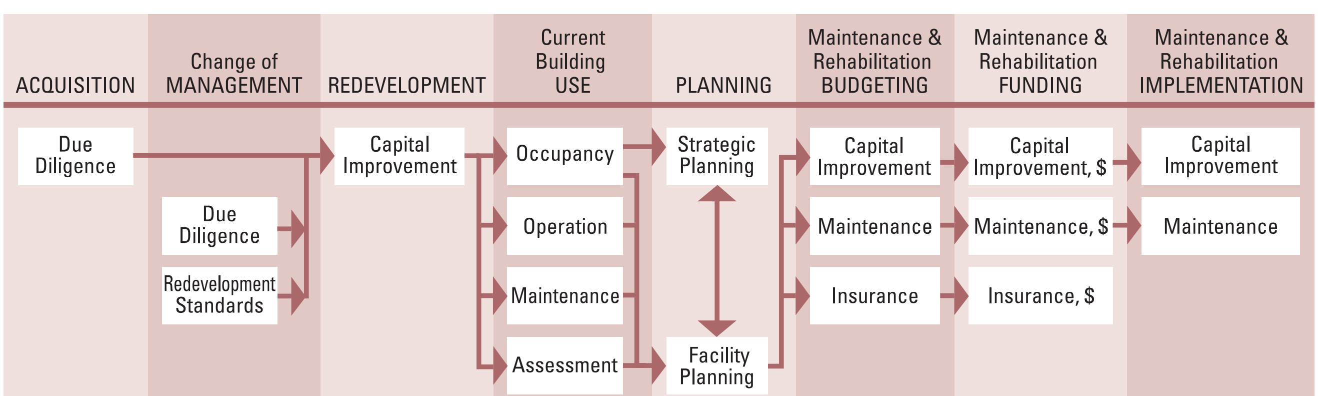
Appendix I. Additional Information on Hotel and Motel Building Facility Management

Introduction: Typical Facility Management for Hotel and Motel Buildings

The typical facility management process for existing hotel and motel buildings consists of eight phases of activities: Acquisition, Change of Management, Redevelopment, Current Building Use, Planning, Maintenance & Rehabilitation Budgeting, Maintenance & Rehabilitation Funding, Maintenance & Rehabilitation Implementation, as diagrammed in Figure 1. This process is sequential, except that the first two—acquisition and change of management—can occur in either order, or simultaneously. Furthermore, change of management can occur any time in the process during the current building use phase. The process progresses from acquisition or change of management through implementation of rehabilitation in any given building. An owner or operator of a large inventory of buildings is likely to have ongoing activities in all of these phases in different buildings.

Figure 1: Typical Management Process

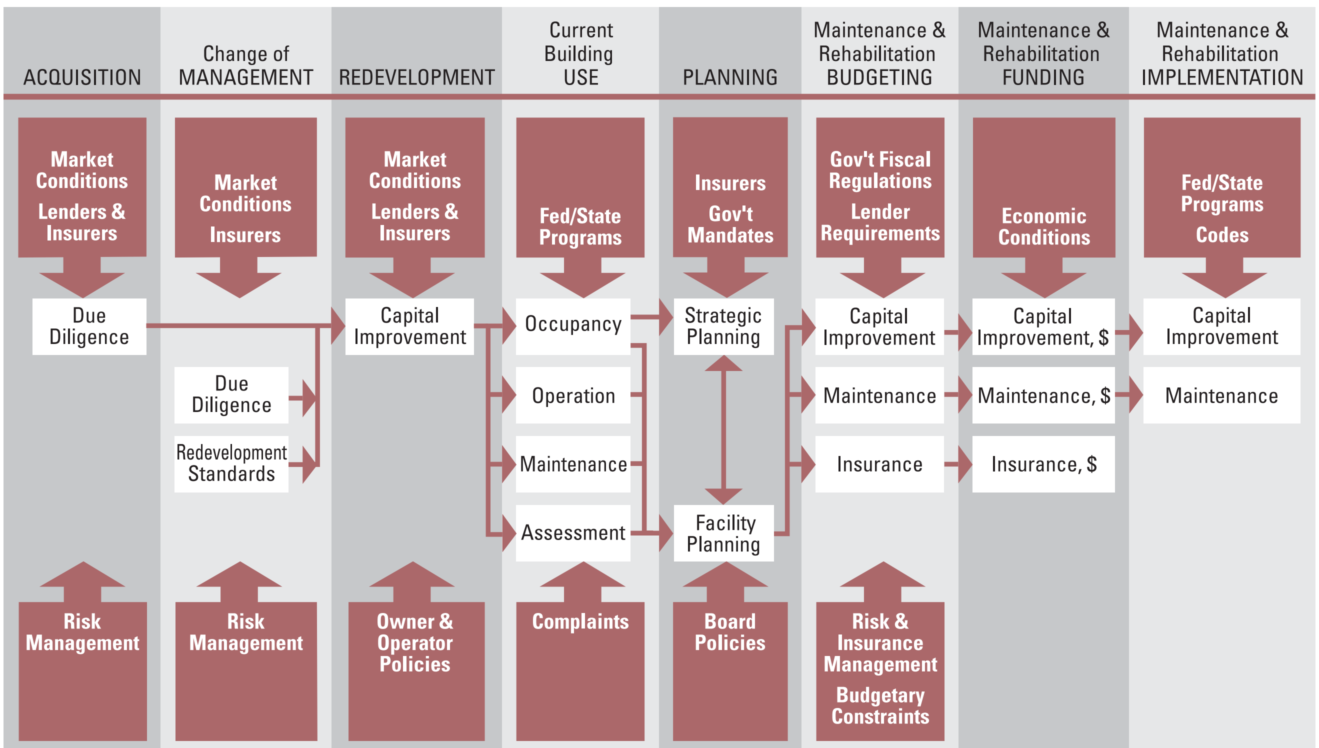


This process is generic and, while variations may occur, it is generally followed by hotel and motel building owners and operators, either explicitly or implicitly.

Both internal and external factors typically influence the hotel and motel facility management process in its various phases. Internal factors (represented by up arrows in Figure 2) are generated within the owner and/or operator organizations. External factors (down arrows) are imposed on owners and operators by outside entities. This classification of factors may be oversimplified, however, in that it considers the owner and operator of a hotel or motel facility a cohesive team subject to the same internal and external factors. In reality, there are a multitude of possible relationships between hotel owners and operators. A more sophisticated analysis may consider the owner's internal factors as external to the operator, and vice versa. In any case, it is likely that the owner/operator agreement will assign responsibilities for activities required in response to these factors.

This Appendix describes the activities and influences within each phase.

