

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96813

August 12, 2010

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

**Approval for Permission to Purchase Goods and Services,
Statement of Work with Hawaii Information Consortium, LLC**

DOBOR requests your approval of the Statement of Work with Hawaii Information Consortium, LLC (HIC). HIC provides internet portal services for the State of Hawaii. HIC will design and install a replacement accounts receivable application. The estimated cost of the replacement is \$559,200.00.

Background

DOBOR's current accounts receivable application services over 2,000 customers and generates customer bills and tracks customer payments. It was designed and implemented in 1996 and is functionally and technologically obsolete. Staff must spend considerable time developing meaningful user reports, correcting system errors, and working around software malfunctions. It is giving indications that it may crash fatally and may not be able to be restored.

Justification

The new application will address the shortfalls of the current system, provide an easier to use user interfaces, provide more accurate customer information and provide customers with online account payment. It will provide additional functionality and address service gaps and other issues that DOBOR has identified. The new application will also have the ability to export information from the State Land Information Management System (SLIMS) and process mooring documents and receipts electronically. Finally, it will provide adequate documentation on the use of the application to update and manage accounts, fee structure, and associated data. This will allow for more efficient and productive use of DOBOR staff time.

HIC has also worked closely with DOBOR employees to develop and implement an on-line vessel registration system for DOBOR. For these reasons, it is a logical step for HIC to create the replacement accounts receivable system.

Process

The project will be done in four phases. These phases are defined as follows:

- Phase 0= Preparation of final design specification to include concept of operation and design review
- Phase 1= Application construction, implementation, and testing

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

AUG 12 2010

Item J-2

Phase 2= Pilot Implementation and testing, debugging, user feedback, final modification
Phase 3= Application launch and maintenance

In phase 0, HIC will work with DOBOR staff to prepare the final System Requirements Specifications (SRS) for the application. This will include technical requirements, backend integration to SLIMS, and user interface design requirements. HIC will analyze the functionality of the current DOBOR accounts receivable application, interview DOBOR fiscal personnel and harbor agents to research requirements, and determine implementation options for developing a replacement application.

Phase 1 will encompass the construction of the new application, implementation, and testing. At the conclusion of Phase 1, the application will be ready for pilot implementation and end-user testing.

In Phase 2, HIC will support DOBOR and selected end-users in testing the new application.

Finally, in Phase 3, the completed and approved application will be launched, monitored, and maintained.

Subsequent to the delivery of the application, HIC will provide support for the proper installation and ongoing general operation of the current release of the application as well as constantly hosting and monitoring the application.

RECOMMENDATION:

That the Board approve the Statement of Work with the Hawaii Information Consortium, LLC. It is also recommended that the Board authorize the Chairperson to sign any necessary documents relating to the Statement of Work.

Respectfully submitted,



EDWARD R. UNDERWOOD
Administrator

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN, Chairperson

HAWAII INFORMATION CONSORTIUM, LLC

AMENDMENT

STATEMENT OF WORK

DEPARTMENT OF LAND AND NATURAL
RESOURCES DIVISION OF BOATING AND
OCEAN RECREATION

BOATING ACCOUNTS RECEIVABLE SYSTEM
(BARS)

HAWAII INFORMATION CONSORTIUM

PURPOSE STATEMENT

This is an amendment to the Statement of Work (SOW) entitled Boating Accounts Receivable Systems (BARS) dated 10/27/2009 and signed by Kevin Yim for the Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR) and Russell Castagnaro for the Hawaii Information Consortium, LLC (HIC).

The amendment is dated 12/15/2009 and signed by Kevin Yim for the Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR) and Russell Castagnaro for the Hawaii Information Consortium, LLC (HIC) covered the Phase 0 Analysis for this project.

The primary purpose of this amendment is to cover the cost and fee structure for the actual development, test, production launch, and maintenance, phase 1-3.

SCOPE STATEMENT

The scope of this project includes replacement of the current DOBOR accounts receivable system with additional functionality to address gaps and issues documented by DOBOR and discovered during the initial analysis performed and documented by HIC.

It is recommended that this project be conducted in phases: Phase 0, Phase 1, Phase 2, and Phase 3 as defined below:

Phase 0 = Covered under separate addendum

Phase 1 = BARS Construction, Implementation, and Testing

Phase 2 = Pilot Implementation and Testing; Debugging, User Feedback, Final Modifications

Phase 3 = System Launch and Maintenance

Phase 1, will encompass the final BARS system design, construction, implementation, and unit testing. At the conclusion of Phase 1, the BARS will be ready for pilot implementation and end-user testing. We will employ the Mantis project tracking and bug reporting system in Phase 1 and subsequent phases.

In Phase 2, HIC will support DLNR and selected end-users in testing the pilot implementation of BARS needed.

In Phase 3 the completed and approved BARS will be launched, monitored, and maintained.

Functionality to be included in this implementation are defined in the appendix of this document.

