



MEMORANDUM

November 6, 2012

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *Eric*
Russ Truell, Assistant City Administrator

SUBJECT: Joint City of Franklin/Williamson County agreement regarding operations of the Cool Springs Conference Center

Purpose

The existing agreement regarding operation and cost-sharing at the Cool Springs Conference Center expires in 2014. If any changes are to be made to the current operational structure, it would be advantageous to begin the process of review and negotiation to allow sufficient time for any recommended modifications to the agreement.

Background and Financial Implications

The history of the Cool Springs Conference Center has been a highly successfully one. Unlike most conference centers that tend to have continuing operating losses, the operation of the Cool Springs center has been profitable since day one. Of the twelve years of operation, only two have produced a net annual operating loss; those occasions were the two years that followed recessions that followed the events of 9/11 and the financial disturbances of 2008/2009. Even in those years, the losses were relatively small given the Center's annual budget.

Since inception, the owner of the hotel property attached to the Conference Center has been responsible for the duties of scheduling and operating the adjoining conference center. The reason for this arrangement is directly related to the design of the buildings. The flow of traffic to and from the hotel space (rooms and common areas) to the conference center (hallways and meeting rooms) is essential to the functionality of the Conference Center. Equally important is the kitchen and catering area. In order to maximize efficiency and control costs, the food and beverage preparation area was built to be shared by the hotel operation and the conference center. This eliminated duplication of equipment and contributed to lower staff requirements for food preparation, better distribution & delivery of supplies, serving efficiency, plus reduced cleaning and maintenance effort.



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Based on the financial results, it appears that the design of the building has contributed to the profitability of the Center. That design does, however, require shared use of the facilities. And the shared use of the facilities requires that the management of the hotel and the management of the conference center are either 1) the same entity, or 2) sufficiently collaborative that there is no diminishment of the delivery of services. It appears that the latter option is only possible if the hotel management agreed with the City and County to outsource management of food operations to a mutually acceptable third party. Even if that option was chosen, hotel management would have to have a large role in the oversight of a third party contract because of the hotel's security needs, customer service needs, and the on-site presence of their management team. The selection of the management of the Conference Center was originally conducted through a publicly-advertised, competitive selection process based on a variety of criteria, including financial strength and experience.

For all of the above reasons, a continuation and renewal of the existing operating arrangement seems advantageous to all parties.

Recommendation

The City's staff recommends that the Board instruct the City Attorney and City Administrator to review the current agreement with hotel management and make recommendations for updates and changes, if necessary, to the joint agreement. Parallel to this effort, the County should be engaged to similarly review the agreement and make suggestions for any modifications that they might request. The final version would be brought back to BOMA for final review and approval in the spring of 2013 and forwarded to the County for their approval.