

State of Alaska FY2004 Governor's Operating Budget

Department of Natural Resources Management and Administration Budget Request Unit Budget Summary

Management and Administration Budget Request Unit

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BRU Mission

See specific information at component level.

BRU Services Provided

See specific information at component level.

BRU Goals and Strategies

See specific information at component level.

Key BRU Issues for FY2003 – 2004

See specific information at component level.

Major BRU Accomplishments in 2002

See specific information at component level.

Key Performance Measures for FY2004

Measure:

Commissioner's Office - Percentage of the assigned performance measures met by the department.

Sec 108(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The department will meet 97% of their assigned performance measures reporting requirements.

Although there is no official target provided by the legislature, which relates to the funding provided, the department attempts to meet all of its performance measures. Some of the measures are not readily available so we estimate them until a more formal study or report can be completed.

The Commissioner's Office has been collecting data for the past few years on the divisions' performance measures and adjustments are made as needed.

Benchmark Comparisons:

The department hopes to measure up well against other departments and figure once a benchmark is established we will meet or exceed it.

Background and Strategies:

The department started the Performance Measures process several years ago and has statistical data to report on performance. There are detailed reports available to the Commissioner to see the patterns based on funding level compared to production level.

The overall outcomes are what we are most concerned with and are standing by to work with user groups, the

Legislature, and the Administration to further refine our performance measures.

Measure:

Recorder's Office - percentage of maintained daily entry and weekly verification of the on-line grantor/grantee and location indexing process for all documents accepted in the recorder's offices.

Sec 108(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Current status: This performance measure reflects the fact that it is unrealistic to achieve full input and verification functions in all offices on the same day that documents are recorded, as required by AS 40.17.070, due to high fluctuations in volumes and the number of remote office locations. The following percentages are based on compliance with this measure throughout FY02:

During FY02 **the objective of daily input was performed** as follows against a target of 100%:

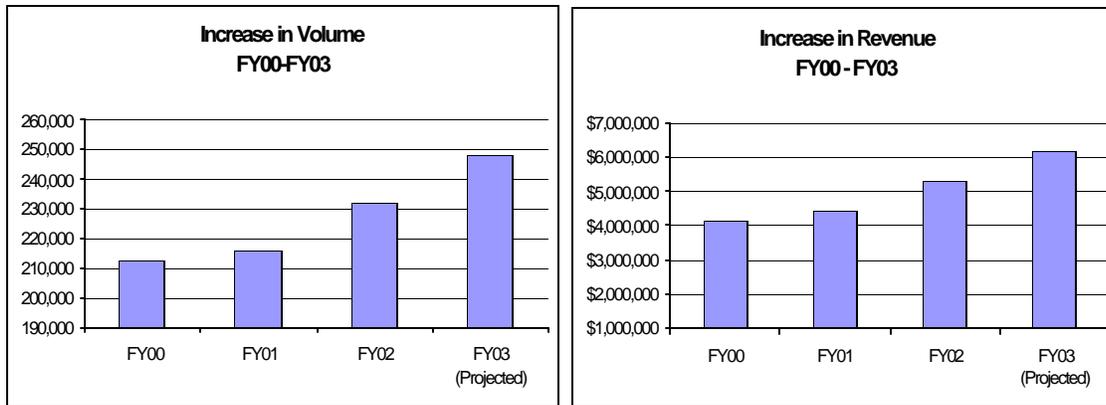
UCC Central 98%; Fairbanks 96%; Ketchikan 97%; Bethel 98%; Juneau 85%; Anchorage 35%; Palmer 84%; Kenai 95%; Homer 94%;and Kodiak 99%.

Meeting the target were: Sitka 100% and Nome 100%.

During FY02 **the objective of weekly verification completion** was performed as follows against a target of 100%:

Bethel 99%; Juneau 94%; Ketchikan 91%; Sitka 96%; Anchorage 64%; and Palmer 80%.

Meeting the target were: UCC Central 100%; Fairbanks 100%; Nome 100%; Kenai 100%; Homer 100%; and Kodiak 100%.



Benchmark Comparisons:

Many recording facilities in other jurisdictions are able to meet this daily indexing goal as a result of implementing imaging technology. Alaska initiated an imaging system in FY02 but also experienced a significant increase in recording/filing volumes. While actual document volumes increased approximately 8% over FY01, the document size grew by more than 45% over the prior year.

The State's largest recording office in Anchorage had the most difficulty during the fiscal year as recording volumes hovered at near record levels. Staff turnover also impacted the component's ability to meet this measure. Other factors affecting offices' ability to meet this measure included high customer traffic, equipment down time, and late

mail deliveries.

