

WILLARD AIRPORT GOVERNANCE AND SUSTAINABLE AIR SERVICE ADVISORY
TASK FORCE

November 6, 2014

Bryan Room, Institute of Aviation

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

Location: Bryan Room, Institute of Aviation

Members Present: Steve Carter (Chair), Deb Busey, Dorothy David, Mike DeLorenzo, Jayne DeLuce, William Dick, John Frasca, Gozen Hartman, Dick Helton, Alan Nudo, Seamus Reilly, Dan Sholem Bill Volk

Others Present: Bill Ferguson, David Foote, Patrick Graham, Bruce Knight, Jack Penning, Greg Principato, Steve Wanzek

Members Absent: Tom Berns, Lori Cowdrey Benso, Bumsoo Lee, Dwight Miller, Laurel Prussing, Chris Schroeder, Kristin Williamson

Meeting Summary

Welcome & Introductions

Steve Carter welcomed everyone to the meeting. He informed the attendees of a meeting he attended earlier in the day with News-Gazette reporter Christine Des Garennes. An article on Willard Airport with an update of the Task Force's work will be published later this week.

CMI Strategic Business Plan (Jack Penning, Sixel Consulting)

Jack Penning provided a brief overview of the items listed in the draft version of the Strategic Business Plan, which was provided to Task Force members earlier in the week. Consultants Patrick Graham, Jack Penning and Greg Principato each contributed to the content in the Strategic Business Plan.

Modifications to Ground Transportation

- 1. Increase Parking Rates** – Sixel Consultants recommend increasing the daily parking rate to \$7 per day and increase the weekly maximum rate to \$42. These are only marginally increased; \$2 increase on the daily rate and a \$7 increase on the weekly rate. The increase in revenue is projected to be \$131,000 per year with a possible 3.5% loss in customer use.

Task Force Discussion – Increased Parking Rates:

Steve Wanzek informed the group that there is an annual parking pass (Departmental Parking Pass) available through the university that can be purchased for parking at the airport. Several commented they did not realize an annual parking pass was an option. Sixel consultants will review this and include information in the finalized version of the Strategic Business Plan.

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Bill Dick believes it is important for the Task Force to present the message to the public strategically so that the increased parking fee does not become the focal point of the recommendations to the Chancellor. Bill also said he is not certain that parking automation is the message for the public. Patrick Graham responded that automating the parking system is only part of the message. The problem is there needs to be a way to pay for the automation. There are only two ways to increase revenue at the airport and that is through rental car income and parking fees.

Jayne DeLuce stated the work of the Task Force is to create a self-sustainable airport. This goal should be part of the main message presented to the public.

Alan Nudo agrees that parking is not free, but he would like to still see some type of incentive program for frequent users. An incentive program could be a way to increase the number of customers using Willard Airport.

Bruce Knight commented that part of the message to the public should be that parking is not free; someone needs eventually pays for it. There is a cost to maintain the parking lots and facilities for travelers. Despite the fact the Bloomington's airport advertises free parking; it is the county taxpayers who fund the parking budget at their airport.

Gozen Hartman believes the public message should include information on the services being provided – motorist assistance, quicker customer service – which are created by the increase in the parking fee. Also, dynamic pricing and real-time data collection can help evaluate and show the results of the changes so adjustments can be made.

Bill Volk provided the perception that parking will always be an issue and it will likely be brought into focus in the media. The members of the Task Force need to have a plan in place on how to follow-up with responding to the customer's response to the increase in parking fee.

Greg Principato stated it is clear that parking fees will be talked about by the public. Simply stated, someone is paying for the parking regardless of whether there is a parking fee or free parking available. At Bloomington, it is the taxpayer's paying for parking and here at Willard Airport it is the customers of the airport paying for the parking services.

Steve Carter – The core recommendation of the Task Force is to increase the parking fees in order to increase the airport's revenue to provide better service to the public.

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2. **Automate Parking Facilities** – The projected cost to purchase, install and maintain an automated parking system at Willard Airport is \$500,000 to be spread over a three year period. It is estimated that by using an automated system, the payroll expense would decrease by almost \$55,000 per year. The investment in automation would mean a positive cash flow in nine years.
3. **Taxi Regulation and Public Transit** – The consultants recommend the airport administration work with the local communities to strengthen taxi regulations in Champaign and Urbana. It has been noted the taxi services currently offered are not up to the standards provided in other cities. The consultants also recommend the C-U MTD Airbus route continues to operate and the time the bus arrives at Willard Airport is adjusted so it is in tandem with the scheduled flight times set by the airlines.

