

Sixel Consulting Group, Inc.

Strategic Business Plan FINAL DRAFT

University of Illinois – Willard Airport
Champaign-Urbana, Illinois

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EXECUTIVE SUMMARY AND ACTION ITEMS

In the beginning of 2014, the Chancellor of the University of Illinois at Urbana-Champaign, the owner and operator of Willard Airport, appointed a community task force to develop a strategic business plan for the future of the airport. In order to ensure the future viability of the airport and its assets the task force, and its consultants, were given this mission:

The Task Force is charged with making community initiated recommendations to the Chancellor of the University of Illinois regarding short and long-term strategies to achieve the overarching goal of sustaining and expanding local air service as a driver of local economic development and to serve the transportation needs of the University of Illinois. The recommendations shall include a future business plan and recommendations for shared governance with options for additional community funding for Willard Airport generated by business and/or local government(s).

In support of this mission, the task force and its consultants have completed ten months of in-depth study and community meetings. The group has completed the following:

- ✈ a new True Market/Leakage Study detailing the travel patterns of airline passengers to and from east central Illinois;
- ✈ an air service development master plan guiding future air service development and benchmarking Champaign/Urbana against similar markets;
- ✈ a review of all airport-associated business on and off the field; a peer market review of non-air service business at similar airports;
- ✈ a forecast of the future air service market; a development of detailed options for additional non-air service growth options to generate additional revenue;
- ✈ a budget forecast for both future revenue and operating costs;
- ✈ a plan for strategic growth;
- ✈ a blueprint for the development of a marketing campaign to re-connect Willard with its community;
- ✈ and the selection of a new consumer-facing airport brand to better express the promise of flying locally.

Through this study, a Strengths, Weaknesses, Opportunities, and Challenges (SWOC) analysis, detailed focus group feedback, and technical research, the task force's consultants have developed this document, which represents the strategic business plan for Willard Airport, guiding major initiatives for the next three years – fiscal year 2015 through fiscal year 2017.

The future strategic plan is not only critical to the success of Willard Airport, it is also critical to the economy of central Illinois. A State of Illinois Department of Transportation economic impact study, completed in 2012, shows Willard generates \$102.8 million in total output per year. The study shows the airport generates 263 jobs on field, and supports another 686 jobs throughout the community. The combined payroll for these jobs is \$38.5 million per year.

Following task force recommendations, consultants are recommending the airport, and its University ownership, take action on 14 major initiatives, from a change in how the airport is managed to an expansion of community outreach in support of new airline service. Several of these action items will require immediate attention, while others will be phased in over the next three years. The items, listed on the next page, represent the best opportunity for Willard Airport to become self-sustaining within a decade.

- ✈ Issue a Request for Proposals (RFP) for **private management** companies to manage the Willard Airport business by January 2015;
- ✈ If no RFP responses meet the qualifications desired, hire a **strong Chief Executive Officer** (CEO) to run the airport with significant executive authority granted by the University of Illinois;
- ✈ Create a **regional advisory committee** to give the community more input into the operations and objectives of the airport;
- ✈ **Change vehicle parking rates** to generate additional revenue;
- ✈ **Automate the parking system** to lower expenses;
- ✈ Work with the cities and Champaign County to develop **stronger taxi licensing regulations** and to ensure the continuation of public transit at the airport;
- ✈ Adopt a **standard incentive plan** for new air service;
- ✈ **Develop community support** for new and expanded air service;
- ✈ Develop a **public-private partnership with FlightStar** to modify commercial aircraft maintenance hangar to accept larger aircraft and to recruit additional clients;
- ✈ Establish a **regional aviation committee** to work to integrate diverse regional aviation assets, such as flight training, unmanned aerial systems, and Parkland's new Institute of Aviation;
- ✈ Develop a **land use master plan** for the airport, with completion targeted by the end of 2015;
- ✈ Proceed on cost projections and **design of new rental car service center**;

- ✈ **Re-brand the airport** based on the consumer-facing name, “Fly Champaign-Urbana,” including the completion of a new logo and color scheme, with completion and unveiling of new brand slated for first quarter of 2015;
- ✈ **Implement an enhanced marketing** strategy in early 2015, with the program focused on both re-integrating the airport into the fabric of the community and re-introducing the airport and its brand promise to air carriers;
- ✈ Increase efforts to lobby the Illinois Congressional delegation for the funding required for the construction of a **new air traffic control tower** at Willard.

Each of these action items will be detailed in the following pages, with specific steps to be taken and specific timelines for the completion of each task. While the task force, the airport, and the University are under no obligation to follow these steps, the consultants believe they represent a strategic vision for the future of Willard Airport, solidifying its position in central Illinois.

In addition to the recommendations from this report, the Task Force designated a technical committee to develop potential options for new governance of Willard Airport and long term solutions for regional financing of the airport. The technical committee report, which is included with this strategic plan, recommends an intergovernmental agreement for the operation and funding of Willard Airport, bringing together the region's communities to ensure the long-term viability of the region's gateway.

MODIFY MANAGEMENT STRUCTURE

The first element of the Willard Airport strategic business plan is the modification of the management structure of the airport. The task force has found this to be the most critical change that must be completed immediately. All other initiatives in this strategic plan should flow from this modification.

The goal is to elevate the status of the leadership of Willard Airport to allow true executive authority. This must position airport management to play a leadership role not only at the airport, itself, but also in the regional community. The modification of the management structure must allow airport leadership to be more visible and more accountable.

“The goal is to elevate the status of the leadership of Willard Airport...”

Three options for the modification of the management structure were analyzed:

- ✈ Hire a strong CEO and give that person the authority and the mandate to manage the airport according to best practice and to establish a real presence in the community;
- ✈ Engage a management firm to run the airport according to best practice and to establish a real presence in the community;
- ✈ Explore the FAA Airport Privatization Program.

As of the writing of this report, Willard Airport is as well managed as it can be given the restrictions placed upon current management by its structure within the University of Illinois. But, clearly, this structure falls short of what is required, both in terms of current airport management best practices and in terms of positioning the airport as a real presence in the community. Airport management is not empowered to make key decisions normally made by airport directors, and there is no expectation that airport management is involved in engaging the community in efforts to promote the airport and its services. There is no one whose job it is to develop and promote an overall vision for the airport and how it engages the community and promotes economic development. There is no one to keep the conversation on a high strategic level, which inevitably results in community focus being placed on smaller, less strategic, items.

Based on dozens of conversations with business and civic leaders in the community, early credible movement on this goal is critical. It will not be enough to simply change titles. It also seems clear that overcoming the challenges placed on any airport management by being part of the university structure is best achieved by outsourcing the management function.

Whether an individual or a firm, the following must be expected of new management and the authority to achieve these goals must be established:

- ✈ A plan to establish airport financial self-sustainability within a decade;
- ✈ An airport marketing plan;
- ✈ An airport customer service plan;
- ✈ An airport land use plan to better position for the promotion of economic development opportunities;
- ✈ A partnership with FlightStar to ensure its future role in making CMI attractive to airlines considering service to the community.

The path to achieving these goals is included in this strategic plan. It will be the job of new airport management to follow through on the goals stated in this plan. It will also be the job of new airport management to ensure these initiatives lead to financial self-sustainability.

In order to complete the transition to executive management of Willard Airport, the following action items must be undertaken:

- ✈ Development and release of an airport industry standard RFP for a management firm to achieve these goals. Given the resource constraints at the University, this is the best option for providing the resource required to get the job done correctly. The goal should be to have the process of selecting a firm complete, and that firm in place and operating, within eight months.
- ✈ Development of an airport industry standard job description for an airport CEO should the RFP fail to generate a response from management firms. This should be done in conjunction with a respected airport industry executive recruiting firm.
- ✈ Based on our analysis, it is not recommended to pursue the FAA Privatization Pilot Program at this time, if, for no other reason, than participation would depend entirely on

the willingness of American Airlines to essentially partner with the airport (participation requires assent of 65% of airlines at an airport, and CMI only has one airline). Given current financial and other challenges in the airline industry in general, and at American in particular, this carries a high risk of the airline simply deciding not to serve the community. It is possible this could change if the program is altered in the coming FAA Reauthorization legislation, or if there is a change in the carrier mix at CMI at some point in the future.

In order for a private management company, or a strong CEO, to have adequate authority over operations of Willard Airport, it must be given the ability to make decisions without consulting directly with the University. While still maintaining University ownership and control of the airport, new management should have authority to:

- ✈ Hire and fire personnel;
- ✈ Procure goods and services up to \$25,000 without University approval;**
- ✈ Enter into contracts;*
- ✈ Exercise expenditure flexibility within a defined budget;
- ✈ Be responsible for air service development;
- ✈ Be responsible for all profit centers' performance;
- ✈ Be the Voice for, and Face of, the airport;
- ✈ Serve as the official contact with the FAA.

