

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

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

Location: Bryan Room, Institute of Aviation

Members Present: Steve Carter (Chair), Deb Busey, Lori Cowdrey Benso (via phone), Dorothy David, Mike DeLorenzo, Jayne DeLuce, Gozen Hartman, Dwight Miller (via phone), Alan Nudo, Seamus Reilly, Dan Sholem, Bill Volk, Kristin Williamson

Others Present: Christine Des Garennes, Bill Ferguson, Elizabeth Flores, David Foote, Patrick Graham, Bruce Knight, Jack Penning, Greg Principato, Bruce Walden, Steve Wanzek

Members Absent: Tom Berns, William Dick, John Frasca, Dick Helton, Bumsoo Lee, Laurel Prussing, Chris Schroeder

Meeting Summary

1. Call to Order – Steve Carter began the meeting at 3:10 p.m. Steve introduced and welcomed News-Gazette reporter Christine Des Garennes as a guest to the meeting. He explained Christine is compiling information for an article to be published in the newspaper later this week.
2. Task Force Recap – Steve Carter reminded everyone that during last month’s meeting, Gozen Hartman challenged committee members to submit creative business ideas for new sources of income at Willard Airport. Yesterday, the Sixel Consulting Group hosted two focus groups on marketing and branding. Each of the focus groups were well attended by people invited from the community and it provided good feedback on how the public perceives Willard Airport.
3. Element 3 Summary – Budget Forecast Analysis (Jack Penning)  
Sixel Consultant Jack Penning reviewed the Budget Forecast Analysis report submitted to the Task Force. The Passenger Trend Forecast, which charts the number of passengers flying to/from Willard Airport from 1990 to 2013, was the first portion of the report. Jack noted it is important to remember seven carriers have served Willard Airport since 1990 and 3 of those carriers are no longer in business. The consolidation of airline carriers has also affected service at Willard Airport. The total number of passengers has fluctuated since 1990. Jack Penning noted the Passenger Trend Forecast is not as informational as an income and expense analysis because of the factors affecting the passengers’ choices in flights. Instead, consultants looked at realistic scenarios for service development when formulating the Air Service Development plan. The three scenarios listed below are the most reasonable moving forward. These assume a steady

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

state of operations and revenue at the airport with an increase of air service for the mid- and high-range scenario.

- *Low-Range Scenario:* Keep the service offered to Chicago and Dallas. Currently, the number of passengers is up almost 20% since last year. The increase in usage is good and keeping the status-quo would be the worst-case scenario.
- *Mid-Range Scenario:* Adding a flight to an east coast hub, such as Charlotte, NC.
- *High-Range Scenario:* Adding special weekly flights offered by low-cost carriers such as Allegiant or Frontier.

**Budget Data and Peer Benchmarking:**

Based on the analysis of the budget averages from FY2009 through FY2013, the following conclusions were made:

- 43% of Willard Airport's revenue is from direct passenger revenue. This is very consistent with an airport of Willard's size. It shows the airport relies more on the passengers that use the airport than any other source of income. Non-aeronautical revenue is not a large portion of the airport's total revenue.
- In comparison to the others in its peer market, Willard Airport is the second-lowest for number of enplanements – number of people who board the plane at Willard Airport – in FY2013. The peer market includes 7 other airports: Bloomington/Normal, IL; Lansing, MI; Peoria, IL; Rochester, MN; San Luis Obispo, CA; Springfield, IL; and State College, PA.
- The cost per enplanement is well-below the average for airports the size of Willard Airport. Three of the peer airports with smaller costs per enplanement receive a property tax subsidy from the local government.
- Revenue per enplanement – Willard Airport is higher than average for the peer market despite having no income from concessions being purchased in the terminal.
- Parking from enplanements – Compared to the airports in the peer market, Willard Airport is on the higher side of revenue from parking. Only Lansing, MI and San Luis Obispo, CA earn more per enplanement than Willard Airport.
- Terminal revenue from concessions is low, but this is consistent throughout the peer market. Only Springfield, IL shows modest revenue from the Subway franchise in the terminal.

In analyzing expenses for Willard Airport, Jack Penning explained the operating expenses will continue to increase during the next 5 years. Personnel, maintenance and operational expenses are all expected to climb. Willard Airport is expected to have a 5.9% increase per year.

