

Economic Impact Report Executive Summary

University of Illinois – Willard Airport

Commissioned by Champaign County Economic Development Corporation

Sponsors



EXECUTIVE SUMMARY

This economic impact report, conducted by Sixel Consulting Group, Inc., was commissioned by the Champaign County Economic Development Corporation to study the impact of University of Illinois - Willard Airport. The purpose of the study is to determine the local economic impact of the Airport upon the immediate region around the airport. Simply put, this economic impact study quantifies economic activity in Champaign County, Illinois, that would not occur in that area absent the Airport.

Knowing and understanding the economic impact of an airport is beneficial in many ways. It allows for a better understanding by the community and its leaders of the airport's contribution to the local economy. It can also guide Airport Management and Community leaders on economic and spending questions related to Airport.

“Willard Airport... acts as a critical lifeline to the global economy.”

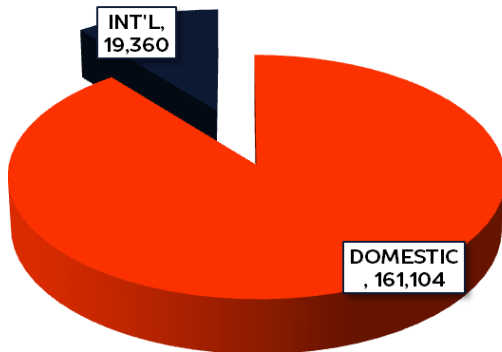
Willard Airport is clearly an important driver of the central Illinois economy. Not only do its associated businesses employ hundreds of people in the region, but it acts as a critical lifeline to the global economy. Champaign County's companies are globally connected. Without the Airport, many would be forced to relocate to better connected communities. While this report shows the current impact of the Airport, directly, on Champaign County, there is clearly impact beyond that estimated for this report, related to the importance of the Airport as a gateway to the region.

Willard Airport's current airline service, provided by American Airlines, has sufficient frequency and connectivity to effectively link the Airport to more than 150 cities around the world in a single stop, with hub connections of less than two hours. American's service between Champaign/Urbana and Chicago O'Hare runs six times a day in each direction, allowing business travelers to make day trips to most large cities east of the Rockies. While Dallas/Ft. Worth service is only once per day, it is perfectly timed for west coast and Asian connections. Air service not only provides connectivity for local businesses, but it brings in tens of thousands of visitors to Champaign County each year, as will be detailed in this report.

As of the most recent period of data available, for the year ended second quarter of 2015, Willard Airport served an average of 494 passengers per day on airline flights, or a total of 180,464 for the 12-month period. Willard serves a high number of international passengers

relative to other airports of its size, with 11% of all passengers flying in and out of the Airport traveling to and from international cities. Willard Airport served almost 20,000 international passengers in the most recent period, with more than 161,000 passengers traveling to and from cities within the United States (see figure 1).

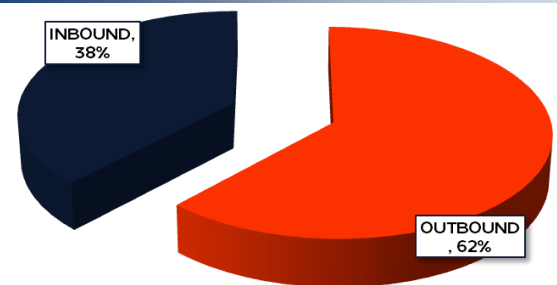
Figure 1: Willard Airport Passengers, YE2Q15
Source: US DOT Table DB1A



While most passengers using Willard Airport are from east central Illinois, there are still a large number who use the Airport to access Champaign, Urbana, and surrounding communities. The most recent data shows 38% of Willard Airport's passengers are inbound to the region, and live outside central Illinois (see figure 2). Each day, an average of 188 people travel to Champaign County, through Willard Airport, visiting central Illinois from other parts of the country. Without Willard Airport, many of these visitors would travel elsewhere and spend money elsewhere.

While air service and access to the national air transportation system provided at Willard Airport is the single most important service provided, the Airport is also home to significant Champaign County businesses. The Airport's Fixed Base Operator (FBO), FlightStar, not only provides service for private aircraft, but also operates a large maintenance base for American Airlines' regional partner, Envoy. Envoy operates American's service in Champaign/Urbana as American Eagle. FlightStar's maintenance operation employs more than 100 people and ensures that Willard's air service is secure, as Envoy must overnight at least three aircraft at Willard each night for engine maintenance.

