



*City of Franklin, Tennessee*  
**FY 2020 Operating Budget**

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# Cool Springs Conference Center

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Franklin Marriott, Cool Springs



## *City of Franklin, Tennessee - FY 2020 Budget Request* **Cool Springs Conference Center**

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### **Outline**

- Operational Summary**
- Organization Structure/Relation to City**
- Financial & Budget Overview**



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### **Operational Summary**

- Connected to the Marriott Hotel
- Built in 1999; last major renovation August of 2015
- 297 guest rooms; 3 suites
- 29,000 square feet of flexible meeting space including ballroom space for up to 1,100 guests
- 2018 / 2019 produced an anticipated 202,083 covers (guests) with a combined average check of \$23.79 (up from \$22.07 prior fiscal year)



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### **Organizational Structure / Relation to City**

- Hotel managed by Chartwell Hospitality, Franklin, TN.
- Management of the facility began in November 1, 2018.
- Property Improvement Plan (PIP) will be due by Nov. 2021 as a result of the hotel sale which will include replacing ceiling tiles, renovation of the bathrooms, new doors, frames, RFID locks & hardware along with new LED lighting.
- Conference Center and Hotel Revenues are not shared.
- Most expenses are shared between the hotel and conference center.
  - Admin and General & Engineering: Split as a percentage of total revenue
  - Sales: 50-50 Split
  - Catering and Event Management: 100% conference center
  - Food and Beverage: most expenses split as a percentage of food revenue



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# **Financial & Budget Overview:**

### **3 Year Financial Summary**

- **2017 / 2018 Actual:**
  - Revenue: \$7.47M (+\$450K to budget)
  - NI: \$817K (+407K to budget)
- **2018 / 2019 Projected:**
  - Revenue: \$7.64M (-\$42K to current budget)
  - NI: \$834K (+\$29K to current budget)
- **2019 / 2020 Budget:**
  - Revenue: \$7.99M (\$349K year over year)
  - NI: \$874K (+\$40K year over year)



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### **Financial & Budget Overview: p.2**

#### **Items Impacting Current FY Revenue Budget**

- No new revenue generators entering market. Supply has increased and will continue to increase further with additional hotel rooms planned.
- New hotels in Franklin and Nashville (Hilton Franklin, JW Nashville & Westin Nashville) are providing direct competition that we have not previously experienced.
- Hotel Horizons forecast shows the following:
  - Metro Nashville hotel market forecasted less than 1% increase in occupancy year over year 2018 to 2019.
  - National forecast for Upper Upscale market negative 1% growth in RevPar in 2020 with .7% increase in demand.
- Additional free standing event venues in Franklin / Williamson & Rutherford Co. continue to take local social events.



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# **Financial & Budget Overview: p.3**

### **Items Impacting Current FY Expense Budget**

- Available labor continues to be a struggle. The additional supply that has and will be coming online has limited available personnel and continues to drive wages higher due to demand and overtime as well as a heavy reliance on contract labor.
- Marriott and Starwood merger has given the loyal Marriott client more options for rewards points when booking meetings.
- A&G Payroll (-\$11K): Controller position replaced with an Acct. MGR.
- A&G Other Expenses (-\$32K): Chartwell fee structure is different than previous management company. Relocation of Davidson GM in 2018 not recurring.



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### **Financial & Budget Overview: p.4**

- Overall Employee Benefits (+\$53K): Chartwell benefit plans are being reviewed and we anticipate offering enhanced hourly benefit options in January 2020.
- Audio Visual revenue slightly increasing with expense decreasing due to new AV company (PSAV) starting in May 2019.
- Sales Payroll (+\$32K): increase due to open positions & maternity leave in 18/19.
- Repairs and Maint. Payroll (+\$8,300): open position in 18/19. Chief Engineer now shared with Hilton Franklin.
- Laundry Cleaning & Dishwasher Supplies expense (+\$16K): Different contract with Ecolab after sale of hotel resulting in increase chemical expense.