Based on the trends reviewed, Willard Airport is expected to run a deficit through FY2019 regardless of which forecast scenario is used. In the high-range forecast, the

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

amount of state subsidy drops below \$200,000 while the other scenarios only show the subsidy from the state increasing each year. These forecasts do assume a steady state of revenue and an increase in carriers over time. Regardless of what choices are made, there is an expected deficit that will need to be realized when looking at the next 5 years.

*Questions from the Task Force:*

Alan Nudo asked how much subsidy is currently provided by the university. Jack Penning said the current amount averages about \$440,000 per year. Alan then asked if this amount could be compared to the amount other airports receive from property taxes. Jack agreed this could be considered a relevant comparison.

Consultant Patrick Graham commented on the size and similarity of numbers for Willard Airport compared to its peers. For an airport of this size, the numbers are overall right along with the peer average. The revenues and expenses are within the norms of the industry. Jack Penning noted that the personnel costs are lower than its peers because it is staffed below the minimum yet the airport is still run very well.

4. Element 4 Dialogue – Preliminary Strategic Options for CMI

Patrick Graham provided an overview of the strategic options presented to the Task Force. He informed the group the cost to implement the options was not a variable in creating the list and will be a part of the next phase after it is determined which options the Task Force wants to explore further. The 10 options listed are of areas that can provide a benefit to Willard Airport.

Option One: Management Structure

- The current structure is a department head who reports to a university administrator. It is recommended to create a management system that gives some amount of authority for day-to-day business operations to the airport manager.
- This option would require a minor financial investment of the university and can be addressed in the short-term.
- Patrick Graham cited Texas A&M's Eastwood Airport as an example of a university owned airport that has hired a private management company to run the airport.

Option Two: Parking Analysis

- Most airports across the nation charge a fee for parking. The public's perception that Willard Airport loses customers because of the parking fee is incorrect. The majority of customers who choose another airport fly out of Indianapolis, which charges a

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

- higher parking fee than Willard Airport. A majority of the people who use Willard Airport do park at the airport.
- Parking fees are one of the major sources of revenue for the airport. If free parking is provided, another source of revenue is needed to replace this revenue source.
  - Possible ideas for leveraging the parking include a move to an automated system; implementing a frequent user program; or providing a car wash and detailing service. An automated parking program would be easy to implement from what is currently provided. The frequent flier program could include free parking for a certain amount of many flights per month/year or setting the parking at a maximum rate once the customer has flown a certain number of times to/from Willard Airport.

*Discussion and questions on parking analysis:*

- Alan Nudo stated it is important to address the current negative public perception of parking fees. There is a need to provide a benefit to the customers in order to create a positive perception. Seamus Reilly agreed the public does have a negative perception about parking, but stated there are other ways to change the perception than to offer free parking to consumers.
- Jayne DeLuce commented the main problem creating the public's perception is due to minimal advertising and word-of-mouth promoting Willard Airport. Advertising and positive word-of-mouth is needed to create a better opinion of the airport and the type of asset it is to the area.
- Dwight Miller stated convenience is important when parking at any airport. Dorothy David agreed that being able to have convenient parking is worth the cost. The idea of having a closer parking space would be a perk and some customers would be fine with paying more for a closer space. Steve Carter followed-up with and agreed that most consumers do enjoy having options and the freedom to choose.
- Bill Volk and Dan Sholem both made comments on how the cost to commute and fly out of Indianapolis or Chicago ends up costing the consumer more in time and money than if they choose to park and fly from Willard Airport. Jack Penning agreed and stated most people who choose to fly from the larger airports want a direct flight or because they have an international flight that they do not want to miss because of a possible flight delay.
- Gozen Hartman asked if the consultants have reviewed data showing how many people park for longer than 3 days. What are the percentages for extended parking? Jack Penning and Patrick Graham commented the average parking time is between 3 to 3.5 days.
- Patrick Graham agreed parking has to become convenient to be appreciated by travelers. He finalized the discussion by stating research and statistics show the main factor in a person's travel decision is the time of the flight. If a flight is posted at a

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

convenient time for the traveler, then they will book the flight regardless of parking options or other incentives offered by an airport.

**Option 3: Air Service Development**

Jack Penning summarized the current efforts being done to attract another airline carrier to Willard Airport.

- There is ongoing recruitment for additional air service by Sixel consultants on behalf of the university with all the major airline carriers in the industry.
- The current standard for risk mitigation to entice a carrier is high at \$2-3 million. Recently, Moline, IL received a commitment from Governor Quinn for \$6 million in assistance to attract a carrier that will provide service to an east coast hub.

