fellow hoteliers and vendors on the golf course and raise money for local causes. Register today at AAHOA.com/Golf.



3 WILL YOU JOIN US IN SUNNY FLORIDA?
 The annual My Place Convention will be held from August 30 to September 2 at the Eau Palm Beach Resort & Spa in West Palm Beach, FL. Attendees will connect with the My Place community and hear from some of the industry's top leaders, including AAHOA Chairman Neal Patel, Treasure Miraj Patel, Past Chairwoman Jagruti Panwala, and more. Make plans to join us: AAHOA.com/Events



4 JOIN AAHOA AT THE LODGING CONFERENCE IN SEPTEMBER.
 There is still time to register for the Lodging Conference set for September 19-22 at the JW Marriott Phoenix Desert Ridge in Phoenix, AZ. This event never fails to bring together the hotel industry's most influential owners, operators, presidents, CEOs, and dealmakers and introduce new strategies to help hotel development, operation, and franchising succeed. On top of this, AAHOA is hosting a reception at the Lodging Conference on Tuesday, September 20 from 5:30-7 p.m. at The JW Desert Ridge at The Isle of Capri. You will not want to miss it! Register to attend at www.LodgingConference.com.





**NISHANT (NEAL) PATEL,
CEO, CHIA**
AAHOA CHAIRMAN (2022-2023)

“

What is your next big idea to solve an existing and nagging problem? It could be something simple, but that won't stop those you help from bragging on you.”

Perspiration and inspiration

IN JULY OF 2004, WHEN I WAS JUST 14 YEARS OLD, MY PARENTS, MY BROTHER, AND I were running a motel and a gas station in a small Texas town. The two were connected by a parking lot. My parents used all of their life savings and borrowed from everyone we knew – family, friends – to buy this property.

As a side note, one thing I'm grateful for in our culture is that we help those new to the industry. We give out zero-interest loans to family and friends and there are no legally binding documents. It's all via handshake.

So, we didn't have a single employee because we couldn't afford it. We had so much debt that my family owed to everyone. As soon as my brother and I got home from school, we worked in the gas station and did our homework there, because my parents were at the motel cleaning rooms all day, every single day.

We struggled to make ends meet, and I hated it.

I would think to myself, “This is the American Dream? If this is the American Dream, I don't want to be a part of it.” I missed my life back in India.

Naturally, I would always think about how I could make this situation better for my family. Instead of having one person working in the independent motel and one at the gas station, I created a sign, printed it, and taped it to the front door of the motel. It said, “If you need a room, go to the gas station next door to book one.”

Voila! Now, we only needed people at the gas station, not at the motel. That was my way of changing things. Really monumental stuff. All joking aside, it was a simple way to help our labor shortage.

One part of my job at the gas station was writing down how much I sold each day – things like groceries, alcohol, and gas. At the end of each month, my parents would add everything up by hand. It was extremely time-consuming. So, my next brilliant idea was to create an Excel spreadsheet for them to keep track of everything.

I thought I was the smartest person. Everyone in my family was talking about me. Oh, Neal did this and Neal did that.

I was able to help them calculate their expenses to their earnings in a very organized and streamlined way. I have to admit, it felt good to be part of something and save my parents time and money.

My point is, the pandemic has created its own labor shortage, and revenue is top of mind for all business owners. Now's the time to get creative and be innovative thinkers.

What is your sign on the door? What is your Excel spreadsheet? What is your next big idea to solve an existing and nagging problem? It could be something simple, but that won't stop those you help from bragging on you. ■



LAURA LEE BLAKE, ESQ.
PRESIDENT & CEO

The City of Angels – Local ordinances threaten to damage the industry

“

AAHOA

Members have always exhibited great generosity and compassion for those individuals who have lost homes, jobs, or are otherwise struggling to find stability, but this ordinance is not the answer.”

WHEN I HEAR OF THE CITY OF LOS ANGELES, THOUGHTS OF TRENDY, sophisticated, and fun people, places, and events immediately spring to mind. I can envision palm trees lining the Hollywood boulevards and ocean breezes swaying the fronds. But there is a political side of this great City that is now causing concern not only for local AAHOA Members, but also for the entire hospitality industry.

As you may have heard, the LA City Council has already passed one ordinance known as “The Hotel Worker Protection Initiative.” The City Council is scheduled to consider another one known as the “Hotel Land Use and Replacement Housing Requirements” in the upcoming weeks. Both of the ordinances were proposed by Unite Here Local 11, which gathered ample resident signatures to qualify the ordinances for the ballot. But these ordinances will directly threaten California’s hospitality economy and jobs. They will result in significant and costly changes and regulations impacting the development, ownership, and operations of hotels in the City. There are high concerns that these laws could then quickly spread to other cities and states across the country.

Specifically, the first ordinance, known as “The Hotel Worker Protection Initiative” requires automatic daily room cleaning throughout the industry, panic buttons and other security measures to protect hotel housekeepers, and expansion of the minimum wage law for hotel workers. The LA City Council passed this ordinance on June 28, 2022, and it becomes law on August 12, 2022. In response, AAHOA leaders and members gathered in large numbers at the hearing to testify against it. AAHOA also is seeking meetings with City Council members to obtain a “carve-out” for economy and limited-service hotels due to the high costs of complying with its measures. While the law will soon take effect, we are continuing to seek relief from the heavy financial burdens it will impose, especially since daily housekeeping is no longer the norm for many economy and midscale hotels.

The second ordinance has not been voted on as of the time of this letter, but we are at a critical juncture as we seek to stop the city from passing it, and instead requesting it be sent to the ballot for the local residents to decide whether it should become law. Specifically, the “Hotel Land Use and Replacement Housing Requirements” would require every hotel in Los Angeles to issue vouchers to unhoused residents on a daily basis for all unoccupied rooms. In essence, LA hotels would be required to begin serving as partial homeless shelters, depending on the number of vacant rooms available on any given day.

AAHOA Members have always exhibited great generosity and compassion for those individuals who have lost homes, jobs, or are otherwise struggling to find stability, but this ordinance is not the answer. The hotel industry and its dedicated owners, operators, managers, and employees are not trained or equipped to provide the necessary services and related care to address the homelessness crisis in Los Angeles or elsewhere. Mandating that they provide hotel rooms puts everyone at risk for their health, safety, welfare, and related concerns.

