

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY
TASK FORCE

9:30-11:00 a.m. October 2, 2014

Bryan Room, Institute of Aviation

Time: 9:00-11:00 a.m.

Location: Bryan Room, Institute of Aviation

Members Present: Steve Carter (Chair), Tom Berns, Lori Cowdrey Benso (via phone), Deb Busey, Dorothy David, Mike DeLorenzo, Jayne DeLuce, William Dick, John Frasca, Gozen Hartman, Dwight Miller (via phone), Alan Nudo, Laurel Prussing, Seamus Reilly, Dan Sholem

Others Present: Bill Ferguson, David Foote, Bruce Knight, Bruce Walden, Steve Wanzek

Members Absent: Bumsoo Lee, Dick Helton, Chris Schroeder, Bill Volk, Kristin Williamson

MEETING SUMMARY

Welcome & Introductions (Steve Carter)

Chair Steve Carter started the meeting by welcoming everyone and thanking them for their time. He After providing an overview of the meeting's purpose, including the need to discuss and determine the choices of several options still pending for the draft of the strategic plan consultants from Sixel are currently finalizing. Before beginning the discussion on the undecided topics, Chair Carter asked Mike DeLorenzo to give the group a summary of Congressman Rodney Davis' tour of the airport and control tower during his visit at the September Task Force meeting.

Update Congressman Rodney Davis Meeting and FAA Tower (Mike DeLorenzo)

Mike DeLorenzo informed the group of the key areas shown to Congressman Davis, including the airport tower where he met the FAA employees in the tower. The tower replacement and the delay caused by last year's federal government Sequestration were mentioned during the tour. Davis was informed of specific concerns for the airport tower and FAA's lack of response on the study. Congressman Davis said he would inquire on the status of the airport tower review being conducted by the FAA. He also indicated he is interested in seeing the results of the Task Force's work after it is completed.

Steve Carter asked Steve Wanzek how the recent fire at the Aurora, IL control tower was affecting the workload at the Willard Airport tower. Steve Wanzek said the control tower is currently operating 24 hours a day instead of shutting down at 11:00 p.m. to provide additional radar coverage for high altitude range flights.

Strategic Business Plan Discussion (David Foote, Consultant)

David Foote coordinated a free-flowing discussion of the Task Force members on the outstanding issues yet to be finalized for the strategic plan.

1. Selecting a Brand

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The previously conducted poll revealed 'FlyCMI' as the top choice of the Task Force members with FlyChampaign or FlyChampaign-Urbana as a close second. While the task force preferred FlyCMI, Sixel strongly discourages its continued use as a brand because it is not clear, does not have any resonance in the community, and has already failed as a brand. An attempt to re-launch it would be less-than-ideal. It was not successful in the past in creating an image for Willard Airport, it does not have substance within the community and it is not clear what FlyCMI means to travelers.

Recommendations are:

- a. Reaffirm the initial Task Force choice of FlyCMI.
- b. Choose either FlyChampaign or FlyChampaign-Urbana.
- c. Propose that the top two choices be forwarded for the University to determine which to adopt and include mock up designs for both.

Discussion of Task Force Members:

- Steve Carter believes there is merit in the report and the options presented. It would be helpful for the Task Force to make its recommendations to the university for the Chancellor to review. Steve also stated if you have to explain the brand, then it is not a successful brand.
- Laurel Prussing said the airport is known on travel websites and in airport terminals as 'Champaign-Urbana'. A portion of the county property taxes were used to pay for the new terminal at the airport. Since a bulk of the population is in Champaign-Urbana, then they should both be recognized in the brand.
- Gozen Hartman stated Willard Airport is a confusing name and agrees a list of recommendations - not a choice - should be submitted to Chancellor Wise. Gozen said she struggles with the idea that FlyCMI was not successful because it is possible the failure was due to overall poor marketing of the Willard Airport. The name of the airport and how it is marketed is going to either make it a success or cause confusion for the brand.
- Tom Berns believes FlyCMI is confusing to the public and should be replaced with a better associated with Champaign-Urbana.
- Dan Sholem agreed with the point that FlyChampaign-Urbana represents the entire area. The FlyCMI brand is nice and catchy, but it does not easily provide recognition to the location unless a traveler is already familiar with the airport.
- Bill Dick agreed that FlyChampaign-Urbana should be the chosen brand. It does not matter how the FlyCMI brand failed, but it is evident it was not a huge success for the airport.
- Dorothy David likes the concept of branding the airport around Champaign-Urbana. But since FlyChampaign-Urbana is not very catchy, she believes it would be best to have a

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professional marketing company create some possible campaign ideas on how to market the brand around the Champaign-Urbana area.