**A CEO hired by the University must comply with existing state rules for procurement and contracting.

Contracting with a private airport management company, or hiring a CEO for the airport, will result in increased expenses to the University and/or the community. Based on the experience of Texas A&M University, which recently contracted with a private firm to operate the airport it owns, the cost per year of a management fee would be \$135,000, for a total three year cost of \$405,000. Recognizing there are significant economic differences between the Texas A&M airport and Willard that may preclude a similar fee, the University would no longer be responsible for the salary of the airport manager, who would be an employee of the private firm. This could significantly reduce expenses and create opportunities for revenue sharing going forward.

In order to hire a strong airport CEO, with increased authority, it is likely the University will have to increase the current airport manager salary. According to an informal poll conducted by Sixel Consulting Group, at other non-hub airports with scheduled air service, strong CEOs make an average of \$162,000 per year, with reasonable increases in salary each year. The University

and/or community will need to plan to increase the current airport manager salary by \$90,000 in year one, \$95,000 in year two, and \$100,000 in year three, in order to secure the best possible candidate for a new CEO position. This would represent an increase of \$285,000 over current salary levels at Willard Airport.

A detailed budget analysis for all business plan elements, against forecast revenue, is included at the conclusion of this document. Willard Airport's revenue is likely to increase over the next three years, as passengers are increasing and service is forecast to increase. However, the increase in revenue is unlikely to cover the additional management expense.

It is recommended that the University issue a management RFP in 2015, with the goal to select a management firm by the middle of 2015. If no appropriate firm is available, the University should transition to hiring a strong executive as CEO of the airport.

The development of an RFP for hiring of a management company could take up to eight months to complete, and the hiring of a strong CEO could be an even longer process. Therefore strong consideration should be given to beginning the work on other initiatives in this business plan before new management is in place. This will require direct support and action from the Chancellor's office. There are a number of business plan options that can commence immediately:

- ✈️ Develop and issue an RFP for improvement of the concessions at the airport;
- ✈️ Develop and issue an RFP for in-terminal advertising (current contract with Clear Channel would have to be terminated), using the revenue from advertising to cover part of the cost of the development of the marketing campaign;
- ✈️ Finalize contracts with rental car agencies to include a Customer Facility Charge to finance a new rental car service center on airport land;
- ✈️ Engage FlightStar to develop plans for necessary renovations to their facilities.

Each of these areas can be addressed, and work can move forward, under the current management structure of the airport. While it is suggested to move as quickly as possible on a transition in management structure, it is also recommended that the options developed in the strategic business plan are not delayed.

Airport Advisory Committee

The University of Illinois should create an Advisory Committee. This committee would be formed for the purpose of advising the University and airport management on matters of public concern and to help formulate and recommend priorities for further expansion of the airport. The Airport Advisory Committee shall have authority to make recommendations including, but not limited to, Master Plan development, economic development, air service, and general aviation.

The committee membership should include a broad representation of the community. Membership positions should include, to the extent possible, the following: an airline representative, a pilot, a tenant, local corporate representatives, members to represent community political leadership, and a member to represent economic development.

With the diverse interests of the greater Champaign/Urbana community in mind, the following organizations should appoint members to the committee:

- ✈ Willard Airport
 - Tenant Representative
 - Airline Representative
 - Pilot Representative
- ✈ University of Illinois at Urbana-Champaign
 - University Representative
- ✈ City of Champaign
 - City Representative
- ✈ City of Urbana
 - City Representative
- ✈ Village of Savoy
 - City Representative
- ✈ Champaign County
 - County Representative
- ✈ Champaign County Economic Development Corporation
 - Economic Development Representative

“...an advisory group for the purpose of advising the University and airport management on matters of public concern...”

- ✈ Champaign County Chamber of Commerce
 - Large Business Representative
 - Small Business Representative
- ✈ Visit Champaign County
 - Tourism Representative

The 12 committee members should each serve for a period of no less than three years. It is usually in the best interest of the airport not to enact term limits, as continuity on the committee is the key to the development of long-term goals.

The University should consider tying voting rights on the advisory committee to those organizations that provide funding to the airport. In exchange for allocating funds on an annual basis to the airport, each group allocating funds would have the right to designate a voting member to the committee. Those groups not allocating funds to the airport would still have the right to nominate their members, but those members would be designated as ex-officio, and would not have voting rights. This would provide an incentive for regional committee members to commit to helping to fund the airport business plan.

The committee should meet at least bi-monthly, or six times per year. It is recommended that committee appointments be made in January of 2015, with the first meeting taking place in February 2015. The first meeting should be a joint meeting with the task force charged with developing this report and its consultants.

MODIFY GROUND TRANSPORTATION

Parking fees at Willard Airport have long been a hot button topic in the local community. Other nearby airports, such as Bloomington/Normal, offer free parking. Some believe free parking gives other central Illinois airports an advantage over Willard in terms of luring passengers. This is a myth exposed by delving into how people actually behave.

Only six percent of Willard Airport's passengers leak to Bloomington/Normal, and half of those are accounted for by the presence of Allegiant. The largest portion of CMI's leakage goes to Indianapolis, which charges far more for parking. The rest of Willard's passenger leakage goes to Chicago airports which also charge more for parking than Willard. Much of the Bloomington/Normal free parking myth stems from previous low fare carrier, which did attract more passengers from Willard's primary catchment area. The loss of most of Bloomington/Normal's low cost service has eliminated most of the leakage.

“Only six percent of Willard Airport's passengers leak to Bloomington/Normal...”

Parking revenue accounts for a large portion of Willard Airport's operating budget – a little less than 23 percent in the last fiscal year. Another myth is that most of the parking revenue goes to pay for staff to oversee the parking lot at the terminal. This is not true. Most of the costs allocated to the parking portion of the budget would remain on the books, including costs allocated to salaries of employees who have little to do with monitoring the parking lot. Thus, the move of eliminating the parking fee would damage the Willard Airport budget to such a degree that it would require a large additional payment from State or University funds, or the development of some source of local tax revenue to make up the difference.

The goal of this strategic business plan is to reduce long-term parking expenses at Willard while increasing and optimizing parking revenue. Additionally, the airport's goal is to provide and market customer value. The message behind any changes to parking at Willard Airport is clearly that new parking systems will make the lot easier to use and more secure. The cost of parking at Willard provides the traveler will significant benefit they would not receive at other airports with free parking. That benefit includes 24-hour a day security, auto services including the ability to unlock cars and jump car batteries, and a well-lighted and maintained lot.

Four options for the future of the parking system were analyzed:

- ✈ Automate the parking system;
- ✈ Adjust daily and weekly rates;
- ✈ Develop a parking incentive program;
- ✈ Offer ancillary services (car wash, oil change, detailing, etc.).

Willard Airport should not consider the elimination of parking fees. Instead, new fees should be instituted as outlined later in this section of the strategic plan. Many peer airports have implemented a long-term cap on what a passenger might pay for parking. Many offer ancillary services. And many have automated parking to some degree, though this comes with short-term cost even though the longer term benefit can be large. A properly constructed package could reduce costs, generate some additional revenue and offer loyal passengers certain benefits; all while serving to counter the parking myth.

To achieve this, the following actions should be taken:

- ✈ Development of a comprehensive parking fee structure that raises the daily rate, installs a long-term fee structure and offers benefits to passengers that park at CMI more than three times per year;
- ✈ Invest in the technology to automate the parking facility (including a revenue management system);
- ✈ Working with the rental car companies, develop a plan to install a facility that could offer ancillary services to parkers (while also providing economic benefits to the rental car companies who can fully service their vehicles on site).

*Figure 1: Current Parking Rates
October 2014; Willard Airport*

Up to 10 Minutes	Free
11 to 60 Minutes	\$1.50
61 to 120 Minutes	\$3.00
121 to 180 Minutes	\$4.00
181 Minutes to 24 Hours	\$5.00
Weekly Maximum	None

As to the first action item, the development of a new parking fee structure, based on the airport's data from 2013 and 2014, the strategic plan recommends an overhaul of parking charges in order to generate optimum revenue and to reward those who park their cars for the longest periods of time.

Currently, parking charges are capped at \$5 per day without a weekly maximum (see figure 1). Short-term charges begin after ten minutes and escalate to the full daily rate after the third hour of parking.

*Figure 2: FY 2014 Parking Statistics
October 2014; Willard Airport*

Parking Revenue	\$454,765		
Long Term Revenue	\$359,264	Share of Long Term	79.0%
Short Term Revenue	\$95,501	Share of Short Term	21.0%
Median Stay (Days)	4.0	Median Amount Paid	\$20
Total Long Term Days	71,852.8	Long Term Customers	17,963

generated by long-term parking. The median stay for all vehicles was four days, with a median amount paid of \$20. The airport saw a total of almost 71,853 long-term days or 17,963 individual long-term customers.

Based on this data, and projected passenger behavior, the University should increase the long-term parking rate by two dollars per day, adjusting the short-term rates accordingly, and instituting a weekly cap to keep the weekly charge in line with the current maximum charge (see figure 3). Parking for periods of up to two hours would cost the same as current rates, while two-plus hour short-term parking would increase slightly. The new daily rate would be \$7, with a maximum weekly cap of \$42, or a seventh day of parking given for free.

