

State of Alaska FY2010 Governor's Operating Budget

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

Component: Recorder's Office/Uniform Commercial Code

Contribution to Department's Mission

Provide and maintain a secure, accessible and impartial place to record and preserve the permanent public record of Alaska.

Core Services

- Examine, record, file, and process original documents
- Maintain and update grantor/grantee and location indices for retrieval of documents
- Archive records and update libraries
- Customer assistance, searches and copies of recorded and filed Uniform Commercial Code documents

End Result	Strategies to Achieve End Result
<p>A: Enhance the operation of commerce (personal and commercial) within Alaska.</p> <p><u>Target #1:</u> Recording offices open 100% during normal business hours. <u>Status #1:</u> Met 94% during 1st quarter FY09</p> <p><u>Target #2:</u> 75% of all UCC filings submitted electronically <u>Status #2:</u> Target met 55% during 1st quarter FY09</p>	<p>A1: Timely recording and handling of all documents.</p> <p><u>Target #1:</u> All documents presented and accepted are entered into the index within 24 hours, and verified within 7 calendar days, 100% of the time <u>Status #1:</u> Met 94% through the 1st quarter of FY09</p> <p><u>Target #2:</u> Create and maintain accessible archival records <u>Status #2:</u> 49.6% of historic records converted and available through the 1st quarter FY09</p> <p>A2: Ensure secure environment for protection of the public record</p> <p><u>Target #1:</u> Redundant systems in place with off site back up storage to ensure access to public record within 48 hours in the event of an emergency <u>Status #1:</u> Annual testing during 1st quarter FY09 confirmed backed up data loaded and available within 48 hours</p>

Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • Enhance system through completion of book, film, and aperture card conversion projects, integrating images into the Intranet data base. • Examine, record/file, receipt, and process original documents • Maintain and update grantor/grantee and location indices for retrieval of documents • Provide searches and copies of recorded and filed UCC documents | <ul style="list-style-type: none"> • Return original recorded documents to customers • Customer assistance in use of library facilities • Archival and administrative processes • Provide web access to electronic records |
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FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$4,470,400

Personnel:

Full time	48
Part time	6
Total	54

Performance

A: Result - Enhance the operation of commerce (personal and commercial) within Alaska.

Target #1: Recording offices open 100% during normal business hours.

Status #1: Met 94% during 1st quarter FY09

% Recording offices open & database available 100%

Fiscal Year	YTD Total
FY 2009	94%
FY 2008	92%
FY 2007	94%
FY 2006	94%
FY 2005	93%

Analysis of results and challenges: In FY08 recording offices were open during regular business hours 92% of the time. The reason we did not meet 100% was due to single staff office closures (sick leave or personal leave).

There are 34 recording districts and UCC Central file, handled at 12 offices across the state with 7 offices having a staff of 1 person. Recording services are transferred from a single staff office to a multi-staff office during scheduled and unscheduled closures. (Fairbanks covers Bethel; Juneau covers Sitka and Ketchikan; Anchorage covers Homer, Kodiak, Seward, and Valdez.) All offices provide Intranet access to our on-line database with images, via public access computers. A research only facility was established at the DMV office in Nome which provides increased research capability to the public. (The recorder's database index without images is also available via the Internet.)

Recruiting difficulties may result in vacancies staying open longer than we desire - when this happens in single staffed offices the back-up office will perform the work for that office until a new employee can be hired and trained.

FY 2009 information reflects through the first quarter.

Target #2: 75% of all UCC filings submitted electronically

Status #2: Target met 55% during 1st quarter FY09

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	Target	Variance
FY 2009	5143	0	0	0	5143	75%	20%
FY 2008	5788	5599	5545	6221	23153	75%	23%
FY 2007	5840	4128	6497	6773	23238	75%	26%
FY 2006	5801	6174	5728	6740	24443	75%	50%

Methodology: Documents filed quarterly with target of 75% filed electronically. Variance shows how much off from target.

Analysis of results and challenges: On line electronic filings provide a benefit to customers by ensuring Debtor

and Secured Party information is entered accurately as the customer initiates the input process. The on line filing process also requires a valid UCC associated file number is used (for other than an initial filing) which eliminates the need for Wild Cards (numbers that do not match up to an existing filing). This is something not verified with a direct filing. On line electronic filings also create efficiencies for staff as the customer has pre-input the document information into the index. The use of on line filings has increased due to customer education of the process and personal visits by the UCC Supervisor and Manager to area lenders.