*Questions from Task Force:*

- Dan Sholem asked if airline carriers are aware of the high number of international students traveling to Champaign-Urbana. Jack Penning responded that the carriers are aware of the number of students who travel to the university from all over the world. Unfortunately, this travel is just a two-week period a few times a year and not enough on a regular basis to convince a carrier that it will be profitable.
- Dorothy David asked if the new standard for the amount to cover risk mitigation will bounce up to \$6 million because of the commitment offered to Moline by Governor Quinn. Jack Penning answered it is too early to tell if this commitment will affect the standard amount required by the airline carriers. Jack stated carriers do not want to offer new flights just to receive this risk mitigation package. It is used as an insurance package to help cover startup expenses an airline will need to endure during the first few years when the planes are half empty while consumers are getting familiarized with the new service.
- Patrick Graham provided another example of an airline company starting service at a regional airport after a lengthy developmental phase. Jet Blue just started offering service in Savannah, GA after five years of negotiations between the community and the airlines to get the agreement finalized.
- Alan Nudo asked if there are ways to promote or mandate Willard Airport as the main airport for university employees. Can the university set aside funds in a 'travel bank' to be offered to airline companies if they provide service at Willard Airport? Jack Penning answered this exercise has already been done by the university and is part of the negotiation process. Bruce Walden said 80% of people who travel on university business already use Willard Airport as their main airport. Patrick Graham responded that travel banks are typically only used for a short period of time and are used by

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

companies to provide an incentive to their employees. Airline companies do not prefer travel banks.

- Gozen Hartman asked if there have been any discussions with private companies in the Champaign-Urbana area who have a high amount of employee travel. Jack Penning responded that there has been some communication with private companies about the amount of travel conducted by their employees, but there needs to be more conversations and that will be part of the consultant's work in the future.
- Seamus Reilly asked if there is an added benefit for the airline if more people use the airport. If there are more people coming in does the airline get additional benefits besides the income from ticket sales? Jack Penning said the load factor is not seen as a benefit until flights are 90% filled on a regular basis. Then an airline company may begin looking at possibly adding a new flight at the hub.
- Dorothy David commented the local governments and even local companies should encourage their employees to first check flight availability at Willard Airport before checking flights at other airports.

Option 4: Self-Funded Airline

- Patrick Graham explained this option would consist of a private company hiring a charter carrier to fly to a specific location on a weekly basis. Contract carriers expect the person or organization that is contracting the flight to take on the risk and responsibility for selling the tickets for the flight. Additional costs may also be incurred to 'position' the airplane to Champaign if it is not already at Willard Airport.
- The biggest challenge is getting potential passengers off airlines and on the charter flight.
- Biggest impediment of this option is the sheer cost and risk.

*Questions from Task Force:*

- Dan Sholem asked if this has worked at airports that already have flights offered by a carrier? Jack Penning answered he has seen this work at airports that do have regular service, but the flight is typically to a leisure destination and not a location that can already be reached by a multi-stop option, such as Washington, D.C.
- Seamus Reilly wanted to know how attractive Willard Airport would become to other airline carriers if two flights per week were offered and became successful. Jack Penning commented the major disadvantage at the moment to this idea is the 6 flights per day to Washington, D.C. through Chicago. The two non-stop flights per day would be at a disadvantage because of the limited time option of when those two flights are offered.

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

Option 5: Integration of Regional Assets

- There is partial implementation of this option with the transition of the Institute of Aviation to Parkland College. Rantoul's former Chanute Air Force base could be used as an asset for the region, depending on the deterioration and lack of up-keep since the base closed. Frasca International and Riverside Research are two other regional assets.
- Greg Principato commented the number of potential regional assets for a region of this size is impressive. There are many possibilities with the options available.

Option 6: Maintenance Repair and Overhaul (MRO)

- This service is currently provided by FlightStar to the American Airlines regional carrier, Envoy.
- FlightStar is a great asset to airlines using Willard Airport, but the company will need to make adjustments once the 50-seat jets are no longer used by airline carriers. The facility at FlightStar is too small to house the larger 70-seat jets.
- The community may need to assist with new facility options for FlightStar, if this is something they decide is a necessity to continue operating.

