

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

May 8, 2014

Terminal Building, Willard Airport

Time: 3:30-4:30 p.m.

Location: Second Floor, Terminal Building, Willard Airport

Members Present: Steve Carter (Chair), Tom Berns, Deb Busey, Lori Cowdrey Benso, Mike DeLorenzo, Jayne DeLuce, William Dick, John Frasca, Gozen Hartman, Dick Helton, Bumsoo Lee, Dwight Miller, Al Nudo, Laurel Prussing, Seamus Reilly, Chris Schroeder, Dan Sholem, Bill Volk, Kristin Williamson

Others Present: Bill Ferguson, David Foote, Karl Gnadt, Greg Principato, Bruce Walden, Steve Wanzek

Members Absent: Dorothy David

MEETING SUMMARY

1. Welcome and Call to Order

Chair Steve Carter began the meeting at 3:35 p.m. – Carter called to order.

Local businessman Dwight Miller was introduced as a new member to the Airport Task Force.

2. Airport Business Review (Greg Principato, Sixel Consulting)

Chair Steve Carter welcomed and introduced consultant Greg Principato of Sixel Consulting. Mr. Principato gave a brief review of his background and work experience. This is the second time Mr. Principato has spoken to the Airport Task Force.

During the past several days, consultants from Sixel have met with stakeholders throughout the area. These meetings have included business owners, community leaders and university personnel. The focus of the meetings was to learn the opinions people have about Willard Airport and its flight service. The information gathered will be compiled, reviewed and a strategic plan will be shared in 6-8 weeks.

Remarks on Airport's Revenue – Greg Principato stated the airport is well run and in-line to the industry standards for airports of similar size. The 33% of revenue coming from rental car income is above standard industry expectations. The 10% of revenue from concession fees is toward the higher end of expectations. The space and counter fees are typical rates for the industry. The parking percentages indicate a third to half of the people using Willard Airport drive and park at the airport. Overall, increased revenue numbers are dependent on more traffic through the airport. Another noted source of income comes from the university land surrounding the airport being used as farmland.

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Mr. Principato noted the advertising company for the airport is an outside company that handles most of its business with Willard Airport over the phone. This will be one area that the consultants will review to see if other options are available.

The consultants see FlightStar Corporation as a good business to have located at the airport. The services they offer to airlines could be seen as an added bonus for airline carriers exploring Willard Airport as a new service hub. It was also noted a future challenge for FlightStar is the decreased use of the 50-seat planes by airline companies.

Risks to Willard Airport – The merger between American Airlines and US Airways may pose a problem in a few years. The merger agreement mandates the newly formed company cannot leave any hubs serviced by both corporations for 3 years. Experts believe American Airlines executives are already reviewing its entire network of hubs and will eliminate service in some areas after the 3-year wait period has ended. As mentioned before, the competition against Willard Airport is not only local airports, such as Peoria or Bloomington, but airports of similar size throughout the country.

Recently, American Eagle pilots rejected the most recent employment contract presented to their union. How this situation evolves may affect American Eagle's service at Willard Airport.

The loss of airline service would be costly to the university and the local communities. If Willard Airport would lose airline service and was no longer a viable option for travelers, the university's reputation and income would be affected. The ramifications of the loss would be felt throughout the community. If the airport lost airline service, then the only stable revenue would be limited to the income received from the farmland.

Remarks about Leakage Report – Mr. Principato highlighted some of the statistics listed in the Leakage Study.

- The actual number of canceled flights is smaller than believed by public opinion. Based on the statements heard over the past few days, it is clear the public believes the number of canceled or delayed flights is greater than the true amount.
- The most current report shows a notable change in which airports are being used by local travelers. Further review and comparison of the recent and the previous market study still needs to be done to determine the reasons for this change. Based on the recent study, more local consumers are now flying out of Indianapolis than from Chicago. The report also shows the percentage of customers choosing Bloomington's airport over Willard is not as high as believed.

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Next Steps - Over the next two months, consultants Patrick Graham and Greg Principato plan to review and analyze the data collected that is related to the airport's revenue. They will also identify and compare peer markets such as Texas A&M and Penn State that own and manage airports. The consultants plan to have the strategic business plan ready in about 6-8 weeks and will be discussed at the July meeting. Marketing is seen as one of the key factors to increase the traffic through Willard Airport. International students, business travelers and local retirees are all possible markets that could provide more traffic.

Mr. Principato believes the public opinion of airline service through Willard Airport needs to be addressed. The statistics from the reports do not back up the current opinions of why the airport does not have more traffic.