PROJECT DEVELOPMENT COST

The estimated Project Budget is based on the Consulting and Development Services Hourly Rates proposed in HIC's proposal to the State of Hawaii and which were incorporated into the HIC portal manager contract. They are as follows:

	Total
Analysis	\$ 15,000.00
Design	\$ 37,000.00
Project Management	\$ 36,000.00
Technical Development	\$ 278,000.00
Test	\$ 100,000.00
Sub-Total	\$ 466,000.00
Maintenance Costs (Annual)	\$ 93,200.00
TOTAL Estimated Cost	\$ 559,200.00

The estimated project is proposed as a time & materials charge project where price is based on estimated man hours from initial analysis completed in Phase 0. Phase 0 charges are not included in this estimate. A charge of 20% annual maintenance is added to this estimate.

Disbursement Schedule:

The total amount of compensation payable to HIC for services provided under this Statement of Work (including out-of-pocket expenses reimbursed) shall not exceed \$559,200.00 unless amended in writing with the consent of both parties.

At the completion of each phase, in the event that HIC determines that compensation may exceed the amounts set forth above, HIC shall immediately notify DLNR/DOBOR in writing and obtain prior written approval from DLNR/DOBOR, (including written amendment as provided in this SOW) to perform and provide services and/or incur out-of-pocket expenses in excess of the amounts set forth above. Absent such prior written approval from DLNR/DOBOR, HIC shall not be entitled to nor shall HIC receive any monies from DLNR/DOBOR in excess of the amounts set forth above.

Due to the scope of this project, Funds for development of the BARS SRS will be distributed in three payments and shall be disbursed to HIC according to the following schedule.

Event	Description	Amount Due
Due upon development initiation	Project commencement	\$ 100,000.00
At Launch of Pilot Testing	Initial pilot group beta testing on the production environment	\$ 200,000.00
30 Days after initial launch	30 Days after deployment to production environment	\$ 259,200.00
	TOTAL	\$ 559,200.00

All fees and payment policies may be altered by mutual agreement between DLNR/DOBOR and HIC.

PROCESSING FEES

For each online transaction completed a fee will apply. HIC will add a portal administration fee to the total amount of the purchase. Choosing the appropriate payment method for a particular service is completely up to DLNR/DOBOR. Portal Administration Fees are presented below.

- 1) **Credit cards** – A 2.6% charged for each transaction.
 - a. Accepted cards include American Express, Discover, Master Card and Visa.
- 2) **Electronic checks** – A \$1.00 flat rate for each transaction.
 - a. Only domestic banks are acceptable for electronic checks due to significant rules governing International ACH payments.
- 3) **Subscriber Payments** – A 2.6% charged for each transaction.

HIC may attempt to collect any rejected payments directly from the customer for online payments, however in the event that HIC is not able to collect the fees, any costs incurred by HIC associated with cancelled or insufficient payments will be invoiced to DLNR/DOBOR and notice of the returned payment delivered electronically.

- Returned ACH fees are \$5.00 and returned credit card/subscriber fees are typically an additional 2.6% of the purchase price.

DLNR/DOBOR and HIC may jointly determine alternate fee schedules for applications as they are identified.

DLNR/DOBOR may determine whether credit cards, eChecks, subscriber or any combination of payment types will be utilized for each application.

Funds will be electronically transferred to the DLNR/DOBOR bank account as often as a daily basis with a delay of three business days. DLNR/DOBOR may request to alter the funds transfer schedule without modification of this agreement.

STAKEHOLDERS

Department of Land and Natural Resources

1151 Punchbowl Street, Room 130,
Honolulu, HI 96813

Department of Land and Natural Resources, Division of Boating and Ocean Recreation

333 Queen Street, Room 300,
Honolulu, HI 96813

Hawaii Information Consortium, LLC.

201 Merchant Street.
Suite 1805
Honolulu, HI 96813

CHAIN OF COMMAND

DLNR

Laura H. Thielen, Land and Natural Resources Chairperson
Lila Loos, DLNR Information Technology Coordinator

DOBOR

Ed Underwood, DOBOR Administrator
Kevin Yim, Boating Staff Officer
Ki Kwong Wun, Information Technology Specialist

Hawaii Information Consortium

Russell Castagnaro, General Manager
Jing Xu, Director of Operations
Zheng Fang, Director of Development

SIGN OFF

I, the undersigned, have the authority to make binding decisions on behalf of my respective agency/department regarding projects in collaboration with HIC.

I also have the authority to allocate agency/department resources towards the above-described project.

I have read the above document and understand all implications thereof. Any future changes to this Statement of Work will be made through a formal request to the HIC General Manager.

By signing, I acknowledge that the project described herein has received any required legal reviews and is in compliance with current State of Hawaii statutes and administrative rules.