For fiscal year 2014, the short- and long-term parking lot at Willard generated almost \$455,000 in revenue (see figure 2). The vast majority of that revenue – or 79% – was

*Figure 3: Proposed Parking Rates
October 2014; Willard Airport*

Up to 10 Minutes	Free
11 to 60 Minutes	\$1.50
61 to 120 Minutes	\$3.00
121 to 180 Minutes	\$4.50
181 Minutes to 240 Min.	\$6.00
241 Minutes to 24 Hours	\$7.00
Weekly Maximum	\$42.00

*Figure 4: Parking Fee Change Revenue Forecast
October 2014; Willard Airport*

New Daily Rate	\$7	New Weekly Rate (Max)	\$42
Daily Rate Change	\$2	Weekly Rate Change	\$7
Change/Parking Days	-3.5%	Change/Long Term Cust.	-3.5%
Long Term Days	70,056.5	Long Term Customers	17,514.1
Long Term Revenue	\$490,395	Change in L/T Revenue	\$131,131
Short Term Revenue	\$95,501	Change in S/T Revenue	\$0
Total Revenue	\$585,896	Change in Total Revenue	\$131,131

customers using long-term parking stay steady despite small increases. Nonetheless, with a 3.5% reduction in long-term parking days the airport would expect 17,514 long-term parking customers per year or 70,057 long-term parking days per year.

The new rate is projected to reduce total parking days by 3.5%, which is an aggressive decrease in customers in the interest of conservative revenue projections (see figure 4). Other non-hub airports have found

The resultant long-term parking revenue would increase to more than \$490,000 per year with a \$2 per day long-term rate increase and a slight decline in long-term parking days (see figure 4). This represents an increase in long-term parking revenue of more than \$131,000 per year. Total parking revenue would cross the half-million dollar mark in the first year with the new rate structure bringing in an estimated \$586,000 in revenue.

To go along with the rate change, the University and the airport should work to automate the parking process as soon as it is possible and practical. In research compiled for this plan, the cost of purchase, set up, and maintenance of an automated system is estimated at \$500,000, spread over three years. This would include two automated ticket machines at the entry point to the parking lot, one automated exit machine, and one manned booth. The installation of automated parking machines would save \$54,775 in total staff costs per year, by reducing the number of hours the parking booth is manned during normal business hours when issues would be handled by administrative personal. The investment would be paid off in just three years. Thus, the investment in automation would be cash flow positive in just nine years, assuming parking revenue stayed the same. A detailed budget can be found near the conclusion of this business plan.

“...the additional... long-term parking revenue would cover 37% of the cost of the acquisition and installation of the automated parking system.”

Taking into account the increase in parking revenue with the new rate structure, the additional \$131,000 in annual long-term parking revenue would cover 78% of the cost of the acquisition and installation of the automated parking system. Combined with almost \$55,000 in labor savings, the rate increase and parking automation would contribute \$186,000 to the airport's bottom line each year, versus \$167,000 in acquisition costs – or a net positive of \$19,000 per year for three years.

With parking revenue likely to rise with the new pricing system, the investment in an automated system will be paid off quickly. Evidence shows the lifecycle of automated parking machines will be longer than 15 years. Moreover, staff savings does not take into account increasing salaries over time. It is clear that automation is the best way to leverage additional parking spend, while reducing expenses.

Frequent Parking Incentive Program

To offset some of the additional cost to the consumer of parking at Willard, the airport should adopt a frequent user program. The program should be designed to reward a high level of use through discounts. While the automation of the program must be designed in conjunction with the company providing the new automated parking system, the program should follow best practices used at other airports of similar size.

The program should track frequent use through credit card identification, which will be possible with new automation. Travelers will register their credit card through the airport's web portal, joining the frequent parking incentive program. Each time the credit card is used to pay for parking it can be tracked by the parking automation company. The program will be designed to reward those using the lot for both length of stay and total days, on the following formula:

- ✈ One free day of parking for 20 days of parking;
- ✈ A "day of parking" is anytime the bill reaches the \$7 daily maximum;
- ✈ Free days will store to registered credit card;
- ✈ When inserting credit card, machine will prompt whether to use free days or to save them;
- ✈ System will allow customer to store up to 18 free days (maximum earned in one calendar year should car remain in lot for the full year).

While issuing a frequent parking incentive program card is another option, with automation of the parking system it will add a layer of complexity and cost, as the automated systems would have to be able to read those cards and understand their value. The cost of issuing the cards and modifying the software would likely diminish some of the savings automation is designed to provide.

Taxi Regulation and Public Transit

Task force feedback and community input makes it abundantly clear that the taxis currently serving Willard Airport, and the Champaign-Urbana community at large, are not up to the standards of other cities. Passengers have little confidence in the safety of taxis, nor do they have confidence that they will be charged fairly. Moreover, many of the taxis serving the airport do not accept credit cards, which makes it difficult for business travelers, on expense accounts, to document their taxi trips.

The airport does not have sufficient traffic to individually license cabs, as larger hub airports do. With stronger regulations that only applied to those taxis serving Willard, taxis would simply stop picking people up at the airport, which would defeat the goal of providing more consistent taxi service to arriving air travelers. In this case, the solution is for the University to work with the region's largest cities, Champaign and Urbana, to develop stronger taxi licensing regulations. There are a number of changes that should be considered:

- ✈ More stringent appearance standards to taxis;
- ✈ More stringent driver training in customer service;
- ✈ Vehicle Maintenance requirements established with periodic inspections;
- ✈ Regulations concerning the acceptance of credit cards.

It is most efficient for Champaign and Urbana to adopt new regulations, as all taxis will be forced to abide by those regulations to generate sufficient revenue to cover their expenses.

In addition to taxis, the Champaign-Urbana Metropolitan Transportation District's (MTD) Airbus provides a critical public transit link between the community and the airport. The airport should continue to work with the MTD to develop schedules that meet major flight operations schedules. The airport should also work to ensure customers know about the MTD bus option when arriving at Willard.

AIR SERVICE DEVELOPMENT

Willard Airport's most important asset is the scheduled passenger air service provided to the region. That air service connects Champaign-Urbana and surrounding communities to more than 150 cities around the world with a single stop. But current air service is not adequate to serve the demand created by the more than 310,000 people who live in the immediate catchment area.

Analysis generated for the strategic business plan shows the Willard Airport catchment area generates an annual total of 483,494 passengers, or the equivalent of an average of 662 passengers per day each way (PDEW). Still, just 33% of passengers traveling to and from the Willard Airport primary catchment area use Willard Airport, itself, with 67% using other airports. Many residents of the Willard Airport catchment area are under the impression that a large number of airline passengers prefer to use Central Illinois Regional Airport in Bloomington-Normal (BMI), but only 6% of those in the region use BMI. Instead, most travelers drive to Indianapolis and the Chicago airports to access non-stop flights. If a passenger is going to drive out of the immediate region, that passenger will only rarely do so for a connecting flight.

Despite the fact that two-thirds of the passengers traveling to and from the Willard Airport catchment area use other airports, service provided at Willard by American's regional partner is solidly profitable. Service between Champaign-Urbana and Chicago O'Hare earns better than a 35% margin, on a local, segment basis. While, technically, service between Champaign-Urbana and Dallas/Ft. Worth loses money on the local segment, it pumps solid connecting revenue into the American Airlines system. Current service has a strong position within the American network, but must continue to be promoted and used.

Willard Airport can win passengers on the basis of convenience. Very few travelers really want to drive two hours to access air service – most would prefer to use their own airport. This fact provides confidence that additional service in the market will be met with success. The data clearly shows that the Willard Airport catchment area is large enough, and generates enough premium business-related traffic, to support additional air service.

"...current air service is not adequate to serve the demand created by... the immediate catchment area."

The top priority for air service recruitment at Willard Airport should be a daily non-stop flight to a major hub on the East Coast. Willard's only current East Coast connectivity is through Chicago O'Hare, which causes many East Coast passengers to drive to other airports to find non-stop flights, or flights with more direct connections.

There are a number of suitable East Coast hubs on a number of carriers. However, only a few are actually among those that could be listed as possibilities for air service recruitment at Willard. The top options include American service to two of the US Airways hubs it gained in its merger: Charlotte and Philadelphia (see map 1). Another viable option, with the right incentive package, could be United Airlines service to its hub at Washington Dulles.