AAHOA is scheduling communications and meetings with City Council members, and gathering members for testimony at the hearings. We are working closely with the California Hospitality United Coalition and Hotel Association of Los Angeles to obtain positive results. Together we can stop these proposals that threaten the industry and the traveling public. By joining efforts, we can ensure travel will remain safe, exciting, and joyful for the guests, their families, and our hotels that serve them, including in the beautiful City of Angels. ■

Removing the barriers to success

A closer look at AAHOA's involvement in advocating for franchisees

by EVELYN HOOVER

AT THE BEGINNING OF THIS YEAR, AAHOA SET OUT TO BE THE VOICE OF FRANCHISEE OWNERS AND HOTELIERS AT THE national, state, and local levels. The association is cognizant of the issues impacting the business operations of many of our members – especially as it relates to AAHOA's 12 Points of Fair Franchising. As lawmakers consider legislation and regulations that could positively or negatively impact hospitality, AAHOA's advocacy has been instrumental in moving significant legislation forward, making hospitality more equitable, and protecting franchisees from unfair, unscrupulous practices.

That's why AAHOA is relentlessly supporting Assembly Bill 1958 (A1958) introduced in the New Jersey legislature earlier this year. If passed, A1958 changes the New Jersey Franchise Practices Act specifically for the hospitality industry. These legislative changes can bring balance, awareness, and education to the franchisee-franchisor relationship. A fair relationship with mutual understanding contributes to financial success on both sides.

MOVING THE NEEDLE IN THE RIGHT DIRECTION

Fairness. Accountability. Improved disclosure. Reasoned response and dialogue. This is how so many of our AAHOA Franchisees want to work with franchisors.

A1958 moves the needle in the right direction for nearly AAHOA Members, who directly or indirectly contribute to and

employ 72,000 employees in New Jersey, and own nearly 500 hotels with more than 46,000 rooms.

However, whether you own a property in New Jersey, or elsewhere, it's important to note that the passage of legislation such as A1958 creates a ripple effect related to the work we're doing to advocate on behalf of AAHOA Member franchisees, drawing attention to these issues on a national level. The passage of such legislation could create a new blueprint for franchisee protection and rights across the U.S.

A CLOSER LOOK AT THE KEY ELEMENTS OF A1958

This bipartisan bill contains key elements to protect the franchisee investor in NJ well into the future.

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REBATES/KICKBACKS

When hoteliers buy a franchise, they embark on this entrepreneur journey thinking they will benefit from the group purchasing power. Unfortunately, that is not always the case. Many franchisors have turned mandated purchases into profit centers, by limiting suppliers and demanding rebates from suppliers on franchisee purchases. A1958 requires a franchisor to fully disclose any rebates or kickbacks to the franchisee and promptly turn over such monies to their franchisees.



CHANGES SHOULD BE MUTUALLY AGREED UPON

Brands and franchisees sign a franchise agreement, representing the contract both sides agreed to, and usually includes a clause that the franchisee must follow the then-current operations manual. Many franchisors make unilateral changes to the terms of the franchise agreement via the operations manual to keep up with the changing business climate. A1958 prohibits material changes to the franchise agreement through unilateral operations manual changes.



FEES BASED ON GUEST REVIEWS OR ENROLLMENT QUOTAS

Although any type of customer feedback is healthy for hotel businesses, online reviews can often be unfair and not verifiable. Most of the time, the review only tells one side of the story, leaving hotel owners navigating their reputation for future travelers. A1958 clarifies that franchisees will not incur fees based on an arbitrary quota system the franchisee cannot control.



UNDISCLOSED FEES

When thinking about buying a franchise, the Franchise Disclosure Document (FDD) is the number one document to read. It is meant to disclose all relevant fees to run the franchise business. A1958 prohibits fees not previously disclosed in the FDD. Before any new fee is added, the franchisor should provide the franchisee with a business case to show the value and the need.



VENDOR EXCLUSIVITY

Currently, NJ franchisees experience mandatory sourcing of goods or resources, and these restrictions are simply anti-competitive. Unless there is truly a proprietary product, franchisors should provide required specifications and ensure suppliers meet those specifications. A1958 puts various restrictions on the exclusive and mandatory sourcing of goods or resources, opening competition and reducing costs.



Fairness.
Accountability.
Improved disclosure.
Reasoned response and dialogue. This is how so many of our AAHOA Franchisees want to work with franchisors.”



SELLING OF POINTS OR CREDITS IN THE FRANCHISOR’S LOYALTY PROGRAM

Rewarding customers who are most loyal is a major way to get people to book another hotel stay. That’s where the loyalty program comes into play. It rewards the guest by giving points for their paid stays in the form of free or discounted stays after earning a set level of points. The franchisee is charged when a guest earns points and reimbursed a nominal amount when the points are redeemed. But, the program is not without its challenges. When a franchisor sells these points, franchisees only receive the nominal reimbursement, which often does not cover costs. A1958 prohibits selling loyalty points without properly compensating the franchisee for the stay.

FOR ALL OF AMERICA’S HOTEL OWNERS

The next hearing for A1958 is scheduled in September. We will continue to follow this bill closely as it continues through the legislative process. These types of laws and regulations could have a ripple effect in other parts of the U.S. So, the advocacy work we are doing in New Jersey is a proactive way to raise awareness of franchise concerns and protect the business interests of America’s hotel owners. ■



Stronger together

Arun Patel, CEO, Visions Hotels and Founder, Tiny Smiling Faces (L) with business partner Hemant Patel.

PHOTOS BY ARON ROCHA

Seizing the opportunities granted to him, Visions Hotels CEO Arun Patel extols the virtues of giving back to others

by ARUN PATEL

ALTHOUGH THIS OFTEN IS A LIVE-IN-THE-MOMENT INDUSTRY, IT can be helpful to look back once in a while to gain perspective and appreciate the progress we've made. For example, Hemant Patel, my partner at Visions Hotels, and I joined together in the early years of our hospitality careers and have grown as a team through countless acquisitions and new developments to ultimately own and manage 57 hotels. Taking a moment to appreciate all we've experienced and been through together can be a powerful motivator.

At Visions Hotels, like many of our colleagues, we've worked hard to build and strengthen our relationships with key stakeholders, team members, investors, brand partners, and lenders. And like many of you, providing the highest quality guest experience possible and creating a motivating work environment for our team members remains at the core of our efforts.

But, at the same time, we've maintained a continued commitment to give back to the communities in which we operate, as epitomized by our annual Santa's Vision events. Organized every holiday season, we work with volunteers from Visions Hotels, our properties, and

these communities to host a 100% free, fun-filled day at our hotels where children and their families can take pictures with Santa, go on pony rides, eat delicious food, and much more. Santa's Vision includes 20 communities, in which our hotels are located, touching 20,000+ children annually. This has been an amazing way to give back to these communities and boost the morale of our Visions Hotels team.

“

At Visions Hotels, like many of our colleagues, we've worked hard to build and strengthen our relationships with key stakeholders, team members, investors, brand partners, and lenders.”

Arun Patel and his family.



