

DEVELOPING YOUR DISASTER PLAN

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On July 13, 2016 a building at one of our facilities became engulfed in flames. The building was a total loss and virtually every tenant experienced complete loss as well.

We have learned a lot through this process and hope our story will help you develop a best-practice plan to handle a disaster such as a fire.

IMMEDIATE STEPS TO TAKE – STORE MANAGER

- Call 911.
- Call the facility owner or your immediate supervisor.
- Lock the access points after the situation is contained.
- Email all tenants to notify them that access will be limited until further notice, and be sure to mention which building was on fire so you are not bombarded with phone calls from tenants worried about their belongings.
- Call all tenants affected by the fire and explain the situation. Know ahead of time what information you can provide (but also what you will not provide), and don't make any assumptions regarding cause, responsibility, loss, insurance coverage, etc.

IMMEDIATE STEPS TO TAKE – OWNER/PROPERTY SUPERVISOR

- Call your insurance agent to initiate a claim.
- Call your fellow owners, partners and shareholders.
- Speak to your store manager about not answering any questions from

the insurance adjusters or media.

By order of the fire marshal, our facility was closed to all traffic and we were required to have 24-hour security until the burned RVs were removed from our driveway, which took three weeks.

We incurred numerous expenses which had to be paid prior to the insurance company settling the claim with us. Keep a detailed record of all expenses associated with the emergency and insurance claim.

EXPENSES PAID PRIOR TO INSURANCE SETTLEMENT

- Wrecker service (fire department ordered stored vehicles to be towed from the building)
- Temporary fencing
- Security
- Extra staffing
- Door removal
- Locks and chains – to secure temporary fencing
- Testing required by the building engineer
- Volunteer fire department services

EXPECTED EXPENSES

- Demolition
- Cleanup
- Engineering (new building)
- Permitting
- General contractor fee
- Steel, fabrication, delivery, erection
- Electric
- Lighting
- Overhead doors
- Restoration of buildings affected by

smoke damage

- Sprinkler system (code update – luckily our insurance covers the cost of any code updates)

In addition to the expenses we have already paid and those we anticipate, we have lost revenue because of the fire. The building had to be demolished.

Going through a fire can be traumatic on your staff and certainly on your tenants. It is important to train your staff about how to handle a disaster BEFORE it occurs. Below is a list of items you should have in place now.

BE PREPARED

- Import a form letter into your property management software stating access to the facility is closed because of unforeseen circumstances, so your manager can easily email tenants.
- Check your insurance coverages for lost revenue, code updates and volunteer fire department invoices. Verify each building has the appropriate value and square footage.
- Discuss how to handle a disaster with your manager.
- Require your manager to keep a printed current rent roll, which includes telephone numbers, at all times, preferably kept off site.
- Reserve a minimum of \$25,000 for upfront out-of-pocket expenses for clean-up.
- Perform a lease audit quarterly.
- Require tenants to purchase or provide proof of insurance on their stored goods. ■