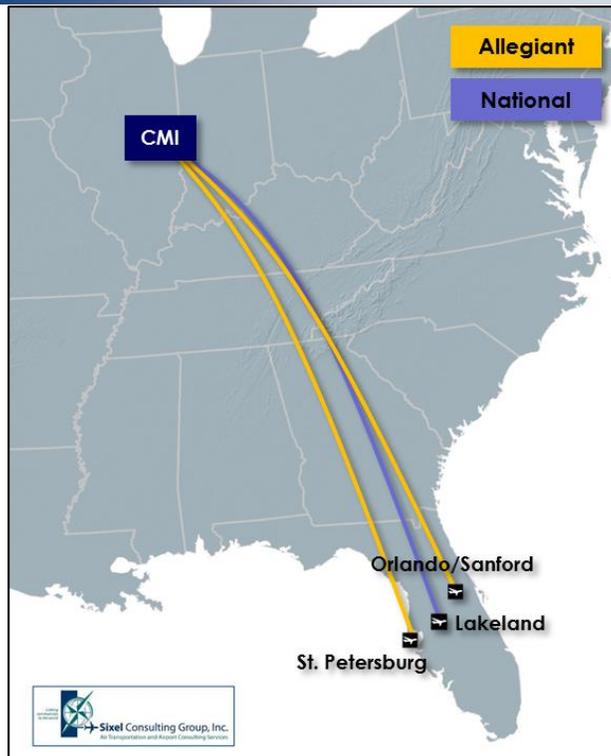
Of central Illinois airports, only Willard and Decatur are left without some kind of low cost service. While Bloomington-Normal has both Frontier and Allegiant serving its market, Peoria and Springfield both have Allegiant service to Florida. In meetings during the spring of 2014, Allegiant indicated that all of its central Illinois service performs well and that service performance has actually improved since it has started flying at multiple points within the region.

Unfortunately, Allegiant is the only carrier currently interested in linking communities like Champaign-Urbana to leisure destinations on a less-than-daily basis. Direct Air and Vision Airlines both operated similar service, but Direct Air folded and Vision now focuses on charter service instead of selling under its own brand.

A current cargo carrier, National Airlines, is investigating the option of using its passenger certification to launch less-than-daily low cost service to Florida. Its plan is in the formative stages, but is built around a base of operations in Lakeland, Florida, which is located near the entrance to Disney World (see map 2 on next page). This service is unlikely to launch until sometime in 2015.

Allegiant's top options for service at Willard Airport would include the market's two largest destinations in Florida: Orlando, which Allegiant serves through Sanford International Airport, and

Map 2: Low Cost Carrier Targets
Sixel Consulting Group; October 2014



St. Petersburg/Tampa, which Allegiant serves through St. Petersburg-Clearwater International Airport (see map 2). Willard Airport's True Market data does not currently show a large enough market for service to other airports in Florida, such as Ft. Lauderdale, Miami, or Ft. Myers.

Service to these Florida destinations would be provided twice per week, with large jet aircraft. Allegiant is now using Airbus A319s for new Florida markets, seating 156 people. With large planes Allegiant offers exceptionally low fares and tends to stimulate local markets significantly – more than doubling passengers in its typical market.

Willard Airport and the University of Illinois have been aggressively recruiting additional air service for the last several years. The Airport has conducted more

than 20 in-person meetings with planners from target airlines. The Airport has worked to secure Grant funding for new service incentives. Despite a current incentive fund for new service, the Airport has yet to come to an agreement for additional service with any carrier.

Willard Airport Standard Incentive Plan

Virtually all airports in the United States – and many around the world – provide incentives for new and expanded air service. Willard Airport's current incentives for service are not uncommon. Air service is, after all, the lifeblood of most airports. Moreover, air service provides the most critical piece of economic infrastructure within any community. Investments in incentive programs, almost always, are paid back in economic impact dollars. But Willard Airport must adopt a standard incentive program to ensure it is working within Federal Aviation Administration (FAA) incentive rules, and to ensure all carriers are offered equal incentives.

Incentive Program Overview

The Willard Airport Air Service Incentive Program is designed to attract air service through a combination of revenue guarantees, fee waivers, and marketing support for a carrier adding scheduled passenger service to an unserved destination. The program is available to any commercial air carrier, with Part 121 certification, agreeing to provide new scheduled non-stop service to any unserved city from Willard Airport.

Scope of Program

The air service incentive program offers three specific types of incentives for air service, with certain caveats based on funding availability. The program is predicated on reducing carrier risk in launching service in the Champaign/Urbana market through revenue guarantees, fee waivers, and marketing support.

1. **Revenue Guarantee:** Willard Airport has available a one-time revenue guarantee for new scheduled passenger air service. This guarantee is available on a first come, first served basis. It applies to any new service, operated at least six times per week, by a major US carrier, or the designated regional affiliate of a major US carrier. To be eligible for this one-time revenue guarantee, the carrier must provide service to a connecting hub, scheduled to connect to no fewer than 20 one-stop destinations.

The total amount of revenue guarantee funding available, on a first come, first served basis, is \$500,000. The source of revenue guarantee funding is a federal Small Community Air Service Development Grant.

As soon as a carrier launches service under the requirements of the revenue guarantee portion of this incentive plan, revenue guarantees will no longer be available for additional carriers, unless reviewed by the University of Illinois.

2. **Fee Waivers:** The Airport will waive all terminal rent, landing fees, and office space rent for a period of two calendar years from the launch of scheduled airline service. These fee waivers are available for any new service, operated at least two times per week, by a US carrier, or the designated regional affiliate of a US carrier. Seasonal service is eligible

for fee waivers. The landing fee waiver will vary based on the size of aircraft and the frequency of service by that specific aircraft.

3. **Marketing Support:** Willard Airport will offer cash for airline marketing and advertising for any new scheduled passenger airline service, provided that service is operated at least two times per week, by a US carrier, or the designated regional affiliate of a US carrier. Seasonal service is eligible for cash for marketing and advertising.

For service meeting these requirements, the airport will provide \$100,000 in cash for marketing and advertising in the first calendar year of new service, with an additional \$50,000 in cash available for marketing and advertising in year two. The cash may be spent either in the Champaign/Urbana market or out-of-market in specific cities served either non-stop or with one-stop through the airline's hub. All marketing and advertising must specifically mention Willard Airport or its public facing brand.

Air Carrier and Service Requirements

In order to qualify for the incentives in this plan, an air carrier must operate service on a route at least two times per week for a minimum season of 12 weeks. The service must be operated to an airport that does not have current non-stop service to or from Willard Airport. Service to a second airport in the same metro area as another airport to which Willard Airport does have service does qualify for incentives.

The revenue guarantee portion of the incentive plan is a one-time grant of funding. It will be applied on a first come, first served basis, based on service announcement date. If the revenue guarantee portion of the incentive plan is not exhausted by the first carrier to use it for risk mitigation, the remaining funds may, at the discretion of the airport, be available for additional service to another unserved market. The other portions of the incentive plan are open to any carrier meeting the requirements associated with each incentive type for the full term of this incentive plan.

Term of Program

The Willard Airport Air Service Incentive Program, in this form, shall remain in effect for a two-year period, through December 31, 2016. Any air service operating under the criteria set forth in this document, announced before the end of this period, shall be eligible for incentives.

Community Alliance Plan

Willard competes for air service against, not only, the airports in the region, but also with airports all over North America. Airlines, when choosing new markets, are not choosing between Bloomington-Normal and Champaign-Urbana. They are choosing between Champaign-Urbana and places like San Luis Obispo, California. Airplanes are moveable assets, and airlines work to allocate them to the cities where they can achieve the highest margin.

It is important – even critical – that the Champaign-Urbana community understand this competitive environment. For Willard to flourish as a gateway to central Illinois, a community alliance of, primarily, business users of air service will likely have to come together to make the commitment to fly locally.

Willard Airport and its community partners should form a regional air service alliance in support of expanded service. This group should be separate from the University, but have it goals for expanded air service aligned with the airport's goals. It should include members from the University of Illinois, the cities of Champaign, Urbana, Savoy, and Rantoul, Champaign County, regional economic development agencies, regional chambers of commerce, regional visitors' bureaus, and major business leaders. It should be incorporated as a 501c4 non-profit organization.

The regional air service alliance should consistently spread the message of expanded air service and its impact on the economy, along with promoting policies such as "Check C-U First." It is also important that members of the alliance be committed to developing additional revenue guarantees in support of expanded service. While these additional incentives will need to be identified on a case-by-case basis during negotiations with prospective airlines, the Alliance must realistically be ready to generate over \$1,000,000 in community committed resources to secure additional air service.

FLIGHTSTAR PARTNERSHIP

Willard Airport's Fixed Base Operator (FBO), FlightStar, currently operates a Maintenance, Repair, and Overhaul (MRO) facility for American Airlines partner, Envoy. The facility has been quite successful, and the FBO would like to attract more of this type of business. There are, however, problems associated with an effort in this area, especially as airlines have signaled a desire to move away from the 50-seat jets that currently serve the area.

The hangar used for the MRO for American will have to be modified if American discontinues the operation of the 50-seat regional jets and wishes to serve Champaign/Urbana with a larger

aircraft. This is true for any other carrier that might be attracted to CMI as well, whether a regularly scheduled service or any kind of charter service.

"...many changes have been announced by American relative to its regional jet fleet."

During the time period in which this strategic business plan was developed, many changes were announced by American relative to its regional jet fleet. Envoy Airlines will not transition

to larger regional jet aircraft. In fact, Envoy's fleet will continue to shrink, as older 50-seat jets continue to be retired. American will source larger regional jets from other regional partners. The ultimate future of Envoy is very much in doubt.

