

ADDENDA

**CONTRACT NUMBER 12-11-2
PORT OF STOCKTON
SECURE SYSTEMS SOFTWARE ("S3") PROJECT**

ADDENDUM NO. 2

January 26, 2012

This Addendum No. 2 ("**Addendum**") is dated the date set forth above and modifies certain Bidding Documents issued by the Port of Stockton ("**Port**") in connection with the Port's Secure Systems Software ("S3") Project, Contract No. 12-11-2. All capitalized terms not otherwise defined herein shall have the meanings provided in the Bidding Documents. There is one previous amendment (Addendum No. 1) to the Bidding Documents other than those which are expressly contained in this Addendum.

1.0 GENERAL

1. The Functional Requirements Matrix (FRM) Form was generated based on "AS-IS" processes, rules, and procedures and may not reflect industry best practices or regulatory compliance standards. The Service Provider should consider a "best-fit" approach by leveraging the application software functionality and not attempt to implement custom development to fully satisfy the functional requirement - Make certain to update Exceptions/Comments for this scenario.
2. The Functional Requirements reflect general expectations of the Port based on their understanding of industry best practice or regulatory compliance standards. The Service Provider may have more experience or a more efficient methodology to achieve the "same end result" - Make certain to update Exceptions/Comments for this scenario.
3. IT SHOULD BE NOTED, that the Port does not expect Respondents to meet all requirements as defined in the FRM Form – the Respondent's goal is to propose a "BEST PRACTISE" solution according to Industry Standards that provides a relative "BEST FIT" to the requirements as stated.

2.0 QUESTIONS

1. How many system users are anticipated for Budgets and Forecasts Budgets and Forecasts?

Port Response

2 core users to generate Organization Budget and Forecast

- Controller
- VP Finance

8 departmental users to generate Departmental Budgets and Forecasts that feeds into the Organization Budget and Forecast.

- Accounting/Finance
- Property
- Operations
- Administrative Services
- Environmental
- Capital Projects
- Port Police

In addition, approximately 12 users that share Budget and Forecast information.

2. The RFP references that the Port will be providing MS SQL Server and it is mentioned in the FRM that the application is requested to support Crystal Reports. What is the Port's preferred reporting method?

Port Response

The preferred reporting method is to utilize best practices per standardized "canned" reports, in conjunction with a reporting tool for building custom user reports. This solution should support Excel and may support Crystal Reports for producing custom reports.

3. FRM Form A.8.1- 8.1.12: Is this requirement referencing the need for an internal Auditing solution within the application? If so can you please elaborate on the business need for the functionality requested?

Port Response

The term "Auditing" may refer to both:

1. System logs of all changes (what, when, who) made by users and system background tasks/processes
2. Audit by 3rd party Auditors and the Accounting Department.

Specifically to Section A.8.1-8.1.12, this refers to 3rd party Auditor and the Accounting Department. The requirement is for a workflow process to manage the 3rd party Audit process from start to end. This entails maintaining the Audit Year, Audit Details, Audit Tasks to be completed, assignment of Audit Tasks to users, assignment of Schedules to complete Audit Tasks, Pending Status of Audit Tasks, Date Task is complete. In summary, the Business need is to be able to manage the 3rd party Audit of the Organization and the associated workflow that is generated.

4. FRM Form B.2.1: Can you please elaborate on "Verify accuracy of data input into timesheets"? Is it required that only certain information be available to a specific employee to input and/or limits set for amount of time that can be entered?

Port Response

The Payroll process at the Port currently includes the Payroll Clerk verifying the data entered on the paper timesheet. This data includes, Employee Worked Hours, Employee Leave Hours, Overtime Hours and categorization of Hours by Paycodes. Basically, the Payroll Clerk reviews each physical timesheet for each employee by department to ensure the recorded hours and paycodes make sense before this data is entered into the Payroll System.

The Port has two types of employees:

1. Regular Employees - tend to get paid the same amount each month and may/ may not get OT pay
2. Shift Employees - work variable shifts and OT hours.

Currently, the Department head records the regular hours, over-time hours, and pay classifications for each employee. Going forward, it seems to make more sense to have Regular Employees timesheets be managed on an exception basis (i.e. enter only OT Hours) and for Shift Employees not to set limits for amount of time that can be entered. In summary, it will depend upon the department whether employees are limited to inputting hours and the set amount of time that can be entered.

