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February 26, 2025

Ms. Allyson Oury, CPA
Chief Financial Officer
Okaloosa County Airports
Destin-Fort Walton Beach Airport
1701 Florida 85
Eglin AFB, Florida 32542

RE: Task 20 – Proposal to Prepare Airline Rates & Charges Services during Calendar Year 2025

Dear Ms. Oury,

Landrum and Brown (L&B) is pleased to submit this proposed scope of work and request for a task order authorization to provide the above referenced services under L&B's consulting services contract with the Okaloosa County Airports administration (County).

The proposed services include the following items:

1. Prepare the airline settlement for FY 2024 Signatory Airlines' Rates and Charges
2. Prepare a mid-year forecast for FY 2025 Signatory Airlines' Rates and Charges
3. Prepare the budgeted FY 2026 Signatory Airlines' Rates and Charges

A further description of each is described in the remaining sections of this letter.

Scope of Work

Item 1 – Settlement for FY 2024 Signatory Airlines' Rates and Charges

As soon as practical after the completion of the County's annual FY audit, the County is required to recalculate the Signatory Airlines' Revenue Sharing Credit pursuant to the Agreement Section 6.16. L&B will prepare the calculations and analysis needed per the requirements of the Agreement to recalculate the final Signatory Airlines' Revenue Sharing Credit for FY 2024. The steps assumed for this analysis are as follows:

Information to be received from the County:

1. Actual reported enplaned passengers, and aircraft landed weight by airline for FY 2024.
2. All applicable Terminal Building space (in square feet) as required per the Agreement for airline rate setting purposes. This would include airline rentable and rented space by airline, non-airline rentable space, and space assigned to the TSA for the pre-boarding screening of airline passengers and baggage. Any changes in space that occurred during the FY will also be identified by the County along with the date of change for proper proration.



3. Actual audited (or near final audited) Operating Expenses and Revenues for FY 2024 in the appropriate level of detail by category and cost center as required per the Agreement for airline rate setting purposes.
4. All applicable debt service schedules organized by series and allocations to cost centers as required per the Agreement for airline rate setting purposes.
5. Any federal funding (e.g., CARES) applied to the rates and charges during FY 2024.
6. The County's indirect cost charges allocable to the Airport System for FY 2024.
7. Amounts invoiced to each airline for FY 2024 by rates and charges component (e.g., landing fees, terminal building rentals, revenue sharing credits, etc.).

Analysis, calculations, and coordination:

1. Review, reconcile, and adjust the audited FY 2024 Operating Expenses and Revenues as required per the Agreement for airline rate setting purposes.
2. Update the airline rate setting model to calculate the revenue sharing credit for the year pursuant to Agreement Section 6.16, and prepare all necessary exhibits.
3. Participate in a conference call with the Signatory Airlines, if required, to present the analysis and address questions.

Schedule

Based on approval of this task order, L&B will proceed with the proposed services upon availability of the information above. The data collection from the County and analysis are expected to occur over the coming months. Completion of this effort will most likely occur in the second quarter of CY 2025.

Item 2 – Budgeted FY 2026 Signatory Airlines' Rates and Charges

For this item of the task order, L&B will perform similar calculations as in previous years to provide a calculation of the Signatory Airlines' Rates and Charges for budget purposes. These calculations will provide the basis for charging the Signatory Airlines throughout FY 2026 based on the latest data available from the County. L&B will use budgeted financial information, space, and activity data to calculate the results, with a similar process as outlined above for the FY 2024 Settlement.

Schedule

Based on approval of this task order, L&B will proceed with the proposed services upon availability of the information above. The data collection from the County and analysis are expected to occur during the summer months of 2025. Completion of this effort is expected to occur during the third quarter of CY 2025.

Item 3 – Estimated Settlement for FY 2025 Signatory Airlines' Rates and Charges

For this item of the task order, L&B will perform similar calculations as in previous years to provide a calculation of the estimated revenue sharing credit due to or from the Signatory Airlines. These calculations will provide an estimate for how much the Signatory Airlines' Rates and Charges will vary from the FY 2025 budget based on the latest data available from the County. L&B will use unaudited financial information, space, and activity data to derive the forecast results, with a similar process as outlined above for the FY 2024 Settlement.



Schedule

Based on approval of this task order, L&B will proceed with the proposed services upon availability of the information above. The data collection from the County and analysis are expected to occur during the fourth quarter of CY 2025. Completion of this effort is expected to occur before the end of CY 2025.

Personnel

Jeff Schulthess, Officer with L&B, will be the primary person responsible for managing the services associated with this task. Dirk Anderson, Managing Consultant with L&B, will assist Jeff with the financial modeling and analysis for this effort. Jeff may also seek additional assistance from other staff at L&B, if needed; however, any assistance is anticipated to be minimal.

Budget

L&B proposes to complete this assignment at an estimated budget of \$34,000 for labor and expenses. Expenses will be reimbursed at cost. Hourly billing rates are consistent with those contained in our contract. No in-person meetings for this assignment have been included in this budget. If the County determines that trips are required, we will coordinate with you to discuss any potential impacts to this budget at that time.

Please let me know if you have any questions regarding the tasks and approach presented above. We look forward to assisting the County with this important assignment.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey J. Schulthess". The signature is written in a cursive, flowing style.

Jeff Schulthess
Executive Vice President



Accepted by:

CLIENT:

Okaloosa County Board of
County Commissioners

By: _____

Printed Name: Tracy Stage, AAE

Title: Airports Director

Date: _____

CONSULTANT:

Landrum & Brown, Incorporated

By: Jeffrey J. Schulthess

Printed Name: Jeff Schulthess

Title: Executive Vice President

Date: February 26, 2025