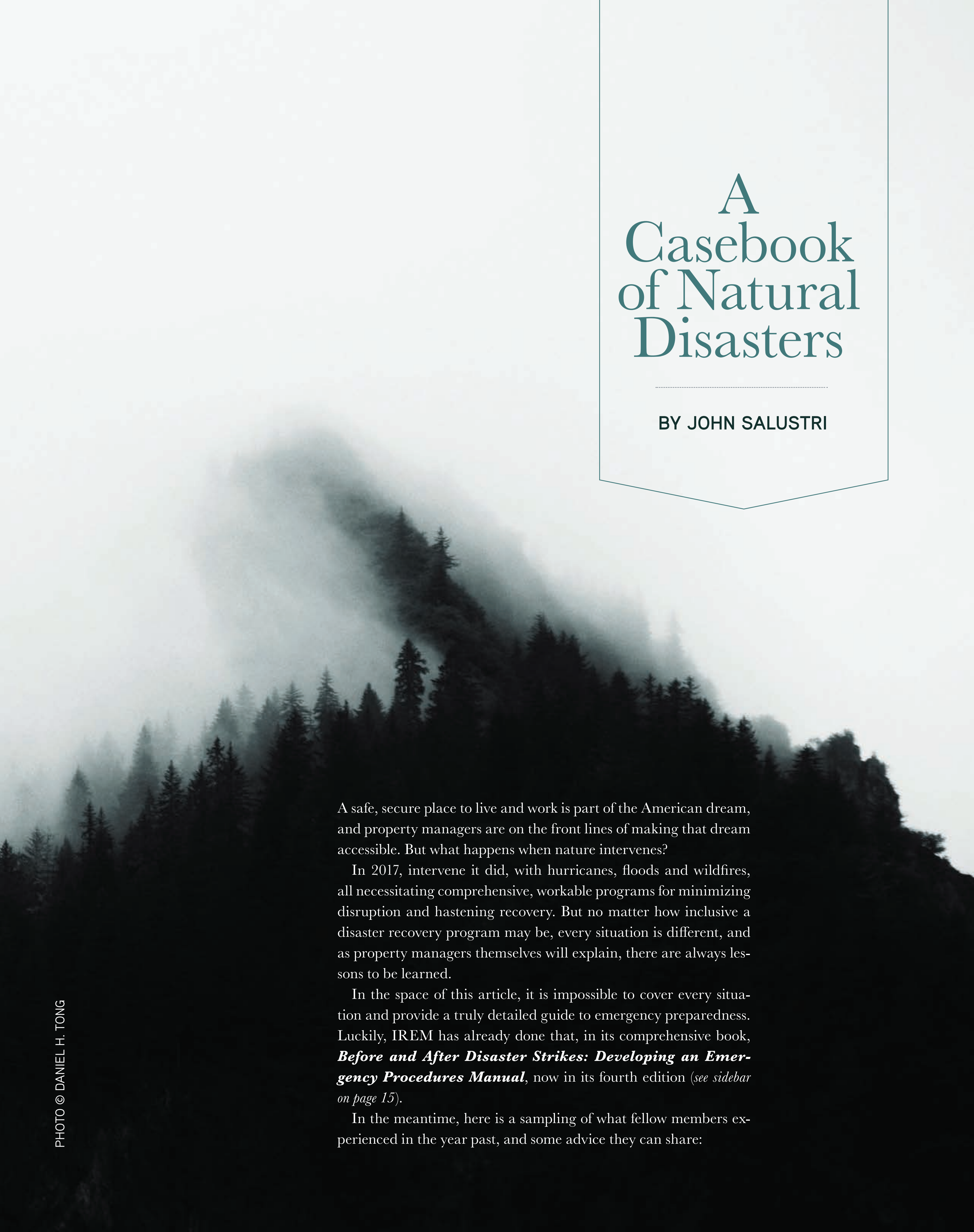
EARTH, WIND & FIRE:

(This is the first of a two-part series. See the Sep/Oct issue of JPM® for Part Two.)



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A Casebook of Natural Disasters

BY JOHN SALUSTRI

A safe, secure place to live and work is part of the American dream, and property managers are on the front lines of making that dream accessible. But what happens when nature intervenes?

