



**VILLAGE OF SCHAUMBURG**  
PROGRESS THROUGH THOUGHTFUL PLANNING

**MEMORANDUM**

Date: January 27, 2025  
To: Mr. Brian Townsend, Village Manager  
From: Lisa Petersen, Director of Finance  
Subject: 2025 Renaissance Schaumburg Hotel and Convention Center Business Plan  
For: FLAGG Committee

**Introduction**

In November, village staff met with the Renaissance property management team and the asset manager, Hospitality Advisory Partners (HAP) to discuss the proposed 2025 Business Plan and Budget for the Renaissance Schaumburg Convention Center Hotel. This is expected to be a year of moderate rate growth, but occupancy will be hampered by the guest room renovation occurring between April and August.

**Discussion**

This Business Plan is presented and compared to 2024 to reflect results and demonstrate achievement of annual goals. Renovation of the ballroom and meeting spaces were completed in 2024. While occupancy and the average daily rate rebounded nicely, there are no contract (airline) room nights budgeted. Provided herein is a summary and analysis from HAP with specific market trends and comparisons.

2024 Revenue beat budget by \$631K or 1.3% and expenses were \$108K or 0.5% higher than budget. Resulting in Net Operating Income (NOI) of \$9.1M. The 2025 Business Plan anticipates a \$1.5M decrease in NOI as compared to 2024, primarily due to the displacement of 11,400 unsold rooms caused by the guest room renovation. Net Operating Income is the expected cash distribution to the village for debt service obligations. NOI is the result of all property operations and distributions of owner obligations as set forth in the Qualified Management Agreement (QMA). The QMA states that 5% of Gross Revenues be held in escrow for Furniture, Fixtures, and Equipment (FF&E) upgrades, which are the owner's responsibility. In 2024 \$3M was added to the FF&E/Capital escrow account. Similarly, 1.5% of Gross Revenues is to be held in escrow for Capital improvements, which are also owner's responsibility. The distributions for these owner obligations are held in escrow by the property and, unlike debt service distributions, cash is not distributed to the village. As such, the 2025 Business Plan anticipates total owner distributions of approximately \$10.5M.

Below is a recap and status of the Top 5 priorities identified by the property management team in the 2024 Business Plan:

1. Achieve Budgeted Gross Operating Profit of \$13.822M.  
*Status: Gross Operating Profit was \$14.884M.*
2. Achieve Room RevPAR of \$108.40  
*Status: 2024 Room RevPAR was \$110.63.*
3. Achieve Total Catering (Banquet) Sales of \$18.91M.  
*Status: 2024 Banquet Sales totaled \$19.5M.*
4. Mitigate major construction impact to achieve Guest Voice goal of 72%.  
*Status: Intent to Recommend (Property) index was 73.3*
5. Attain Ambassador Engagement index of 90%.  
*Status: Associate engagement index was 89%.*

From an operational perspective, the 2025 Business Plan is sound and based on the best intelligence available as the hospitality industry continues to navigate business travel, inflation, and changes in employee demands and expectations. The plan sets reasonable goals and is a solid roadmap for 2025.

