

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

June 5, 2014

Terminal Building, Willard Airport

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

Location: Second Floor, Terminal Building, Willard Airport

Members Present: Steve Carter (Chair), Deb Busey, Mike DeLorenzo, William Dick (via Skype), John Frasca, Gozen Hartman, Dick Helton, Bumsoo Lee, Dwight Miller, Bruce Knight (for D. David), Alan Nudo, Seamus Reilly, Chris Schroeder, Dan Sholem, Bill Volk, Kristin Williamson

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

Members Absent: Tom Berns, Lori Cowdrey Benso, Dorothy David, Jayne DeLuce, Laurel Prussing,

MEETING SUMMARY

1. Welcome and Call to Order

Chair Steve Carter began the meeting at 3:33 p.m. Sixel Consulting Group consultants Jack Penning and Greg Principato were introduced and welcomed back to another Task Force meeting.

2. Confidentiality Talking Points (Mike DeLorenzo)

Mike DeLorenzo discussed the important of approaching the public in the correct manner with the knowledge gained from the reports generated by the consultants. The Executive Committee of the Airport Task Force plans to meet with the public affairs officers for the university and CUMTD to create talking points for the Task Force members. There are also plans to meet with News-Gazette's Christine des Garennes in the near future to provide an update on the information gathered and the status of the Task Force's work.

Alan Nudo asked if there are plans to create group meetings in the community to share the information about Willard Airport. Mike DeLorenzo responded that this would be something for the Task Force members to do once the talking points and possibly presentation materials are finalized. There are thoughts of creating a slide show for a presentation to share the same information with multiple groups in the community.

Seamus Reilly stated a uniform presentation seems to be a good way to help dispel some of the inaccurate opinions the public may have about the service at Willard Airport. The group meetings will keep the work of the Task Force on the public's radar.

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Kristin Williamson asked if a Task Force member is approached with questions should they be directed to a specific person for a response. Steve Carter responded that until the report is finished and submitted to the Chancellor, people should refer questions related to the Task Force's work to the Office of the Chancellor.

3. True Market Study (Jack Penning, Consultant)

Jack Penning, Director of Market Analysis at Sixel Consulting Group, discussed some of the elements in the recently completed Air Service Development Master Plan and how it compares the differences in statistics between this report and the last Master Plan report completed in 2011. The report compares the regional market and the corollary markets that are similar to Willard Airport's region. It also discusses the best targets for additional air service over the next several years. Jack stated an airport should be seen as a generator for the local and regional economic development and the task force and the consultants should focus on working to nurture that generator.

Highlights of Air Service Development Master Plan:

Operational performance – The percentages of cancellations were compared between Chicago, Bloomington and Champaign. Chicago is considered a high-cancellation hub with most cancellations occurring because of inclement weather. The percentage of seats available that were filled at Willard Airport is 76% with 78% being the average for regional markets. This percentage for Willard Airport is expected to rise during the next 12 months.

True Market Study – In 2011, the study area was revised so that the area representing Champaign-Urbana was larger to show the number of people brought in to the area by Willard Airport. For 2014, the area analyzed was a smaller region. Airline tickets are now coded in a way that can provide information relative to the True Market Study. Information gathered shows where people are traveling and their residential zip code. The current report shows most customer leakage is to Indianapolis with less than 10% going to Bloomington. The cost for flights has also changed since 2011. The current average in the nation is \$190 per flight, and the average cost from Willard Airport is \$307. The lowest fare in Indianapolis is \$229 which is why the people are more likely to choose Indianapolis over Willard Airport. This is not the same reason why people choose O'Hare International over Willard Airport. People who choose to fly out of O'Hare instead of Willard could be choosing this option so because they do not want to miss a connecting flight for an international trip due to a flight delay.

The current report shows business travelers are more likely to use Willard Airport than a recreational traveler or a traveling family.

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The loss of customers to Bloomington's regional airport has decreased dramatically since 2011. This decrease is mainly attributed to the loss of service by Air Tran and Frontier's scaled-back service.

Passenger Trend – Jack explained that in 2005, the number of passengers using Willard Airport was much higher because of the 5 destinations available through the two airline carriers at the airport. In 2005, the average passengers flying per day was 346. The number of passengers per day for 2014 will be higher than 2013, but not as high as in 2005. Today, only two destinations are available through 1 airline carrier.

The main destination for travelers flying in and out of Willard Airport is Washington D.C. and second is New York. Jack did note the percentage of travelers flying internationally is much higher than the nation's average for a regional airport. It is expected that most of the international service is related to the university.

Projection for service in 2018 – Jack explained the projections for Willard Airport in five years. These projections do include the availability of new destinations. It is possible there will be a flight added by American Airlines from Willard Airport to their new Charlotte hub. Allegiant Airlines may be recruited to add service from Willard Airport to Orlando Sanford Airport. They have been successful in Illinois, but do not currently provide service in the central Illinois region. It is expected American Airlines will still provide service to Dallas and Chicago. It is unlikely that there will be the addition of another large airline company at Willard Airport. A new service carrier would need to be offered a multi-year, multiple risk incentive package. The financial amount needed to interest a carrier to add service at Willard Airport would be hard to maintain and match for the university or the community.

