

**WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE
ADVISORY TASK FORCE**

February 6, 2014

Time: 3:30-5:00 p.m.

Location: Bryan Room, Institute of Aviation, Willard Airport

Members Present: Steve Carter (Chair), Tom Berns, Deb Busey, Lori Cowdrey Benso (via phone), Dorothy David, Mike DeLorenzo, Jayne DeLuce, William Dick, Karl Gnadt, Gozen Hartman, Dick Helton, Bumsoo Lee, Al Nudo, Laurel Prussing, Seamus Reilly, Chris Schroeder (via Skype), Dan Sholem, Bill Volk, Kristin Williamson

Others Present: Bill Ferguson, Bill Gianetti, David Foote, Bruce Knight, Greg Principato (via Skype), Bruce Walden, Steve Wanzek

Members Absent: John Frasca

Meeting Summary

1. Welcome and Call to Order

Meeting was started by Chair Steve Carter at 3:36 p.m.

2. Introductions

Introductions of committee members were made. Gozen Hartman was introduced by Mike DeLorenzo as a new committee member. Gozen works at McKinsey and Company, a global strategy consulting firm, and specializes in air transportation and travel research. She manages research teams that support on-site consultants with industry expertise or industry analysis. Gozen also uses Willard Airport on a regular basis to travel and meet with her research teams.

Steve Carter introduced Bruce Knight, Director of Planning and Economic Development for City of Champaign, as Chair of the recently formed Task Force Technical Committee. The Technical Committee will be supporting the Airport Task Force, specifically on the governance issues.

3. Air Service and Airport Update - Greg Principato, Senior Advisor-Transportation and Infrastructure at National Strategies LLC

- Steve introduced Greg Principato who attended the meeting via Skype. Greg is a very well-known speaker national and internationally. He is currently a Senior Advisor for National Strategies, LLC and recently retired as President of Airport Council International-North America. Greg has family living in the Champaign-Urbana region and has used Willard Airport when traveling to and from the area.
- Greg briefly described his background and a few past experiences he has had in the airport industry. Personally, he believes the current governance structure being used to run Willard Airport is one of the least workable models used to run a business efficiently. Willard is currently seen and run as a facility, not as a profitable business. The most successful airports around the country are run in a business-oriented manner. There should be a process where decision-making is efficient and answers for questions regarding next steps can be received

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quickly. Greg explained three key points to the group: declining air service, availability of Federal programs and self-sustaining airports.

- *Air service is declining:* There are currently fewer seats available now because airline companies are trying to make the most money from every flight. Airlines are not sentimental about keeping hubs in certain locations and the main priority is the financial aspect of a location. Airline corporations are merging in order to become financially solvent. An international flight is seen as the most profitable and is an important factor in considering the location of a hub. An airline company may make the decision to de-hub because another location will provide them with more return on the flight. Greg stated an airport in a community such as Champaign-Urbana is seen by many airlines as the type of community that should pay incentives for the airline to provide service from their airport. Naples, FL was given as an example of a community having difficulty in securing an airline despite the incentives being offered. Another problem airline companies have to consider when offering flights is the number of pilots available. Because of factors such as duty-time regulations, the number of available pilots has declined in recent years.
- *Available Federal programs:* The amount of money offered through airport improvement programs for infrastructure upgrades has decreased in recent years and it is not expected to increase anytime soon. The grant Willard Airport recently received that was offered through the FAA will probably not be available in the future. Serious discussions have begun in the aviation business about number of airports needed in the U.S. Currently, there are around 450 commercial service airports. The smallest 250-300 airports serve only 3% of the traveling public. In terms of federal programs, this group takes up most of the resources. People in the policy-making community are increasingly looking at how to decrease how much is going to these smaller airports.
- *Airports are self-sustaining entities.* The goal should be more than 100% self-sustaining, especially a city with a Big 10 university. If the airport is well-run with strong community support, it can get past difficult times when an airline might consider leaving. Airports should be viewed as an asset with plenty of potential, including an area with a restaurant and retail section. The best run airports operate on business principals and most get a majority of income from their non-air services. A strategic plan is needed to make Willard Airport a profitable entity. It is much more than a facility and should be viewed as an economic driver for the entire community. Support from community leaders is needed to make the airport successful for the entire area and provide another area of economic growth.
- *Questions for Greg from Task Force:*
 - Steve Carter asked for a bit more explanation on how incentives are used to get an airline company interested in a community as a hub.