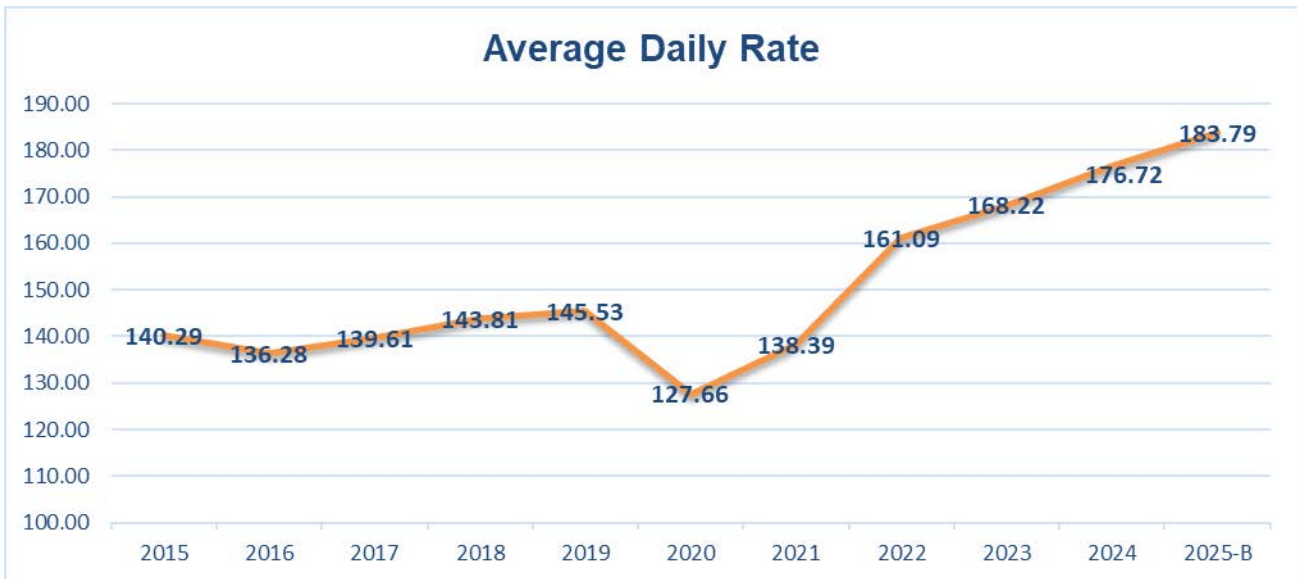
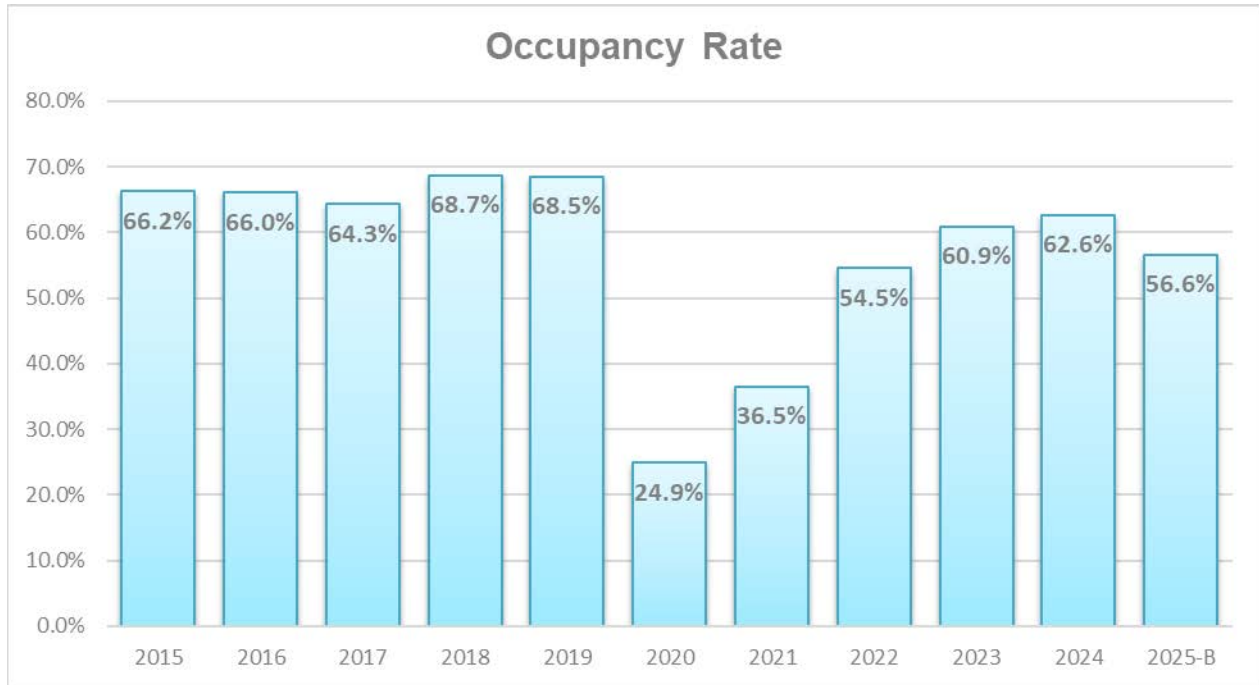
The Top 5 priorities for this year are:

1. Achieve Budgeted Gross Operating Profit of \$12.98M
2. Deliver (Room) RevPAR of \$104.31.
3. Achieve Catering (Banquet) Sales Goal of \$19.224M.
4. Mitigate Kensington Development and Guest Room renovation to achieve Guest Voice goal of 68%.
5. Attain Ambassador Engagement index of 87%.