FIND THE WHY

I also felt it was important to give back to the community where I grew up in India. Twelve years ago, I visited my village school in Kuched Gaam, India, but the school was in terrible condition. The playground was unsafe, restrooms were in bad shape, and fewer than half of the children were attending school. Along with my cousin, Mahesh Patel, I decided to see how we could improve the school.

The first thing we did was to get support from local residents. Together, we built a new garden, renovated the playground, added new restrooms, and constructed new facilities – including an assembly hall, computer room, and science lab. We also started providing children with previously unmet necessities such as a breakfast, uniforms, and school supplies. The environment of the school changed and 100% of the children began to attend school regularly.

This was the spark that kicked off Tiny Smiling Faces, with the goal of providing schools in India with similar support,

ensuring that more children have basic necessities and better access to education. Tiny Smiling Faces has now grown to support 157 village schools in India and has received \$2.6 million in contributions during the past decade.

At each school we support, we ensure that children have access to uniforms, school supplies, health checkups, computers, resources for teachers, and field trips. We do this by encouraging NRI and locals in India to personally take leadership in supporting the school located in their village.

DUTY BOUND

Beyond supporting village schools, we've partnered with fellow nonprofit the Siksha Foundation to help rebuild residential hostels. Many remote villages in India don't have schools, and children from those villages must stay in an ashram to get access to education. Because a majority of ashrams were built more than 75 years ago, many are structurally unsound and inhabitable. With the Siksha Foundation,

we've built three ashrams in India with plans to build three more this year.

DEFINE YOUR SUCCESS

As an executive, a key component of my responsibilities is focusing on profits. However, giving back to the community is also an important aspect of operating a successful business, because "success" is defined at least in part by what you do for others. Investing in future generations ensures the greatest possible chances of continued success for everyone whose lives we touch. As the Greek proverb goes, "A society grows great when people plant trees in whose shade they shall never sit."

I would strongly encourage you to look beyond profit-and-loss statements and explore ways to use your talents and resources to benefit others by incorporating a giving-back culture into your business. Whether that means supporting village schools and helping kids with education or another venture, I hope the next time you're approached by a member of your community requesting assistance, you will ask yourself, "Why not?" ■

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MONEY MINDED

In an unpredictable market, hoteliers find ways to maximize revenue

by NICK FORTUNA

DURING THE FIRST WAVE OF THE PANDEMIC, AS TRAVEL HALTED AND HOTEL occupancy rates slumped into the single digits, some hoteliers managed to step up for their communities and bring in some revenue at the same time.

By renting out rooms to medical professionals, first responders, government officials, essential workers, and people needing to quarantine, hoteliers played an important role in combatting COVID-19 even as they struggled to stay afloat. Now, with the pandemic receding, the hospitality industry is expecting brisk summer business, all while acknowledging that a new coronavirus variant or a

recession could smother this fragile recovery.

CREATIVE THINKING

For hoteliers, one key to maximizing revenue in an unpredictable market is to continue looking for each property's highest and best use. As an example, former AAHOA Board Member Sawan Patel points to the Best Western Plus Northwest Inn & Suites in Houston, a 60-room property



BANKING ON

an enduring recovery

If a recent earnings report from **Hilton Worldwide Holdings, Inc.** is any indication, the hospitality industry is starting to regain its swagger.

The hotel company, with **18 brands and about 6,900 properties** worldwide, reported first-quarter net income of **\$211 million**. And in a conference call with investors, Hilton President and Chief Executive Christopher J. Nassetta said he was “optimistic” about the rest of 2022.

“There is a good likelihood that we’ll reach 2019 system-wide RevPAR levels during the third quarter,” he said.

“We think we’ll probably have the biggest leisure summer we’ve ever had,” Nassetta said.

In another bullish sign, Marriott International also reported strong activity during a recent earnings call, with CEO Anthony Capuano reporting that

“Leisure demand, which had already fully recovered during 2021, has further strengthened this year, with first quarter global leisure transient room-nights more than 10% above 2019.”

now being used to shelter the city’s homeless population.

Patel is the managing partner of Unity Hotels Group, a Houston-based company with six hotels among its real estate holdings. Early in the pandemic, Patel reached an agreement with the city to rent out rooms at the Best Western to medical professionals and others affected by COVID-19. But when that need subsided, business travel had yet to resume, and leisure travel was still at a minimum.

With “limited options” available, Patel said it made sense to re-up with the city. Last summer, the city leased the entire property and hired a third-party management company to run it. The hotel now provides transitional housing to city residents who have recently become unhoused due to job loss, medical issues, rising rent, or other setbacks, he said.

“Northwest Houston is still a pretty slow market, so this has been really good for us,” Patel said of the program.

The lease stipulates that Unity Hotels Group is responsible for maintaining the building and its equipment, including two commercial washers and dryers, but the city is responsible for damages to the property, Patel explained.

“Damages obviously are going to be your biggest concern in a situation like this,” he said. “The details of the contract are very important, so make sure all your concerns are addressed in it. In every business partnership, it comes down to the contract.”

FINDING OPPORTUNITY

Situated 15 minutes from downtown Houston, the Best Western typically gets considerable overflow traffic when there’s a



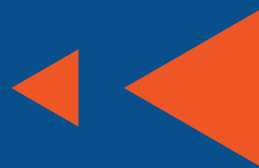
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When you think about the hotel amenities that attract the most guests, you might imagine a great pool, a large fitness center, or a relaxing spa, but don't forget about dog parks.

Best Friends Roadhouse & Mercantile in Kanab, UT, has a 10,000-square-foot, fenced dog park featuring a splash pad, a fire pit surrounded by chairs, patches of grass, stone surfaces, and native plant species. There's also a 300-foot-long mural depicting native plants and pets from the nearby Best Friends Animal Society shelter.

The motel has a pet washing station and a store selling pet supplies, and rooms feature nooks with pull-out dog beds. In August, Best Friends Roadhouse & Mercantile was among 12 hotels and motels featured by BringFido.com for having "awesome dog parks."

"We consider ourselves to be the most pet-centric motel in the country," said Julie Barger, director of visitor experience.

While that motel doesn't charge extra for dogs, most hotels on BringFido's list do, and those fees can bolster a hotelier's bottom line.

Take the Metropolitan at The 9 in Cleveland, for example. It's the only four-star hotel in the country with an indoor dog park, according to BringFido. Guests grab a welcome package with dog treats in the lobby and take the elevator to the 29th floor, where they'll find a dog park with artificial turf, decorative fire hydrants, benches, and a long hallway in which to play fetch. The hotel allows two dogs, each weighing less than 75 pounds, for a fee of \$100 per stay, according to BringFido.

Fees for canine guests vary widely. The Hotel Parq Central in Albuquerque, NM, for example, allows one dog up to 75 pounds for an additional \$75 per stay, or two pets for \$100. The Southern Oaks Inn in St. Augustine, FL, charges only \$25 extra per night, plus a \$100 refundable deposit, while the Hampton Inn Adel in Adel, GA, lets dogs crash for free.