Meanwhile, the 15 regional jet operators in the US, flying on behalf of major carriers as regional affiliates, continue to retire 50-seat jets in favor of larger jets. As of the writing of this report, those 15 carriers operated a total of 937 50-seat or smaller regional jets. Those same carriers operated 842 larger regional jets, with at least 66 seats. But, in the next five years, those airlines will take delivery of an additional 300 larger regional jets, while retiring more than 400 of the smaller regional jets. Fleet turnover has never been higher in the regional industry.

With Envoy's maintenance at Willard somewhat in question beyond the five-year horizon, along with its general future in the American system, it is deemed prudent for the community to partner with FlightStar to both make modifications to the maintenance facility to ensure it can serve larger jets, and to meet with prospective carriers to discuss their maintenance operations. In preparation of this section of the strategic plan, a comprehensive listing of prospective airline clients was developed – listed in figure 5 on the following two pages.

Figure 5: Current and Potential Regional Jet Operators in the United States (Part One of Two)
October 2014; Sixel Consulting Group

Airline	Affiliations	Hubs	50-Seat Jets	Larger Jets	Maintenance
Air Wisconsin	American	New York LaGuardia Philadelphia Washington Reagan	70 CRJ200s		Columbia, SC Milwaukee, WI Norfolk, VA Philadelphia, PA
Chautauqua Airlines	Delta	New York LaGuardia	41 ERJ145s		Columbus, OH Indianapolis, IN Louisville, KY St. Louis, MO
CommutAir	United	Newark/New York Washington Dulles	21 Turboprops		Albany, NY Washington, DC
Compass Airlines	Delta	Detroit Metro Los Angeles (LAX) Minneapolis/St. Paul		42 ERJ175s	Louisville, KY Minneapolis, MN
Endeavor Air	Delta	Detroit Metro Minneapolis/St. Paul New York Kennedy New York LaGuardia	95 CRJ200s	67 CRJ900s	Appleton, WI Cincinnati, OH Des Moines, IA Detroit, MI Ft. Wayne, IN Greenville, SC Knoxville, TN
Envoy Air	American	Chicago O'Hare Dallas/Ft. Worth New York Kennedy New York LaGuardia	178 ERJ140/5	47 CRJ700s	Abilene, TX Blytheville, AR Champaign, IL Columbus, OH Marquette, MI Springfield, MO
ExpressJet	American Delta United	Atlanta Hartsfield Chicago O'Hare Dallas/Ft. Worth Detroit Metro Houston Intercontinental Newark/New York Washington Dulles	89 CRJ200s 234 ERJ145s 9 ERJ135s	41 CRJ700s 28 CRJ900s	Atlanta, GA Baton Rouge, LA Charlotte, NC Columbia, SC Kansas City, MO Knoxville, TN Nashville, TN Richmond, VA Shreveport, LA
GoJet Airlines	Delta United	Chicago O'Hare Cincinnati/N. Kentucky Denver Int'l Detroit Metro New York LaGuardia Washington Dulles		47 CRJ700s	Raleigh/Durham, NC St. Louis, MO

Figure 5: Current and Potential Regional Jet Operators in the United States (Part Two of Two)
October 2014; Sixel Consulting Group

Airline	Affiliations	Hubs	50-Seat Jets	Larger Jets	Maintenance
Mesa Airlines	American	Charlotte-Douglas Int'l		20 CRJ700s	Columbia, SC
	United	Chicago O'Hare		57 CRJ900s	Grand Junction, CO
		Phoenix Sky Harbor		30 ERJ175s	Nashville, TN
		Washington Dulles			Phoenix, AZ Tucson, AZ Washington, DC
Piedmont Airlines	American	Charlotte-Douglas Int'l		38 Tubroprops	Charlottesville, VA
		Philadelphia			New Bern, NC
		Washington Reagan			Roanoke, VA
PSA Airlines	American	Charlotte-Douglas Int'l	35 CRJ200s	14 CRJ700s	Akron-Canton, OH
		Philadelphia		30 CRJ900s	Charlotte, NC
		Washington Reagan			Dayton, OH
Republic Airlines	American	Charlotte-Douglas Int'l		25 ERJ170s	Indianapolis, IN
	United	Chicago O'Hare		72 ERJ175s	Pittsburgh, PA
		Newark/New York		5 ERJ190s	
		Philadelphia			
		Washington Reagan			
		Washington Dulles			
Shuttle America	Delta	Chicago O'Hare		66 ERJ170s	Indianapolis, IN
	United	Newark/New York		16 ERJ175s	Pittsburgh, PA
		New York LaGuardia			
SkyWest Airlines	Alaska	Chicago O'Hare	157 CRJ200s	98 CRJ700s	Boise, ID
	American	Denver Int'l		33 CRJ900s	Chicago, IL
	Delta	Detroit Metro		104 ERJ175s	Colorado Springs, CO
	United	Houston Intercontinental			Fresno, CA
		Los Angeles (LAX)			Milwaukee, WI
		Phoenix Sky Harbor			Nashville, TN
		Portland Int'l (OR)			Palm Springs, CA
		Salt Lake City			Salt Lake City, UT
		San Francisco			South Bend, IN
		Seattle-Tacoma Int'l			Tucson, AZ
Trans States Airlines	American	Chicago O'Hare	29 ERJ145s		St. Louis, MO
	United	Houston Intercontinental			
		Washington Dulles			

It is clear in the research that current regional jet operators have large maintenance operations throughout the country. But, in contacting these carriers for this strategic plan, it was also clear that many of the facilities the carriers currently use have the same type of restrictions that FlightStar has – they are only able to handle smaller, 50-seat jets. Some airlines, such as Republic and SkyWest, are taking on the expense of modifying their own facilities for larger jets. Others, such as Trans States, have not yet made the investment.

One-to-one recruitment will be required to gauge true airline interest in using FlightStar's expertise for maintenance of larger aircraft. In preliminary conversations for this plan none of the airlines expressed immediate interest in a maintenance operation move. At the same time, none completely ruled out the use of FlightStar for maintenance services.

FlightStar's current maintenance operation ensures Willard Airport at least four departures per day. Without maintenance performed at Willard, there is a possibility the market could see frequency reductions. These reductions might not be likely, due to the strong performance of current service, but in difficult economic conditions, a maintenance base on the field ensures Champaign/Urbana retains its service.

A continued maintenance operation is considered critical in the retention of future airline service. This is equally critical to the Champaign/Urbana community and FlightStar's future.

As such, Willard Airport, the University of Illinois, and other community stakeholders should develop a public-private partnership with FlightStar to ensure retention of current business and a

Figure 6: Cost of FlightStar Hangar Renovation October 2014; FlightStar

FlightStar Hangar Renovation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000

plan to construct necessary improvements to attract additional airline maintenance business. A renovation of the current FlightStar hangar to accommodate larger

regional jets is estimated to cost \$500,000 – which could be amortized over the three-year period covered by this strategic business plan (see figure 6).

The Airport, its partners and FlightStar should develop a funding plan that ensures facility enhancements are completed by the end of 2015. Recruitment of additional maintenance work should begin no later than the second quarter of 2015. The University, as the owner and operator of the airport, along with its air service development consultants, should work to facilitate meetings to recruit additional maintenance work to FlightStar, utilizing their deep connections within the industry. The University and its consultant should work to develop the business case for airlines to relocate and expand maintenance at Willard Airport.

INTEGRATION OF REGIONAL ASSETS

Through the development of this strategic plan it became clear that Champaign County requires better integration of regional aviation assets to establish the region as a focus of the national aviation community. Through regional interviews and meetings, along with nationally-focused research, the following options were analyzed:

- ✈ Create an advisory board at the Parkland Institute of Aviation with nationally recognized members to generate attention;
- ✈ Build an unmanned aerial systems Center of Excellence in the region in cooperation with the University;
- ✈ Establish a Champaign County aviation task force to develop ways for assets to coordinate their goals;
- ✈ Establish an internal focal point at the University for coordinating its air related research and programming with regional assets.

In addition to Willard Airport, the region boasts a world class simulator company; the Institute of Aviation, now being taken over by Parkland; companies such as Riverside Research, interested in research and development of unmanned vehicles; the airport in Rantoul, formerly Chanute AFB; and the University of Illinois itself. There are a number of possibilities for the expansion of this sector of the Champaign/Urbana economy, including:

- ✈ Research the best ways unmanned aerial systems can be used in an agricultural setting;
- ✈ Better integrate research and lab capabilities;
- ✈ Utilize the Applied Research Institute.

Despite the large amount of work in this economic sector, the region and its assets are barely known, if at all, beyond the boundaries of Champaign County. As one task force member stated, there is no full understanding of what the region's assets are and how they can interrelate. Changing this can help attract aviation related businesses to the area, make the region more attractive to airlines, and become a key strategy in regional economic development efforts.

“...Champaign County requires better integration of regional aviation assets to establish the region as a focus of the national aviation community.”