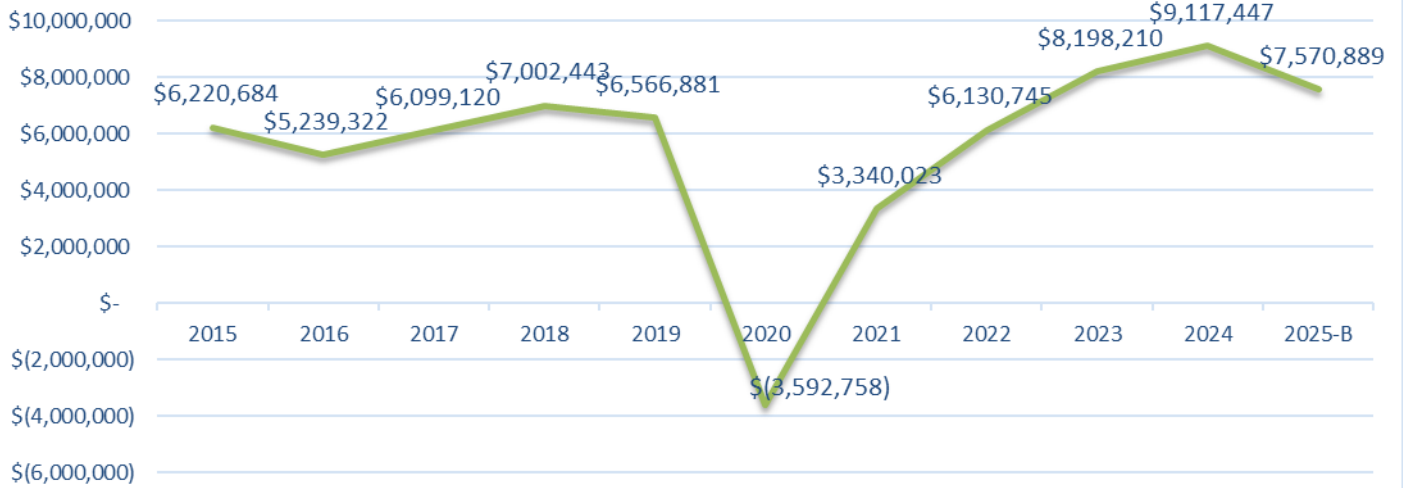
The capital projects planned for 2025 are listed below:

<b>2025 CAPITAL PROJECTS</b>	
<b><u>Project</u></b>	<b><u>Estimated Cost</u></b>
Sealcoat Parking Lot	90,000
Replace Banquet Oven, Grill, Fryers	89,500
Computer Equipment Replacement	52,000
Hotel Discretionary projects (projects less than \$25k)	248,500
Funding from FF&E Escrow	480,000
Replace Electrical Floor Boxes in Center	139,000
Refurbish Chiller	80,000
Refurbish Booster Fire Pump and Jockey Pump	80,000
Replace Front Entry Revolving Door Mechanicals	79,800
Funding from Capital	378,800
<b>Total</b>	<b>858,800</b>