““

For hoteliers, one key to maximizing revenue in an unpredictable market is to continue looking for each property's highest and best use.”

big event at the George R. Brown Convention Center. Patel said he's been monitoring occupancy rates at his company's other Houston properties and reaching out to corporate clients to gauge their lodging needs, hoping to capitalize when business travel resumes in earnest.

Meanwhile, the city recently renewed its lease at the Best Western through the end of the year and has an option to extend it further, Patel said. When the conventions eventually return, Unity Hotels Group will resume operating the hotel, but until then, the homeless program is generating meaningful revenue.

For Patel, the takeaway is that hoteliers should maintain contact with local officials and major employers to see if there are opportunities for similar partnerships.

MAKE IT WORK

Tanmay Patel, AAHOA Young Professional Director Western Division, who owns six hotels in West Texas with his business partners, was in a similar situation early in the pandemic. Initially, he rented out the top two floors of a three-story property to municipal officials and a local hospital, while the bottom floor remained available for paying guests.

"That way, even during the worst of the pandemic, when hotels were really feeling the strain, for me, it wasn't as bad as it could have been," he said.

With COVID-19 abating, Patel has switched business strategies at that property. In the past, he would limit weekly rentals to about 10% of rooms, seeking to "maximize revenue day over day," he said. Now, however, extended-stay guests account for about 40%-50% of rooms, partially because rents in the area have risen sharply, leaving many lower income people unable to afford apartments, Patel said.

Extended-stay guests may get housekeeping services only a few times a week, or whenever they ask for them, which has lowered Patel's labor costs, he said.

"You can see how the extended-stay hotels are doing great, so I have tried to shift more toward a longer term stay," Patel said.

That strategy has paid off, with the hotel approaching full occupancy most nights, according to Patel. "If I can fill the hotel 40%-50% with extended stays, then I can go ahead and raise the rates for the other rooms and still manage to actually fill out the hotel," he said. ■

STANDING APART

Get to know AAHOA's 2022 Award Winners

by ZOHREEN ISMAIL

EACH YEAR, AAHOA HONORS HOTELIERS WHO GO ABOVE AND beyond in service to the hospitality industry. This year, the winners were announced at the general session of the AAHOA Convention & Trade Show in Baltimore, MD. The annual AAHOA Awards Program recognizes the best of the best, and we'd like everyone to learn more about these deserving award recipients as they share advice, accomplishments, and inspirations.

These leaders are paving the way for the hospitality industry and continue to persist with their innovative ideas, hard work, and love for the industry. AAHOA is proud to have dedicated and innovative leaders who light the path for future generations and bring attention to important industry topics such as government affairs, challenges, diversity, and leadership.



VIMAL PATEL

AAHOA Award of Excellence

“It’s a tremendous honor to be recognized at a national level – especially in a post-COVID, tumultuous hotel industry. It’s significant because this recognition is also part of the effort to engage and change the system. It was a special effort to bring attention to the plight of hoteliers.”

HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“The membership platform allows me to network with fellow hoteliers and vendors and a way to communicate with franchisors. AAHOA is also a big help with the legislative action and laws that may be difficult for small hotel owners and gives us a voice in Washington.”

IS THERE SOMEONE WHO INSPIRES YOU?

“I especially want to mention my uncle Narottammama in Africa and my cousin Kevin here in the U.S. who helped me in my journey to success.”

WHAT’S NEXT: *Vimal hopes to continue to make a positive impact in the hospitality industry by standing up and voicing concerns for the fair franchising. He seeks to continue fighting against unjust business practices and passing these ethics on to future generations.*



“

AAHOA is also a big help with the legislative action and laws that may be difficult for small hotel owners and gives us a voice in Washington.”

MANHAR (MP) RAMA

CEO, Sima Hospitality:
AAHOA Past Chair
(2005-2006), Cecil B. Day
Community Service Award

“In my eyes, I’ve won so much more than an award. I’ve won admiration and respect – both short and long term – and the combination of these lead to a much bigger prize than the award itself. We are all born to help each other no matter how difficult it is and to give something back to the collective society.”

HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“AAHOA allowed me to develop myself professionally and as a person. The AAHOA membership gave me an opportunity to expand my skills and the ability to think ahead and handle more responsibilities. Not only was I able to improve my skills, but with time and commitment I learned from my colleagues and clients.”

IS THERE SOMEONE WHO INSPIRES YOU?

“Mahatma Gandhi inspires me. He lived for the welfare of people and advocated truth and peace. He also stressed the importance of literacy and lived his life with the values of being persistent, adaptive, confident, optimistic, and trustworthy.”

WHAT’S NEXT: *Manhar hopes to continue to make a positive impact in hospitality by focusing on keeping up with trends. He believes innovation is the key to success and future generations will take family businesses to new heights.*



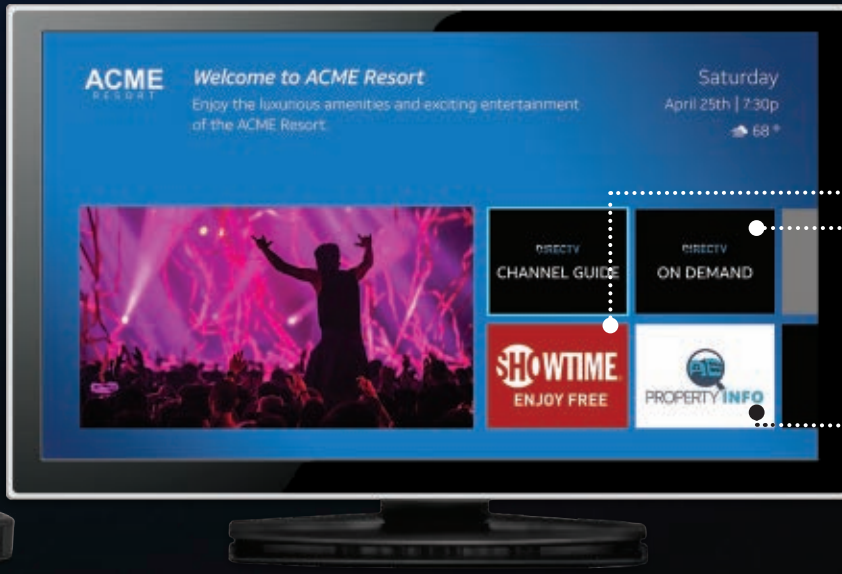
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We are all born to help each other no matter how difficult it is and to give something back to the collective society.”

