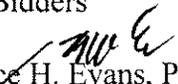


ADDENDUM NO. 2

DATE: November 29, 2017
TO: All Bidders
FROM:  Boyce H. Evans, Purchasing Agent
SUBJECT: Addendum No. 2 – Financial Budgeting Solution
BIDS TO BE OPENED: December 12, 2017, at 11:00 a.m. (Eastern)

This addendum is being published to respond to questions that the City has received from potential bidders. The City’s responses hereby become a part of the Contract Documents and modify the original specifications as noted below.

Questions Received:

1. Has the City viewed budget solutions before the release of the RFP document? (Within the last 2 years) If so, which solutions?

Response: The City has not viewed any budget system solution within the past two years. We have talked with various other cities to find out what they are using in order to compile a list of potential vendors that might be interested in proposing.

2. Has a budget been set aside for this project? If so, how much?

Response: The practice of the City is not to release the anticipated funding for a project/purchase once a procurement is active as is the case here.

3. What is your annual budget? (including Operating and Capital, all funds)

Response: The City of Knoxville’s approved budget for FY 18 is \$479,056,970. This only applies to approved operating funds and Capital Projects. Grant funds are not budgeted during the annual operating budget cycle. Rather, they are approved as part of the grant contracts as they are presented throughout the year and are accounted for separately. A copy of our FY2018 budget may be found at the following link:

http://www.knoxvilletn.gov/UserFiles/Servers/Server_109478/File/Finance/Budget/2017/finalbudget.pdf

4. Can the RFP be provided in an editable format, such as MS Word? If no, can we reproduce (manually type/create) duplicate document?

Response: No. The City only publishes the RFP in a pdf type format to prevent potential errors in submissions of proposals.

5. Can the City provide an overview of the general organizational structure – as it relates to budgeting? For example, below is a common organization structure:

- 10 Divisions
 - 50 Departments
 - 200 Cost Centers (budgeting done at this level, then rolled up)

Response: Please see our budget document at:

http://www.knoxvilletn.gov/UserFiles/Servers/Server_109478/File/Finance/Budget/2017/finalbudget.pdf

6. Please provide an example of the GL account hierarchies. For example: FFF-DDDD-OOOOOO where F = Fund, D = Department, O = Object.

Response:

Fund Organ Acct Location Company Tdb Description

Fund – 6 numeric – Generally Major Funds have only 3 numeric and minor funds populate all 6.

Organ – 6 numeric – Currently only 5 are in use but we wish to retain the ability to use all 6 with a suppressed leading zero to maintain the interface with Oracle.

Acct – 4 numeric – Organized as follows:

0000 – 3999 General ledger accounts

4000 – 4999 Not in use at this time

5000 – 5999 Revenue Accounts – Accounts organized by type of revenue

6000 – 6999 Expenditure Accounts – Personal Service Costs

7000 – 7999 Expenditure Accounts – Supplies

8000 – 8999 Expenditure Accounts – Services and Other Charges

9000 – 9999 Expenditure Accounts – Other Financing Uses

Location – 4 Alpha Numeric – Used in conjunction with revenue and expenditure accounts to segregate certain expenditures within an account for finance and department’s accountability.

Company – Used by Oracle for problem resolution – not used in the budget process

TBD – Not currently in use – available for future use should it be necessary.

7. Can a copy of the Chart of Accounts be provided?

Response: Yes. See attached schedule of funds currently in use, the FY 18 total budgets as amended and accounts and location codes available for use. Note that not all accounts or location codes are currently in use but they are in the Oracle database (our accounting system) and must be maintained there.

8. Are Departmental Allocations needed? For example, some Departments (Cost Centers) allocate all of their expenses to other Departments or Cost Centers in the budgeting process. These are often referred to as Internal Service Providers or ISPs. A common example of an ISP can be the Information Technology (IT) department. ISP budgets are developed in detail just like any other department, and then their expenses are allocated out to other budget elements – other departments.

Response: The city currently uses Internal Service Funds to allocate expenditures to various funds / departments. We currently handle these allocations manually with the use of downloads from various stand-alone systems and allocate the internal service funds recommended budgets utilizing MS Excel. We have been using Oracle’s ADI (Application Development Interface) to upload proposed budgets for various activities (personal service costs, internal service fund expenditures) into the Oracle Budget System. Due to the volume of uploads, the retention of an interface from Excel to the proposed budget system is a must.

9. Does the City want to share budget/financial and other information with the public via an easy to use web portal which is fully integrated with the budgeting tool?

Response: The City currently posts pdf budget documents online using various tools to convert files from Excel, Word and Visio into a comprehensive budget document. A seamless interface with the ability to create a pdf type file is strongly desired.