Figure 2: Management Process Influences



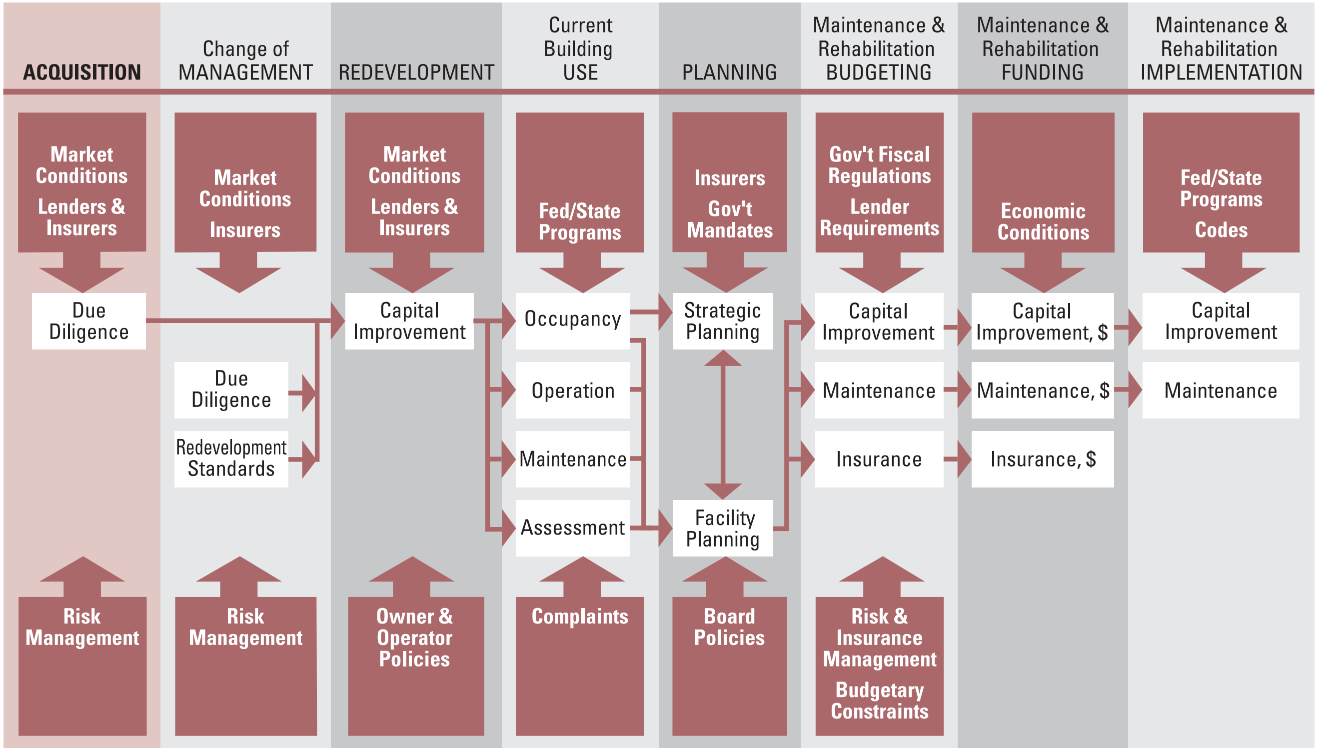
1. The ACQUISITION Phase of Hotel and Motel Facility Management

Typical Process

The acquisition of a hotel or motel may retain the current operator or it may include a new operator at the time of acquisition or soon thereafter. The acquisition phase of the typical hotel and motel facility management process consists of due diligence activities and is influenced by significant internal and external pressures, as depicted in Figure 3.

Hotel and motel building acquisitions initiate the facility management process for all owners who are not also developers or merchant builders. The **due diligence** process that precedes an acquisition is intended to identify, and

Figure 3: Acquisition



quantify if possible, all the liabilities or potential liabilities related to the asset being acquired.

For a given acquisition there may be several due diligence processes carried out by the various participants in the deal:

- Owner (buyer)
- Lender (if there is one)
- Insurer

A multi-discipline team that includes legal, risk management, and engineering experts carries out the due diligence. Specialty consultants may be used. Because of the potential professional liabilities, legal questions are often the driving force in the process. The due diligence process also involves a walk-through of the building. Environmental risks, such as the presence of asbestos, are identified in the due diligence process.

Influences and Related Seismic Considerations

As indicated in Figure 3, two external factors (down arrow) and one internal factor (up arrow) influence acquisition phase decision making.

Market Conditions: External local conditions of the hospitality market are the principal factor governing hotel and motel building acquisition, regardless of the short-term or long-term strategic objectives of the purchaser. This is true for all types of owners, be they real estate investment trusts (REITs), pension fund or other fiduciary institutions, partnerships, or individuals.

Seismic Consideration

Studies in California suggest that regional and local earthquake hazards (presence of faults and their proximity, regional earthquake history,

geological and local site factors, etc.) have little if any influence on the hospitality industry and levels of guestroom rates. Earthquake risk, in general, does not appear to translate into financial cost in the hospitality industry.

Lenders and Insurers: Lenders and insurers are important external participants in many hotel and motel building acquisitions, and each carry out due diligence functions to determine the risks and potential liabilities in any given deal. By their nature, lenders and insurers spread their risks over a wider range of investments than that presented to an owner in a specific acquisition. Lenders often have extensive influence on hotel and motel acquisitions. In doing so, they interact with the operator (who is not their customer) as well as the buyer.

The insurers' role in acquisition of hotels and motels is more complex and depends on whether the properties are franchised or managed by the operator. In franchised properties the owner's liability is primary, and it is the owner who procures the insurance. In managed properties the operator's liability is primary, and it is the operator who procures the insurance. The insurability of the acquired property and the cost of insurance are of great concern to hotel and motel owners and operators, but large owners and operators can spread the cost over a large number of properties.

Seismic Consideration

Lenders and insurers usually employ engineering consultants to perform the seismic portion of the due diligence, and they use proprietary programs to carry out the analysis. The most common analysis used is the Probable Maximum Loss (PML) analysis, which quantifies the percentage of the property that will be lost in a major earthquake. Such an analysis is referred to as deterministic, and it does not consider the damages and losses that could result from more moderate but more frequent earthquakes. Lenders and insurers establish their own proprietary criteria for acceptable PML. Lenders often require seismic due diligence in California and the Pacific Northwest, and the extent to which it is done in other seismic regions is not known.

While insurers have recently been quite concerned about hurricane risks and have influenced hurricane mitigation investments, their pressure on seismic mitigation is negligible. Seismic insurance is driven by availability rather than cost, and large owners and operators can acquire insurance even for buildings on fault lines because the insurance is based on a blanket number of exposures and the modeling takes into account the total inventory of buildings.

Risk Management: Many hotel and motel building owners have formally established internal risk management functions within their organizations. These risk managers participate in the due diligence analyses carried out prior to acquisition. The rigor of internal due diligence varies from owner to owner.