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TARAN PATEL

Managing Principal, A1
Hospitality Group; AAHOA
Northwest Regional
Director, Outstanding
Young Professional Hotelier
of the Year Award

“It means a lot to me to be selected among a group of many deserving nominees. At the end of the day, all the credit goes back to my team. Having a strong support system behind me has allowed me to give back time to this industry.”

HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“AAHOA has provided me with tools and resources that have contributed to my personal and professional growth. Through networking, advocacy, and engagement, I’ve been able to take advantage of the opportunities AAHOA presents to its members.”

IS THERE SOMEONE WHO INSPIRES YOU?

“I was blessed with front row seats to witness the hard work and sacrifices my parents made as immigrants to the U.S. The two of them worked hard to ensure a better future for me and my sister. Without their guidance and support, I wouldn’t be in a position to receive this award.”

WHAT’S NEXT: *Taran wants to continuously be involved in the hospitality industry and do his part to ensure we are evolving in a positive direction. Looking at the industry, he notes the significant growth in the past 10 years and wants to be part of the continued change.*



“

Through networking, advocacy, and engagement I’ve been able to take advantage of the opportunities AAHOA presents to its members.”

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BABU PATEL

Trustmark Park Hospitality Outreach Award for Philanthropy

“I’m extremely honored to be receiving such an important award and am grateful for the recognition I’ve received for my 43 years of work. Winning this award wouldn’t have been possible without the inspiration I’ve received and support from my parents, wife, and colleagues.”



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HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“I’m a proud lifetime member of this strong organization that has given me plenty of educational tools to become a better hotelier. We had many ups and downs during the pandemic, but we all made it through and emerged stronger and better. COVID-19 relief PPP and EIDL was very much appreciated, and I would like to thank the Government Affairs team as well.”

IS THERE SOMEONE WHO INSPIRES YOU?

“My parents, my family, and my wife are all my heroes. Also, I’d like to mention Prime Minister Shri Narendrabhai Modi who has been a role model for me for the last 21 years. His positive thinking, lifestyle, proactiveness, and leadership skills are unmatched.”

WHAT’S NEXT: Babu hopes to continue to share knowledge with others in the hospitality industry. He wants to demonstrate the benefits of using technology to make a positive impact. Additionally, he is committed to giving to the AAHOA PAC and the positive benefits that result from doing so.



PINKY P. BHIDASWALA

SSN Hotel Management, LLC

Outstanding Woman Hotelier of the Year Award

“In the early days running a motel in Upstate New York, we couldn’t even imagine being in the position we are today. Winning this award is a vindication of the 25-plus years of hard work, sacrifice, and commitment. I couldn’t have done it without the support of my family.”

HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“When the pandemic hit, the entire industry was in freefall. We’d never seen anything like it. AAHOA became a community where we could come together to understand

and solve the crises as an industry, rather than as individuals. Membership in AAHOA helped take away a lot of that initial fear to know that we aren’t alone.”

IS THERE SOMEONE WHO INSPIRES YOU?

“I have to thank my husband for constantly supporting, challenging, and encouraging me. His courage to dream is what pushes us forward each and every day.”

WHAT’S NEXT: *Pinky hopes to foster an environment where young women are not only invited to join the hospitality industry, but also supported in their hospitality careers. She wants to prove that hospitality is no longer a Boy’s Club and we all prosper when we can leverage diversity.*

ARMAAN PATEL

AGA Hotels

Outstanding Young Professional Hotelier of the Year

“The honor to be one of the recipients gave me validation of the past three years of some sleepless nights working toward my company, AGA Hotels. It was a very humbling experience as the youngest to ever win the award. I hope this pushes more young entrepreneurs to pursue a career in the hotel industry.”



HOW HAS AAHOA MEMBERSHIP SHAPED YOUR GROWTH?

“Without AAHOA, I wouldn’t be able to exhibit my hotel franchise and expand. Looking at past AAHOA conferences opened my eyes on how businesses operate outside Los Angeles. I’ve reached out to many connections I met at AAHOA for advice and knowledge about the hotel industry and used it to scale my business.”

IS THERE SOMEONE WHO INSPIRES YOU?

“I’d like to thank my dad for introducing me to this industry at age 16. We had many late-night conversations with him advising me of new business opportunities. He has been there every step of the way giving me advice on how to learn from mistakes rather than dwell on them and continues to motivate me to strive for the best.”

WHAT’S NEXT: *Armaan aspires to influence young individuals to establish their interests and begin to feel comfortable taking risks for their passion. He hopes to help young entrepreneurs gain knowledge from their highs and lows rather than setting them back while working to become a positive influence on young and upcoming entrepreneurs by guiding them where to begin and how to expand.* ■

Look before you leap

An overview of key revenue-related provisions in hotel purchase and sale agreements

by ERIC TUCKER

WHEN ENTERING into the decision to purchase or sell a hotel property, principals are likely to spend a lot of time focused on the provisions in the purchase and sale agreement (PSA) stage that deal with the transfer of the real estate. Still, one needs to remember that the PSA also covers the sale of the hotel business operated on the real property and there are numerous revenue-related provisions in that portion of the PSA that also should receive a principal's time and attention.

MAURICIO GRAIKI/SHUTTERSTOCK.COM

“

Principals buying or selling hotel properties should be sure to spend as much time and effort on finalizing the provisions related to the sale of the hotel business as they do on the provisions related to the sale and transfer of the real property on which the hotel is located.”

1 DUE DILIGENCE

The first key section where revenue-related provisions will come up in the PSA is in the list of due diligence materials a seller is obligated to provide and what representations the seller will provide as to those materials. Purchasers likely want sellers to provide detailed historical financial information on the performance of the hotel, lists of top accounts, and copies of any leases that produce recurring revenue for the hotel. If that type of information is provided, the parties should then address whether it is being provided on an “as-is” basis or if the seller represents as to its accuracy. Further, if leases that provide recurring revenue are being purchased under a PSA, the PSA should address whether or not the seller is required to provide a current estoppel certificate from the tenant under the applicable lease. All these issues are open for negotiation between the parties, and the final resolution can depend on whether the asset is being sold at a discount or a market price.

2 REVENUE AND EXPENSE PRORATION

The next area in the PSA where revenue-related provisions will come into play are the provisions addressing proration and adjustments of the various revenues and expenses generated by the hotel. This will include addressing how the revenue from the evening before closing (the “guest ledger”) will be divided between the parties, when the purchaser is responsible to take on liability for the employees of the hotel, and how the taxes and other operating expenses will be prorated between the parties. There also should be a clear agreed-upon period post-closing for the parties to “true up” any adjustments or prorations that had to be estimated at the actual closing. Failing to address these adjustments and prorations in a comprehensive manner in the PSA could cause unintended difficulties post-closing in transitioning the hotel business to the new owner.

