



Matthew Moore

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“The environment doesn’t care about what your motivation to green your property may be. Are you a tree hugging environmentalist at heart or a shrewd business agent looking to make your hotel more profitable by cutting expense or driving revenue? To the Environment it really doesn’t matter as both roads lead to the same place. It is not to say that greening your property is easy, if it were everyone would have already done it. We as hotel operators are in a difficult position as we have to prove that our eco-initiatives can create an appealing ROI for our owners and investors. The Green Hotelier is in a constant dance between “theoretical” and “actual” returns. In some cases the ROI of 5 or 10 years is too distant to justify spending large amounts of capital, especially when that money could be spent on décor or amenities that our guests can actually experience or enjoy.

There are some new products to the market that defy logic - like using an **electrolyzed water system** that transforms ordinary tap water, salt and electricity into a chemical free disinfectant/neutral cleaner or **Grander Technologies** that alters the dynamic structural properties of water making it chemically and microbiologically pure.

I guess we all should have paid better attention in chemistry class to have a deeper understanding of these bleeding edge environmental technologies. Often we are scared of what we can’t understand. There in lies the inherent problem with getting approval to make a capital investment on new eco-technologies. It forces us to change the way we look at problem solving.

You can not pick up a newspaper, industry publication or watch a TV news segment with out a mention on the “Greening of America”. Today green products are available to us for marginal

premiums and believe it or not they actually work. New technology, R&D and increased competition amongst manufacturers have made it so.

Seaport's impetuous to pursue a green policy started in the summer of 2005, when an eco-conscious group we had hosted several months before gave us critical feedback about how environmentally irresponsible we were. They challenged us to begin to make our operation greener or they would find a venue that would. Two years, 2 dozen initiatives, 18 groups and \$2.4 million dollars in forecasted revenue later...here we are. We have an incredible distance still to bridge, but have really made an impact in our city as we were presented with a Boston Green Business Award in 2007. We have made our property greener, cut expenses in some areas, drove revenue in others and made our Hotel more marketable in the process.

Here are a few of the green initiatives Seaport has pursued:

Recycling

- Seaport started its recycling program with a \$13k investment
- We were the first Boston Hotel to provide an in-room recycling containers, because we felt it incredibly important to use the duo-sorters to help advertise the existence of our program
- We recycle paper, cardboard, newsprint, glass, plastics and aluminum
- In our first year we diverted 170 tons of material from the landfill at a 32% capture rate. In 2007 we are on pace to divert 200 tons of material at a 43% capture ratio.
- After modest financial success in 2006 (\$950), we are poised to recoup over \$6k in 2007

Composting

- In April 2007, Seaport began a composting program. It is the first New England location to utilize the BioX system, a revolutionary two-stage biological process that quickly eliminates organic wastes using microorganisms that convert the waste into liquid. This liquid is jettisoned into the sewer system as waste water.
- The BioX machine won the innovation of the year award at this very show last November.
- We use the BioX to break down food and prep waste from our outlets, IRD and Banquet operations.
- YTD After a slow start we are averaging 322lbs per day. However we have increased our capture ratio by at least 15% each month since May. In October we averaged 455 lbs per day
- We are currently on pace to divert close to 44 tons of organic material from the landfill in just 9 months of the program this year.

- In a full year of service we expect to capture between 57 and 70 tons. At \$84 per ton, \$115 per tip and \$135 per month for deodorizer fee this figures to be close to \$7k to \$9k per year in savings
- The machine uses 7 gallons of water per day and expels up to 125 gallons of liquid into our sewer system. It consumes 17KWhr of electricity per day. So the added utility costs are miniscule.
- Unfortunately there is no by-product created by this process like the nutrient rich organic fertilizer seen with the traditional composting methods. But the BioX system helps to reduce the carbon footprint of our operation, as the carbon emissions of garbage and composting trucks are further. Additionally we help the environment by saving valuable landfill space.

