

Do Not Leave the Meter Running During Renovation Projects

Finishing Specific Projects Will Save Properties Both Time and Money

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A room rendered unavailable because of ongoing construction is a running taxi meter of lost income. Just as a passenger in a taxi would not wait until the driver has traveled for ten minutes before announcing the destination, a hotel operator must clearly set out both the destination and route of its project before starting the work. Unless the destination and route are finalized before work begins, hotel operators risk being inundated with delays, increased costs and the prospect of a failed project.

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An unfinished renovation project at a property can turn into lost revenue.

Destination: A Timely and Satisfactorily Completed Project

Lost time equals lost revenue, and so the destination for any hotel renovation is a timely and satisfactorily completed project. The operator’s timing goals – such as completion by the next peak season – must be clearly defined to the contractor. Minimizing delay and meeting those goals is of utmost importance.

Route: What Is the Sequence of Work?

Sequencing hotel renovation work in a manner that minimizes intrusion on guests and limits work during peak periods is essential to a successful construction project. Both the operator and contractor must understand their respective roles in releasing portions of the project to each other, construction pauses and other matters that will result in a project with minimal disruptions of the hotel’s operations.

Mapping It Out

Contract documents must clearly set out how the hotel owner foresees the phasing, starts and stops, and other timing considerations during renovation. The typical form construction contract used for hotel renovation projects is inadequate to address the complex issues involved. Instead, operators must create an agreement that contains the sufficient detail, role definition and incentives/disincentives that promote timely and coordinated performance.

Lawrence Bartelemucci practices in the area of construction law, where he has drafted and negotiated numerous manuscript and AIA form owner-builder, construction management, architect, design-build, and development agreements. For more information, please contact Lawrence J. Bartelemucci of Anderson Kill & Olick, P.C. at (212)278-1883 or lbartelemucci@andersonkill.com.