The key to achieve this integration will be to bring key players together so that they can learn about each other's aviation sectors and so a comprehensive development and promotion plan can be built. The follow action items should be undertaken in 2015:

- ✈ Create an advisory board at the Parkland Institute of Aviation that includes nationally recognized names and who could not only generate attention, but could help develop curricula and educate students;
- ✈ Work with FAA to develop a UAS (Unmanned Aerial Systems) Center of Excellence. UAS is an important future trend and, while the region is behind in its efforts, there is still time to establish a presence and reputation;
- ✈ Establish a Champaign County task force or committee that would not only “map” current assets and develop ways for the region's many assets to better coordinate efforts, but could serve as an on-going support and promotion system for those assets, especially including CMI;
- ✈ Appoint a point person within the University structure to coordinate its aviation related activities with regional assets.

There is no projected cost to this section of the strategic plan, beyond the time and commitment of those who agree to participate on regional boards and committees. While this item will have limited immediate financial impact for Willard Airport, it will be important as part of a greater plan to ingrain Willard into the fabric of the regional economic community.

DEVELOPMENT OF NEW RENTAL CAR SERVICE FACILITY

The current service facility for rental cars is inadequate for the tenants' needs. The service center is not the area where the cars are rented and dropped off – it is the area where they are refueled, cleaned, and prepared for their next rental. It is, essentially, located outside, covered by a tarp, and open to the elements. This makes the work of preparing cars for their next rental difficult, at best, and in many cases impossible in inclement weather.

The development of a permanent rental car service facility is already in Willard Airport's land use plan, located at or near the spot of current servicing. The facility will, additionally, include an automatic car wash, which is not present on the field at the time of this report's writing. The facility has not yet been designed, so airport management and the University have no solid cost estimate. In research for this section of the report, no other similar project could be found through open records.

However, in research of other automated cash wash construction projects, which mirror this project, the cost estimate ranges from \$600,000 on the low end to \$1 million on the high end. This is without including extra cost for land acquisition, as the airport already owns the land and has utilities available at the site.

The cost of the facility would be paid through rental car fees, passed on to consumers who rent cars at Willard. The potential challenge from this funding source would be the potential loss of air service. While deemed unlikely, a loss of air service would likely cause rental car companies to pull service from Willard. This would leave the airport's owner, the University, on the hook for any additional debt owed on the facility.

Another way to offset the construction cost of the facility would be to open it to public use. The airport could offer valet services while travelers are away, including car washes. High traffic automated car washes report earnings between \$750,000 and \$850,000 per year. This would not, however, be a high traffic car wash. Nonetheless, at a cost of \$10 per wash, and a conversion rate of just 10% of current parking customers which total more than 17,000 per year, the car wash could generate \$17,000 in additional revenue per year.

Despite the need for the University to backstop funding on the rental car project, it should begin the design and cost estimate phase in the first part of 2015.

DEVELOPMENT OF LAND USE MASTER PLAN

It is clear that there is a need for a land use master plan at Willard Airport. A pre-established plan will help to ensure the best use of the airport's critical infrastructure. There are typically three types of land uses on, and adjacent to, an airport:

- ✈ Ramp access required: Examples include hangars, FBO expansion, and possible Corporate headquarters;
- ✈ No ramp access required but proximity required: These options include corporate headquarters, hospitality services, rental car facilities, and ancillary services;
- ✈ Unrelated income development: Outside-the-fence development including an industrial park or other development; this is a low priority unless there was an identified user given the cost of infrastructure.

“The airport's highest priorities for future use of land do not include general commercial and industrial development...”

The airport's highest priorities for the future use of land do not include general commercial and industrial development, as there is sufficient land in other, better located, parts of Champaign County to accomplish regional economic development goals. The airport's priorities must involve the protection of aviation interests, including the following tasks:

- ✈ Perform capacity analysis to determine what existing infrastructure can support;
- ✈ Work with Savoy, the County and other jurisdictions to adopt land use controls to protect the airport;
- ✈ Prioritize land acquisition based on runway protection and development;
- ✈ Improve wayfinding and beautification (see branding section of this document).

Development at, and around, an airport is always fraught with challenges. Residential development must be managed so as not to create problems with the community over issues such as noise. Many airports have substantial land, even after taking into account the need to provide safety areas. Much of this land must, however, in the interest of aviation safety, be protected from development.

In this case there is a different set of challenges. There has been much development in local downtown areas. The airport's owner, the University of Illinois, is working to develop its Research Park, which, even under optimistic scenarios, will take some years to accomplish. The airport property does not have direct access to the Interstate. There are parcels for sale near the airport.

With this in mind, there are some specific tasks the airport should accomplish with regard to land planning in 2015:

- ✈ Utilize CMT to prepare utility capacity analysis for expansion, with special attention on needs for expanding FlightStar;
- ✈ Prioritize airport land acquisition, including the following areas adjacent to the airport: Route 45, Old Church, Interstate 57; plans should be based on runway protection/expansion and development needs;
- ✈ Utilize the University of Illinois Foundation to acquire strategic parcels for non-airport related land for development.

There will be cost associated with these items – especially land acquisition. No land pricing has been completed for this strategic plan. As the airport currently is overseen by the University of Illinois' real estate services division, the work will likely have to be accomplished by those in that department.

RE-BRANDING OF AIRPORT

Willard Airport's new brand and brand promise is based on the desire to identify the airport with its regional wayfinders, making the airport easier to identify for potential travelers and stakeholders. While the region is known by many names, including Champaign/Urbana, Champaign, Champaign County, east central Illinois, the University of Illinois, and "Illini," it is critical that the airport be known by the most visible of those names – and the most commonly used of those names outside the immediate community.

The branding focus group was adamant in a desire to move away from calling the airport "Willard," saying, although the name means something in the immediate region, it has little meaning beyond Champaign/Urbana. The focus group was also adamant that the airport should carry a brand that reflects the most common regional city wayfinders. Based on these factors, the new consumer-facing brand of the airport will be:

Fly Champaign-Urbana University of Illinois – Willard Airport

Legally, the name of the airport will not change. The FAA will continue to recognize it as University of Illinois-Willard Airport. This legal name will be used as a tag in some of the logotypes used within the region. However, the main consumer-facing brand will include the wayfinding term of Champaign/Urbana – the two cities the region is known for.

This brand connects the airport back to the most recognized communities it serves, and the closest major cities to its location. It also connects the Airport to its wayfinding term that is found on booking sites and airport information monitors. The importance of the latter cannot be understated.

The brand also allows for creative tag lines built around the regional identifier of Champaign-Urbana, "C-U." The brand will allow for "C-U," or "see you," marketing taglines to be used, such as:

- ✈ Fly Champaign-Urbana, C-U at the beach;
- ✈ Fly Champaign-Urbana, C-U in New York City;
- ✈ Fly Champaign-Urbana, C-U in Dallas/Ft. Worth, with daily non-stops;
- ✈ Fly Champaign-Urbana, C-U in Europe.

The main colors used in the logo will be University of Illinois orange and blue, as recommended by the focus group and the task force. The goal will be to better identify the airport with the regional identity provided by the University. The logotype will not, however, closely adhere to University branding standards, as it is important the airport have its own identity outside the region.

As part of the rebranding process, it is recommended that the University invest in new wayfinding, signage, and beautification of the airport's physical plant. The new Fly Champaign-Urbana brand should be included in a new entry sign for the airport, with the new color palette. The current airport signage, while identifiable as a University operation, is difficult to read and does not match the rest of the University's brand standards, or the airport's brand standards.

Additionally, as part of the re-branding process, new signature fonts and typefaces will be chosen. All signage within the airport terminal should be updated to the new standards. As part of the re-branding process, the brand catalogue – slated to be complete by January of 2015 – will develop specific new terminal signage that can easily be applied.

The brand was not formally selected for development until October 2014, so the actual logo and brand tags are still being developed. The brand will be prepared for unveiling in the beginning of 2015, with a marketing campaign to establish the brand and its promise within the region, while, at the same time, re-connecting the airport with its community.

STRATEGIC MARKETING PLAN

Willard Airport is the gateway to east central Illinois and the State's flagship university. Its most important asset is the scheduled passenger air service provided to the region. That air service connects Champaign-Urbana and surrounding communities to more than 150 cities around the world with a single stop. Community awareness of the current Air Service options is low, and research indicates that travelers often neglect to check CMI as an option based on the perception that fares may be higher and connecting options may be painful.

