

State of Alaska FY2002 Governor's Operating Budget

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

Component: Recorder's Office/Uniform Commercial Code

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Component Mission

To provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations.

Component Services Provided

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

- (1) examination, recording/filing, processing and return of original documents in the manner prescribed by law;
- (2) provide secure storage and preservation of all recorded/filed documents as the official public record of the State;
- (3) maintenance and updating of accurate and current grantor/grantee and location indices to facilitate ready retrieval of documents from the public record;
- (4) providing record searches and copies of recorded and filed Uniform Commercial Code documents upon user's written request; and
- (5) administration of recording/filing services and maintenance of public libraries of recorded and filed documents in fourteen rural and urban locations, serving 34 recording districts throughout Alaska.

Component Goals and Strategies

Maintenance of an accurate and sound recording system is an essential part of meeting the departmental missions and the Governor's priorities. The component's principal operational goal for FY02 is to provide excellent public service to the fourteen rural and urban communities it serves in the reception, recordation and permanent storage of documents affecting real property in the State of Alaska and in the operation of the Uniform Commercial Code (UCC) central file system for Alaska. The component is fully funded by program receipts and the component routinely generates more than \$1 million in excess of its requisite operating funding annually. The component processes more than 200,000 documents annually. Its workload is volume driven by external factors completely beyond its ability to control. The component's principal goals for FY02 include expansion of an imaging system to all recording offices statewide, and implementation of the revised Uniform Commercial Code legislation affecting secured transactions.

Key Component Issues for FY2001 – 2002

- 1) Implementation of Uniform Commercial Code Revised Article 9 - HB239
- 2) Continue expansion of imaging applications in all recording offices
- 3) Revamp classification structure to address technological changes affecting staff functions
- 4) Implement acceptance of mining claim rental payments in recording offices so as to expedite updating of department's status plats.
- 5) Filming/preservation issues as addressed in Ombudsman's 1992 investigation -including space management and efficiencies for the public. Continue filming of original historic books so that they can be accessioned to State Archives for permanent storage.
- 6) Full compliance with stated performance measures
- 7) Streamline processes and improve services to the public
- 8) Absorb frontline processing for remaining court facilities
- 9) Electronic recording and filing
- 10) Conversion of most recent 3-5 years of film to digital format to facilitate customer research and undertake back indexing of documents recorded prior to 1971
- 11) Web access to index and documents
- 12) Continue addressing stakeholder concerns

13) Address national recording standards and improve quality of data

Major Component Accomplishments for FY2000

The most significant accomplishment of FY00 was the passage of HB239 which revises the Uniform Commercial Code relative to secured transactions. This legislation will serve to streamline and simplify the UCC filing process in Alaska for filing officers as well as secured lenders.

The component also initiated the first phase of an imaging prototype system in its Fairbanks office. This enabled the state's second largest recording office to begin scanning incoming recorded documents and utilize the scanned images to facilitate customer research. Another aspect of this prototype module included the conversion of all of the plat records in that office to digital format. This was achieved at no cost to the state via an agreement with a private sector contractor. The successful implementation of the prototype project paved the way for the component to begin extending this technology to other offices during FY01.

During FY00, the component recorded 190,661 documents and processed 21,471 UCC central filings, for a total volume of 212,132. While this total was lower than the near record volume processed during FY99, it reflects a return to the more stable volume levels that existed prior to 1999. Additionally, FY00 revenues generated by the component again exceeded the \$4.1 million mark, nearly double its operating budget.

In an effort to improve customer service, the component also continued the conversion of its offices to the state's wide area network. During FY00, all but one office (Nome) had been converted to the network, and this conversion process was scheduled to continue into FY01 until all offices are completed.

Another major accomplishment during FY00 was the completion of a conversion process for the rapidly deteriorating aperture card record series. This process resulted in the creation of a permanent archive media and preserved the only remaining record of documents from an approximate seven-year period at the height of the oil boom in the 1970s.

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 45.09
11 AAC 05, 06

Key Performance Measures for FY2002

Measure: Maintain daily completion of the on-line grantor/grantee and location indexing process for all documents accepted.

(Revised from Legislature's FY2000 version.)

Current Status:

Current status: During the fourth quarter of FY00, the objective of daily indexing completion was performed as follows: Bethel 98%; Nome 97%; Sitka 100%; Fairbanks 77%; Juneau 66%; Ketchikan 95%; Anchorage 9%; Palmer 62%; Kenai 44%; Homer 98%; and Kodiak 91%.

Benchmark:

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.

Background and Strategies:

Following a near record high volume level in FY99, recording volumes stabilized during FY00 to more traditional levels. Most offices were able to achieve improvements in this performance measure, although the component continued to suffer setbacks as a result of staff shortages and cyclical fluctuations in volumes. A new indexing system implemented in 1999 enabled the component to resolve the massive indexing backlogs that had accrued under the prior system while still processing incoming work at peak levels. Throughout FY00, significant improvement occurred in meeting this performance objective. 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: Maintain return of original documents to the public within 30 days of recording.

(Not yet addressed by Legislature.)