10. Can the City provide the number of licenses (users) required by module, as below:

- A. How many **Capital** budgeting user licenses are required?
- B. How many **Operating** budgeting user licenses are required?
- C. How many **Salary/Position** budgeting user licenses are required?
- D. How many **Performance (KPI's)** Measures user licenses are required?

Response: Pursuant to section 5.9 of the RFP, the City, at present, plans to have the following type of licenses for the successful proposer's software:

- Read-Only – 25
- Data Edit/Entry – 35
- Approvers – 5 (Final Approver are 3)

11. What is the total number of positions (staff) at the City expressed as FTE's?

Response: 1,566

12. What number of these positions are unionized, if any?

Response: The City of Knoxville does not have a unionized group of employees. The City does have employee representatives from each of the major groups (see question 13) but they do not have union bargaining rights. KAT (Knoxville Area Transit) employees are unionized but their payroll is handled by a third party. The budget for KAT employees is, as with others, is prepared utilizing spreadsheets. Our employees are members of Civil Service.

13. For the majority of positions, are staffing costs calculated based on Steps and Grades (a matrix or grid)? If no, please explain how position costs are calculated.

Response: The City currently has three distinct payroll groups, Police, Fire and General Government (non-uniformed). KAT (Knoxville Area Transit) is a totally separate group. Excluding KAT, all other payroll groups have a pay grade system but do not have steps within the pay grades. There are some common as well as unique benefits for all groups. As employees are hired, promoted or otherwise incorporated within a department, annual increases are generally 2.5% to adjust for increases in inflation. When an employee reaches the limit 'cap' of their pay grade, they receive a 2.5% 'one time pay adjustment'. Any proposed personnel budgeting solution should be able to process the pay plan currently in effect plus have the ability to handle other personnel pay plans which could be based upon 'steps' within a pay plan. The city utilizes Peoplesoft for its payroll. Due to the limitations of our current system the budget for payroll is prepared using spreadsheets with the calculations then uploaded into the current system.

14. During the implementation process, how many years of historical data does the City wish to convert from the existing solution into the new solution?

Response: We have been using 3 prior years, the current year and a requested, current year revenue/ expenditures to date, recommended and approved fields in the budget system. An extensive history of budgeted amounts and actual expenditures is available in spreadsheet form and it would desirable to upload as much as possible.

15. Does the City want training to be performed onsite or remotely?

Response: For the initial conversion, the City strongly desires on-site training. This could be followed by online video training and a set of videos and/or system manuals available online as highly desirable.

16. Please specify the number of people to be trained initially for budgeting.

Response: During implementation, a combination of information system personnel and finance department personnel will need training in their specific areas in order to operate and maintain the

system. On the information systems side of the house, a total of 4 people will need training and on the finance/budget side of the house, a total of 4 people will need training. We anticipate training for the user departments should not exceed 20 personnel.

17. Is the City's preference to have the software installed on-premise (your server), in a hosted environment or SaaS?

Response: The City's main concern is access to the data. The City needs to be able to create custom reports without having to request and wait for a full database export from the vendor or request the vendor create custom reports for us. We also need the ability to export data to Excel and the GL Interface table and the ability to upload data from Excel. Any hosted environment will have to have acceptable response time, system availability time, backups, a disaster recovery plan and data security. Also, the City's budget process runs from January thru June and requires many extended work day hours and weekends. The City would need some assurance that the vendor would work with us on when they apply maintenance and upgrades.

18. If off-site hosted or SaaS service, does the City have requirements regarding where the hosting site resides?

Response: As a minimum, the City requires that nightly backups of hosted data be an alternate physical location.

19. Should our standard contract/service level agreement be included in the response?

Response: No. The City's Law Department will develop the contract and send it to the most responsive/responsible proposer for review and comments. However, if you find language in the RFP that your organization takes exceptions to then those exceptions need to be stated in the proposal that is submitted.

20. The City asked for a complete customer list of the last five years. Can we ask the purpose in order to organize it accordingly?

Response: The primary purpose is to ensure that the proposing entity(s) have provided Financial Budgeting Solutions to municipalities and/or organizations of like size and complexity to the City of Knoxville. Moreover, the City may decide to contact some of these entities to find out how well they feel the Financial Budgeting Solutions are working.

21. Does the City have a list of preferred Disadvantaged Enterprise Businesses (DBE's) and (if so) is there a list of them that potential proposers can view?

Response: The City does not have a list of any type of "preferred" vendors in any category. However, the City does maintain a list of potential DBE vendors and that list of DBE vendors can be viewed by at <http://www.knoxvilletn.gov/cms/One.aspx?portalId=109562&pageId=11078433> and then clicking on the Diversity Business Directory tab.