Seismic Consideration

The owners' internal seismic due diligence, whether carried out by in-house staff or consultants, is the PML analysis. Owners establish their own proprietary criteria for acceptable PML. Some large owners limit their PML analysis to California, Oregon, and Washington. Depending on the deal, the PML leads to one of three decisions about the acquisition:

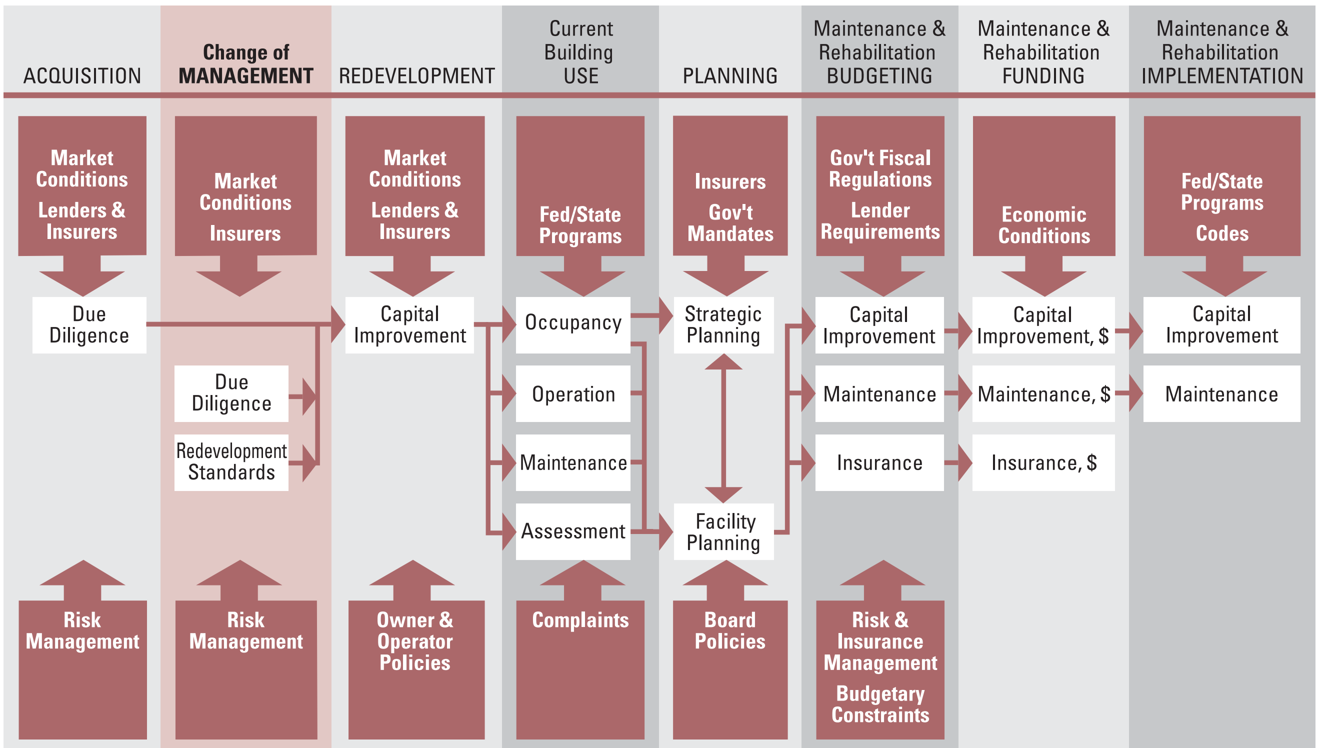
- Reject the deal if the PML exceeds a preset threshold,
- Accept the deal with an initial rehabilitation, or
- Accept the deal without rehabilitation.

2. The CHANGE OF MANAGEMENT Phase of Hotel and Motel Facility Management

Typical Process

A change of management occurs when the current owner enters into an agreement with a new operator for one or more properties, or it may be part of an acquisition. The change of management phase of the typical hotel and motel facility management process consists of due diligence activities and the application of the new operator's risk reduction standards. It is influenced by significant internal and external pressures, as depicted in Figure 4.

Figure 4: Change of Management



Hotel and motel change of management initiates the facility management process for all new operators. The **due diligence** process that precedes a change of management, whether part of an acquisition or not, is intended to identify, and quantify if possible, all the liabilities or potential liabilities related to the asset in question.

For a given change of management there may be several due diligence processes carried out by the various participants in the deal:

- Operator
- Owner
- Insurer

A multi-discipline team that includes legal, risk management, and engineering experts carries out the due diligence. Specialty consultants may be used. Because of the potential professional liabilities, legal questions are often the driving force in the process. The due diligence process also involves a walk-through of the building. Environmental risks, such as the presence of asbestos, are identified in the due diligence process.

The new operator is likely to have in place **risk reduction standards** applied to all its managed properties. These may be articulated in the owner-operator agreement.

Influences and Related Seismic Considerations

As indicated in Figure 4, two external factors (down arrow) and one internal factor (up arrow) influence change of management phase decision making.

Market Conditions: External local conditions of the hospitality market are the principal factor governing hotel and motel building change of management.

> **Seismic Consideration**
> **Studies in California suggest that regional and local earthquake hazards (presence of faults and their proximity, regional earthquake history, geological and local site factors, etc.) have little if any influence on the hospitality industry and levels of guestroom rates. Earthquake risk, in general, does not appear to translate into financial cost in the hospitality industry.**

Insurers: Insurers are important external participants in many hotel and motel changes of management, and they carry out due diligence functions to determine the risks and potential liabilities in any given deal. By their nature, insurers spread their risks over a wider range of investments than that presented to an owner and operator in a specific property. The insurers' role in hotels and motels properties is complex and depends on whether the properties are franchised or managed by the operator. In franchised properties the owner's liability is primary, and it is the owner who procures the insurance. In managed properties the operator's liability is primary, and it is the operator who procures the insurance. The insurability of the acquired property and the cost of insurance are of great concern to hotel and motel owners and operators, but large owners and operators can spread the cost over a large number of properties.

> **Seismic Consideration**
> **Insurers usually employ engineering consultants to perform the seismic portion of the due diligence, and they use proprietary programs to carry out the analysis. The most common analysis used is the Probable Maximum Loss (PML) analysis, which quantifies the percentage of the property that will be lost in a major earthquake. Such an analysis is referred to as deterministic, and it does not consider the damages and losses that could result from more moderate but more frequent earthquakes. Insurers establish their own proprietary criteria for acceptable PML.**
>
> **While insurers have recently been quite concerned about hurricane risks and have influenced hurricane mitigation investments, their pressure on seismic mitigation is negligible. Seismic insurance is driven by availability rather than cost, and large owner and operators can acquire insurance even for buildings on fault lines because the insurance is based on a blanket number of exposures and the modeling takes into account the total inventory of buildings.**

Risk Management: Many hotel and motel building owners, and most operators, have formally established internal risk management functions within their organizations. These risk managers participate in the due diligence analyses carried out prior to change of management. The rigor of internal due diligence varies from operator to operator. The operator's risk reduction standards will have been previously established by their risk management, and will be applied to the property.

> **Seismic Consideration**
> **The operators' internal seismic due diligence, whether carried out by in-house staff or consultants, is the PML analysis. Operators establish their own proprietary criteria for acceptable PML. Some large operators limit**

their PML analysis to California, Oregon, and Washington. Depending on the deal, the PML leads to one of three decisions about the change of management:

- Reject the deal if the PML exceeds a preset threshold,
- Accept the deal with an initial rehabilitation, or
- Accept the deal without rehabilitation.

