

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Natural Resources Recorder's Office/Uniform Commercial Code Component Budget Summary**

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**Component: Recorder's Office/Uniform Commercial Code**

**Contribution to Department's Mission**

To provide and maintain a secure and impartial place to accept documents (consisting of mining claims, land transfers, and a variety of real estate and personal property recordings and filings) into the permanent public record in the manner prescribed by Alaska law, and to protect, preserve and enhance the public record for the benefit of present and future generations.

**Core Services**

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examine, record or file, process, and return documents as prescribed by law;
- (2) securely store and preserve all documents submitted for record;
- (3) maintain and update grantor/grantee and location indices for accurate retrieval of the public record;
- (4) provide record searches and copies of Uniform Commercial Code documents upon written request of user; and
- (5) administer recording/filing services, maintain public libraries of recorded and filed documents in fourteen rural and urban recording locations serving 34 recording districts and UCC Central File.

End Results	Strategies to Achieve Results
<p><b>(1) Enhance the operation of commerce (personal and commercial) within Alaska.</b></p> <p><u>Target:</u> Implement 80% of identified efficiencies.  <u>Measure:</u> Develop customer survey to determine recording efficiencies to provide greater benefit to the user.</p>	<p><b>(1) Timely recording and handling of all documents.</b></p> <p><u>Target:</u> Complete within 1 day (24 hours)  <u>Measure:</u> Timely input of documents into the index</p> <p><u>Target:</u> Documents verified within 7 calendar days  <u>Measure:</u> Timely verification of documents</p> <p><u>Target:</u> Original documents returned within 30 days of recording  <u>Measure:</u> Timely return of original documents to customer</p> <p><u>Target:</u> Conformed copies mailed within 24 hours of filing  <u>Measure:</u> Timely return of UCC conformed copies</p> <p><b>(2) Pursue statutory and/or regulatory change regarding document handling</b></p> <p><u>Target:</u> Implement at Anchorage Recording Office  <u>Measure:</u> Purchase equipment to scan/film and return original documents at time of recording.</p> <p><b>(3) Create and maintain accessible archival record</b></p> <p><u>Target:</u> Convert 3 years of microfilm to digital images. Continue backwards as funding allows.  <u>Measure:</u> Historic document images available on intranet</p> <p><b>(4) Create permanent archival record to preserve the history of land, personal, and commercial transactions in Alaska.</b></p> <p><u>Target:</u> Total of 45% of historic book records accessioned</p>

End Results	Strategies to Achieve Results
	to State Archives in FY05 <u>Measure:</u> Complete book inventories. Hire contractor to film books in Anchorage.  <u>Target:</u> Complete within 5 days of processing <u>Measure:</u> Catalog and archive roll film masters as they are created

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>Examine, record/file, receipt, and process original documents</li> <li>Maintain and update grantor/grantee and location indices for retrieval of documents</li> <li>Provide searches and copies off recorded and filed UCC documents</li> <li>Return original recorded documents to customers</li> </ul>	<ul style="list-style-type: none"> <li>Customer assistance in use of library facilities</li> <li>Archival and administrative processes</li> <li>Provide electronic access to records through the WEB, providing CDs, and electronic downloads</li> <li>Enhance the system through application of IT technologies</li> </ul>

FY2005 Resources Allocated to Achieve Results									
<b>FY2005 Component Budget: \$3,360,100</b>	<table> <tr> <td colspan="2"><b>Personnel:</b></td> </tr> <tr> <td>Full time</td> <td style="text-align: right;">44</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">8</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>52</b></td> </tr> </table>	<b>Personnel:</b>		Full time	44	Part time	8	<b>Total</b>	<b>52</b>
<b>Personnel:</b>									
Full time	44								
Part time	8								
<b>Total</b>	<b>52</b>								

**Performance Measure Detail**

**(1) Result: Enhance the operation of commerce (personal and commercial) within Alaska.**

**Target:** Implement 80% of identified efficiencies.

**Measure:** Develop customer survey to determine recording efficiencies to provide greater benefit to the user.

**(1) Strategy: Timely recording and handling of all documents.**

**Target:** Complete within 1 day (24 hours)

**Measure:** Timely input of documents into the index

**Target:** Documents verified within 7 calendar days

**Measure:** Timely verification of documents

**Target:** Original documents returned within 30 days of recording

**Measure:** Timely return of original documents to customer

**Target:** Conformed copies mailed within 24 hours of filing

**Measure:** Timely return of UCC conformed copies

**(2) Strategy: Pursue statutory and/or regulatory change regarding document handling**

**Target:** Implement at Anchorage Recording Office

**Measure:** Purchase equipment to scan/film and return original documents at time of recording.

**(3) Strategy: Create and maintain accessible archival record**

**Target:** Convert 3 years of microfilm to digital images. Continue backwards as funding allows.

**Measure:** Historic document images available on intranet

**(4) Strategy: Create permanent archival record to preserve the history of land, personal, and commercial transactions in Alaska.**