In 2017, intervene it did, with hurricanes, floods and wildfires, all necessitating comprehensive, workable programs for minimizing disruption and hastening recovery. But no matter how inclusive a disaster recovery program may be, every situation is different, and as property managers themselves will explain, there are always lessons to be learned.

In the space of this article, it is impossible to cover every situation and provide a truly detailed guide to emergency preparedness. Luckily, IREM has already done that, in its comprehensive book, ***Before and After Disaster Strikes: Developing an Emergency Procedures Manual***, now in its fourth edition (*see sidebar on page 15*).

In the meantime, here is a sampling of what fellow members experienced in the year past, and some advice they can share:

CASE NO. 1:
WILDFIRES SWEEP SONOMA COUNTY

For those who live east of the Rockies in California, wildfires seem to be an annual occurrence. Jeff Bosshard, CPM, would beg to differ. "We've been in business over 40 years, and we've dealt with fires where multiple units were involved. We've never experienced a wildfire like this."

Bosshard is president of multifamily operations at Woodmont Real Estate Services, AMO, in Belmont, Calif., managing 12,000 apartment units throughout Northern California and five million square feet of commercial assets.

In the early morning hours of October 9, 2017, Sonoma County came under surprise attack. With virtually no warning, wildfires erupted, "seemingly out of nowhere," according to the *Washington Post*. They rode the back of 60-mile-an-hour winds, so strong that flames traveling a reported 100 feet per second would leap the six-lane Highway 101 that runs through the county. In the ashen wake of the fires, at least 42 people died and more than 5,100 homes were destroyed.

Governor Jerry Brown would describe the crisis as "one of the greatest tragedies California has ever faced." In fact, California insurance commissioner Dave Jones reported in late January that insurance claims from the state's 2017 wildfires hit $11.8 billion—the most expensive series of wildfires in the state's history. Ten billion of that came from the Sonoma County fires.

The fires took their toll at Woodmont. Eight apartment communities and the regional corporate office were affected to one extent or another, with five of the apartment communities under mandatory evacuation and two out of the direct path of the fire's trajectory under voluntary evacuation. In all, 2,000 Woodmont residents were rendered temporarily homeless by the fires. Bosshard paints a surreal picture of "half-mile-long lines of fire trucks" rolling down the street and evacuation orders blaring through loudspeakers, all in the middle of the night.

Thankfully, no lives were lost, but one eight-unit apartment building was destroyed. "The other assets sustained smoke, glass or water damage," Bosshard recalls. By Woodmont's count, total damages, still not fully assessed, are estimated at $7.5 million.

So how do you prepare for the unforeseeable? "Obviously, it's important to have a plan in place for any type of disaster," he says. "We had a longstanding emergency-response plan. We think it's pretty comprehensive, but we learned some things from the wildfires." More on that in a bit.

The essentials of the plan are fairly straightforward. Woodmont has identified management-level personnel throughout its service areas who serve on the front line, charged with "going out and assessing each building during and after an incident," says the CPM. They also have established relationships with vendors that can service emergency needs. One such case in the midst of the fires involved air masks. "All the local stores were sold out. We called one of our regular suppliers in L.A., Maintenance Supply Headquarters, and within a few days they shipped 2,000 masks to our temporary offices."

Notice he said temporary offices. The Santa Rosa emergency was made all the more complicated by a regional headquarters within the fire evacuation area. "It was the second most affected of our buildings," Bosshard recalls. "It was uninhabitable for five weeks. We needed a temporary location for our Santa Rosa office so we could operate and get back on our feet."

Luckily, locations are Woodmont's business, and they quickly found temporary quarters in a nearby—but not too near—mixed-use office and apartment building they manage. Further, another vendor, Brook Furniture, provided furniture to fill it. "They even provided artwork to make it a little homier."

With a makeshift headquarters in place, Woodmont could implement the in-place emergency-response plan. "We immediately set up a daily phone call between the senior executives at our office in Belmont and the Santa Rosa management team," he recalls, these in addition to ad-hoc calls as necessary. "We did that for two weeks."

Eventually, evacuation orders were lifted and by mid-November the last occupants returned. This in large part was due to another vendor relationship—their insurance carrier.