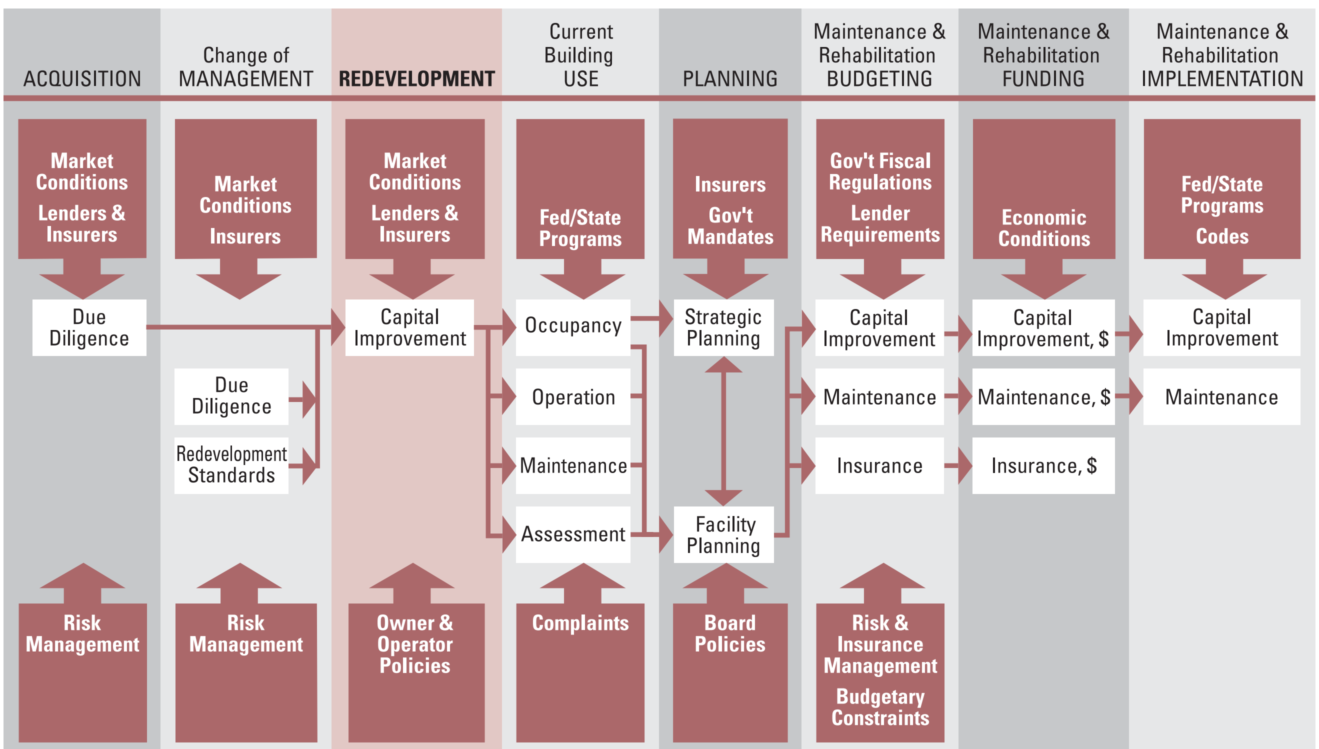
However, hotel and motel operators do not currently have seismic mitigation as part of their risk reduction standards.

3. *The REDEVELOPMENT Phase of Hotel and Motel Facility Management*

Typical Process

The redevelopment phase of the typical hotel and motel facility management process consists of various types of **capital improvements**, and is influenced by significant internal and external pressures, as depicted in Figure 5.

Figure 5: Redevelopment



The types of redevelopment phase capital improvement projects vary as a function of the hotel and motel brand standards. They generally consist of:

- Architectural upgrading of entrances, lobbies, and public areas.
- Architectural upgrading of façades.
- Upgrading of the HVAC systems.
- Modernization and upgrading of guestrooms.
- Environmental and other risk remediation work identified in the due diligence process.

Influences and Related Seismic Considerations

As indicated in Figure 5, two external factors (down arrow) and one internal factor (up arrow) influence redevelopment phase decision making.

Market Conditions: Hotel and motel properties in a brand class must compete with neighboring, similarly branded properties. Local architectural traditions and fashions and historic preservation are significant factors determining the specific nature of various capital improvement projects.

Seismic Consideration
The extent of market-driven seismic improvement in hotel and motel buildings seems to be limited.

Lenders and Insurers: External lenders and insurers may require specific capital improvements as a condition of loans or insurance coverage. These are generally the direct result of the due diligence analyses.

Seismic Consideration
The extent to which lenders or insurers have required seismic rehabilitation in hotel and motel buildings is not known.

Owner and Operator Policies: Owners' and operators' marketing and architectural policies are the principal internal factors governing capital improvement decisions in the redevelopment phase.

Seismic Consideration
Hotel and motel owners and operators have not established marketing and architectural policies that feature seismic rehabilitation, even when operators have articulated risk reduction standards.

4. The Current Building USE Phase of Hotel and Motel Facility Management

Typical Process

The current building use phase of the typical hotel and motel facility management process consists of four categories of activities and is influenced by significant internal and external pressures, as depicted in Figure 6.

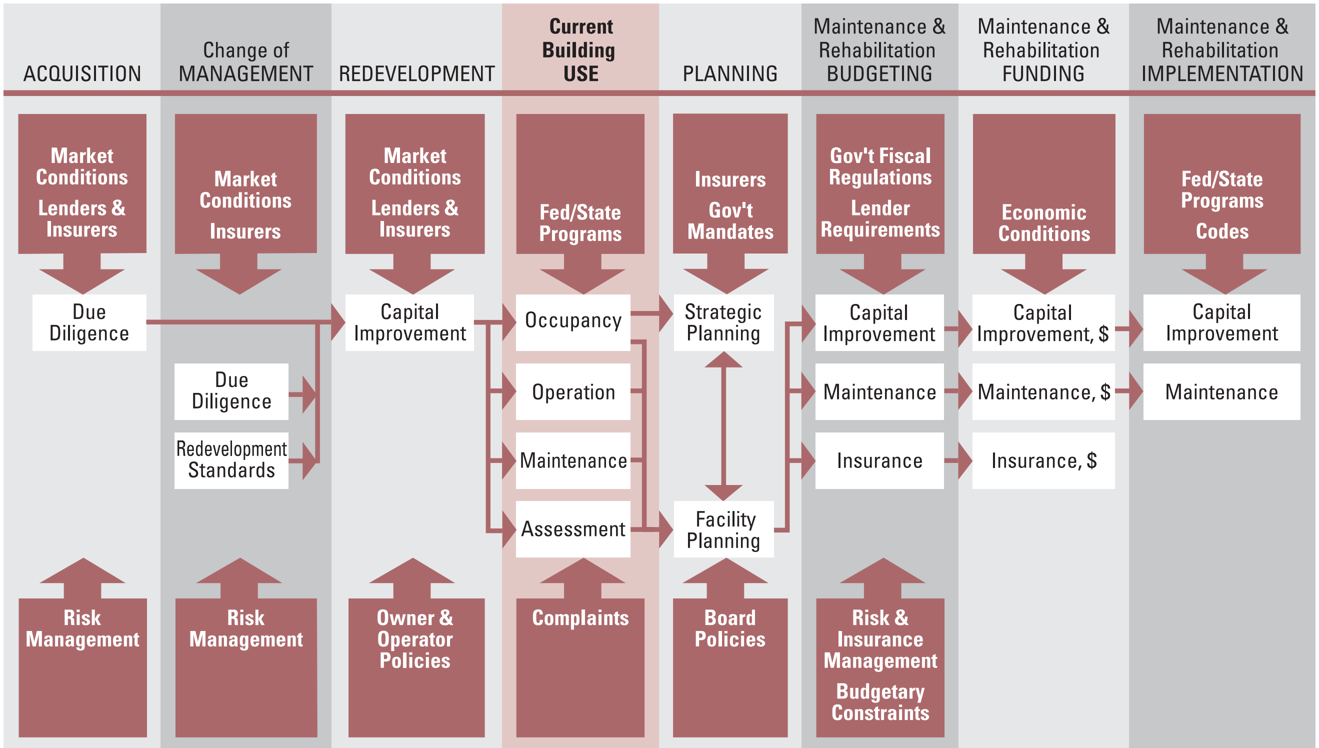
Occupancy: This category of activity consists of the primary function of occupancy of guestrooms and public rooms by hotel guests. Support functions are administrative and managerial, such as collecting payments, operating food and drink services, operating recreational services such as a health club, pool, or spa, operating social services such as lecture rooms, meeting rooms, and conference facilities, and addressing guests' concerns. The specific functions may vary depending on the hotel or motel brand standards.