He also stated the governing process at Willard Airport should be reviewed. The decision-making process would be more efficient if the management process was altered. This could be one component in making the airport a viable self-sustaining entity.

The consultant heard several statements from stakeholders about developing the land around the airport. He believes any developments should be beneficial to the airport with services related to the airport's functionality.

Greg Principato also mentioned the FAA requires an airport to be self-sufficient. They can receive monies from local communities, but they cannot be dependent on tax dollars. Most airports do not receive tax dollars from their local communities.

Questions from the Task Force:

Steve Carter commented on how the consultants met with business leaders in the community and requested feedback from the Task Force members in the room who are business owners.

Bill Frasca stated that when the executives of Frasca International were looking for an area to build its company 30 years ago, they learned the land around the airport could not be purchased. Because the area was limited to lease only options, Frasca looked elsewhere. If there was a way to change this, it may provide more flexibility for future development. Mike DeLorenzo commented the process to sell land is very complicated since the land is owned by the State of Illinois.

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Bill Frasca also questioned if there was the possibility to bring international customs into Willard Airport. Greg Principato said it was probably not a possibility.

Laurel Prussing asked if changing the name of the airport would make it more noticeable to the public. Greg Principato said it could be a likely option named in the marketing report. If the name is more recognizable, it could increase the public's awareness of the airport.

Gozen Hartman asked Mr. Principato to elaborate on the Akron-Canton Regional Airport and their efforts to increase revenue. He responded by saying their marketing is very involved in social media and normal media outlets. The airport and their local communities work together on a regular basis to promote events beneficial to both. They do provide resources for these events, but receive a large return on their investments toward these campaigns.

Dan Sholem asked if there are other university towns with airports that have travel companies, such as local bus companies, work in tandem with their airport by providing more service during peak flight times. This may be especially beneficial for the international travelers. Mr. Principato responded this would be another area the consultants will be reviewing in upcoming weeks. It was noted that airline companies may not specifically be looking at students as a highly desirable travel group, but the number of possible flights to/from the community might be enough to create interest in Willard Airport from the airline companies.

Gozen Hartman asked Mr. Principato to elaborate on the concept of a 'destination airport'. Mr. Principato stated there are successful businesses associated with airports around the country. These include golf courses, specialty restaurants, horse riding ranches, etc. Mr. Principato advised that the choices made need to be for the long-term investment and stability of the airport.

Dwight Miller asked what the main goal is of the consultants' focus for the Task Force. Is it to make the airport more profitable or to have more traffic through the airport? These two factors seem to be inter-related, but also separate priorities. Mr. Principato stated their focus is in essence both of these priorities. Dwight commented it is a good idea, but most people do see an airport as a functional place and not a location to go for entertainment. The airport's main function is to get on the plane to travel. The main focus should be to increase the number of flights, and secondary to have the other items for creating additional income, such as shopping venues or food stations.

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Final thoughts from Greg Principato: Changing the mind-set of the public about Willard Airport is essential. Willard needs to be believed in now to be sold to the public after recommendations are made to Chancellor Wise and a decision for future action is made. Creating a self-sustaining airport with a positive public opinion is a never-ending process. The variables affecting the business are always changing.

3. Consultant Schedule Update (Bill Volk, CU MTD and David Foote, Consultant)

Bill Volk provided three handouts to Task Force members: Conclusions from the True Market/Leakage Study, Workflow Timeline through September for Sixel Consulting, and a list of the comments received from the Task Force members related to April's True Market Overview draft report.

June 5 meeting - Several reports are expected to be ready for the Task Force's review. The rest of the Market Environment/Community Impact reports including the True Market Study; Market Demand/Growth Opportunities reports including Forecast of Future Market Demand and Non-Air Service Growth Opportunities; and Operational Performance reports on Budget Analysis, Peer Analysis and Forecast Revenue. Due to the amount of content, the June 5 meeting will begin at 3:00 p.m.

July 17 meeting - the CMI Strategic Options reports will be reviewed and discussed including a Strategic Growth Plan and recommendations for 3-year and 10-year growth plans.

August 7 meeting – Branding and Marketing Strategy reports should be presented for discussion including the Long Term Brand Strategy and Marketing Air Service to the Region.

September 4 meeting – The Complete Strategic Plan should be prepared for review and will include the following reports: Long Term Financial Benchmarks, SWOT Analysis, FAA Requirement Analysis and the Air Service Recruitment Plan.

4. Task Force Comments or Questions

5. Next Meeting:

3:00 p.m. at Willard Airport Terminal Building on June 5, 2014