

FelCor Lodging Trust: energy and water conservation

The FelCor portfolio consists of 83 hotels and resorts, located in 23 states and Canada, with brands that include Embassy Suites, Doubletree, Hilton, Sheraton, Marriott, Renaissance, Westin and Holiday Inn. The first step in the FelCor Energy Program was the formation of an Energy Committee, comprised of corporate employees that represented various functional areas that had a tie in to the program – Asset Management, Finance, Design and Construction, Legal and Engineering. Burton Energy Group was also represented on the FelCor Energy Committee, and tasked with the implementation of all energy-related projects approved by the Energy Committee. This deployment of initiatives included hotel energy management research, project recommendations with ROI analysis, vendor due diligence and recommendations, utility rebates review and applications, project management with coordination of vendors and hotel schedules for systems/equipment installation, and working with vendors to ensure ongoing support.

One project with a significant impact on the FelCor bottom line was the installation of [energy efficient lighting](#) throughout the portfolio. The lighting project included all areas of the hotel – guestrooms, corridors, public area/lobby, stairwells, fitness center and pool, business center, restaurants (if applicable), kitchen, laundry, back office and parking garage. The project

installation encompassed 23,800 rooms and 20 million square feet. The FelCor board approved project capital and set a

completion deadline of 18 months. Burton evaluated lighting contractors and recommended ESS to the Energy Committee, which was accepted. Burton then worked with ESS, FelCor corporate and each individual property to coordinate all aspects of the lighting project – equipment orders, delivery, storage, installation, removal of old bulbs and storage. Burton tabulated utility data for comparison of electric usage and costs at each property before and after the energy efficient lights were installed. Burton also worked with ESS to ensure utility rebates, where applicable, were applied for and received. Approximately 12% of the total project cost was reduced through these utility incentives. For the entire portfolio, the payback period was 9.9 months. Annual savings to date has been \$5.23 million; savings realized based on the product life cycle will be \$26.15 million. The energy efficient lighting project was completed under budget and within the allocated timetable.



THE ENERGY EFFICIENT LIGHTING PROJECT ENCOMPASSED APPROXIMATELY 23,800 ROOMS AND 20 MILLION SQUARE FEET, WITH A SAVINGS OF 12.9% OF FELCOR'S ANNUAL ELECTRICITY SPEND.

FelCor Lodging Trust (continued)

Another project that had a considerable effect on reducing electricity usage was the installation of **energy management systems (EMS)** in the guestrooms. Similar to the lighting project, and consistent with all other project deployments, Burton reviewed EMS alternatives and recommended Inncom, and then coordinated all aspects of the EMS projects working in concert with Inncom and the respective hotels. The average payback of the guestroom EMS has been 2.7 years, with utility incentive programs helping reduce the overall cost by 14%. This system has lowered electricity usage by 7.2%, or \$29,400 annually per property. For the life of the EMS, this equates to an average of \$588,000 per property.

While electricity usage represents about 60% of the FelCor utility spend, natural gas and water are also noteworthy. Because the FelCor hotels have relatively large laundry operations, Burton evaluated the savings potential of ozone laundry and tested several ozone systems. Based on these results, Burton recommended ArtiClean for FelCor. The initial ozone laundry installation was at their Dallas Westin facility, which resulted in a 21% reduction in natural gas usage. This equated to an annual savings of \$30,000. Ozone systems have now been installed at 15 FelCor properties, targeting larger facilities with the highest natural gas usage/costs. Not only has the ozone system reduced natural gas usage substantially at these hotels, it has also maintained or improved the quality level of the linens. This equated to an average payback period of 10.2 months.

FelCor and Burton initiated a multitude of water conservation projects to help lower water usage and costs. Water treatment systems were installed at five of the larger hotels and resorts with historically high water consumption. These systems

eliminate chemical treatments, and produced average annual energy savings of \$35,000 at the five hotels equating to an average payback period of 13 months.

Dual flush toilets were installed at a Holiday Inn in San Antonio. As another example of how environmental and economic priorities can be aligned, the San Antonio Water System provided a full rebate for the project cost and installation. Annual water costs dropped 31% at this facility, and FelCor is now considering these toilets at their other hotels in San Antonio, as well as other high water cost areas such as Atlanta.

Burton shares in our common vision. The resulting partnership has led to a real time focus on our property cost and return on investment opportunities...improving the performance of each asset and thus enhancing shareholder value for our portfolio."

*Troy Pentecost, Executive Vice President/
Director Asset Management*

Many FelCor properties have large grounds with comprehensive landscaping needs. These facilities require a substantial amount of water to adequately care for the lawns and surrounding terrain. Burton researched a number of water irrigation alternatives before recommending HydroPoint Systems. The initial trial system was installed at an Embassy Suites in Arizona. Water used for irrigation purposes decreased 35% and the payback on this technology was less than four months. More importantly, the landscape is consistently green, with hotel guests and employees commenting on how beautiful the grass appears.

What FelCor has demonstrated with these energy and water conservation measures is that a comprehensive approach is needed to considerably impact the bottom line across all utilities. In addition to being responsible for deployment of these solutions, Burton consistently monitors utility data to verify usage reductions and ensure each product is enhancing the hotel guest experience in some way. FelCor and Burton are now in their ninth year of working together, with a unified mission of continually evaluating and improving the energy management program. 