This marketing strategy is designed to be a guide for all future initiatives. The purpose of this document is to ensure that all airport marketing activities are in line with achievable goals and industry demands. The marketing strategy is a living document, therefore there is no rigid priority assigned to each goal. Each program goal is set in place in order to help meet the identified big picture airport objectives. However, a relative scale is indicated with those projects of higher priority generally being closer to the top of the list. The current priorities are:

	Goals/ Initiatives	Strategies	Timeline	Additional Information/ Comments
VERY HIGH PRIORITY >>	Identify and Develop Airport Brand Platform/Promise	<ul style="list-style-type: none"> - Complete brand design; - Complete brand package and use standards; - Complete airport wayfinding re-design. 	Start: 4Q 2014 Ongoing	Purpose: Develop a cohesive brand that will resonate with the community.
	Enhance Air Service Options and Grow Awareness and Visibility to Airlines	<ul style="list-style-type: none"> - Identify opportunities for growth with new carriers; - Establish Airline /Stakeholder relationships; - Creation of an Air Service Marketing Toolkit; - Identify Event Marketing Opportunities; - Creation of new Air Service Incentive; - Program and Air Service Promotions Program. 	Ongoing	Incentive policy: Recommendation: incentive policy for the airport needs to be revised to reflect industry standards and stay competitive.
	Drive Travelers to Choose to Travel from CMI (Increase inbound & outbound Awareness)	<ul style="list-style-type: none"> - Traditional Marketing; - Targeted Online Marketing Methods; - Website and Social Media Integration/Enhancements; - Targeted Community Partnerships; - Determine Leakage and Battleground Areas. 	Start: 4Q2014 Expand: 2015	Develop recommendation of marketing and advertising tactics aimed at driving travelers to choose to travel from CMI.

	<p>Develop Partnerships & Build Relationships through Corporate & Community Outreach</p>	<ul style="list-style-type: none"> - Identify opportunities to promote the airport at tourism/economic development events; - Participation with the region stakeholders in tourism and trade shows; -Begin Corporate Travel Outreach program and explore business travel incentives and co-op airline sales opportunities. 	<p>Start: 4Q2014</p> <p>Ongoing in 2015</p>	
	<p>Sustain Current Air Service Levels and Increase Passenger Enplanement Levels</p>	<ul style="list-style-type: none"> - Conduct regular fare comparisons; - Increase inbound traffic by partnering with regional organizations; - Develop brand awareness with travelers and community; - Develop & communicate the Airport brand promise (airlines & pax); - Aggressively advertise the brand message that is developed. 	<p>Start: 4Q2014</p> <p>Ongoing in 2015.</p>	<p>Focus on both ASD marketing efforts and current/potential customers (retention of existing and securing of new services)</p>
	<p>Enhance & target communications to develop brand awareness & Evolve the CMI brand to create brand advocates.</p>	<ul style="list-style-type: none"> - Introduce email marketing (including target lists/messages); - Use community events & promotions to grow e-database; - Survey travelers via online survey tools; - Educate community / region about what CMI has to offer & importance/impact of airport; - Participate in strategic regional events; - Develop promotional item inventory. 	<p>Start: 4Q2014</p> <p>Ongoing in 2015</p>	<p>Tie-in with regional partnership opportunities and Brand Promise</p>
	<p>Enhance Airport Customer Service Offerings & the Overall Passenger Experience</p>	<ul style="list-style-type: none"> - Develop customer service incentive program(s) for tenants and employees - Develop a set of Passenger Experience Objectives that are focused on enhancing the brand promises that are developed within the marketing program. 	<p>Start: 4Q2014</p> <p>Ongoing in 2015</p>	<p>Staff/Tenants: Creation of a plan of potential customer service initiatives for airport staff/tenants to encourage the enhancement of the passenger experience at CMI.</p>

	<p>Increase non-aeronautical Revenue Opportunities for the Airport</p>	<ul style="list-style-type: none"> - Promotional activities to increase awareness of offerings; - Incorporation of Strategic Plan recommendations; - Use of new social media elements to encourage repeat visitors. 	<p>2015</p>	<ul style="list-style-type: none"> - Explore rewards programs for parking - Opportunities for property development and marketing
	<p>Increase local government and community stakeholder perception of the airport as regional transportation asset</p>	<ul style="list-style-type: none"> -Identify economic impact of Airport on community - Utilize University support to identify the impact that the airport has on the region. - Use findings to increase relationships with government and community stakeholders - Identify opportunities for earned media 	<p>Start: 4Q2014</p> <p>Ongoing in 2015</p>	<p>Creation of a brochure and video web link to showcase findings.</p> <ul style="list-style-type: none"> - Encourage more local businesses and stakeholders to follow the examples of other states requiring travelers to use local airports.

Based on these recommendations, a preliminary placement plan and budget has been developed for Willard Airport in 2015 (see figure 7 on next page). The budget includes placement in traditional media, on-line media, social media, and direct outreach, including marketing support staff.

While the wide reach of traditional media will be important for the re-branding and re-positioning of the airport within east central Illinois, direct outreach is, perhaps, more important. Almost a quarter of the funding dedicated to the marketing program, 24%, is set aside for direct outreach programs (see figure 7 on next page). These will include corporate outreach and incentive programs to encourage local business travelers to use the airport, promotions, and sponsorships of Fighting Illini athletics. Direct outreach also includes the staff time for local sales calls on behalf of both the airport and the airlines providing Champaign/Urbana air service. Direct outreach to foreign students of the University is also critical to future success.

Figure 7: Proposed Marketing Budget for Willard Airport
Calendar Year 2015; Sixel Consulting Group, Inc.

<u>DESCRIPTION</u>	<u>%</u>	<u>BUDGETED</u>
<u>TRADITIONAL</u>		
TV/Local Online News	47.62%	\$20,000
Radio	11.90%	\$5,000
Print/Local Publications/Local Online News	13.10%	\$5,500
Out of Home/Billboards	23.81%	\$10,000
<u>ONLINE</u>		
Advanced Targeting Networks	23.81%	\$10,000
Search Advertising (Google/Yahoo/Bing)	11.90%	\$5,000
Pandora/Hulu	28.57%	\$12,000
Social Media Advertising (Targeting)	8.33%	\$3,500
ADVERTISING SUB-TOTAL		\$71,000
<u>COMMUNITY AND CORPORATE OUTREACH</u>		
Corporate Outreach Program (Outreach Support Staff, Incentives)		\$20,000
Promotions/Contests		\$10,000
Sports/Community Event Sponsorships		\$12,000
OUTREACH SUB-TOTAL		\$42,000
<u>OTHER MARKETING COMPONENTS</u>		
Email Marketing Program		\$1,000
Video Production (TBD)		\$10,000
Updated Creative Content		\$5,000
Promotional Collateral / Print Items		\$5,000
Additional Marketing Support Staff		\$40,000
Mics/Other Items		\$1,000
MARKETING SUB-TOTAL		\$62,000
TOTAL MARKETING AND ADVERTISING		\$175,000

It is recommended that the University, the airport, and the community develop the necessary funding to increase marketing and advertising throughout the regional market. This program will ensure local air service is supported with high load factors, and ensure that service is retained even as small regional jet aircraft are retired.

CONTROL TOWER PROJECT

The Federal Aviation Administration (FAA) has plans to replace the control tower at Willard Airport. The tower is responsible for all air traffic on approach to, or taking off from, the airport, along with all low altitude traffic transiting Willard's airspace. The current tower is functional, but is lower in elevation than currently required.

The FAA has completed all design work on a new Willard tower. The projected cost of the new tower, as designed, is \$10 million. The Kansas City FAA office oversees capital development in central Illinois, including design of new facilities, and the budget for new facilities. To this point, the FAA has paid for the design, but has not allocated funding to actually build the tower. The project qualifies for full FAA funding – the airport will not be required to provide any funding for the construction or operation of the facility.

The airport and the University of Illinois should work with local elected officials to lobby the FAA to allocate the construction funding for the tower no later than fiscal year 2016. Senator Durbin, in particular, has an interest in seeing the project move forward. As a member of the Senate Transportation Committee, and a member of senior Senate leadership, his office should be briefed on the tower project in early 2015, so that he is aware of the status of the project and how quickly it could be turned around to improve facilities at Willard.

BUDGET FORECAST

While implementing the fourteen strategic initiatives is necessary to create a viable airport, it will not decrease the need for continued subsidies. Willard now operates at a deficit that ranges between \$400,000 and \$450,000 per year, based on variations in passenger revenue. The strategic initiatives will require additional investment. Some of the investment will be offset by the necessary changes in parking rates and management structure that generates new revenue and reduces some expenses. All this investment is geared to creating increased air service which in the near term is most critical to Willard's and our communities' future.

The forecasts used for the strategic business plan are based off the mid-range budget, developed for the budget analysis document as part of the planning process (see figure 8). The mid-range analysis forecasts the addition of new service between Champaign-Urbana and Charlotte on American. This increases the number of passengers using Willard, and subsequently increases the passenger revenue generated at the Airport. It must be noted that this is an operating budget, and will most likely change due to airport budget volatility. It is analyzed here to illustrate the general trend.

Under the mid-range operating revenue analysis, Willard Airport income is forecast to rise to almost \$2.3 million by fiscal year 2019 (see figure 8). Revenue is forecast to increase by 26% from 2015 to 2019 under the mid-range analysis. Most of the revenue increase comes from

increased passengers. The revenue increases do not include the addition of any new revenue sources at the Airport nor any new development beyond air service expansion. Those revenue and expense changes will be analyzed in a moment.