5. FRM Form B.2.11: Can you please elaborate on the business process currently in place/required for this section?

Port Response

Timesheet data is entered by 2 separate Payroll clerks. Each clerk inputs the same timesheet data separately. After the data is entered, the Clerk runs a Payroll proof report. This report lists discrepancies in the data entered. Discrepancies are identified by on the proof report by the "Page No". The "Page No" is coded by each employee timesheet by department. The Payroll clerk uses the "Page No" recorded on the Proof Report to find the appropriate paper time sheet for review and correction.

6. FRM Form B.2.14: Can you please elaborate on this requirement? What is the proof report required to flag discrepancies against?

Port Response

Refer to response of Section E (above).

The proof report is utilized to:

1. Provide physical cross-check against the original timesheet to identify discrepancies
2. Provide systematic comparison to identify discrepancies between the two timesheet files created by the separate clerks.

Discrepancies include: hours, paycodes, etc. The Payroll clerk(s) require a process to minimize incorrect payroll data entry and a simplified approach with respect to verification against original timesheet.

7. Will the Port sign separate license agreements with each Project team member?

Port Response

If the Project Team's proposal includes the integration of more than one specific enterprise software package, then the Port would sign a separate license agreement for each enterprise software package(s) according to the standard "terms and conditions" required by the vendor.

8. Will the Port require a copy of the vendor's license agreement attached to the RFP response?

Port Response

The license agreement(s) for the enterprise software package(s) were not specifically requested as part of the respondent's proposal. However, at the respondent's discretion, these document(s) can be included as part of the Proposal, Section 4, Discretionary Supplemental Materials as defined in Section 5.1.15 and Appendix C of the RFP document.

9. Where the response is provided by a Project Team, will the Port require both members of the consortium to sign the MPSA?

Port Response

The Master Professional Services Agreement (MPSA) must be signed according to the submission of the Respondent's Proposal.

If the respondent is a Project Team, then a duly authorized representative from each team member (firm or service provider) must sign Appendix E Acceptance of Form of Master Professional Service Agreement included in the RFP documents. If the respondent is selected, then this expectation will extend to the signing of the MPSA.

10. FRM Form F.1.2.1: Is the referenced functional requirement (external vessel schedule) for the general public to view?

Port Response

The Port produces 2 types of vessel schedule:

1. External Vessel Schedule
2. Internal Vessel Schedule.

The External Vessel Schedule is shared with the public. The Internal Vessel Schedule is only available to the Port Staff. The Internal Vessel Schedule contains the majority of the same information as the External Schedule both with the addition of few fields of Port sensitive information.

11. FRM Form F.4.4: Please provide detailed information and requirements for this item. What type of reports is the port looking for?

Port Response

AIS is initially intended to help ships avoid collisions, as well as assisting port authorities to better control sea traffic. A **vessel traffic service (VTS)** is a marine traffic monitoring system established by harbour or port authorities to keep track of vessel movements and provide navigational safety in a limited geographical area.

Specific requirements for reporting marine traffic (including pilotage) will be discussed with vendor prior to implementation. The flavor of the reports should provide information that helps assist port authorities to better control sea traffic as defined in the above definitions for AIS and VTS.

12. FRM Form F.5.2: Please confirm AIS system is already in installed and being utilized at the Port. Please provide the vendor, product name, and the version.

Port Response

The Port is currently utilizing data feed from the United States Coast Guard (USCG)/Nationwide Automatic Identification System (NAIS). This dynamic data feed is currently being ported/integrated into an Economic and Social Research Group (ESRI)/Geographic Information Systems (GIS). The Port's Service Provider for this work has developed a working model for this type of integration.

13. FRM Form F.5.2: Please confirm the interfaces with other systems that the project needs to include in the delivery. Our company has identified Lloyds, marine exchange, and SF Bar Pilot. Please confirm?

Port Response

Primarily the Port would like to consider integration with Lloyd's Registry, Bay Area Marine Exchange, and San Francisco Pilot's Association as part of the S3 project.

However, the Port would like the S3 project to provision for a solution that has the capability to integrate with Agency/Shipping Lines, US Coast Guard, and US Customs. This integration, expected to be implemented in the future, would be according to standard formats, processes, and procedures utilized by other Ports in the California/San Francisco Bay area.

14. FRM Form D.11: In property management, the required utility billing for water, sewage, gas usage, power, telecom etc may be collected from a 3rd party billing sources. Please confirm which 3rd party application solution is being utilized currently to manage this process?

