

MEETING MINUTES
January 22, 2024, 1:00 PM CT
Zoom Meeting Due to Weather
University of Illinois-Willard Airport
Airport Advisory Board Meeting

1.0 CALL TO ORDER

- A. Meeting called to order at 1:01 PM on Monday, January 22, 2024, by Chair McCrory-McKay.
- B. Roll Call: Carly McCrory-McKay, Jayne DeLuca, Karl Gnadt, Bruce Knight, Diane Wolfe Marlin, Sharee Robinson, Steve Summers, John Walsh, Christopher Walton
- C. Absent: None

2.0 APPROVAL OF MINUTES

- A. October 16, 2023 Minutes: Chair McCrory-McKay asked the Board for any edits, discussion, or comments regarding the minutes. There were none and Board Member Walton moved to approve the minutes with Board Member Summers seconding the motion. It was a unanimous vote to approve the minutes as is. Motion carried.

3.0 PUBLIC COMMENT

- A. Policy Regarding Public Input: Chair McCrory-McKay asked if there were any public comment requests turned in either in person at the Willard Airport Conference Room or on the Zoom meeting. There were none in-person or at the Zoom meeting.

4.0 REPORT OF THE EXECUTIVE DIRECTOR

- A. Chair McCrory-McKay turned the meeting over to Executive Director Bannon for the Director's Report. Executive Director Bannon reviewed the Operations Report by Month and Calendar Year to Date. (All numbers were as of month ended December 31, 2023):
 - a. Airline Fuel (Gallons Sold): 86776 Gallons up 22% Year over Year.
 - b. Jet A Fuel (Gallons Sold): 59,865 Gallons, down 13% Year over Year.
 - c. AVGAS (Gallons Sold): 2,827 Gallons, up 7% Year over Year.
 - d. Airline Enplanements: 6,135 up 11% Year over Year.
 - e. Rental Car Days: 4,003 up 12% Year over Year.
- B. Executive Director Bannon presented the Financial Report, the Statement of Net Position, and the Budget vs. Actual Variance Analysis. Executive Director Bannon also announced a signed deal with Ion Grove Café with Phil Rowell for new concessions at the airport. The new concessions are exploring the sale of alcohol in addition to previously announced food and drink. Executive Director Bannon noted that the coffee robot may not be available at the opening as it is currently being assembled in Las Vegas.

- C. Guest Speaker, Jack Penning, from Volaire Aviation made a presentation on the Outlook for the future of air service. Mr. Penning stated things have changed in the last 15 months and the outlook isn't good for regional airports overall. He reviewed CMI today; All larger planes operating at Willard are now offering 3 class quality service to Chicago and Dallas-Fort Worth, and Charlotte remains suspended due to the pilot shortage. Mr. Penning offered regional updates; Bloomington has lost Frontier service completely; 3 non-stop routes through Delta were permanently cancelled to Detroit and Minneapolis; service is down 40% overall at BMI. Springfield lost United, and American ended the Dallas-Fort Worth non-stop route. Springfield secured Breeze Airways with 2 routes to Tampa and Orlando Florida, which was supported with funds from an economic development corporation in their county. It was noted that Springfield airport is supported by a taxing authority. Mr. Penning mentioned that Bloomington, Springfield, Quad Cities, and Peoria Airports are also supported with local property taxes.

Mr. Penning reviewed a load factor comparison for the regional airports in Illinois. This summer CMI load factors dipped. There were several factors that led to the dip.

- The flights were less reliable than usual, requiring rebooking.
- University researchers are not traveling as much as they were before the pandemic.
- Average fares are higher, more than \$100 each way in comparison to other markets due to 80% of our passengers are booked within 7 days of traveling. Passengers are booking at higher fares and providing American Airlines with solid profit margins.
- Passengers flying at Willard is just 33% of the historic high.

Mr. Penning provided an Industry outlook that the pilot shortage will worsen, and the current shortage gap is 13,500 pilots which will worsen in 2026 to 24,000 before it starts getting better with continuing shortages of 17,000 predicted in 2032. The shortage is worsened by the lack of captains. The number of regional jet aircraft that have been parked since 2019 is 500 with 170 of those parked in the last 12 months and 200 more will be parked by 2026. The increase in pilot pay (almost doubled in the last 2 years) puts pressure on regional costs. Due to operating costs, bigger aircraft are going to be utilized in smaller markets, putting pressure on smaller regional aircraft to fill the aircraft. Mr. Penning noted the most important thing is to retain our existing air service. 131 airports lost at least 1 airline since 2020.

Some markets must guarantee current service through minimum service guarantees-example was shared regarding Alaskan Airlines in the state of Washington. Business travel has not returned after the pandemic. Employees have 5.6 times the remote workdays as before the pandemic. This factor has caused decreased weekday travel and resulted in highly increased weekend travel. Airlines are now favoring leisure markets.