Occupancy functions are carried out in each building by the guests and operators. Each of these functions is subject to seismic risk and can be disrupted by seismic damage.

Operation: Facility operation consists of all the activities and functions that the facility and its components must perform in order to support the occupancy. Examples are the mechanical functions (heating, cooling, and ventilation), electrical functions (lighting, communications, and alarm), and plumbing functions.

Operation functions may be carried out by the operator's staff and/or by contractors. Each of these functions is subject to seismic risk and can be disrupted by seismic damage.

Figure 6: Use



Maintenance: Maintenance includes all the activities required to enable the occupancy and operation of the building to be carried out continuously over time. They can be broken down into custodial maintenance, routine maintenance, and repair.

Maintenance functions may be carried out by the operator's staff and/or by contractors.

Facility Assessment: Facility assessment consists of the survey or inspection of the hotel and motel buildings on a scheduled basis. It may also include a review of documents, such as archival building plans, for retrieving specific information. The purpose of the surveys or inspections is to determine facility conditions in relation to one or more of the following categories:

- Guest and staff complaints
- Maintenance needs
- Preventive maintenance needs
- Specific environmental hazards
  - asbestos
  - lead paint
  - lead
  - radon
- Structural hazards
- Fire/life safety
- Environmental quality
- Energy use/conservation
- Accessibility
- Other

These surveys may or may not be coordinated as to schedule, content, personnel, etc. Facility managers may or may not use prepared inspection forms or checklists. Finally, facility managers may vary as to the extent and specific nature of their record keeping and reporting.

Influences and Related Seismic Considerations

As indicated in Figure 6, one external factor (down arrow) and one internal factor (up arrow) influence current building use phase decision making.

Federal and state programs: Various external programs may establish requirements affecting the use of hotel and motel buildings that have facilities implications (e.g., Americans with Disabilities Act [ADA] and Occupational Safety and Health Administration [OSHA] requirements).

> **Seismic Consideration**
> **Currently there are no seismic rehabilitation mandates or implications in any federal or state programs related to hotel and motel buildings, with the exception of California.**

Specific surveys or inspections may be mandated by state or local laws/programs. These surveys/inspections may be carried out by a variety of entities:

- Federal personnel (e.g., from OSHA, Environmental Protection Agency [EPA])
- State/city/county personnel (e.g., fire marshal, code enforcement, environmental, health)
- Hotel and motel operator personnel (custodial or facility managers)
- Hotel and motel contracted personnel (e.g., asbestos inspectors)
- Consultants

> **Seismic Consideration**
> **Currently there are no seismic survey or inspection mandates or implications in any federal or state programs related to hotel and motel buildings, with the possible exception of California.**

Complaints by Occupants: Internal complaints by guests and staff are a potentially significant pressure on the facility management process.

> **Seismic Consideration**
> **Rarely, if ever, have there been complaints about seismic vulnerability generated by hotel and motel building occupants, with the possible exception of California. This is because seismic risk and seismic damage are not routine experiences in most regions of the United States.**

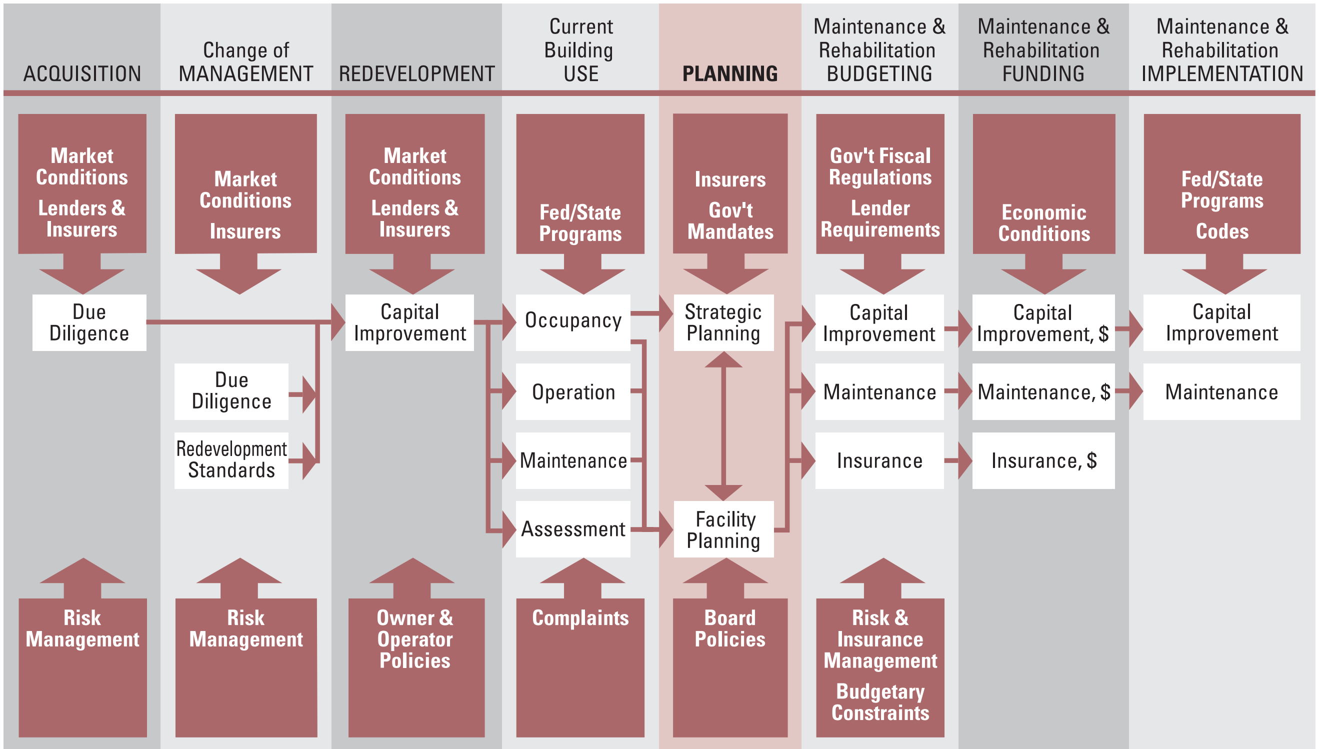
5. The PLANNING Phase of Hotel and Motel Facility Management

Typical Process

The planning phase consists of the projection and forecasting of future needs. It can be carried out periodically or continuously, and may vary as to the time period covered by the projections and forecasts. Planning functions may be carried out by the owner and/or operator, with or without the assistance of consultants. Planning consists of two separate but related activities—strategic planning and facility planning—and is affected by significant internal and external pressures, as depicted in Figure 7.