Port Response

There is no 3rd party application which is used to bill water, sewage, gas, power, telecom and fuel sales. Billing is manually prepared by the Property and/or Accounting Department. Usage and Services data is inputted into custom Billing modules which are part of the existing Accounting System that is being replaced. Usage data for Electric and Fuel sales will need to be integrated with 3rd party applications – SCHLUMBERGER and GasBoy. Schlumberger imports electric meter readings and GasBoy imports fuel sales.

Going forward, the enterprise software solution selected for the Billing Management functional stream will be leveraged for Property Management water, sewage, storm water, natural gas, electric, telecom and fuel sales billing.

15. FRM Form F.6.1: Please confirm exact EDI format the port uses currently if any. The EDI types listed in the functional overview includes European and non US formats?

Port Response

The Port does not currently utilize EDI.

However, the Port would like the S3 project to provision for a solution that has the capability to integrate with EDI. This integration, expected to be implemented in the future, would be according to standard formats, processes, and procedures utilized by other Ports in the California/San Francisco Bay area.

16. FRM Form F.6.4: Please provide detailed information regarding types of configuration process rules required?

Port Response

The Port currently manually inputs the Cargo Manifest into Excel spreadsheets. There are no defined rules for importing a manifest.

However, the Port would like the S3 project to provision for a solution that has the capability to integrate with EDI Cargo Manifests. This integration, expected to be implemented in the future, would be according to standard formats, processes, and procedures utilized by other Ports in the California/San Francisco Bay area.

Detailed configuration process rules for processing Cargo Manifests are to be discussed in the future prior to implementation of EDI Cargo Manifest process.

17. FRM Form F.6.9: Please provide more detailed information and explanation for this process?

Port Response

Calculate estimated with actual (Import, Export and Transshipment) is part of the Cargo Manifest and Inventory Management process. At this point, implementation of Cargo Manifests and Inventory Management is not part of the S3 project.

However, the Port would like the S3 project to provision for a solution that has the capability to manage inventory based on estimated versus actual (Import, Export and Transshipment).

Details for managing Inventory are to be discussed in the future prior to implementation of Inventory Management.

18. FRM Form F.6.11: Please provide detailed information regarding this requirement?

Port Response

Automatic tracking of cargo storage and demurrage is part of Inventory Management which is not part of the S3 project.

However, the Port would like the S3 project to provision for a solution that has the capability of tracking cargo storage and demurrage charges.

Details for managing cargo storage and demurrage are to be discussed in the future prior to implementation of Inventory Management.

19. FRM Form (Reports in General): Our company envisions that different user groups may need to access the reports from separate applications (either form enterprise software package #1 and or enterprise software package #2) based on job roles. Please confirm if this is correct?

Port Response

This may be correct, depending on how the functional streams are split between the integrated enterprise software package(s).

For example, the accounting user group will need to access reports from both the Billing Management Functional Stream and Core Accounting/Financial Functional Stream.

20. Are you on a calendar or fiscal year?

Port Response

Fiscal Year (July to June)

21. Section 2.2/I.3.A.4: Define Fixed Asset data for conversion?

Port Response

Data conversion required for Assets and Depreciation Accounts. Accounts Categories include:

1. Furniture, Fixture and Equipment
2. Buildings and Facilities
3. Contributed Assets
4. Land/Leasehold Improvements
5. Contributed Capital and Government Grants
6. Operations
7. Terminal
8. Warehouse
9. Data Processing
10. Property Management Operations
11. Maintenance
12. Executive
13. Information Systems
14. Administration

Note: The above represents the major account categories which themselves contain numerous individual Asset and Depreciation accounts.

22. Section 2.2/I.3.A.5: Define Fund, Grant & Encumbrance data for conversion?

Port Response

Only ACTIVE data will be converted – this will be determined by the Port and Selected Respondent as part of the Needs Assessment.

23. Section 2.2/I.3.A.7: Please define data required for Vendor Masters as related to criteria 1,2 & 3, as example, voucher detail, invoice detail, payment details?

Port Response

The Vendor Master is typically represented by a set of master data record(s) that define the basic information for the Vendor; e.g. Address, Contacts, etc.

The Vendor Master records to be converted will be driven by the summary, header and detail records converted as part 1, 2, & 3 - for example, if these records reference Vendor Master information (such as an ID number or name) then the Vendor Master should be included for conversion accordingly.

24. Section 2.2/I.3.A.7: Is vendor data as defined above required for 48-60 months as specified in 1 and 2 or current and previous financial year, as specified in 3. Please explain.