The next crisis is a shortage of Air Traffic Controllers. Currently the US is short approximately 3000 air traffic controllers which is affecting the eastern part of the nation most prominently. It takes 7 years of training to be an air traffic controller. The controller shortage limits flight operations and creates a bias towards big cities which then causes cuts in regional markets.

Our future strategy must mirror the airline strategy which is to connect through the hubs. We have federal support for the Washington DC service through an Minimum Revenue Guarantee

(MRG): \$850,000 SCASD grant awarded in July 2023 and have \$1,118,000 in local pledges for a total of \$1,968,000 in revenue guarantee. An option for Washington DC service is that American Airlines has Reagan National as their hub but Reagan National is slot controlled and there are no slots available. Another option is Dulles International that is a United hub. It is farther away but has a train service to Washington, DC. Our market needs to restore Charlotte service and add low-cost leisure service. We have talked to Avelo, Breeze, and Frontier, all of which are asking for an MRG. The University of Illinois has pledged \$500,000 for leisure service, but that is likely not enough. The university needs to work with the community to come up with additional funds. Mr. Penning noted that it is illegal for the airport to put up money for an MRG. Each seat that operates for 1 year brings huge rewards: \$26,000 in new payroll, 122 new visitors, \$16,900 in tax revenue and \$82,000 in economic impact. Multiply that with a 76-seat plane and it shows how great the impact can be.

Mr. Penning opened the floor to questions, with the following discussion items reviewed.

- If 80% of Champaign travelers book their flight within 7 days of their journey, how does that compare to our region?
 - The average regionally is 40% of ticket purchases are done 6 months to 21 days in advance. We only sell 20% of ticket purchases at Willard in advance. No choice but to pay a higher fare when waiting until the last minute.
- What are the common pitfalls to an MRG being unsuccessful?
 - Successful ones have lots of contributors to show community support and marketing support. Least unsuccessful have 1 contributor with a large amount of money and no call to action to the community to use the service. Unsuccessful have no coherent incentive plan from the airport to market services and insure low airline costs. We believe Willard has a best-in-class incentive proposal that will allow us to market and fill the planes and reduce risk for the airline. Airlines are very good at setting revenue targets to make sure they make money and take some of the revenue guarantee. It is very rare that the MRG is not used. Expect \$300,000 to \$400,000 is used.
- Why are the C-U fares the most expensive in our region?
 - Airlines have fare buckets with restrictions. They set the bucket to get the most value out of every seat. Knowing that the closer you get to travel, the less flexible those plans are to travel. A lot of travelers do not plan ahead and get shunted to the highest fare class. We have the exact same fare structure as Peoria/Springfield/Bloomington. It's our passenger travel pattern that inflates the fare price and ensures our service is profitable, due to last-minute bookings.
- Would leisure service bring down the average fare rate?
 - Passengers at Willard are skewed heavily for business travel. It will if travel patterns change to use Willard for leisure travel.
- What if you plan and book ahead of time, and fares for your flight are lower after booking the flight?

- There is no change fee so cancel reservation and use credit to rebook at lower fare. There is no penalty to do that. Use remaining credit for another trip.
- What are the expectations with new service initiatives, and how do leisure airlines move quicker? What would the schedules look like if we secured service?
 - Network carriers have 6000 flights/day. The process can take years with a network carrier. It took Willard 5 years to get the Charlotte route and then the pandemic took it away. Leisure airlines and crews are based at one city, which makes them nimble. The moment they see a weakness in a route, they will consider cancelling. We have opportunities to meet with carriers multiple times a year, the need for MRG is critical to get an airline to consider our market. If we had had a MRG in place, we may have gotten Breeze instead of Springfield last year. Champaign-Urbana is the only down-state community that is growing.
- Slot waivers at DCA, what is the status?
 - Slot waivers may be going away soon as they are due to expire in March 2024, however they may be extended until October 2024.

5.0 OLD BUSINESS

No old business was identified.

6.0 NEW BUSINESS

- A. 2024 Airline Incentive Policy-Executive Director Bannon introduced the new policy and reviewed the guidelines of Fee Waivers, Start-up Cost Offsets, Marketing Support and Limited Minimum Revenue Guarantee. Airlines want to see an adoption point on incentive policies so Executive Director Bannon is bringing it to the Advisory Board to vote on its adoption. The policy is the best-in-class for an airport of our size. Discussion was held regarding the MRG fundraising through the Economic Development Corporation, community outreach to local employers, and individual supporters with a deadline of April 1, 2024. A full match of the University of Illinois contribution of \$500,000 is needed to put us at \$1 million, which would make our market competitive. Mr. Penning explained how the MRG works based on a first-come-first served basis. Chair McCrory-McKay asked for a motion to adopt the 2024 Airline Incentive Policy as presented. Board Member Walton made the motion and Board Member DeLuce made the second. The vote was unanimous, and motion was carried.
- B. Rates and Charges-Airport Badging Fees-Executive Director Bannon presented a proposal to increase the fees charged for airport badges. Willard Airport issues approximately 600 badges on a 2-year expiration cycle. Fees are established to offset the real expense of badging and credentialing which are not included in leases or contracts. The current fee for Security Identification Display Area (SIDA)/Sterile badge is \$50. The current fee for Airport Operations Area (AOA) badge is \$25. The last adjustment to badging fees was approximately