Green Chemicals

We have converted all possible cleaning chemicals to green seal certified brands and incorporated speed rags to clean wood and glass chemically free when possible. In November we are planning a 30 day trial of the **Electrolyzed Water System**. If this trial is successful we will even further reduce our dependence on chemicals. The cost savings can be very large, as the Electrolyzer water costs only pennies to manufacture and has a shelf life of 60 days. The system produces two chargers - the negative charge makes “sodium hydroxide” a grease cutter and neutral cleaner which holds a ph level of 11.5. The positive charge creates “hypochlorous acid” a sanitizer which holds a ph of 2.5. The greater benefit of this product is that it doesn’t contribute to indoor air pollution and is absolutely safe to work with. In September two representatives from the Massachusetts State House actually drank the formula to prove how safe it was. As many of you may know indoor air pollution is on the rise and can be 10 xs more hazardous than outdoor air we breathe. On average 6% of workers are hurt using cleaning chemicals we provide for them every year. In the years 1993-2001 – 127 janitors died as a result of using these hazardous products. So finding safe products for our staff to work with should be a top priority.

Compact Fluorescent Light bulbs (CFLs)

- In 2005 we retrofitted 2,012 fixtures in the Hotel and conference center. The CFLs last 10 times longer than incandescent bulbs and burns 75% less energy. We estimate that it saved us close to 1.3 million KWhrs per year. At .14¢ a kWh this is \$182k annual savings. The ROI was 1.1 years. The NStar rebate was close to 23% of the entire project.

Ozone

- In January of 2008, Seaport will install an Ozone system for our in-house laundry operation.
- For those who are unfamiliar with this product – Ozone Systems use high voltage electricity to split oxygen atoms (O₂) into a highly unstable grouping of 3 oxygen atoms called “ozone gas”. This man-made chemical transformation also happens in nature, and helps to clean the atmosphere of pollutants.
- Harnessed in the laundry and injected into a laundry wash cycle this ozone gas acts a very powerful oxidizing, cleaning and bleaching agent.
- Because it is a gas, it is able to better penetrate the terrycloth and linen fibers allowing for the use of less chemicals for a faster and more intense cleaning. This in turn leads to reductions in wash cycles. The savings come as wash cycles are reduced**We have verified a 35% decrease in chemicals, a 35% decrease in water/sewer usage , an 80% decrease in hot water generation and a 30% decrease in electric costs
- After checking several references in person we have validated the estimated 8 month return on the investment.
- Other added benefits with ozone include longer product life of up to 1/3 because of the reduced washing cycles and therefore reduced exposure to harsh chemicals agents
- The system is projected to save Seaport

\$6,600 per month

Inncom

- In the 1st quarter of 2006, a “smart thermostat” system developed by Inncom was installed in all guestrooms. This "smart" control uses motion and heat sensing technologies which allows for the conservation of electricity in conjunction with the building's heating and cooling system. This system helps to reduce electricity bills by close to 12-14% or approximately \$180k in our case. This system will revert back to its pre-determined core setting after 14 minutes of inaction. The system prevents a guest from leaving the room for an unlimited amount of time - excessively heating or cooling a vacant room.
- The ROI on the system was 14 months. Utility rebates can be substantial we received a combined \$40k from our electric and gas utilities for this conservation measure. Our combined rebate was 18%, but they do fluctuate based on the project and your region of the country. New England, especially the Eastern Massachusetts, I have been told is amongst the less progressive regions of the country for energy efficiency rebates.

Providing a smoke free environment– this is the simplest green initiative you can undertake and it cost us nothing to implement, however it has given us a competitive advantage in our market.

- Prior to Seaport's opening, it was decided that our property would be smoke-free. We believed there was a large population who would embrace this decision. Seaport's guest satisfaction surveys show that our guests truly appreciate our smoke-free environment.