Jayne DeLuce asked if there can be coordination of times with the Amtrak schedule. *Jack Penning* said he is not familiar with how Amtrak routes are scheduled, but the consultants would look into whether this could be an option.

Air Service Development

1. **Standard Incentive Plan** – Sixel is recommending the university adopt a standard incentive plan before January, 2015. An incentive program plan has been created, shared with the university's Legal Counsel, and only needs approved by the Chancellor to be implemented. The FAA prefers to see a standardized plan instead of incentive plans being created by the airport on a case-by-case basis when an airport is trying to secure another airline carrier.
2. **Develop a Community Coalition** – An alliance within the local communities is needed. Their focus would be to advocate for the local public and private businesses to promote Willard Airport with the goal of securing additional airline service.
3. **Air Service Targets** – The goal is to secure additional routes offered at Willard Airport, with preference to a hub on the east coast.

Task Force Discussion - Air Service Development Recommendations:

Patrick Graham explained a two year incentive program is necessary since other airports offer this type of incentive. The monies are used by the airline company to off-set the start-up expenses incurred when establishing a new route. The numbers built into the incentive program are very competitive compared to other areas throughout mid-central

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United States. Jack Penning added that the money in the incentive program will not go to the airline unless they suffer a loss during the first two years of service.

Dan Sholem asked how the airline provides the data for a loss when they create a new route. Jack explained the quarterly data is analyzed and provided to show whether the route is creating a profit or loss for the airline carrier.

Bruce Knight asked if it is easier to get American Airlines to add a flight to another location rather than getting another airline company to establish a new route. Jack answered yes, because an established carrier has less start-up costs and less risk when creating a new route.

Greg Principato stressed that having a community coalition is very beneficial for the airport and the airline carriers' perception of the Champaign-Urbana region. A community coalition shows the airport is a valuable asset for the local communities and that there are entities willing to work for the success of the airport.

Public/Private FlightStar Partnership

Jack Penning clarified the Strategic Business Plan is not advocating for the community to find a way to provide funds to FlightStar for an expansion of their hangar. Jack explained the Task Force should be considering possible options regarding the current situation with the future decreased use of 50-seat airplanes. Currently, Willard Airport has the best flight schedule in downstate Illinois because of the maintenance being provided by FlightStar. It is possible the larger jets will be put into service in as little as 18 months. Jack stated it is important for FlightStar to be in communication with airline carriers to see what their future plans are and then make sure they are ready to service the new planes when they begin to arrive.

Task Force Discussion - FlightStar Partnership:

Deb Busey asked what it means for community entities regarding FlightStar's future situation regarding the larger planes and the need for a larger hangar. Jack responded that discussions with FlightStar need to continue on a regular basis to see if there is a need for community support and if so, what type of support is needed. It is the consultants' opinion that FlightStar has not been aggressive enough in finding out and preparing for future changes.

Seamus Reilly asked if this is a regional and/or state economic development issue. Could there be a way to secure funding from the state for the necessary changes? Jack Penning agreed that this is an issue that can affect the state's economic development.

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Mike DeLorenzo informed the group that the university has recently met with FlightStar. There are concerns that American Envoy has been left out due to their pilots' union not wanting to fly the larger jets without a pay increase. FlightStar will receive a final version of the Strategic Business Plan and communication with the university will continue as further information develops about the status of American Envoy and their ability to provide service through Willard Airport. Mike then asked Jack Penning if he had any updated information about the pilot's union. Jack responded that the pay scale was not going to be acceptable for the American Envoy pilots to fly the new, larger jets. Upon hearing this, American Airlines then placed the new jets with American Republic instead of American Envoy. Jack explained the new jets will not fit in the current maintenance facilities for American Republic, so this does give FlightStar the opportunity to get additional service if they are prepared to service the larger jets when they are put into operation.