Date:



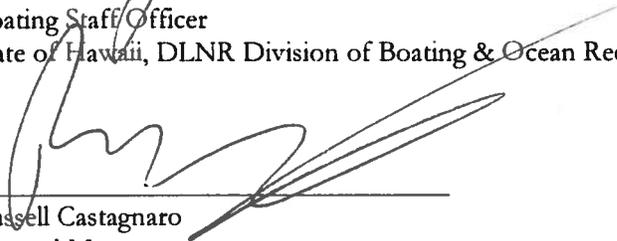
Laura Thielen
Chairperson
State of Hawaii, Department of Land & Natural Resources



Ed Underwood
DOBOR Administrator
State of Hawaii, DLNR Division of Boating & Ocean Recreation



Kevin Yim
Boating Staff Officer
State of Hawaii, DLNR Division of Boating & Ocean Recreation



Russell Castagnaro
General Manager
Hawaii Information Consortium, LLC.

APPENDIX

System Capabilities Comparison

Capability	Existing System	Initial Proposed System	New System Proposal	Benefits
Client data capture	X	X	X	Expand account usage
Account data capture	X	X	X	Improve data availability
System generated account number	X	X	X	
Fee lookup	X	X	X	Support new capabilities
Account Adjustments	X	X	X	Support new capabilities
Record Payments on Accounts	X	X	X	Improve integration, reduce rework
Account History Report	X	?	?	Replace with online account history view with print
Security Deposit Transaction History by Account Report	X	?	?	Replace with online account security deposit history & status view
Security Deposit Balance for Account	X	?	?	Same as above
Cash Receipts Report	X	X	X	Improve readability
End of Month Harbor Closings Report	X	X	X	
Active and Pending Renewal Accounts Report	X	X	X	Improve readability
Application active and pending renewal report	X	X	X	Reduce manual overhead; improve rules enforcement
Preliminary Charge Edit Report	X	?	?	No longer required for harbor notification change request; may have online view and print
Accounts Receivable Aging Report	X	X	X	Improve readability
Cash Deposit Revenues Report	X	X	X	Improve readability
Commercial Gross Receipts Report	X	X	X	
End of Day Harbor Close Report		X	X	reduce manual overhead
Refund Processing Report		X	X	Online view & print; Reduce paperwork
Harbor close reconciliation report		X	X	Improved accountability
Harbor deposit report		X	X	Reduce manual overhead
Change History Report		X	X	Improved accountability
Dunning Notices	X	X	X	Improve readability
Harbor/District Account Update Review & Approval		X	X	Improved accountability; reduce manual overhead
Application data capture		X	X	Improve data availability and quality
System generated application numbers		X	X	Support new capability
Application review & approval		X	X	Improve accountability; reduce manual overhead

Temporary Permittee History record		X	X	Improve rules enforcement
Rules engine for fee management		X	X	Improve rules enforcement; improve data quality
Vessel lookup in Vessel Registration system		X	X	Reduce manual overhead
Automatic account generation/update on application approval		X	X	Reduce rework
Automatic Permit generation on application approval		X	X	Reduce rework
System generated permit numbers		X	X	Support new capabilities
Point of Sale Payment Process		X	X	Reduce rework, improve data quality
Auto-calculate fees & security deposit		X	X	Improve data quality, improve rules enforcement
Overdue notice		X	X	improve rules enforcement
Demand for payment notice		X	X	Improve rules enforcement
Track temporary absentees		X	X	Improved rules enforcement
Track temporary stay aboard, vacation use		X	X	Improved rules enforcement
Transference of commercial use permit		X	X	Improved rules enforcement
Customer online payment processing on accounts		X	X	Improved customer satisfaction
Customer online submission of statement of gross receipts		X	X	Improve customer satisfaction, reduce rework
Auto-calculate gross receipts amount due		X	X	improve data quality, improve enforcement of rules, reduce rework
Customer online account lookup		X	X	Improve customer satisfaction; reduce manual overhead
Data transfer to SLIMS/FAMIS		X	X	Reduce manual overhead
Online forms	X	X	X	Increase availability of Harbor forms online; reduce rework
Customer opt in email reminder notifications		X	X	For standard mooring and commercial accounts.
Single point of online payment for all Boating Accounts Receivables			X	
Management statistical reports			X	
Harbor Waitlist management			X	
Harbor Event & inspections scheduling calendar			X	
Cruise ship management			X	
Waitlist, scheduling notifications			X	
Complaints Tracking			X	
Berth & Dry storage management			X	
Auto-pay for customers			X	

Supported/Improved Services

Service	Improvements
System availability	Expand from 15-20 day/mo availability to 7 x 24 x 365
Reduce/eliminate system connectivity issues	Change to Web based service available through a standard web browser
Security	<ul style="list-style-type: none"> • Maintain high level security and role based entitlement to administrative functions • Allow customer secure login account access
Interoperability	Add interoperability between boating systems (vessel reg) and department/state account systems (SLIMS/FAMIS)

FUTURE Enhancement Opportunities

Capability	Benefit
Harbor web portal	<ul style="list-style-type: none"> • Improve customer communication • improve commercial client visibility with logo/link service • harbor specific news and posting notifications