In addition, a PSA should address whether the buyer will be purchasing any or all of the seller’s existing accounts receivable and, if so, at what price. If the accounts receivable are being purchased, that purchase is often limited to current “short-term” receivables, and the seller will retain the obligation to collect longer term receivables, but the scope of the purchase is open to negotiation. If the seller’s receivables are being excluded from the purchase transaction, the PSA should address the purchaser’s obligations with regard to receivable payments received at the hotel after the closing.

3 TAX PROCEDURES

One final revenue-related provision the parties should consider addressing in the PSA is whether the seller will be required to comply with any state-specific bulk sales clearance or tax clearance certificate procedure. If the parties determine to forego a requirement for the seller to obtain a clearance certificate, this potential liability could be addressed by the inclusion of some type of mutually acceptable indemnification provision, which could then include a requirement for the seller to escrow funds for a period of time post-closing until any seller tax liabilities are resolved.

In summary, principals buying or selling hotel properties should be sure to spend as much time and effort on finalizing the provisions related to the sale of the hotel business as they do on the provisions related to the sale and transfer of the real property on which the hotel is located. Spending the appropriate time negotiating mutually acceptable hotel business provisions in the PSA will help ensure a smooth transition to the new owner and will minimize post-closing disputes between the parties related to the hotel’s revenues and operations. ■

Eric Tucker has more than 15 years’ experience representing hotel developers and operators in all types of hospitality transactions. He can be reached at etucker@offitkurman.

When art

Determining which underwriting metrics matter most to lenders in the current economic environment

by RUSHI SHAH

UNDERWRITING A COMMERCIAL REAL ESTATE TRANSACTION is both an art and a science. It's an art, because there isn't just one answer to every question and deal viability isn't always clear. It's a science, because capital providers can employ established rules of thumb, conventionally accepted market norms, and predictable correlations between metrics. For example, when a property's debt-yield ratio moves up, inherently its loan-to-value ratio goes down. Let's explore which metrics are most impacting financing right now.

DSCR MAKES A COMEBACK

In today's inflationary environment, an asset's debt-service coverage ratio (DSCR), or the ratio of net cash flow to current debt payments, is once again in the spotlight. After the global financial crisis, the Federal Reserve implemented quantitative-easing mechanisms that artificially lowered long-term interest rates. When this intervention tactic is used to hold long-term rates lower, DSCR doesn't carry as much weight in lender and other capital market participants' credit decisions.

However, the Fed's recent activity – as well as the reaction of the bond markets to interest rate hikes – has pushed all major indices skyward. As a result, the absolute interest rate at which owners can borrow also has risen sharply. This magnitude of move in such a short period of time has sparked renewed attention on what was the most important underwriting metric pre-2008, DSCR.

THE POWER OF RATINGS

In the world of commercial mortgage-backed securities (CMBS), collateralized loan

obligations (CLO) and other securitized products, rating agencies set the mood for the credit markets. Acting as gatekeepers, agencies curb overexuberance among debt providers by assigning a stress-test haircut to the transaction's underwriting metrics. For example, if a property's net cash flow is initially underwritten at \$2 million, the final amount will be lower after the rating agency applies its risk-ratings calculation. How much of a trim depends on the asset's type, location, historical cash flow, age, environmental

factors, and sustainability of revenue, as well as sponsor quality. Considering assumptions, a typical flagged hotel in a tertiary market could expect the rating agency to cut revenue by 25%.

IT'S ALL ABOUT SUSTAINABILITY

Sustainability of cashflow has the most impact on financing decisions because lenders want to ensure an asset will be



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able to generate sufficient revenue to satisfy loan payments until maturity. During the past two and a half years, the market largely was manipulated by the pandemic and other forces, and most assets experienced unsustainable peaks and valleys in revenue. As a result, lenders and rating agencies are anchoring current underwriting on more normal 2018 and 2019 revenue numbers.

With inflation in full swing, prudent owners seeking higher revenues are increasing nightly rates. Higher interest rates lead to a lower DCSR on assets, which will continue to be key in light of renewed lender focus on this underwriting metric. A lower DCSR offsets potential overleveraging that might occur as revenue and cashflow ramps up. Interestingly, loan-to-values are largely unaffected by rate increases if the asset has sustained higher cash flows. This is because higher interest rates mean higher cap rates. Cap rate is the rate that when you divide it

by cashflow gives you the value of the asset. If there is a higher cap rate on a property with a higher cash flow, it negates the impact on an asset's value. Capital markets largely are financing hotel assets between 60% and 65% loan-to-values. Today the constrain is DSCR due to higher rate to service the debt. Taking all of this into consideration, the best underwriting approach for a hotel is to consider debt yield, loan-to-value, and DSCR in triangulation. In other words, calculate all three metrics and use the least of the trio to close the loan.

Whether you look at a commercial real estate transaction through the eyes of Monet or Einstein, it's best to work with an expert intermediary. To eliminate the guesswork, choose an advisor who has years of experience and understands all facets of the market. Knowing how rating agencies,

B-piece buyers, and lenders think and approach a deal can be the difference-maker for getting to the closing table. ■



Rushi Shah is Principal and CEO of the commercial mortgage and real estate

investment banking firm and AAHOA Allied Member Mag Mile Capital. As a leader in hospitality financing, Shah specializes in structuring and placing high leverage, nonrecourse bridge and permanent debt with cash out for full- and limited-service hotels nationwide. Since joining the firm's predecessor, Aries Capital, in 2015, Shah has structured and closed hundreds of millions in financing for all property types. Shah has held previous positions at Northern Trust and has an MBA from the University of Chicago's Booth School of Business.

Calculating claims

Business interruption claims: top-down or bottom-up?

by DAVID E. MOORE

IN THE EVENT OF LOSS due to a major catastrophe such as a fire, hurricane, or other natural disasters, the method used for calculating business income loss claims can significantly impact the amount of recovery. Evaluating business income loss claims involves estimating the claimants' business results as they likely would have realized had the loss not occurred.

Business interruption (BI) claims can take one of two forms:

1. The gross-receipts method is also known as the top-down method.
2. The net-income method is referred to as the bottom-up method.

Here, we'll discuss these two methods, including the pros and cons related to each and which is the best for a situation.

The TOP-DOWN Method

The **top-down method** is based on the difference between lost sales and the expenses saved because of those sales not happening. Money not spent on operations due to business interruption is factored into gross sales at the top of a typical income statement. This method utilizes a simple calculation that all involved parties easily understand. Based on revenues, the calculation starts at the top of the profit-and-loss statement minus non-continuing (or saved) expenses. For example, saved expenses could include rent, utilities, repairs, maintenance, and any other costs that stop or slow down because of an event.