Strategic Planning: Strategic planning is carried out by both owners and operators of hotel and motel buildings. It attempts to formulate future business strategy by analyzing and forecasting financial trends as well as national, regional, and local hospitality markets. Many owners acquire properties for a limited period of time, and many have an exit strategy in place at the time of acquisition. Strategic planning addresses such issues as:

Figure 7: Planning



- Should the property brand be upgraded or downgraded?
- Should the exit strategy be accelerated or prolonged?
- Should trends in the insurance market revise current investment programs?
- Should specific major capital investments be considered?

Strategic planning is usually carried out at the owner's and operator's respective headquarters, and concerns itself with the owner's entire building portfolio and the operator's entire management portfolio, or large segments of these portfolios.

Facility Planning: Facility planning consists of preparing short- and long-range facility plans. It combines the products of two distinct activities—the strategic plan and the facility assessment (see Figure 7)—into a detailed projection of facility requirements. The projection may cover a defined time frame, such as five years.

Different owners and operators may use different classifications of projects in their facility plans, reflecting a variety of legal, administrative, jurisdictional, and other factors. Furthermore, the contractual agreement between the owner and operator is likely to classify facility projects in terms of escrow improvements and outside escrow improvements. However they may be classified, a comprehensive facility plan should include the following elements:

- New construction
- Additions to existing buildings
- Renovations of existing buildings

- Building systems replacements
- Building systems repairs
- Scheduled maintenance
- Preventive maintenance
- Building disposition (change of use, sale, demolition)

The plan will identify the time frames in which each project is to be accomplished, and may include cost estimates.

If effective, the facility plan will be used as a budgeting tool by both owners and operators, and will provide direct inputs into their budget processes. It should be updated on a routine basis to reflect:

- Changes in the strategic plans of both owners and operators (including market conditions)
- Revised facility assessments
- Budgeting and funding realities

Facility planning usually begins at the individual building or project level and entails the flow of information up the management hierarchy for final capital decision making and budgeting at the owner's and operator's respective headquarters.

Influences and Related Seismic Considerations

As indicated in Figure 7, two external factors (down arrow) and one internal factor (up arrow) influence current planning phase decision making.

Insurance Carriers and Brokers: External private property and casualty insurance companies often require surveys or inspections of hotel and motel buildings on an annual or other scheduled basis. Insurance carriers are more than willing, when asked, to provide building owners and operators with Loss Control and Prevention Reports that include recommendations for loss prevention. Insurance brokers also employ loss/risk specialists.

Seismic Consideration
Property insurers are unlikely to recommend extensive seismic improvements outside of California. In Utah, for example, they have recommended seismic bracing of sprinklers in hospitals as part of the life safety systems, but no other improvements.

Government Mandates: Federal, state, and local government agencies may establish external requirements affecting facility planning in the planning phase. These requirements may have facility rehabilitation implications.

Seismic Consideration
Currently there are no seismic rehabilitation mandates or implications in any federal or state programs, with the exception of California.

Board Policies: In terms of internal influences, boards of directors of both owner and operator organizations may occasionally adopt written policies on issues of business and social significance that can impact both strategic and facility planning. These policies guide the actions of both organizations. The coordination of owner and operator policies as they relate to specific facilities is variable.

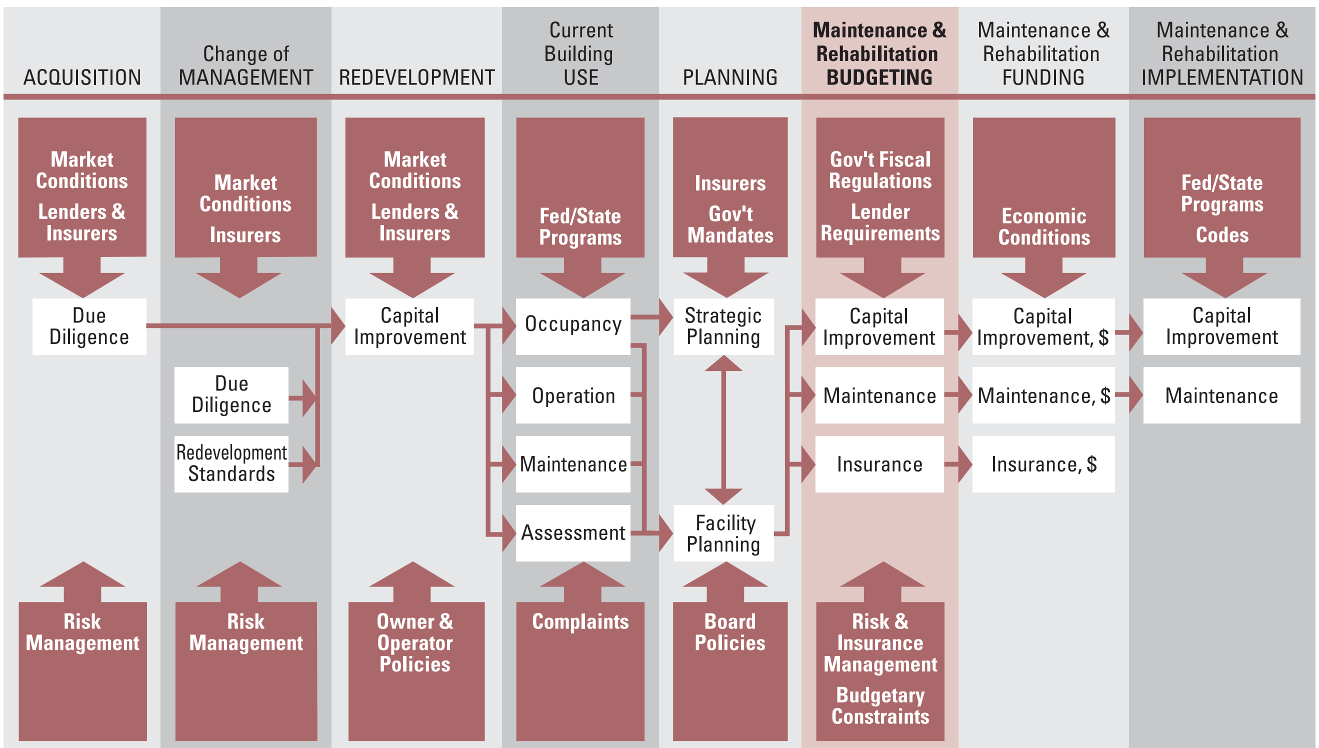
Seismic Consideration
Hotel and motel owners and operators boards may adopt policies addressing seismic issues, including seismic performance objectives and rehabilitation of hotel and motel buildings, either as a one-time or recurring incremental program.