Option 7: Airport Land Development

- There is currently no master plan for developing the land surround Willard Airport. This should be considered a long term project, possibly 7-10 years.
- If there is an option to create an industrial or research park, hotels, theme-park based attractions, etc., the university could send out a request for proposals to see what type of ideas developers would propose for the area.

Option 8: Terminal Concessions

- The only current option for drinks and snacks at the terminal is vending machines.
- Previous attempts for a small restaurant or café have not been successful.
- Concessions should be provided, but it needs to be the right option for the number of the passengers seen each day at Willard Airport.

Option 9: In-Terminal Advertising

- The current advertising contract is with Clear Channel. This is minimal service provided by a company that is not local.
- Possible options for taking back advertising could include the university being in charge of advertising sales, contracting with a local media or public relations business, or a cooperative effort with the local visitor's bureau and business groups.

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

- Patrick Graham noted that having a local company coordinating the advertising for Willard Airport would provide another way to sell the airport and change the public's perception. To sell the advertising space, the advertising agents would need to also sell the airport.

Option 10: Business Traveler Club

- This was a suggestion from one of the Task Force members. Further research is needed to determine if this is a viable option to invest in at Willard Airport.
- Could be started and operated by a private company. Patrick Graham said there is a similar type of private club operated in Savannah, GA.
- Airlines would not be supportive of using airport incentive money on this type of project.

*Discussion by Task Force Members:*

- Dorothy David brought up the idea of using the space available in the terminal as a business incubator available to possible startup companies. This could provide a way for travelers to get beverages and food at the airport while providing a resource for local companies.

*Next Steps:*

Jack Penning requested the Task Force members to choose 4 of the 10 options provided, excluding option 3: Air Service Development, to Andréa by Friday, July 25. The four options chosen by the members will be the options explored further by the consultants.

5. Element 5 Overview – Preliminary Results of Marketing Focus Groups

Elizabeth Flores presented a summary of the information gathered during the two focus groups conducted yesterday, July 16. She stated the exercises were informative and provided great feedback to the consultants.

- Included in positive brand attributes are cheap and secure parking, interior parking, an easy commute to the airport, close to home, individualized attention. This information will be used and incorporated into a possible marketing plan for Willard Airport. A summary of the information gathered is that Willard Airport provides an easy, convenient and stress-free way to travel.
- Challenges to branding and marketing the airport include a limited number of flights and destinations; the necessity for connecting flights; higher taxi rates hindering ground transportation; only one carrier; and the lack of a gift shop or convenience store in the terminal.

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

- Areas that need to be cleared up include the perception that there are flight delays and no flights available at convenient times. Changing the public's perception will be the main challenge and needs to be fixed regardless of what action is taken by the Task Force. Addressing the public's perception will be a top priority for the marketing report presented next month.

*Comments from Task Force members:*

Seamus Reilly commented that the loss of Willard Airport would affect the region greatly and this may not be realized by the majority of the public. It is an asset for the region and should be portrayed as such.

Jayne DeLuce stated another challenge to address is the lack of hotel shuttles to Willard Airport for the early and late flights.

- Regional identity and the brand for Willard Airport will need to be clarified. It became clear in the focus groups that Willard Airport is identified by multiple names, such as CMI, Champaign, Willard, University of Illinois. Jack Penning will have three different brand options for the Task Force members to review at the August Task Force meeting.

6. Meeting Summary & Next Steps

Steve Carter thanked the consultants and the Task Force members for the work completed and commented the week had been very productive with the focus groups and the interviews conducted by the consultants.

*In the coming months:*

- At the August meeting, a marketing and branding report will be presented to the Task Force by Sixel consultants.
- September's meeting will include a SWOT analysis that takes a more detailed look at the options chosen by the Task Force members. The September meeting may need to be moved to the morning to accommodate schedules.
- A first draft of a full Strategic Plan will be ready and reviewed during the October meeting and discussed over the next several meetings – November and December - of the Task Force.

Steve Carter announced that after speaking with the Chancellor earlier today, it appears the presentation of the Task Force recommendations may need adjusted. Originally, the Task Force was going to present a strategic plan and a governance plan simultaneously to Chancellor Wise. It now appears it is best to focus on completion of the strategic plan as

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY  
TASK FORCE  
July 17, 2014

soon as possible and then focus on the creation of the governance plan once it is clear what recommendations in the strategic plan will be implemented.

7. Comments or Questions
8. Next Meeting: August 7, 2014