six years ago. Executive Director Bannon noted that we are losing money on every badge issued. Proposal is \$100 for SIDA/Sterile and \$50 for AOA effective April 1, 2024. Lost badge fees would remain the same at \$100 for the first lost badge, \$200 for the second lost badge and \$300 for the 3rd lost badge. We are unique in that our badges expire every 2 years for SIDA in January and AOA in May. It allows us to have the flexibility to change the badge design and have a clean transition. A prorated schedule will be implemented at the time of issue, determined by date until expiration. The proposed badge fees are approximately 35% below the average at similarly sized airports in Illinois. Discussion was held regarding whether to raise them higher to cover costs, the discussion did not result in any recommended changes. Board Member Walton made the motion to approve the proposal as presented with the option to keep discussions open into the future regarding the fees. Board Member Knight seconded the motion. Chair McCrory-McKay put the motion to vote. It was unanimously approved, motion carried.

- C. Introduction of Rules and Regulations document (See section D.)

- D. Introduction of Minimum Standards document-It was decided by Chair McCrory-McKay and Executive Director Bannon to combine agenda items and discuss both documents together. Executive Director Bannon started the discussion by explaining the need for both documents and although they may appear similar in scope, their mission is different. Rules and Regulations govern the users at a public use airport, essentially operating as a rulebook on what you can and can't do at the airport. Minimum Standards criteria established by an airport owner as the minimum requirements that must be met by businesses to engage in providing commercial aeronautical activity at an Airport. Executive Director Bannon stated he is requesting the Chair to create a sub-committee of 3 board members to assist the airport team in reviewing the documents, reviewing stakeholder suggestions, comments from the public review period, and performing any warranted edits. After the review, the sub-committee would bring the documents back to the Advisory Board mid-2024 for final review and recommendation that the University of Illinois adopt the documents. The plan is to roll out the documents to stakeholders, there will be one public comment period of 30 days, posted on the website with a comment portal where comments can be submitted. The sub-committee will take the comments into consideration and make any amendments which would then require a second 30-day comment period. There may be an open house held to discuss documents with stakeholders, tenants, members of the public and the airline on site to get the documents to a final position where we can recommend adoption by the Advisory Board and the University of Illinois. Board Member Walton volunteered to be chair of the subcommittee. Board members Knight and Gnadl also volunteered to be on the sub-committee. Chair Carly McCrory-McKay made the sub-committee official.

- E. Car Sharing Services-Executive Director Bannon reviewed that Willard Airport currently has car rental vendors on the property: Enterprise/National/Alamo and Avis/Budget. There is an emerging car sharing business and Turo is one of the main companies. Executive Director Bannon presented the question, should the University of Illinois engage with Turo and allow

them to operate under certain terms and conditions, and collect commissions equaling car rentals? Car rentals have minimum annual guarantees, and any excess is subject to a 10% flat commission. Executive Director Bannon made the proposal to put them in the main parking lot and charge a 10% commission. A discussion was held about Turo and the difference between them, car rental companies and car service companies like taxis, Uber, and Lyft. Chair McCrory-McKay asked for a motion to recommend that Executive Director Bannon pursue an agreement with Turo and negotiate. Board Member Walton motioned; Board member Walsh seconded. Motion was voted on-unanimous approval, motion carried.

7.0 BOARD MEMBER COMMENT

- A. Board Member DeLuca asked about the flights today being canceled due to the freezing rain. Discussion was held regarding the winter weather and how the airport is working to get the runways cleared of ice.
- B. There were no other comments.

8.0 ADJOURNMENT

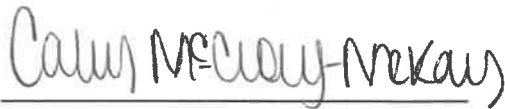
- A. Chair McCrory-McKay asked for a motion to adjourn the meeting. Board Member Walton made the motion to adjourn the meeting and Board Member DeLuca seconded the motion. Motion to adjourn the meeting was approved at 3:00 PM.



Secretary

March 29, 2024

Date



Chair

March 29, 2024

Date