Dan Sholem questioned whether there is a better way to keep FlightStar in the informational loop going forward? Jack did say communication with FlightStar should increase so they are kept informed of changes at airline carriers. Maintenance decisions are not always determined by network planning, but it does create a priority in the network planning for the airline carrier.

Seamus Reilly believes there should also be a focus on other maintenance companies and not just focus completely on FlightStar. The Champaign-Urbana area could support more than one airline maintenance company and this may be beneficial if FlightStar ever decided to scale down and remove maintenance as one of their services. Jack agreed that the growth of maintenance companies could provide economic growth for the community since the American Republic's fleet will increase in the next 12 months.

Steve Carter stated it may be helpful for the Task Force to know possible options on providing funding for the maintenance service facilities just in case it becomes needed. Patrick Graham responded that it may be the best option to keep guiding the current maintenance company to be proactive and get prepared for the larger jets. Jack Penning also added that it is also important to be prepared by having a public/private partnership for maintenance service in place so funding is available and the larger facilities are built in a timely fashion.

Integration of Regional Assets

- 1. Cooperation Plan** – Jack Penning noted this is a longer term recommendation. The creation of an Aviation Advisory Board at Parkland's Institute of Aviation with

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nationally recognized members on the board. The board would coordinate the assets located in Champaign County including Willard Airport, Frasca Field and Rantoul's former Air Force Base.

Development of Land Use Master Plan

1. Prioritization of Development – It is Sixel's recommendation that a long-term Land Use Master Plan be developed sometime in the next year. Companies that need ramp access should have first priority. This would be companies that provide hospitality or rental car services. The second priority should be on companies that can use the property adjacent to the airport and do not need ramp access but prefer to be located close to the airport.

Action items for the land use plan:

- Complete an area capacity analysis to understand Savoy's infrastructure and determine the area's maximum capacity.
- Coordination between the University, Savoy and Champaign County to ensure the runway and airspace requirements are protected in possible future development plans.
- Improvements in the way finding and beautification of the airport's land.
- University of Illinois Foundation acquires strategic parcels for non-airport related air development. This would be an item for a 5-10 year plan.

New Rental Car Facility

The current maintenance facility is inadequate. A permanent rental car facility that includes a car wash is recommended. The car wash could be another service provided to customers using the long-term parking. The projected cost would range from \$600,000 to \$1 million. New rental car fees would be used to cover the expense of building the new facility. This is a recommendation that could be implemented in the near future and a new way for the university to gain revenue.

Rebranding of Willard Airport

The Task Force previously selected 'Fly Champaign-Urbana' as the new brand. The complete marketing plan (logo and brand) has not yet been fully developed. Promoting Willard Airport is part of the re-branding process. The decision of whether to have the logo designed at the university or have a marketing/consulting company create the design and advertising/marketing or the new brand is pending.

Strategic Marketing Plan

The implementation of the marketing plan still needs funding. The first task is to complete the new logos and then figure out how to fund the marketing. Willard Airport's brand will be re-launched through the new marketing plan. This process will create new recognition for

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the airport in the local community and throughout the state. Sixel Consulting recommends at a minimum to have a half-time person employed to focus on marketing the airport.

Control Tower Project

The current control tower is functional but is lower than the FAA standards. FAA has completed the design, but they have not allocated the funding in order to build the tower. Someone needs to stay in touch with the FAA to keep the new tower on their priority list and get the funding allocated. The state and federal governmental contacts and the new management structure (when implemented) should be used to keep focus on the FAA.

Modify Management Structure

- 1. Privatization of Management** – Sixel Consulting recommends the release of a Request For Proposal (RFP) for a private management firm. This would eliminate the restrictions on Willard Airport since the university is under state regulations. This would eliminate the need to have the approval provided at the Chancellor level. Jack Penning did warn there should be an alternate plan in the case there are no qualified bidders. The revenue opportunity at Willard Airport will not be large and there will be a limited amount of qualified bidders interested.
- 2. New Executive Leadership** – The second option is to restructure the executive branch at Willard Airport. The management decisions would still have the state restrictions, but reporting to a higher administrative level would be minimized. Patrick Graham advised that the RFP would take 6-8 months from start to finish. Some of the items being recommended can be started before a decision is made about the management option; such as offering concessions in the terminal building. Patrick also stated the rental car contracts have been on a month-to-month lease for several years. The contracts could be revised and long-term agreements could be negotiated now before a new management structure is implemented. Patrick advised it is best to get started on some of these items now, continue to move the airport's progress forward, and make its position stronger in the interim while a decision is made on the management structure.