Current Status:

During the fourth quarter of FY00, this performance objective was met 100% of the time in Kenai, Homer, Kodiak, Nome, Bethel and Sitka. Fairbanks was in compliance 61% of the time; Juneau 84%; Ketchikan 83%; Anchorage 33% and Palmer 97%. Severe staff shortages in various locations have severely hampered the component's ability to maintain currency in this function.

Benchmark:

With turnaround times frequently exceeding 2 to 3 months, the component's recording offices have one of the worst delays in the nation in returning original documents. While much of this can be attributed to mail delays and to the logistics of operating remote facilities in the largest state in the nation, the fact is that even a 30 day turnaround time is one of the worst delays in the nation.

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.

Technology holds the key to making improvements in meeting this performance measure. With imaging technology, the original documents could frequently be returned immediately to the customer upon recording. Absent improvements in technology, or additional staffing to handle these backlogs, the component will likely continue to accrue unmanageable backlogs in this function.

Measure: Maintain record search completion time of 24 to 48 hours from the time of receipt of request.

(Not yet addressed by Legislature.)

Current Status:

By the end of the fourth quarter of FY00, this objective was being met 38% of the time by Anchorage; 100% by Palmer; 100% by Kenai; 100% by Kodiak; 100% by Homer; 55% by Fairbanks; 100% by Bethel; 100% by Nome; 100% by Juneau; 89% by Ketchikan; 100% by Sitka; and 36% by UCC Central.

Benchmark:

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. With the implementation of the new indexing system in January, 1999, the component was able to report considerable improvement in meeting this objective. Since searches are tied to the

indexing function, failure to complete daily indexing automatically results in delays of search products. While the component has no control over the volume of incoming work, it will continue to work toward improvements in meeting this performance measure.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Maintain daily completion of the on-line grantor/grantee and indexing process for all documents accepted. • Maintain return of original documents to the public within 30 days of recording. • Maintain record search completion time of 24 to 48 hours from the time of receipt of request. 			X		
			X		
			X		

Recorder's Office/Uniform Commercial Code

Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,952.8	2,062.4	2,065.7
72000 Travel	12.2	13.3	11.8
73000 Contractual	255.8	219.8	227.3
74000 Supplies	54.6	49.4	47.4
75000 Equipment	20.5	46.0	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
Expenditure Totals	2,295.9	2,390.9	2,392.2
Funding Sources:			
1005 General Fund/Program Receipts	2,295.9	2,323.5	2,392.2
1053 Investment Loss Trust Fund	0.0	67.4	0.0
Funding Totals	2,295.9	2,390.9	2,392.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
General Fund Program Receipts	51060	1,830.9	1,079.1	1,079.1	1,081.1	1,081.1
Unrestricted Total		1,830.9	1,079.1	1,079.1	1,081.1	1,081.1
Restricted Revenues						
General Fund Program Receipts	51060	2,295.9	2,323.5	2,323.5	2,392.2	2,392.2
Investment Loss Trust Fund	51393	0.0	67.4	67.4	0.0	0.0
Restricted Total		2,295.9	2,390.9	2,390.9	2,392.2	2,392.2
Total Estimated Revenues		4,126.8	3,470.0	3,470.0	3,473.3	3,473.3

Recorder's Office/Uniform Commercial Code**Proposed Changes in Levels of Service for FY2002**

There are no budget related changes to our service level. There are some developments which will be beneficial for both the Recorder's Office operations and the public.

The implementation of the revised UCC legislation in July 2001 will afford many benefits to UCC customers in Alaska and in other states. Among other benefits, the new law will eliminate the confusion regarding place of filing by doing away with all local district filings other than fixtures. This will significantly streamline UCC operations and will pave the way for implementation of electronic filings in the future.

Another development will be the acceptance of mining claim rental payments in recording offices. This allows mining customers to complete their payments in a single location and will serve to expedite the updating of the department's status plats by moving the information through the system much faster than it has done in the past.

Finally, the component is continuing efforts to expand an imaging system for ease of research and retrieval of documents to all offices throughout the state. Once completed before or during FY02, the result will be that Alaska will be the only state in the nation to have both a statewide indexing system and a statewide image retrieval system.

Summary of Component Budget Changes**From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	2,390.9	0.0	0.0	2,390.9
Adjustments which will continue current level of service:				
-Reduction of One-Time Costs for Second Year of Fiscal Note HB239 (SLA00/CH113)	-2.0	0.0	0.0	-2.0
-Year 2 Labor Costs - Net Change from FY2001	3.3	0.0	0.0	3.3
FY2002 Governor	2,392.2	0.0	0.0	2,392.2

Recorder's Office/Uniform Commercial Code

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	43	43	Annual Salaries	1,513,709
Part-time	5	5	COLA	22,795
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	640,590
			<i>Less 5.12% Vacancy Factor</i>	(111,394)
			Lump Sum Premium Pay	0
Totals	48	48	Total Personal Services	2,065,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Recorder I	1	1	1	1	4
Recorder II	16	5	2	10	33
Recorder III	1	1	0	3	5
Recorder IV	1	0	0	0	1
Recorder Mgr	2	0	1	0	3
State Recorder	1	0	0	0	1
Totals	23	7	4	14	48