Pros

- Simple, easy-to-understand calculations
- Faster claims settlement

Cons

- This method ignores historical net losses the claimant may have experienced prior to the catastrophic event
- Figures can be manipulated

Forensic accountants working on behalf of the insurance company use the top-down method when calculating BI claims. Because no business operates on a constant flow of business, the linear approach of this method can be inadequate when the period of loss is extended and claims become more complicated.

The BOTTOM-UP Method

The **bottom-up method** focuses on the claimant's projected net income during the loss period and adds in continuing expenses. The calculation is conceptually more complex but may be more accurate when considering an extended period of downtime. This approach generally treats losses like part of a whole and not as though they occurred in a vacuum. Durations, costs, and resource requirements aren't estimates but actual incurred expenses.

Pros

- Estimations may be more accurate
- Numbers cannot be manipulated

Cons

- Complicated calculations
- Time-consuming

A BI claim is not an end-all but rather a financial Band-Aid meant to assist a hotelier in surviving the period of restoration until fully operational. A public adjuster always works to expedite the recovery regardless of the method used to calculate BI. The BI claim is still being worked on in many instances after the insured is back in business.

HANDLING A BUSINESS-INTERRUPTION CLAIM

BI loss isn't just an accounting function. A narrative must be created to explain the loss and convince the carrier of the calculation. When a hotel is down, it could be losing market share because potential guests must use the competition, and there is the risk of losing longtime customers to your competitors. For this reason, it's crucial to expedite the remaining portions of the claim to return the insured to operating capacity as quickly as possible.

While both estimation methods are acceptable, the top-down method is easier but may be more suitable for smaller claims with limited periods of business interruption. The bottom-up approach provides a more accurate estimate of the dollar figure needed to get back to business in the case of massive loss and indeterminable downtime. To obtain the optimal settlement, calculations for the damaged hotel must figure in the normal occupancy, actual occupancy, and continuing expenses. ■



David E. Moore is a principal and chief operating officer with Jansen Adjusters International, managing multi-million-dollar

losses annually for commercial, multifamily, and homeowner policyholder clients. For more info, visit jansenai.com.

How do independent properties compete with franchised properties for business?

One step at a time

by DAÉ PATEL

IN THE GREEK TALE OF SISYPHUS, THE titular subject is condemned to push a boulder up a hill only for the rock to come crashing down just shy of the peak. The task is impossible, but he's eternally convinced of his ability to overcome impossible odds.

For the independent hotelier, competing against the brands and their deep pockets can feel like an equally doomed endeavor.

But take heart, fellow mavericks. There indeed are ways for the independents to get the boulder over the top of the hill, make their mark in the industry, and compete with the brands by thinking creatively and mirroring the success of those who've already accomplished the feat.

By simply putting one foot in front of the other, here are four ways independent hoteliers can get on equal footing with the brands.

1

BANG YOUR OWN DRUM

The popularity of HGTV alone speaks volumes about the prevalence of the do-it-yourself ethic in today's society. And how does the old saying go? "If you want something done right, do it yourself." There are several steps involved in marketing, the first of which should be creating and registering your brand with a unique copyright. Secondly, you'll need to determine your marketing budget. And not marketing isn't an option. Even corporate behemoths like Coca-Cola maintain an incredibly strong advertising presence because they understand that continued presence in the marketplace is vital to ongoing success and additional growth. And marketing fees are almost always baked into a franchise model – often as a percentage of monthly profits – so your branded competitors are keenly aware of advertising's value. As your business grows, your marketing budget should expand in kind. As a general rule of thumb, many marketing budgets follow the model of allocating \$1 for marketing for every \$3-\$4 of revenue.

2

FIND YOUR NICHE

You will want to spend a fair amount of time determining the factors that make your property stand apart from all the other properties in reasonable proximity to your location. And while fortune favors the bold, there's certainly nothing wrong with sticking with tried-and-true method of positioning your property as offering safe, clean, and comfortable rooms every time.

3

REPUTATION MANAGEMENT

Using little more than a mobile device – phone, tablet, etc. – you can monitor your online reputation and repair damage in real time. After all, the best advertising in the world can't overcome a terrible, and well-earned, reputation. We can probably all think of international companies that spend a mint on advertising yet have horrendous reputations that give us pause before giving them our business.

Assuming the standard five-star ratings used by most sites, you need to keep your average no lower than four stars. Period. And smart guests can see right through bogus reviews – positive or negative – so don't be tempted to start writing glowing reviews yourself. Great review scores can work tremendously in your favor by helping guests make a quick decision to book with you, and they can allow you to increase rates commensurate with the level of service you offer if your reputation aligns.

While it can feel strange to outright ask guests to review your property online, simply including a link or reminder on a check-out receipt can go a long way toward garnering more reviews. Or, housekeeping can start leaving business cards in guest rooms with requests for guests to share their opinions after their stay.

“

While there are certainly plenty of other opportunities of which independent hoteliers can take advantage that we haven't covered here, AAHOA maintains an outstanding educational platform that is designed to help all members succeed.”

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DO YOUR HOMEWORK

In tandem with online reviews, you'll want to ensure you're paying attention to the following areas:

- Marketing via Google and maintaining your review rating.
- Marketing on all social media platforms.
- Studying market trends to see what's going on in your local area, while also staying informed on state and national-level goings on. Staying abreast of market trends helps you properly manage your rates and ensures you have enough team members to facilitate smooth hotel operations.
- Networking within your local and business communities. If possible, join your local business & community groups. Word of mouth goes a long way. Always carry some business or rack cards with your property information to hand out just in case.

While there are certainly plenty of other opportunities of which independent hoteliers can take advantage that we haven't covered here – including informed and fair partnerships with OTAs, and customer-relationship management platforms – AAHOA maintains an outstanding educational platform that is designed to help all members succeed. All that's required is effort on your part. Current AAHOA Chairman Neal Patel (2022-2023) is a testament to the wisdom that you can accomplish anything with enough effort. And independent hoteliers are hardly afraid of a little sweat equity, so let's roll up our sleeves and get to work. ■



Second-generation hotelier Daé Patel has been involved in the hospitality industry for 25-plus years in franchised and

independent properties. He can be reached at daempatel@gmail.com.

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Leaving no stone unturned

Finding new revenue
and cost savings in
unexpected places

by STEVE SINCLAIR

ACCORDING TO numerous reports, and behavior, consumers often make reservation choices based on a hotel's environmental report card. Put another way, leisure travelers want brands to align with their values, and sustainability is a priority.

Booking.com says 61% of U.S. travelers want to travel more sustainably, up 15% from 2021. And 78% of Americans would pay more to lower the carbon footprint of their vacation. According to The Vacationer, 12% would spend \$250 more, and 6% would pay \$500 more on eco-friendly options in accommodations and travel.