Figure 2: Share of Visiting Passengers, YE2Q15
Source: US DOT Table DB1A



Beyond the runways, taxiways, and terminals, the most important piece of infrastructure at Willard Airport is the FAA control tower and regional approach control facility. Not all airports the size of Willard have 24-hour staffed towers operated by the FAA. Bloomington/Normal, for example, has a tower that is contracted to a private operator and only open from 6am to 11pm. The FAA tower at Willard controls the immediate airspace around the field. In addition to the tower, the FAA operates a Terminal Radar Approach Control (TRACON) facility that oversees

all low level approach and departure traffic throughout central Illinois. Together, these facilities employ 37 people and provide the entire region's air traffic control.

While Willard Airport is no longer home to University of Illinois aviation programs following their closure, the new Parkland College Institute of Aviation is growing. While it only employs six people at Willard, it is ramping up to train potentially hundreds of new pilots and aircraft mechanics. As it grows, Parkland's Institute will be a key component of the regional aviation infrastructure.

Perhaps the Airport's most critical task is connecting the University of Illinois to the world. With an increasingly large number of students from overseas, Willard Airport provides the University with access to a large and vibrant student base. Moreover, the Airport allows the University's faculty and staff access to the knowledge marketplace throughout the world. While it is true those associated with the University could use other airports, isolation from air transportation would do the University no favors. For many of the best and brightest, quick access to airline flights is a key consideration in where to learn, where to teach, and where to do research.

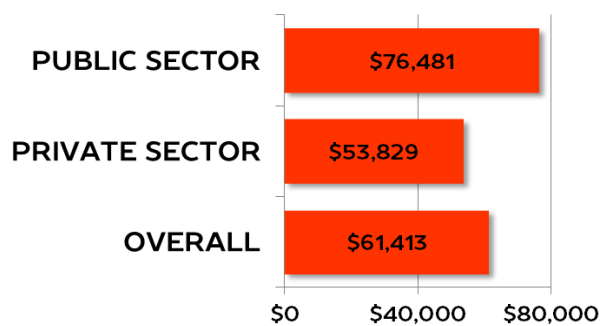
The economic impact statistics generated for this report show a thriving airport community. In fact, Willard Airport is responsible for almost 1% of the total gross regional product of Champaign County – or 1% of all economic activity within the County. At its current level of economic activity, University of Illinois - Willard Airport has the following local economic impact:

- ✈ Willard Airport is responsible, directly or indirectly, for 559.2 local full-time equivalent (FTE) jobs with annual labor income of \$24,611,553;
- ✈ The Airport generates a total annual local economic output of \$74,325,994;
- ✈ 233 on-Airport FTE jobs have annual labor income of over \$14,309,112;
- ✈ The Airport creates another 326.2 local area FTE jobs from indirect or induced economic impact effect;
- ✈ The local ongoing business and operational non-labor spending of all Airport entities and companies totals over \$3,047,711 annually and, after factoring for the local spending component, by itself accounts for another 4.1 local FTE jobs;
- ✈ Airport-located entity capital expenditures total an estimated \$6,487,031 annually;
- ✈ After factoring for local spending in that total, 16.7 local FTE jobs are supported by these capital expenditures;

- ✈ The Airport is an entry portal for an estimated 23,366 visitors per year from all aviation related sources to the Champaign region;
- ✈ These visitors create 112.8 local FTE jobs, which have a labor income of \$2,730,863.

The majority of jobs on the field at Willard Airport are private sector – not public sector. The perception is often that the majority of an airport's jobs are provided by the airport's owner.

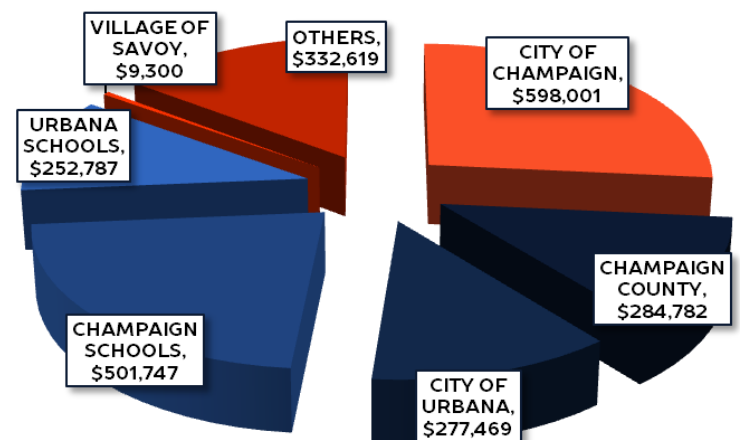
Figure 3: Average Airport Employee Wages
Source: Sixel Consulting Group Analysis