- Jayne DeLuce noted the Fly Champaign-Urbana identity is the most appropriate but it is too long to make it easy to say in a catchy, memorable way. It will most likely become Fly C-U to the general population, which can be used to create catchy promotions and advertisements. The marathon promotions that have been most successful are listed with 'C-U'. Jayne noted there is also the hashtag #chambana being used in current marketing campaigns to promote the area.
- Seamus Reilly stated it would be good to create a regional brand instead of just focusing on the two cities. Unless you live here, most people are not familiar with the location of Champaign-Urbana. FlyChampaign could represent the entire county which would include all the communities and the University of Illinois.
- Mike DeLorenzo noted it will be helpful to list the top choices and to note the lengthy discussion by the Task Force members on the choices selected. The rationale behind the positives and negatives for each option should be listed in the final report presented to Chancellor Wise. This information can then be forwarded to a marketing firm, if one is hired, to assist them in creating a successful advertising and marketing campaign.
- Steve Carter stated it would be good to focus on using a larger regional area for the brand to represent the airport and then have the marketing firm work on the taglines and advertising campaign.
- Jayne DeLuce said she believes it is important to keep the University of Illinois in the actual name of the airport because it is a main destination for many travelers are coming to in the community. The university's title is important and well-known internationally.

2. Confirming the Marketing Plan

David Foote went over the options in the marketing plan that had been previously reviewed with Sixel Consultants at a Task Force meeting.

Actions Items for Task Force:

- a. Agree with or propose modifications to the proposed Marketing Plan and Budget.
- b. Recommend entities to participate in engaging the broader community, once a plan is adopted.

Discussion of Task Force Members:

- Gozen Hartman asked David Foote if the \$175,000 listed in the marketing plan budget was an estimated or the actual cost to hire an outside agency. David responded this is the actual cost.

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- Steve Carter reminded the Task Force members he requested the items listed in the marketing plan be prioritized. This will provide the university with an idea of which items should be handled first if it is not possible to allocate the funds to implement all the consultants' suggestions immediately.
- Seamus Reilly noted the actual cost is hard to judge because there was not a previous marketing plan for Willard Airport. Since there was no previous marketing plan implemented, there is no way to judge how much impact the currently proposed marketing plan will have on the airport's success.
- Alan Nudo stated it would be beneficial to have other entities within the community contribute to the funding for the airport. This would include governmental bodies, taxes, and other sources. A good marketing plan is essential for the success of the airport, but the amount it will cost is not as important as the plan to market the airport to the surrounding community, including university employees, business owners and leisure travelers.
- Steve Carter mentioned the Airport Technical Committee is looking at the governance aspect and also at funding models for Willard Airport. The committee plans to have an initial report prepared for the next Airport Task Force meeting on November 6.
- Mike DeLorenzo stated any changes to the governance structure will take longer to implement because it will need to be approved on several administrative levels, including the University's Board of Trustees. Other suggestions presented in the strategic plan can be implemented much more quickly.
- Gozen Hartman said it is important to remember the flight load factors are almost at the maximums for the current flights offered at Willard Airport. Not only should there be a focus on the marketing, but also a focus on getting additional flights or more airline carriers to provide flights at Willard Airport.
- Steve Carter asked what some of the other assets are in the community that could assist in promoting the airport. The group responded with other names of agencies such as the Chamber of Commerce, Economic Development Corporation, Visit Champaign County, travel agencies, and large employers in the community.
- Seamus Reilly noted the number one priority should always be increased air service to the airport. The message given to airline carriers should be that this is an expanding and viable metropolitan area that needs more service from airline companies. Unfortunately, there is a chicken-and-egg mentality where the airline companies want to see high demand before taking the risk and providing service; however they need to be made aware that the community is ready for more service and can support the service if it is provided.