Programmers will be working on ways to improve the on line filing process including adding bar code information electronically, and retuning copies electronically which will expedite the internal handling process. Our target is to have 75% of all UCC filings submitted on line.

FY 2009 reflects statistics through first quarter.

A1: Strategy - Timely recording and handling of all documents.

Target #1: All documents presented and accepted are entered into the index within 24 hours, and verified within 7 calendar days, 100% of the time

Status #1: Met 94% through the 1st quarter of FY09

% Documents input within 24 hours, verified within 7 days

Fiscal Year	YTD Total
FY 2009	94%
FY 2008	96%
FY 2007	97%
FY 2006	99%
FY 2005	98%

Analysis of results and challenges: All documents presented and accepted for recording must meet minimum recording criteria. Document content is not reviewed. Recorded documents are input as presented.

The 24-hour target for input of documents into the data base ensures the timely creation of the public record for viewing by the public and "date downs" by title companies. Verification within 7 calendar days ensures accurate reporting of the public record. Staff turnover, numerous vacancies, and some heavy recording volume days at some of the single staff offices reduced our ability to meet this objective 100%.

FY 2009 information reflects 1st quarter results.

Target #2: Create and maintain accessible archival records

Status #2: 49.6% of historic records converted and available through the 1st quarter FY09

% Historic records converted and released to the data base

Fiscal Year	Book	Film	Ap Cards	YTD Total
FY 2009	83%	60%	6%	49.6%
FY 2008	80%	56%	5%	47%
FY 2007	73%	30%	3%	35%
FY 2006	45%	10%	0%	18%

Methodology: Three conversion projects currently underway: Book scanning; Film conversion; Aperture Card conversion.

Analysis of results and challenges: Digital images of recorded documents have been generated daily since July 1, 2001. We are in the process of converting all historic mediums (books, film, aperture cards) to digital for release to our Intranet data base. As of the end of the first quarter FY09 we are 49.6% complete.

A2: Strategy - Ensure secure environment for protection of the public record

Target #1: Redundant systems in place with off site back up storage to ensure access to public record within 48 hours in the event of an emergency

Status #1: Annual testing during 1st quarter FY09 confirmed backed up data loaded and available within 48 hours

Analysis of results and challenges: The State of Alaska uses redundant systems to ensure accurate and timely implementation of back up data bases in the event of an emergency. Testing is done on an annual basis to ensure off site systems can successfully provide access to the Recorders Office data base within 48 hours.

Key Component Challenges

- (1) Web access to recorded document images and Uniform Commercial Code (UCC) filings continues to be a priority. We currently have all plat images statewide, scanned and available on the Internet. Statewide document images from current back through 1988 are now available on the Intranet and all conveyance and mining documents for this time period are available on the Internet as well;
- (2) The component's workload is highly cyclical in both good and bad economic times. Recording is a time sensitive process and monetary losses can and do occur if recordings are not processed timely. Every effort is made to ensure all documents are input into the system the same day they are received and recorded;
- (3) Scanning, filming and preservation of our original book records continues to be a priority. 6,222 historic books have been scanned, filmed and accessioned to State Archives as of the end of fiscal year 2008. 473 historic books previously accessioned to State Archives that were filmed but not scanned, are being returned to us for scanning. This project provides digital images of these historic records and upon completion of the scanning, will enable statewide customer research from any DNR recording office across the state;
- (4) Conversion and release of images through 1988 was completed during FY08. Conversion of film records back through 1987 anticipated before end of calendar year 2008;
- (5) The entire statewide aperture card series covering the 1970's is in the process of being converted to digital images. Over 60,000 converted aperture card images have now been released;
- (6) Electronic recording pilot program. Recording jurisdictions across the country are moving to electronic recordation processes to curb the paper flow and streamline recording. Passage of the Uniform Electronic Transaction Act (UETA) opened the door for electronic recording in Alaska. Revisions statutes have been completed and revisions to regulations are underway as we continue moving toward electronic transactions;
- (7) Technology along with faster Internet connection enables other offices to assist when an office is unable to complete indexing or verification on their own due to staff shortages or high volume recording days;
- (8) 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, off site supervision, training and evaluation, and similar issues. Establishing electronic recording capability will lessen the impact of unscheduled single staff office closures and pave the way for consolidation of these offices;
- (9) Turnaround time for return of original recorded documents. This has been a recurring challenge for the component because of cyclical fluctuations in workload mentioned above. The addition of staff dedicated to performing this function has greatly improved the components ability to meet this objective.