Background and Strategies:

In order to provide the greatest service to the public, indexing of the public record information needs to be fully complete at the end of each business day. Many recording facilities in other jurisdictions are able to meet this daily indexing goal as a result of implementing imaging technology. Our new indexing system implemented in 1999 allows indexing information to be made available to the public upon input (our prior system did not contain this feature). The Anchorage office has had the most difficulty meeting the daily input standard due to near record high recording volumes.

Factors preventing 100 percent compliance in all locations included near record recording volumes, staff shortages, late day recordings, lengthy legal descriptions, communication line problems, heavy customer traffic, and late mail deliveries. While the component has no control over the volume of incoming work, it will continue to strive for improvements in this area.

Measure:

Information Resource Management - Percentage of time the computer systems are able to support the annual volume of land and recorded transactions.

Sec 108(b)(3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

System availability was at an all time high. The system was available during normal business hours 99.75 % of the time. Unscheduled outages for transaction processing resulted in less than a quarter of a percent of downtime due to internal DNR network issues. Outages resulting from issues related to the Dept. of Administration Wide Area Network were more common but outside DNR control. Overall system downtime was minimized. Scheduled downtimes for maintenance typically occur on Saturdays with little or no impact to staff.

Benchmark Comparisons:

The benchmark represents a three-year average for transactions for both LAS and the Recorders Office.

Revenue and Billing transactions are ~ 220,000

Land Administration System transactions - 100,000, of which 18,000 require status plat updates.

Transactions can be for:

Land Titles, classifications, Surveys, Land sales, leases, home sites, easements, Rights-of-Way, Municipal Entitlements, Mining Claims & leases, Oil & Gas Leases, Timber Sales, Water Rights, RS2477, receipts for a variety of programs, etc.

Background and Strategies:

Automation in high transaction environments is highly cost effective. Information Resource Management (IRM's) strategy is to reduce update cycle time by sharing information between historically isolated systems and to continue to reduce operating costs. Significant operational gains were made by linking recording, LAS, and platting systems for mining applications.

Measure:

Commissioner's Office - Revenue generated by the development and sale of natural resources.

Sec 108(b)(4) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

In FY02 \$816 million was received in total revenues.

Benchmark Comparisons:

There is no specific benchmark as we try to maximize the revenues to the state given the price of the commodity.

Background and Strategies:

The department's mission is to develop, conserve, and enhance natural resources for present and future Alaskans. This means that we try to meet the demand of the resource development in a responsible way and optimize our return in today's market but also by keeping an eye out for the future.

Measure:

Commissioner's Office - Average time taken to respond to complaints and questions that have been elevated to the commissioner's office.

Sec 108(b)(5) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The department tracks formal correspondence through a Correspondence Tracking System (CTS). We do not track phone calls coming to the commissioner's office.

In FY02 it took an average of 14 days for the department to respond to items track in the CTS.

Benchmark Comparisons:

There is no benchmark for this measure.

Background and Strategies:

The department tries to respond to our customers as quickly as possible.

Measure:

Commissioner's Office - Average time taken to respond to appeals and reconsiderations that have been elevated from the divisions to the commissioner's office.

Sec 108(b)(6) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The average response time is 28 days.

Benchmark Comparisons:

There is no benchmark for this measure.

Background and Strategies:

The department has regulations which set the criteria for us to respond to appeals and reconsiderations, which have been elevated to the commissioner's office.

Measure:

Administrative Services - Average time taken to pay vendors.

Sec 109(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

In FY02 the average vendor payment time was 23.3 days.

Benchmark Comparisons:

The standard for average vendor payment time is 30 days, before late charges and penalties are assessed.

Background and Strategies:

The strategy is for the department to pay the vendor community within 30 days, this helps both the State and the vendor community with their cash flow. Our goal is to not incur any penalty or late payment interest charges.

Measure:

Administrative Services - Number of late penalties for payroll or vendor payments.

Sec 109(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

We currently do not have any penalties for late payroll payments.

The goal is to have NO penalties for late payroll payments.

Benchmark Comparisons:

There is no benchmark for this measure.

Background and Strategies:

The most important issue for employees is to receive their paychecks on time and in the correct amount. We strive very hard to make sure all paychecks are mailed timely and that they are calculated correctly as this is good for morale and productivity.

Measure:

Administrative Services - Number of audit exceptions.

Sec 109(b)(3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The last audit the Department received was a "clean" Legislative Audit Report for the department's financial performance for the general fund activity for FY00. (report #10-10000-00)

Benchmark Comparisons:

The ideal is NO audit exceptions!

Background and Strategies:

An independent measure of the Administrative Services functions' success is a "clean" audit by Legislative Audit. Our strategy is to have all accounting, payroll, and procurement actions comply with state rules and regulations and generally acceptable accounting and business practices.