Jack Penning also stated that either one of the management options will cost more money. A management firm will cost at least \$135,000 and the new administrator for the airport will cost around \$160,000 per year. This will be an additional expense to the airport's budget without an immediate additional revenue source.

3. Creation of Airport Advisory Committee

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It is recommended that an advisory committee be created to represent the main entities within Champaign County. This can provide a way for the different stakeholders to voice their concerns, ideas and information on future developments. The committee should have no more than 12 members and should meet at least 6 times per year.

Alan Nudo stated he is in favor of a management firm because a strong CEO in a small market will only see this location as a stepping stone to a position at a larger airport. He also believes the C-U MTD should be considered as a management firm for Willard Airport. They already have a relationship with the university and are a local company. The MTD board could hire experts in the airline industry to provide guidance in managing the airport. To have them be the management firm would give the airport the freedom from the state regulations.

Airport Governance Report (Bruce Knight, Technical Committee Chair)

Bruce Knight gave a brief summary of the work completed by the Technical Committee. The committee reviewed several alternate models including several options of how to create the management structure at the airport. The committee created principles on how to review the Governance model. The committee's recommendation is similar to Sixel Consulting's report with a slight difference in the hiring of a contractor for managing the airport.

Bruce did mention the airport authority board is the most common model used throughout the state of Illinois. It would still need a funding source, either through tax income or from the entities represented on the advisory board. The main impact of the authority board will be to represent Willard Airport in the community and to promote it throughout the region.

Some of the items listed in the Technical Committee's memo can be worked on right now prior to a management decision being finalized. Some items should be changed in the short term and cannot wait 3-5 years for a change in management structure or the establishment of an Airport Authority Board.

Steve Carter added that items that can be adjusted in the short-term are the top priorities in order to get the airport moving toward self-sustainability. Several items, such as the management decision, will take time to get established. The Airport Authority Board will take much longer, 3-5 years, but will be a beneficial addition for the airport's long-term success. Determining how to fund an Airport Authority will need to be decided if this is a decision the university or the communities choose to implement. If this is seen as a true community effort, then each stakeholder should financially provide to support the airport authority's work.

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Task Force Discussion – Airport Governance Report

Alan Nudo said he believes the estimated revenues are higher than currently listed in the memo. Alan also believes there should be more funding allocated for the marketing the airport. Gaming income is a recreational dollar than is disposable income. This is all tied to a viable airport.

Dorothy David stated she agrees with having the right people from each entity in the surrounding communities on an airport advisory board is a good idea; however, when the board is created, they should be careful not to ‘double up’ on government representatives from specific communities. For example, the City of Champaign provides funding to the Champaign County Economic Development Corporation and to Visit Champaign County. The City of Champaign can be represented on the advisory board, but have the board be represented mostly by businesses in the community instead of government representatives.

Mike DeLorenzo asked the Sixel consultants to add their belief that the options listed can be implemented separately and the entire business plan does not need to wait for a decision on the management structure.

Mike DeLorenzo explained the timing and expectation of the university is related to the timing of implementing the options in the strategic plan. In Mike’s opinion, the management structure item needs to be started as soon as possible, maybe the end of January since an RFP may take up to 9 months to complete. Mike state there will also need to be a transition phase to go from the current structure to the management structure chosen.

Patrick Graham responded that hiring a management company does not mean the transition of current employees to other departments throughout the university.

Meeting Summary & Next Steps

Steve Carter thanked the consultants for all the work they have completed over the past 10 months. He also requested Task Force members to send additional thoughts to Jack Penning or Bill Volk to be forwarded on to the Sixel Consultants.

Steve reminded everyone the final draft of the Strategic Business Plan will be completed and available at the December meeting.

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Comments or Questions

Seamus Reilly stated the new brand will be the main way for a majority of the public to realize there are changes to the airport.

Alan Nudo also suggested the interior of the airport terminal be rebranded. He believes that the Art Department or another department at the university could be used to provide a design or items to beautify the interior of the terminal building.

Next Meeting: 3:30 - 5:00 p.m., December 4, 2014
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