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Ms. Melinda A. Cabral, Foreperson
2004/05 Sonoma County Grand Jury
P.O. Box 5109
Santa Rosa, CA 95402

We are in receipt of your report entitled "Protecting the County's Assets". Prior to presenting our responses, we would like to inform the Grand Jury that the property tax system is a fully integrated system that encompasses all the property related departments, including the Assessor, the Auditor and the Tax Collector. As a multi-departmental system, our department relies a great deal on the expertise and guidance from the Information Systems Department (ISD). It is their sole responsibility to keep the County's Data Systems functional and protected. The ISD department is developing a plan for the continued delivery of technology services during a disaster and our data system will be a part of their plan.

We acknowledge the concerns of the Grand Jury, but we are also aware that many members of our staff fill vital roles during a major disaster and bringing the tax collection and investment systems back on-line would not be the primary concern immediately following a disaster. Other essential services, such as law enforcement, human services, communications and emergency services would naturally have first priority.

With those comments in mind, we respectfully submit our responses to your report.

F8. Most of the computer applications used by the Tax Collection Department are developed by and purchased from a third party provider and are server-based. Sonoma County uses the same applications as Napa County and other counties within a reasonable distance. There is a valid assumption that in the event of a total system loss, the Tax Collection systems could be processed elsewhere, likely at the Napa County facility. The arrangement is reciprocal. It is not clear whether the Tax Collection Department would literally use the copy of the application that resides in Napa. It may be safer to make a copy of the application code in use in Sonoma County, and take it to Napa County when needed.

Response:

The tax collection application was developed by and purchased from a third party vendor and is used by other California counties. California counties do assist each other in the event of a disaster. To what extent Napa County and/or another county would be in a position to help may depend on their situation status. It is very likely that the Tax Collector's staff would travel to Rocklin, CA, the home office of the vendor, to bring the tax collection system back on-line. The vendor maintains a full version of the Sonoma County application on their server in Rocklin, and that facility with its training classes would provide the necessary space to process the volume of work. The County is continuing discussions with the vendor to determine the safest method for restoring the application.

During a declared disaster, personnel in both the Information Systems and the Tax Collection departments report to the Incident Commander in the Emergency Operations Center, and carry out assigned duties. It is not likely that a needs assessment conducted during a major disaster would focus on restoring the tax collection activities. However, as personnel are not needed to restore the highest priority services and become available, the Information Systems department and staff will work to restore day-to-day business applications, such as the tax collection system.

F10. Tax Revenue is 40% of the county's total revenue, collected at two calendar points, mid-December and mid-April. These two collection points account for 85% of the tax revenue with December being the larger of the two. If a disaster were to take out the system at a point, say December 11, substantial revenue and investment opportunities are at risk. Other than the obvious step of moving to Napa, there is not much detailed thought given to the full business resumption (getting back to normal) after a disaster. As an example, after the Loma Prieta earthquake, it took Alameda County some four months before everything in their system usage was back to normal.

Response:

For Fiscal Year 2004/05, Property Tax Revenue accounted for 16.8% of the County's total revenue. The majority of this revenue is collected during the December installment period. Contrary to the findings in this report, a great deal of effort and thought has been spent on getting the property system back to normal. Backup application of the actual system is housed at a remote ISD site and the vendor also maintains a full backup application at their home office in Rocklin, CA. The actual data processed into the system is backed up every night and a complete system data backup is completed at the end of each month. Therefore, our staff, with the assistance of ISD, could recreate the application and update the stored data on any personal computer (PC) that has access to the Internet to our vendor in Rocklin, CA.

In 1989, Alameda County was on a mainframe computer system with dumb terminals and thus was unable to access their data. Currently, almost all of Sonoma County's computer systems are accessible via the Internet, thus eliminating the prolonged delay that was experienced in Alameda County.

R4. Participate more actively, on an annual basis, in the disaster recovery testing of the Tax Collection applications. This should include use of backup data in a real environment, not simply a test to show that the data is being backed up.

Response:

We thank you for your recommendation and after discussion with the property group, it was decided that the Tax Collector, Auditor and the Assessor will participate on an active basis with ISD to develop and implement a “live” test of the application in a recovery mode utilizing real data and a remote site. This action will be accomplished by December 31, 2005.

R5. Participate, bi-annually, in an actual test, to determine that Sonoma County can successfully process its Tax Collection applications at Napa County’s computer installation.

Response:

In reviewing your recommendation, the property tax departments have determined that Napa County would not be the preferred site due to possible conflict in scheduling and equipment. If the event were to occur on December 10, Napa’s Tax Collector would need all equipment and space to process their bills and payment. Therefore, we have chosen the vendor’s site Rocklin, CA and will be conducting a “live” recovery at that site in the very near future. This task will be accomplished by November 1, 2005.

R6. Evaluate the opportunity investment cost of, as an example, a five-day delay in investing the peak tax income in mid-December, and determine what commensurate investment in redundant equipment would preclude the lost opportunity

Response:

We have calculated the investment cost of a five-day delay in investing peak tax revenue in mid December; a loss based upon an average of the past three years of deposits is approximately a \$36,000 revenue loss. However, as the Investment and Banking System are Internet based, we could continue investing operations. We further believe that requesting the U.S. Postal Service to re-routing the incoming mail to a secured site would enable us to continue the daily processing of tax receipts and continue the daily deposits of those checks directly to our banking partners. This action would greatly reduce the revenue loss.

Our office will run a live test of this investment and banking procedure, and should we find that additional equipment is necessary, we will review the acquisition of that equipment.

We thank the Grand Jury for their interest in the protection of our work processes and welcome any further input to insure that the taxpayers of Sonoma County sheltered from lose of revenue during a disaster.

Sincerely,

Tom Ford
Treasurer/Tax Collector