Significant Changes in Results to be Delivered in FY2010

The priority for handling volumes in excess of the average workload is to utilize technology at all recording offices with fast Internet connections and thereby distribute indexing functions to other recording offices which are able to provide assistance as needed.

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 be delayed.

2. 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.
3. Backlogs in one or more critical recording functions, such as those noted above, will also impact the component's ability to produce scanned images of the recorded documents in a timely matter and make this information available to the public in its recording offices throughout the state.
4. With insufficient staffing to handle increased 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 2008

The component's FY08 accomplishments include the following:

- (1) Of the remaining 1,856 historic books to be scanned and re-acquisitioned to State Archives under Phase II, we have completed 381 books and released these images to the Intranet. Phase II is 21% complete and the entire book conversion project is 80% complete as of the end of FY08.
- (2) During FY08 five additional years were converted and released to the Intranet (1993 back through 1989). We now have over 18 years (1989 – 2008) of searchable images statewide on the Intranet. As of the end of FY08 the film conversion project was 56% complete with over 5,033,000 images released.
- (3) Throughout FY08 we received over 498,000 converted aperture card images and over 100,000 of these have been quality reviewed. We have successfully released over 47,000 converted aperture card images for the Juneau recording district covering from 1971 through 1976.
- (4) Initiated a contract to develop a program which will fully automate UCC on line filings. UCC on line filings comprised 52% of all filings submitted to UCC during FY08.
- (5) Dual and split screen technology was used throughout FY08 to ensure daily recordings were input and verified as quickly as possible. Targets for inputting documents within 24 hours and verification within 7 days was met an average of 96% during FY08.
- (6) The Archive Unit successfully upgraded scanning hardware and software during FY08 to enable faster processing and film creation directly from scanned images.
- (7) Statute Revisions were successfully completed during FY08 to pave the way for electronic recording (HB 295).
- (8) A regulation update package was initiated during FY08 to implement a non-standard document fee, provide clean up of older regulations, and add new regulations to accommodate electronic recording.

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

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,155.0	3,376.7	3,448.3
72000 Travel	21.9	15.8	15.8
73000 Services	838.3	866.7	877.3
74000 Commodities	171.8	119.0	119.0
75000 Capital Outlay	34.5	10.0	10.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,221.5	4,388.2	4,470.4
Funding Sources:			
1061 Capital Improvement Project Receipts	78.5	0.0	0.0
1156 Receipt Supported Services	4,143.0	4,388.2	4,470.4
Funding Totals	4,221.5	4,388.2	4,470.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Receipt Supported Services	51073	2,497.6	2,071.8	2,540.2
Unrestricted Total		2,497.6	2,071.8	2,540.2
Restricted Revenues				
Receipt Supported Services	51073	4,143.0	4,388.2	4,470.4
Capital Improvement Project Receipts	51200	78.5	0.0	0.0
Restricted Total		4,221.5	4,388.2	4,470.4
Total Estimated Revenues		6,719.1	6,460.0	7,010.6

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	0.0	0.0	4,388.2	4,388.2
Adjustments which will continue current level of service:				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	71.6	71.6
Proposed budget increases:				
-Atwood Parking Garage Lease Increment Chargeback	0.0	0.0	10.6	10.6
FY2010 Governor	0.0	0.0	4,470.4	4,470.4

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

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	48	48	Annual Salaries	2,163,060
Part-time	6	6	COLA	87,260
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,342,351
			<i>Less 4.02% Vacancy Factor</i>	<i>(144,371)</i>
			Lump Sum Premium Pay	0
Totals	54	54	Total Personal Services	3,448,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Admin Asst III	1	0	0	0	1
Administrative Clerk II	2	0	0	0	2
Analyst/Programmer IV	1	0	0	0	1
Recorder I	6	1	0	3	10
Recorder II	6	4	2	11	23
Recorder III	2	0	1	1	4
Recorder IV	1	1	0	1	3
Recorder Mgr	2	0	1	0	3
Recorder Technician	5	0	0	0	5
Recorder Technician Supervisor	1	0	0	0	1
State Recorder	1	0	0	0	1
Totals	28	6	4	16	54