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- Any incentives offered by a community do not guarantee flights from an airline company, but is the way a community can ‘get in the game’. They are viewed as the price of admission.
- Bill Dick requested more explanation as to why international enplanements are so important to an airline company.
 - United Airlines, Delta and American Airlines (the larger corporations) make the most money on the international flights. It is well-known in the industry that larger corporations are not interested in connecting to a hub unless a large percentage of the customers will be flying internationally. The Charlotte hub is an international airport.
- Dan Sholem brought up the point that the University has one of the highest populations of international students in the nation yet most travel to Chicago for flights. Are there any suggestions on how to get more students to use Willard Airport in the future?
 - Future branding and marketing to the international students needs to occur so they are aware of the service. However, airlines want customers who fly in first class rather than the customers who fly in economy class. The Dane County Regional Airport in Madison, WI is a good example of a university town that also has a large number of international flyers because of the businesses in the community.
- Alan Nudo asked if there are other airports the Task Force should focus on that are success stories for becoming a self-sustaining airport.
 - Akron-Canton Regional Airport is a good example of a place that has been successful in creating a working business relationship with the surrounding community. The Savannah/Hilton Head International Airport and Southwest Florida International Airport in Fort Myers are airports that are good examples of what can be done with a large amount of undeveloped land. Manhattan Regional Airport in Kansas was mentioned as a good example as being another university city with a successful airport. Boise Airport became self-sustaining by adjusting their business practices and keeping a strong relationship with the Boise business community.
- Gozen Hartman asked Greg what airports with governance models would be good to review for communities similar to Champaign-Urbana?
 - The best governance model is the one where there is an authority figure. There can be a multi-jurisdictional authority, but should have an independent authority – a CEO – that can make some decisions and has the power to run the facility, run the business and deal with the airlines without having to get approval on every decision from another level of administration. Their focus is running the airport smoothly, efficiently and profitably. An airport board should be independent of the CEO. The Gary/Chicago International Airport in Gary, IN has a private contractor overseeing the operations at their airport. This model is seen as a positive step, but only if the contractor has the power to make decisions.

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- Seamus Reilly asked if there is a possibility to get service from an international carrier such as Ryan Air or Virgin Airlines to provide domestic flights in the U.S.
 - This is a long-shot for smaller hubs. Rockford Airport would like to be a hub for an international carrier. These international carriers depend on volume and expect the planes to be full on a regular basis. It is possible for them to be interested but there needs to be the potential for large amounts of ticket sales.
- Dan Sholem asked if the Task Force should consider cargo/freight carriers as a way of increasing income through the airport.
 - Greg cautioned the group not to focus Willard Airport's primary function as being a freight/cargo hub. It should be a portion of the entire spectrum of income for the airport. Cargo flights should not be seen as the 'magic bullet' for the increased economic development of the community.

Steve Wanzek stated two key facts related to the information presented by Greg.

- The non-aeronautical income and revenue is important because it can be used as incentive monies to lure airline carriers into Willard Airport. The income received by the airport from current airlines (aeronautical income) cannot be used as incentive monies.
- In 2013, 17% of all flights at Willard Airport were international travel.

4. Flightstar Corporation Update (Bill Gianetti, CEO)

Bill Gianetti gave a brief overview of Flightstar's 30 year relationship with Willard Airport. They are considered a fixed based operation that completes 'line servicing' on aircraft which includes the handling, loading and de-icing of private planes. This service is provided for private consumer planes and also jets that come in for items such as transportation of university teams. Aircraft maintenance is performed for general aviation aircraft and airline aircraft. Flightstar has a 25 year history of servicing American Eagle planes and currently services four aircraft every night. They do everything from changing tires to replacing engines. This is the only airline currently serviced and Bill believes this is possibly one of the reasons why American Eagle has so many flights scheduled daily at Willard Airport. Flightstar also provides mobile maintenance service, which is where staff goes out and service planes within 100 miles of Willard Airport. Flightstar can also be considered a turnkey corporate flight department for hire. A company that wants to purchase a jet for business purposes can find the jet, service it and store the plane in Flightstar's hangar. Their operations consist of chartering airplanes, management of the airplanes including the flight crew, and the purchase and/or sale of an airplane.

- Bill's main concern about Willard Airport is that it only has one carrier providing regular service. This could mean the community is one decision away from not having regular flight service through Willard Airport.

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- *Questions for Bill from Task Force:*

- Alan Nudo asked what is the size of the planes currently serviced for American Eagle?
 - The Embry Air 145 seats 50, but this plane is gradually being phased out. The new plane American Eagle will use is the Embry Air 170 and has 70 seats. Flightstar will be able to provide service for the new planes, if American Eagle decides to continue using Flightstar as a maintenance provider.
- Bill Dick asked how Flightstar's relationship is with the Willard Airport's current management team.
 - It is a good relationship that has developed well over time. Bill stated he would like to see the airport grow for both Flightstar and for the surrounding communities served by the airport.

5. Task Force Updates

- Steve Carter gave a summary of the meeting he and a few others from the Task Force group had with the News-Gazette editorial board and staff for the recent front page Sunday feature story, the editorial and an op-ed piece. These articles all appeared during the month of January.
- Alan Nudo questioned if Task Force members should do more to keep the public informed throughout the process. After group discussion it was agreed that the Task Force's website is currently the best tool for informing the public of the group's progress.
- The Request for Qualifications (RFQ) for aviation consultants has been posted. The deadline to receive responses is February 26. Consultant David Foote has a working list of consultants to contact about the RFQ. Tasks for the consultant have been divided up into elements that should be submitted to the Task Force one at a time instead of all submitted in one report. The current timeline has a smaller group from the Task Force reviewing submitted proposals, interviewing chosen consultants and possibly having a consultant under contract by mid-March. This smaller group will include the logistical group of the Task Force, Bruce Knight, the chair of the Technical Committee, and any of the other Task Force members who are willing and able to commit to reviewing and interviewing the consultants.

6. Meeting adjourned at 5:04 p.m.

7. Next Meeting:

3:30-5:00 p.m. on Thursday, March 6, 2014