6. The Maintenance & Rehabilitation BUDGETING Phase of Hotel and Motel Facility Management

Typical Process

The budgeting phase consists of the projection of future financial resources required to meet future needs. It is carried out annually (covering a period of one or more years). Each local or regional hotel and motel operator's facility manager initiates it with input from his or her staff. Organization-wide, the vice president for facilities, or similarly titled position, oversees the budget development. The facility budget is a process that can be thought of as percolating up through the operator's organization and down through the owner's organization. Budgeting is clearly covered by the owner/operator agreement, and it is affected by external government fiscal regulations and lender requirements, and internal risk management policies and budget constraints, as depicted in Figure 8.

Figure 8: Budgeting



Three elements of the budget are relevant to the discussion of facility management:

- Capital
- Maintenance
- Insurance

Capital Budgets: Hotel and motel capital budgets are generally divided between escrow accounts and non-escrow accounts. Non-escrow accounts generally relate to the acquisition of buildings and major systems and to major reconstruction. Escrow accounts typically cover guestroom finishing, furniture, and equipment (FF&E) and public area FF&E. While FF&E improvements may be done on schedule every several years, the occurrence of improvements under either category is not annual or repetitive, and they can therefore be amortized. The distinction between capital and maintenance budgets may vary among different hotel and motel building owners and operators. At one extreme is a total separation, mandated by law, labor jurisdiction, or other factors. At the other extreme is a rather unclear separation between the two funding mechanisms.

Maintenance Budgets: Maintenance budgets generally relate to recurring annual expenditures and address existing inventories of buildings and systems without adding to the inventories.

Insurance Budgets: Financial resources earmarked for insurance by owners and operators (subject to varying contractual arrangements between them) may be used in different ways, including the purchase of third-party insurance and/or the funding of a self-insurance reserve. Property and general liability insurance are relevant to facility management considerations.

Influences and Related Seismic Considerations

As indicated in Figure 8, two external factors (down arrow) and two internal factors (up arrow) influence budgeting phase decision making.

Government Fiscal Regulations: Federal, state, and local government agencies have historically established external requirements dealing with fiscal responsibility of commercial property owners. A variety of Securities and Exchange Commission (SEC) regulations apply to REITs. Pension funds are subject to a variety of fiduciary requirements. Partnerships are subject to a variety of state and federal regulations. One important objective of these regulations is to assure the responsible stewardship of someone else's resources. These requirements may have facility rehabilitation implications if resources are expended in an irresponsible manner. Additionally, these regulations may determine, directly or indirectly, the length of time that an acquired real estate asset must be held, and therefore what the owner's planning horizon should be.

Seismic Consideration

As far as is known, there have been no seismic considerations attendant to these fiscal regulations.

Lender Requirements: Commercial lenders impose requirements on building owners who use mortgage financing for capital improvements. Often, the lender requires the purchase of a particular type of insurance coverage.

Seismic Consideration

In California, lenders sometimes require the purchase of earthquake insurance as a condition of the loan. For some commercial office and multifamily apartment building loans, this requirement has been waived when the owner includes seismic improvements in the project that reduce the lender's risk below a defined threshold. The same consideration may apply to hotel and motel buildings.

Risk and Insurance Management: Internally, the owner and operator organizations' respective risk and insurance management may have a direct or indirect role in the budget phase of the process regarding the decisions related to insurance. The operator's risk management may also have a role regarding budget decisions related to capital improvement and maintenance.

Seismic Consideration

In areas of seismic hazard, the risks of building loss or damage, occupant death or injury, and hotel and motel building owner and operator liability must all be assessed. It must be decided whether to seek earthquake property and liability insurance coverage. Insurance companies that offer such coverage do not usually offer incentives to customers to undertake loss reduction measures in the form of seismic rehabilitation.

However, this situation might change, and insurance incentives for seismic rehabilitation may become subject to negotiation.

Budgetary Constraints: Internally, political and economic conditions may place limits on hotel and motel capital and maintenance budgets (consider the impact of 9/11 on the hospitality industry). The problem is often exacerbated by unfunded mandates imposed on hotel and motel buildings by federal and state agencies.

Seismic Consideration

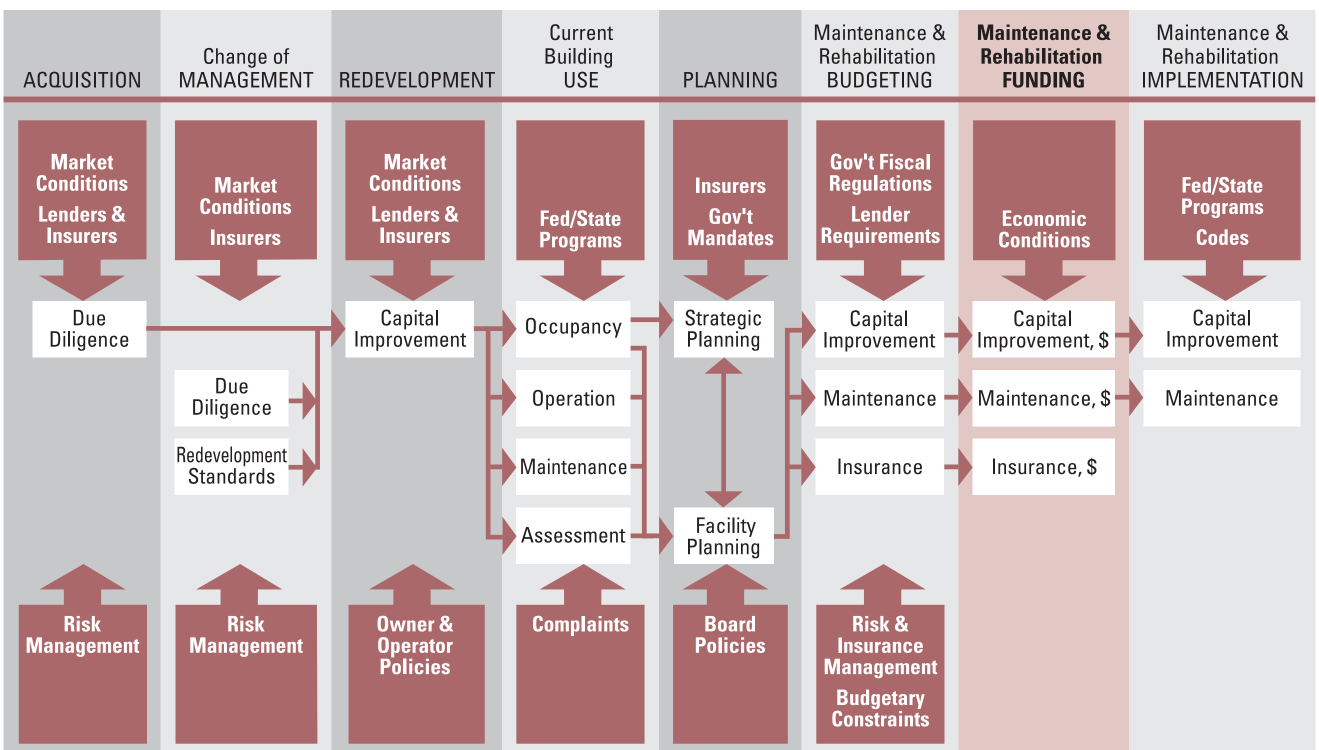
The strategy of integrating incremental seismic rehabilitation with other work, which is an integral part of this facility and financial management model, can provide a method for addressing seismic risk reduction within budget constraints. See full discussion of this opportunity under Recommended Activities in Part B.2.2.7, Seismic Rehabilitation Planning for Specific Buildings.