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- Laurel Prussing asked how the USAir and American Airlines merger affects the ability for Willard Airport to get additional routes at USAirways' hubs. Bruce Walden responded saying the main priority is to get into the USAir hub located at the Charlotte International Airport. The consultants believe it is very likely that a route to Charlotte will be added by American Airlines. Laurel Prussing responded saying it would be better to have a direct route to one of the main airports around Washington, D.C. Mike DeLorenzo stated it very unlikely a direct flight will be added because of the current available routes through O'Hare to Washington from Willard Airport. A main reason a customer chooses a flight is because of the departing/arrival times and if they are convenient for the traveler's schedule.
- Seamus Reilly mentioned how European flights are using regional hubs to create a better mix of flights for travelers. This type of scenario would appear to work better for airports the size of Willard Airport than the way flights are currently scheduled in the states.

3. Selecting a Management Strategy

During the previous Task Force meeting, the group agreed only two management options should be considered. Hire a strong Airport Manager (CEO) or recruit an outside management company to oversee operations at Willard Airport. Inherent in either management option is a determined "set of conditions" that can allow management of the airport and implementation of the strategic business plan.

The Consultants recommend that the following must be expected of new management, and the authority to achieve these goals must be established:

- Generate adequate funding to implement the business plan to operate as a true enterprise funded entity;
- Implement the airport air service strategy;
- Execute the airport marketing plan;
- Implement an airport customer service plan;
- Develop an airport land use plan to better position for the promotion of economic development opportunities;
- Establish a partnership with FlightStar to ensure its future role in making CMI attractive to airlines considering service to the community.

A CEO or management company should be provided with – but not limited to – the following authorities:

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

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Note: Certain University requirements would apply to a, b and c, if the CEO option is implemented. This would limit their flexibility unless there is a change in state law.

The Task Force needs to address the following ...

- a. Confirming the list of “authorities” that should be granted the airport leadership.
- b. Prioritizing the selection of hiring a manager or management company.
- c. Agreeing to send both options to Chancellor Wise for a final determination of which best meets the conditions for operating the airport within the existing limitations of the University of Illinois.

Discussion of Task Force Members:

- David Foote reviewed the list of expectations and the responsibilities expected in either the CEO or a management firm option. David stressed it is important to remember if the CEO option is chosen, authority items a, b, and c are restricted by Illinois state laws, related to procurement and employment.
- Bill Dick asked if a management firm is hired, would it have to adhere to the restrictions on a, b, and c? Mike DeLorenzo explained the Airport Technical Committee is reviewing state restrictions and examining how these would apply to the management firm scenario for the airport.
- Laurel Prussing asked if Willard Airport can be leased to a company or have an airport authority manage the airport. Mike DeLorenzo responded that it may be possible to outsource the operations to a company that would report to someone university administration. Willard Airport would still be owned by the university. An airport authority would likely require legislation, but the university would still maintain ownership and then lease the property to the airport authority. It is an option, but would require more time to establish the authority and a source of funding from local organizations and governments.
- Gozen Hartman said she felt an airport authority would be a way to bring together the assets in the community. An airport authority could focus on creating a cohesive plan for the success of Willard Airport. A possible drawback to having a management firm run the airport is that they may choose to not have someone on-site at the airport.
- Jayne DeLuce asked if there is an option of having a strong CEO and also having an advisory board (not an airport authority) for the Willard Airport. Mike DeLorenzo responded that it would be an option and that an advisory board could be established even with a CEO type position in charge of the airport.
- Alan Nudo said the previous group that was working on a solution for Willard Airport was exploring the idea of using a similar model as what was implemented at University of Illinois Research Park. If local groups and governmental organizations provide funding for the airport, then they will want to have some voice on the authority at Willard Airport. The

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municipalities need to step up and be responsible for supporting the airport. Alan also believes the management style decision is the core question that needs to be answered. If the airport stays solely with the university, it will be limited and restricted by the state laws.