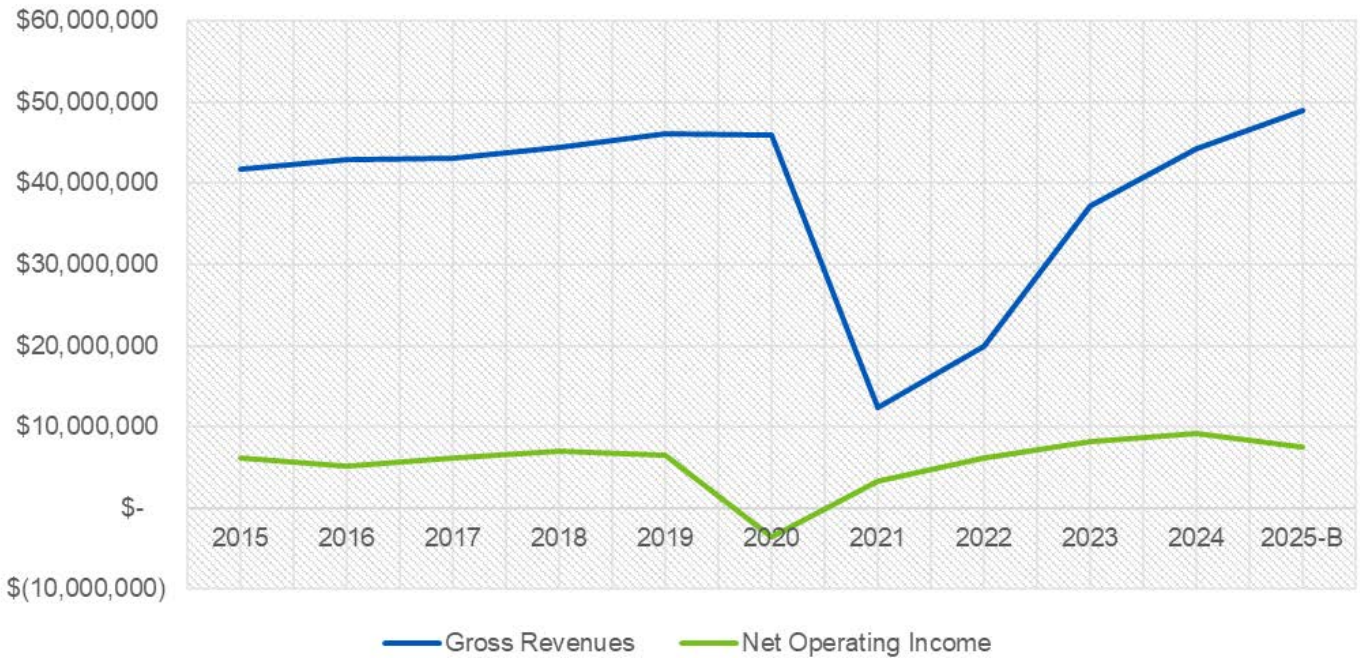
Following is a 10-year history of key statistics for the Renaissance Schaumburg Convention Center Hotel:

