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Addendum

Solicitation Name	Consulting Services for GASB Statement 87 Leases and GASB Statement 96 Subscription-Based Information Technology Arrangements and Implementation Q2209	Addendum Number	1	Date	02/14/22
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This addendum answers questions raised about this solicitation. Questions are generally verbatim as received. To aid in readability, the questions are in black, the answers are in **bolded blue, and the answers follow immediately below.**

Q1	What is the quantity of leased assets where you are the lessee?
	Subject to GASB 87, between 10-20, including Limited Partnerships managed by KCDC and KCDC directly owned entities.
Q2	Has KCDC gathered the population of contracts to evaluate under the standards? When will contracts be available to review?
	Contracts have been gathered and are available upon contract agreement award.
Q3	What is the quantity of leased assets that are a sublet or where you are the lessor?
	Subject to GASB 87, between 10-15, including Limited Partnerships managed by KCDC and KCDC directly owned entities.
Q4	What proportion of your lease portfolio is equipment vs. real estate leases?
	Approximately, equipment is 40% and real estate 60%.
Q5	Is the anticipated population under GASB 87 primarily ground leases? Or does KCDC have a large # of other leases?
	The population consists of ground leases, space leases, subleases, payment in lieu of taxes (PILOT) leases and agreements that include right to use assets.
Q6	What's the approximate population (in terms of # of agreements) to review under both standards?
	Between 55-75 subject to consultant's review for applicability and not all may be subject to additional evaluation beyond GASB applicability determination.
Q7	Are there leases where KCDC is the lessee? How many and are there fixed future payments to measure?
	See Question 1 which includes agreements with fixed payment streams for measure.
Q8	Are there fixed term leases where KCDC is the lessor? How many and are there fixed future collections to measure?
	See Question 3 which includes agreements with fixed payment streams for measure.
Q9	How is the accounting currently handled for lease arrangements that do not involve an "exchange or exchange-like transaction"?
	As earned or incurred.



Q10	Are there any leases that had been previously recorded as capital leases?
	No.
Q11	Have contractual arrangements where assets may have been provided (embedded leases) been previously identified? Has a search for embedded leases been previously performed?
	Yes.
Q12	Does KCDC participate in any lease to buy arrangements?
	No arrangements currently.
Q13	How many potential SBITA (GASB 96) contracts do you have?
	Approximately 37 SBITA contracts with majority (~90%) of contracts on an annual renewal basis.
Q14	Have subscription-based information technology arrangements (SBITAs) been identified? Are these stand-alone arrangements or embedded into arrangements for other goods or services? Are you looking for a framework to identify and quantify SBITA arrangements?
	SBITAs have been identified. Some are stand alone and some are embedded. KCDC is seeking a framework to identify those SBITAs subject to GASB 96 and to quantify SBITA arrangements subject to the guidance.
Q15	What is the current process, if any, for tracking lessee and lessor lease obligations?
	<p>Most such information is tracked in Excel worksheets. Tracking of “major” agreements, typically includes these steps:</p> <ul style="list-style-type: none"> • Issuing a Contract Number when a lease is entered into and setting up a contract file that’s maintained on KCDC’s server. • Using the Tasks feature in Outlook to track term dates, COI expirations, and anything else that may be needed by each individual lease. • Notification to whomever is responsible for the unit/property being leased when the end of the lease term is approaching so they can extend, negotiate new lease agreement, et cetera. • Staff also has a worksheet that lists lease agreements and the terms. A current working copy is now posted to KCDC’s website. • The Finance Department tracks payments/revenues received against leases.
Q16	What software does KCDC currently use? Is this owned or leased. <ul style="list-style-type: none"> a. Accounting b. Property Management c. Grant Management d. Communication and Operation
	Currently KCDC uses Emphasys Elite for accounting, property management and grant management. KCDC is moving to the Yardi software platform. Communication is through Microsoft Outlook and operation items are primarily through Microsoft Word and Excel. All are subscription based.
Q17	What is your general ledger software?
	See Question 16.
Q18	Is KCDC currently using a software to house lease information? If so, which one?
	See Question 15.

Q19	Has KCDC selected a leasing software package?
	At this time, KCDC has not identified if the software, Yardi, that is being implemented will be sufficient for tracking leases; if the software lacks the ability to track and evaluate leases, there may be a need for lease software which will require some assistance in selection of a leasing software package.
Q20	Is KCDC looking for assistance in selecting lease software as part of the engagement?
	See Question 19.
Q21	Are you looking for a software solution to go with the professional services? If no, what are you planning to use to help you calculate for disclosure information?
	See Question 19.
Q22	Is the leasing and GASB 96 information in a digital format or are they hard copies
	Agreements are in digital format.
Q23	Will all contracts and related documentation be made available electronically?
	See Question 22.
Q24	How many chart of accounts do you have?
	There are approximately 1,300 general ledger accounts.
Q25	What is KCDC's expected timing regarding the implementation of both standards? Have any specific milestones been pre-determined?
	GASB 87 financial statement presentation is required for year ending 6/30/2022. GASB 96 will be adopted early to meet the 6/30/2022 timetable.
Q26	To Confirm - does KCDC intend to early implement GASB 96 while implementing GASB 87 for fiscal year 2022, or wait until the following fiscal year?
	See Question 25.
Q27	How far is KCDC with the analysis/implementation of GASB 87/96?
	Agreements/leases/contracts, et cetera have been reviewed and population narrowed to those possibly considered subject to implementation. No further evaluation has been performed.
Q28	Does KCDC own the rental properties (20) mentioned in the RFP. If not, how many of the 3700 units are leased from a 3 rd party.
	Rental properties are either owned outright, partially owned or subject to ground leases. Individual housing units within the rental properties are renewed annually. Further discussion with the awarded consultant will assist in identifying that said units are not subject to GASB 87 regulatory standards since unit leases are subject to annual evaluation and renewal.
Q29	How often are new rental properties added to the housing pool?
	That is subjective so unable to quantify the question.
Q30	Is this housing provided furnished? If so, are there leases on furniture?
	KCDC only furnishes major appliances, and they are purchased not leased.
Q31	Outside of 3700 rentals mentioned, does KCDC lease other property (Office Space, Equipment, vehicles etc)?
	See Question 4.
Q32	Do you have any specific special requirements like reporting by fund or regulated leases at your airport?

	KCDC is the public housing and redevelopment authority for the City of Knoxville and County of Knox in Tennessee. KCDC manages properties for which KCDC is a minority interest partner which does require special financial statement reporting.
Q33	If we respond to this RFP, it would be with the inclusion of our lease accounting software solution. Knowing this, approximately how many end users does KCDC expect to need?
	That is inconclusive currently.
Q34	Does the scope of work include only KCDC specific contracts? Are KCDC's component units excluded or included from this RFP?
	KCDC component and discrete units are included in the scope of work.