Measure:

Administrative Services - Cost of administrative services as compared to the total personnel costs for the department.

Sec 109(b)(4) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The total Administrative Services Component cost for DNR in FY02 was \$2.2 million, as compared to the total personnel cost for the department of \$53.4 million. Using these numbers the administrative services percentage is 4.12%.

The FY01 administrative services percentage was 4.34%.

Benchmark Comparisons:

There is no benchmark as all the Administrative Service Components and Departments have different functions and requirements.

Background and Strategies:

In DNR the Administrative Service Component includes the Anchorage Revenue Accounting and Billing Unit. This Unit is responsible for collecting and accounting for the department's \$1.1 billion in revenues from all its varied operations. We deal with a broad variety of revenues, from collecting the Oil & Gas Royalties, to billing for all the land contracts and leases, to mining claim rentals, water rights, park fees etc.

The overall strategy within DNR is to keep the Administrative Services Cost as low as possible in order to maximize the funding going directly to programs delivering services to the public and the industries we serve.

Measure:

Recorder's Office - Maintain return of original documents to the public within 30 days of recording.

Alaska's Target & Progress:

All recording offices reported inability to meet this measure during FY02. This was primarily due to implementation of new scanning processes in the central archives unit and extended delays in getting documents back to the offices for the mailout function. A backlog in the mailout function includes all documents recorded more than 30 days ago. An office can accumulate thousands of documents for return to customers before a backlog status is reached.

Compliance with this measure during FY02 was as follows: Fairbanks 5%; Nome 6%; Bethel 10%; Sitka 20%; Juneau 17%; Ketchikan 13%; Anchorage 1%; Palmer 1%; Kenai 8%; Homer 8%; and Kodiak 8%. The component received supplemental funding in FY02 to assist with similar backlogs when the increased workload initially occurred as a result of high mortgage refinance activity. Significant resources are again being directed to these backlogs in FY03.

Benchmark Comparisons:

We estimate that the national norm for returning original documents is two weeks. Document turnaround times are periodically gathered from the nation's 3600 recording jurisdictions and reported in a publication called "The Real Estate Record". Alaska's turnaround times are typically among the slowest in the nation due to the logistics of having many remote recording jurisdictions throughout the state.

Background and Strategies:

Up to a quarter million documents are returned by the component to its customers each year. A document recording transaction cannot be considered complete until the document has been returned from the recording office. Return of the document is positive proof that the recording has occurred, and serves as the source of information that is required in the case of mortgages and deeds of trust for assignment and release of the security interest in the future. More and more loans are being sold on the secondary market, and the numbers of out of state lenders are increasing. Delays in returning original documents to them can cause them considerable expense and delays in their own operations.

Measure:

Recorder's Office - Maintain record search completion time of 24 to 48 hours from the time of receipt of request.

Alaska's Target & Progress:

During FY02, this objective was being met 100% of the time by Palmer, Kenai, Kodiak, Bethel, Nome, Juneau, and Sitka; 98% by Fairbanks, Ketchikan and Homer; 70% by Anchorage; and 54% by UCC Central.

The difficulty in meeting this objective in UCC Central and in Anchorage was due primarily to increased workload throughout FY02 as a result of heavy refinance activity and lower interest rates.

Benchmark Comparisons:

Completion and certification of Uniform Commercial Code search results is a statutorily required function. Searches cannot be prepared and certified until prior day indexing has been completed. A 48-hour turnaround on searches is the national standard utilized in most recording/filing offices throughout the country.

Background and Strategies:

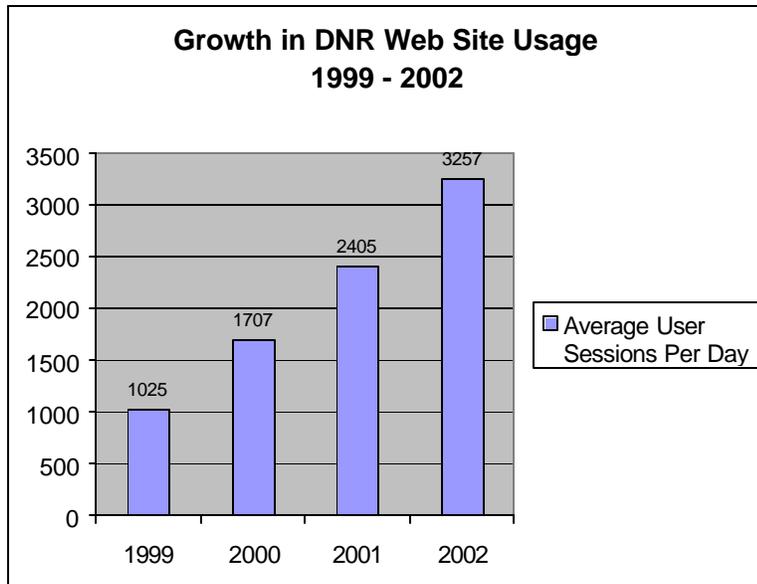
Searches fall into a backlog status after 48 hours. Whenever indexing delays exceed that time frame, the component is unable to prepare and certify search results. The increased volumes throughout FY02 resulted in frequent indexing delays and simultaneous search backlogs.