Business travelers also are making low-carbon and sustainable hospitality choices. For them, this often comes as a result of corporate goals to reduce carbon emissions in their supply chains.

Hotels are showing up by adopting sustainable business operations, including using fewer resources, minimizing waste, and deploying smarter supply chains. Here's a look at five proven methods that offer real ROI.



FOOD MOVES

Food is the largest landfill component, estimated to be almost half of the total waste produced in tourism and hospitality. A food-recovery program with a local collective can safely redistribute fresh food. Perishables, fruit, and vegetable scraps can be repurposed to generate clean energy or used in compost and animal feed for local farmers. These actions also add back value as a tax deduction.

WATER AND ENERGY ACTIONS

Energy consumption represents about 60% of a hotel's carbon emissions. Increasing building efficiency, while initially expensive, is central to sustainability strategy. An international hotel group found that decarbonizing its hotels by upgrading to smart energy-management systems like occupancy sensors, and converting to energy-efficient electric equipment and appliances could yield internal returns of about 38% after five years.

Education on the impact of reusing towels and not changing bedlinens daily during a multi-night stay raises awareness of water consumption and the energy needed for pumping and heating water in the hotel laundry. Making that request of guests can reduce laundry loads by 17%.

Installing low-flow aerators in plumbing fixtures won't change water pressure and use 25-50% less water per shower. These changes are relatively easy, have high ROI, and are supported by guests and employees.

Renewable energy isn't an option for everyone, but rooftop photovoltaic panels can significantly reduce a hotel's energy load. Also, consider installing electric chargers for guests with EVs and adding a fleet of e-bikes for guests.



WASTE STREAMING

Zero-waste programs are emerging throughout hospitality, and begin with preventing and minimizing waste. Trends include eliminating disposables throughout the hotel, using refillable dispensers for toiletries, and offering water-bottle-refill stations.

Separate trash from recyclables with marked bins throughout the hotel, in guest rooms and, ultimately, at the loading dock. Broaden your ideas on reusing useful materials to increase the waste-diversion rate. If materials can't be reused or repurposed in your facility or on your grounds, look to nonprofit organizations. Partial soaps and other room amenities can go to organizations like Clean the World. Schools can use office supplies and equipment; community and veterans' groups accept furniture and vehicles.

Compactors, composters, and balers help optimize space for waste. Partner with haulers for direction on proper recycling and safety protocols and hazardous materials removal. A waste broker can offer options for selling recyclables.



BACK-OFFICE APPS

Cloud technologies can lower energy usage, can eliminate manual paper processes (25% of hotel waste is paper), help hotels become more operationally efficient, and even improve customer service. For example, automating your lost and found by leveraging AI, SMS, and smartphones frees critical staff time. Quickly reuniting a guest with a lost item delivers a positive guest experience and can gain loyalty while lowering lost-and-found inventory and, subsequently, waste.

Advanced apps flag unclaimed electronics and provide prepaid packaging to send devices to a green recycling partner. They'll securely erase all data and personally identifiable information and sell the items. A large hotel can find a dozen or more phones, tablets, or laptops left behind each month. This is a seamless way to dispose of and create a revenue stream from electronics that will be refurbished or used for components and kept out of landfills. Found jewelry and accessories are similarly liquidated.



GET GOING ON GREENING

The Cornell Hotel Sustainability Benchmarking Index has data on energy, water, and carbon emissions from 21,000 hotels. Compare your hotel to others in your segment or location. Waste-management companies offer online calculators to track waste-stream diversion efforts, recycling rates, cost savings, and revenue generation. Airlines offer carbon calculators to measure the impact of your own travel.

It's important to track your sustainability efforts and report out to employees, shareholders, guests, and the community. Share your environmental, social, and governmental (ESG) criteria, initiatives underway, progress toward goals, outcomes and impact.

Simply put, hoteliers can help their companies become more sustainable and competitive by realizing the potential of their organization and its people. ■



Steve Sinclair is the founder and CEO of BOUNTE and created the industry's first lost-and-found app to use AI/ML and GPS technologies, and his latest innovation solves for hotels' package management chaos and the flood of guests' deliveries at all hours. You can reach him at ssinclair@bounte.net or 847-881-6310.

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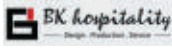
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Mid South Regional Director Harikrishna (HK) Patel plays friendly rounds of golf at the North Central Charity Golf Tournament.



AAHOA Members and industry partners raised over \$61,000 for local causes during the North Central Charity Golf Tournament.



The Southwest Charity Golf Tournament had 60 players participate and raised approximately \$55,000 for local charities.



AAHOA Southwest Regional Director Dharmesh Ahir, Industry Partner Faheem Khan, and hoteliers come together to play golf and support their community.



[L-R]: AAHOA North Central Regional Director Bhavesh N. Patel, Chairman Neal Patel, Florida Regional Director Rahul Patel, and Mid South Regional Director Harikrishna (HK) Patel attended the North Central Charity Golf Tournament.



It was a beautiful day to play golf in the Southwest Region.



AAHOA Chairman Neal Patel with Kansas Governor Laura Kelly.



AAHOA Director at Large Eastern Division Pinal Patel and Arizona Governor Doug Ducey.



AAHOA Chairman Neal Patel with Rhode Island Governor Dan McKee.



[L-R] AAHOA Vice President Government Affairs & Counsel Dean Heyl, AAHOA Director at Large Eastern Division Pinal Patel, Georgia Governor Brian Kemp, and Georgia's First Lady Marty Kemp



Thank you to AAHOA Secretary Kamallesh (KP) Patel, North Pacific Regional Ambassadors, and members for a successful North Pacific Regional event earlier this summer.



AAHOA Greater Los Angeles Regional Director Naresh (ND) Bhakta was recognized by Inglewood Mayor James T. Butts, Jr. for his outstanding community service.

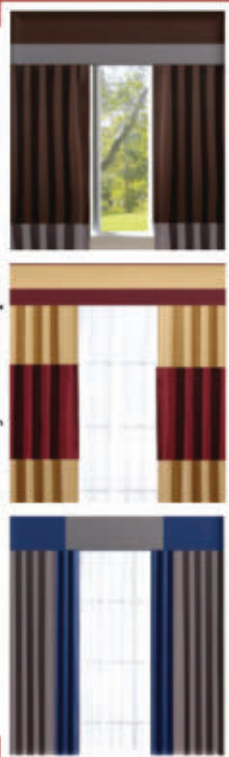
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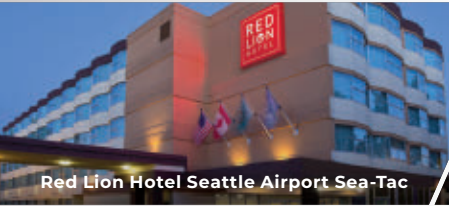
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