7. The Maintenance & Rehabilitation FUNDING Phase of Hotel and Motel Facility Management

Typical Process

The funding phase consists of those activities required in order to obtain the financial resources to meet the budgets. It is influenced externally by regional and local economic conditions, as depicted in Figure 9.

Figure 9: Funding



The funding of hotel and motel building budgets in general, and of the three budget elements of capital improvement, maintenance, and insurance, varies as a function of the owner/operator agreement.

Hotel and motel building owners and operators can fund their budgets by various combinations of equity and debt. Bond financing is not usually used in the hospitality industry to fund capital improvements.

Influences and Related Seismic Considerations

As indicated in Figure 9, one external factor (down arrow) influences funding phase decision making.

Regional and Local Economic Conditions: Externally, the funding of hotel and motel building construction is subject to local and national socioeconomic conditions well beyond the control of the building owner and operator. It depends on interest rates, the owner's credit rating, and similar parameters.

> **Seismic Consideration**
> **Even though seismic rehabilitation is clearly a risk reduction activity, there is no evidence that any building owner has improved its credit rating as the result of undertaking seismic mitigation activities of any kind.**

8. The Maintenance & Rehabilitation IMPLEMENTATION Phase of Hotel and Motel Facility Management

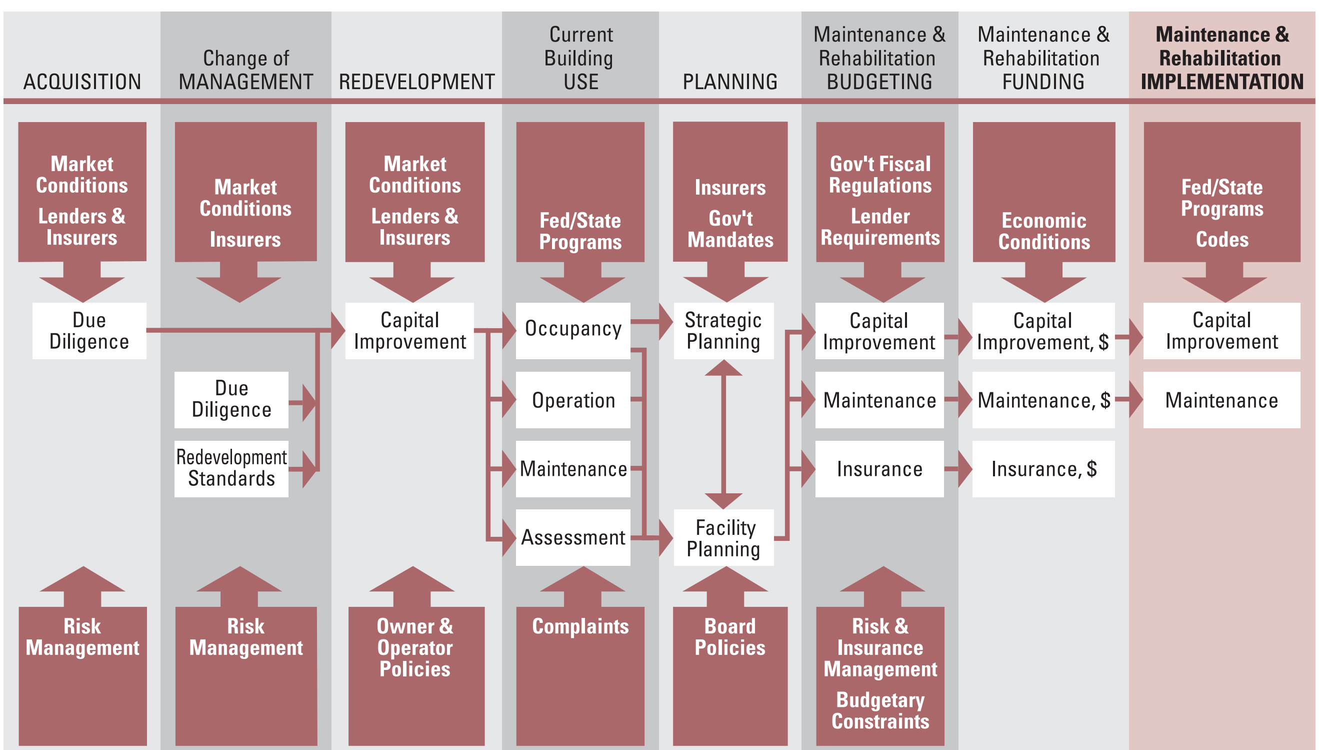
Typical Process

The implementation phase includes design and construction, and can be broken into three categories of projects, all of which are relevant to existing buildings:

- Building acquisition projects
- Capital improvement projects
- Maintenance projects

The implementation phase is primarily affected by external federal and state programs and building code requirements, as depicted in Figure 10.

Figure 10: Implementation



Acquisition includes new building construction and the acquisition of existing buildings. Acquisition of existing buildings is discussed above as the first phase of the facility management process.

Capital improvement and maintenance projects are managed by hotel and motel building operator's and owner's staffs, subject to the owner/operator agreement. The projects are carried out by these personnel and by contractors. The management of these two categories may be separated or combined, depending on issues of labor jurisdiction and legal authority, as well as the owner/operator agreement.

Influences and Related Seismic Considerations

As indicated in Figure 10, two external factors (down arrow) influence implementation phase decision making.

Federal and State Mandates and Programs: Externally, federal and state programs may establish requirements affecting the implementation phase (e.g., ADA and OSHA requirements).

> **Seismic Consideration**
> **Currently there are no seismic rehabilitation mandates or implications in any federal or state programs related to hotel and motel buildings with the possible exception of California.**

Codes and Code Enforcement: Also externally, building codes impose requirements on the implementation phase in cases of repair, alteration, or addition to existing buildings. These requirements may be enforced by a state or local agency. Such requirements can add costs to a project and jeopardize feasibility unless done incrementally.

> **Seismic Consideration**
> **Codes do not mandate seismic rehabilitation in repair and alteration projects, though additions must comply with building code seismic requirements. Incremental seismic rehabilitation is consistent with most building code requirements applicable to existing buildings.**