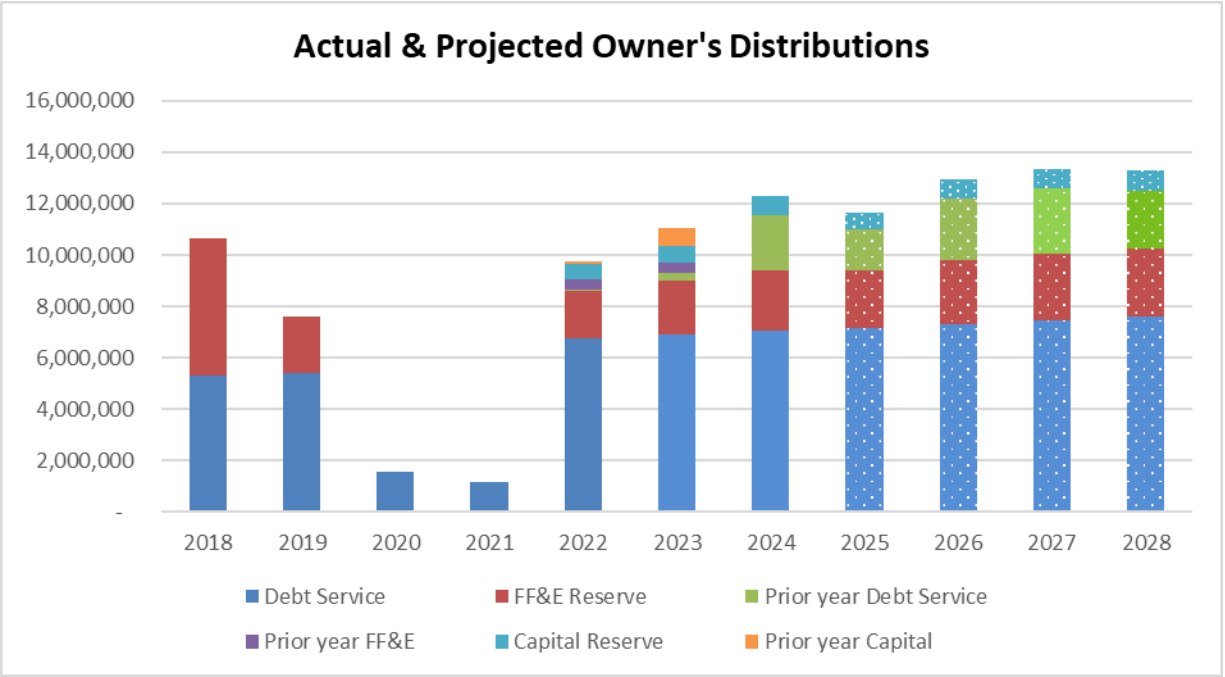


### Net Operating Income/(Loss)



### Gross Revenues relative to Net Operating Income





Historical Results & 2025 Budget (in millions)	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	% Change to PY Actual
Sales Revenue	43,117	44,421	46,194	45,998	12,440	19,950	38,766	44,220	49,021	46,834	-4.5%
Operating Expense	20,591	21,066	21,415	20,983	7,778	8,558	16,345	19,112	20,980	20,537	-2.1%
Departmental Profit	22,526	23,355	24,778	25,015	4,662	11,392	22,421	25,108	28,041	26,297	-6.2%
Administrative Charges	11,181	11,362	11,233	11,603	6,997	6,999	10,561	12,083	13,157	13,300	1.1%
Fixed Charges	6,106	5,894	6,543	6,845	1,258	1,053	5,468	4,826	5,767	5,426	-5.9%
Net Operating Income/Due to Owner	5,239	6,099	7,002	6,567	(3,593)	3,340	6,392	8,199	9,117	7,571	-17.0%

As an update to the Forward Direct Purchase Agreement with Morgan Stanley that the Village entered into in December 2020, the village received \$24.6 M as part of the agreement to allow Morgan Stanley to purchase refunding bonds related to the hotel and convention center. The affected bonds were callable in 2022 and 2023, and Morgan Stanley exercised their option to purchase \$115,505,000 of the outstanding bonds. However, due to the current interest rate environment, approximately \$103.8 M of the bonds were not purchased by Morgan Stanley and could be eligible for future refunding and savings if interest rates fall. The debt service obligations have not and will not change, nor does the term of the bonds. Staff continually monitors for potential refunding opportunity, but the current environment does not yield sufficient financial benefit for the Village. The bonds are scheduled to be fully repaid in FY2040/41.

Below is a brief forecast of funds, and projected funds, available for debt service.

<b>Hotel &amp; Convention Center Fund</b>				
<b>Projected Cash for Debt Service &amp; Capital Improvements</b>	<b>Actual 2023</b>	<b>Actual 2024</b>	<b>Budget 2025</b>	<b>Forecast 2026</b>
Net Operating Income/Due to Owner	7,986,719	9,117,447	7,570,890	6,136,077
Village-allocated Tax Revenue	9,689,050	9,925,457	9,843,901	10,143,068
Interest Income	3,156,939	3,004,498	3,000,000	3,000,000
<b>Total Revenue</b>	<b>20,832,708</b>	<b>22,047,402</b>	<b>20,414,791</b>	<b>19,279,145</b>
Debt Service	14,351,339	14,651,714	14,975,250	15,284,150
Owner Expenses	3,118,747	8,525,504	7,831,000	500,000
<b>Total Expenses</b>	<b>17,470,086</b>	<b>23,177,218</b>	<b>22,806,250</b>	<b>15,784,150</b>
<b>Net Income/(Deficit)</b>	<b>3,362,622</b>	<b>(1,129,816)</b>	<b>(2,391,459)</b>	<b>3,494,995</b>
Ending Available Cash 11/30/24		57,525,728	55,134,269	58,629,263

The following documents are included for additional information:

- Business Outlook and Strategy Summary
- Balanced Scorecard
- 2025 Budget Goals & Objectives
- Recommendation from asset manager, Hospitality Advisory Partners

### **Recommendation**

Staff recommends the Village Manager recommends approval of the 2025 Business Plan for the Renaissance Schaumburg Hotel and Convention Center.