This next amenity takes the non-smoking initiative one step further, allowing us to combat indoor air pollution with Pure Allergy-Friendly rooms

- In 2007, Seaport Hotel introduced four Allergy-Friendly Rooms, in an effort to provide travelers with allergies or asthma peace of mind while visiting Seaport. Every surface within these guest rooms has been professionally treated to minimize irritants, contaminants and odors, allowing the rooms to be certified hypoallergenic and friendly to those with respiratory illnesses. This program reduces the microscopic environmental triggers found in a typical guest room by 98%, further enhancing the comfort of our guests. The Seaport Hotel is proud to be one of the first properties in Massachusetts to provide Allergy-Friendly Rooms for guests sensitive to airborne irritants.
- It cost about \$8k to certify 4 rooms for a 2 year commitment. In the first 4 months of the program we have through the use of a \$20 premium collected \$1,340 on 67 room nights. So we are on pace to pretty much break even with the initiative, but have provided another competitive advantage for ourselves and an invaluable benefit for our guests.

Do not go in blindly to all projects, however. Water pressure could probably be the most sensitive issue in the upper-upscale and luxury hotel markets. Guests have long standing history of resisting Hotel operator's intention to put in water conservation measures into the guest rooms. Although substantial savings for the operator can be had by doing so.

- Case in point, we had a proposal from a water conservation company that would give us a 2 year ROI for a \$250k investment. The retrofit package called for low flow aerators, showerheads, toilets and waterless urinals in all of our guest rooms and public rest rooms.
- We instantly received sharp negative feedback from test rooms so we have tabled the project but are still researching options and new technologies as they become available.
- This is a prime example of how we as humans have not fully embraced the green movement. Typically a guest stays at hotels for a luxury experience, to be pampered and to live in all of the excesses of that temporary opulent lifestyle. It is contradictory to every principle of the green movement.
- Understandably, Hotel operators are gun shy about solving one problem – conserving water and exchanging it for another – unhappy guests.
- On the other hand, Seaport has had good success with the traditional sheet and towel reuse programs. By simply providing our guests an option to reuse their sheets and

towels we have saved big. YTD we have a 25% capture ratio and this has translated to diverting some 200k lbs of laundry from being processed. Less laundry to process allows us to save ½ million gallons of water or approximately \$6k in water expense as well as over \$3,200 in chemicals. Additionally, we have seen increased labor productivity and slightly longer life of our terrycloth and linen.

Most of the initiatives involved some sort of capital outlay. Say you don't have the capital, but the ROI on a certain project looks very good (generally less than two years) try proposing a revenue share with the vendor. This arrangement will allow you to pursue an initiative with little or no capital outlay. In return the vendor will agree to collect quarterly payments from you until the initiative + interest is paid off. After that pay off, the item is completely owned by the hotel and you can begin to reap the benefits of the initiative.

I have just mentioned a few of the initiatives that Seaport had undertaken over the past 2 years. All can't be accomplished overnight. As Steve and Rauni can attest greening your hotel is a marathon not a sprint. My advice is to start small and look for the "low hanging fruit". Those are initiatives that can be done with little effort and are easily accepted by your operation. Many of them have little or no impact on the guest. Take a few hours and walk the floor of the Hotel Show from a slightly different perspective. Visit the "Guest Room of 2010" and see what eco-trends exist or are on the horizon. Look for programs or products that are easy to implement and have a good return. Get those small successes under your belt first before taking on more complicated initiatives. Success will breed more success; failure unfortunately will only instill uncertainty for future green initiatives. Those fascinating products do have a useful dual purpose however, as they have great potential for the media to showcase your property to the public. They can help publicize your capacity to reinvent yourself as an "out of the box thinker" and cutting edge in the environmental movement. The more unique an initiative the greater the publicity you will earn.

The public relations angle is an interesting one. We are all trying to differentiate ourselves from our competition. We use unique packages and distinctive amenities in our guest rooms. That is a prime reason for your attendance here at the Hotel Show. Why should eco-initiatives be any different? As we all know there are hundreds of "greening of America" stories out there every year and they need to interview someone for the story. Why not allow your hotel to be part of the story! If you don't pursue an eco-angle, I am sure someone in your competitive set will be happy to do it for you "