Port Response

As per Section 23, the Vendor Master data that should be converted needs to match requirements of the G/L Summary and G/L Detail or Transaction Header Data for the previous 48-60 month period.

25. FRM Form A/1.2.1: Chart of Accounts Maintenance - Does POS foresee needing a GL account number longer than 32 characters.

Port Response

The Requirement states: Scalable Chart of Accounts with up to 10 segments and up to 10 digits per segment. 10 segments X 10 digits per segment = 100 characters. If there are any restrictions of the proposed system, then please note these in the "Exceptions/Comments" section of the FRM Form.

IT SHOULD BE NOTED, that the Port does not expect Respondents to meet all requirements as defined in the FRM Form – the Respondent's goal is to propose a "BEST PRACTISE" solution according to Industry Standards that provides a relative "BEST FIT" to the requirements as stated.

26. FRM Form A/8.1: Auditing - Please describe why this is needed, and how this is currently managed.

Port Response

Refer to Section 3 of this Addendum.

Specifically, Audit in this requirement refers to workflow produced to manage and coordinate an audit of POS Accounting and Finance. It is assumed that an Enterprise Accounting/Finance system should contain a module for managing this important piece of the Accounting/Finance process. Currently, 3rd party Audit is managed in Excel without the "bells and whistles" of a proper Workflow Management system

27. FRM Form A/9.1: Fund, Grant & Encumbrance Management

- a. How many funds are actively managed?
- b. How often are financial transactions done in the funds?
- c. Which modules (GL or AP) will these transactions be generated in?
- d. How many contributors (donors) does each fund have?
- e. Is donor tracking needed?

Port Response

- a. There is only 1 fund to manage Grants. There is approximately 10 active Grants that are tied to 20 projects.
 - b. Transactions are done on a monthly basis for Accounts Payable. Contributions to the funds are done on a random basis.
 - c. Transactions are created in GL and AP
 - d. There are approximately 10 donors for the fund.
 - e. Yes donor tracking is required along with contribution amount and details
28. FRM Form A/10.1: Government Compliance & Taxation - We would like to confirm that the expectation is that the system would provide the numbers needed to fill out the listed government forms, not that the system would produce the forms themselves

Port Response

Preference is for the system to automatically produce standard government forms for compliance and taxation thereby resulting in some efficiency gains.

However, POS accept that this may be "out of scope" of many (if not all) potential solutions, thus at a minimum the system should provide the numbers needed to fill out the forms.

POS will follow "BEST PRACTISES" Best Practices procedures for government compliance and taxation.

29. FRM Form B/1.11: Please provide the union rules that need to be managed in payroll.

Port Response

Union employees belong to Warehouse, Maintenance and Police Departments. Warehouse and Maintenance employees are part of the Operation Group. Police and Administration (non-union employees) are part of the Admin Group. Pay, Taxes and Deductions for each group are specified in Sections B3, B4 and B5.

The main difference is that the Operations Group (Maintenance and Warehouse) are paid weekly, whereas while the Admin Group (Police and Admin) are paid bi-weekly.

30. FRM Form B/3.64: Please confirm ST refers to Standard Time.

Port Response

ST refers to Straight or Regular Time - unlike OT which refers to Over Time.

31. FRM Form B/4: Please indicate if looking for tax payment services or whether the tax payments will be handled internally.

Port Response

Taxes will be handled internally.

32. FRM Form B/5.7: Please define violation of deduction rules or conditions so we can determine where this data would reside in our system in order to generate an alert.

Port Response

The specific rules and conditions are specified in Section B6 Employee Plan Rules for deductions.

For example: Employee inputs Vacation hours into Timesheet. Currently, the Payroll Clerk will manually check how many Vacation hours the Employee has accrued in order to determine if Employee is eligible to

claim vacation hours and how many. In essence, the System should do this check as it should be tracking available Vacation hours for each employee. If there is a discrepancy between the hours the employee is claiming and what the system says the employee is eligible for, then the system should indicate or flag the problem and alert the appropriate party. In summary, the System should be automatically doing the checks and balances the Payroll Clerk would perform before processing the Timesheet into the Payroll system.

33. FRM Form B/6.4: Please define specific Cobra plan tracking requirements.

Port Response

The Cobra plan is for employees that have left the company. As a benefit to the former employees, the company will submit the premium payment on behalf of the former employee. The former employee will send the POS a check for the premium at a later date. The System only needs to track the Employer portion of the premium payment which is default to 100%, the dollar amount of the premium to be paid for each employee, and the start/end date for processing the premium payment.