That is not the case with Willard Airport. Due to the presence of companies such as FlightStar, 67% of employees on the field work for private companies, while only a third work in the public sector for the University of Illinois, the Federal Aviation Administration (FAA), and the Transportation Security Administration (TSA).

Willard Airport's businesses spend more than \$14.3 million per year on wages for employees who work on the field. The average employee in Champaign County earns \$48,000 per year. The average employee at the Airport earns 28% more, or \$61,413 per year (see figure 3). Private sector jobs at the Airport pay an average of almost \$54,000 per year, while public sector jobs pay an average of more than \$76,000 per year. Airport employees are highly skilled in specialized fields, and airport businesses tend to pay a premium for strong talent.

Figure 4: Breakdown of Willard Airport Tax Revenue
Source: Sixel Consulting Group Analysis



Willard Airport is a key component of the regional tax base – in particular the tax base of Champaign County. Each year, the Airport generates \$2.3 million in local taxes and \$3.1 million in State of Illinois taxes. More than a third, or 34%, of the local taxes generated by Willard Airport go to schools (see figure 4). Willard Airport generates more than \$800,000 per year in taxes for schools.

The Airport also generates significant taxes for each of the cities and villages in Champaign County, not to mention the County, itself. More than 39% of taxes generated at Willard Airport

go to the cities of Champaign and Urbana (see figure 4). Willard generates almost \$600,000 a year in sales, property, and hotel taxes for the City of Champaign. The Airport generates more than \$277,000 in tax revenue for the City of Urbana and almost \$285,000 in tax revenue for Champaign County.

It is important to note that all of the functions of Willard Airport are interconnected. In terms of Airport revenue, airline service is the most critical component. The passengers that use airline service are the key to support for the Airport's facilities. Passenger facility charges and other sources of airline revenue pay the vast majority of the cost of keeping runways, taxiways, and other infrastructure operational. Even with private aviation activity and a strong Fixed Base

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Operator in FlightStar, the Airport could not afford to stay open without continued airline scheduled service.

At the same time, FlightStar's maintenance base ensures that Willard Airport retains a larger number of flights, as those aircraft must rotate through the airline's system to Willard for scheduled service. Without the maintenance base, it would be easier for the airline to reduce Willard's service level. In Bloomington/Normal, for example, American operates just three flights per day to Chicago, while Champaign/Urbana has six flights.

This report illustrates how critical Willard Airport is to the Champaign County economy. If the Airport were to disappear, the County would lose almost 1% of its economic output overnight and more than 550 jobs. Moreover, it would become increasingly difficult to recruit new business to the region. One of the most important criteria for businesses looking to either move or open new divisions is how interconnected a prospective community is. Most businesses won't even give consideration to communities without air service.

It is important to remember this report only measures the economic impact of Willard Airport upon the date of the study. It is a snapshot in time. Additionally, it only measures economic impact within Champaign County. Willard Airport has impacts throughout central Illinois, and well beyond the County. But it benefits those living in Champaign County the most, driving job growth, tax revenue, and connecting the State's flagship university with the world.

This study makes it clear that University of Illinois – Willard Airport is a local economic asset. Beyond the documented jobs, labor income and economic output it generates, it also serves the local business community, making it possible for local firms to compete on the national and global stage through efficient air transportation options. The University of Illinois - Willard Airport is a significant economic engine for the cities of Champaign and Urbana, Champaign County, and the surrounding region of east central Illinois.

As Champaign County and east central Illinois economic growth continues, the importance of the Airport to that growth should not be understated or underestimated. The quality of the facility, the support infrastructure, and the cost at which the airport provides its services, are all critical to preserving and increasing airline service and general and business aviation activity.

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With an annual economic output of more than \$74 million each year, Willard Airport directly supports hundreds of Champaign County families. Future investments into the facilities and into the recruitment of additional air service are likely to pay off in the form of additional jobs, additional connectivity, additional visitors, and increased tax revenue.

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