

# Memorandum

To : Honorable Jerome E. Horton, Chairman  
Honorable Michelle Steel, Vice Chair  
Honorable Betty T. Yee, First District  
Honorable John Chiang, 300 Capitol Mall, 18<sup>th</sup> Floor

Date: March 16, 2011

From : Diane Olson, Chief  
Board Proceedings Division

Subject : Item P3.1, *CROS Project Update*  
March 22, 2011

Mr. Runner requests his letter to Ms. Kristine Cazadd, Interim Executive Director, be distributed to Board of Equalization Members and staff, as it is related to Item P3.1 *CROS Project Update*.

The item is scheduled to be before the Board for your consideration on Tuesday, March 22, 2011.

This information is being distributed in accordance with the Bagley-Keene Open Meeting Act (Government Code Section 11120 et seq.), for discussion at the Board meeting.

## Attachment

cc: Honorable George Runner

Ms. Regina Evans, MIC:72

Mr. Louis Barnett

550 Deep Valley Drive, Suite 355, Rolling Hills Estates, CA 90274

Mr. Alan LoFaso, MIC:71

Mr. Sean Wallentine, MIC:78

Ms. Marcy Jo Mandel,

777 South Figueroa Street, Suite 4800, Los Angeles, CA 90017

Ms. Kristine Cazadd, MIC:73

Mr. Randy Ferris, MIC:83

Mr. Jeff McGuire, MIC:43

Mr. David Gau, MIC:63

Ms. Anna Brannen, MIC:26

Ms. Anita Gore, MIC:86



SEN. GEORGE RUNNER (RET.)

MEMBER  
STATE BOARD OF EQUALIZATION  
CALIFORNIA'S TAX BOARD

March 15, 2011

Ms. Kristine Cazadd  
Interim Executive Director  
Board of Equalization  
400 N Street  
Sacramento, CA 95814

Dear Ms. Cazadd:

There is no question the Board of Equalization needs an updated database that is consistent with 21<sup>st</sup> Century technology. Our current platform is outdated and inefficient. Additionally, it provides little, if any, user interface for the thousands of private sector businesses and local governments who daily interact with the Board.

The CROS Project is critical and I support it, but it must be done right. Too often the news headlines showcase the latest state information technology failure that costs the taxpayers millions (if not billions).

To be clear, I do not support the current draft letter that is being considered for delivery to legislative leaders. Here are a few of my reasons:

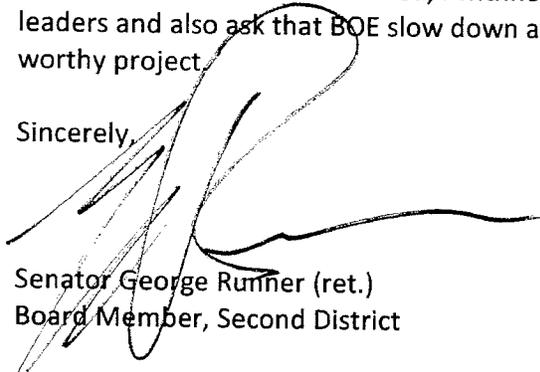
1. The letter claims that the CROS Project will increase revenue by \$75 million in fiscal year 2012-13. Staff has not sufficiently justified this number, particularly given that the contract is not awarded until halfway through the 2012-2013 fiscal year.
2. It is unclear in the background materials how or when the vendor is paid or that the payment is accounted for at all.
3. Comprehensive input from the business community, as well as local governments, should be gathered and synthesized into the FSR before its completion. While 110 CROS demonstrations have been done for BOE staff, and valuable input from them has been provided, not a single meeting with California's business community has been held. At this time we do not know how CROS can help industry and local government. The FSR, which will influence the RFP, must include this vital input from industry and local government.
4. With project costs exceeding a quarter of a billion dollars and over \$41 million allocated for BOE staff alone, I believe it is critical to have a full-time, dedicated executive lead directing this project with a clearly defined support team. While we are asking for total delegation from DGS to fulfill this project, we have not adequately developed a full-time

staff structure to support the completion of this project. Until a full-time lead is identified and tasked with CROS, and a team is clearly developed, I believe we are premature in moving forward with a letter to the legislature.

5. The ongoing increase revenue that has been scored at \$200 million per year is questionable, at best, and cannot be sufficiently justified by staff.

Until these concerns are satisfied, I withhold my support for sending a letter to legislative leaders and also ask that BOE slow down and get things in order before proceeding with this worthy project.

Sincerely,

A handwritten signature in black ink, appearing to be "George Runner", written over the word "Sincerely,".

Senator George Runner (ret.)  
Board Member, Second District

cc: Mr. David Gau