"Before the fires were fully contained, a senior adjuster from Travelers Insurance flew out from Philadelphia to review the situation and assist us," Bosshard tells *JPM®*, "someone with the authority to make decisions" on such issues as the clean-up plan, which he approved. It should be noted that, given the scale of the damage, the interior and exterior clean-up program had to be customized on the spot, another advantage, says Bosshard, of a solid, longstanding carrier relationship.

While Woodmont had no legal responsibility to relocate or move its residents in such a massive crisis, it did assist with the eight families rendered homeless. Many other residents sought shelter with family, friends or area hotels. Communication throughout and restoring their homes after the fact were Woodmont's major responsibilities, the former often hobbled by a lack of information in the midst of the crisis. "Many people thought we should know more than we did," says Bosshard, "But all information from the authorities was on a need-to-know basis. We were often as much in the dark as anyone else."

It also complicated accurate assessments for the four ownership entities impacted by the fires. Whenever new information

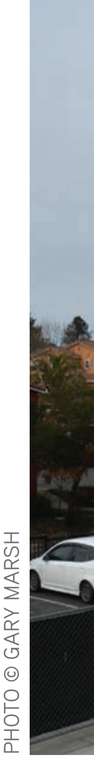

PHOTO © GARY MARSH

The remaining pad for the eight-unit Woodmont building destroyed by the October wildfires.

became available, "our responsibility was to accurately and in a timely fashion relay to the different ownership groups the depth and breadth of the situation," at least, as best they knew it.

Today, almost all of the buildings are re-inhabited. Except for some landscape damage, the only remnant of the fires is a scraped slab where the eight-unit building once stood. Woodmont plans to rebuild in the near future, as soon as the insurance company and the city approve the updated plans.

LESSONS TO SHARE. When the smoke and the flames and the soot had cleared, Woodmont was left with lessons learned, most revolving around communication.

"We didn't have a cell phone or email address for every resident," says Bosshard. The resident portal is a prime communication tool, but it demands a login, which means emails. "We can't force people to give us email addresses, but we can explain the importance of an email address and that we're not selling them or using them for promotions, in the hope that they understand their importance."

The same goes for mobile numbers. For those with cell phones, they also now have an account with Nixle, an online service for keeping users apprised of alerts from local public safety authorities. Additionally, they have set up an emergency hotline at the corporate office with a designated person handling calls. Using the hotline, "residents at least have someone to talk to, even if we have no new information."

In addition, a Dallas-based call center the company uses for prospective residents knew nothing of the fires, but was converted during the emergency from a marketing center that typically set appointments to tour available apartments into a referral center directing callers to the emergency hotline at headquarters. In future emergencies, this will be standard protocol. RealPage Inc., the property management software and services company, was instrumental in supporting the call center's work during the emergency.

Reflecting on the fires, Bosshard makes a clear distinction between crisis and chaos. "It wasn't chaos," he says, noting that they had a plan in place, even if it needed on-the-fly modification. "Besides," he adds, "the first responders, the firefighters and the National Guard did a phenomenal job."

THE PRICE OF PREPAREDNESS

Emergency preparedness, in addition to ensuring life and property safety, is also a cost-saving strategy, at the very least in terms of occupant retention when the emergency is handled with professionalism and thought.

But it is also a cost. As pointed out in *Before and After Disaster Strikes,* "There will be upfront costs for emergency equipment and printing of emergency procedure manuals, in addition to costs incurred for the amount of time your staff spends creating the plan." Thorough preparation, the book points out, may also call for upgrades in building systems, everything from sprinklers and alarms to windows.

"Further costs may be incurred if professional consulting services are solicited as part of development," the book warns. Key among them would be an attorney—if the prep is done properly—because she or he, "can advise whether there are laws regarding public access or other issues that might affect your actions and/or liabilities in an emergency."

Sound burdensome? Consider then, that, "Liabilities may also arise if you do not have an emergency plan in place or do not implement a plan to protect people and property."

So better to invest now than to pay an even bigger price later.

CASE NO. 2:
FACING OFF AGAINST HURRICANE HARVEY

Woodmont never experienced wildfires before last year. But even in locales where nature regularly rears its devastating head, total preparedness can be a reach. “Every event, every building during those events and every tenant and business in those buildings is different.” So says Robert Tyler, CPM, senior property manager in charge of seven commercial properties and a retail center for Rockwell Management Corp., AMO, some 850,000 square feet in the Houston area. (Rockwell’s portfolio also includes multifamily apartments throughout the Houston metropolitan statistical area.)