- Mike DeLorenzo responded to Alan statements and said if the community decides it wants an airport board, then the community will need to determine a funding source for an advisory board. An airport advisory board would be representative of the funding entities and they would hire their own CEO. Mike said he believes this would be a difficult process for the community to complete.
- Alan Nudo agreed it would be difficult to establish an advisory board for Willard Airport and why it would need to be a long-term process with the management firm being a short-term solution. The management firm or the CEO would be the first step and once it is determined it is a viable decision, then an advisory board could be established. Alan brought up the Champaign County nursing home as an example of a management company and an advisory board being a solution for its financial problems.
- Gozen Hartman said in most cases, management companies and advisory boards do not work well. Deb Busey responded that the Champaign County nursing home is currently operating well with the advisory board directing the management firm. It is not known how similar the operations of the nursing home would be compared to operations at an airport, but it is one example of an advisory board providing the direction for the management firm's role.
- Mike DeLorenzo mentioned the reaction of the Visit Champaign County Board of Directors when Jayne DeLuce gave an update of the Airport Task Force meetings. There was immediate resistance from board members because of the thought that an advisory board would need tax dollars from the community. This is the type of response that will take at least two years to get an airport advisory board created and functioning.
- Gozen Hartman mentioned that the image of the airport the Task Force wants to create for Willard Airport is one that is convenient and close to home. The idea of hiring a management firm outside of the community is not going to correlate with that type of image.
- David Foote provided clarification about the role of a management company. If a management firm is hired, the local entity has the right to request that the airport be managed by someone on-site at all times and not be remotely managed.
- Deb Busey stated it may be a better idea to a CEO first and see if the changes in authority for that position make a difference in how the success of the airport. The decision to hire a management firm or to create an advisory board can be decided after the CEO has the chance to meet the goals in the strategic plan. Deb also stated that creating both, a CEO and an advisory board, will be more expensive. Plus, the CEO will have time to become established

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and solve some of the items quickly during a creation phase of an advisory board, if it is decided to create one.

- Jayne DeLuce agreed with Deb Busey and added a CEO will be the ‘face’ of the airport. This person will be out in the community networking and creating recognition for Willard Airport within the community.
- Dorothy David brought up the fact that a lot of the discussion has been outside of the airport governance and the restrictions caused by state laws. If specific approvals are needed to comply with state laws, then you need to factor that into the decision-making process. Is it possible that a Board of Trustees action or a delayed procurement approval would cause Willard Airport to lose an airline carrier or a purchasing opportunity? These are items that a CEO must keep in mind and allocate for when making a purchase. Dorothy stated hiring a management firm is not necessary unless the airport cannot work within the current framework of the regulations. If some of the items listed as needing revised are advanced in the short-term, then the airport is already benefitting. If some of the issues need changes made to state laws affecting these items, then that is the next step even though it will take longer.
- Alan Nudo asked who will be in charge of the marketing of Willard Airport. Mike DeLorenzo said the consultants are recommending a marketing person be hired. Alan Nudo stated he was not convinced a person would be better than a management firm because they could oversee several other airport operations.
- Deb Busey responded that it would be good to complete a comparative analysis of the two options (CEO and Management Firm) in terms of the costs and the pros and cons each scenario would create. Alan Nudo said one of the positives with a management firm is that there would be coverage built in if someone chooses to leave a position. Mike DeLorenzo recommended everyone review the draft budget received today at the meeting as it provides answers to some of the questions related to the operating costs and the changes being suggested by the consultants.
- Seamus Reilly said it is advantageous to have the university be the organization in charge because of the leverage it has in certain situations. Willard Airport has financial support through the university that the community cannot immediately provide and there would be no governance structure in place. At this point, we are in a position where we can aggregate the regional assets already in the community. These are items the group should be focusing on in the short-term. Everyone has also agreed that a better job needs to be done in marketing and promoting the airport. The decision for an airport authority can be made at a later date after some of these other items are put into place.

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- Jayne DeLuce agreed that the idea of getting a new management firm is not going to solve all the problems that may or may not be actual issues. The university provides a key resource to the community. Promoting the airport is a main factor that needs to be fixed.
- Seamus Reilly also added that one factor already completed by the Task Force’s work is how that it has addressed and broken several myths in the community has about Willard Airport. This is a key factor in changing the community’s opinions about service at Willard Airport and will be vital when it is time to focus on bringing this knowledge to the public.
- Dorothy David stated it is a fact though that a strong case be made to get the community on board with supporting the Willard Airport. There needs to be a solid recommendation on which direction the airport should go and how much it will reasonably cost. After these two items are determined, then information should be shared with the community. Regardless of what decisions are made, the community support is needed for the airport to be successful.
- Gozen Hartman said several options could be presented to Chancellor Wise, including one option of making no changes and explain why this would only be a short-term solution that may create larger problems in the long-term. Other options presented could include the strong CEO position, a management firm and an advisory board with the reasons they are considered good for creating a successful airport. Gozen asked if the Task Force should assume the university is not going to provide more financial support for the airport. Mike DeLorenzo responded that even the option of going out and hiring a CEO will cost the university more money. The fact that the Chancellor has organized the Task Force and requested solutions shows the university is committed to the airport’s success.
- Mike DeLorenzo also said it is a good idea to provide a list of the options available to Chancellor Wise, include the option of doing nothing and the reasons why this would have a negative impact on the airport’s future.