This operating budget does not include the University's direct funding, which has averaged \$433,707 over the last five years. As passengers increase, and subsequently passenger revenue increases, there is potential for this direct funding amount to decline – regardless of other

Figure 8: Willard Airport Profit/Loss Analysis: Mid-Range FY2015 – FY2019; Sixel Consulting Group

Forecast Operating Revenue	
FY2015	\$2,156,347
FY2016	\$2,182,498
FY2017	\$2,152,830
FY2018	\$2,265,883
FY2019	\$2,287,860
Forecast Operating Expenses	
FY2015	\$2,317,636
FY2016	\$2,454,376
FY2017	\$2,599,185
FY2018	\$2,752,536
FY2019	\$2,914,936
Forecast Profit/Loss	
FY2015	(\$161,289)
FY2016	(\$271,878)
FY2017	(\$446,355)
FY2018	(\$486,653)
FY2019	(\$627,076)

Figure 9: Willard Analysis: University Funding
FY2015 – FY2017; Sixel Consulting Group

Forecast Operating Revenue	
FY2015	\$2,156,347
FY2016	\$2,182,498
FY2017	\$2,152,830
Forecast Operating Expenses	
FY2015	\$2,317,636
FY2016	\$2,454,376
FY2017	\$2,599,185
Forecast Profit/Loss	
FY2015	(\$161,289)
FY2016	(\$271,878)
FY2017	(\$446,355)
Average University Subsidy	
FY2015	\$433,707
FY2016	\$433,707
FY2017	\$433,707
Final Profit/Loss	
FY2015	\$272,418
FY2016	\$161,829
FY2017	(\$12,648)

initiatives. However, for this analysis, it is recommended that the University continue to provide funding at the same amount over, at least, the next three years to help the airport accomplish the goals outlined in the strategic plan.

When the University's direct funding is taken into account over the next three years, the airport is projected to actually be profitable in fiscal years 2015 and 2016 (see figure 9). Expenses, however, are forecast to increase faster than new revenue generation by the third year of the forecast, resulting in a small loss. The profits in year one and two can, however, be invested in initiatives to save some expenses and generate new revenue before 2017.

An easy change for the airport to make is an adjustment to the cost of vehicle parking, which was outlined earlier

in this strategic business plan. The recommended \$2 per day increase in parking rates, bringing the daily rate from \$5 to \$7, is forecast to generate more than \$131,000 in additional annual revenue, even when taking into account revenue lost from some travelers discouraged by the rate increase.

The parking rate increase, coupled with the continuation of the University's direct funding, would result in a budget surplus in each of the next three fiscal years (see figure 10). This surplus is critical to covering the cost of business plan initiatives. In all, after the parking rate change, the airport is forecast to generate almost \$815,000 in surplus funding over the next three years.

All business plan initiatives included in this report have been analyzed for potential cost. At the same time, certain initiatives have the potential to reduce Willard Airport operating expense. This analysis has made it clear that the

Figure 10: Willard Analysis: Parking Change
FY2015 – FY2017; Sixel Consulting Group

Forecast Operating Revenue	
FY2015	\$2,590,054
FY2016	\$2,616,205
FY2017	\$2,586,537
Forecast Operating Expenses	
FY2015	\$2,317,636
FY2016	\$2,454,376
FY2017	\$2,599,185
Additional Parking Revenue	
FY2015	\$131,131
FY2016	\$131,131
FY2017	\$131,131
Final Profit/Loss	
FY2015	\$403,549
FY2016	\$292,960
FY2017	\$118,483

Figure 11: Projected Business Plan Initiative Costs
FY2015 – FY2017; Sixel Consulting Group

Private Airport Management	
FY2015	\$135,000
FY2016	\$135,000
FY2017	\$135,000
Strong Airport CEO (Addition over Current Salary)	
FY2015	\$90,000
FY2016	\$95,000
FY2017	\$100,000
Parking Automation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
FlightStar Hangar Renovation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
Airport Marketing	
FY2015	\$175,000
FY2016	\$175,000
FY2017	\$175,000

airport will need to develop other forms of funding, likely from the community, to move forward with all of the strategic initiatives in this business plan. The budget analysis assumes the airport will move forward with all plans included herein, although the future direction of the airport could certainly change based on the feedback of a new airport management company or a new airport CEO.

Together, all business plan initiatives will add between \$600,000 and \$650,000 in expenses, per fiscal year, to the Willard Airport budget (see figure 11). While private airport management would initially be more expensive than hiring a strong CEO, it would have the potential of further reducing

operating expenses as airport staff could be brought in as employees of the management company, instead of the University.

The main capital expenses, which include the automation of parking and the hangar renovations at FlightStar, are amortized over three years for this analysis (see figure 11). It is certainly possible to either pay for those expenses up front, through other funding sources, or to amortize them over longer periods of time.

The hiring of a private management company to run Willard would save the salary of the University-employed manager, which represents an estimated \$79,000 per year, not including benefits (see figure 12). The salary of a strong CEO is added to this amount, as seen in figure 11. The strong CEO projected first year salary of \$169,000 is just above the average for non-hub airports in the United States.

Figure 12: Business Plan Initiative Savings
FY2015 – FY2017; Sixel Consulting Group

Airport Manager Salary	
FY2015	\$79,000
FY2016	\$79,000
FY2017	\$79,000
Parking Staff Reduction	
FY2015	\$0
FY2016	\$54,775
FY2017	\$54,775

Figure 13: Willard Budget, Private Management Scenario
FY2015 – FY2017; Sixel Consulting Group

Parking Fee Increase Forecast Profit/Loss	
FY2015	\$403,549
FY2016	\$292,960
FY2017	\$118,483
Forecast Management Company Fee	
FY2015	\$135,000
FY2016	\$135,000
FY2017	\$135,000
Forecast Change in Salaries at Airport (Mgmt and Parking Staff)	
FY2015	(\$133,775)
FY2016	(\$133,775)
FY2017	(\$133,775)
Parking Automation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
Airport Marketing	
FY2015	\$175,000
FY2016	\$175,000
FY2017	\$175,000
FlightStar Hangar Renovation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
Final Profit/Loss	
FY2015	(\$106,676)
FY2016	(\$217,265)
FY2017	(\$389,742)

The automation of parking would also reduce staff expenses. Currently, the airport has to staff parking booths every day between 7am and 10pm. With automation, staff would be reduced by half, saving almost \$55,000 per year once the automated system is up and running (see figure 12 on previous page). This reduction in salary expense would pay for parking automation, itself, in just ten years.

Assuming the University is able to contract with the appropriate private management firm to run Willard Airport, and assuming parking rates are increased, it is estimated that the University

and the community would need to come up with \$713,000 in additional funding over the next three years to move forward with each of the business plan initiatives in this strategic plan (see figure 13). It is possible, through private management, that actual savings at the airport would be more than forecast, as a private company could change its employee structure. This is not certain, however, as current employees are exceptionally efficient and save significant money on a number of capital and maintenance projects.

It is also important to note that not all of the expenses detailed in the budget projection would necessarily fall on the shoulders of the airport. Some of the expenses could be partially born by other partners, such as FlightStar. It is impossible to project the private portion of funding for

these initiatives until the negotiations called for in this strategic plan take place – and until a new management structure is in place.

Under the scenario in which the University hires or promotes a strong Chief Executive Officer (CEO) to run Willard Airport the total funding shortfall for all of the initiatives in the business plan is projected at \$831,000 (see figure 14). While a strong CEO represents a smaller upfront investment than a private management company, private management would reduce airport manager staff expenses, while a strong CEO would increase this expense. This is the only essential difference in the two budget projections.

To move forward with any of the initiatives in this strategic plan, an increase in parking revenue will be the key to funding. This can be accomplished by either increasing the number of people using the parking lot – which will only happen with a large increase in available airline seats. Or, it can be accomplished with the recommended rate increase.

It is also in the airport's best interest to reduce staff expenses where possible. An analysis of current staffing shows the airport is exceptionally efficient in all facets of the business. There is no staff that can be cut without a severe degradation in the ability of the airport to function under FAA regulations. The only efficiency that can be immediately gained comes through the automation of the parking facility. It is, however, possible, even likely, that new management at the airport would likely lead to greater operating efficiencies beyond those targeted in this strategic plan, and better financial performance than forecast.

*Figure 14: Willard Budget, Strong CEO Scenario
FY2015 – FY2017; Sixel Consulting Group*

Parking Fee Increase Forecast Profit/Loss	
FY2015	\$403,549
FY2016	\$292,960
FY2017	\$118,483
Forecast CEO Salary	
FY2015	\$169,000
FY2016	\$174,000
FY2017	\$179,000
Forecast Change in Salaries at Airport (Mgmt and Parking Staff)	
FY2015	(\$133,775)
FY2016	(\$133,775)
FY2017	(\$133,775)
Parking Automation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
Airport Marketing	
FY2015	\$175,000
FY2016	\$175,000
FY2017	\$175,000
FlightStar Hangar Renovation (Amortized over Three Years)	
FY2015	\$167,000
FY2016	\$167,000
FY2017	\$166,000
Final Profit/Loss	
FY2015	(\$140,676)
FY2016	(\$256,265)
FY2017	(\$433,742)

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