Measure:

Information Resource Management - 10% increase of public use of Department home pages on the Internet.

Alaska's Target & Progress:

Results: This goal of 10% increase was exceeded – growth in total web site usage based on the average number of user sessions initiated per day jumped 35% from FY2001 to FY2002.

**Benchmark Comparisons:**

FY00-01 DNR Internet Web Statistics show average daily visits have grown from 1025 in July 1999, to 1707 in July 2000, to 2405 in July 2001, and now to 3257 in July 2002. Clearly more people are deriving services on-line from DNR, which saves staff time and raises the overall service level of the department.

Background and Strategies:

As Internet information systems expand we expect increased ability by the public to fulfill their information and business transaction needs by interacting directly with DNR information systems and not DNR staff. This approach will save the Department time and effort and provide convenience to our customers.

Management and Administration
BRU Financial Summary by Component

All dollars in thousands

	FY2002 Actuals				FY2003 Authorized				FY2004 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula Expenditures</u>												
None.												
<u>Non-Formula Expenditures</u>												
Commissioner's Office	490.3	0.0	728.6	1,218.9	0.0	0.0	0.0	0.0	508.4	0.0	56.3	564.7
Administrative Services	1,586.2	0.0	660.1	2,246.3	1,495.3	0.0	762.0	2,257.3	1,496.0	0.0	970.6	2,466.6
Information Resource Mgmt.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,650.1	109.9	840.6	2,600.6
Interdept. IT Chargeback	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	823.2	0.0	182.7	1,005.9
Recorder's Office/UCC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,071.9	3,071.9
Public Services Office	0.0	0.0	357.9	357.9	0.0	0.0	388.9	388.9	0.0	0.0	393.9	393.9
Trustee Council Projects	0.0	0.0	720.4	720.4	0.0	151.0	1,075.3	1,226.3	0.0	75.1	620.7	695.8
Habitat Mgt & Permitting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,700.0	25.0	1,800.0	3,525.0
Coastal Zone Mgt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,063.5	3,674.9	438.9	5,177.3
Totals	2,076.5	0.0	2,467.0	4,543.5	1,495.3	151.0	2,226.2	3,872.5	7,241.2	3,884.9	8,375.6	19,501.7

Management and Administration

Proposed Changes in Levels of Service for FY2004

The following components have transferred in to the Management and Administration BRU from the Information/Data Management BRU in FY04:

- Recorder's Office/UCC
- Information Resource Management
- Interdepartmental Information Technology Chargeback

The Information/Data Management BRU is deleted.

The Office of Habitat Management and Permitting component is a new component in this BRU, established as a result of Executive Order 107.

The Office of Alaska Coastal Zone Management component is a new component in this BRU, established as a result of Executive Order 106.

Management and Administration

Summary of BRU Budget Changes by Component

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	1,495.3	151.0	2,226.2	3,872.5
Adjustments which will continue current level of service:				
-Commissioner's Office	3.1	0.0	-199.5	-196.4
-Administrative Services	0.7	0.0	8.6	9.3
-Information Resource Mgmt.	0.0	1.1	6.8	7.9
-Interdept. IT Chargeback	277.4	0.0	0.9	278.3
-Recorder's Office/UCC	0.0	0.0	26.1	26.1
-Public Services Office	0.0	0.0	5.0	5.0
-Trustee Council Projects	0.0	0.1	0.8	0.9
-Habitat Mgt & Permitting	1,700.0	25.0	1,800.0	3,525.0
-Coastal Zone Mgt	1,063.5	3,224.9	4.2	4,292.6
Proposed budget decreases:				
-Information Resource Mgmt.	-36.7	-122.1	-60.0	-218.8
-Interdept. IT Chargeback	0.0	0.0	-119.8	-119.8
-Trustee Council Projects	0.0	-76.0	-455.4	-531.4
Proposed budget increases:				
-Administrative Services	0.0	0.0	200.0	200.0
-Information Resource Mgmt.	0.0	0.0	290.0	290.0
-Interdept. IT Chargeback	0.0	0.0	14.7	14.7
-Coastal Zone Mgt	0.0	450.0	434.7	884.7
FY2004 Governor	7,241.2	3,884.9	8,375.6	19,501.7