4. Advisory Body to the Willard Airport

There is an implicit understanding that there needs to be an airport advisory body representing the community. The Task Force needs to discuss the value, role and composition of such an entity and its relationship to the University.

The Task Force was initially charged with developing recommendations for the airport’s governance. It was agreed by the Task Force that there was a distinction between an immediate need to revise the airport’s management and the longer term determination of which governance structure best addresses growing a vibrant, sustainable airport.

The task of evaluating governance options available was given to the Airport Task Force Technical Committee. The reality is any change in governance is likely to take several years to implement. The Technical Committee is continuing its analysis and will provide an update at the

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November meeting to determine how the matter should be addressed in the strategic plan presented to the Chancellor.

- Mike DeLorenzo suggests language be included to indicate who should be a part of an airport advisory board; such as the type of experts and the groups in the community that should be represented. In addition, groups should be identified that are able to assist in funding an advisory board. Examples of groups would include local governmental entity representatives, University of Illinois and Parkland College representatives, funding partners, people who support the airport's success, the actual equity investors, users and potential users of the airport, airline representatives, local community businesses associated with the airline industry, etc.
- Alan Nudo state even if a CEO or management firm is hired, the advisory board should still be created. Mike DeLorenzo said if a management firm or CEO is hired an advisory board would only be advisory, with no authority over the operations of the airport. They would provide advisement on the airport's direction. Mike cited the Athletic Advisory Board and how it advises the Athletic Director as an example of this scenario.
- Seamus Reilly stated he sees the advisory board functioning in two ways. It would provide advice to the administration of the airport but also work to promote the airport within the community. Advocating the airport in the community, such as talking about changes occurring and positive results from the changes, is essential. Having people on the advisory board who are representative of the governmental entities, but also people who are within the airline industry that can start building a sense of how important the assets are that are already in the community is another important factor for creating the advisory board. These are the type of people who can aid in making the airport a larger economic engine for the region and help strengthen its image within the community.
- Steve Carter stated Chancellor Wise would appoint people to an advisory board, but it is a good idea for the Task Force to create a list expertise to include in an advisory board. Task Force members listed people involved within the airline industry, faculty members in the field, university and city representatives, local economic development representatives, business owners who would be affected by changes at the airport, a selection of community members who travel on a highly regular basis, recreational travelers, private pilots from the local aviation community and representatives for the commercial airline industry.
- Laurel Prussing said it would be advisable to review the comparison of the air travel and high-speed rail travel between Champaign and Chicago.

5. Additional questions / comments Task Force Members may have about the Business Plan.

Task Force Summary, Next Steps & Timeline

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David Foote provided copies of the recently completed draft budget to Task Force members and asked them to review and send any questions to him via email. The budget scenarios are based on mid-range forecast revenue and the assumption that another flight will be added to Willard Airport's schedule in the third year. It provides a breakdown of the operating budget with and without funding from the university. Projected costs are based on using a private management company versus hiring a CEO.

The consultants from Sixel Consulting will have a draft of the strategic plan ready for the November 6 Task Force meeting. The plan will be reviewed and discussed at the November meeting and adjustments will be made to the plan based on those Task Force discussion. A final version of the strategic plan will be ready for the December 4 Task Force meeting.

The Airport Technical Committee is preparing its governance report and will present it at the November 6 meeting.

It has not yet been determined if another meeting will be needed after the December 4 meeting. After the December meeting, a cover letter will be created for transmittal with recommendations from the Task Force to Chancellor Wise.

Comments or Questions

Next Meeting: 3:30-5:00 p.m. on November 6, 2014 at Bryan Room, Institute of Aviation