Questions from Task Force:

- Bruce Knight asked how probable it would be for American Airlines to add additional daily flights to Dallas. Jack answered the Dallas-Fort Worth market is growing their international service and is not expected to increase regional flights in the foreseeable future.
- Gozen Hartman asked how important the maintenance contracts provided by FlightStar are to airline carriers. FlightStar is currently seen as beneficial to airline companies analyzing Willard Airport as a destination.
- Seamus Reilly asked if a flight to Dallas and then a connecting to San Francisco or the west coast could be advertised and pin-pointed in a marketing campaign. Jack agreed this may be a good idea and noted there are seven routes per day through Chicago and Dallas for travelers flying to San Francisco and the west coast.

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- Alan Nudo asked how important are the reward miles to the retention of flights from people in community. Jack responded the reward miles benefit has not yet been analyzed thoroughly by Sixel consultants. The idea for reward miles to be used as an incentive or part of a marketing plan will be explored further when the consultants focus on marketing options for Willard Airport.
- Gozen Hartman asked how the load factors for Willard Airport compare to the market average. Jack said the current percentage is up more than the national average. This indicates that there is more growth this year than in previous years when Willard was below the national average.
- Bumsoo Lee asked how other airline carriers view regional airports and the central Illinois market. Jack explained each have a different view point. Delta Airlines is leaving most regional airports throughout the nation and keeping one regional location. This hub is normally the largest hub for that region. United Airlines and American Airlines are currently cooperating and do not provide service at the same regional hubs. In central Illinois, United Airlines provides service in Springfield, IL.
- Bruce Knight asked if it makes more sense to retain and grow what is already at the airport with American Airlines. Jack stated it is important to continue meeting and developing relationships with all the main carriers, including the incumbent at the airline. The best chance to increase service is with American Airlines, but it is a good idea to maintain contact and keep the other carriers knowledgeable of current activity at Willard Airport.
- Bruce Walden asked Jack Penning to explain some of United Airline's concerns about setting up service from Willard Airport to their Washington, D.C. hub. Jack answered United would start their service by only providing two flights per day, morning and evening. This would not be beneficial to the carrier because of the competition created by the other six flights available per day to/from Chicago and then the connecting flight to Washington, D.C. The multiple options would mean a loss of some of the travelers flying to Washington, D.C.
- Dan Sholem asked if the regional partners have any influence in the decisions made by the main airline carrier on the creation of routes. Jack answered it is both the regional and the national carrier who decide where to provide service. Regional carriers have the ability to make the decision of where they want to fly and they use the major carrier as a planner for the flights. The vast majority of planning is done through the major carriers.

4. Business Development (Greg Principato, Consultant)

Greg Principato continued last month's discussion of the True Market Study report. The consultants at Sixel reviewed peer markets and other Big 10 university towns with a regional airport. The airports reviewed include San Luis Obispo County Regional

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Airport in California, Capital Region International Airport in Lansing, MI, Easterwood Airport which is operated by Texas A&M University, University Park Airport, operated by Pennsylvania State University, and Santa Maria Public Airport in California.

One example given was how the Capital Region Airport in Lansing worked to become financially sustainable even though they were at risk of losing service. The success of the airport is due in large part to the several counties in the airport's region working cooperatively and investing in the airport.

Greg explained the Task Force members and consultants need to develop a good strategy for the economic development of the entire region and not just a good strategy for the airport's success. The goal should not be to just figure out a way to get more flights at Willard Airport. Each airport and community reviewed by the consultants had several examples of how the community and the airport worked together to meet their goals and to make the airport a success. This cooperative attitude is needed not only to initiate the process but to maintain the airport's success.

Greg stated the region around Willard Airport has several beneficial factors. FlightStar, Frasca International at Frasca Field, Riverside Research, Parkland College's continuation of the Institute of Aviation and the research conducted at the University of Illinois are all seen as positive factors for development that is related somehow to the airline industry.

Steve Carter asked if Manhattan, Kansas is another community that should be examined. Greg said this will be one that is looked at for future reports. Jack Penning explained it is a smaller community and farther away from larger airports than Champaign is from Indianapolis and Chicago. The region is physically smaller and the airport is owned and operated by the county.

Generating Income - A destination airport is one way to think 'outside the box' for ways to create other sources of income at the airport. Lansing, MI airport used to have farming families that would come to ticket counter and purchase tickets for travel during winter months. There are no longer ticket counters at the airport. To make it easier for travelers in their community to fly, a travel agency was started at the airport to assist customers with booking their flights.

Gozen Hartman proposed the idea of a creative exercise for the group to come up with new ways to generate income at the airport. Steve Carter asked Task Force members to send at least one idea for a new income source to Andrea through email. The ideas will be compiled and sent to the consultants working with the Task Force.

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5. Revised Timeline (David Foote, Consultant)

David Foote provided a handout with a revised timetable for the consultants' work during the next few months. He explained that by the first part of July, the next phase, strategic options, will be crafted. To complete this report on strategic options and to include the ideas proposed by the Task Force members, it would be helpful to have the ideas submitted by June 13.

The Budget Projections and Operation Performance reports will be prepared and submitted before the July 17 meeting. This will provide information to assist in the financial framework for the group.

The Marketing report will be drafted and presented in August. Jack Penning said the Sixel Consultants would like to conduct focus groups on July 16. Elizabeth Cecconi will create and present a baseline marketing idea for the airport. The consultants will also come up with an ideal way to brand the airport and the region. Suggestions of who should be invited to the focus group meeting should be forwarded to Jack Penning and Greg Principato. The type of people needed would be those who use the airport on a regular basis and people who don't use the airport but have a major impact on the economy.

6. Comments or Questions. None.

7. Next Meeting: 3:00 p.m. on Thursday, July 17, 2014 in Bryan Room, Institute of Aviation