**Target:** Total of 45% of historic book records accessioned to State Archives in FY05

**Measure:** Complete book inventories. Hire contractor to film books in Anchorage.

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**Target:** Complete within 5 days of processing

**Measure:** Catalog and archive roll film masters as they are created

## Key Component Challenges

- 1) Web access to recorded document images and UCC filings. Broadened access to public record information continues to be a desired goal, however this must be balanced against potential legal issues arising from the fact that some public records contain personal or private data. Recording staff cannot be put in a position of having to scour through hundreds of thousands of pages of material to redact such material from public display. Restricting access to public records is not the answer to the privacy concerns that exist today.
- 2) The component's workload is highly cyclical in both good and bad economic times. Being unable to meet rising workloads with adequate staffing levels results in unmanageable backlogs for the component, and severe monetary losses for our major user groups and the public at large. Recording is a time sensitive process and monetary losses can and do occur if such recording does not timely occur.
- 3) Turnaround time for return of original recorded documents. This is a recurring problem for the component because of the cyclical fluctuations in workload mentioned above.
- 4) Filming/preservation of original book records continues to be a priority. The component continues the filming of original historic books so they may be accessioned to State Archives for permanent storage.
- 5) Meeting performance objectives continues to be an on-going challenge due to substantially increased recording volumes, static staffing levels, and logistical problems with remote locations. Performance measures established by the legislature requires the component to complete daily inputting of all documents received, and verification on at least a weekly basis.
- 6) Conversion of film records to digital format in order to facilitate customer research and back indexing of documents recorded prior to 1971 is another ongoing objective for the component. Customers benefit tremendously from having access to document images from the entire state, which has been the case since the statewide imaging began in July 2001. Converting the film records to digital images will greatly enhance the public's ability to research property records throughout Alaska.
- 7) The component is monitoring efforts at the national level to establish specific guidelines and standards for recording processes nationwide.
- 8) Electronic recording pilot program. Many jurisdictions are moving to electronic recordation processes to curb the paper flow and streamline recording. Several large users have expressed an interest in exploring this concept further in Alaska for real estate transactions.

- 9) Community-based single staffed recording offices and equity of workload. The component currently has seven single staffed offices statewide. While it is desirable to maintain a presence in these communities for prompt recordation of real estate transactions, many internal operational issues arise as a result of having remote offices. These issues include closures and alternate coverage during employee leave or illness, low volumes of recording (when other offices have more work than they can possibly handle), off site supervision, training and evaluation, and similar issues. The component is pursuing electronic solutions to help distribute work to other offices that can provide assistance, as well as exploring the possibility of sharing office space with another state agency (DMV).
- 10) Continue and complete the conversion of aperture cards to roll film and digitize the images.
- 11) Expanded workloads in Anchorage and Palmer due to new construction, growing populations and increased mortgage refinance activity continues to be a challenge. Repetitive backlogs in essential functions have been the norm for nearly three years.

## Significant Changes in Results to be Delivered in FY2005

The FY05 Governor's budget requests funding for the Recorder's/UCC component at a level equivalent to FY04 (\$3,111.2), plus changes to retirement and other personal services (\$98.9), and also includes an increment (\$150.0). This level of funding provides enough for one additional staff person to help with the ongoing increased workloads in Palmer, and funding to get the vacancy factor down to 5%. Our goal is to keep our existing offices open with the funding provided. However priority for handling volumes in excess of the average workload will be decided based on cost and volumes, and in which locations the volumes can be most efficiently processed.

Volumes in excess of the average workload may have the following detrimental impacts to the public:

1. In multiple recording locations not all documents will be fully indexed the day they are recorded if there is insufficient staffing to handle this critical function. This will result in delayed indexing information being made available to the public. If title companies are unable to date down with current information, real estate closings may have to be deferred.
2. The component will encounter delays in returning original documents to their owners within 30 days of recording.
3. UCC searches cannot be performed when there are backlogs in indexing and verification. Failure to certify UCC searches on a prompt turnaround of 48 hours or less will adversely affect lending institutions that require the search information to close loan transactions.
4. Backlogs in one or more critical recording functions, such as those noted above, will also impact the component's ability to produce scanned images and film of the recorded documents in a timely matter and to make this information available to the public in its recording offices throughout the state.
5. With insufficient staffing to handle the increasing workload the component may have to delay production of conformed and certified copies at the time of recording. This would have a significant adverse impact for lending institutions that require these copies in order to disburse funds on loan transactions.