Even though Tyler, while at another company, had experienced Hurricane Ike in 2008, there were still lessons to be learned in the wake of Hurricane Harvey, a Category 4 storm that struck Texas in August of last year. The storm came packing 180-mile-an-hour winds and incurred a record-tying (with Katrina) $180 billion in damages and 82 deaths.

Seeing the storm coming, Tyler, who had just joined Rockwell, launched preparations. “We have a list of materials we keep on site for each building,” he says, and Rockwell stocked up. They also held hurricane preparedness meetings to define essential personnel, “like our engineers, security and me—those people who have to be on call.”

He also had time to do some critical upgrades to the program. “I’m a techie,” he confesses. “I upgraded our communication beyond email and signed up for a work-order system called Electronic Tenant Solutions that has an instant alert for all concerned personnel and tenants. It pretty much saved me. You can imagine trying to communicate with seven office buildings and about 500 tenants on the status of the emergency and their buildings. We rolled out the system just before the storm hit.”

Which it did on Friday, August 25, pushing a storm surge of up to 13 feet. Heavy rains would come for the next four nights. Thankfully, only two of the seven office properties in Tyler’s charge sustained serious damage, this from a combination of rains and flooding—12605 East Freeway on the east side of town and 4600 Highway 6 on the west. By far, it was the western asset that sustained the worst damage.

“The east building lost power because the electrical equipment was in the basement and under water,” he says. “We had to replace a lot of that and the HVAC equipment. We pumped all the water out and replaced the equipment pretty quickly. Some basement sheetrock also had to be replaced, but we were up and running within two weeks so tenants could function.”

The Highway 6 building told a very different story. First, nothing could be done in terms of bringing emergency supplies to the building since the National Guard had appropriated its raised parking lot to stage rescue operations for nearby neighborhoods.

While that was taking place at street level, the building’s roof was turning into a massive, 16,000-square-foot lake—the result of flooded streets cutting off drainage. Eventually drain lines separated, pouring water through the building and into the atrium. “Every corridor was a river,” Tyler recalls.

Oddly, certain roads provided better access than others. “Everywhere south and east of the building was underwater, cutting most of us off,” he says. “One of my tenants got to the building, and he draped a tarp over the entry to divert some of the water.” Even two weeks after Harvey, it would take two hours to navigate the streets as authorities performed periodic controlled releases of water from the reservoir close to the building.

Sheetrock and rugs had to be ripped out and replaced throughout the western asset. Tyler instructed his tenants prior to the storm to take their computers and what else they needed to work with and leave all the furniture. “Was it a perfect call?” he asks in a bit of Monday-morning quarterbacking. “Maybe not. But it was the better call to carry the burden of moving furniture and assuming the responsibility for it during remediation. We probably retained tenants because of that.” The west building came back online November 6 of last year.

Harvey’s toll on these two buildings alone is still being tallied, says Tyler, who remained on call throughout the storm—even while he evacuated his wife and two babies from his own home. (“Thankfully,” he says, “unlike others, I had the resources and the vendors to handle the reconstruction of my home.”) At this writing, he estimates the damages at about $2 million, the bulk of that naturally going to the Highway 6 asset.

LESSONS TO SHARE. Tyler’s primary message to other property managers is simple and clear: “Know your lease,” he advises, “and prepare statements that spell out for tenants what they need to do and what they should expect from you.” He says you need to make them aware of everything you know so they can plan for their business. But as you do so, “weigh the consequences of everything you tell them, and never overpromise. I can’t tell you the number of times we had to change the move-back dates.”

Finally, go the extra mile, beyond the lease. “Technically, some of our leases give us the right to continue charging rent while we recover the building after a catastrophic event,” he says. “That would leave a sour taste and cause us to lose tenants. I abated everyone’s rents from the period we determined that the buildings were untenantable until they were back online. We filed the claim under our insurance rather than asking them to claim it under theirs.” ■

PHOTO © ROBERT TYLER


A Houston street, post-Harvey.

Watch for Part Two in the Sep/Oct issue of JPM, which will look at dealing with HUD in the aftermath of a crisis and earthquake preparedness: It's not just for California.

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