34. FRM Form B/9.1-9.6: Please define Tasks, Process Rules, Activities, Tracking Events & Notification requirements for workflow.

Port Response

The Accounting/Payroll/Finance practices at the Port are limited by the current system and therefore may often work around what is considered "BEST PRACTISES". The Respondent will bring their experience and understanding of "BEST PRACTISES" and support the Port in the development of Workflow processes that are in line with Industry Standards. The critical requirement is that the Respondent is proposing a solution that has the capability to setup Workflow (Tasks, Process Rules, Activities, Tracking Events and Notifications). The specifics will be determined between the Selected Respondent and the POS Accounting Team during the specific requirements gathering and implementation phases.

35. FRM Form B/10 & C/12: Please define Areas, Events & Data that require audit tracking.

Port Response

Refer to Section 3 of this Addendum.

The Respondent's solution should have the capability to log and track all events, to provide an audit trail - the System tracks (who, what, when) logged in and out, added, deleted or changed data.

The critical requirement is that the Respondent is proposing a solution that provision for Industry Standards and will be capable of implementing "BEST PRACTISES" that supports security, segregation of duties, sensitive information, and internal audits, as well as external 3rd party audits.

36. FRM Form C/3.1: Please specify employee plans i.e. is it specific to benefits only or more than just benefits.

Port Response

Employee plans include more than just benefits. Employee plans include:

1. Health Benefit Plan (Non-Union Staff)
2. Health and Welfare Plan (Union Staff)
3. Life Insurance Plan
4. Pension Plan
5. Pension Loan Re-payment Plan
6. Deferred Compensation Plan

- 7. Trust Fund Contribution Plan
- 8. Additional Life Insurance & AD&D Plan
- 9. Fitness Plan
- 10. Union Dues - Port will submit Union Dues on behalf of Union employees

37. FRM Form C/3.4: Please define employee leave and the rules associated with employee leave including any earnings and deductions during said leave.

Port Response

Refer to FRM Form - Section B3.9 for a list of leaves and rules under the Payroll Functional stream.

38. FRM Form C/4.1: Please provide additional details regarding leave data requirements.

Port Response

Refer to FRM Form - Section B3.9 for a list of leaves and rules under the Payroll Functional stream.

The Port has been restricted by its current information systems to implement "BEST PRACTISES" in managing many aspects of Human Resources and Payroll. The Respondent will bring their experience and understanding of "BEST PRACTISES" and support the Port in the implementation according to Industry Standards.

39. FRM Form C/5.2 & 6.2: Please define employee sick and vacation reporting requirements.

Port Response

The Respondent's solution should already have standard or "canned" reports for reporting employee sick and vacation leave. In general, these reports should list for each employee and department, the data leave was taken, the category for the leave (sick or vacation), how many day accrued, and balance of days remaining.

40. FRM Form C/8: Please specify if training that involves more than one day are sequential days.

Port Response

Training may be for 1 day. If it is for more than 1 day, then it might be sequential for a specified number of days or it may be non-sequential over a period of days.

41. FRM Form C/8: Please specify 3rd party applications & format requirements for export functionality.

Port Response

The Port is not aware of any other 3rd party applications to support Training and Performance data. If the Respondent believes there are other 3rd party applications that POS Training/Performance data may need to support then please provide information accordingly.

42. FRM Form C/11.5: Please define workflow requirements associated with payroll and other areas of operation including vessels, operations and property.

Port Response

The practices at the Port are limited by the current systems (or lack thereof) and therefore may often work around what is considered "BEST PRACTISES". The Respondent will bring their experience and understanding of "BEST PRACTISES" and support the Port in the development of Workflow processes that are in line with Industry Standards. The critical requirement is that the Respondent is proposing a

solution that has the capability to setup Workflow (Tasks, Process Rules, Activities, Tracking Events and Notifications). The specifics will be determined between the Selected Respondent and the POS Accounting Team during the specific requirements gathering and implementation phases.

ACKNOWLEDGMENT OF RECEIPT OF ADDENDUM NO. 2 FOR THE PORT OF STOCKTON'S SECURE SYSTEMS SOFTWARE ("S3") PROJECT – CONTRACT NO. 12-11-2.

Please sign and return. FAX a copy of this page to Juan Villanueva, Projects & Contract Administration / DBELO Manager, Port of Stockton, at (209) 465-7244 to acknowledge receipt of Addendum No. 2 for this Project consisting of 12 pages.

Signature and Print Name

Date

Company