## Major Component Accomplishments in 2003

FY03 was another record year for the Recorder's/UCC component in terms of documents processed and revenue generated. Due to continued low interest rates mortgage refinance activity remained at record levels. The component recorded/filed 284,588 documents during FY03, a 22 per cent increase over FY02. Actual document page count increased 41 per cent over FY02 when 1,084,605 pages were processed throughout the state. FY03 revenues reached an all-time record high for the component at more than \$7.2 million, up almost \$2 million from FY02.

While the workload continued to escalate during FY03, the component strived to meet the established objectives by using technology whenever possible to expedite the process. The component's FY03 accomplishments include the following:

1. The Recorder's/UCC section continued a multi-year statewide filming project to preserve thousands of historic books that are in various stages of deterioration. The books are being accessioned to State Archives for permanent

storage under secure and climate controlled conditions so that further deterioration can be averted. 990 original books were accessioned to State Archives in FY03.

2. The Valdez and Chitina recording districts were consolidated to a Valdez office operated by the Department of Natural Resources and out from under the Court system.
3. Recording and Filing fee increases were authorized and an update to the regulations was initiated.
4. The funding source for the Recorder's Office was changed from General Fund Program Receipts to Receipt Supported Services, effective in FY02 and carried through FY03. This change helps ensure that the fees paid by the thousands of recording customers will be utilized to support and maintain the recording system and fund the program costs in their entirety. There is no general fund contribution needed to support this program.
5. The Cadastral project got underway in January 2003. A non-perm was hired to index pre-1970 plats into the system. The project also involves interfacing older plats with plat images and making them available for public research on the internet.
6. Programming work continued on the UCC electronic filing project that will allow UCC Central customers to file UCC's over the internet, scheduled for early in the calendar year 2004.
7. The Uniform Electronic Transactions Act (UETA) was introduced in the Legislature and made it through one committee hearing in FY03.

## Statutory and Regulatory Authority

### STATUTORY/REGULATORY CITATIONS

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05  
AS 40.17  
AS 44.37  
AS 45.29  
11 AAC 05, 06

Contact Information
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**Recorder's Office/Uniform Commercial Code  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2003 Actuals</b>	<b>FY2004 Authorized</b>	<b>FY2005 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,486.3	2,423.5	2,672.4
72000 Travel	23.1	15.8	15.8
73000 Contractual	596.6	579.5	579.5
74000 Supplies	72.8	52.4	52.4
75000 Equipment	26.6	40.0	40.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,205.4</b>	<b>3,111.2</b>	<b>3,360.1</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	18.4	0.0	0.0
1061 Capital Improvement Project Receipts	36.4	0.0	0.0
1156 Receipt Supported Services	3,150.6	3,111.2	3,360.1
<b>Funding Totals</b>	<b>3,205.4</b>	<b>3,111.2</b>	<b>3,360.1</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2003 Actuals</b>	<b>FY2004 Authorized</b>	<b>FY2005 Governor</b>
<b>Unrestricted Revenues</b>				
Receipt Supported Services	51073	3,856.7	4,603.0	5,000.0
<b>Unrestricted Total</b>		<b>3,856.7</b>	<b>4,603.0</b>	<b>5,000.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	18.4	0.0	0.0
Receipt Supported Services	51073	3,150.6	3,111.2	3,360.1
Capital Improvement Project Receipts	51200	36.4	0.0	0.0
<b>Restricted Total</b>		<b>3,205.4</b>	<b>3,111.2</b>	<b>3,360.1</b>
<b>Total Estimated Revenues</b>		<b>7,062.1</b>	<b>7,714.2</b>	<b>8,360.1</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>3,111.2</b>	<b>3,111.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	98.9	98.9
<b>Proposed budget increases:</b>				
-Funds required to maintain service levels to meet average workload	0.0	0.0	150.0	150.0
<b>FY2005 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>3,360.1</b>	<b>3,360.1</b>

**Recorder's Office/Uniform Commercial Code  
Personal Services Information**

<b>Authorized Positions</b>		<b>Personal Services Costs</b>		
	<b>FY2004 Authorized</b>	<b>FY2005 Governor</b>		
Full-time	43	44	Annual Salaries	1,906,543
Part-time	8	8	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	904,075
			<i>Less 4.92% Vacancy Factor</i>	<i>(138,218)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>51</b>	<b>52</b>	<b>Total Personal Services</b>	<b>2,672,400</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Administrative Assistant	1	0	0	0	1
Analyst/Programmer III	1	0	0	0	1
Recorder Archives	4	0	0	0	4
Recorder I	2	0	0	5	7
Recorder II	12	5	2	9	28
Recorder III	0	0	1	2	3
Recorder IV	2	1	0	1	4
Recorder Mgr	2	0	1	0	3
State Recorder	1	0	0	0	1
<b>Totals</b>	<b>25</b>	<b>6</b>	<b>4</b>	<b>17</b>	<b>52</b>