

Apocalypse Now?

When disaster strikes, it's too late to prepare.

By Mark Wright

What are the odds that even one of the Four Horsemen of the Apocalypse will someday swoop down and take aim at your facility? Seriously, the chances seem pretty remote, right?

Well, apparently, the Horsemen like to “practice” during their off hours. (Gotta keep in shape for that first trumpet blast on The Big Day, you know.)

Case in point: May 16, 2009. It's a Saturday night in Metairie, Louisiana. One of the Horsemen is evidently hanging out with Mother Nature, daring her to create some extra excitement around this neighbor of New Orleans. She obliged, starting with a water spout over Lake Ponchartrain. Then, like a big kid with a new toy top, she sent the spout spinning off in whatever direction chance would take it: “Wheeee!”

If you ever hear Mother Nature say, “Wheeee!” you'd better run for cover.

The water spout quickly turned into a well-formed funnel cloud. News reports said the tornado was a quarter-mile long and 30 yards wide—not very big compared to the monsters sometimes filmed by Midwest storm chasers.

The petite-but-potent swirl over Metairie did its share of damage, but no injuries were reported. The news media downplayed the impact, noting that the National Weather Service was reporting that “the majority of damage was to trees, fences and a few roofs,” according to local station WWL-TV following the twister's touchdown.

Unfortunately, for anyone who happened to be under those “few roofs,” the disaster was significant—and personal. This area, you will recall, was on the receiving end of Hurricane Katrina in 2005. Some of Katrina's survivors had put what little they had left under lock-and-key at Metro Self Storage in Metairie.

With her little toy, Mother Nature ripped through parts of Metro's roof and destroyed the remnants of lives she had already shattered several years earlier.

“The site was a nightmare,” Brian Blankenship, executive vice president of Lake Forest, Illinois-based Metro Self Storage, later told his insurance company (Indianapolis, Indiana-based Bader Company). Wind and water from this “minor” tornado had mercilessly turned some of Metro's units into shredded, soggy scrap.

Blankenship says the storm ripped off the back third of the property's roof. Plus, the strong wind activated the fire sprinkler on the third floor, inflicting water damage. The facility's elevators and phones were also knocked out of service.



A Hot Night in Amsterdam

More about how this Louisiana disaster worked out in a moment. First: A word to the wise from Greg Mackay, senior VP of acquisitions for Emeryville, California-based Devon Self Storage Holdings, US LLC.

“Everybody thinks these kinds of things won't happen to them,” observes Mackay. His own trial-by-fire—literally—taught him and his company that fate loves to be tempted.

Devon suffered a major fire at a four-story facility in the Netherlands about seven years ago. The 600 units comprising the lower three floors sustained heavy

smoke and water damage, but the fourth floor burned—and kept burning—for 18 hot hours. The four-alarm blaze damaged all of the top floor's 200 units; many were completely destroyed.

Mackay later assembled an excellent PowerPoint presentation showing on-scene photos of the event from beginning to end—including some tired Amsterdam firemen chowing down pizza after the inferno was finally declared extinguished.

“In retrospect,” recalls Mackay, “we found we could have done a better job. We didn't view our digital tapes as often as we should have. We trusted our third-party security too much. We didn't back up and verify all our customer

See Apocalypse, page 38

information, which made it difficult to contact tenants after the fire.”

He says Devon had to wrestle with issues like who gets access to the facility, who responds, legal and insurance ramifications, how to protect against revenue loss. Perhaps their biggest challenge: how to get the facility back up to speed as soon as possible.

A few stand-outs from Mackay’s list of lessons learned include: Be vigilant about unit contents; explain tenant insurance fully; conduct random after-hours security checks; back up data daily; store a building schematic and a second set of leases in a fireproof filing cabinet. (See his full list by downloading the PowerPoint from [URL].)

Learning from Misfortune

Back in Metairie, Metro Self Storage had learned from its tragedy, too. Blankenship is proud his company did a lot of things right in the aftermath.

“One lesson is to offer insurance and have your tenant base insured by a third party,” he advises. “We had a very high percentage of tenants with insurance, which helped defuse loss issues. Bader was onsite for three days and took care of people. Our onsite staff followed our internal policies and procedures for handling disasters.”

Even though the tornado cut Metro’s phone access, Blankenship says communication was nonetheless successful. “We began to immediately communicate with tenants via email,” he recalls. “We sent letters via the post office and had our managers in other markets call tenants to schedule appointments. It’s not easy to deliver bad news, but the sooner and more professionally you communicate, the better off you’ll be.”

Other advice: Keep a backup (electronic scans as well as hard copies) of all business documents, insurance policies and customer data offsite. Photograph and inventory the facility; save security camera footage, as well. Keep receipts.

As Paul Cardamon, national sales manager at Bader notes, “Tenants often just assume you will replace their stored belongings. Most tenants don’t understand that in the event of a disaster their stuff isn’t covered. Giving tenants the opportunity to purchase insurance for the contents of their unit helps keep the facility owner out of court, and it lets the insurance company deal with tenants in the event of a loss, freeing the facility owner/operator to focus on restoring operations after a disaster.”

What should your own insurance be sure to cover? Cardamon recommends the following: Adequate coverage limits for sale and disposal liability; adequate coverage limits for customer goods legal liability; insurance to value on buildings; employment practices liability; worker’s

compensation; business interruption and extra expense coverage.

Plan for When, Not If

The human mind does not deal well with tragedy. The moment disaster strikes, twin impulses compete for space in our brains: the task of mentally and emotionally processing an event as it takes place, and the denial of that same event. “This can’t be happening,” says the mind—even as it is.

That denial impulse kicks in even when we contemplate the *potential* for disaster. “A tornado—here? No way.” OK. Maybe your facility won’t get sucked up to the Land of Oz anytime soon. Maybe fire will never erupt in one of your units. Maybe pestilence will spare you (although folks in Utah and Nevada could tell you some wild locust stories).

Just remember, those Four Horsemen of the Apocalypse love to practice. And Mother Nature is a willing accomplice. Planning and preparedness counter our natural denial tendencies.

The step-by-step advice in SSA’s *Emergency Preparedness Manual* will equip you with vital knowledge—before your own disaster strikes. Find it in the Online Store at www.selfstorage.org under “Publications.” ❖

Caution!

Choosing the wrong broker can be hazardous to your bottom line.

Over 100 self storage owners are currently trusting ARGUS to market their property. Let America’s Premier Self Storage Brokers help you navigate today’s challenging market.

1-800-55-STORE
SelfStorage.com

ARGUS
SELF STORAGE SALES NETWORK

Brokerage Services ▪ Property Valuation ▪ National Marketing